CASE NOS. 79807 & 80709

IN THE SUPREME COURT OF THE STATE OF NEVADA

POPE INVESTMENTS, LLC, A DELAWARE LIMITED LIABILITY COMPANY; POPE INVESTMENTS II, LLC, A DELAWARE LIMITED LIABILITY COMPANY; AND ANNUITY & LIFE REASSURANCE, LTD., AN UNKNOWN LIMITED COMPANY,

Appellants,

vs.

CHINA YIDA HOLDING, CO., A NEVADA CORPORATION,

Respondent.

ON APPEAL FROM THE EIGHTH JUDICIAL DISTRICT COURT OF THE STATE OF NEVADA, CASE NO. A-16-746732-P

JOINT APPENDIX VOLUME I

Richard J. Pocker, Esq.
Nevada Bar No. 3568
BOIES SCHILLER FLEXNER LLP
300 S. Fourth St., Suite 800
Las Vegas, Nevada 89101
Telephone: (702) 382-7300

&

Peter Chasey, Esq.
Nevada Bar No. 7650
CHASEY LAW OFFICES
3925 N. Fort Apache Rd., Suite 110
Las Vegas, Nevada 89129

Counsel for Appellants

J. Robert Smith, Esq.
Nevada Bar No. 10992
Joshua M. Halen, Esq.
Nevada Bar No. 13885
HOLLAND & HART LLP
9555 Hillwood Dr., 2nd Floor
Las Vegas, Nevada 89134
Telephone: (702) 669-4600

Counsel for Respondents

ALPHABETICAL INDEX

Description	Date Filed	Vol.	Page No.
Notice of Entry of Order Granting Petitioner China Yida Holding Co.'s Motion for Attorneys' Fees	01/29/2020	8	APP1645
Petition for: (1) Declaratory Relief and; (2) Fair Value Determination	11/15/2016	1	APP0001
Petitioner China Yida Holding, Co.'s Motion for Summary Judgment	05/22/2019	1	APP0036
Petitioner China Yida Holding, Co.'s Offer of Judgment	06/13/2019	2	APP0418
Petitioner China Yida Holding, Co.'s Reply in Support of Motion for Summary Judgment	07/10/2019	2	APP0441
Petitioner's Memorandum of Costs and Disbursements	09/16/2019	3	APP0581
Petitioner's Motion for Attorneys' Fees	09/23/2019	6	APP1195
Petitioner's Motion to Strike Respondents' Expert Reports and Exclude Respondents' Expert Joseph Leauanae	07/12/2019	3	APP0459
Petitioner's Opposition to Respondents' Motion to Retax	10/04/2019	6	APP1215
Petitioner's Reply in Support of Motion for Attorney's Fees	10/16/2019	7	APP1601
Reply Brief in Support of Respondents' Motion to Retax Petitioner's Memorandum of Costs	10/17/2019	7	APP1608
Respondents' Case Appeal Statement	10/09/2019	6	APP1380
Respondents' Case Appeal Statement	02/26/2020	8	APP1659
Respondents' Motion to Retax Petitioner's Memorandum of Costs	09/19/2019	4	APP0697
Respondents' Notice of Appeal	10/09/2019	6	APP1377
Respondents' Notice of Appeal	02/26/2020	8	APP1656
Respondents' Opposition to Motion for Summary Judgment	06/26/2019	2	APP0421

Description	Date Filed	Vol.	Page No.
Respondents' Opposition to Petitioner's Motion for Attorneys' Fees	10/11/2019	7	APP1385
Response to First Amended Petition for Fair Value Determination	02/06/2017	1	APP0023
Transcript of Proceedings – Motion for Summary Judgment (Filed by Court Reporter on 01/28/2020)	07/18/2019	3	APP0538
Transcript of Proceedings Re: Respondents' Motion to Retax Petitioner's Memorandum of Costs; Petitioner's Motion for Attorney's Fees (Filed by Court Reporter on 04/06/2020)	11/06/2019	8	APP1616

CHRONOLOGICAL INDEX

Description	Date Filed	Vol.	Page No.
Declaration of J. Robert Smith in Support of Petitioner's Motion to Strike Respondents' Expert Reports and Exclude Respondents' Expert Joseph Leauanae	07/12/2019	3	APP0535
Transcript of Proceedings – Motion for Summary Judgment (Filed by Court Reporter on 01/28/2020)	07/18/2019	3	APP0538
Notice of Entry of Order Granting Petitioner China Yida Holding Co.'s Motion for Summary Judgment	09/09/2019	3	APP0567
Petitioner's Memorandum of Costs and Disbursements	09/16/2019	3	APP0581
Respondents' Motion to Retax Petitioner's Memorandum of Costs	09/19/2019	4	APP0697
Petitioner's Motion for Attorneys' Fees	09/23/2019	6	APP1195
Declaration of J. Robert Smith in Support of Petitioner's Motion for Attorneys' Fees	09/23/2019	6	APP1206
Petitioner's Opposition to Respondents' Motion to Retax	10/04/2019	6	APP1215
Respondents' Notice of Appeal	10/09/2019	6	APP1377
Respondents' Case Appeal Statement	10/09/2019	6	APP1380
Respondents' Opposition to Petitioner's Motion for Attorneys' Fees	10/11/2019	7	APP1385
Petitioner's Reply in Support of Motion for Attorney's Fees	10/16/2019	7	APP1601
Reply Brief in Support of Respondents' Motion to Retax Petitioner's Memorandum of Costs	10/17/2019	7	APP1608
Court Minutes – Motion for Attorney's Fees & Motion to Retax Petitioner's Memorandum of Costs	11/06/2019	7	APP1614

Description	Date Filed	Vol.	Page No.
Transcript of Proceedings Re: Respondents' Motion to Retax Petitioner's Memorandum of Costs; Petitioner's Motion for Attorney's Fees (Filed by Court Reporter on 04/06/2020)	11/06/2019	8	APP1616
Notice of Entry of Order Granting Petitioner China Yida Holding Co.'s Motion for Attorneys' Fees	01/29/2020	8	APP1645
Notice of Entry of Order (Re: Motion to Retax Costs)	01/30/2020	8	APP1651
Respondents' Notice of Appeal	02/26/2020	8	APP1656
Respondents' Case Appeal Statement	02/26/2020	8	APP1659

CERTIFICATE OF SERVICE

I hereby certify that I am an employee of Boies Schiller Flexner LLP and that on the 11th day of August, 2020 I electronically filed the foregoing *Joint Appendix Volume I through Volume VIII* with the Clerk of the Court using the Supreme Court Electronic Filing System, which will send notification of such filing to the following attorneys of record:

J. Robert Smith, Esq.
Joshua Halen, Esq.
Attorneys for Respondents

/s/ Shilah Wisniewski
SHILAH WISNIEWSKI
An employee of Boies Schiller Flexner LLP

Electronically Filed
11/15/2016 04:59:46 PM

CLERK OF THE COURT

PET
J. Robert Smith, Esq. (SBN 10992)
Andrea Champion, Esq. (SBN 13461)
HOLLAND & HART LLP
9555 Hillwood Drive, 2nd Floor
Las Vegas, NV 89134
Phone: (702) 669-4600
Fax: (702) 669-4650
Attorneys for Petitioner

DISTRICT COURT

CLARK COUNTY, NEVADA

CHINA YIDA HOLDING, CO., a Nevada corporation,

Petitioner,

v.

POPE INVESTMENTS, LLC, a Delaware limited liability company; POPE INVESTMENTS II, LLC, a Delaware limited liability company; and ANNUITY & LIFE REASSURANCE, LTD., an unknown limited company;

Respondents.

Case No. A-16-746732-P

Dept. No. XXVII

PETITION FOR: (1) DECLARATORY RELIEF AND; (2) FAIR VALUE DETERMINATION

HOLLAND & HART LLP
9555 Hillwood Drive, 2nd Floor
Las Vegas, NV 89134

Petitioner China Yida Holding, Co., alleges as follows:

I. PARTIES

1. Petitioner China Yida Holding, Co. ("CYH") is a Nevada domestic corporation headquartered in China.

2. Respondent Pope Investments, LLC ("Pope") is a Delaware limited liability company, and claims to be the beneficial owner of a total of 223,080 shares of CYH stock.

3. Respondent Pope Investments II, LLC ("Pope II") is a Delaware limited liability company, and claims to be the beneficial owner of a total of 678,713 shares of CYH stock.

4. Respondent Annuity & Life Reassurance, Ltd., is a limited company, whose place of domestication is currently unknown, but that on information and belief is

headquartered in Bermuda. Annuity & Life Reassurance, Ltd. claims to be the beneficial owner of a total of 22,722 shares of CYH stock.

II. JURISDICTION AND VENUE

5. Jurisdiction in this Court is appropriate under Article 6 of the Nevada Constitution and NRS 92A.490(4).

6. The amount in controversy is in excess of $10,000.

7. Venue is proper in the Eighth Judicial District Court pursuant to NRS 92A.490(2) because CYH's registered office is located in Clark County, Nevada.

III. GENERAL ALLEGATIONS

8. CYH is a diversified entertainment enterprise focused on China's media and tourism industries. CYH is headquartered in Fuzhou City, Fujian Province, China.

9. On or about April 12, 2016, CYH and China Yida Holding Acquisition Co. entered into an Amended and Restated Agreement and Plan of Merger.

10. On July 8, 2016, CYH effectuated the merger transaction in which China Yida Holding Acquisition Co. was merged with and into CYH, with CYH continuing as the surviving entity.

11. Prior to the merger, CYH stock was publicly traded on the NASDAQ under the ticker symbol CNYD.

12. Each Respondent in this action was, or claims to be, a beneficial owner of CYH stock.

13. Cede & Co. operates a clearing house that holds shares of stock in its name in order to expedite stock transfers.

14. Some, or all, of Respondents' shares were held in the name of Cede & Co.

15. On July 15, 2016, CYH caused a dissenter's rights notice to be sent to Respondents.

16. On August 2, 2016, CYH received Demands for Payment from each of the Respondents.

17. The Demands for Payment from Respondents certified that each of the

HOLLAND & HART LLP
9555 Hillwood Drive, 2nd Floor
Las Vegas, NV 89134

Respondents acquired beneficial ownership of all shares of CYH stock held by Respondents.

18. Respondents also delivered stock certificates representing Respondents' shares of CYH stock.

19. Although Pope II claims to be a beneficial owner of 678,713 shares of CYH stock, Pope II delivered a single stock certificate to CYH for 302,713 shares of CYH stock.

20. Pursuant to NRS 92A.460, CYH estimated the fair value of its common stock, based upon an independent third party valuation, to be $3.32 per share, and paid Respondents the fair value of their purported shares.

21. On September 21, 2016, Respondents sent CYH a Dissenter's Estimate of Fair Value and Demand for Payment, estimating the fair value of CYH stock to be $23.28 per share, and demanding payment based on their estimated fair value, less payments already received.

FIRST CLAIM FOR RELIEF
(Declaratory Relief – Pope II)

22. CYH incorporates by reference each of the allegations previously stated in this Petition as though set forth fully herein.

23. Pursuant to Chapter 30 of the Nevada Revised Statutes, this Court has the power to declare rights, status and other legal relations concerning dissenters' rights under Chapter 92A of the Nevada Revised Statutes.

24. An actual controversy exists between CYH and Respondent Pope II because Pope II has sent materials to CYH purporting to exercise its dissenter's rights and seeking payment, but has failed to comply with one or more requirements under Nevada law for exercising dissenter's rights.

25. Pursuant to NRS 92A.440, a stockholder who receives a dissenter's notice and who wishes to exercise dissenter's rights must do the following:

a. Demand payment;

b. Certify whether the stockholder or the beneficial owner on whose behalf he or she is dissenting, as the case may be, acquired beneficial ownership of the shares before the date set forth in the dissenter's notice for this certification; and

HOLLAND & HART LLP
9555 Hillwood Drive, 2nd Floor
Las Vegas, NV 89134

c. Deposit the stockholder certificates, if any, in accordance with the terms of the notice.

26. On July 15, 2016, CYH caused a dissenter's rights notice to be sent to Respondents, including Pope II.

27. Each notice stated that, within 30 days of the date that the Notice is delivered, each dissenting stockholder must: (i) deliver the completed Demand Letter; (ii) certify whether the stockholder acquired beneficial ownership of the shares before the date set forth in the Demand Letter; and (iii) deliver the certificates representing the dissenting shares to CYH.

28. Each notice further informed dissenting stockholders that the failure to comply would result in waiving the demand for payment.

29. In accordance with the dissenter's rights notice, the last day for a stockholder to exercise dissenter's rights was August 14, 2016.

30. Pope II failed to comply with the dissenter's rights notice and NRS 92A.440(c) in that it failed to timely deposit all of the stockholder's certificates on or before August 14, 2016, as required by the dissenter's rights notice.

31. Specifically, Pope II purports to be the stockholder and/or beneficial owner of 678,713 shares of CYH stock.

32. Pope II, however, deposited a stock certificate with CYH for only 302,713 shares of CYH stock.

33. Pope II failed to timely deposit, and has never deposited, any other stock certificates for shares of CYH stock beyond the 302,713 shares of CYH stock.

34. Pursuant to NRS 92A.440(5), "[t]he stockholder who does not demand payment or deposit his or her certificates where required, each by the date set forth in the dissenter's notice, is not entitled to payment for his or her shares under this chapter."

35. Because Pope II failed to comply with one or more provisions of NRS 92A.440, Pope II is not entitled to payment for any additional shares beyond the 302,713 shares of CYH stock identified in the certificate it deposited with CYH.

36. Accordingly, CYH requests a declaration that Pope II failed to comply with

HOLLAND & HART LLP
9555 Hillwood Drive, 2nd Floor
Las Vegas, NV 89134

Chapter 92A of the Nevada Revised Statutes and, therefore, that it is not entitled to payment under Chapter 92A for any shares beyond the 302,713 shares of CYH stock identified in the certificate it deposited with CYH.

37. As a result of Pope II's actions, CYH was forced to initiate this action, and is therefore entitled to an award of its reasonable attorney's fees and costs associated with this action.

SECOND CLAIM FOR RELIEF
(Fair Value Determination)

38. CYH incorporates by reference each of the allegations previously stated in this Petition as though set forth fully herein.

39. Pursuant to NRS 92A.490, if a demand for payment remains unsettled, the subject corporation shall commence a proceeding within sixty (60) days after receiving the demand and petition the court to determine the fair value of the shares and accrued interest.

40. Each Respondent has demanded payment in varying amounts from CYH.

41. This Petition is timely because each Respondent's demand was made less than sixty (60) days prior to the date of this Petition.

42. Prior to the merger with China Yida Holding Acquisition Co., an independent third party calculated the fair value of CYH stock as $3.32 per share.

43. As a result, CYH stockholders are entitled to be paid $3.32 per share.

44. CYH seeks a judicial determination of the fair value of CYH stock prior to the merger and confirmation from the Court that the fair value prior to the merger was $3.32 per share.

45. As a result of Respondents' actions, CYH was forced to initiate this action. CYH is entitled to an award of its reasonable attorney's fees and costs associated with this action.

IV. PRAYER FOR RELIEF

WHEREFORE, CYH prays for relief against Respondents as follows:

1. That judgment be awarded in favor of CYH in the form of a judicial declaration

HOLLAND & HART LLP
9555 Hillwood Drive, 2nd Floor
Las Vegas, NV 89134

that:

a. Respondent Pope Investments II, LLC failed to comply with NRS 92A.440; and

b. Respondent Pope Investments II, LLC is not entitled to payment under Chapter 92A for any shares beyond the 302,713 shares of CYH stock identified in the certificate it deposited with CYH.

2. For a judicial determination that the fair value of CYH stock prior to the merger was $3.32 per share.

3. For all of CYH's attorney's fees, costs and interest according to law; and

4. For such other and further relief in CYH's favor as this Court deems just and proper.

DATED this 15th day of November, 2016.

HOLLAND & HART LLP

/s/J. Robert Smith
J. Robert Smith, Esq. (SBN 10992)
Andrea Champion, Esq. (SBN 13461)
9555 Hillwood Drive, 2nd Floor
Las Vegas, NV 89134
Attorneys for Petitioner

HOLLAND & HART LLP
9555 Hillwood Drive, 2nd Floor
Las Vegas, NV 89134

Electronically Filed
12/01/2016 01:40:45 PM

SUMM

CLERK OF THE COURT

DISTRICT COURT

CLARK COUNTY, NEVADA

CHINA YIDA HOLDING CO., a Nevada corporation,

Petitioner,

v.

POPE INVESTMENTS II, LLC, a Delaware limited liability company, et al,

Respondents.

Case No. A-16-746732-P

Dept. No. XXVII

SUMMONS – CIVIL

NOTICE! YOU HAVE BEEN SUED. THE COURT MAY DECIDE AGAINST YOU WITHOUT YOUR BEING HEARD UNLESS YOU RESPOND WITHIN 20 DAYS. READ THE INFORMATION BELOW.

TO RESPONDENT POPE INVESTMENTS II, LLC: A civil complaint or petition has been filed by the Plaintiff(s) against you for the relief as set forth in the Complaint.

1. If you intend to defend this lawsuit, within 20 days after this Summons is served on you, exclusive of the day of service, you must do the following:

   (a) File with the Clerk of this Court, whose address is shown below, a formal written response to the Complaint in accordance with the rules of the Court, with the appropriate filing fee.

   (b) Serve a copy of your response upon the attorney whose name and address is shown below.

2. Unless you respond, your default will be entered upon application of the Plaintiff(s) and failure to so respond will result in a judgment of default against you for the relief demanded in the Complaint, which could result in the taking of money or property or other relief requested in the Complaint.
3. If you intend to seek the advice of an attorney in this matter, you should do so promptly so that your response may be filed on time.
4. The State of Nevada, its political subdivisions, agencies, officers, employees, board members, commission members and legislators each have 45 days after service of this Summons within which to file an Answer or other responsive pleading to the Complaint.

STEVEN D. GRIERSON
CLERK OF THE COURT

NOV 21 2016

By: _____
Deputy Clerk
SHIMAYA LADSON
Regional Justice Center
200 Lewis Avenue
Las Vegas, NV 89155

Submitted by:

_____
J. Robert Smith, Esq.
Holland & Hart LLP
5441 Kietzke Lane, Second Floor
Reno, Nevada 89511
Tel. 775-327-3000

NOTE: When service is by publication, add a brief statement of the object of the action. See Nevada Rules of Civil Procedure 4(b).

PROOF OF SERVICE

Pursuant to NRCP 5(b), I, Gaylene Ball, certify as follows:

I am employed in the City of Reno, County of Washoe, State of Nevada by the law offices of Holland & Hart LLP. My business address is 5441 Kietzke Lane, Second Floor, Reno, Nevada 89511. I am over the age of 18 years and not a party to this action.

I am readily familiar with Holland & Hart's practice for collection and processing of: HAND DELIVERIES, FACSIMILES and OUTGOING MAIL. Such practice in the ordinary course of business provides for the delivery or faxing and/or mailing with the United States Postal Service, to occur on the same day the document is collected and processed.

On December 1, 2016, I caused the foregoing **SUMMONS AND ACCEPTANCE OF SERVICE** to be served by the following method:

☑ U.S. Mail: a true copy was placed in Holland & Hart LLP's outgoing mail in a sealed envelope addressed as follows:

Peter L. Chasey, Esq.
Chasey Law Offices
3295 N. Fort Apache Road, Suite 110
Las Vegas, NV 89129

I declare under penalty of perjury under the laws of the State of Nevada that the foregoing is true and correct, and that this declaration was executed on December 1, 2016.

/s/Gaylene Ball
Gaylene Ball

9247955_1

ACSR

DISTRICT COURT

CLARK COUNTY, NEVADA

CHINA YIDA HOLDING CO., a Nevada corporation,

Plaintiff(s),

-vs-

POPE INVESTMENTS, LLC, a Delaware limited liability company; POPE INVESTMENTS II, LLC, a Delaware limited liability company; and, ANNUITY & LIFE REASSURANCE, LTD., an unknown limited company,

Defendant(s).

CASE NO. A-16-746732-P

DEPT. NO. XXVII

ACCEPTANCE OF SERVICE OF SUMMONS AND COMPLAINT

I, Peter Chasey, ☒ Counsel for Defendant's Pope Investments, LLC, Pope Investments II, LLC, and Annuity & Life Reassurance Ltd.

hereby accept service of Summons and Complaint on behalf of said Defendant, or ☐

Defendant (all 3 defendants)

_____ hereby accepts service of Summons and Complaint.

DATED this 21st day of November, 2016.

Peter L. Chasey
Casey Law Offices
3295 N. Fort Apache Road
Suite 110
Las Vegas, NV 89129

Electronically Filed
12/01/2016 01:41:52 PM

SUMM

CLERK OF THE COURT

DISTRICT COURT

CLARK COUNTY, NEVADA

CHINA YIDA HOLDING CO., a Nevada corporation,

Petitioner,

v.

ANNUITY & LIFE REASSURANCE, LTD., an unknown limited company,

Respondents.

Case No. A-16-746732-P

Dept. No. XXVII

SUMMONS – CIVIL

NOTICE! YOU HAVE BEEN SUED. THE COURT MAY DECIDE AGAINST YOU WITHOUT YOUR BEING HEARD UNLESS YOU RESPOND WITHIN 20 DAYS. READ THE INFORMATION BELOW.

TO RESPONDENT ANNUITY & LIFE REASSURANCE, LTD.: A civil complaint or petition has been filed by the Plaintiff(s) against you for the relief as set forth in the Complaint.

1. If you intend to defend this lawsuit, within 20 days after this Summons is served on you, exclusive of the day of service, you must do the following:

   (a) File with the Clerk of this Court, whose address is shown below, a formal written response to the Complaint in accordance with the rules of the Court, with the appropriate filing fee.

   (b) Serve a copy of your response upon the attorney whose name and address is shown below.

2. Unless you respond, your default will be entered upon application of the Plaintiff(s) and failure to so respond will result in a judgment of default against you for the relief demanded in the Complaint, which could result in the taking of money or property or other relief requested in the Complaint.
3. If you intend to seek the advice of an attorney in this matter, you should do so promptly so that your response may be filed on time.
4. The State of Nevada, its political subdivisions, agencies, officers, employees, board members, commission members and legislators each have 45 days after service of this Summons within which to file an Answer or other responsive pleading to the Complaint.

STEVEN D. GRIERSON
CLERK OF THE COURT

By: _____ NOV 21 2016
Deputy Clerk
SHIMAYA LADSON

Regional Justice Center
200 Lewis Avenue
Las Vegas, NV 89155

Submitted by:

J. Robert Smith, Esq.
Holland & Hart LLP
5441 Kietzke Lane, Second Floor
Reno, Nevada 89511
Tel. 775-327-3000

NOTE: When service is by publication, add a brief statement of the object of the action. See Nevada Rules of Civil Procedure 4(b).

PROOF OF SERVICE

Pursuant to NRCP 5(b), I, Gaylene Ball, certify as follows:

I am employed in the City of Reno, County of Washoe, State of Nevada by the law offices of Holland & Hart LLP. My business address is 5441 Kietzke Lane, Second Floor, Reno, Nevada 89511. I am over the age of 18 years and not a party to this action.

I am readily familiar with Holland & Hart's practice for collection and processing of: HAND DELIVERIES, FACSIMILES and OUTGOING MAIL. Such practice in the ordinary course of business provides for the delivery or faxing and/or mailing with the United States Postal Service, to occur on the same day the document is collected and processed.

On December 1, 2016, I caused the foregoing **SUMMONS AND ACCEPTANCE OF SERVICE** to be served by the following method:

☑ U.S. Mail: a true copy was placed in Holland & Hart LLP's outgoing mail in a sealed envelope addressed as follows:

Peter L. Chasey, Esq.
Chasey Law Offices
3295 N. Fort Apache Road, Suite 110
Las Vegas, NV 89129

I declare under penalty of perjury under the laws of the State of Nevada that the foregoing is true and correct, and that this declaration was executed on December 1, 2016.

/s/Gaylene Ball
Gaylene Ball

9247955_1

ACSR

DISTRICT COURT

CLARK COUNTY, NEVADA

CHINA YIDA HOLDING CO., a Nevada corporation,

Plaintiff(s),

-vs-

POPE INVESTMENTS, LLC, a Delaware limited liability company; POPE INVESTMENTS II, LLC, a Delaware limited liability company; and, ANNUITY & LIFE REASSURANCE, LTD., an unknown limited company,

Defendant(s).

CASE NO. A-16-746732-P

DEPT. NO. XXVII

ACCEPTANCE OF SERVICE OF SUMMONS AND COMPLAINT

I, Peter Chasey, ☒ Counsel for Defendant(s) Pope Investments, LLC, Pope Investments II, LLC, and Annuity & Life Reassurance Ltd.

hereby accept service of Summons and Complaint on behalf of said Defendant, or ☐

Defendant (all 3 defendants)

_____ hereby accepts service of Summons and Complaint.

DATED this 21st day of November, 2016.

Peter L. Chasey
Casey Law Offices
3295 N. Fort Apache Road
Suite 110
Las Vegas, NV 89129

Electronically Filed
12/01/2016 11:12:40 AM

SUMM

CLERK OF THE COURT

DISTRICT COURT

CLARK COUNTY, NEVADA

CHINA YIDA HOLDING CO., a Nevada corporation,

Petitioner,

v.

POPE INVESTMENTS, LLC, a Delaware limited liability company, et al,

Respondents.

Case No. A-16-746732-P

Dept. No. XXVII

SUMMONS – CIVIL

NOTICE! YOU HAVE BEEN SUED. THE COURT MAY DECIDE AGAINST YOU WITHOUT YOUR BEING HEARD UNLESS YOU RESPOND WITHIN 20 DAYS. READ THE INFORMATION BELOW.

TO RESPONDENT INVESTMENTS, LLC: A civil complaint or petition has been filed by the Plaintiff(s) against you for the relief as set forth in the Complaint.

1. If you intend to defend this lawsuit, within 20 days after this Summons is served on you, exclusive of the day of service, you must do the following:

   (a) File with the Clerk of this Court, whose address is shown below, a formal written response to the Complaint in accordance with the rules of the Court, with the appropriate filing fee.

   (b) Serve a copy of your response upon the attorney whose name and address is shown below.

2. Unless you respond, your default will be entered upon application of the Plaintiff(s) and failure to so respond will result in a judgment of default against you for the relief demanded in the Complaint, which could result in the taking of money or property or other relief requested in the Complaint.
3. If you intend to seek the advice of an attorney in this matter, you should do so promptly so that your response may be filed on time.
4. The State of Nevada, its political subdivisions, agencies, officers, employees, board members, commission members and legislators each have 45 days after service of this Summons within which to file an Answer or other responsive pleading to the Complaint.

STEVEN D. GRIERSON
CLERK OF THE COURT

By: _____ NOV 21 2016
Deputy Clerk SHIMAYA LADSON

Regional Justice Center
200 Lewis Avenue
Las Vegas, NV 89155

Submitted by:

J. Robert Smith, Esq.
Holland & Hart LLP
5441 Kietzke Lane, Second Floor
Reno, Nevada 89511
Tel. 775-327-3000

NOTE: When service is by publication, add a brief statement of the object of the action. See Nevada Rules of Civil Procedure 4(b).

ACSR

DISTRICT COURT

CLARK COUNTY, NEVADA

CHINA YIDA HOLDING CO., a Nevada corporation,

Plaintiff(s),

-vs-

POPE INVESTMENTS, LLC, a Delaware limited liability company; POPE INVESTMENTS II, LLC, a Delaware limited liability company; and, ANNUITY & LIFE REASSURANCE, LTD., an unknown limited company,

Defendant(s).

CASE NO. A-16-746732-P

DEPT. NO. XXVII

ACCEPTANCE OF SERVICE OF SUMMONS AND COMPLAINT

I, Peter Chasey, ☒ Counsel for Defendant(s) Pope Investments, LLC, Pope Investments II, LLC, and Annuity & Life Reassurance Ltd.

hereby accept service of Summons and Complaint on behalf of said Defendant, or ☐

Defendant (all 3 defendants)

_____ hereby accepts service of Summons and Complaint.

DATED this 21st day of November, 2016.

Peter L. Chasey
Casey Law Offices
3295 N. Fort Apache Road
Suite 110
Las Vegas, NV 89129

CLERK OF THE COURT

APET
J. Robert Smith, Esq. (SBN 10992)
Andrea Champion, Esq. (SBN 13461)
HOLLAND & HART LLP
9555 Hillwood Drive, 2nd Floor
Las Vegas, NV 89134
Phone: (702) 669-4600
Fax: (702) 669-4650
Attorneys for Petitioner

DISTRICT COURT

CLARK COUNTY, NEVADA

CHINA YIDA HOLDING, CO., a Nevada corporation,

Petitioner,

v.

POPE INVESTMENTS, LLC, a Delaware limited liability company; POPE INVESTMENTS II, LLC, a Delaware limited liability company; and ANNUITY & LIFE REASSURANCE, LTD., an unknown limited company;

Respondents.

Case No. A-16-746732-P

Dept. No. XXVII

FIRST AMENDED PETITION FOR FAIR VALUE DETERMINATION

Petitioner China Yida Holding, Co., alleges as follows:

I. PARTIES

1. Petitioner China Yida Holding, Co. ("CYH") is a Nevada domestic corporation headquartered in China.

2. Respondent Pope Investments, LLC ("Pope") is a Delaware limited liability company, and claims to be the beneficial owner of a total of 223,080 shares of CYH stock.

3. Respondent Pope Investments II, LLC ("Pope II") is a Delaware limited liability company, and claims to be the beneficial owner of a total of 678,713 shares of CYH stock.

4. Respondent Annuity & Life Reassurance, Ltd., is a limited company, whose place of domestication is currently unknown, but that on information and belief is

headquartered in Bermuda. Annuity & Life Reassurance, Ltd. claims to be the beneficial owner of a total of 22,722 shares of CYH stock.

II. JURISDICTION AND VENUE

5. Jurisdiction in this Court is appropriate under Article 6 of the Nevada Constitution and NRS 92A.490(4).

6. The amount in controversy is in excess of $10,000.

7. Venue is proper in the Eighth Judicial District Court pursuant to NRS 92A.490(2) because CYH's registered office is located in Clark County, Nevada.

III. GENERAL ALLEGATIONS

8. CYH is a diversified entertainment enterprise focused on China's media and tourism industries. CYH is headquartered in Fuzhou City, Fujian Province, China.

9. On or about April 12, 2016, CYH and China Yida Holding Acquisition Co. entered into an Amended and Restated Agreement and Plan of Merger.

10. On July 8, 2016, CYH effectuated the merger transaction in which China Yida Holding Acquisition Co. was merged with and into CYH, with CYH continuing as the surviving entity.

11. Prior to the merger, CYH stock was publicly traded on the NASDAQ under the ticker symbol CNYD.

12. Each Respondent in this action was, or claims to be, a beneficial owner of CYH stock.

13. Cede & Co. operates a clearing house that holds shares of stock in its name in order to expedite stock transfers.

14. Some, or all, of Respondents' shares were held in the name of Cede & Co.

15. On July 15, 2016, CYH caused a dissenter's rights notice to be sent to Respondents.

16. On August 2, 2016, CYH received Demands for Payment from each of the Respondents.

17. The Demands for Payment from Respondents certified that each of the

HOLLAND & HART LLP
9555 Hillwood Drive, 2nd Floor
Las Vegas, NV 89134

Respondents acquired beneficial ownership of all shares of CYH stock held by Respondents.

18. Respondents also delivered stock certificates representing Respondents' shares of CYH stock.

19. Although Pope II claims to be a beneficial owner of 678,713 shares of CYH stock, Pope II delivered a single stock certificate to CYH for 302,713 shares of CYH stock.

20. Pursuant to NRS 92A.460, CYH estimated the fair value of its common stock, based upon an independent third party valuation, to be $3.32 per share, and paid Respondents the fair value of their purported shares.

21. On September 21, 2016, Respondents sent CYH a Dissenter's Estimate of Fair Value and Demand for Payment, estimating the fair value of CYH stock to be $23.28 per share, and demanding payment based on their estimated fair value, less payments already received.

FIRST CLAIM FOR RELIEF
(Fair Value Determination)

22. CYH incorporates by reference each of the allegations previously stated in this Petition as though set forth fully herein.

23. Pursuant to NRS 92A.490, if a demand for payment remains unsettled, the subject corporation shall commence a proceeding within sixty (60) days after receiving the demand and petition the court to determine the fair value of the shares and accrued interest.

24. Each Respondent has demanded payment in varying amounts from CYH.

25. This Petition is timely because each Respondent's demand was made less than sixty (60) days prior to the date of this Petition.

26. Prior to the merger with China Yida Holding Acquisition Co., an independent third party calculated the fair value of CYH stock as $3.32 per share.

27. As a result, CYH stockholders are entitled to be paid $3.32 per share.

28. CYH seeks a judicial determination of the fair value of CYH stock prior to the merger and confirmation from the Court that the fair value prior to the merger was $3.32 per share.

29. As a result of Respondents' actions, CYH was forced to initiate this action.

HOLLAND & HART LLP
9555 Hillwood Drive, 2nd Floor
Las Vegas, NV 89134

CYH is entitled to an award of its reasonable attorney's fees and costs associated with this action.

IV. PRAYER FOR RELIEF

WHEREFORE, CYH prays for relief against Respondents as follows:

1. For a judicial determination that the fair value of CYH stock prior to the merger was $3.32 per share.

2. For all of CYH's attorney's fees, costs and interest according to law; and

3. For such other and further relief in CYH's favor as this Court deems just and proper.

DATED this 6th day of January, 2017.

HOLLAND & HART LLP

/s/J. Robert Smith
J. Robert Smith, Esq. (SBN 10992)
Andrea Champion, Esq. (SBN 13461)
9555 Hillwood Drive, 2nd Floor
Las Vegas, NV 89134
Attorneys for Petitioner

HOLLAND & HART LLP
9555 Hillwood Drive, 2nd Floor
Las Vegas, NV 89134

PROOF OF SERVICE

Pursuant to NRCP 5(b), I, Gaylene Ball, certify as follows:

I am employed in the City of Reno, County of Washoe, State of Nevada by the law offices of Holland & Hart LLP. My business address is 5441 Kietzke Lane, Second Floor, Reno, Nevada 89511. I am over the age of 18 years and not a party to this action.

I am readily familiar with Holland & Hart's practice for collection and processing of: HAND DELIVERIES, FACSIMILES and OUTGOING MAIL. Such practice in the ordinary course of business provides for the delivery or faxing and/or mailing with the United States Postal Service, to occur on the same day the document is collected and processed.

On January 6, 2017, I caused the foregoing **FIRST AMENDED PETITION FOR FAIR VALUE DETERMINATION** to be served by the following method:

☑ U.S. Mail: a true copy was placed in Holland & Hart LLP's outgoing mail in a sealed envelope addressed as follows:

Peter L. Chasey, Esq.
Casey Law Offices
3295 N. Fort Apache Road
Suite 110
Las Vegas, NV 89129

I declare under penalty of perjury under the laws of the State of Nevada that the foregoing is true and correct, and that this declaration was executed on January 6, 2017.

/s/Gaylene Ball
Gaylene Ball

HOLLAND & HART LLP
9555 Hillwood Drive, 2nd Floor
Las Vegas, NV 89134

Electronically Filed
02/06/2017 10:42:20 AM

CLERK OF THE COURT

RESP

PETER L. CHASEY, ESQ.
Nevada Bar No. 007650
CHASEY LAW OFFICES
3295 N. Fort Apache Road, Suite 110
Las Vegas, Nevada 89129
Tel: (702) 233-0393 Fax: (702) 233-2107
email: peter@chaseylaw.com
Attorney for Respondents
POPE INVESTMENTS, LLC, POPE INVESTMENTS II, LLC, and
ANNUITY LIFE & REASSURANCE, LTD.

DISTRICT COURT

CLARK COUNTY, NEVADA

CHINA YIDA HOLDING CO., a Nevada corporation, Petitioner, vs. POPE INVESTMENTS, LLC, a Delaware limited liability company; POPE INVESTMENTS II, LLC, a Delaware limited liability company; and ANNUITY & LIFE REASSURANCE, LTD., an unknown limited company; Respondents.	) CASE NO.: A-16-746732-P) DEPT NO.: XXVII **RESPONSE TO FIRST AMENDED PETITION FOR FAIR VALUE DETERMINATION**

Respondents Pope Investments, LLC, Pope Investments II, LLC, and Annuity & Life Reassurance, Ltd. (collectively "Pope Investments") hereby respond to Petitioner China Yida Holding Co.'s (hereinafter "China Yida") First Amended Petition for Fair Value Determination.

PARTIES

1. Responding to Paragraph 1, Pope Investments admits the allegations made therein and alleges that, on information and belief, China Yida's assets, officers, and directors, are all located in China.

2. Responding to Paragraph 2, Pope Investments, LLC was, at the time of the merger at issue in this case, the beneficial owner of 223,080 shares of China Yida common stock.

3. Responding to Paragraph 3, Pope Investments II, LLC was, at the time of the merger at issue in this case, the beneficial owner of 678,713 shares of China Yida common stock.

4. Responding to Paragraph 4, Annuity & Life Reassurance, Ltd. was at the time of the merger at issue in this case, the beneficial owner of 22,722 shares of China Yida common stock.

JURISDICTION AND VENUE

5. Responding to Paragraph 5, Pope Investments admits that the Eighth Judicial District Court of Clark County, Nevada has jurisdiction to hear this case.

6. Responding to Paragraph 5, Pope Investments admits the amount in controversy is more than $10,000.

7. Responding to Paragraph 6, Pope Investments admits that venue for this matter is proper in the Eighth Judicial District Court of Clark County, Nevada.

GENERAL ALLEGATIONS

8. Responding to Paragraph 7, Pope Investments admits that China Yida is headquartered in Fujian Province in China. Pope admits and alleges that China Yida develops, operates, and manages properties in the Fujian and Jiangxi provinces in China, including natural, cultural, and historical tourist destinations and theme parks.

9. Responding to Paragraph 9, Pope Investments admits the allegations therein.

10. Responding to Paragraph 10, Pope Investments admits the allegations therein.

11. Responding to Paragraph 11, Pope Investments admits the allegations therein.

12. Responding to Paragraph 12, Pope Investments admits and alleges that the Respondents herein are the beneficial owners of 924,515 shares of China Yida common stock.

13. Responding to Paragraph 13, Pope Investments admits the allegations therein.

14. Responding to Paragraph 14, Pope Investments admits that at the time of the merger at issue in this case:

a. Pope Investments, LLC was the beneficial owner of 223,080 shares of China Yida common stock, all of which was held in the name of nominee, Cede & Co.

b. Pope Investments II, LLC was the beneficial owner of 678,713 shares of China Yida common stock, with 302,713 shares held in the name of nominee, Cede & Co. and 376,000 shares held in book entry form with China Yida's transfer agent, American Stock & Transfer Company.

c. Annuity & Life Reassurance, Ltd. was the beneficial owner of 22,722 shares of China Yida common stock, all of which was held in the name of nominee, Cede & Co.

15. Responding to Paragraph 15, Pope Investments admits the allegations therein.

16. Responding to Paragraph 16, Pope Investments admits the allegations therein.

17. Responding to Paragraph 17, Pope Investments admits the allegations therein.

18. Responding to Paragraph 18, Pope Investments admits depositing stock certificates representing all shares of common stock in China Yida beneficially held by all Respondents, with the exception that no stock certificates were deposited or needed to be deposited for the 376,000 uncertificated shares of China Yida stock owned by Pope Investments II, LLC held in book entry form with China Yida's transfer agent, American Stock & Transfer Company.

19. Responding to Paragraph 19, Pope Investments admits depositing stock certificates representing all shares of common stock in China Yida beneficially held by all Respondents, with the exception that no stock certificates were deposited or needed to be deposited for the 376,000 uncertificated shares of China Yida stock owned by Pope Investments II, LLC held in book entry form with China Yida's transfer agent, American Stock & Transfer Company.

20. Responding to Paragraph 20, Pope Investments admits that China Yida estimates the fair value of China Yida stock to be $3.32 per share, but denies that $3.32 per share is the fair value of China Yida common stock pursuant to NRS 92A.320.

21. Responding to Paragraph 21, Pope Investments admits demanding $23.28 per share, less payments already received from China Yida. Pope Investments alleges that $23.28 per share is the fair value of China Yida common stock pursuant to NRS 92A.320.

FIRST CLAIM FOR RELIEF
(Fair Value Determination)

22. Responding to Paragraph 22, Pope Investments repeats its responses set forth above.

23. Responding to Paragraph 23, Pope Investments admits the allegations therein.

24. Responding to Paragraph 24, Pope Investments admits the allegations therein.

25. Responding to Paragraph 25, Pope Investments admits the allegations therein.

26. Responding to Paragraph 26, Pope Investments denies the allegations therein.

27. Responding to Paragraph 27, Pope Investments denies the allegations therein.

28. Responding to Paragraph 28, Pope Investments denies the allegations therein and seeks a judicial determination that the fair value of China Yida's common stock was $23.28 per share immediately prior to the merger at issue in this case and requests that judgment be entered in favor of Pope Investments and against China Yida for the fair value of all 924,515 shares

beneficially owned by Pope Investments immediately prior to the merger at issue in this case, with interest, costs, and attorneys' fees.

29. Responding to Paragraph 29, Pope Investments denies the allegations therein and requests that judgment be entered in favor Pope Investments and against China Yida for fair value of all shares beneficially owned by Pope Investments with interest, costs, and attorneys' fees.

PRAYER FOR RELIEF

WHEREFORE, Respondents Pope Investments, LLC, Pope Investments II, LLC, and Annuity & Life Reassurance, Ltd. pray for relief and judgment as follows:

A. For a judicial determination that the fair value of shares of China Yida common stock was $23.28 per share,

B. For judgment against China Yida representing the fair value of the 924,515 shares of China Yida common stock beneficially owned by Respondents at the time of the merger at issue in this case,

C. For an award of interest, costs, and attorneys' fees according to Nevada law, including but not limited to NRS 92A.500, and

D. For such other and further relief as this Court finds just and proper.

Dated this 6th day of February, 2017.

CHASEY LAW OFFICES

Peter L. Chasey, Esq.
Nevada Bar No. 007650
3295 N. Fort Apache Rd., Ste. 110
Las Vegas, NV 89129
Tel: (702) 233-0393 Fax: (702) 233-2107
Email: peter@chaseylaw.com
Attorney for Respondents

CERTIFICATE OF SERVICE

Pursuant to Rule 5(b) of the Nevada Rules of Civil Procedure, I hereby certify that on the 6th day of February, 2017, I served a true and complete copy of the foregoing **RESPONSE TO FIRST AMENDED PETITION FOR FAIR VALUE DETERMINATION** upon those persons designated by the parties in the E-Service Master List for the above-referenced matter in the Eighth Judicial District Court eFiling System in accordance with the mandatory electronic service requirements of Administrative Order 14-2 and the Nevada Electronic Filing and Conversion Rules:

J. Robert Smith, Esq.
Andrea Champion, Esq.
HOLLAND & HART LLP
9555 Hillwood Drive, 2nd Floor
Las Vegas, NV 89134
(702) 669-4600 Phone
(702) 669-4650 Fax
Attorneys for Petitioner
CHINA YIDA HOLDING CO.

Shannon Pennoske

AN EMPLOYEE OF CHASEY LAW OFFICES

IAFD
PETER L. CHASEY, ESQ.
Nevada Bar No. 007650
CHASEY LAW OFFICES
3295 N. Fort Apache Road, Suite 110
Las Vegas, Nevada 89129
Tel: (702) 233-0393 Fax: (702) 233-2107
email: peter@chaseylaw.com
Attorney for Respondents
POPE INVESTMENTS, LLC, POPE INVESTMENTS II, LLC, and
ANNUITY LIFE & REASSURANCE, LTD.

DISTRICT COURT

CLARK COUNTY, NEVADA

CHINA YIDA HOLDING CO., a Nevada corporation, Petitioner, vs. POPE INVESTMENTS, LLC, a Delaware limited liability company; POPE INVESTMENTS II, LLC, a Delaware limited liability company; and ANNUITY & LIFE REASSURANCE, LTD., an unknown limited company; Respondents.	) CASE NO.: A-16-746732-P) DEPT NO.: XXVII ***INITIAL APPEARANCE FEE DISCLOSURE (NRS CHAPTER 19)***	

Pursuant to NRS Chapter 19, as amended by Senate Bill 106, filing fees are submitted for parties appearing in the above entitled action as indicated below:

POPE INVESTMENTS, LLC	$223.00
POPE INVESTMENTS II, LLC	$ 30.00
ANNUITY & LIFE REASSURANCE, LTD.	$ 30.00
TOTAL REMITTED:	**$283.00**

Dated this 6th day of February, 2017.

CHASEY LAW OFFICES

Peter L. Chasey, Esq.
Nevada Bar No. 007650
3295 N. Fort Apache Rd., Ste. 110
Las Vegas, NV 89129

JCCR
J. Robert Smith, Esq. (NSB #10992)
Andrea Champion, Esq. (NSB #13461)
HOLLAND & HART LLP
9555 Hillwood Drive, 2nd Floor
Las Vegas, NV 89134
Phone: (702) 669-4600
Fax: (702) 669-4650
Attorneys for Petitioner

DISTRICT COURT

CLARK COUNTY, NEVADA

CHINA YIDA HOLDING, CO., a Nevada corporation,

Petitioner,

v.

POPE INVESTMENTS, LLC, a Delaware limited liability company; POPE INVESTMENTS II, LLC, a Delaware limited liability company; and ANNUITY & LIFE REASSURANCE, LTD., an unknown limited company;

Respondents.

Case No. A-16-746732-P

Dept. No. XXVII

JOINT CASE CONFERENCE REPORT

DISCOVERY PLANNING/DISPUTE CONFERENCE REQUESTED: YES___ NO_X__

SETTLEMENT CONFERENCE REQUESTED: YES___ NO_X__

I. PROCEEDINGS PRIOR TO CASE CONFERENCE REPORT

NO.	DESCRIPTION OF PLEADINGS	PARTY	DATE FILED
1.	Petition for: (1) Declaratory Relief; and (2) Fair Value Determination	Petitioner	11/15/16

NO.	DESCRIPTION OF PLEADINGS	PARTY	DATE FILED
2.	Summons and Acceptance of Service on Behalf of Respondents	Petitioner	12/1/16
3.	First Amended Petition for Fair Value Determination	Petitioner	1/6/17
4.	Response to First Amended Petition for Fair Value Determination	Respondents	2/6/17
5.	Arbitration Selection List	Court	3/20/17
6.	Request for Exemption from Arbitration	Petitioner	3/27/17

The early case conference was held on February 23, 2017. J. Robert Smith, Esq. attended on behalf of Petitioner. Peter Chasey, Esq., attend on behalf of Respondents.

II. A BRIEF DESCRIPTION OF THE NATURE OF THE ACTION AND EACH CLAIM FOR RELIEF OR DEFENSE

A. Description of the Action

This is a dissenter's rights action under NRS 92A.380, et. seq. Petitioner China Yida Holding, Co. ("CYH") is a Nevada domestic corporation headquartered in Fuzhou City, Fujian Province, China. Respondents claim to be the beneficial owners of various shares of CYH stock.

On or about April 12, 2016, CYH and China Yida Holding Acquisition Co. entered into an Amended and Restated Agreement and Plan of Merger. On July 8, 2016, CYH effectuated the merger transaction in which China Yida Holding Acquisition Co. was merged with and into CYH, with CYH continuing as the surviving entity.

On July 15, 2016, CYH caused a dissenter's rights notice to be sent to Respondents. On August 2, 2016, CYH received Demands for Payment from each of the Respondents. The Demands for Payment from Respondents certified that each of the Respondents acquired beneficial ownership of all shares of CYH stock held by Respondents. CYH estimated the fair value of its common stock to be $3.32 per share, and paid Respondents the fair value of their purported shares.

On September 21, 2016, Respondents sent CYH a Dissenter's Estimate of Fair Value and Demand for Payment, estimating the fair value of CYH stock to be $23.28 per share, and demanding payment based on their estimated fair value, less payments already received. A dispute has, therefore, arisen with respect to the fair value of CYH's stock. CYH seeks a judicial determination of the fair value of CYH stock prior to the merger and confirmation from the Court that the fair value prior to the merger was $3.32 per share. Similarly, Respondent's seek a determination that the fair value of CYH stock immediately prior to the merger was $23.28 per share.

B. Petitioner's Claims for Relief

1. Fair Value Determination of Stock

C. **Petitioner's affirmative defenses to the Petition**

1. Respondents have not asserted any affirmative defenses.

III. LIST OF ALL DOCUMENTS, DATA COMPILATIONS AND TANGIBLE THINGS IN THE POSSESSION, CUSTODY OR CONTROL OF EACH PARTY WHICH WERE IDENTIFIED OR PROVIDED AT THE EARLY CASE CONFERENCE OR AS A RESULT THEREOF [16.1(A)(1)(b) AND 16.1(C)(4)]

A. Documents provided by Petitioner: Petitioner produced its documents to Respondents as part of its initial disclosures on May 19, 2017.

B. Documents provided by Respondent: Respondents expect to produce their documents to Petitioners as part of their initial disclosures by June 2, 2017.

IV. LIST OF PERSONS IDENTIFIED BY EACH PARTY AS LIKELY TO HAVE INFORMATION DISCOVERABLE UNDER RULE 26(b), INCLUDING IMPEACHMENT OR REBUTTAL WITNESSES [16.1(a)(1)(A) and 16.1(c)(3)]

A. Petitioner has identified potential witnesses as part of its initial disclosures on May 19, 2017.

B. Respondents expect to provide Petitioner with a list of witnesses as part of their initial disclosures by June 2, 2017.

The parties reserve the right to supplement their disclosures as additional witnesses are identified through discovery. The parties further reserve the right to call any witnesses identified by any other party. This reservation of rights, however, should not be deemed a waiver of the parties' right to object to the admissibility of any testimony introduced by any other party.

V. DISCOVERY PLAN [16.1(b)(2) AND 16.1(c)(2)]:

A. What changes, if any, should be made in the timing, form or requirements for disclosures under NRCP 16.1(a): The parties agree that all discovery will be conducted as contemplated by the Nevada Rules of Civil Procedure and that no other changes are warranted.

B. When disclosures under NRCP 16.1(a)(1) were made or will be made: Petitioner made its initial disclosures on May 19, 2017. Respondents will make their initial disclosures by June 2, 2017.

C. Subjects on which discovery may be needed: All aspects of the fair value claim alleged in this action.

D. Should discovery be conducted in phases or limited or focused upon particular issues: No.

E. What changes, if any, should be made in limitations on discovery imposed under these rules and what, if any other limitations should be imposed? None.

F. What, if any, other orders should be entered by the court under Rule 26(c) or 16(b) and (c): None.

G. Estimated time for trial: The parties estimate that trial will take 3 days.

VI. DISCOVERY AND MOTION DATES [16.1(c)(5) – (8)]:

A. Close of discovery: December 1, 2017

B. Final date to file motions to amend pleadings or add parties: November 3, 2017

C. **Final dates for expert disclosures:**

1. **Initial disclosure:** October 6, 2017.

2. **Rebuttal disclosures:** November 3, 2017.

D. **Last day to submit dispositive motions:** January 5, 2018.

VII. JURY DEMAND [16.1(c)(10)]: No jury demand has been filed.

VIII. SIGNING OF DISCLOSURES, DISCOVERY REQUESTS, RESPONSES AND OBJECTIONS [NRCP 26(g)(1)]:

This report is signed in accordance with NRCP 26(g)(1). Each signature constitutes a certification that to the best of the signor's knowledge, information, and belief, formed after a reasonable inquiry, the disclosures made by the signor are complete and correct as of this time.

Pursuant to NRS 239B.030, the undersigned hereby affirm that the preceding document, including any exhibits, does not contain the social security number of any person.

DATED this 6th day of June, 2017.

HOLLAND & HART, LLP

By: Andrea M. Champion

J. Robert Smith, Esq. (NSB #10992)
Andrea Champion, Esq. (NSB #13461)
9555 Hillwood Drive, 2nd Floor
Las Vegas, NV 89134
(702) 669-4600
jrsmith@hollandhart.com
amchampion@hollandhart.com
Attorneys for Petitioner

DATED this 5th day of June, 2017.

CHASEY LAW OFFICES

By: _____

Peter L. Chasey, Esq. (NSB #7650)
3295 N. Fort Apache Road, Ste. 110
Las Vegas, Nevada 89129
(702) 233-0393
peter@chaseylaw.com
Attorneys for Respondents

CERTIFICATE OF SERVICE

I hereby certify that on the 6th day of June 2017, a true and correct copy of the **JOINT CASE CONFERENCE REPORT** was served by the following method(s):

☑ Electronic: by submitting electronically for filing and/or service with the Eighth Judicial District Court's e-filing system and served on counsel electronically in accordance with the E-service list to the following listed below:

☐ U.S. Mail: by depositing same in the United States mail, first class postage fully prepaid to the persons and addresses listed below:

☐ Hand-Delivery: by providing a true and correct copy to Holland & Hart's runners with instructions to hand-deliver the same to the address shown below:

☐ Email: by electronically delivering a copy via email to the following e-mail address:

☐ Facsimile: by faxing a copy to the following numbers referenced below:

Peter L. Chasey, Esq.
Chasey Law Offices
3295 N. Fort Apache Road, Suite 110
Las Vegas, NV 89129
Email: peter@chaseylaw.com
Shannon@chaseylaw.com

An Employee of HOLLAND & HART LLP

9715882_1

MSJD
J. Robert Smith, Esq.
Nevada Bar No. 10992
Susan M. Schwartz, Esq.
Nevada Bar No. 14270
HOLLAND & HART LLP
9555 Hillwood Drive, 2nd Floor
Las Vegas, Nevada 89134
Phone: (702) 669-4619
Fax: (702) 475-4199
jrsmith@hollandhart.com
smschwartz@hollandhart.com
Attorneys for Petitioner China Yida Holding, Co.

HOLLAND & HART LLP
5441 KIETZKE LANE, SECOND FLOOR
RENO, NV 89511

DISTRICT COURT

CLARK COUNTY, NEVADA

CHINA YIDA HOLDING, CO., a Nevada corporation,

Petitioner,

v.

POPE INVESTMENTS, LLC, a Delaware limited liability company; POPE INVESTMENTS II, LLC, a Delaware limited liability company; and ANNUITY & LIFE REASSURANCE, LTD., an unknown limited company;

Respondents.

Case No. A-16-746732-P
Dept. No. XXVII

PETITIONER CHINA YIDA HOLDING, CO.'S MOTION FOR SUMMARY JUDGMENT

HEARING REQUESTED

Petitioner China Yida Holding, Co. (CYH) requests summary judgment in its favor declaring as a matter of law that Respondents do not have dissenter's rights under NRS Chapter 92A and, therefore, cannot obtain a fair value determination of their CYH stock. This Motion is based on the following Memorandum of Points & Authorities, the attached exhibits, the Declarations of Minhua Chen[1] and J. Robert Smith filed concurrently herewith, the papers and pleadings on file, and any oral argument the Court chooses to consider.

[1] The Declaration of Minhua Chen was translated by a Chinese translation service from English into Chinese for Mr. Chen. The certified translation is attached to Mr. Chen's Declaration.

HOLLAND & HART LLP
5441 KIETZKE LANE, SECOND FLOOR
RENO, NV 89511

MEMORANDUM OF POINTS & AUTHORITIES

I. INTRODUCTION

This is a dissenter's rights action brought pursuant to NRS Chapter 92A. According to NRS 92A.380, a stockholder of a corporation generally has the right to dissent from certain corporate actions and obtain the fair value of their stock in the corporation. A merger between two corporations is a corporate action entitling a stockholder to dissenter's rights, absent certain exceptions. NRS 92A.380(1)(a). One such exception is the market-out exception. Stockholders have ***no*** right of dissent to obtain the fair value of their stock when the stock they own is a "covered security" under the Securities Act of 1933. NRS 92A.390(1)(a). A covered security is a stock traded on a national market system that is regulated by the federal government, such as the NASDAQ. Although there is an exception to the market-out exception, commonly referred to as the "exception to the exception," it is inapplicable if the stockholders are required to accept cash for their shares. NRS 92A.390(3).

At all relevant times herein, CYH was a publicly traded company on the NASDAQ Capital Market under the ticker symbol CNYD. In April 2016, CYH merged with China Yida Holding Acquisition Co. (hereinafter "Acquisition"). The merger resulted in CYH's stockholders having their stock cancelled in exchange for $3.32 for each share of stock.

Respondents Pope Investments, LLC, Pope Investments II, LLC, and Annuity & Life Reassurance, Ltd. (collectively "Respondents") were owners of CYH's stock at the time of the merger. In connection with the merger, CYH paid it stockholders, including Respondents, $3.32 per share. Respondents received over $3 million for their shares.

Apparently dissatisfied with the amount, Respondents decided to pursue dissenter's rights under NRS Chapter 92A. Respondents sent CYH a Dissenters Estimate of Fair Value and Demand for Payment, alleging the fair value of CYH's stock to be $23.28 per share, which would make Respondents' shares worth $21.5 million! Respondents identified the overly inflated estimate of $23.28 per share despite CYH's stock being traded on the NASDAQ Capital Market at a high of $3.20 during the fourth quarter of 2015, and at $1.97 per share immediately prior to the announcement of the Merger on March 10, 2016. This lawsuit was

filed[2] as a result of Respondents' demand to be paid $23.28 per share, nearly seven times the amount CYH's stockholders received, and nearly 12 times more than the publicly traded market price as listed on the NASDAQ immediately prior to the announcement of the Merger.[3]

Despite their pursuit of dissenter's rights, Respondents are statutorily barred from pursuing dissenter's rights. As explained above, and detailed more thoroughly below, it is undisputed that CYH's stock was a covered security as it was listed and publicly traded on the NASDAQ Capital Market under the ticker symbol CNYD at all relevant times herein. Additionally, CYH offered, and paid, Respondents cash for their stock. Thus, the market out exception to dissenter's rights applies, and the exception to the exception is inapplicable. Accordingly, Respondents have no dissenter's rights and are not entitled to a fair value determination of their CYH stock. CYH is, therefore, entitled to summary judgment.

II. UNDISPUTED MATERIAL FACTS

CYH is a Nevada domestic corporation. ***Exhibit 1*** ("CYH's Articles of Incorporation" at 1).[4] At all relevant times herein, CYH's stock was listed and traded on the NASDAQ Capital Market under the ticker symbol "CNYD." *Declaration of Minhua Chen (hereinafter "Chen Decl.")*, at ¶3; *see also* ***Exhibit 2*** *(Form 10-K, CYH's 2015 Annual Report filed with United States Securities and Exchange Commission ("SEC") pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934),* at 1 and 27.

On March 10, 2016, CYH issued a press release announcing its entry into a Merger Agreement with Acquisition. ***Exhibit 3;*** *see also* ***Exhibit 4*** *(Form 8-K filed with the SEC on March 10, 2016).* The day before the announcement of the Merger (March 9, 2016), CHY's stock closed at $1.97 per share. ***Exhibit 5***. In fact, between 2014 and the first quarter of 2016,

[2] When a stockholder exercises dissenter's rights, NRS 92A.420 requires the corporation to commence the action rather than the stockholder. Otherwise, the corporation risks paying the full amount requested by the stockholder. As a result, the corporation is the petitioner and the stockholder is the respondent even though the respondent is the party seeking to be paid more for their shares.

[3] Respondents were the only stockholders out of more than 200 stockholders of record to question the value of CYH's stock, and the only stockholders to pursue dissenter's rights.

[4] The exhibits attached hereto are authenticated by the Declaration of J. Robert Smith filed concurrently herewith.

HOLLAND & HART LLP
5441 KIETZKE LANE, SECOND FLOOR
RENO, NV 89511

and as demonstrated in the table below, CYH's stock traded on the NASDAQ Capital Market at a market high of $7.24 and market low of $1.35:

Year	Period	High	Low
2014	First Quarter	$7.24	$3.13
	Second Quarter	$4.24	$2.67
	Third Quarter	$4.20	$3.03
	Fourth Quarter	$3.05	$2.22
2015	First Quarter	$2.63	$1.92
	Second Quarter	$4.50	$2.16
	Third Quarter	$3.33	$2.95
	Fourth Quarter	$3.20	$2.21
2016	First Quarter	$3.31	$1.35
	Second Quarter (through May 24)	$3.16	$2.32

Exhibit 6 *(Schedule 14A, filed with SEC on May 24, 2016)*, at 64.

CYH and Acquisition subsequently agreed to amend the Merger Agreement. On April 13, 2016, CYH filed its Form 8-K with the SEC disclosing that CYH and Acquisition entered into an Amended and Restated Agreement and Plan of Merger ("Amended Merger Agreement"). ***Exhibit 7*****,** at 2. CYH attached a copy of the Amended Merger Agreement as Exhibit 2.1 to its Form 8-K detailing the Merger. ***Exhibit 8*** *(Exhibit 2.1 to Form 8-K, at 1).* The Amended Merger Agreement declared that Acquisition "shall be merged with and into [CYH], the separate corporate existence of Acquisition shall thereupon cease and [CYH] shall continue as the surviving company of the Merger." *Id.* at 11 (CYH 001288). As a result of the Merger, "all of the property, rights, privileges, powers and franchises of [CYH] and Acquisition shall vest in the Surviving Company [CYH] and all debts, liabilities and duties of the [CYH] and [Acquisition] shall become the debts, liabilities and duties of the Surviving Company." *Id.* at 12 (CYH 001289). CYH provided in the Amended Merger Agreement that "[e]ach Company Share other than Excluded Shares that is issued and outstanding immediately prior to the Effective Time shall be canceled and cease to exist and automatically converted, subject to Section 2.7(b), into the right to receive $3.32 in cash without interest . . . ." *Id.* at 13 (CYH 001290).

HOLLAND & HART LLP
5441 KIETZKE LANE, SECOND FLOOR
RENO, NV 89511

Notably, to ensure the fairness to its stockholders of the $3.32 stock price, and prior to the announcement of the Merger, CYH obtained a Fairness Opinion by Roth Capital Partners, an investment banking and financial services provider for securities and brokerage activities, which was disclosed in the Schedule 14A filed with the SEC. *See Exhibit 6 (Schedule 14A),* at 4, 28 and Annex B-2 – B-4; *see also Chen Decl.,* at ¶7. Roth concluded that the price of $3.32 per share to be received by CYH's stockholders pursuant to the Merger Agreement "is fair from a financial point of view to such holders . . . ." *Id.,* at B-4*; see also Chen Decl.,* at ¶8.

The Amended Merger Agreement also called for a special meeting of the CYH's stockholders for a vote on the Merger. *Exhibit 8,* at 37 (CYH 001314); *Chen Decl.,* at ¶9. The stockholders would be notified of the special meeting if they held stock of the company as of the record date, which was to be set by CYH's board. *Id.* As disclosed to the SEC and the CYH stockholders, the record date was set as the close of business on May 24, 2016. *Exhibit 6* (*Schedule 14A*, at CYH00129); *Chen Decl.*, at ¶10. The stockholders of record as of May 24, 2016 were then notified of the special meeting of shareholders to take place on June 28, 2016 to vote on the merger. *Chen Decl.*, at ¶11.

On June 14, 2016, each of the Respondents sent a letter to CYH notifying it of the Respondents' intent to demand payment for their shares if the proposed merger transaction was approved at the special meeting of shareholders. ***Exhibit 9***.

At the special meeting on June 28, 2016, the Merger was approved and adopted by CYH's stockholders. ***Exhibit 10*** *(Special Meeting Minutes, dated June 28, 2016); Chen Decl., at ¶12.*

On July 8, 2016, CYH's stock was removed from listing on the NASDAQ Capital Market. *See* ***Exhibit 11*** (*SEC Form 25*, stating that the stock was removed pursuant to 17 C.F.R. §240.12d2-2(a)(3)).

On July 25, 2016, each of the Respondents followed up with a signed "Demand for Payment Form" notifying CYH that each of the Respondents:

> [E]lects to exercise dissenter's rights pursuant to Section 92A.300 to 92A.500, inclusive, of the Nevada Revised Statutes (the "NRS") with respect to the

HOLLAND & HART LLP
5441 KIETZKE LANE, SECOND FLOOR
RENO, NV 89511

Merger, and demands payments for all shares of Company capital stock beneficially owned by the undersigned.

Exhibit 12.

On August 30, 2016, CYH's counsel at the time, Sidley Austin, LLP, sent a letter to each of the Respondents notifying them that pursuant to NRS 92A.460(1) CYH would pay the amount CYH estimates to be the fair value of Respondents' shares, plus accrued interest. ***Exhibit 13.*** CYH valued its stock at $3.32 per share. *Id.* CYH then paid Respondents for their shares based on the price of $3.32 per share. *Id.; Chen Decl., at ¶13.*

Apparently dissatisfied with the amount CYH paid for their shares, on September 21, 2016, each of the Respondents served CYH with a "Dissenter's Estimate of Fair Value and Demand for Payment" pursuant to NRS 92A.480. ***Exhibit 14.*** Remarkably, and inexplicably, Respondents estimated the fair value of the CYH's stock to be $23.28 per share, approximately seven times more than the publicly traded price of CHY's stock on the NASDAQ. Thus, instead of accepting the $3.32 per share, Respondents asserted that their shares were worth an incredible $21,767,306.41. *Id.* Even more remarkable, Respondents were asserting that their shares were worth $23.28 per share despite having purchased their shares between 2008 and 2014 at an average price of $1.62 per share. ***Exhibit 15.***[5]

On November 15, 2016, CYH commenced this action pursuant to NRS 92A.490, which requires the subject corporation within 60 days after a demand is received to petition the District Court to determine the fair value of the company's shares. As explained below, however, dissenter's rights are unavailable to Respondents because CYH's stock was traded on the

[5] *Exhibit 15,* which was produced by Respondents, identifies the date, purchase price and amount of shares purchased by Respondents. A simple mathematical calculation results in the price paid per share. Respondent Annuity & Life Reassurance Life, Ltd. purchased all of its CNYD stock at a price of $3.13 per share on December 31, 2013. Respondent Pope Investments, LLC made 45 purchases of CNYD stock between April 1, 2009 and August 2, 2013 at prices ranging between $0.46 and $10.00 per share, with the $10.00 per share purchase being an anomaly given that its next highest purchase was only $4.18 per share. Respondent Pope Investments II, LLC made 31 purchases of CNYD stock between March 7, 2008 and June 4, 2014 at prices ranging between $0.72 and $8.46, with the average purchase price of $1.16. Attached hereto as ***Exhibit 16*** is a demonstrative exhibit showing the resultant mathematical calculations for each of Respondent's purchases.

HOLLAND & HART LLP
5441 KIETZKE LANE, SECOND FLOOR
RENO, NV 89511

NASDAQ Capital Market, and Respondents were paid cash for their shares. Accordingly, summary judgment is warranted in favor of CYH, declaring that Respondents have no dissenter's rights against CYH and, thus, no right to a fair value determination of CYH's shares.

III. ARGUMENT

The oft-repeated standards governing summary judgment need not be repeated. The important and dispositive facts in this case are: (1) Nevada law unequivocally precludes a stockholder from pursuing dissenter's rights when a corporation's stock is traded on a national public exchange such as the NYSE or NASDAQ; (2) it is undisputed that CYH's stock was traded on the NASDAQ Capital Market at all relevant times herein; and (3) no exception applies because Respondents were paid cash for their stock. As a result, Petitioners do not have dissenter's rights as a matter of law. Therefore, summary judgment must be granted in favor of CYH.[6]

A. RESPONDENTS ARE NOT ENTITLED TO A DETERMINATION OF FAIR VALUE AS THEY HAVE NO DISSENTER'S RIGHTS PURSUANT TO NRS 92A.390

NRS 92A.380 generally authorizes a stockholder of a corporation to dissent from certain corporate actions and obtain the fair value of their shares. One such corporate action authorizing dissenter's rights is a merger. As NRS 92A.380(1) provides in relevant part:

> 1. Except as otherwise provided in NRS 92A.370 and 92A.390 and subject to the limitation in paragraph (f), any stockholder is entitled to dissent from, and obtain payment of the fair value of the stockholder's shares in the event of any of the following corporate actions:
> (a) Consumption of a plan of merger to which the domestic corporation is a constituent entity:
> (1) If approval by the stockholders is required for the merger by NRS 92A.120 to 92A.160, inclusive, or the articles of incorporation, regardless of whether the stockholder is entitled to vote on the plan of merger; or
> (2) If the domestic corporation is a subsidiary and is merged with its parent pursuant to NRS 92A.180.

No dissenter's rights exist, however, when the corporation's stock is traded on a national public market exchange, such as the NYSE or NASDAQ. As the above statute explains,

[6] In addition, because Respondents lack dissenter's rights pursuant to statute, this Court lacks subject matter jurisdiction to even determine the fair value of CYH's stock.

HOLLAND & HART LLP
5441 KIETZKE LANE, SECOND FLOOR
RENO, NV 89511

dissenter's rights are ***applicable "[e]xcept as otherwise provided in NRS 92A.370 and 92A.390***." *Emphasis added.* NRS 92A.390 expressly prohibits a stockholder from pursuing dissenter's rights if the corporation's stock is a "covered security." As NRS 92A.390 states in relevant part:

> 1. ***There is no right of dissent with respect to a plan of merger***, conversion or exchange ***in favor of stockholders of any class or series which is:***
>
> ***(a) A covered security under section 18(b)(1)(A) or (B) of the Securities Act of 1933, 15 U.S.C. §77r(b)(1)(A) or (B), as amended***;
>
> * * *
>
> unless the articles of incorporation of the corporation issuing the class or series or the resolution of the board of directors approving the plan of merger, conversion or exchange expressly provide otherwise.[7]
>
> 2. The applicability of subsection 1 must be determined as of:
>
> (a) The record date fixed to determine the stockholders entitled to receive notice of and to vote at the meeting of stockholders to act upon the corporate action requiring dissenter's rights . . . . (*Emphasis added*).

As explained more thoroughly below, a "covered security" is one that is traded on a national securities exchange, such as the NASDAQ. This is known as the market-out exception. *See City of N. Miami Gen. Emps. Ret. Plan v. Dr Pepper Snapple Grp., Inc.*, 189 A.3d 188, 201 (Del. Ch. 2018) (explaining that the market-out exception provides that stockholders are not entitled to dissenter's rights when stock is listed on a national securities exchange).

Notably, even if the market-out exception applies, a stockholder could still exercise dissenter's rights if, and only if, the corporation offered the stockholder anything other than cash or shares for their stock. This is known as the exception to the exception rule, and is codified in NRS 92A.390(2):

> 3. Subsection 1 is not applicable and dissenter's rights are available pursuant to NRS 92A.380 for the holders of any class or series of shares who are required by the terms of the corporate action requiring dissenter's rights to accept for such shares anything other than cash or shares of any class or any series of shares of any corporation, or any other proprietary interest of any other entity, that satisfies the standards set forth in subsection 1 at the time the corporate action becomes effective.

[7] CYH's Articles of Incorporation did not authorize dissenter's rights, nor was there any resolution of the Board providing dissenter's rights. *Exhibit 1; see also Chen Decl.*, at ¶15-16.

HOLLAND & HART LLP
5441 KIETZKE LANE, SECOND FLOOR
RENO, NV 89511

NRS 92A.390(1)-(3).

The Nevada Supreme Court has not issued an opinion on the application of NRS 92A.390. However, Delaware case law provides guidance via their similar dissenter's rights statute (a/k/a appraisal rights), codified as Delaware Code Title 8 §262.[8] Section 262 provides a three-step process for determining the availability of dissenter's rights. *City of N. Miami*, 189 A.3d at 201. First, courts must determine whether the merger is requiring stockholders to relinquish their shares via the merger. *Id.* "The second step in the appraisal-entitlement analysis appears in Section 262(b)(1), which creates the 'market-out' exception: '[N]o appraisal rights under this section shall be available for the shares of any class or series of stock, which stock ... [is] listed on a national securities exchange.'" *Id.* (quoting Del. Code Tit. 8 §262(b)(1)). If the stock is listed on a national securities exchange, then courts go to the third step, outlined in §262(b)(2), which is called the exception to the exception. *City of N. Miami*, 189 A.3d at 201. The exception to the exception, codified at §262(b)(2), "restores appraisal rights to a class or series of stock otherwise covered by the market-out exception if the holders are required to accept certain types of consideration." *Krieger v. Wesco Fin. Corp.*, 30 A.3d 54, 57 (Del. Ch. 2011). Where a stockholder receives cash or stock of a corporation listed on a national securities exchange, the exception to the exception does not apply and the stockholder has no dissenter's rights. *Id.* at 58.

NRS 92A.390 provides the same three steps as Section 262. First, there must be a plan of merger, conversion, or exchange entitling a stockholder to dissenter's rights. NRS 92A.390(1). If the stock of the surviving entity[9] is a covered security pursuant to 15 U.S.C. §77r(b)(1)(A) or (B), then the stockholder has no dissenter's rights, unless the articles of incorporation or a resolution of the board expressly provides the stockholders dissenter's rights.

[8] The Nevada Supreme Court has applied Delaware corporate law to dissenter's rights cases arising under different provisions of NRS Ch. 92A. *See Smith v. Kisorin USA, Inc.*, 127 Nev. 444, 450, 254 P.3d 636, 641 (2011) (citing *Enstar Corp. v. Senouf*, 535 A.2d 1351 (Del. 1987)); *Am. Ethanol, Inc. v. Cordillera Fund, L.P.*, 127 Nev. 147, 153, 252 P.3d 663, 667 (2011) (looking to Delaware corporate law in determining fair value in dissenter's rights case) (citing *Montgomery Cellular Holding Co. v. Dobler*, 880 A.2d 206 (Del. 2005)).

[9] NRS 92A.390 calls the surviving entity a constituent entity. NRS 92A.015(1) defines "constituent entity" to mean: "[w]ith respect to a merger, each merging or surviving entity."

HOLLAND & HART LLP
5441 KIETZKE LANE, SECOND FLOOR
RENO, NV 89511

NRS 92A.390(1)(a). If the market-out exception applies, then the third step requires courts to determine whether the exception to the exception applies. The exception to the exception, found in NRS 92A.390(3) explains that the market-out exception does not apply if stockholders of the surviving entity are required to accept anything other than cash or shares of a covered security in exchange for their stock. NRS 92A.390(3). Conversely, if the exception to the exception does not apply, a stockholder is not entitled to dissenter's rights, nor a determination of fair value pursuant to NRS 92A.380.

Here, and as explained in more detail below, there was a merger between CYH and Acquisition, which would normally trigger dissenter's rights. However, CYH's stock was traded on the NASDAQ Capital Market at all relevant times hereto. *Chen Decl.*, at ¶4; *Exhibit 2*, at 1 and 27. Moreover, CYH's Articles of Incorporation did not authorize dissenter's rights, nor was there any resolution of the Board providing dissenter's rights. *Exhibit 1; see also Chen Decl.*, at ¶15-16. Finally, CYH only offered Respondents cash for their shares. *Exhibit 8*, at 13; *Chen Decl.*, at ¶5. Accordingly, pursuant to NRS 92A.390, Respondents are statutorily precluded from pursuing dissenter's rights.

B. THE THREE-STEP ANALYSIS DEMONSTRATES THAT RESPONDENTS LACK DISSENTER'S RIGHTS AS A MATTER OF LAW.

1. CYH Merged with Acquisition

A merger occurs when "'two corporations . . . unite into a single corporate existence . . .'" *HD Supply Facilities Maint., Ltd. v. Bymoen*, 125 Nev. 200, 206, 210 P.3d 183, 186-87 (2009) (quoting *Corp. Express Office Prods. v. Phillips*, 847 So. 2d 406, 412-14 (Fla. 2003)). The Amended Merger Agreement called for CYH and Acquisition to merge and form one company, referred to in the Amended Merger Agreement as the Surviving Company:

> Acquisition shall be merged with and into [CYH], the separate corporate existence of Acquisition shall thereupon cease and [CYH] shall continue as the surviving company of the Merger.

Exhibit 8, at 11. The Amended Merger Agreement also provided that "at the Effective Time all of the property, rights, privileges, powers and franchises of Acquisition and [CYH] shall vest in

HOLLAND & HART LLP
5441 KIETZKE LANE, SECOND FLOOR
RENO, NV 89511

the Surviving company, and all debts, liabilities and duties of [CYH] and [Acquisition] shall become the debts, liabilities and duties of the Surviving Company." *Id.,* at 12.

Pursuant to the Amended Merger Agreement, the stockholders of CYH had their shares canceled and each share was automatically converted into a right to receive $3.32 in cash without interest. *Exhibit 8*, at 13. The Merger and conversion of shares into a right to receive $3.32 in cash meets the requirements of NRS 92A.380(1)(b) and entitled Respondents to exercise dissenter's rights, *subject to* the limitations of NRS 92A.370 and .390.

2. The Market-Out Exception of NRS 92A.390 Applies to CYH as its Stock is a Covered Security

Because CYH's stock was a covered security, Respondents are *not* entitled to dissenter's rights. NRS 92A.390(1)(a) provides that there are no dissenter's rights when the corporation's stock is a "covered security under section 18(b)(1)(A) or (B) of the Securities Act of 1933, 15 U.S.C. §77r(b)(1)(A) or (B), as amended . . . ."

15 U.S.C. §77r is titled Exemption from State Regulation of Securities Offerings, and provides, in relevant part:

> (b) Covered Securities For purposes of this section, the following are covered securities:
>
> (1) Exclusive Federal registration of nationally traded securities A security is a covered security if such security is—
>
> (A) a security designated as qualified for trading in the national market system pursuant to section 78k–1(a)(2) of this title that is listed, or authorized for listing, on a national securities exchange (or tier or segment thereof) . . . .

15 U.S.C. §77r(b)(1)(A).

15 U.S.C. §78k-1(a)(2) authorizes the SEC to promulgate rules "to facilitate the establishment of a national market system . . . The Commission, by rule, shall designate the securities or classes of securities qualified for trading in the national market system from among securities other than exempted securities." The SEC added the NASDAQ Capital Market to its list of covered securities on April 24, 2007. Specifically, pursuant to its authority provided by 15 U.S.C. §78k-1(a)(2), the SEC promulgated 17 C.F.R. §230.146, which provides:

(b) Covered securities for purposes of Section 18.

HOLLAND & HART LLP
5441 KIETZKE LANE, SECOND FLOOR
RENO, NV 89511

> (1) For purposes of Section 18(b) of the Act (15 U.S.C. 77r), the Commission finds that the following national securities exchanges, or segments or tiers thereof, have listing standards that are substantially similar to those of the New York Stock Exchange ("NYSE"), the NYSE American LLC ("NYSE American"), or the National Market System of the Nasdaq Stock Market ("Nasdaq/NGM"), and that securities listed, or authorized for listing, on such exchanges shall be deemed covered securities:
>
> ***
>
> ***(v) The Nasdaq Capital Market . . . .***

17 C.F.R. §230.146(b)(1)(v) (*emphasis added*).[10]

Because securities traded on the NASDAQ Capital Market are covered securities, NRS 92A.390(1)(a) applies to a plan of merger involving such stocks and there is no right of dissent pursuant to NRS 92A.380. *See also Klotz v. Warner Commc's, Inc.*, 674 A.2d 878, 879 (Del. 1995) (holding that "appraisal is not available if the shares to be appraised were widely held or traded on a national securities exchange.").

As a national market system, all securities traded on the NASDAQ Capital Market are covered securities. CYH's stock was traded on the NASDAQ Capital Market until July 8, 2016, when the NASDAQ Stock Market LLC filed SEC Form 25 to remove CYH's stock from listing. *Exhibit 11.* Thus, CYH's stock was a covered security at all relevant times herein.

NRS 92A.390(2) states that the applicability of NRS 92A.390(1) is determined as of "[t]he record date fixed to determine the stockholders entitled to receive notice of and to vote at the meeting of stockholders to act upon the corporate action requiring dissenter's rights. . . . " The Board of Directors of CYH set close of business on May 24, 2016, as the record date for determining which stockholders were entitled to receive notice of, and to vote at, the special meeting regarding the Merger. *Exhibit 6*, at CYH 00129 (Notice of Special Meeting of Shareholders); *Chen Decl.*, at ¶10. Accordingly, CYH's stock was listed and traded on the NASDAQ Capital Market on the record date of May 24, 2016.

[10] For the Court's convenience, attached as ***Exhibit 17*** is 17 C.F.R. Part 230 Covered Securities Pursuant to Section 18 of the Securities Act of 1933, 72 Fed. Reg. 20409 (Apr. 24, 2007) (codified at 17 C.F.R. § 230); The last page of this document (20414) sets forth 17 C.F.R. § 230.146.

HOLLAND & HART LLP
5441 KIETZKE LANE, SECOND FLOOR
RENO, NV 89511

Because CYH's stock is a covered security and was traded on the NASDAQ at the time the stockholders were entitled to receive notice of and to vote at the meeting of stockholders to act upon the Merger, the market-out exception in NRS 92A.390(1)(a) applies. Furthermore, CYH's Articles of Incorporation did not provide for dissenter's rights and CYH's Board of Directors did not pass a resolution expressly providing for dissenter's rights. *Exhibit 1*; *Chen Decl.*, at ¶15-16. Thus, the undisputed material facts establish that NRS 92A.390(1)(a) applies to the Merger. Therefore, the second-step in the three-step analysis in determining whether Respondents are entitled to dissenter's rights and a fair value determination pursuant to NRS Ch. 92A has been established as a matter of law in CYH's favor.

3. The Exception to the Exception is Inapplicable as Respondents were Required to Accept Cash in Exchange for their Stock

Respondents cannot rely on NRS 92A.390(3), deemed the exception to the exception. The exception to the exception "restores appraisal rights to a class or series of stock otherwise covered by the market-out exception if the holders are required to accept certain types of consideration." *Krieger*, 30 A.3d at 57. NRS 92A.390(3) contains the exception to the exception and provides that the market-out exception contained in NRS 92A.390(1)(a) does not apply if the stockholders of the surviving corporation are required to accept anything other than cash or shares in exchange for their stock.

In this case, the stockholders of CYH, including Respondents, were only offered and required to accept cash in exchange for their stock. As the Amended Merger Agreement stated:

> Each Company Share other than Excluded Shares that is issued and outstanding immediately prior to the Effective Time shall be canceled and cease to exist and automatically converted, subject to Section 2.7(b), into the right to receive $3.32 in cash without interest (the "Per Share Merger Consideration") payable in the manner provided in Section 2.8 (or in the case of a lost, stolen or destroyed certificate, upon delivery of an affidavit in the manner provided in Section 2.11).

Exhibit 8, at 13 (CYH 001290). The stockholders of CYH were offered cash in the amount of $3.32 per stock as a result of the Merger. In fact, Respondents were paid cash in the amount of $3,069,389.80 for their shares. *Chen Decl.*, at ¶14. As such, the exception to the exception provided for in NRS 92A.390(3) is inapplicable in this case. Respondents, therefore, are not

HOLLAND & HART LLP
5441 KIETZKE LANE, SECOND FLOOR
RENO, NV 89511

entitled to dissenter's rights as a result of the Merger. Accordingly, summary judgment in CYH's favor is warranted.

IV. CONCLUSION

The undisputed evidence in this case establishes that Respondents are statutorily barred from pursuing dissenter's rights and a fair value determination of their stock. While Acquisition merged with CYH giving rise to possible dissenter's rights pursuant to NRS 92A.380, the undisputed evidence shows Respondents are not entitled to dissenter's rights according to NRS 92A.390. CYH's stock is a covered security pursuant to 15 U.S.C. §77r(b)(1)(A) as it was listed and traded on the NASDAQ Capital Market. Additionally, the exception to the exception provided by NRS 92A.390(3) does not apply as Respondents were required to accept cash for their stock. Accordingly, NRS 92A.380 does not provide Respondents dissenter's rights, and therefore this Court is precluded from determining the fair value of CYH's stock. Accordingly, the Court should enter summary judgment in favor of CYH declaring as a matter of law that Respondents do not have dissenter's rights and, therefore, do not have the right to a fair value determination of their CYH stock.

DATED this 22nd day of May, 2019.

HOLLAND & HART LLP

/s/ Susan M. Schwartz

J. Robert Smith, NSB #10992
Susan M. Schwartz, NSB #14270
9555 Hillwood Drive, 2nd Floor
Las Vegas, Nevada 89134
Phone: (702) 669-4619 / Fax: (702) 475-4199
Attorneys for Petitioner China Yida Holding, Co.

HOLLAND & HART LLP
5441 KIETZKE LANE, SECOND FLOOR
RENO, NV 89511

CERTIFICATE OF SERVICE

I hereby certify that on the 22nd day of May, 2019, a true and correct copy of the foregoing **PETITIONER CHINA YIDA HOLDING, CO.'S MOTION FOR SUMMARY JUDGMENT** was served by the following method(s):

☑ Electronic: by submitting electronically for filing and/or service with the Eighth Judicial District Court's e-filing system and serving all parties electronically in accordance with the E-service list to the following:

Peter L. Chasey, Esq.
CHASEY LAW OFFICES
3295 N. Fort Apache Road, Suite 110
Las Vegas, Nevada 89129

Attorneys for Respondents

❒ U.S. Mail: by depositing same in the United States mail, first class postage fully prepaid to the persons and addresses listed below:

❒ Email: by electronically delivering a copy via email to the following e-mail address:

❒ Facsimile: by faxing a copy to the following numbers referenced below:

/s/ Yalonda Dekle
An Employee of Holland & Hart LLP

12136058_1

HOLLAND & HART LLP
5441 KIETZKE LANE, SECOND FLOOR
RENO, NV 89511

DECL
J. Robert Smith, Esq. (SBN 10992)
HOLLAND & HART LLP
9555 Hillwood Drive, 2nd Floor
Las Vegas, NV 89134
Phone: (702) 669-4600
Fax: (702) 669-4650
Attorneys for Petitioner

DISTRICT COURT

CLARK COUNTY, NEVADA

CHINA YIDA HOLDING, CO., a Nevada corporation,

Petitioner,

v.

POPE INVESTMENTS, LLC, a Delaware limited liability company; POPE INVESTMENTS II, LLC, a Delaware limited liability company; and ANNUITY & LIFE REASSURANCE, LTD., an unknown limited company;

Respondents.

Case No. A-16-746732-P

Dept. No. XXVII

DECLARATION OF MINHUA CHEN IN SUPPORT OF PETITIONER'S MOTION FOR SUMMARY JUDGMENT

I, Minhua Chen, certify and declare as follows:

1. I am over the age of 21. The statements contained herein are true and correct to the best of my information and belief. With the exception of those matters stated upon information and belief, I have personal knowledge of, and if called, could and would competently testify as to the matters contained herein.

2. I hold a Ph.D. in Business Administration.

3. I am the Chief Executive Officer of Petitioner China Yida Holding, Co. (CYH), and have held that position since 2007.

4. CYH's stock was traded on the NASDAQ Capital Market under the ticker symbol "CNYD" from 2010 until it was delisted on or about July 8, 2016 as a result of CYH's merger with China Yida Acquisition Company ("Acquisition").

5. In connection with the merger between CYH and Acquisition, CYH agreed to pay its stockholders $3.32 per share.

6. The price of $3.32 per share was greater than the NASDAQ market price of CYH's stock at the time of the merger, which was trading at or about $1.97 immediately prior to the first announcement of the merger.

7. To ensure the stock price being offered to CYH shareholders was fair, CYH retained Roth Capital Partners prior to the announcement of the merger to review CYH's financial records and offer an opinion on the fairness of the offered stock price of $3.32 per share.

8. Roth Capital Partners issued a fairness opinion to the CYH Board of Directors stating the share price of $3.32 per share was fair from a financial point of view to CYH's stockholders.

9. The Amended Merger Agreement between CYH and Acquisition called for a special meeting of the CYH shareholders to vote on the merger.

10. The record date for which stockholders would be eligible to vote on the merger was May 24, 2016.

11. The stockholders of record as of May 24, 2016 were notified of the special meeting of shareholders to take place on June 28, 2016 to vote on the merger.

12. At the special meeting of shareholders on June 28, 2016, the merger was approved and adopted by CYH's shareholders.

13. CYH paid its stockholders $3.32 per share for the shares of CYH stock.

14. CYH paid Respondents cash in the amount of $3,069,389.80 for their shares of CYH stock.

15. CYH's Articles of Incorporation did not provide its stockholders with a right to exercise dissenter's rights.

16. CYH's Board of Directors that approved the plan of merger never passed a resolution stating that CYH shareholders had a right of dissent.

I declare under penalty of perjury under the laws of the State of Nevada that the foregoing is true and correct, that the foregoing does not contain the social security number of any person, and that this Declaration was executed on May 20, 2019.

Minhua Chen
Chief Executive Officer
China Yida Holding, Co.

CERTIFICATE OF SERVICE

I hereby certify that on the 22nd day of May, 2019, a true and correct copy of the foregoing **DECLARATION OF MINHUA CHEN IN SUPPORT OF PETITIONER'S MOTION FOR SUMAMRY JUDGMENT** was served by the following method(s):

☑ Electronic: by submitting electronically for filing and/or service with the Eighth Judicial District Court's Odyssey eFileNV Electronic Filing system and serving all parties with an email address on record, as indicated below, pursuant to Administrative Order 14-2 and Rule 9 of the .N.E.F.C.R. That date and time of the electronic proof of service in place of the date and place of deposit in the U.S. Mail.

Peter L. Chasey, Esq.
CHASEY LAW OFFICES
3295 N. Fort Apache Road, Suite 110
Las Vegas, Nevada 89129

Attorneys for Respondents

❒ U.S. Mail: by depositing same in the United States mail, first class postage fully prepaid to the persons and addresses listed below:

❒ Email: by electronically delivering a copy via email to the following e-mail address:

❒ Facsimile: by faxing a copy to the following numbers referenced below:

/s/ Yalonda Dekle
An Employee of HOLLAND & HART LLP

12518306_1

声明

J. Robert Smith先生 (SBN 10992)
HOLLAND & HART LLP
9555 Hillwood Drive, 2nd Floor, Las Vegas, NV 89134
(地址：内华达州拉斯维加斯希尔伍德大道9555号2层，邮编89134)
电话：(702) 669-4600
传真：(702) 669-4650
原告律师

地区法院

内华达州，克拉克县

CHINA YIDA HOLDING, CO. (中国易达控股有限公司)，一家内华达州公司。 原告， 与 POPE INVESTMENTS, LLC，一家特拉华州有限责任公司； POPE INVESTMENTS II, LLC，一家特拉华州有限责任公司； 以及ANNUITY & LIFE REASSURANCE, LTD.，一家未知的有限公司 被告	案件号：A-16-746732-P 部门号：XXVII **陈敏华支持原告简易判决动议声明**

本人陈敏华，兹证明并声明如下：

1、本人已超过 21 岁。据我所知及所信，本文所载声明是真实和正确的。除根据资料和信念陈述的事项外，本人对本文件所载事项具有个人知识，如有要求，本人可就本文件所载事项作证。

2. 本人拥有工商管理博士学位。

3. 本人是原告 CHINA YIDA HOLDING, CO. (中国易达控股有限公司)（简称 CYH）的首席执行官，自 2007 年起担任该职位。

4、CHINA YIDA HOLDING, CO. (中国易达控股有限公司)的股票于 2010 年在纳斯达克资本市场上以“CNYD”的股票代码进行交易，直到 2016 年 7 月 8 日左右，由于 CHINA YIDA HOLDING, CO. (中国易达控股有限公司)与中国易达收购公司（简称“收购公司”）的合并，该股票退市。

5、关于 CHINA YIDA HOLDING, CO. (中国易达控股有限公司)和收购公司之间的合并，CHINA YIDA HOLDING, CO. (中国易达控股有限公司)同意向其股东支付每股 3.32 美元。

6、每股 3.32 美元的价格高于合并时 CHINA YIDA HOLDING, CO. (中国易达控股有限公司)股票的纳斯达克市场价格，该价格在合并的第一次公告前为 1.97 美元或大约 1.97 美元。

7、为确保向 CHINA YIDA HOLDING, CO. (中国易达控股有限公司)股东提供的股票价格公平，CHINA YIDA HOLDING, CO. (中国易达控股有限公司)在宣布合并之前聘请了 Roth Capital Partners 审查 CHINA YIDA HOLDING, CO. (中国易达控股有限公司)的财务记录，并就每股 3.32 美元的发行股票价格的公平性发表意见。

8、Roth Capital Partners 向 CHINA YIDA HOLDING, CO. (中国易达控股有限公司)董事会发表了公平意见，称每股 3.32 美元的股价从财务角度对 CHINA YIDA HOLDING, CO. (中国易达控股有限公司)股东来说是公平的。

9、CHINA YIDA HOLDING, CO. (中国易达控股有限公司)与收购公司之间修订的合并协议要求 CHINA YIDA HOLDING, CO. (中国易达控股有限公司)股东召开特别会议，对合并进行表决。

10、股东有资格就合并投票表决的登记日期为 2016 年 5 月 24 日。

11、截至 2016 年 5 月 24 日，登记在册的股东已收到将于 2016 年 6 月 28 日召开的股东特别会议的通知，对合并进行表决。

12、在 2016 年 6 月 28 日召开的股东特别会议上，本次合并获得了 CHINA YIDA HOLDING, CO. (中国易达控股有限公司)股东的批准和通过。

13、CHINA YIDA HOLDING, CO. (中国易达控股有限公司)向其股东支付了每股 3.32 美元的易达控股的股份。

14、CHINA YIDA HOLDING, CO. (中国易达控股有限公司)向被告支付了 3069389.80 美元的现金，用于购买易达控股的股票。

15、CHINA YIDA HOLDING, CO. (中国易达控股有限公司)公司章程没有赋予股东行使异议者的权利。

16、批准合并计划的 CHINA YIDA HOLDING, CO. (中国易达控股有限公司)董事会从未通过一项决议，声明 CHINA YIDA HOLDING, CO. (中国易达控股有限公司)股东有权提出异议。

本人根据内华达州的法律，愿意以承担伪证罪的风险宣布上述内容是真实和正确的，上述内容不包含任何人的社会保险号码，并且本声明于 2019 年 5 月___日执行。

陈敏华

China Yida Holding, Co.

(中国易达控股有限公司)

首席执行官

送达证书

本人特此证明，上述陈敏华支持原告简易判决动议声明真实且正确的副本，于2019年5月____日以下列方式送达：

☑ 电子版本：根据行政命令14-2和N.E.F.C.R.第9条规定，以电子方式提交第八司法区法院的Odyssey-eFileNV电子文件系统，并向所有当事方提供记录在案的电子邮件地址，如下所示。用电子送达证明的日期和时间，代替美国邮政存放日期和地点。

Peter L. Chasey 先生
CHASEY 律师事务所
3295 N. Fort Apache Road, Suite 110 Las Vegas, Nevada 89129
（内达华州拉斯维加斯福特阿帕切北路3295号110室，邮编89129）
被告律师

☐ 美国邮政：通过将其存入美国邮政，一等邮资完全预付给下列人员和地址：

☐ 电子邮件：通过电子邮件向以下电子邮件地址发送副本：

☐ 传真：通过传真将副本发送至以下参考号码：

HOLLAND & HART LLP 员工

12518306_1

翻译专用章

DECL
J. Robert Smith, Esq. (SBN 10992)
Susan M. Schwartz, Esq. (SBN 14270)
HOLLAND & HART LLP
9555 Hillwood Drive, 2nd Floor
Las Vegas, Nevada 89134
Phone: (702) 669-4619
Fax: (702) 475-4199
jrsmith@hollandhart.com
smschwartz@hollandhart.com
Attorneys for Petitioner China Yida Holding, Co.

DISTRICT COURT

CLARK COUNTY, NEVADA

CHINA YIDA HOLDING, CO., a Nevada corporation,

Petitioner,

v.

POPE INVESTMENTS, LLC, a Delaware limited liability company; POPE INVESTMENTS II, LLC, a Delaware limited liability company; and ANNUITY & LIFE REASSURANCE, LTD., an unknown limited company;

Respondents.

Case No. A-16-746732-P

Dept. No. XXVII

DECLARATION OF J. ROBERT SMITH IN SUPPORT OF PETITIONER CHINA YIDA HOLDING, CO.'S MOTION FOR SUMMARY JUDGMENT

I, J. Robert Smith, certify and declare as follows:

1. I am a partner with the law firm of Holland & Hart LLP, counsel for Defendant. I am duly admitted to practice law in the State of Nevada.

2. I am over the age of 21. The statements contained herein are true and correct to the best of my information and belief. With the exception of those matters stated upon information and belief, I have personal knowledge of, and if called, could and would competently testify as to the matters contained herein.

3. I am an attorney and partner with the law firm of Holland & Hart, LLP.

4. I represent Petitioner China Yida Holding, Co. ("CYH") in this matter.

5. Attached as *Exhibit 1* to CYH's Motion for Summary Judgment (hereinafter "CYH's MSJ") is a true and correct copy of CYH's Articles of Incorporation filed November 15, 2012 with the Nevada Secretary of State.

6. Attached as *Exhibit 2* to CYH's MSJ is a true and correct copy of CYH's 2015 Annual Report, Form 10-K, filed with U.S. Securities and Exchange Commission.

7. Attached as *Exhibit 3* to CYH's MSJ is a true and correct copy of a March 10, 2016 Press Release announcing the merger between CYH and China Yida Holding Acquisition Co.

8. Attached as *Exhibit 4* to CYH's MSJ is a true and correct copy of CYH's Form 8-K, filed with the U.S. Securities and Exchange Commission on March 8, 2016.

9. Attached as *Exhibit 5* to CYH's MSJ is a true and correct copy of a historical stock price chart for CYH's stock ("CNYD") showing the price of CYND on the day before the merger announcement.

10. Attached as *Exhibit 6* to CYH's MSJ is a true and correct copy of China Yida Holding, Co.'s Definitive Proxy Statement, Schedule 14A, filed with U.S. Securities and Exchange Commission on May 25, 2016.

11. Attached as *Exhibit 7* to CYH's MSJ is a true and correct copy of CYH's Form 8-K, Report of China Yida Holding, Co., filed with the U.S. Securities and Exchange Commission on April 13, 2016

12. Attached as *Exhibit 8* to CYH's MSJ is a true and correct copy of Exhibit 2.1 (the Amended Merger Agreement) to CYH's Form 8-K, Report of China Yida Holding, Co., filed with the U.S. Securities and Exchange Commission on April 13, 2016

13. Attached as *Exhibit 9* to CYH's MSJ is a true and correct copy of June 14, 2016 Letters to China Yida Holding, Co. from Annuity & Life Reassurance, Ltd., Pope Investments, LLC, and Pope Investments II, LLC.

14. Attached as *Exhibit 10* to CYH's MSJ is a true and correct copy of CYH's Special Meeting Minutes, dated June 28, 2016.

15. Attached as *Exhibit 11* to CYH's MSJ is a true and correct copy of Form 25 filed by NASDAQ Stock Market, LLC with the U.S. Securities and Exchange Commission on July 8, 2016.

16. Attached as *Exhibit 12* to CYH's MSJ is a true and correct copy of Demand for Payment Forms to China Yida Holding, Co. from Annuity & Life Reassurance, Ltd., Pope Investments, LLC, and Pope Investments II, LLC, dated July 25, 2016.

17. Attached as *Exhibit 13* to CYH's MSJ is a true and correct copy of Letters from Sidley Austin LLP to Pope Investments, LLC, Pope Investments II, LLC, and Annuity & Life Reassurance, Ltd., dated August 30, 2016.

18. Attached as *Exhibit 14* to CYH's MSJ is a true and correct copy of Dissenter's Estimate of Fair Value and Demand for Payment served by Pope Investments, LLC, Pope Investments II, LLC, and Annuity & Life Reassurance, Ltd. on September 21, 2016.

19. Attached as *Exhibit 15* to CYH's MSJ is a true and correct copy of a document produced by Respondents' showing Respondent's Buy Activity for CYH's stock.

20. Attached as *Exhibit 16* to CYH's MSJ is a Demonstrative Exhibit showing Respondents' purchase price per share of CYH stock based on the Buy Activity document produced by Respondents.

21. Attached as *Exhibit 17* to CYH's MSJ is a true and correct copy of 17 C.F.R. Part 230 Covered Securities Pursuant to Section 18 of the Securities Act of 1933, 72 Fed. Reg. 20409 (Apr. 24, 2007) (codified at 17 C.F.R. § 230).

I declare under penalty of perjury under the laws of the State of Nevada that the foregoing is true and correct, that the preceding document filed in District Court does not

contain the social security number of any person, and that this Declaration was executed on May 22, 2019 in Reno, Nevada.

/s/ J. Robert Smith
J. Robert Smith

CERTIFICATE OF SERVICE

I hereby certify that on the 22nd day of May, 2019, a true and correct copy of the foregoing **DECLARATION OF J. ROBERT SMITH IN SUPPORT OF PETITIONER CHINA YIDA HOLDING, CO.'S MOTION FOR SUMMARY JUDGMENT** was served by the following method(s):

☑ Electronic: by submitting electronically for filing and/or service with the Eighth Judicial District Court's e-filing system and serving all parties electronically in accordance with the E-service list to the following:

Peter L. Chasey, Esq.
CHASEY LAW OFFICES
3295 N. Fort Apache Road, Suite 110
Las Vegas, Nevada 89129

Attorneys for Respondents

❒ U.S. Mail: by depositing same in the United States mail, first class postage fully prepaid to the persons and addresses listed below:

❒ Email: by electronically delivering a copy via email to the following e-mail address:

❒ Facsimile: by faxing a copy to the following numbers referenced below:

/s/ Yalonda Dekle
An Employee of HOLLAND & HART LLP

12533441_1

APEN
J. Robert Smith, Esq.
Nevada Bar No. 10992
Susan M. Schwartz, Esq.
Nevada Bar No. 14270
HOLLAND & HART LLP
9555 Hillwood Drive, 2nd Floor
Las Vegas, Nevada 89134
Phone: (702) 669-4619
Fax: (702) 475-4199
jrsmith@hollandhart.com
smschwartz@hollandhart.com
Attorneys for Petitioner China Yida Holding, Co.

DISTRICT COURT

CLARK COUNTY, NEVADA

CHINA YIDA HOLDING, CO., a Nevada corporation,

Petitioner,

v.

POPE INVESTMENTS, LLC, a Delaware limited liability company; POPE INVESTMENTS II, LLC, a Delaware limited liability company; and ANNUITY & LIFE REASSURANCE, LTD., an unknown limited company;

Respondents.

Case No. A-16-746732-P
Dept. No. XXVII

APPENDIX OF EXHIBITS TO PETITIONER CHINA YIDA HOLDING, CO.'S MOTION FOR SUMMARY JUDGMENT

HOLLAND & HART LLP
5441 KIETZKE LANE, SECOND FLOOR
RENO, NV 89511

TABLE OF CONTENTS

Exhibit No.	Document	Page Nos.
4	Form 8-K, March 8, 2016 Report of China Yida Holding, Co. filed with the U.S. Securities and Exchange Commission	93-99
5	Stock price chart for China Yida Holding, Co. showing price of stock on the day before the merger announcement	100-101
6	Schedule 14A, China Yida Holding, Co. Definitive Proxy Statement filed with U.S. Securities and Exchange Commission on May 25, 2016	102-245
7	Form 8-K, Report of China Yida Holding, Co.filed with the U.S. Securities and Exchange Commission on April 13, 2016	246-251
8	Exhibit 2.1 to Form 8-K, Report of China Yida Holding, Co.filed with the U.S. Securities and Exchange Commission on April 13, 2016	252-310
9	June 14, 2016 Letters to China Yida Holding, Co. from Annuity & Life Reassurance, Ltd., Pope Investments, LLC, and Pope Investments II, LLC	311-314
10	China Yida Holding, Co. Special Meeting Minutes, dated June 28, 2016	315-317
11	Form 25 filed by NASDAQ Stock Market, LLC with the U.S. Securities and Exchange Commission on July 8, 2016	318-319
12	July 25, 2016 Demand for Payment Forms to China Yida Holding, Co. from Annuity & Life Reassurance, Ltd., Pope Investments, LLC, and Pope Investments II, LLC	320-326
13	August 30, 2016 Letters from Sidley Austin LLP to Pope Investments, LLC, Pope Investments II, LLC, and Annuity & Life Reassurance, Ltd.	327-333
14	Dissenter's Estimate of Fair Value and Demand for Payment served by Pope Investments, LLC, Pope Investments II, LLC, and Annuity & Life Reassurance, Ltd. on September 21, 2016	334-337
15	Respondents' Buy Activity of Chin Yida Holding Co.'s stock.	338-339
16	Demonstrative Exhibit showing Respondents' purchase price per share of CYH stock based on the Buy Activity document produced by Respondents	340-343

HOLLAND & HART LLP
5441 KIETZKE LANE, SECOND FLOOR
RENO, NV 89511

17	17 C.F.R. Part 230 Covered Securities Pursuant to Section 18 of the Securities Act of 1933, 72 Fed. Reg. 20409 (Apr. 24, 2007) (codified at 17 C.F.R. § 230)	344-350

DATED this 22nd day of May, 2019.

HOLLAND & HART LLP

/s/ Susan M. Schwartz

J. Robert Smith, NSB #10992
Susan M. Schwartz, NSB #14270
9555 Hillwood Drive, 2nd Floor
Las Vegas, Nevada 89134
Phone: (702) 669-4619 / Fax: (702) 475-4199
Attorneys for Petitioner China Yida Holding, Co.

HOLLAND & HART LLP
5441 KIETZKE LANE, SECOND FLOOR
RENO, NV 89511

CERTIFICATE OF SERVICE

I hereby certify that on the 22nd day of May, 2019, a true and correct copy of the foregoing **APPENDIX OF EXHIBITS TO PETITIONER CHINA YIDA HOLDING, CO.'S MOTION FOR SUMMARY JUDGMENT** was served by the following method(s):

☑ Electronic: by submitting electronically for filing and/or service with the Eighth Judicial District Court's e-filing system and serving all parties electronically in accordance with the E-service list to the following:

Peter L. Chasey, Esq.
CHASEY LAW OFFICES
3295 N. Fort Apache Road, Suite 110
Las Vegas, Nevada 89129

Attorneys for Respondents

❒ U.S. Mail: by depositing same in the United States mail, first class postage fully prepaid to the persons and addresses listed below:

❒ Email: by electronically delivering a copy via email to the following e-mail address:

❒ Facsimile: by faxing a copy to the following numbers referenced below:

/s/ Yalonda Dekle
An Employee of Holland & Hart LLP

12498775_1

HOLLAND & HART LLP
5441 KIETZKE LANE, SECOND FLOOR
RENO, NV 89511

EXHIBIT 1

EXHIBIT 1

ROSS MILLER
Secretary of State
204 North Carson Street, Suite 4
Carson City, Nevada 89701-4520
(775) 684-5708
Website: www.nvsos.gov

040102

Filed in the office of	Document Number
Ross Miller Secretary of State State of Nevada	20120774337-26
	Filing Date and Time 11/15/2012 12:11 PM
	Entity Number E0592982012-9

Articles of Incorporation
(PURSUANT TO NRS CHAPTER 78)

USE BLACK INK ONLY - DO NOT HIGHLIGHT — ABOVE SPACE IS FOR OFFICE USE ONLY

1. Name of Corporation: China Yida Holding, Co.

2. Registered Agent for Service of Process: (check only one box)

☐ Commercial Registered Agent: Name

☒ Noncommercial Registered Agent (name and address below) OR ☐ Office or Position with Entity (name and address below)

Weiling Zhao
Name of Noncommercial Registered Agent OR Name of Title of Office or Other Position with Entity

2840 S. Jones Blvd., Suite D-1 | Las Vegas | Nevada | 89146
Street Address | City | | Zip Code

| Nevada
Mailing Address (if different from street address) | City | Zip Code

3. Authorized Stock: (number of shares corporation is authorized to issue)

Number of shares with par value: 100,000,000 common stock, par value $0.001; 10,000,000 preferred stock, par value $0.0001 — Par value per share: $ — Number of shares without par value: 0

4. Names and Addresses of the Board of Directors/Trustees: (each Director/Trustee must be a natural person at least 18 years of age; attach additional page if more than two directors/trustees)

1) Minhua Chen
Name
28/F YIFA BUILDING NO. 111 WUSI ROAD | FUZHOU, FUJIAN F4 | | 350003
Street Address | City | State | Zip Code

2) Yanling Fan
Name
28/F YIFA BUILDING NO. 111 WUSI ROAD | FUZHOU, FUJIAN F4 | | 350003
Street Address | City | State | Zip Code

5. Purpose: (optional; see instructions) *The purpose of the corporation shall be:*

6. Name, Address and Signature of Incorporator: (attach additional page if more than one incorporator)

Minhua Chen — X [signature] Incorporator Signature
Name

28/F YIFA BUILDING NO. 111 WUSI ROAD | FUZHOU, FUJIAN F4 | | 350003
Address | City | State | Zip Code

7. Certificate of Acceptance of Appointment of Registered Agent:

I hereby accept appointment as Registered Agent for the above named Entity.

X [signature] — November 14, 2012
Authorized Signature of Registered Agent or On Behalf of Registered Agent Entity — Date

This form must be accompanied by appropriate fees.

Nevada Secretary of State NRS 78 Articles
Revised: 3-10-11

SECRETARY OF STATE

STATE OF NEVADA

CORPORATE CHARTER

I, ROSS MILLER, the duly elected and qualified Nevada Secretary of State, do hereby certify that **CHINA YIDA HOLDING, CO.**, did on November 15, 2012, file in this office the original Articles of Incorporation; that said Articles of Incorporation are now on file and of record in the office of the Secretary of State of the State of Nevada, and further, that said Articles contain all the provisions required by the law of said State of Nevada.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the Great Seal of State, at my office on November 15, 2012.

ROSS MILLER
Secretary of State

Certified By: Stephen Loff
Certificate Number: C20121115-1814
You may verify this certificate online at **http://www.nvsos.gov/**

EXHIBIT 2

EXHIBIT 2

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

FORM 10-K

(Mark One)
☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2015

or
☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission File Number: 000-26777

China Yida Holding, Co.

(Exact name of registrant as specified in its charter)

Nevada	**50-0027826**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
28/F Yifa Building **No. 111 Wusi Road** **Fuzhou, Fujian, P. R. China,**	**350003**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: **(718) 838-9552**

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, $0.001 par value per share	**NASDAQ Capital Market**

Securities registered under Section 12(g) of the Act:

Not Applicable

(Title of Class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§232.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☒
(Do not check if a smaller reporting company)			

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

The aggregate market value of the voting and non-voting stock held by non-affiliates of the registrant, as of June 30, 2015, the last business day of the registrant's most recently completed second fiscal quarter, based on the closing price of the common stock on NASDAQ Capital Market exchange on such date was $5.2 million.

The number of shares outstanding of the registrant's common stock as of March 30, 2015 was 3,914,580 shares.

FORM 10-K

INDEX

STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Except for the historical information contained herein, some of the statements in this Report contain forward-looking statements that involve risks and uncertainties. These statements are found in the sections entitled "Business," "Management's Discussion and Analysis of Financial Condition and Results of Operations," and "Risk Factors." They include statements concerning: our business strategy; expectations of market and customer response; liquidity and capital expenditures; future sources of revenues; expansion of our product lines; addition of new product lines; and trends in industry activity generally. In some cases, you can identify forward-looking statements by words such as "may," "will," "should," "expect," "plan," "could," "anticipate," "intend," "believe," "estimate," "predict," "potential," "goal," or "continue" or similar terminology. These statements are only predictions and involve known and unknown risks, uncertainties and other factors, including, but not limited to, the risks outlined under "Risk Factors," that may cause our or our industry's actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by such forward-looking statements. For example, assumptions that could cause actual results to vary materially from future results include, but are not limited to: our ability to successfully develop and market our products to customers; our ability to generate customer demand for our products in our target markets; the development of our target markets and market opportunities; our ability to produce and deliver suitable products at competitive cost; market pricing for our products and for competing products; the extent of increasing competition; technological developments in our target markets and the development of alternate, competing technologies in them; and sales of shares by existing shareholders. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. Unless we are required to do so under U.S. federal securities laws or other applicable laws, we do not intend to update or revise any forward-looking statements.

USE OF CERTAIN DEFINED TERMS

Except as otherwise indicated by the context, references in this report to “we,” “us,” “our,” “our Company,” or “the Company” are to the combined business of China Yida Holding, Co. and its subsidiaries.

PART I

ITEM 1. BUSINESS.

Corporate Overview

We, together with our subsidiaries, operate various tourist destinations in Fujian and Jiangxi provinces in the People's Republic of China. We develop, operate, manage and market tourist destinations, including natural, cultural, and historical tourist destinations and theme parks. We also create/design and construct new tourist concepts, attractions and properties.

We currently have three destinations that are open to the public: (i) Yunding Recreational Park (a large-scale recreational park, or the "Yunding Park") in Yongtai County, Fujian, and (ii) Hua'An Tulou Cluster (the "Earth Buildings" or "Tulou," part of Fujian Tulou – a World Cultural Heritage Site granted by UNESCO) in Hua'An County, Fujian, and (iii) the China Yang-sheng (Nourishing Life) Paradise ("Yang-sheng Paradise"), a theme park style destination featuring a rare salt water hot spring located in Zhangshu, Jiangxi. We also currently have one destination that is under construction, the City of Caves ("City of Caves"), an underground natural attraction located in Xinyu, Jiangxi.

In 2011, we started to construct and develop Yunding Park's second phase of construction and new tourism projects, the China Yang-sheng (Nourishing Life) Paradise in Zhangshu City, Jiangxi province, and the City of Caves in Fenyi City, Jiangxi province. The construction was in line with our schedule. We completed the second phase of construction of Yunding Park by the end of 2012. We completed the first phase construction of Yang-sheng Paradise and opened it to the public for trial in October, 2013. We started the first phase construction of City of Caves in 2014 and opened to the public in May of 2015.

Our Corporate History and Structure

China Yida Holding Co. was organized as a Delaware Corporation in June 4, 1999, formerly known as Apta Holdings, Inc. ("China Yida Delaware"). On August 1, 2012, our board of directors and majority stockholders adopted written consents to approve an amendment to the Company's Certificate of Incorporation to effectuate a one-for-five reverse stock split of the Company's common stock. On November 16, 2012, China Yida Delaware filed a Certificate of Amendment of the Company's Certificate of Incorporation (the "Certificate of Amendment") with the Secretary of State of the State of Delaware to effectuate the reverse stock split. At that time, any fractional share was rounded to the next whole share. On November 19, 2012, China Yida Delaware consummated a merger (the "Reincorporation") with and into its wholly-owned subsidiary, China Yida Holding Co., a Nevada corporation ("China Yida Nevada"), pursuant to the terms and conditions of an Agreement and Plan of Merger entered into by China Yida Nevada and China Yida Delaware on November 19, 2012. As a result of the Reincorporation, we are now a Nevada corporation. In addition, the articles of incorporation and bylaws of China Yida Nevada are now our governing documents.

Share Exchange Transaction and Our subsidiaries

Keenway Limited was incorporated under the laws of the Cayman Islands on May 9, 2007 for the purpose of functioning as an off-shore holding company to obtain ownership interests in Hong Kong Yi Tat International Investment Co., Ltd ("Hong Kong Yi Tat"), a company incorporated under the laws of Hong Kong. Immediately prior to the Reverse Merger (defined below), Mr. Minhua Chen and his wife, Ms. Yanling Fan, were the majority shareholders of Keenway Limited.

On November 19, 2007, we entered into a share exchange and stock purchase agreement with Keenway Limited, Hong Kong Yi Tat, and the then shareholders of Keenway Limited, including Minhua Chen, Yanling Fan, Xinchen Zhang, Extra Profit International Limited, and Lucky Glory International Limited (collectively, the "Keenway Limited Shareholders"), pursuant to which in exchange for all of their shares of Keenway Limited common stock, the Keenway Limited Shareholders received 18,180,649 newly issued shares (or 90,903,246 shares prior to the reverse stock split on November 16, 2012) of our common stock and 728,359 shares (or 3,641,796 shares prior to the reverse stock split on November 16, 2012) of our common stock which were transferred from some of our then existing shareholders (the "Reverse Merger"). As a result of the closing of the Reverse Merger, the Keenway Limited Shareholders owned approximately 94.5% of our then issued and outstanding shares on a fully diluted basis and Keenway Limited became our wholly owned subsidiary.

Hong Kong Yi Tat was incorporated under the laws as the holding company of our operating entities, (i) Fujian Jintai Tourism Development, Co, Ltd. ("Fujian Jintai Tourism"), (ii) Yida (Fujian) Tourism Group., Ltd., formerly known as, Fujian Yunding Tourism Industrial Co., Ltd. ("Fujian Yida"), (iii) Fujian Jiaoguang Media, Co., Ltd. ("Fujian Jiaoguang"), and (iv) Fujian Yida Tulou Tourism Development Co. Ltd. ("Tulou"). Hong Kong Yi Tat does not have any other operations.

Hong Kong Yi Tat, a company incorporated laws of Hong Kong, established its crucial operating PRC subsidiary, Fujian Jintai Tourism in October 2001. At the time when Fujian Jintai Tourism was incorporated, a number of governmental tax incentives would be only applicable to foreign investment enterprises, such as the tax reduction for the foreign investment enterprise located in economic development zone. Under the PRC income tax laws effective prior to January 1, 2008, domestic companies typically were subject to an enterprise income tax rate of 33%, while foreign invested manufacturing enterprises with operation terms of 10 or more years might enjoy preferential tax treatment of "two-year tax exemption and three-year tax reduction of 50%," subject to the approval of relevant tax authority. For these reasons, Fujian Jintai Tourism was reorganized to be a subsidiary of a foreign parent company (in this case, a Hong Kong Company) to take advantage of the tax treatment.

Moreover, the other reason to use a Cayman Islands company is to facilitate the share transfer with a U.S. public entity at the later date. Transferring equity at both the Hong Kong level or at the PRC level will require complicated governmental filings and/or approval procedures to effect the transfer, as well as tax filings and payment of fees or taxes. Transferring equity of a Cayman Islands company, on the other hand, is subject to a relatively simple governmental procedure for completion of the transfer and generally is free from any taxes under the laws of Cayman Islands. Accordingly, we decided to use Keeway Limited, a Cayman Islands company as the parent of the Hong Kong company which in turn owned the PRC operating entities.

Fujian Jintai Tourism

Fujian Jintai Tourism was formed on October 29, 2001. Its primary business is tourism operation at the Great Golden Lake. The Company offers bamboo rafting, parking lot service, photography services and ethnic cultural communications.

Fujian Jintai Tourism has one wholly owned subsidiary, Fuzhou Hongda Commercial Services Co., Ltd. ("Hongda"). Hongda currently does not have any operations. On March 15, 2010, Hongda entered into an equity transfer agreement with Fujian Yida, pursuant to which Fujian Yida acquired 100% of the issued and outstanding shares of Fuzhou Fuyu Advertising Co., Ltd. ("Fuyu") from Hongda at the aggregate purchase price of RMB 3,000,000 ($473,000 USD). As a result, Fujian Yida became the 100% holding company of Fuyu. Fuyu is engaged in the mass media segment of our business. Its primary business is focused on advertising, including media publishing, television, cultural and artistic communication activities, and performance operation and management activities. Hongda was deregistered on December 2, 2012.

Fujian Jintai Tourism also owned 100% of the ownership interest in Fujian Yintai Tourism Co., Ltd. ("Yintai"). On March 15, 2010 Fujian Jintai Tourism entered into an equity transfer agreement with Fujian Yida, pursuant to which Fujian Yida acquired 100% of the issued and outstanding common stock of Yintai from Fujian Jintai Tourism at the aggregate purchase price of RMB 5,000,000 ($789,000). As a result, Yintai became a wholly owned subsidiary of Fujian Yida. Yintai was deregistered on November 18, 2010.

On August 26, 2014, Hong Kong Yi Tat entered into a certain share transfer agreement with Fujian Taining Great Golden Lake Tourism Economic Development Industrial Co., Ltd. (the "Fujian Taining"), an unrelated party, pursuant to which Hong Kong Yi Tat sold 100% of its equity interest in Fujian Jintai Tourism to Fujiang Taining for a price of RMB 228,801,359, or approximately $37 million.

Fujian Yida

Fujian Yida's primary business relates to the operation of our Yunding Park tourism destination and all of our newly engaged tourism destinations, and the management of our media business.

On March 16, 2010, Fujian Yida formed a wholly-owned subsidiary, Yongtai Yunding Resort Management Co., Ltd. ("Yunding Resort Management") with its address at No. 68 Xianfu Road, Zhangcheng Town, Yongtai County, China. Yunding Resort Management has currently no material business operations. Yunding Park was opened on September 28, 2010. We plan to develop Yunding Resort Management into a business entity primarily focusing on the management services of Yunding Park when the second phase development of Yunding Park is completed.

On April 12, 2010, our operating subsidiary Fujian Yida, which was called "Fujian Yunding Tourism Industrial Co., Ltd.," changed its name to "Yida (Fujian) Tourism Group Limited." This was to reflect its new role of expanding our business in operations of domestic tourism destinations in China by acquiring new tourism destinations.

On April 15, 2010, Fujian Yida entered into agreement with Anhui Xingguang Group to set up a joint venture – Anhui Yida Tourism Development Co. Ltd. ("Anhui Yida"). Fujian Yida and Anhui Xingguang Group own 60% and 40% of the equity interest of Anhui Yida, respectively. The primary business of Anhui Yida was development of the Ming Dynasty Entertainment World. On June 3, 2013, Fujian Yida entered into a stock transfer agreement with Anhui Xingguang Investment Group Ltd ("Anhui Xingguang"), pursuant to which Anhui Xingguang assumed all the equity interest in Anhui Yida as well as all the assets and liabilities of Anhui Yida., including its two subsidiaries.

On July 6, 2010, Fujian Yida formed a wholly-owned subsidiary, Jiangxi Zhangshu (Yida) Tourism Development Co., Ltd. ("Jiangxi Zhangshu"), in Zhangshu City, Jiangxi Province to develop the Yang-sheng Paradise.

On July 7, 2010, Fujian Yida formed a wholly-owned subsidiary, Jiangxi Fenyi (Yida) Tourism Development Co., Ltd. ("Jiangxi Fenyi"), in Xinyu City, Jiangxi Province to develop the City of Caves.

On June 24, 2011, Fujian Yida formed a wholly owned subsidiary, Fujian Yida Travel Service Co., Ltd. ("Yida Travel"). The total paid-in capital of Yida Travel was $1,546,670 (RMB10 million). Its primary business is to conduct domestic and international traveling services in China, including operating the direct sales of travel services for our current tourist destinations at the Great Golden Lake, Yunding Recreational Park, and Hua'An Tulou Cluster, China Yang-sheng (Nourishing Life) Paradise, and the City of Caves which is under construction.

On May 11, 2012, Jiangxi Zhangshu formed a wholly owned subsidiary, Zhangshu (Yida) Real Estate Development Co., Ltd. ("Zhangshu Development"). The total paid-in capital of Zhangshu Development was $792,532 (RMB 5 million). Its primary business is to conduct business of real estate development and sales in China.

On May 16, 2012, Anhui Yida formed a wholly owned subsidiary, Bengbu (Yida) Real Estate Development Co., Ltd. ("Bengbu Yida"). The total paid-in capital of Bengbu Yida was $1,268,050 (RMB 8 million). Its primary business is to conduct business of real estate development in China. As a result of the stock transfer agreement by and between Fujian Yi da and Anhui Xingguang dated June 3, 2013, Anhui Xingguang acquired all the equity interests in Anhui Yida and assumed all the assets and liabilities of Anhui Yida including the equity interests in Bengbu Yida.

On May 22, 2012, Jiangxi Zhangshu formed a wholly owned subsidiary, Zhangshu (Yida) Investment Co., Ltd. ("Zhangshu Investment"). The total paid-in capital of Zhangshu Investment was $792,532 (RMB 5 million). Its primary business is to conduct real estate investment, project management and consulting in China.

On June 6, 2012, Jiangxi Fenyi formed a wholly owned subsidiary, Fenyi (Yida) Property Development Co., Ltd. ("Fenyi Development"). The total paid-in capital of Fenyi Development was $792,532 (RMB 5 million). Its primary business is to conduct business of real estate development and sales in China.

On July 20, 2012, Anhui Yida formed a wholly owned subsidiary, Bengbu (Yida) Investment Co., Ltd. ("Bengbu Investment"). The total paid-in capital of Bengbu Investment was $792,532 (RMB 5 million). Its primary business is to conduct real estate investment, project management and consulting in China. As a result of the stock transfer agreement by and between Fujian Yi da and Anhui Xingguang dated June 3, 2013, Anhui Xingguang acquired all the equity interests in Anhui Yida and assumed all the assets and liabilities of Anhui Yida including the equity interests in Benhu Investment.

On July 30, 2012, Fujian Yida formed a wholly owned subsidiary, Fujian (Yida) Culture and Tourism Performing Arts Co., Ltd. ("Yida Arts"). The total paid-in capital of Yida Arts was $792,532 (RMB 5 million). Its primary business is to operate Yunding performance and show events.

On June 26, 2013, Fujian Yida formed a wholly owned subsidiary, Yongtai Yunding Hotel Co, Ltd ("Yida Hotel"). The total paid-in capital of Yida Hotel was $4,860,000 (RMB 30 million). Its primary business is operating Yunding hotel services.

On June 3, 2013, Yida (Fujian) Tourism Group Limited. ("Fujian Yida"), our subsidiary, entered into a stock transfer agreement with Anhui Xingguang Investment Group Ltd ("Anhui Xingguang"), pursuant to which Fujian Yida agreed to transfer its 60% interest in Anhui Yida Tourism Development Co. Ltd. ("Anhui Yida") to Anhui Xingguang for RMB 60 million, or $9.72 million. Anhui Xingguang also assumed all the assets and liabilities of Anhui Yida.

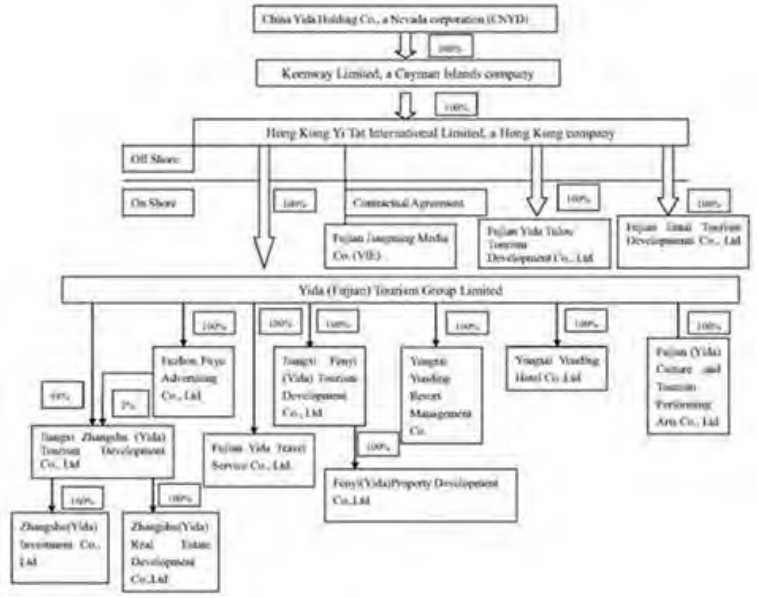
Fujian Jiaoguang

Fujian Jiaoguang and our contractual relationship met the requirements of the Accounting Standard Codification ("ASC") 810, to consolidate Fujiang Jiaoguang's financial statements as a Variable Interest Entity. Fujian Jiaoguang has no material business operations.

Tulou

Tulou is 100% owned by Hong Kong Yi Tat. Tulou's primary business relates to the operation of Tulou, one of our tourism destinations.

The following chart depicts our current corporate structure:



* Each of Fujian Jiaoguang and Yunding Resort Management have no material business operations.

Our Wholly Foreign Owned Enterprises

We have two wholly foreign owned Enterprises. Fujian Yida Tulou Tourism Co., Ltd. and Yida (Fujian) Tourism Group, Ltd.

Our Variable Interest Entity Agreements

On December 30, 2004, Fujiang Jiaoguang and its shareholders entered into a set of contractual arrangements with us which governs the relationships between Fujian Jiaoguang and the Company. The Contractual Arrangements are comprised of a series of agreements, including a Consulting Agreement and an Operating Agreement, through which we have the right to advise, consult, manage and operate Fujian Jiaoguang, and collect and own all of Fujian Jiaoguang's respective net profits. Additionally, under a Proxy and Voting Agreement and a Voting Trust and Escrow Agreement, the shareholders of Fujian Jiaoguang have vested their voting control over Fujian Jiaoguang to the Company. In order to further reinforce the Company's rights to control and operate Fujian Jiaoguang, Fujian Jiaoguang and its shareholders have granted us, under an Option Agreement, the exclusive right and option to acquire all of their equity interests in the Fujian Jiaoguang or, alternatively, all of the assets of Fujian Jiaoguang. Further, the shareholders of Fujian Jiaoguang have pledged all of their rights, titles and interests in Fujian Jiaoguang to us under an Equity Pledge Agreement. We effectuated this organizational structure due to China's limitations on foreign investments and ownership in Chinese domestic businesses. Generally, the Chinese law prohibits foreign entities from directly owning certain types of businesses, such as the media industry.

The shareholders of Fujian Jiaoguang are also our principal shareholders, Chairman Minhua Chen and Yanling Fan.

We have obtained an opinion from Allbright Law Office, our Chinese legal counsel, that this structure is legal and valid and that the U.S. holding corporation can obtain the same benefits and risks with this contractual structure as it would with a direct equity ownership. There is, however, a risk with this contractual structure that the contracting party breaches its contract with us. If Fujian Jiaoguang fails to perform its obligations under the contractual arrangements, we are required to enforce our rights through arbitration before the China International Economic and Trade Arbitration Commission (CIETAC). To initiate a proceeding under the CIETAC we must first prepare and submit an arbitration request for approval and acceptance. Once accepted, CIETAC will form an arbitration tribunal to hear the matter, set a hearing date and notify the parties of the proceeding. The parties would be contractually bound by the decision of the tribunal. While we do feel the possibility is remote, in the event such decision is unfavorable, we may effectively lose control over Fujian Jiaoguang, which would materially affect our business, financial condition and results of operations.

Additionally, the pledge agreement that entered into on December 30, 2004 is enforceable under the PRC law although it was not registered with local government agency. The PRC Property Law went effective on October 1, 2007. At the time of the execution of the pledge agreement, no registration with local administration for industry and commerce was required for the effectiveness and enforcement of pledge agreement. The PRC Property Law does not have retrospective effect and nor does it require the registration of an executed pledge agreement before the effectiveness of the PRC Property Law. The pledge agreement was effective upon execution and, therefore enforceable under the PRC laws.

Although Fujian Jiaoguang is still contractually obligated to us pursuant to the agreements, it no longer is an operating entity. All the assets and revenue of Fujian Jiaoguang have been transferred to Fuyu, our wholly owned subsidiary, on July 31, 2011 pursuant to an agreement by and among Fujian Jiaoguang, Fuyu and Fujian Xinhengji Advertisement Co., Ltd. This transfer of assets has been completed in compliance with PRC laws and was done so that we no longer had to rely on the contractual arrangements of our variable interest entities. We believe that this is a more efficient and less risky corporate structure.

Our Products, Services and Customers

Advertisement

FETV

FETV, owned by the Fujian Education TV Station, is a provincial comprehensive entertainment television channel .

On August 1, 2010, Fuyu, our wholly-owned subsidiary, entered into a Fujian Education Television Channel Project Management Agreement (the "Management Agreement"), with Fujian Education Media Limited Company, a wholly state-owned company organized by the Fujian Education TV Station under the laws of the People's Republic of China ("Fujian Education Media"), pursuant to which, Fujian Education Media granted to us five years of exclusive management rights for the FETV channel from August 1, 2010 to July 31, 2015 (the "Term"), with the first three years of the Term, from August 1, 2010 to July 31, 2013, as phase I (the "Phase I") and the remaining two years of the Term, from August 1, 2013 to July 31, 2015, the phase II (the "Phase II"). At the end of Phase I, we and Fujian Education Media shall conduct full performance review of our cooperation under the Management Agreement. If we and Fujian Education mutually agree that there is no event of violation or breach of contract, the Management Agreement shall be extended to Phase II. Additionally, Fujian Education Media will also review our operations and make an assessment as to whether it would be profitable for them to continue the arrangement. If they determine that the future operations will not be successful, they can terminate the Agreement and not move forward with Phase II. During the Phase I Period and Phase II Phase, we shall pay annual payment of RMB 12,000,000 ($1,893,000 USD) to Fujian Education TV Station for the first year and shall be increased by 20% per year for each of subsequent years during two phases.

Under the Management Agreement, we obtained the full rights to provide programming and content management services and to re-sell all advertising airtime of FETV.

Certain PRC regulations promulgated by the State Administration for Radio, Film and Television which bans certain television and radio advertisements, has had a negative effect on our advertisement business model and a significant number of clients had discontinued their agreements with us. As a result of these regulations, our revenues from the advertising business had declined significantly. Therefore, when the Management Agreement with FETV expired in July 2013, we did not renew the Management Agreement and discontinued the FETV operations.

Railway Media

In February 2009, our wholly owned subsidiary, Fuzhou Fuyu Advertising Co., Ltd., entered into a six-year exclusive agreement with China's Railway Media Center to create "Journey through China on the Train" infomercial programs, pursuant to which we would produce 20 minute monthly episodes focused on tourist destinations around China and travel ideas and tips with product placement advertisements. We were obligated to pay an annual fee of approximately $46,154 or RMB 300,000 to Railway Media Center for the first three years and approximately $53,846 or RMB 350,000 for the second three years. The Company lost all the clients since the railway program was broadcasted manually by train attendants and was generally not broadcasted. We had no control over the frequency of program broadcasting. We terminated "Journey through China on the Train" program in March of 2013.

Tourism

The Great Golden Lake

As discussed above, we sold our equity interest in Fujian Jintai Tourism to an unrelated party in August 2014. Therefore, we no longer operate the Great Golden Lake destination.

Yunding Park

On November 27, 2008, Hong Kong Yi Tat International Limited, our wholly owned subsidiary, entered into the Tourist Destination Cooperative Development Agreement with the Yongtai County People's Government in Fuzhou, China which is effective until 2048. Pursuant to the agreement, we obtained the exclusive right and special authorization to develop the Yunding Park located at Yongtai Beixi and Jiezhukou Lake for forty (40) years from 2008. The Yunding Park is approximately 50 kilometer from Fuzhou, the capital city of Fujian. We are obligated to construct, operate and manage two tourist destinations, subject to specific terms and conditions negotiated between us and the Yongtai government. We have the exclusive right to develop both Yongtai Beixi and Jiezhukou Lake and the government is prohibited from granting the right of development, operation and management to any third party during the existence of our agreement. As of December 31, 2015, we have invested approximately $83.5 million to build the tourism, transportation and entertainment facilities. In September 2010, we timely announced the grand opening of our Yunding Park to the public. Fujian Yida was responsible for the development and operations of Yunding Park. Now we have completed the second phase of Yunding Park. Yunding Resort Management will be responsible for the management services of Yunding Park . We generate revenue from entrance fees, cable cars, restaurants, lodgings and entertainment activities.

Hong Kong Yi Tat incorporated Fujian Yida for handling the business operation and receiving revenues from the ticket sales at Yunding Park. Under the Tourist Destination Cooperative Development Agreement, Hong Kong Yi Tat is entitled to: (1) the ticket sales revenue, provided, that, we are required to pay a total of 5 million RMB ($790,000 USD) to the Yongtai County People's Government over the course of the first 10 years of the Agreement; (2) the earnings excluding 5% of the actual ticket sales during that time in the second ten years; (3) the earnings excluding 6% of the actual ticket sales during that time in the third ten years and (4) the earnings excluding 7% of the actual ticket sales during that time in the fourth ten years. By the end of 2013, we had fulfilled this obligation with total payments made in the amount of approximately $818,036 (RMB 5.0 million). Hong Kong Yi Tat contributes the revenue to Fujian Yida, however, there is no agreement between Hong Kong Yi Tat and Fujian Yida regarding payment or entitlement to revenue under the Tourist Destination Cooperative Agreement or any other agreement.

Yunding Park opened to the public on September 28, 2010. In the year ended December 31,2015, we had total gross ticket sales of 18.1 million RMB ($2.92 million USD) as compared to 20.4 million RMB ($3.32million USD) in 2014. In 2015, we had 263,037 visitors to Yunding Park as compared to 308,000 visitors in 2014.

Hua'an Tulou Cluster ("Earth Buildings" or the "Tulou")

The Tulou Cluster, composed of large multilayer earth buildings built by ancient wealthy families as their residence, is known for their unique round shape, ingenious structure and oriental mystery. The Tulou Cluster was recognized as part of Fujian Tulou World Cultural Heritage Site in 2008 by UNESCO. The Tulou Cluster is a 1.5 hour drive from Xiamen City, one of Fujian's most famous tourist coastal cities.

In December 2008, Hong Kong Yi Tat International Limited, our wholly owned subsidiary, entered into a Tourist Resources Development Agreement with Hua'an County Government. The agreement is effective until 2048. Pursuant to this agreement, we began to develop the Hua'an Tulou tourist destinations with a right of priority to develop other scenic areas in Hua'an County. Hua'an Tulou Cluster requires a total capital input of approximately 47,500,000 RMB ($7.5 million USD) to put it into infrastructure and facility constructions. The Hua'an Tulou Cluster was closed during the construction and re-opened to the public before the fourth quarter of 2009. Currently, approximately half of its visitors are from overseas, including Taiwan. Our revenue is generated from the sale of entrance ticket fees, fees from rides on tour cars and food at our restaurants.

Under the contractual arrangements with respect to Hua'an Tulou Cluster, when the ticket price of the Dadi Tulou Clusters is RMB60 ($9.50 USD) or above per person, the proportion paid by Hong Kong Yi Tat to Hua'an County government shall be: (1) 16% of gross ticket sales in the first five years; (2) 20% of gross ticket sales in the second five years; (3) 23% of gross ticket sales in the third five years; (4) 25% of gross ticket sales in the fourth five years; (5) 28% of gross ticket sales in the fifth five years; and (6) 30% of gross ticket sales from the 26th year. Currently, our average ticket price at Hua'an Tulou is 90RMB ($14.50 USD). In the event our ticket price is less than RMB 60 ($9.50USD), the Hua'an County government shall be entitled to a reduced portion of the gross ticket sales.

Our ticket prices are subject to the approval of the local PRC government. According to the PRC Pricing Law, the scope and level of the government-set and guided prices shall properly be adjusted in light of the national economy. The Company may file an application with the government to request a price change to our ticket prices. However, the government will use its discretion to decide whether or not to adjust the ticket price and will use their discretion to determine the adequate price for the tickets to our park. Additionally, even if we do not apply for a price adjustment, the local PRC government may adjust the price based on consumer or business operations or the national economy.

In 2015, Hua'anTulou Cluster had 47,000 visitors, an decrease of 17.5%, and gross ticket sales of approximately $302,400USD, a decrease of 24% as compared to 2014, and we paid the Hua'an County government $56,896 USD. We are facing strong competition among the homogeneous tourism destinations such as Nanjing Tulou Cluster and YongdingTulou Cluster. The gross ticket sales decreased 5% despite the increased number of visitors because we had to provide deeper ticket discount among the strong consumption and the tourist consumption was also decreased. We expect this trend to continue in the future.

Ming Dynasty Entertainment World

On April 15, 2010, Yida (Fujian) Tourism Group Ltd. jointly with Anhui Xingguang Investment Group Ltd., a privately held company engaged in real estate and commercial development in Anhui province, entered into an Emperor Ming Taizu Cultural and Ecological Resort and Tourist Project Finance Agreement with Anhui Province Bengbu Municipal Government, pursuant to which we and Anhui Xingguang formed a limited liability company, with a total registered capital of RMB 100 million (approximately $14.6 million) to engage in construction and development of a new tourism destination – Ming Dynasty Entertainment World in Bengbu City, Anhui Province.

On June 3, 2013, Fujian Yida entered into a stock transfer agreement with Anhui Xingguang pursuant to which Fujian Yida transferred its 60% interest in Anhui Yida to Anhui Xingguang for RMB 60 million, or $9.72 million. Anhui Xingguang also assumed all the assets and liabilities of Anhui Yida.

As such, the Ming Dynasty Entertainment World operation was discontinued.

Yang-sheng Paradise

The Project is designed to focus on the theme of famous Taoist practice – Yang-sheng (nourishing life), with Zhangshu City's rare natural resources – salt water hot spring, and reputation as one of China's traditional medicine and herb center. Preliminarily, Yang-sheng Paradise is planned to include (i) Salt Water Hot Spring SPA & Health Center, (ii) Yang-sheng Holiday Resort, (iii) World Yang-sheng Cultural Museum, (iii) International Camphor Tree Garden, (iv) Chinese Medicine and Herb Museum, (v) Yang-sheng Sports Club, (vi) Old Town of Chinese Traditional Medicine, and (vii) various other Yang-sheng related projects and tourism real estate projects. We formed a limited liability company with a total registered capital of RMB 20 million (approximately $3 million) as of December 31. 2010.

The Project will be developed approximately two (2) kilometers from Zhangshu's downtown, and within one hour travel from the adjacent airport or Nanchang, the capital city of Jiangxi Province. In addition, the Project is on the route from Nanchang to Lu Mountain, a World Natural Heritage Site, and Jing-Gang Mountain, one of the most popular political education tourism destinations as it was at the origin of Chairman Mao's military force.

The capital expenditure planned for the first development phase of Project is estimated at approximately RMB250 million (approximately $36.6 million), which includes the planned construction of the Salt Water Hot Spring Spa & Health Center (the "SPA Center"), the Yang-sheng Holiday Resort (the "Resort Hotel"), in-destination roads and lakes, and the purchase of the land use rights for a parcel of approximately 3,000 Mu (approximately 494 acres, commercial and residential land use, the "Commercial Land") as well as the rental payment for a parcel of approximately 3,000 Mu (approximately 494 acres) with the annual rent estimated at RMB0.5 million (approximately $73,300). The rental of the additional parcel of approximately 3,000 Mu of land would be leased from the local PRC government but we would not be required to obtain land-use rights because the lease will only be for the management rights of the land based on a cooperative agreement that would be entered into at the time of the lease. No such arrangement, however, has been entered into.

The SPA Center and the Resort Hotel opened to the public in October, 2013.

In addition to the SPA Center and the Resort Hotel, Company plans to build additional attractions on the Project site that may include the World Yang-sheng Cultural Museum, the International Camphor Tree Garden, the Chinese Medicine & Herb Museum, the Yang-sheng Sports Club, the Old Town of Chinese Traditional Medicine and other Yang-sheng related projects and tourism real estate projects. The Company is now conducting in-depth research, evaluation and preparation on these plans.

Zhangshu Municipal Government has agreed not to approve any additional salt water hot spring or related tourism projects to any third parties to protect the exclusivity of Project. It will also waive the usage fees of the project tourism resources and thermohaline spring water resources. In addition, it will waive or reduce most of the administration fees throughout the Project's constructions. It will also allow China Yida to pay for its outdoor lighting at a cheaper rate as of city's street lighting.

There are no other revenue sharing provisions or other restrictions on the revenue that we will receive from such venue.

In 2015, Yang-sheng Paradise had 170,000 visitors and a gross ticket sales of $1.83 million.

The City of Caves

On June 1, 2010, Yida (Fujian) Tourism Group Ltd., our wholly-owned subsidiary, entered into an agreement with Jiangxi Province People's Government of Fenyi County in Xinyu city, Jiangxi Province, to develop a brand new tourism project to be named "The City of Caves", based on the largest and most characteristic karst land underground caverns in China, for a management period of forty (40) years commencing from 2010.

The Company has completed the construction of the first phase, mainly composed of Altair Cave and Vega Cave, and began its trial operation in May of 2015. The second phase includes the Hanmao Cave Cluster and the third phase will include the tourism resources of Dagang Mountain. Investment budget for each of the three phases is RMB100 million ($14.7 million), with a total budget of RMB300 million ($44.1 million). The City of Caves will attract tourists who are visiting the several nearby world-class tourism destinations, including Sanqing Mountain, Longhu Mountain, Jinggang Mountain, and Lu Mountain, all of which are famous and popular attractions in China. In addition, the Project is approximately a one-hour drive from China Yida's Yang-sheng Paradise, which means the Company can integrate the resources of the two projects and launch a very cost-effective and powerful integrated marketing campaign. The Project will be designed to provide comprehensive cultural background and will feature a high level of interaction between natural views and entertainment experiences, as compared to simple sightseeing of peer caves. We formed a limited liability company and committed RMB 60 million (approximately $9 million) of capital investment. As of December 31, 2015, the Company has paid RMB 172 million (approximately $28 million) for the construction of The City of Caves

Fenyi County is located in the mid-west of Xinyu City, 30 kilometers from downtown Xinyu. Xinyu is believed to have the highest industrialization among all cities of Jianxi Province, featuring two key industries: (i) steel; and (ii) photovoltaic. Management estimates that a three-hour driving circle will cover a population of approximately 50 million in 11 cities including the three provincial capital cities of Nanchang, Changsha and Wuhan. Several rail lines and highways across Xinyu make transportation convenient.

Under the contractual arrangements, Fujian Yida shall pay to the Fenyi County government the “use fees” of scenic resources. The “use fees” are payable as follows: during the first five years of operations we will not be required to pay anything to the Fenyi County government, during the second five years of operations we will be required to pay 5% of gross ticket sales per year to the Fenyi County government and for all years thereafter we will pay 8% of gross ticket sales per year to the Fenyi County government. In 2015, City of Caves had 99,000 visitors and gross ticket sales of $1.48 million.

Marketing and Distribution Methods of Products and Services

The current marketing strategy of our tourist and related operations has two major promotional elements. The first is promoting the unique brand and scenic locations through traditional advertisement mediums. These traditional channels include television, radio and print media. To reduce costs, the Company has implemented a cost minimization plan whereby the majority of the media advertisement and promotion of the tourist destination is done through the media platforms available to the Company, including FETV and Railway Media. This cost minimization plan allows our tourist and related operations to reduce its cost of advertising while maintaining a relatively high degree of exposure through our provincial TV channel province-wide and through China’s high-speed railway network.

The second element of the Company's marketing effort of tourist and related operations is promotion of the scenic destinations through the attainment of nationally and internationally recognized merits of scenic achievement. To this end, the Great Golden Lake has received the designation of the Global Geo-park from UNESCO and has become part of China Danxia – the World Natural Heritage Site by UNESCO and ranked in China’s Top 10 Most Appealing Destinations and Top 50 Places for Foreigners to Visit. During the second half of 2008, Dadi Tulou was included on the World Cultural Heritage List as part of the Fujian Tulou. By achieving this high degree of recognition, the destination becomes visible on a massive scale increasing the draw of tourists from a provincial to an international level. The goal is to significantly increase the daily visitation rate through attainment of significant merit.

Each element of the marketing strategy has been developed in order to increase the international consumer awareness of the Company's tourist destinations, to reduce the associated costs of such awareness and to ultimately increase the usage rate and revenues of the park.

Because the tourist destination is a static product/service, its distribution mainly consists of the promotional strategies described in the paragraphs above. The services are promoted and distributed through traditional forms of advertising media. Information and marketing materials regarding the park services are distributed on site.

Industry and Competitive Factors

New competitors are entering into the tourism industry at a record pace. Competition is increasing and it is beginning to become difficult to gain market share and grow. There are, however, certain factors that we believe will be critical for our growth:

1. maintaining its leading management position by monitoring and making timely adjustment to tourism market changes; and
2. Experienced management team with more than 70 years of combined experience in China media, tourism and entertainment industry.

Our main competitor in the tourism business is Wuyi Mountain and Yongding Tulou Cluster Tourism Destination. Muyi Mountain is a state owned enterprise located in Fujian province and has been operating since 1980. It was added to the World Heritage List by UNESCO in 1999. Yongding Tulou Cluster is also located in Fujian Province. It was established in September 2007 and is managed by Fujian Province Tourism Development Co., Ltd. Yongding Tulou Cluster is a Yongding county government owned large-scale state-owned enterprises. It was added to the World Heritage List in July 2008.

Our Intellectual Property

We have obtained a trademark and the exclusive use permission for the "Great Golden Lake." This trademark has been filed with Taining County State-owned Assets Investment Operation Co., Ltd. We do not own nor do we intend to own any patents or have any of our products or services patented. In the future, we intend to acquire other trademarks from companies that we acquire or file trademarks or patents in order to protect our intellectual property.

Compliance with Environmental Law

We comply with the Environmental Protection Law of PRC as well as applicable local regulations. In addition to statutory and regulatory compliance, we actively ensure the environmental sustainability of our operations. Penalties would be levied upon us if we fail to adhere to and maintain certain standards. Such failure has not occurred in the past, and we generally do not anticipate that it will occur in the future, but no assurance can be given in this regard.

In accordance with the Environmental Protection Law of the PRC adopted by the Standing Committee of the NPC on December 26, 1989, the bureau of environmental protection of the State Council set the national guidelines for discharging pollutants. The provincial and municipal governments of each province, autonomous region and municipalities may also set their own guidelines for the discharge of pollutants within their own province or district. Enterprises producing environmental contamination and other public hazards must incorporate the relevant environmental protection standards into their planning and establish environmental protections. These companies must also adopt effective measures to prevent environmental contamination and hazardous emissions, such as waste gas, waste water, deposits, dusts, pungent gases and radioactive matters, as well as noise, vibration and magnetic radiation. Companies discharging contaminated wastes in excess of the discharge standards prescribed by the environmental protection authority must pay non-standard discharge fees in accordance with national regulations and be responsible for the applicable remediation. Government authorities may impose different penalties against persons or companies in violation of the environmental protection laws and regulations depending on individual circumstances. Such penalties may include warnings, fines, imposition of deadlines for remediation, orders to cease certain operations, orders to reinstall contamination prevention and remediation facilities that have been removed or left unused, imposition of administrative actions against the responsible persons or orders to close down the company. Where the violation is egregious and deemed serious, the responsible parties may be required to pay damages and may be subject to criminal liability.

Additionally, on November 29, 1998, the State Council of the PRC promulgated the Regulations on the Administration of Construction Project Environmental Protection, or the Construction Project Environmental Protection Regulations, which require construction projects that generate pollution to comply with both state and local standards for the discharge of pollutant; requirements for aggregate control of discharge of major pollutants must also be met in areas under aggregate control of discharge of major pollutants.

We have always complied with all applicable laws, rules and regulations and have never faced any penalties or citations for violating any of the above laws, rules or regulations.

Regulations

The principal regulations governing our tourism businesses tourism include:

- The PRC Pricing Law
- The State Council's Regulations on Scenic Spots
- The National Development and Reform Commission's Circular on Further Standardizing the Administration over the Price of Entrance Tickets to Sightseeing Spots (2005) and the Notice on Further Improving Administration of Scenic Spots' Admission Price (2007)
- The Notice on Regulating the Ticket Price of Scenic Spots (2008); and
- The State Council's Opinions on Accelerating the Development of Tourism Industry (2009)

PRC Pricing Law

The PRC Pricing Law was adopted by the Standing Committee of National People's Congress on December 29, 1997 and effective on May 1, 1998. PRC Pricing Law governs all pricing acts within the territory of the People's Republic of China, including the pricing for commodities and services. According to the Pricing Law, the government gradually adjusts the market-oriented price mechanism under macroeconomic regulation and control. The pricing shall be determined by the Law of Value. The prices of most commodities and services shall be the market-oriented and prices of an extremely small number of commodities and services shall be the government-guided or the government-set. According to the PRC Pricing Laws, if necessary, the government may enforce government-guided prices or government-set prices for the certain commodities and services, such as: (1) an extremely small number of commodities vital for the development of the national economy and people's life; (2) a small number of commodities the resources of which are rare or short; (3) commodities under natural monopoly management; (4) essential public utilities; and (5) essential non-profit services. PRC center and local governments publish and amend their guidelines for commodities or services with government-guided or government-set price, frequently. The price of Advertising currently is not included in governmental guideline for commodities or services effective on August 1, 2001. Certain tickets for scenic spots, however, are subject to government-guided or government-set prices.

The price of the tickets for our scenic spots is approved by the Office of Price Administration. We believe that we are in all material respects in compliance with all PRC Pricing Laws.

State's Council's Regulations on Scenic Spots

Regulation on Scenic Spots and Historic Sites, issued by State Council in September 19, 2006 and effective on December 1, 2006, governs the establishment, planning, protection, utilization and management of Scenic Spots and Historic Sites. For example, the landscape and natural environment within Scenic Spots and Historic Sites shall be protected strictly according to the principle of sustainable development and shall not be destroyed or changed at will. The residents and visitors of Scenic Spots and Historic Sites shall protect scenic spots, water, planting, wild animal and all other facilities. The management institution of Scenic Spots and Historic Site shall investigate, evaluate and take necessary measures to protect the significant scenic spots.

PRC Regulations on Ticket Sales and Ticket Prices

On April 29, 2005, the National Development and Reform Commission issued a Circular on Further Standardizing the Administration over the Price of Entrance Tickets to Sightseeing Spots ("Circular No. 712"). Circular No. 712 emphasized a number of issues regarding ticket pricing. For example, the government shall review the entrance ticket price subject to government-guided or the government-set prices and prevent the rapid increasing regarding the price of entrance ticket; the pricing for certain tickets shall be subject to hearing procedure; the representative who attends the hearing shall be wide and typical enough.

The Notice on Further Improving Administration of Scenic Spots' Admission Price was issued by National Development and Reform Commission on January 29, 2007 (Notice No. 227). According to Notice No. 227, the pricing of entrance ticket shall reflect public interests. The planning for adjustment of ticket shall make public 2 months prior to adjustment. The frequency for adjustment of the same ticket shall not be less than 3 years. For the scenic spots subject to government-guided or the government-set prices, certain discount or preferential policy shall be provided to the elders, soldiers in active service, juveniles and students.

The Notice on Regulating the Ticket Price of Scenic Spots, issued on April 9, 2008 by National Development and Reform Commission, Ministry of Finance and other six government authorities jointly, mainly focus on ticket pricing and administration for pricing. For example, the government-guided or the government-set prices are applicable to scenic spots built in reliance on national natural or cultural resources. For those scenic spots artificially built by commercial investment without relying on national natural or cultural resources, market-oriented price is applicable. The adjustment of ticket price subject to government-guided or the government-set prices is required to complete hearing procedure, extensive discussion and improve the transparency of decision making. The ticket price, the scope and extent of preferential policies of tickets, transportation price for trolley, sight-seeing buses, boats and hot-line shall be prominently displayed.

Opinions on Accelerating the Development of Tourism Industry was issued by PRC State Council in December 2009 ("Opinion") for the purpose of taking advantage of functions of tourism industry in sustaining economic development, enlarging domestic demand and altering the economic structural. Opinion stipulated general principle, goal for development, reform tourism industry in depth, improvement of consumer service, civilization on tourism, infrastructural of tourism industry and so on.

The Company also has to comply with certain local regulations in respect of scenic spots, such as Fujian Province Administration Measures for Natural Reserve issued on June 20, 2000, pursuant to which the revocation of natural reserve, and the adjustment or change of nature, scope and boundary of natural reserve shall be approved by local government which establishes such natural reserve; Fujian Forest Regulation issued in 2001 by local congress indicates that any unit or person who uses the forest land shall make use of the forest land according to planning for protection of forest. Timber cutting without licensing shall be banned.

The price of the tickets for our Scenic Spots is approved by The Office of Price Administration. The Company conducts its business in compliance in all material respects with all applicable laws regarding scenic spots in material respects.

Regulations Applicable to Foreign Invested Enterprises and Wholly Foreign Owned Enterprises

Foreign invested enterprises include sino-foreign joint venture and the wholly foreign owned enterprise. The Company currently does not have any sino-foreign joint venture subsidiaries. The Company's indirect subsidiaries owned by Hong Kong Yi Tat shall be subject to Foreign-Owned Enterprise Law of the People's Republic China and its implemental rules. According to Foreign-Owned Enterprise Law, the establishment of wholly foreign-owned enterprises shall be examined and approved by the State Council department in charge of foreign economic relations and trade or an organization authorized by the State Council, which usually refer to Ministry of Commerce and its local counterpart. In addition, the foreign investors shall file application with Administration for Industry and Commerce within 30 days for the procurement of business license. All indirect subsidiaries of the Company owned by Hong Kong Yi Tat, such as Yida (Fujian), Yida Tulou, Jintai Tourism were incorporated with the approval of local counterpart of Ministry of Commerce and has obtained business license under the PRC laws.

Employees

As of March 2016, we have a total of 635 full-time employees, including 20 executive officers and senior management.

ITEM 1A. RISK FACTORS.

Because of the following factors, as well as other factors affecting the Company's financial condition and operating results, past financial performance should not be considered to be a reliable indicator of future performance, and investors should not use historical trends to anticipate results or trends in future periods.

Risks Relating to Our Business

The substantial and continuing net losses, and significant on-going working capital deficit incurred in the past few years, may require us to change our business plan or even may cause us not to be able to continue our operations if sufficient funding and/or additional cash from revenues is not realized. These matters raised substantial doubt about the Company's ability to continue as a going concern.

We have incurred net losses of $20,152,787 and $ 33,665,449 for the years ended December 31, 2015 and 2014, respectively. As of December 31, 2015 and 2014, our working capital deficits were $1.75 million and $35.89 million, respectively. Our independent auditors have indicated in its audit report for fiscal year 2015 that these matters raised substantial doubt about our ability to continue as a going concern.

We have incurred significant negative cash flows from operative activities, and continuing net losses and working capital deficits that allow us to continue as a going concern. Our ability to continue as a going concern is dependent on us obtaining adequate capital resources to fund operating losses until we become profitable. Management's plans to obtain additional capital resources include (1) obtaining capital from the sale of its substantial assets, (2) generating and recovery of tourism revenue, and (3) short-term and long-term borrowings from banks, stockholders or other related party(ies) when needed. However, management cannot provide any assurance that we will be successful in accomplishing any of its plans. If we are unable to secure additional capital, as circumstances require, or do not succeed in meeting our profit objectives we may be required to change or cease our operations.

We may not be able to execute our business plan for the tourism operations.

In 2013, we discontinued the advertisement operations as we lost a significant number of our clients due to changes in certain PRC regulations. We may make changes to our tourism business in case of competition and regulatory environment changes. We may not be able to adjust our business strategy in response to fluctuation in microeconomic condition and regulatory environment which may lead to deviation or abandonment of our business plan.

In order to increase our revenues, we believe we must further expand our business operations. We cannot assure you that our internal growth strategy will be successful which may result in a negative impact on our growth, financial condition, results of operations and cash flow.

In order to maximize the potential growth in our current and potential markets, we believe that we must further expand the scope of our services in the tourism industry. One of our strategies is to grow internally through increasing the customers and locations where we promote tourism by penetrating existing markets in the PRC and entering new geographic markets in PRC as well as other parts of Asia and globally. However, many obstacles to this expansion exist, including, but not limited to, increased competition from similar businesses, international trade and tariff barriers, unexpected costs, costs associated with marketing efforts abroad and maintaining attractive foreign exchange ratios. We cannot, therefore, assure you that we will be able to successfully overcome such obstacles and establish our services in any additional markets. Our inability to implement this internal growth strategy successfully may have a negative impact on our growth, future financial condition, results of operations or cash flows.

In addition to our internal growth strategy, we may grow through strategic acquisitions. We cannot assure you that our acquisition growth strategy will be successful resulting in our failure to meet growth and revenue expectations.

We also intend to pursue opportunities to acquire businesses in the PRC that are complementary or related in product lines and business structure to us. However, we may not be able to locate suitable acquisition candidates at prices that we consider appropriate or to finance acquisitions on terms that are satisfactory to us. If we do identify an appropriate acquisition candidate, we may not be able to negotiate successfully the terms of an acquisition, or, if the acquisition occurs, integrate the acquired business into our existing business. Acquisitions of businesses or other material operations may require debt financing or additional equity financing, resulting in leverage or dilution of ownership. We may not be able to secure such financing if we want to expand into other propects. Integration of acquired business operations could disrupt our business by diverting management away from day-to-day operations. The difficulties of integration may be increased by the necessity of coordinating geographically dispersed organizations, integrating personnel with disparate business backgrounds and combining different corporate cultures.

We also may not be able to maintain key employees or customers of an acquired business or realize cost efficiencies or synergies or other benefits we anticipated when selecting our acquisition candidates. In addition, we may need to record write-downs from future impairments of intangible assets, which could reduce our future reported earnings. At times, acquisition candidates may have liabilities or adverse operating issues that we fail to discover through due diligence prior to the acquisition. In addition to the above, acquisitions in PRC, including state owned businesses, will be required to comply with laws of the PRC, to the extent applicable. There can be no assurance that any given proposed acquisition will be able to comply with PRC requirements, rules and/or regulations, or that we will successfully obtain governmental approvals which are necessary to consummate such acquisitions, to the extent required. If our acquisition strategy is unsuccessful, we will not grow our operations and revenues at the rate that we anticipate.

In the event of rapid growth of our business operations, we may experience a significant strain on our management and operational infrastructure. Our failure to manage growth will cause a disruption of our operations resulting in the failure to generate revenue.

If we expand our business through successful implementation of our internal growth strategy and/or acquisition strategy, our management and our operational, accounting, and information infrastructure may experience a significant strain caused by such expansion. In order to deal with the strain our anticipated business expansion could put on our resources, we will need to continue to improve our financial controls, operating procedures, and management information systems. We will also need to effectively train, motivate, and manage our employees. Our failure to manage our growth could disrupt our operations and ultimately prevent us from generating the revenues we expect.

If we are not able to implement our strategies or expand our tourism operations and acquire additional tourist attractions, our business operations and financial performance may be adversely affected.

We expanded our business in 2010 by acquiring the operation rights of additional tourist attractions under various agreements, including the City of Caves, Yang-sheng Paradise, Ming Dynasty Entertainment World and FETV. Since 2008, we have entered various agreements for Yongtai Beixi and Jiezhukou Lake, Hua'an Tulou, and Yang-sheng Paradise. Our continuous business development plan is based on a further expansion of our tourism operation and acquisition of additional tourist attractions. There is inherent risks and uncertainties involved throughout these stages of development. There is no assurance that we will be successful in continuously expanding our media operations or acquiring additional tourist attractions, or that our strategies, even if implemented, will lead to the successful achievement of our objectives. If we are not able to successfully implement these further development strategies, our business operations and financial performance may be adversely affected.

Tourism is a competitive business which could adversely affect our financial performance.

We operate in a competitive environment and have to compete with other tourist destinations in order to attract visitors. In order to be successful in attracting visitors or customers we may be forced to lower prices or spend more money on advertising to continue to compete with our competitors. These competitive measures may result in lower net income.

Economic crisis or turmoil, or suppression on individual rights may cause a downturn in china's tourism industry.

A downturn in the world economic markets, or just the Chinese economy, may have a negative impact on our business. Consumers with a lack of disposable incomes may decide not to vacation or travel to our tourism destinations, which would negatively impact our business. Additionally, the perceived suppression of individual rights by the Chinese government may deter tourists from visiting China, which may cause a decline in visitors to our attraction.

Our business may be directly and indirectly affected by unfavorable weather conditions or natural disasters that reduce the visits of our resorts and destinations

Poor or unusual weather conditions, can significantly affect the visits of the tourists to our resorts and destinations. Insufficient levels of rain or drought can cause significant affect to our tourist destination. Temperatures outside normal ranges can also reduce tourists' volume. Natural calamities such as regional floods, hurricanes, earthquakes, tsunamis, or other storms, and droughts can have significant negative effects on our tourism business. In the second half of 2010, we had to close part of our tourist destination in Great Golden Lake due to flooding, as a result we had reduced revenue.

The slow recovery of the global economic crisis could affect the overall availability and cost of external financing for our operations.

The slow recovery of the global financial markets from the global economic crisis and turmoil may adversely impact our business, the business and financial condition of our customers and the business of potential investors from whom we expect to generate our potential sources of capital financing. Presently it is unclear to what extent the economic stimulus measures and other actions taken or contemplated by the Chinese governments and other governments throughout the world will mitigate the effects of the negative impact caused by the economic turmoil on our industry and other industries that affect our business. Although these conditions have not presently impaired our ability to access credit markets and finance our operations, the impact of the current crisis on our ability to obtain capital financing in the future, and the cost and terms of same, is unclear.

We have not yet contracted with local governments and may be unable to continue our land use rights from the government for our tourism development as we currently do which could negatively impact our ability to continue to operate our tourist destinations

Our business and our revenue depend on the operation of our tourist destinations, which in turn depends on our ability to acquire and continue to use land the land from the PRC government whether by lease or by land use right. We have obtained certain land use rights for Yunding Park, Yang-sheng Paradise, Ming Dynasty Entertainment World, and City of Caves. We currently have operated 3 tourist destinations: (i) Great Golden Lake, (ii) Yunding Park, and (iii) Hua'an Tulou. For the 3 operating tourist destinations, with the exception of the Yunding Park, we have not yet entered into contracts with local governments for the land-use rights for Great Golden Lake and Hua'an Tulou. With respect to the Yunding Park, our land use rights include 130,513 square meters for scenic views, hotels and restaurant and entertainment. The term is for 40 years beginning on August 9, 2010 and ending on August 9, 2050 for a total payment of 12,805,000RMB (or approximately $2,033,000). A copy of the State-Owned Land Use Rights Agreement is attached hereto as Exhibit 10.26. With respect to the Great Golden Lake and Tulou, we have obtained the management and operating rights on the land, although we have not obtained the land-use rights. It is not required to obtain the land-use rights in order to operate on the land. The Company's 3 new projects, Ming Dynasty Entertainment World, Yang-sheng Paradise and City of Caves are currently under construction. We have already obtained certain land use rights for these 3 new projects, and the Company will continue to obtain additional land-use rights under the agreements entered into with local governments for all of our properties.

Pursuant to PRC laws, the assignment of land-use rights is the responsibility of local government. The size, location, purpose of usage, term and other conditions under assignment of land use right shall be planned by local land administration departments in conjunction with a number of governmental administrative departments such as urban planning, construction and the housing administration. In addition, such plan shall be submitted to the proper authorities for approval according to authorizations granted and stipulated by PRC State Council. After that, the local land administration departments may implement the arrangements for the assignment of land use right. If, however, at any time the local governments seek to terminate our land-use rights, we may be unable to operate our tourist destinations and will be forced to close down our attractions.

The maximum term of land use right usually is decided by its purpose of usage, e.g. 70 years term of land for residence, 50 years term of land for industrial use, 40 years term of land for commerce, tourism and recreation, 50 years term of land for comprehensive purpose. Such term commonly will be decided by the government.

The process for obtaining the land-use right is lengthy and we have not completed it for any of the locations that we operate except for the land use rights that we obtained from Yongtai County Municipal Bureau of Land and Resources. Our agreements with the local PRC governments who have not yet granted us land-use rights does not set forth all details for assignment of land use right and most of the lands are subject to governmental internal procedure.

Although we believe that the local PRC government will not terminate our right to manage the land before we are able to obtain land-use agreements with each property, we cannot assure you that the local government will continue to honor the understandings that we have with each local PRC government. We are not able to own land in the PRC, we can only lease it from the PRC government. At the end of any land-use rights agreements with local PRC governments, the land will return to the government and we will not receive any reimbursement or reward.

If we are unsuccessful in obtaining land-use rights for each property, it is possible that the local PRC government may require us to leave the property and we would lose all rights to the construction, buildings and improvements we have made on the land. However, not having land-use rights does not prohibit us from operating our tourism destinations at those locations. We can still obtain the right to manage and operate on the land.

We may not be able to continually manage and operate our tourism development and the termination of revenue sharing agreements will negatively impact our financial conditions and revenues.

If the land use agreements are terminated, then we will have to cease our tourism business if we cannot renew the agreements. According to tourism development and revenue sharing agreement in respect to Great Golden Lake Resort, the agreement may be terminated before its expiration in case that (i) the purpose of contract is failed due to the material breach of defaulting party or (ii) the occurrence of force majeure. When any above events for termination occurs, the contractual parties shall terminate agreement through friendly negotiation or by initiating a legal proceeding. The termination of revenue sharing agreements will negatively impact our revenues and results of operations. We rely on ticket sales to pay off the loans on the property.

We depend on our key management personnel and the loss of their services could adversely affect our business.

We place substantial reliance upon the efforts and abilities of our executive officers, Mr. Minhua Chen, our Chairman and Chief Executive Officer and Ms. Yanling Fan, our Vice President of Operations. The loss of the services of any of our executive officers could have a material adverse effect on our business, operations, revenues or prospects. We do not maintain key man life insurance on the lives of these individuals. We may not be able to attract or retain qualified management on acceptable terms in the future due to the intense competition for qualified personnel in our industry and as a result, our business could be adversely affected.

We require various licenses to operate our business, and the loss of or failure to renew any or all of these licenses could require us to suspend some or all of our operations. Also, the loss or misappropriation of the corporate chops, seals, or other controlling non-tangible assets of our PRC subsidiaries might delay or disrupt our business and adversely affect our revenues.

In accordance with PRC laws and regulations, we are required to maintain various licenses in order to operate our business. The loss, suspension, or failure to renew our business licenses could require us to temporarily or permanently suspend some or all of our operations. We also keep the business licenses, corporate seal s, chops or other controlling nontangible assets under the Company's Administration Department. Our staff in the Administration Department are responsible to do the document recording and for the use of the corporate seals. The corporate seals and licenses can only be used based on management's written approval. If we lose the business license, corporate seal and other related documents, the Company may have to file with local government for re-issuance of such documents which could delay or disrupt our operations and adversely affect our revenues and profitability.

We may never pay any dividends to shareholders and we are a holding company that is dependent on receiving dividends or other distributions from our operating subsidiaries and variable interest entities, of which the operating subsidiaries are located in the PRC.

We have never paid any dividends. Our board of directors does not intend to distribute dividends in the near future. The declaration, payment and amount of any future dividends will be made at the discretion of the board of directors, and will depend upon, among other things, the results of our operations, cash flows and financial condition, operating and capital requirements, and other factors as the board of directors considers relevant. There is no assurance that future dividends will be paid, and, if dividends are paid, there is no assurance with respect to the amount of any such dividend.

We are a holding company and our operating subsidiaries and variable interest entity are entirely located and operate in the People's Republic of China. There are significant restrictions on dividends and distributions from companies located and operating in the People's Republic of China. Foreign exchange is regulated as well. The government needs to approve any dividends, payments or distributions to any offshore entity or company not located in the People's Republic of China. In the last two fiscal years, we have not received any dividends, payments or distributions from any subsidiary or VIE located or operating in the People's Republic of China.

We do not carry any business interruption insurance, product liability or recall insurance or third-party liability insurance.

Operation of our business and facilities involves many risks, including natural disasters, labor disturbances, business interruptions, property damage, personal injury and death. We do not carry any business interruption insurance or third-party liability insurance for our business to cover claims in respect of personal injury or property or environmental damage arising from accidents on our property or relating to our operations. Therefore, we may not have insurance coverage sufficient to cover all risks associated with our business. As a result, we may be required to pay for financial and other losses, damages and liabilities, including those caused by natural disasters and other events beyond our control, out of our own funds, which could have a material adverse effect on our business, financial condition and results of operations.

Management exercises significant control over matters requiring shareholder approval which may result in the delay or prevention of a change in our control.

Mr. Minhua Chen, our Chairman and Chief Executive Officer, through his common stock ownership, currently has voting power equal to approximately 28.81 % of our voting securities. Ms. Yanling Fan, our Vice President of Operations and the spouse of Mr. Minhua Chen, through her common stock ownership, currently has voting power equal to approximately 28.70 % of our voting securities. Mr. Minhua Chen and Ms. Yanling Fan are married and have combined voting power in our Company equal to approximately 57.51 % of our voting securities. As a result, management through such stock ownership exercises significant control over all matters requiring shareholder approval, including the election of directors and approval of significant corporate transactions. This concentration of ownership in management may also have the effect of delaying or preventing a change in control of us that may be otherwise viewed as beneficial by shareholders other than management.

We may incur significant costs to ensure compliance with United States corporate governance and accounting requirements.

We may incur significant costs associated with our public company reporting requirements, costs associated with newly applicable corporate governance requirements, including requirements under the Sarbanes-Oxley Act of 2002 and other rules implemented by the Securities and Exchange Commission. We expect all of these applicable rules and regulations to significantly increase our legal and financial compliance costs and to make some activities more time consuming and costly. We also expect that these applicable rules and regulations may make it more difficult and more expensive for us to obtain director and officer liability insurance and we may be required to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. As a result, it may be more difficult for us to attract and retain qualified individuals to serve on our board of directors or as executive officers. We are currently evaluating and monitoring developments with respect to these newly applicable rules, and we cannot predict or estimate the amount of additional costs we may incur or the timing of such costs. Even though we have been a reporting company since 1999, this risk applies to us because we completed a share exchange with Keenway Limited in 2007 whereby a Chinese operating company became our wholly owned subsidiary. This Chinese operating company is newly reporting and we are adjusting to the increased disclosure requirements for us to comply with corporate governance and accounting requirements.

In our experience, we expect to incur approximately $157,000 per year in additional costs to ensure compliance with all corporate governance and accounting requirements. These costs consist of: (i) internal control and U.S. GAAP reporting consulting services: $97,000 and (ii) Legal fees: $60,000.

If we fail to maintain an effective system of internal control over financial reporting, our ability to accurately and timely report our financial results or prevent fraud may be adversely affected and investor confidence and the market price of our common shares may be adversely impacted.

As directed by Section 404 of the Sarbanes-Oxley Act of 2002, or SOX 404, the Securities and Exchange Commission adopted rules requiring public companies to include a report of management on the company's internal controls over financial reporting in their annual reports, including Form 10-K. Our management may conclude that our internal controls over our financial reporting are not effective. If our management concludes that our internal controls over financial reporting are not effective, it might result in an adverse reaction in the financial marketplace due to a loss of investor confidence in the reliability of such financial statements.

On May 20, 2010, BDO Li Xin Da Hua was appointed as our independent auditors but never completed any interim review of our financial statements or issued any audit report on our financial statement disclosure, or auditing scope or procedure and subsequently resigned on August 8, 2010. The reason for BDO Li Xin Da Hua's resignation was that they identified that the Company lacked a good system of internal controls, such as inadequate documentation for certain transactions and lack of competent and well trained personnel to furnish U.S. GAAP based reporting documents to be filed.

We took a series of remediation measures plan to to cure the lacks of internal controls: Although we have rectified the lack of internal controls issue and hired external consultant as a measure to improve our internal controls and strengthen our financial reporting, it is possible that our current auditor may conclude that our controls over financial reporting are not effective which could result in an adverse reaction in the financial marketplace due to a loss of investor confidence in the reliability of such financial statements.

Material weaknesses in our internal controls and financial reporting and our lack of a chief financial officer with sufficient U.S. GAAP experience may limit our ability to prevent or detect financial misstatements or omissions. As a result, our financial reports may not be in compliance with U.S. GAAP. Any material weakness, misstatement or omission in our financial statements will negatively affect the market and the price of our stock which could result in significant loss to our investors.

None of the members of our current management has experience managing and operating a public company, and they rely in many instances on the professional experience and advice of third parties. While we are obligated to hire a qualified chief financial officer to enable us to satisfy our reporting obligations as a U.S. public company, we do not have a chief financial officer with any significant U.S. GAAP experience presently. Although we are actively seeking such a chief financial officer, qualified individuals are often difficult to find, or the individual may not have all of the qualifications that we require. Therefore, we may, in turn, experience "weakness" and potential problems in implementing and maintaining adequate internal controls as required under Section 404 of the "Sarbanes-Oxley" Act of 2002. This "weakness" also includes a deficiency, or combination of deficiencies, in internal controls over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis. If we fail to achieve and maintain the adequacy of our internal controls, as such requirements are modified, supplemented or amended from time to time, we may not be able to ensure that we can conclude on an ongoing basis that we have effective internal controls over financial reporting in accordance with Section 404 of the Sarbanes-Oxley Act of 2002. Moreover, effective internal controls, particularly those related to revenue recognition, are necessary for us to produce reliable financial reports and are important to help prevent financial fraud. If we cannot provide reliable financial reports or prevent fraud, our business and operating results could be harmed, investors could lose confidence in our reported financial information, and the trading price of our common stock, if a market ever develops, could drop significantly.

Pursuant to Section 404 of the Sarbanes-Oxley Act, we are required to include in our annual reports our assessment of the effectiveness of our internal control over financial reporting as of the end of our fiscal years. We have determined that our internal controls and procedures are not effective due to the lack of U.S. GAAP experience from our management.

We may have difficulty raising necessary capital to fund operations as a result of market price volatility for our shares of common stock.

In recent years, the securities markets in the United States have experienced a high level of price and volume volatility, and the market price of securities of many companies have experienced wide fluctuations that have not necessarily been related to the operations, performances, underlying asset values or prospects of such companies. For these reasons, our shares of common stock can also be expected to be subject to volatility resulting from purely market forces over which we will have no control. If our business development plans are successful, we may require additional financing to continue to develop and exploit existing and new products and services related to our industries and to expand into new markets. The exploitation of our services may, therefore, be dependent upon our ability to obtain financing through debt and equity or other means.

We have a contractual relationship with Fujian Jiaoguang which may be in non-compliance with PRC laws and does not provide the same operational control as a direct equity interest.

Our contractual relationship with Fujian Jiaoguang was structured as a contractual relationship as opposed to a direct equity interest in order to comply with PRC law. We have received a PRC legal counsel attesting that this structure is in compliance with the PRC law. However, the PRC law may be subject to change or the government may review the structure and determine that this contractual relationship is not in compliance with PRC laws and force the termination of this relationship. Additionally, the contractual relationship between us and Fujian Jiaoguang does not provide us with the same operational control as a direct equity interest. Therefore, we are subject to the risks associated with contractual rights as opposed to owning the company. Such risks could include breach of contract or failure to honor the terms of the contract. In the event that we are not unable to maintain effective control of this entity, we would not be able to continue to consolidate our financial results. However, these risks are mitigated by the fact that the shareholders of Fujian Jiaoguang are Chairman Minhua Chen and Ms. Yanling Fan who are also our majority shareholders.

Fujian Jiaoguang has transferred all its operations to our wholly-owned subsidiaries and no longer contributes any revenue to us. All the revenue we have realized from this entity is not realized directly from our wholly-owned subsidiary. Although Fujian Jiaoguang is no longer generating revenues, it continues to incur expenses to maintain its business status as a corporate entity. Fujiang Jiaoguang has current assets and liabilities because it is acting as an intercompany to transfer funds from and to the Company's directly-owned subsidiaries, which resulted in part of the intercompany receivables and payables. Fujian Jiaoguang is a variable interest entity subject to consolidation into the Company and fully controlled by the Company's management. Therefore, expenses incurred at Fujian Jiaoguang had been included in the Company's audited consolidated statement of income and comprehensive income. As a result of Fujian Jiaoguang being a variable interest entity instead of a directly owned subsidiary, you may face increased risks associated with the possession, security and control over the chops for this entity and control over the individuals who may have access to its bank accounts.

Risks Relating to the People's Republic of China

Substantially all of our operating assets are located in China and substantially all of our revenue will be derived from our operations in china so our business, results of operations and prospects are subject to the economic, political and legal policies, developments and conditions in china.

The PRC's economic, political and social conditions, as well as government policies, could impair our business. The PRC economy differs from the economies of most developed countries in many respects. China's GDP has grown consistently since 1978 (National Bureau of Statistics of China). However, we cannot assure you that such growth will be sustained in the future. If, in the future, China's economy experiences a downturn or grows at a slower rate than expected, there may be less demand for spending in certain industries. A decrease in demand for spending in certain industries could impair our ability to remain profitable. The PRC's economic growth has been uneven, both geographically and among various sectors of the economy. The PRC government has implemented various measures to encourage economic growth and guide the allocation of resources. Some of these measures benefit the overall PRC economy, but may have a negative effect on us. For example, our financial condition and results of operations may be hindered by PRC government control over capital investments or changes in tax regulations.

The PRC economy has been transitioning from a planned economy to a more market-oriented economy. Although in recent years the PRC government has implemented measures emphasizing the use of market forces for economic reform, the reduction of state ownership of productive assets and the establishment of sound corporate governance in business enterprises, a substantial portion of productive assets in China is still owned by the PRC government. In addition, the PRC government continues to play a significant role in regulating industry development by imposing industrial policies. It also exercises significant control over PRC economic growth through the allocation of resources, controlling payment of foreign currency-denominated obligations, setting monetary policy and providing preferential treatment to particular industries or companies.

There are significant uncertainties under the Draft Foreign Investment Law relating to the status of businesses in China controlled by foreign invested enterprises primarily through contractual arrangements, such as our business.

On January 19, 2015, MOFCOM published a draft of the PRC Law on Foreign Investment (Draft for Comment), or the Draft Foreign Investment Law, which is open for public comments until February 17, 2015. At the same time, MOFCOM published an accompanying explanatory note of the Draft Foreign Investment Law, or the Explanatory Note, which contains important information about the Draft Foreign Investment Law, including its drafting philosophy and principles, main content, plans to transition to the new legal regime and treatment of business in China controlled by foreign invested enterprises, or FIEs, primarily through contractual arrangements. The Draft FIL utilizes the concept of "actual control" for determining whether an entity is considered to be a foreign-invested enterprise, and defines "control" broadly to include, among other things, voting or board control through contractual arrangements.

The Draft Foreign Investment Law proposes significant changes to the PRC foreign investment legal regime and may have a material impact on Chinese companies listed or to be listed overseas. The proposed Draft Foreign Investment Law is to regulate FIEs the same way as PRC domestic entities, except for those FIEs that operate in industries deemed to be either "restricted" or "prohibited" in a "Negative List." Because the Negative List has yet to be published, it is unclear whether it will differ from the current list of industries subject to restrictions or prohibitions on foreign investment. The Draft Foreign Investment Law also provides that only FIEs operating in industries on the Negative List will require entry clearance and other approvals that are not required of PRC domestic entities. As a result of the entry clearance and approvals, certain FIE's operating in industries on the Negative List may not be able to continue to conduct their operations through contractual arrangements. It states that entities established in China but controlled by foreign investors will be treated as foreign-invested enterprises, while entities set up outside of China which are controlled by PRC persons or entities, would be treated as domestic enterprises after completion of market entry procedures.

There is substantial uncertainty regarding the Draft Foreign Investment Law, including, among others, what the actual content of the law will be as well as the adoption and effective date of the final form of the law. While such uncertainty exists, we cannot assure you that the new foreign investment law, when it is adopted and becomes effective, will not have a material and adverse effect on our ability to conduct our business through our contractual arrangements.

If the ministry of finance and commerce, or MOFCOM, China Securities Regulatory Commission, or CSRC, or another PRC regulatory agency, determines that MOFCOM and CSRC approval of our merger was required or if other regulatory obligations are imposed upon us, we may incur sanctions, penalties or additional costs which would damage our business.

On August 8, 2006, six PRC regulatory agencies, including the MOFCOM and the CSRC, promulgated the Rules on Acquisition of Domestic Enterprises by Foreign Investors, or the M&A Rules, regulations with respect to the mergers and acquisitions of domestic enterprises by foreign investors that became effective on September 8, 2006. Article 11 of the M&A Rules requires PRC companies, enterprises or natural persons to obtain MOFCOM approval in order to effectuate mergers or acquisitions between PRC companies and foreign companies legally established or controlled by such PRC companies, enterprises or natural persons. Article 40 of the M&A Rules requires that an offshore special purpose vehicle formed for overseas listing purposes and controlled directly or indirectly by PRC companies or individuals should obtain the approval of the CSRC prior to the listing and trading of such offshore special purpose vehicle's securities on an overseas stock exchange, especially in the event that the offshore special purpose vehicle acquires shares of or equity interests in the PRC companies in exchange for the shares of offshore companies. On September 21, 2006, the CSRC published on its official website procedures and filing requirements for offshore special purpose vehicles seeking CSRC approval of their overseas listings.

On November 19, 2007, we completed a merger transaction pursuant to a share exchange and stock purchase agreement, which resulted in our current ownership and corporate structure. We believe, based on the opinion of our PRC legal counsel, Allbright Law Offices, that MOFCOM and CSRC approvals were not required for our merger transaction or for the listing and trading of our securities on a trading market because we are not an offshore special purpose vehicle that is directly or indirectly controlled by PRC companies or individuals. Although the merger and acquisition regulations provide specific requirements and procedures, there are still many ambiguities in the meaning of many provisions. Further regulations are anticipated in the future, but until there has been clarification either by pronouncements, regulation or practice, there is some uncertainty in the scope of the regulations and the regulators have wide latitude in the enforcement of the regulations and approval of transactions. If the MOFCOM, CSRC or another PRC regulatory agency subsequently determines that the MOFCOM and CSRC approvals were required, we may face sanctions by the MOFCOM, CSRC or another PRC regulatory agency. If this happens, these regulatory agencies may impose fines and penalties on our operations in China, limit our operating privileges in China, delay or restrict the repatriation of proceeds into China, restrict or prohibit payment or remittance of dividends paid by Fujian Jintai Tourism, or take other actions that could damage our business, financial condition, results of operations, reputation and prospects, as well as the trading price of our securities. It is uncertain at this time to determine what, if any, fines or penalties would be imposed for failure to obtain the necessary approvals because Circular 10 does not expressly provide any provision with respect to fines or penalties and there has been no information provided or published precedent established to indicate what the fines or penalties would be.

Circular 10 mainly governs the foreign investors acquisition and merger of Chinese domestic enterprises, including (a) the acquisition of the equities of PRC domestic non-foreign funded enterprises by foreign investors; (b) the subscription of the increased capital of a PRC domestic company by foreign investors; and (c) the incorporation of a foreign-funded enterprise by foreign investors by purchasing the operating assets of a PRC domestic enterprise. We do not believe that Circular 10 is applicable to us because: (i) Fujian Jintai Tourism was incorporated as foreign-funded enterprise on October 19, 2011, with the approval of local Department of Commerce and Administration for Industry and Commerce. There was no acquisition of the equities or assets of a "PRC domestic company" as such term is defined under the new M&A Rules; (ii) Both Fujian Jintai Tourism and Hong Kong Yi Tat were incorporated prior to the implementation of Circular 10; (iii) Hong Kong Yi Tat was incorporated for the purpose of operating or holding the equity of Fujian Jintai Tourism; (iv) there is no provision in Circular 10 that clearly classifies contractual arrangements as a type of transaction subject to regulation; and (v) CSRC currently has not issued any definitive rule or interpretation concerning whether overseas share exchange like the Company's are subject to this regulation.

The M&A Regulations establish more complex procedures for some acquisitions of Chinese companies by foreign investors, which could make it more difficult for us to pursue growth through acquisition in China.

The M&A Regulations establish additional procedures and requirements that could make some acquisitions of PRC companies by foreign investors, such as ours, more time-consuming and complex, including requirements in some instances that the approval of the Ministry of Commerce shall be required for transactions involving the shares of an offshore listed company being used as the acquisition consideration by foreign investors. In the future, we may grow our business in part by acquiring complementary businesses. Complying with the requirements of the M&A Regulations to complete such transactions could be time-consuming, and any required approval processes, including obtaining approval from the Ministry of Commerce, may delay or inhibit our ability to complete such transactions, which could affect our ability to expand our business or maintain our market share.

If the PRC imposes restrictions designed to reduce inflation, future economic growth in the PRC could be severely curtailed which could hurt our business and profitability.

While the economy of the PRC has experienced rapid growth, this growth has been uneven among various sectors of the economy and in different geographical areas of the country. Rapid economic growth often can lead to growth in the supply of money and rising inflation. In order to control inflation in the past, the PRC has imposed controls on bank credits, limits on loans for fixed assets and restrictions on state bank lending. Imposition of similar restrictions may lead to a slowing of economic growth, a decrease in travel among the population and less visitors to our tourist attractions.

Fluctuations in exchange rates could harm our business and the value of our securities.

The value of our ordinary shares will be indirectly affected by the foreign exchange rate between U.S. dollars and RMB and between those currencies and other currencies in which our sales may be denominated. Because substantially all of our earnings and cash assets are denominated in RMB, fluctuations in the exchange rate between the U.S. dollar and the RMB will affect the relative purchasing power of these proceeds, our balance sheet and our earnings per share in U.S. dollars. In addition, appreciation or depreciation in the value of the RMB relative to the U.S. dollar would affect our financial results reported in U.S. dollar terms without giving effect to any underlying change in our business or results of operations. Fluctuations in the exchange rate will also affect the relative value of any dividend we issue that will be exchanged into U.S. dollars as well as earnings from, and the value of, any U.S. dollar-denominated investments we make in the future. Since July 2005, the RMB has not been pegged to the U.S. dollar. Although the People's Bank of China regularly intervenes in the foreign exchange market to prevent significant short-term fluctuations in the exchange rate, the RMB may appreciate or depreciate significantly in value against the U.S. dollar in the medium to long term. Moreover, it is possible that in the future PRC authorities may lift restrictions on fluctuations in the RMB exchange rate and lessen intervention in the foreign exchange market.

Very limited hedging transactions are available in China to reduce our exposure to exchange rate fluctuations. To date, we have not entered into any hedging transactions. While we may enter into hedging transactions in the future, the availability and effectiveness of these transactions may be limited, and we may not be able to successfully hedge our exposure at all. In addition, our foreign currency exchange losses may be magnified by PRC exchange control regulations that restrict our ability to convert RMB into foreign currencies.

Exchange controls that exist in the PRC may limit our ability to utilize our cash flow effectively.

We are subject to the PRC's rules and regulations on currency conversion. In the PRC, the State Administration for Foreign Exchange, or SAFE, regulates the conversion between Renminbi and foreign currencies. Currently, foreign investment enterprises, or FIEs, are required to apply to the SAFE for "Foreign Exchange Registration Certificates for FIEs." As a result of our ownership of Fujian Jintai Tourism, Fujian Jintai Tourism is a FIE and is only able to use the proceeds from any foreign currency-dominated capital for the daily operation of the subsidiary and for the construction of the tourism destinations or for the purpose that is described on the loan agreement documentation. With such registration certificates, which need to be renewed annually, FIEs are allowed to open foreign currency accounts including a "current account" and "capital account." Currency conversion within the scope of the "current account," such as remittance of foreign currencies for payment of dividends, can be effected without requiring the approval of the SAFE. However, conversion of currency in the "capital account," including capital items such as direct foreign investment, loans and securities, still require approval of the SAFE. Further, any capital contributions to Fujian Jintai Tourism by its offshore shareholder must be approved by the Ministry of Commerce in China or its local counterpart. We have obtained such approval but cannot assure you that the PRC regulatory authorities will not impose further restrictions on the convertibility of the Renminbi or revoke our government approval at any time in the future. Any future restrictions on currency exchanges may limit our ability to use our cash flow for the distribution of dividends to our shareholders or to fund operations it may have outside of the PRC.

In August 2008, SAFE promulgated Circular 142, a notice regulating the conversion by FIEs of foreign currency into Renminbi by restricting how the converted Renminbi may be used. Circular 142 requires that Renminbi converted from the foreign currency-dominated capital of a FIE may only be used for purposes within the business scope approved by the applicable government authority and may not be used for equity investments within the PRC unless specifically provided for otherwise. In addition, SAFE strengthened its oversight over the flow and use of Renminbi funds converted from the foreign currency-dominated capital of a FIE. The use of such Renminbi may not be changed without approval from SAFE, and may not be used to repay Renminbi loans if the proceeds of such loans have not yet been used. Violations of Circular 142 may result in severe penalties, including substantial fines as set forth in the SAFE rules. Accordingly, Fujian Jintai Tourism is only able to use the proceeds from any foreign currency-dominated capital for the daily operation of the subsidiary and for the construction of the tourism destinations or for the purpose that is described on the loan agreement documentation.

PRC regulation of loans and direct investment by offshore holding companies to PRC entities may delay or prevent us from using the cash flows to make loans or additional capital contribution to our PRC operating subsidiaries, which could materially and adversely affect our liquidity and our ability to fund and expand our business.

In utilizing our cash flow, we are permitted under PRC laws and regulations to provide funding to the PRC subsidiaries only through loans or capital contributions, and to our affiliated PRC entities only through loans, in each case subject to satisfaction of applicable government registration and approval requirements. We cannot assure you that we will be able to obtain these government registrations or approvals on a timely basis, if at all. In the event that we are prevented from using the funds to fund the operation of our PRC subsidiaries, we will use our best efforts to obtain the required approvals, however, we may not be able to utilize the funds in the event that the PRC laws and regulations do not permit it.

In utilizing our cash flow, we, as an offshore holding company of our PRC operating subsidiaries, may use the cash flow to make loans to our PRC subsidiaries, or make additional capital contributions to our PRC subsidiaries. Any loans to our PRC subsidiaries are subject to PRC regulations and approvals. For example, loans by us to finance the activities of our PRC subsidiary, which is a foreign-invested enterprise, cannot exceed statutory limits and must be registered with SAFE or its local counterpart, and the accumulative amount of foreign currency loans will not exceed the difference between the total investment and the registered capital of our PRC subsidiary, which is a foreign-invested enterprise.

We may also decide to finance our PRC subsidiary by means of capital contributions. Any additional capital contributions to our PRC subsidiaries, which are foreign-invested enterprises, must be approved by the MOFCOM.

We cannot assure you that we can obtain the necessary government registrations or approvals on a timely basis, if at all, with respect to future loans or capital contributions by us to our PRC subsidiaries.

Regulations relating to offshore investment activities by PRC residents may limit our ability to acquire PRC companies and could adversely affect our business.

In July 2014, SAFE promulgated the *Circular on Issues Concerning Foreign Exchange Administration Over the Overseas Investment and Financing and Roundtrip Investment by Domestic Residents Via Special Purpose Vehicles*, or Circular 37, which replaced Relevant *Issues Concerning Foreign Exchange Control on Domestic Residents' Corporate Financing and Roundtrip Investment through Offshore Special Purpose Vehicles*, or Circular 75. Circular 37 requires PRC residents to register with local branches of SAFE in connection with their direct establishment or indirect control of an offshore entity, referred to in Circular 37 as a "special purpose vehicle" for the purpose of holding domestic or offshore assets or interests. Circular 37 further requires amendment to a PRC resident's registration in the event of any significant changes with respect to the special purpose vehicle, such as an increase or decrease in the capital contributed by PRC individuals, share transfer or exchange, merger, division or other material event. Under these regulations, PRC residents' failure to comply with specified registration procedures may result in restrictions being imposed on the foreign exchange activities of the relevant PRC entity, including the payment of dividends and other distributions to its offshore parent, as well as restrictions on capital inflows from the offshore entity to the PRC entity, including restrictions on its ability to contribute additional capital to its PRC subsidiaries. Further, failure to comply with the SAFE registration requirements could result in penalties under PRC law for evasion of foreign exchange regulations.

As Circular 37 is newly-issued, it is unclear how these regulations will be interpreted and implemented. In addition, different local SAFE branches may have different views and procedures as to the interpretation and implementation of the SAFE regulations, and it may be difficult for our ultimate shareholders or beneficial owners who are PRC residents to provide sufficient supporting documents required by the SAFE or to complete the required registration with the SAFE in a timely manner, or at all. Any failure by any of our shareholders who is a PRC resident, or is controlled by a PRC resident, to comply with relevant requirements under these regulations could subject us to fines or sanctions imposed by the PRC government, including restrictions on WFOE's ability to pay dividends or make distributions to us and on our ability to increase our investment in the WFOE.

Requirement of statutory reserve of certain amount of our net income pursuant to PRC regulation may further restrict our PRC subsidiaries and variable interest entity's ability to distribute profits to us and have a material adverse effect on our ability to conduct our business.

Under PRC laws and regulations, our subsidiaries in China, as wholly foreign-owned enterprises, are respectively required to set aside at least 10% of their accumulated after-tax profits each year, if any, to fund certain statutory reserve funds, until the aggregate amount of fund set aside reaches 50% of the registered capital of each of the entities. These reserve funds are not distributable as cash dividends. It is unclear that if and what fine or penalties that a company may be subject to as a result of noncompliance of such requirement. As of December 31, 2013, each of our subsidiaries subject to the statutory reserve requirement has set aside 50% of its registered capital of the subsidiaries. Such statutory requirement could limit our subsidiaries and variable interest entity ability to pay dividends or make other distributions to us and could materially and adversely limit our ability to grow that could be beneficial to our business, or otherwise fund and conduct our business.

Fujian Yida Travel Service Co., Ltd. was formed on June 24, 2011 and there was a capital contribution made of 10 million RMB (approximately $1,570,000) which is 100% of its registered capital. No portion of this capital contribution was used to fund its statutory reserve fund because there is no need for Fujian Yida Travel Service Co., Ltd. to allocate any statutory reserve fund until it realizes a profit.

Any outbreak of widespread public health problem in the PRC could adversely affect our operations.

There have been recent outbreaks of contagious disease such as bird flu (avian influenza), caused by the H7N9 virus, in certain parts of China, where all of our facilities are located and where all of our sales occur. Our business is dependent upon our ability to attract a large volume of visitors to our tourism destinations, and an outbreak of widespread public health problem in China, could have a negative effect on our operations. Any such outbreak could have an impact on our operations as a result of:

- quarantines or closures of our tourist destinations
- the sickness or death of our key officers and employees, and
- a general slowdown in the Chinese economy.

Any of the foregoing events or other unforeseen consequences of public health problems could adversely affect our operations.

Because Chinese law governs many of our material agreements, we may not be able to enforce our rights within the PRC or elsewhere, which could result in a significant loss of business, business opportunities or capital.

Chinese law governs many of our material agreements, some of which may be with Chinese governmental agencies. We cannot assure you that we will be able to enforce any of our material agreements or that remedies will be available outside of the PRC. The system of laws and the enforcement of existing laws and contracts in the PRC may not be as certain in implementation and interpretation as in the United States. The Chinese judiciary is relatively inexperienced in enforcing corporate and commercial law, leading to a higher than usual degree of uncertainty as to the outcome of any litigation. The inability to enforce or obtain a remedy under any of our future agreements could result in a significant loss of business, business opportunities or capital.

Because our funds are held in banks in uninsured PRC bank accounts, the failure of any bank in which we deposit our funds could affect our ability to continue in business.

Funds on deposit at banks and other financial institutions in the PRC are often uninsured. A significant portion of our assets are in the form of cash deposited with banks in the PRC, and in the event of a bank failure, we may not have access to our funds on deposit. Depending upon the amount of money we maintain in a bank that fails, our inability to have access to our cash could impair our operations, and, if we are not able to access funds to pay our suppliers, employees and other creditors, we may be unable to continue in business.

Our business could be severely harmed if the Chinese government changes its policies, laws, regulations, tax structure or its current interpretations of its laws, rules and regulations relating to our operations in china.

Our business is located in Fujian, China and virtually all of our assets are located in China. We generate our sales revenue only from customers located in China. Our results of operations, financial state of affairs and future growth are, to a significant degree, subject to China's economic, political and legal development and related uncertainties. Our operations and results could be materially affected by a number of factors, including, but not limited to

- Changes in policies by the Chinese government resulting in changes in laws or regulations or the interpretation of laws or regulations,
- changes in taxation,
- changes in employment restrictions,
- import duties, and
- currency revaluation.

Over the past several years, the Chinese government has pursued economic reform policies including the encouragement of private economic activities and greater economic decentralization. If the Chinese government does not continue to pursue its present policies that encourage foreign investment and operations in China, or if these policies are either not successful or are significantly altered, then our business could be harmed. Following the Chinese government's policy of privatizing many state-owned enterprises, the Chinese government has attempted to augment its revenues through increased tax collection. It also exercises significant control over China's economic growth through the allocation of resources, controlling payment of foreign currency-denominated obligations, setting monetary policy and providing preferential treatment to particular industries or companies. Continued efforts to increase tax revenues could result in increased taxation expenses being incurred by us. Economic development may be limited as well by the imposition of austerity measures intended to reduce inflation, the inadequate development of infrastructure and the potential unavailability of adequate power and water supplies, transportation and communications. In addition, the Chinese government continues to play a significant role in regulating industry by imposing industrial policies.

The Chinese laws and regulations which govern our current business operations are sometimes vague and uncertain and may be changed in a way that hurts our business.

China's legal system is a civil law system based on written statutes, in which system decided legal cases have little value as precedents, unlike the common law system prevalent in the United States. There are substantial uncertainties regarding the interpretation and application of Chinese laws and regulations, including but not limited to the laws and regulations governing our business, or the enforcement and performance of our arrangements with customers in the event of the imposition of statutory liens, death, bankruptcy and criminal proceedings. The Chinese government has been developing a comprehensive system of commercial laws, and considerable progress has been made in introducing laws and regulations dealing with economic matters such as foreign investment, corporate organization and governance, commerce, taxation and trade. However, because these laws and regulations are relatively new, and because of the limited volume of published cases and judicial interpretation and their lack of force as precedents, interpretation and enforcement of these laws and regulations involve significant uncertainties. New laws and regulations that affect existing and proposed future businesses may also be applied retroactively. We are considered an FIE under Chinese laws, and as a result, we must comply with Chinese laws and regulations. We cannot predict what effect the interpretation of existing or new Chinese laws or regulations may have on our business. If the relevant authorities find us to be in violation of Chinese laws or regulations, they would have broad discretion in dealing with such a violation, including, without limitation: levying fines; revoking our business and other licenses; requiring that we restructure our ownership or operations; and requiring that we discontinue any portion or all of our business.

A slowdown or other adverse developments in the Chinese economy may materially and adversely affect our customers' demand for our services and our business.

All of our operations are conducted in China and all of our revenues are generated from sales to businesses operating in China. Although the Chinese economy has grown significantly in recent years, such growth may not continue. We do not know how sensitive we are to a slowdown in economic growth or other adverse changes in Chinese economy which may affect demand for precision steel products. A slowdown in overall economic growth, an economic downturn or recession or other adverse economic developments in China may materially reduce the demand for our services and in turn reduce our results of operations.

Failure to comply with the U.S. foreign corrupt practices act and Chinese anti-corruption laws could subject us to penalties and other adverse consequences.

Our executive officers, employees and other agents may violate applicable law in connection with the marketing or sale of our products, including China's anti-corruption laws and the U.S. Foreign Corrupt Practices Act, or the FCPA, which generally prohibits United States companies from engaging in bribery or other prohibited payments to foreign officials for the purpose of obtaining or retaining business. In addition, we are required to maintain records that accurately and fairly represent our transactions and have an adequate system of internal accounting controls. Foreign companies, including some that may compete with us, are not subject to these prohibitions, and therefore may have a competitive advantage over us. The PRC also strictly prohibits bribery of government officials. However, corruption, extortion, bribery, pay-offs, theft and other fraudulent practices occur from time-to-time in the PRC.

While we intend to implement measures to ensure compliance with the FCPA and Chinese anti-corruption laws by all individuals involved with our company, our employees or other agents may engage in such conduct for which we might be held responsible. If our employees or other agents are found to have engaged in such practices, we could suffer severe penalties and other consequences that may have a material adverse effect on our business, financial condition and results of operations. In addition, our brand and reputation, our sales activities or the price of our ordinary shares could be adversely affected if we become the target of any negative publicity as a result of actions taken by our employees or other agents.

We have not had, and do not intend to have, any current or historic experience with non-compliance with FCPA or Chinese anti-corruption laws.

The implementation of the PRC labor contract law and increases in the labor costs in china may hurt our business and profitability.

Implementation of a labor contract law, effective January 1, 2008, imposed more stringent requirements on employers in relation to entry into fixed-term labort contracts, recruitment of temporary employees and dismissal of employees. In addition, under the then-promulgated Regulations on Paid Annual Leave for Employees, which also became effective on January 1, 2008, employees who worked continuously for more than one year are entitled to paid vacation ranging from 5 to 15 days, depending on the length of the employee's service. Employees who waive such vacation entitlements at the request of the employer will be compensated for three times their normal daily salaries for each vacation day so waived. As a result of the new law and regulations, our labor costs may increase. There is no assurance that disputes, work stoppages or strikes will not arise in the future. Increases in the labor costs or future disputes with our employees could damage our business, financial condition or operating results.

Under the current EIT Law, China Yida and Hong Kong Yi Tat may be classified as "resident enterprises" of China, which may subject China Yida and Hong Kong Yi Tat to PRC income tax on their taxable global income.

China passed an Enterprise Income Tax Law, or the EIT Law, and its implementation regulations, both of which became effective on January 1, 2008. Under the EIT Law, an enterprise established outside of China with "de facto management bodies" within China is considered a "resident enterprise," meaning that it can be treated in a manner similar to a Chinese domestic enterprise for enterprise income tax purposes. The implementing rules of the EIT Law define de facto management as "substantial and overall management and control over the production and operations, personnel, accounting, and properties" of the enterprise. On April 22, 2009, the State Administration of Taxation issued the Notice Concerning Relevant Issues Regarding Cognizance of Chinese Investment Controlled Enterprises Incorporated Offshore as Resident Enterprises pursuant to Criteria of de facto Management Bodies, or the Notice, further interpreting the application of the EIT Law and its implementation with respect to non-Chinese enterprises or group controlled offshore entities. Pursuant to the Notice, an enterprise incorporated in an offshore jurisdiction and controlled by a Chinese enterprise or group will be classified as a "non-domestically incorporated resident enterprise" if (i) its senior management in charge of daily operations reside or perform their duties mainly in China; (ii) its financial or personnel decisions are made or approved by bodies or persons in China; (iii) substantial assets and properties, accounting books, corporate chops, board and shareholder minutes are kept in China; and (iv) at least half of its directors with voting rights or senior management often resident in China. A resident enterprise would be generally subject to the uniform 25% enterprise income tax rate as to its worldwide income. Although the Notice is directly applicable to enterprises registered in an offshore jurisdiction and controlled by Chinese domestic enterprises or groups, it is uncertain whether the PRC tax authorities will make reference to the Notice when determining the resident status of other offshore companies, such as Fujian Jin Tai. Since substantially all of our management is currently based in China, it is likely we may be treated as a Chinese resident enterprise for enterprise income tax purposes. The tax consequences of such treatment are currently unclear, as they will depend on how local tax authorities apply or enforce the EIT Law or the implementation regulations.

In addition, under the EIT Law and implementation regulations, PRC income tax at the rate of 10% is applicable to dividends payable to investors that are "non-resident enterprises" (and that do not have an establishment or place of business in the PRC, or that have such establishment or place of business but the relevant income is not effectively connected with the establishment or place of business) to the extent that such dividends have their source within the PRC unless there is an applicable tax treaty between the PRC and the jurisdiction in which an overseas holder resides which reduces or exempts the relevant tax. Similarly, any gain realized on the transfer of shares by such investors is also subject to the 10% PRC income tax if such gain is regarded as income derived from sources within the PRC.

If we are considered a PRC "resident enterprise", it is unclear whether the dividends we pay with respect to our shares, or the gain you may realize from the transfer of our shares, would be treated as income derived from sources within the PRC and be subject to PRC tax. If we are required under the EIT Law to withhold PRC income tax on our dividends payable to our foreign shareholders, or if you are required to pay PRC income tax on the transfer of your shares, the value of your investment in our shares may be materially and adversely affected.

Risks Related to Our Common Stock

If our common stock were delisted and determined to be a "penny stock," a broker-dealer may find it more difficult to trade our common stock and an investor may find it more difficult to acquire or dispose of our common stock in the secondary market.

If our common stock were removed from listing with the NASDAQ, it may be subject to the so-called "penny stock" rules. The SEC has adopted regulations that define a "penny stock" to be any equity security that has a market price per share of less than $5.00, subject to certain exceptions, such as any securities listed on a national securities exchange. For any transaction involving a "penny stock," unless exempt, the rules impose additional sales practice requirements on broker-dealers, subject to certain exceptions. If our common stock were delisted and determined to be a "penny stock," a broker-dealer may find it more difficult to trade our common stock and an investor may find it more difficult to acquire or dispose of our common stock on the secondary market. Investors in penny stocks should be prepared for the possibility that they may lose their whole investment.

Our failure to meet the listing requirements of the Nasdaq Capital Market could result in a de-listing of our common stock.

If after listing we fail to satisfy the continued listing requirements of the NASDAQ Capital Market, such as the corporate governance requirements and the minimum closing bid price requirement, NASDAQ may take steps to de-list our common stock, which could impair your ability to sell or purchase our common stock when you wish to do so. In the event of a de-listing, we would take actions to restore our compliance with NASDAQ's listing requirements, but we can provide no assurance that any such action taken by us would allow our common stock to become listed again, stabilize the market price or improve the liquidity of our common stock, prevent our common stock from dropping below the NASDAQ minimum bid price requirement or prevent future non-compliance with NASDAQ's listing requirements.

Our common stock is subject to price volatility unrelated to our operations.

The market price of our common stock could fluctuate substantially due to a variety of factors, including market perception of our ability to achieve our planned growth, quarterly operating results of other companies in the same industry, trading volume in our common stock, changes in general conditions in the economy and the financial markets or other developments affecting our competitors or us. In addition, the stock market is subject to extreme price and volume fluctuations. This volatility has had a significant effect on the market price of securities issued by many companies for reasons unrelated to their operating performance and could have the same effect on our common stock.

ITEM 1B. UNRESOLVED STAFF COMMENTS.

Not applicable.

ITEM 2. PROPERTIES.

Our principal executive offices are located at 28/F, Yifa Building, No.111, Wusi Road, Fuzhou, Fujian Province, PRC. The office space is approximately 800 square meters in area. The lease renews annually at an annual rate of approximately $8,800, which is the market rate in that area.

We currently operate and manage four tourist destinations , including "City of Caves," "Yang-sheng Paradise," "Hua'an Tulou Cluster" and "Yunding Park." Summaries of their respective location are as follows:

- City of Caves project is located in Fengyi County, west of Xinyu City.
- The Yang-sheng Paradise project is located approximately two (2) kilometers from Zhangshu's downtown, and within one hour travel from the adjacent airport of Nanchang, the capital city of Jiangxi Province. The Jiangxi Province Zhangshu City Yang-sheng Tourism Development Project Investment Agreement refers to our ability to obtain land use rights for approximately 3,000 mu through a public listing transaction which means that the local government will submit our land use proposal along with our plan and project to the Department of Land Reserve for a public listing with China Yida as the only participant. Upon approval, we will be able to obtain the land-use rights. Additional 3,000 mu that is not subject to this land-use right will be leased from the local government which will give us management rights of the land The Company has obtained approximately 130 acres of land use rights for the Yang-sheng Paradise project and is in the process of obtaining additional land use rights.
- Hua'an Tulou is approximately one hour and half drive away from Xiamen City, Fujian Province.
- Yunding Park is approximately thirty (30) km from Fuzhou, the capital city of Fujian Province.

As of December 31, 2015, summaries and analysis of the property rights of each tourist destination are as follows:

	Land Use Rights	Management Rights
City of Caves	Yes-approximately 10 acres, we are in the process of obtaining more land use right	Yes
Yang-sheng Paradise	Yes – approximately 132 acres. We are in the process of obtaining more land use right.	Yes
Hua'an Tulou	No.	Yes
Yunding Park	Yes - approximately 32 acres	Yes

Through the agreements, we are entitled to obtain land-use rights of approximately 2,026 acres for our Yang-sheng Paradise, Yunding Park, and City of Caves destinations. By the end of 2015, we obtained a total of approximately 32 acres of land use rights (no ownership) for Yunding Park and 132 acres of land use rights (no ownership) for Yang-sheng Paradise. We expect to be able to obtain all the rights within three years. The cost of the land will vary depending on the location. We expect the cost of the land to be between RMB 20,000 and RMB 600,000 per Mu which is equal to $515 and $15,444 per acre. The large discrepancy in price is because land prices vary depending on the description of the land. Typically, residential land is valued highest and the industrial land is the cheapest. We will try to obtain the land at the most favorable price by classifying the land as for industrial use or commercial use, when possible. However, it is uncertain as to how the PRC government will classify the land.

Land bidding process is usually as follows: the government releases the notice of listed land transfer, announcing such information as the proposed land transfer situation, bidding qualifications and application materials; each bidder is required to pay the deposit and submit bidding application materials which will be reviewed and compared by the government; and finally the government will select the most competitive bidder to confirm the land transaction and sign a "state-owned land use rights transfer contract." The local governments will refund the deposit after submitting the relatively land documents to governments.

It is anticipated that we will have the land use rights for the tourism property for forty (40) years from the date of acquisition. Even though the application has been submitted to the local government and land authority, the processing time is uncertain. We will provide disclosure once we have officially obtained the land use rights from the local government authorities.

We do not need to obtain the land use rights to manage the Golden Lake, Tulou and Yunding Park. As to Yang-Sheng Paradise and the City of Caves, we started the road construction toward the tourist sites, but have not started the site construction. We do not need to obtain the land use rights to Yang-Sheng Paradise, the City of Caves before we can proceed with our site construction. We anticipate our grand opening for these destinations will occur by the 3rd quarter of 2014 but we do not anticipate that we will have the land-use rights at that time.

Fenyi Yida has made advance payments of $380,000 to the local government of Fenyi County for the acquisition of land use rights relatives to the City of Caves tourist destination. The land-use rights the company obtained from Fenyi belonged to the local farmers. Pursuant to relevant PRC regulations, Fenyi government should compensate the local farmers before issuing the land use rights to the company, these compensations are part of the Company's land expenditure. Fenyi government is willing to reimburse this part of land expenditure for the Company, but the reimbursement procedure takes very long time. Therefore, the Company decided to compensate the local farmers for the Fenyi government first in order to speed up the process of land use rights. The Company did not enter any agreement with Fenyi government about the compensation prepayment. Fenyi government orally agrees to repay the Company by installment. The local government has already reimbursed compensations prepayment to the Company in full by December 31, 2013.

There is no law or regulation stating that we do not need land use rights before commencing construction on these projects. However, in practice, because we have the management rights to these destinations, we are not required to obtain land certificates before commencing construction. The management rights entitle us the right to develop the project and to receive any profits generated from the construction. However, we do not have ownership to the construction because we do not have the land use rights. The Company is under procedure to obtain its land use right. If we eventually fail to obtain land use right, we may fail to obtain ownership to the construction, buildings and improvements we make on the land if it proceed with the construction before obtaining land-use rights.

We do not need to obtain the land-use rights for the relevant properties to manage the Golden Lake, Tulou and Yunding Park locations because the local PRC governments allow us to operate and manage the property without having the land-use rights. We expect to apply for the land-use rights but at the present time only have management rights of the properties. In general, the land use right is an exclusive property right granted under PRC Property law, pursuant to which a company has right to develop the land, for example, build a restaurant and hotel, etc., while the management rights are granted under the specific agreement, we only have the rights to manage the destinations, cannot rent the land or build any construction building on the land without local government's approval.

ITEM 3. LEGAL PROCEEDINGS.

Currently, we know of no material, active, pending or threatened proceeding against us, or our subsidiaries, nor are we involved as a plaintiff in any material proceeding or pending litigation.

ITEM 4. MINE SAFETY DISCLOSURES.

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES.

Market Information

Our common stock is listed on the NASDAQ Capital Market exchange under the symbol "CNYD." The table below sets forth the high and low sales prices for our common stock for the period indicated as reported on the NASDAQ Capital Market.

	Common Stock Market Price	
Financial Quarter Ended	**High ($)**	**Low ($)**
December 31, 2015	3.20	2.21
September 30, 2015	3.33	2.95
June 30, 2015	4.50	2.16
March 31, 2015	2.63	1.92
December 31, 2014	3.05	2.22
September 30, 2014	4.20	3.03
June 30, 2014	4.24	2.67
March 31, 2014	7.24	3.13

Holders

At March 30, 2016, there were approximately 270 shareholders of record of our common stock. This does not reflect the number of persons or entities who held stock in nominee or "street" name through various brokerage firms.

Holders of common stock do not have cumulative voting rights. Therefore, holders of a majority of the shares of common stock voting for the election of directors can elect all of the directors. Holders of our common stock representing a majority of the voting power of our capital stock issued and outstanding and entitled to vote, represented in person or by proxy, are necessary to constitute a quorum at any meeting of our stockholders. A vote by the holders of a majority of our outstanding shares is required to effectuate certain fundamental corporate changes such as liquidation, merger or an amendment to our Articles of Incorporation.

Although there are no provisions in our charter or by-laws that may delay, defer or prevent a change in control, we are authorized, without shareholder approval, to issue shares of preferred stock that may contain rights or restrictions that could have this effect.

Holders of common stock are entitled to share in all dividends that the board of directors, in its discretion, declares from legally available funds. In the event of liquidation, dissolution or winding up, each outstanding share entitles its holder to participate pro rata in all assets that remain after payment of liabilities and after providing for each class of stock, if any, having preference over the common stock. Holders of our common stock have no pre-emptive rights, no conversion rights and there are no redemption provisions applicable to our common stock.

Dividends

There are no restrictions in our articles of incorporation or bylaws that prevent us from declaring dividends. The Delaware General Corporation Law, however, does prohibit us from declaring dividends where, after giving effect to the distribution of the dividend:

1. We would not be able to pay our debts as they become due in the usual course of business; or
2. Our total assets would be less than the sum of our total liabilities plus the amount that would be needed to satisfy the rights of shareholders who have preferential rights superior to those receiving the distribution.

There are restrictions on how our operating subsidiaries may pay dividends. Our board of directors has not declared a dividend on our common stock during the last two fiscal years or the subsequent interim period. We currently anticipate that we will retain any future earnings for use in our business. Consequently, we do not anticipate paying any cash dividends in the foreseeable future. The payment of dividends in the future will depend upon our results of operations, as well as our short-term and long-term cash availability, working capital, working capital needs and other factors, as determined by our board of directors. Currently, except as may be provided by applicable laws, there are no contractual or other restrictions on our ability to pay dividends if we were to decide to declare and pay them.

Securities Authorized for Issuance Under Equity Compensation Plans

For information on Securities Authorized for Issuance Under Equity Compensation Plans, please see Part III, Item 12 Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

Recent Sales of Unregistered Securities

None.

ITEM 6. SELECTED FINANCIAL DATA.

Not applicable because we are a small reporting company.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS.

The following discussion should be read in conjunction with the Consolidated Financial Statements and Notes thereto appearing elsewhere in this Form 10-K. The following discussion contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 relating to future events or our future performance. Actual results may materially differ from those projected in the forward-looking statements as a result of certain risks and uncertainties set forth in this prospectus. Although management believes that the assumptions made and expectations reflected in the forward-looking statements are reasonable, there is no assurance that the underlying assumptions will, in fact, prove to be correct or that actual results will not be different from expectations expressed in this report.

Overview

We were formed on June 4, 1999, as Apta Holdings, Inc., to serve as a vehicle to effect a merger, capital stock exchange, asset acquisition or other similar business combination with a company having its primary operations in the PRC. On November 19, 2007, we consummated the acquisition of Keenway Limited, Hong Kong Yi Tat International Investment Co., Ltd ("Hong Kong Yi Tat"), and the then shareholders of Keenway Limited, including Minhua Chen, Yanling Fan, Xinchen Zhang, Extra Profit International Limited, and Lucky Glory International Limited, received shares of our common stock.

After disposition of our advertising business, our current business consists solely of tourism. Our tourism business has been the primary source of our revenue since the first quarter of 2014.

We currently operate Hua'An Tulou cluster ("Tulou" or the "Earth Buildings") tourist destination (which is certified as a World Culture Heritage), Yunding Recreational Park (Large-scale National Recreational Park), covering over 300 square kilometers, and China Yang-Sheng Paradise. As of December 31, 2015, through our wholly owned subsidiaries in China, we have entered into two cooperation agreements respectively with the local Chinese government agents, namely, (i) the Jiangxi Province Zhangshu Municipal Government, and (ii) the Fenyi County, Xinyu City, Jiangxi Province Government. Under these agreements, we have obtained the right to invest in the construction and development of China Yang-sheng (Nourishing Life) Paradise Project ("Yang-sheng Paradise") (consist of: (a) Salt Water Hot Spring SPA & Health Center, (b) Yang-sheng Holiday Resort, (c) World Yang-sheng Cultural Museum, (d) International Camphor Tree Garden, (e) Chinese Medicine and Herb Museum, (f) Yang-sheng Sports Club, (g) Old Town of Chinese Traditional Medicine, and (h) various other Yang-sheng related projects and tourism real estate projects) with a forty (40) year exclusive right to develop, operate and manage a variety of caves, hot springs and other natural and cultural tourist resources identified in the Meng Mountain area, and various caves and tourist resources of the Dagang Mountain located in Fenyi County, Xinyu City, Jiangxi Province ("City of Caves").

The revenue from tourism has been increasing. However, any increase in tourism revenue will depend on the progress we make in developing our existing and new projects in our other tourist destinations. Our tourism business is seasonal, although we have visitors to our parks throughout the year. In 2015, we will continue to develop and construct the new Jiangxi projects such as the second phase construction of Yang-sheng Paradise and the City of Caves. The first phase of City of Caves in Jiangxi was completed and opened to the public in May, 2015.

Factors Affecting Our Performance

Our revenue is driven by the reputation of our tourist destinations. We strive to provide quality tourist attractions that offer our visitors diverse entertainment, including catering, hotel, transportation, and shopping. We generate our revenue from our visitors and tourists. We incur many costs associated with operating the tourist business, including, administration fees, land use rights expenses, and revenue sharing fees, etc.

We began to generate revenue after the grand openings of Yang-sheng Paradise, which opened in October 2014, and the grand openings of City of Caves, which opened in May 2015. We expect Yunding will continue to grow.

Discontinued Operations

On August 26, 2014, Hong Kong Yi Tat entered into a certain share transfer agreement with Fujian Taining Great Golden Lake Tourism Economic Development Industrial Co., Ltd. (the "Purchaser"), pursuant to which Hong Kong Yi Tat sold 100% of its equity interest in Fujian Jintai to the Purchaser for a price of RMB 228,801,359, or approximately $37 million.

Net loss from the discontinued operations was $0 and $616,732 for the years ended December 31, 2015 and 2014, respectively.

As a result of the share transactions described above, the Results of Operation set forth below do not reflect the operations for Fujian Jintai. The results of operations of Fujian Jintai have been presented as discontinued operations. Therefore, management's discussion and analysis set forth herein below are based only on the results of continuing operations.

Results of Operations

Results of Operations for the years ended December 31, 2015 and 2014

The following table presents a summary of operating information for the years ended December 31, 2015 and 2014:

(All amounts, other than percentage, in U.S. Dollar)	For the year Ended December 31, 2015	2014	Increase/ (Decrease) U.S. Dollar ($)	Increase/ (Decrease) Percentage (%)
Net revenue	$ 14,509,124	$ 13,124,152	$ 1,384,972	10.55
Cost of revenue	9,562,829	9,053,904	508,925	5.62
Gross profit	**4,946,295**	**4,070,248**	**876,047**	**21.52**
Selling expenses	9,528,549	10,037,292	(508,743)	(5.07)
General and administrative expenses	6,839,614	7,595,484	(755,870)	(9.95)
Impairment of long-lived assets	–	4,384,335	(4,384,335)	(100.00)
Loss from operations	**(11,421,868)**	**(17,946,863)**	**6,524,995**	**(36.36)**
Other expense, net	(504,975)	(394,144)	(110,831)	28.12
Interest income	14,219	10,672	3,547	33.24
Interest expense	(8,240,163)	(8,207,752)	(32,411)	0.39
Net loss from continuing operations	**(20,152,787)**	**(26,538,087)**	**6,385,300**	**(24.06)**
Net loss from discontinued operations	–	(7,127,362)	7,127,362	(100.00)
Net loss	**$ (20,152,787)**	**$ (33,665,449)**	**$ 13,512,662**	**(40.14)**

Net Revenue

Net revenue from continuing operations increased by approximately $1.38 million or approximately 10.55%, from approximately $13.12 million for the year ended December 31, 2014 to approximately $14.51 million for the year ended December 31, 2015, including approximately $9.11 million from Yunding Park, a decrease of $1.18 million or 11%, $0.48 million from Hua'an Tulou, a decrease of $0.15 million or 24%, $3.33 million from China Yang-sheng paradise, an increase of $1.13 million or 52%, and $1.58 million from the City of Caves, an increase of $1.58 million or 100%, for the year ended December 31, 2015, as compared to 2014. The primary sources of the revenues are ticket sales, tour shuttle bus fees, accommodation and sales from restaurants. The increase in tourism business was primarily due to the revenue increase at China Yang-sheng paradise and the City of Caves due to effective marketing and promotions that led to an increase in number of visitors. We provided deeper ticket discount due to the fierce competition among the destinations and the decreased tourist consumption. We expect the fierce competition and the reduced tourist consumption to continue in the near future.

Cost of Revenue

Cost of revenues increased by approximately $0.51 million or approximately 5.62%, from approximately $9.05 million for the year ended December 31, 2014 to approximately $9.56 million for the year ended December 31, 2015. The increase in cost of revenue was primarily due to an increase in the depreciation cost of City of Caves, which was opened to public in May, 2015.

Gross profit

Gross profit increased approximately $0.88 million, or approximately 21.52%, from approximately $4.07 million for the year ended December 31, 2014 to approximately $4.95 million for the year ended December 31, 2015. Our gross profit margin was approximately 34.09% for the year ended December 31, 2015, compared to gross profit margin of approximately 31.01% for the year ended December 31, 2014, representing an increase of approximately 3 percentage points. The increase of gross profit margin was primarily due to the revenue increase at China Yang-sheng paradise and the City of Caves.

Selling Expenses

Selling expenses were approximately $9.53 million for the year ended December 31, 2015, compared to approximately $10.04 million for the year ended December 31, 2014, which represents a decrease of approximately $0.51 million, or approximately 5.07%. The decrease in selling expense was primarily due to the decrease in variable costs, including operation costs of shuttle buses and cable cars, hotel maintaining costs, and marketing expenses at China Yang-sheng paradise, Yunding, and Tulou during the year ended December 31, 2015.

General and Administrative Expenses

General and administrative expenses were approximately $6.84 million for the year ended December 31, 2015, compared to approximately $7.60 million for the year ended December 31, 2014, which represents a decrease of approximately $0.76 million, or approximately 9.95%. This decrease was due to the decrease of administrative expenses for the operation of Yunding Park and City of Caves during the year ended December 31, 2015.

Interest expense

Interest expense was approximately $8.24 million for the year ended December 31, 2015, representing a increase of approximately $0.03 million or approximately 0.39%, compared to approximately $8.21 million for the year ended December 31, 2014. The increase was primarily due to the more bank loans obtained by the Company in the year ended December 31, 2015.

Net Loss

As a result of the above factors, we experienced a net loss of approximately $20.15 million for the year ended December 31, 2015 as compared to a net loss of approximately $33.67 million for the year ended December 31, 2014, representing a decrease of loss of approximately $13.52 million or approximately 40.14%. The decrease in net loss was primarily attributable to the revenue increase at China Yang-sheng Paradise and City of Caves for the year ended December 31, 2015 as compared to the year ended December 31, 2014, and the loss incurred from disposal of Fujian Jintai for the year ended December 31, 2014.

Liquidity and Capital Resources

Our consolidated financial statements are prepared using generally accepted accounting principles in the United States of America applicable to a going concern, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. We have incurred significant negative cash flows from operative activities, and continuing net losses and working capital deficits that allow it to continue as a going concern. Our ability to continue as a going concern is dependent on out ability to obtain adequate capital to fund operating losses until it becomes profitable. If we are unable to obtain adequate capital, we could be forced to cease operations. The accompanying consolidated financial statements do not include any adjustments that might be necessary if we are unable to continue as a going concern.

Management's Plan to Continue as a Going Concern

In order to continue as a going concern, we will need, among other things, additional capital resources. Management's plans to obtain such resources for us include (1) obtaining capital from the sale of its substantial assets, (2) generating and recovery of tourism revenue, and (3) short-term and long-term borrowings from banks, stockholders or other related party(ies). However, management cannot provide any assurance that we will be successful in accomplishing any of its plans.

Our ability to continue as a going concern is dependent upon its ability to successfully accomplish the plans described in the preceding paragraph and eventually to secure other sources of financing and attain profitable operations.

Our principal source of liquidity during the year ended December 31, 2015 was primarily the proceeds from long-term loans.

As of December 31, 2015, we had cash and cash equivalents of approximately $5.48 million as compared to approximately $0.96 million as of December 31, 2014, representing an increase of $4.52 million. Our principal source of liquidity during the year ended December 31, 2015 was primarily the net proceeds from long-term loans of approximately $52.43 million.

As of December 31, 2015 and 2014, our working capital deficits were approximately $1.75 million and $35.89 million, respectively.

The following table sets forth a summary of our cash flows for the periods indicated:

	For the year Ended December 31,	
	2015	2014
Net cash used in operating activities of continuing operations	$ (9,823,697)	$ (10,310,402)
Net cash (used in) provided by investing activities of continuing operations	$ (8,033,425)	$ 27,021,410
Net cash provided (used in) by financing activities of continuing operations	$ 22,762,082	$ (2,957,250)
Net cash used in discontinued operations	$ -	$ (15,019,129)

Net cash used in operating activities of continuing operations was approximately $9.82 million for the year ended December 31, 2015, compared to approximately $10.31 million for the year ended December 31, 2014. The decrease of $0.49 million cash used was primarily due to the net loss of $20.15 million for the year ended December 31, 2015 as compared to the net loss of $33.67 million for the year ended December 31, 2014.

Net cash used in investing activities of continuing operations was approximately $8.03 million for the year ended December 31, 2015, compared to approximately $27.02 million of cash provided by investing activities for the year ended December 31, 2014. The decrease of approximately $35.05 million was primarily due to the proceeds received from disposal of our discontinued entity, Fujian Jintai, of $35.57 million during the year ended December 31, 2014.

Net cash provided by financing activities of continuing operations amounted to approximately $22.76 million for the year ended December 31, 2015, compared to approximately $2.96 million of cash used in financing activities for the year ended December 31, 2014, representing an increase of approximately $25.72 million. The increase in net cash provided by financing activities was mainly due to the increase in net proceeds received from bank loans of $51.62 million, offset by the increase in repayment of related party loans of $25.34 million during the year ended December 31, 2015, as compared to the year ended December 31, 2014.

Bank loans

As of December 31, 2015, the Company had nine bank loans from three institutional lenders for the development of tourism destinations, as follows:

1. A loan for approximately $1.85 million from Fujian Haixia Bank (formerly known as Merchant bank of Fuzhou). The loan bears interest at 8.245% per annum, and is due on June 29, 2016, collateralized by the personal guarantees of two of the Company's directors.

2. A loan for approximately $35.43 million from China Minsheng Banking Corp, Ltd. It bears interest rate at 9% per annum. $12,323,428 (RMB 80,000,000) and $23,106,428 (RMB 150,000,000) will be due in each twelve-month period as of December 31, 2018 and 2019, respectively. It is secured by the land use right of Jiangxi Zhangshu, and collateralized by the personal guarantees by two of the Company's directors.

3. A loan for approximately $28.34 million from China Construction Bank. It bears interest at 6.55% per annum. $1,540,429 (RMB 10,000,000), $3,080,857 (RMB 20,000,000), $3,080,857 (RMB 20,000,000), $4,621,286 (RMB 30,000,000), $4,621,286 (RMB 30,000,000), $6,161,714 (RMB 40,000,000), and $5,237,457 (RMB 34,000,000) will be due in each twelve-month period as of December 31, 2016, 2017, 2018, 2019, 2020, 2021, and 2022, respectively. It is secured by the fixed assets of Fujian Yida, and collateralized by the personal guarantees of two of the Company's directors.

4. A loan for approximately $27.2 million from Industrial and Commercial Bank of China Limited. The loan bears interest at from 7.07% per annum, and is due on December 16, 2021. It is collateralized by the land use rights of Jiangxi Fenyi, guaranteed by Fujian Yida, and personal guarantees by two of the Company's directors. Deferred financing costs of $539,150 (RMB 3.50 million) was paid in order to obtain such additional debt used to construct the resort project. These fees were deferred and amortized on a straight line basis over the life of the debt. The balance amounted to $402,657 as of December 31, 2015.

5. A loan for approximately $26.19 million from China Minsheng Banking Corp, Ltd. It bears interest rate at 8.5% per annum. $4,621,286 (RMB 30,000,000), $6,161,714 (RMB 40,000,000), $6,161,714 (RMB 40,000,000), and $9,242,571 (RMB 60,000,000) will be due in each twelve-month period as of December 31, 2017, 2018, 2019 and 2020, respectively. It is collateralized by the right to collect resort ticket sales at China Yang-sheng Paradise resort, guaranteed by Fujian Xinhengji Advertisement Co., Ltd, Fujian Yida, Yongtai Yunding, Jiangxi Fenyi, and personal guarantees by two of the Company's directors as additional collateral.

6. A loan for approximately $4 million from China Construction Bank. It bears interest at 7.86% per annum. $616,171 (RMB 4,000,000) will be due in each twelve-month period as of December 31, 2016, 2017, 2018, 2019, 2020, 2021, respectively and $308,086 (RMB 2,000,000) will be due in the twelve-month period as of December 31, 2022. It is secured by the fixed assets of Fujian Yida, and collateralized by the personal guarantees of two of the Company's directors.

7. A loan for approximately $4 million from China Construction Bank. It bears interest at 7.86% per annum, $616,171 (RMB 4,000,000) will be due in each twelve-month period as of December 31, 2016, 2017, 2018, 2019, 2020, 2021, respectively and $308,086 (RMB 2,000,000) will be due in the twelve-month period as of December 31, 2022. It is secured by the fixed assets of Fujian Yida, and collateralized by the personal guarantees of two of the Company's directors.

8. A loan for approximately $3.39 million from China Construction Bank. It bears interest at 7.86% per annum. $462,129 (RMB 3,000,000) will be due in each twelve-month period as of December 31, 2016, 2017, 2018, and 2019, respectively, $616,171 (RMB 4,000,000), $616,171 (RMB 4,000,000), and $308,086 (RMB 2,000,000) will be due in each twelve-month period as of December 31, 2020, 2021, and 2022, respectively. It is secured by the fixed assets of Fujian Yida, and collateralized by the personal guarantees of two of the Company's directors.

9. A loan for approximately $3.39 million from China Construction Bank. It bears interest at 7.86% per annum. $154,043 (RMB 1,000,000), $308,086 (RMB 2,000,000), $462,129 (RMB 3,000,000), $616,171 (RMB 4,000,000), $616,171 (RMB 4,000,000), $616,171 (RMB 4,000,000), and $616,171 (RMB 4,000,000) will be due in each twelve-month period as of December 31, 2016, 2017, 2018, 2019, 2020, 2021, and 2022, respectively. It is secured by the fixed assets of Fujian Yida, and collateralized by the personal guarantees of two of the Company's directors.

In the coming 12 months, the Company has approximately $5.24 million in bank loans that will mature. We plan to replace these loans with new bank loans in approximately the same aggregate amounts.

We believe we can arrange for the projects' funding based upon the actual cash flow expenditures required, which means we expect to be able to accelerate the construction as we have more cash flow and we can slow down the construction if and when we are lacking funds.

Obligations Under Material Contracts

Below is a table setting forth the Company's material contractual obligations as of December 31, 2015:

		Payment due by period			
Contractual Obligations	Total	1 year	1-3 years	3-5 years	More than 5 years*
Bank Loans	$ 133,798,543	$ 5,237,457	$ 33,427,299	$ 52,528,611	$ 42,605,176
Operating Lease Obligations	935,670	47,537	51,540	51,716	784,877
Total	$ 134,734,213	$ 5,284,994	$ 33,478,839	$ 52,580,327	$ 43,390,053

*Representing gross amount to be repaid, not netting of deferred financing costs of $402,657

Compensation For Using Natural Resources Commitments

In December 2008, Tulou entered into a Tourist Resources Development Agreement with the Hua'an County Government ("Hua'an Government") related to paying compensation fees to the Hua'an Government for using natural resources in Tulou. The Company agreed to pay (1) 16% of gross ticket sales in the first five years; (2) 20% of gross ticket sales in the second five years; (3) 23% of gross ticket sales in the third five years; (4) 25% of gross ticket sales in the fourth five years; (5) 28% of gross ticket sales in the fifth five years; (6) 30% at twenty-six years and thereafter when the ticket price of the Clusters is expected to be RMB60 ($9.50 USD) or above per person.

The Company paid approximately $46,703 and $56,891, respectively, to the Hua'an Government for the years ended December 31, 2015 and 2014, which payments were recorded as selling expenses.

2016 Outlook

In 2016, we will continue the development of two new tourism projects, the Yang-sheng Paradise in Zhangshu City, Jiangxi province, and the City of Caves in Fenyi City, Jiangxi province, which represent our commitment to expanding our business operations by applying our current business model to the development of other valuable tourist destinations outside Fujian province and throughout China. Now that the Company has more cash generated from two new opened tourism sites, we will continue to develop the projects.

Critical Accounting Policies

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States requires our management to make assumptions, estimates, and judgments that affect the amounts reported, including the notes thereto, and related disclosures of commitments and contingencies, if any. We have identified certain accounting policies that are significant to the preparation of our consolidated financial statements. These accounting policies are important for an understanding of our financial condition and results of operations. Critical accounting policies are those that are most important to the portrayal of our financial condition and results of operations and require management's difficult, subjective, or complex judgment, often as a result of the need to make estimates about the effect of matters that are inherently uncertain and may change in subsequent periods. Certain accounting estimates are particularly sensitive because of their significance to financial statements and because of the possibility that future events affecting the estimate may differ significantly from management's current judgments. We believe the following critical accounting policies involve the most significant estimates and judgments used in the preparation of our consolidated financial statements.

Basis of presentation

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires our management to make assumptions, estimates, and judgments that affect the amounts reported, including the notes thereto, and related disclosures of commitments and contingencies, if any. We have identified certain accounting policies that are significant to the preparation of our financial statements. These accounting policies are important for an understanding of our financial condition and results of operations. Critical accounting policies are those that are most important to the portrayal of our financial condition and results of operations and require management's difficult, subjective, or complex judgment, often as a result of the need to make estimates about the effect of matters that are inherently uncertain and may change in subsequent periods. Certain accounting estimates are particularly sensitive because of their significance to financial statements and because of the possibility that future events affecting the estimate may differ significantly from management's current judgments. We believe the following critical accounting policies involve the most significant estimates and judgments used in the preparation of our financial statements.

Principles of consolidation

The accompanying consolidated financial statements include the accounts of China Yida and its wholly-owned subsidiaries Keenway Limited, Hong Kong Yi Tat, Fuyu, Fujian Yida, Tulou, YongtaiYunding, Jiangxi Zhangshu, Jiangxi Fenyi, Yida Travel, Fenyi Development, Zhangshu Development, Zhangshu Investment, Yida Arts, Yunding Hotel, Jiangxi Travel and the accounts of the Company's variable interest entity, Fujian Jiaoguang. All significant inter-company accounts and transactions have been eliminated in consolidation.

Consolidation of Variable Interest Entities

According to the requirements of ASC 810, an Interpretation of Accounting Research Bulletin No. 51 that requires a Variable Interest Entity ("VIE"), the Company has evaluated the economic relationships of Fujian Jiaoguang which signed an exclusive right agreement with the Company. Therefore, Fujian Jiaoguang is considered to be a VIE, as defined by ASC Topic 810-10, of which the Company is the primary beneficiary.

The carrying amount and classification of Fujian Jiaoguang's assets and liabilities included in the Consolidated Balance Sheets are as follows:

	December 31, 2015	December 31, 2014
Total current assets *	$ 17,865,630	$ 4,407,430
Total assets	$ 17,872,871	$ 4,415,085
Total current liabilities #	$ 26,607,548	$ 13,352,110
Total liabilities	$ 26,607,548	$ 13,352,110

* Includes intercompany receivables of $16,979,261 and $4,342,251 as at December 31, 2015 and 2014, respectively, to be eliminated upon consolidation.

Includes intercompany payables of $26,580,316 and $13,321,547 as December 31, 2015 and 2014, respectively, to be eliminated upon consolidation.

Although Fujian Jiaoguang no longer had revenues, its bank account had to be maintained with certain cash flows to support its expenses. As such, Fujian Jiaoguang transferred funds from and to the Company's directly-owned subsidiaries, which resulted in intercompany receivables and payables. Since Fujian Jiaoguang is a variable interest entity subject to consolidation, the balances of its intercompany receivables and payables are eliminated against the corresponding account balances at the Company's directly-owned subsidiaries at the consolidation level.

Use of estimates and assumptions

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the amount of revenues and expenses during the reporting periods. Management makes these estimates using the best information available at the time the estimates are made. However, actual results could differ materially from those results. The most significant estimates reflected in the consolidated financial statements include depreciation, useful lives of property and equipment, deferred income taxes, useful life of intangible assets and contingencies. Estimates and assumptions are periodically reviewed and the effects of revisions are reflected in the consolidated financial statements in the period they are determined to be necessary.

Property and equipment

Property and equipment are recorded at cost less accumulated depreciation. Gains or losses on disposals are reflected as gain or loss in the year of disposal. The cost of improvements that extends the life of property, and equipment are capitalized. These capitalized costs may include structural improvements, equipment, and fixtures. All ordinary repair and maintenance costs are expensed as incurred.

Depreciation for financial reporting purposes is provided using the straight-line method over the estimated useful lives of the assets or lease term as follows:

Building	20 years
Electronic Equipment	5 to 8 years
Transportation Equipment	8 years
Office Furniture	5 to 8 years
Leasehold Improvement and Attractions	Lesser of term of the lease or the estimated useful lives of the assets

Intangible assets

Intangible assets consist of acquisition of management rights of tourism destinations, commercial airtime rights and land use rights for tourism destinations. These intangible assets are amortized on a straight line basis over their respective lease periods. The lease period of management rights, commercial airtime rights and land use rights is 30 years, 3 years and 40 years, respectively.

Impairment

The Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable through the estimated undiscounted cash flows expected to result from the use and eventual disposition of the assets. Whenever any such impairment exists, an impairment loss will be recognized for the amount by which the carrying value exceeds the fair value.

Assets are grouped and evaluated at the lowest level for their identifiable cash flows that are largely independent of the cash flows of other groups of assets. The Company considers historical performance and future estimated results in its evaluation of potential impairment and then compares the carrying amount of the asset to the future estimated cash flows expected to result from the use of the asset. If the carrying amount of the asset exceeds estimated expected undiscounted future cash flows, the Company measures the amount of impairment by comparing the carrying amount of the asset to its fair value. The estimation of fair value is generally measured by discounting expected future cash flows at the rate the Company utilizes to evaluate potential investments. The Company estimates fair value based on the information available, judgments and projections, as necessary. Management reassessed and recorded impairment loss of $4,384,335 for the year ended December 31, 2014. There was no additional impairment for the year ended December 31, 2015.

Revenue recognition

Revenue is recognized at the date of service rendered to customers when a formal arrangement exists, the price is fixed or determinable, the services rendered, no other significant obligations of the Company exist and collectability is reasonably assured. Payments received before satisfaction of all of the relevant criteria for revenue recognition are recorded as unearned revenue.

Revenues from advance tourism destinations ticket sales are recognized when the tickets are used. Revenues from our contractors who have tourism contracts with us are generally recognized over the period of the applicable agreements commencing when the contractors are first contracted to bring tourists to visit the tourism destinations. The Company also sells admission and activities tickets for a tourism destination in cases where the Company has management rights over the destination.

The Company has no allowance for product returns or sales discounts because services that are rendered and accepted by the customers are normally not refundable and discounts are normally not granted after service has been rendered.

Profit sharing costs are recorded as cost of revenue. Profit sharing arrangements with the local governments for the management rights (see Note 14):

For the year ended December 31, 2015

	Tulou
Gross receipts	$ 483,359
Profit sharing costs	-
Nature resource compensation expenses	46,703
Total paid to the local governments	46,703
Net receipts	$ 436,656

For the year ended December 31, 2014

	Tulou
Gross receipts	$ 631,660
Profit sharing costs	-
Nature resource compensation expenses	56,891
Total paid to the local governments	56,891
Net receipts	$ 574,769

Foreign currency translation

The Company uses the United States dollar ("U.S. dollars") for financial reporting purposes. The Company's subsidiaries maintain their books and records in their functional currency, being the primary currency of the economic environment in which their operations are conducted. In general, for consolidation purposes, the Company translates the subsidiaries' assets and liabilities into U.S. dollars using the applicable exchange rates prevailing at the balance sheet dates, and the statements of income are translated at average exchange rates during the reporting periods. Gain or loss on foreign currency transactions are reflected on the income statement. Gain or loss on financial statement translation from foreign currency are recorded as a separate component in the equity section of the balance sheet and is included as part of accumulated other comprehensive income. The functional currency of the Company and its subsidiaries in China is the Chinese Renminbi.

Income taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carry forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. A valuation allowance is recognized if it is more likely than not that some portion, or all, of a deferred tax asset will not be realized. There were no deferred income tax assets As of December 31, 2015 and 2014, respectively.

The Company applied the provisions of ASC 740-10-50, “Accounting For Uncertainty In Income Taxes,” which provides clarification related to the process associated with accounting for uncertain tax positions recognized in our financial statements. Audit periods remain open for review until the statute of limitations has passed. The completion of review or the expiration of the statute of limitations for a given audit period could result in an adjustment to the Company’s liability for income taxes. Any such adjustment could be material to the Company’s results of operations for any given quarterly or annual period based, in part, upon the results of operations for the given period. At December 31, 2015, management considered that the Company had no uncertain tax positions and will continue to evaluate for uncertain positions in the future.

China Yida is subject to U.S. Federal and California state examination by tax authorities for years after 2008, and the PRC tax authority for years after 2007.

Fair values of financial instruments

The carrying amounts reported in the consolidated financial statements for current assets and currently liabilities approximate fair value due to the short-term nature of these financial instruments. The carrying amount of long-term loans approximates fair value since the interest rates associated with the debts approximate the current market interest rates.

The Company adopted ASC 820-10, "Fair Value Measurements and Disclosures," which establishes a single authoritative definition of fair value and a framework for measuring fair value and expands disclosure of fair value measurements for both financial and nonfinancial assets and liabilities. This standard defines fair value, provides guidance for measuring fair value and requires certain disclosures. This standard does not require any new fair value measurements, but discusses valuation techniques, such as the market approach (comparable market prices), the income approach (present value of future income or cash flows) and the cost approach (cost to replace the service capacity of an asset or replacement cost). For purposes of ASC 820-10-15, nonfinancial assets and nonfinancial liabilities would include all assets and liabilities other than those meeting the definition of a financial asset or financial liability as defined in ASC-820-10-15-15-1A.

Stock-based compensation

The Company records stock-based compensation expense pursuant to ASC 718-10, "*Share Based Payment Arrangement,*" which requires companies to measure compensation cost for stock-based employee compensation plans at fair value at the grant date and recognize the expense over the employee's requisite service period. The Company's expected volatility assumption is based on the historical volatility of Company's stock or the expected volatility of similar entities. The expected life assumption is primarily based on historical exercise patterns and employee post-vesting termination behavior. The risk-free interest rate for the expected term of the option is based on the U.S. Treasury yield curve in effect at the time of grant.

Stock-based compensation expense is recognized based on awards expected to vest, and there were no estimated forfeitures as the Company has a short history of issuing options. ASC 718-10 requires forfeitures to be estimated at the time of grant and revised in subsequent periods, if necessary, if actual forfeitures differ from those estimates.

Recent accounting pronouncements

In February 25, 2016, FASB issued ASU-2016-02-Leases. Topic 842 is to establish the principles that lessees and lessors shall apply to report useful information to users of financial statements about the amount, timing, and uncertainty of cash flows arising from a lease. The FASB is issuing this Update to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. Topic 842 affects any entity that enters into a lease (as that term is defined in this Update), with some specified scope exemptions. The guidance in this Update supersedes Topic 840, Leases. The main difference between previous GAAP and Topic 842 is the recognition of lease assets and lease liabilities by lessees for those leases classified as operating leases under previous GAAP. The core principle of Topic 842 is that a lessee should recognize the assets and liabilities that arise from leases. All leases create an asset and a liability for the lessee in accordance with FASB Concepts Statement No. 6, Elements of Financial Statements, and, therefore, recognition of those lease assets and lease liabilities represents an improvement over previous GAAP, which did not require lease assets and lease liabilities to be recognized for most leases. A lessee should recognize in the statement of financial position a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. When measuring assets and liabilities arising from a lease, a lessee (and a lessor) should include payments to be made in optional periods only if the lessee is reasonably certain to exercise an option to extend the lease or not to exercise an option to terminate the lease. Similarly, optional payments to purchase the underlying asset should be included in the measurement of lease assets and lease liabilities only if the lessee is reasonably certain to exercise that purchase option. Reasonably certain is a high threshold that is consistent with and intended to be applied in the same way as the reasonably assured threshold in the previous leases guidance. In addition, also consistent with the previous leases guidance, a lessee (and a lessor) should exclude most variable lease payments in measuring lease assets and lease liabilities, other than those that depend on an index or a rate or are in substance fixed payments. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election by class of underlying asset not to recognize lease assets and lease liabilities. If a lessee makes this election, it should recognize lease expense for such leases generally on a straight-line basis over the lease term. The amendments in this Update are effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. The Company is still in the process of evaluating future impact of adopting this standard.

In November 20, 2015, FASB issued ASU-2015-17-Income Taxes. The Board is issuing this Update as part of its initiative to reduce complexity in accounting standards (the Simplification Initiative). The objective of the Simplification Initiative is to identify, evaluate, and improve areas of generally accepted accounting principles (GAAP) for which cost and complexity can be reduced while maintaining or improving the usefulness of the information provided to users of financial statements. Current GAAP requires an entity to separate deferred income tax liabilities and assets into current and noncurrent amounts in a classified statement of financial position. To simplify the presentation of deferred income taxes, the amendments in this Update require that deferred tax liabilities and assets be classified as noncurrent in a classified statement of financial position. The amendments in this Update apply to all entities that present a classified statement of financial position. The current requirement that deferred tax liabilities and assets of a tax-paying component of an entity be offset and presented as a single amount is not affected by the amendments in this Update. For public business entities, the amendments in this Update are effective for financial statements issued for annual periods beginning after December 15, 2016, and interim periods within those annual periods. Earlier application is permitted for all entities as of the beginning of an interim or annual reporting period. The Company is still in the process of evaluating future impact of adopting this standard.

In April 7, 2015, FASB issued ASU-2015-03-Interest-Imputation of Interest. The Board is issuing this Update as part of its initiative to reduce complexity in accounting standards (the Simplification Initiative). The objective of the Simplification Initiative is to identify, evaluate, and improve areas of generally accepted accounting principles (GAAP) for which cost and complexity can be reduced while maintaining or improving the usefulness of the information provided to users of financial statements. To simplify presentation of debt issuance costs, the amendments in this Update require that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. The recognition and measurement guidance for debt issuance costs are not affected by the amendments in this Update. For public business entities, the amendments in this Update are effective for financial statements issued for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years. The Company has adapted this standard and the debt liability as of December 31, 2015 has been presented net of debt issuance costs.

In February 18, 2015, FASB issued ASU 2015-02-Consolidation (Topic 810). The amendments in this Update affect reporting entities that are required to evaluate whether they should consolidate certain legal entities. All legal entities are subject to reevaluation under the revised consolidation model. Specifically, the amendments: (1) Modify the evaluation of whether limited partnerships and similar legal entities are variable interest entities (VIEs) or voting interest entities; (2) Eliminate the presumption that a general partner should consolidate a limited partnership; (3) Affect the consolidation analysis of reporting entities that are involved with VIEs, particularly those that have fee arrangements and related party relationships; (4) Provide a scope exception from consolidation guidance for reporting entities with interests in legal entities that are required to comply with or operate in accordance with requirements that are similar to those in Rule 2a-7 of the Investment Company Act of 1940 for registered money market funds. The amendments in this Update are effective for public business entities for fiscal years, and for interim periods within those fiscal years, beginning after December 15, 2015. The Company is still in the process of evaluating future impact of adopting this standard.

In August 2014, FASB issued ASU 2014-15 - Presentation of Financial Statements - Going Concern (Subtopic 205-40). The amendments in this Update states the disclosure of uncertainties about an entity's ability to continue as a going concern. An entity's management should evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the entity's ability to continue as a going concern within one year after the date that the financial statements are issued (or available to be issued). When management identifies conditions or events that raise substantial doubt, management should consider whether its plans will alleviate the substantial doubt.

When substantial doubt is raised but is alleviated by management's plans, the entity should disclose following information: (a) Principal conditions or events that raised substantial doubt (before consideration of management's plans); (b) Management's evaluation of the significance of those conditions or events in relation to the entity's ability to meet its obligations; (c) Management's plans that alleviated the substantial doubt.

When substantial doubt is raised but is not alleviated by management's plans, an entity should include a statement in the footnotes indicating that there is substantial doubt about the entity's ability to continue as a going concern within one year after the date that the financial statements are issued (or available to be issued), and disclose the following information: (a) Principal conditions or events that raise substantial doubt; (b) Management's evaluation of the significance of those conditions or events in relation to the entity's ability to meet its obligations; (c) Management's plans that are intended to mitigate the conditions or events that raise the substantial doubt.

The amendments in this Update are effective for the annual period ending after December 15, 2016, and for annual periods and interim periods thereafter. Early application is permitted. The Company is still in the process of evaluating future impact of adopting this standard.

Inflation and Seasonality

Our operating results and operating cash flows historically have not been materially affected by inflation or seasonality.

Off Balance Sheet Arrangements

We do not have any off balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, sales or expenses, results of operations, liquidity or capital expenditures, or capital resources that are material to an investment in our securities.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Not applicable because we are a small reporting company.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

PART 1 - FINANCIAL INFORMATION

Item 1. Financial Statements.

CHINA YIDA HOLDING, CO. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
Index to consolidated financial statements

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of: China Yida Holding, Co.

We have audited the accompanying consolidated balance sheets of China Yida Holding, Co. and Subsidiaries (the "Company") as of December 31, 2015 and 2014, and the related consolidated statements of income and comprehensive income, equity and cash flows for the years then ended. The Company's management is responsible for these consolidated financial statements. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of China Yida Holding, Co. and Subsidiaries as of December 31, 2015 and 2014, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As described in Note 2 of the consolidated financial statements, the Company has incurred significant negative cash flows from operating activities, and continuing net losses and working capital deficits. The Company's viability is dependent upon its ability to obtain future financing and the success of its future operations. These matters raise substantial doubt about the Company's ability to continue as a going concern. Management's plan in regard to these matters is also described in Note 2 to the consolidated financial statements. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ KCCW Accountancy Corp.

Diamond Bar, California

March 30, 2016

CHINA YIDA HOLDING CO. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	December 31, 2015	December 31, 2014 (Restated)
ASSETS		
Current assets		
Cash and cash equivalents	$ 5,481,292	$ 958,664
Accounts receivable	272,703	343,807
Other receivables, net	201,394	148,828
Advances and prepayments	536,308	838,933
Prepayment - current portion	845,922	832,207
Total current assets	7,337,619	3,122,439
Property and equipment, net	167,176,293	177,225,357
Intangible assets, net	42,777,443	46,419,350
Long-term prepayments	1,426,135	2,032,764
Total assets	$ 218,717,490	$ 228,799,910
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Short-term loans	$ 1,848,514	$ 1,954,047
Long-term debt, current portion	3,388,943	3,256,746
Accounts payable	396,318	713,414
Accrued expenses and other payables	1,338,021	1,364,863
Due to related parties	2,082,013	31,680,942
Taxes payable	34,785	38,922
Total current liabilities	9,088,594	39,008,934
Long-term debt	128,158,429	83,047,011
Total liabilities	137,247,023	122,055,945
Commitments and contingencies (Note 14)		
Equity		
Preferred stock ($0.0001 par value, 10,000,000 shares authorized, none issued and outstanding)	-	-
Common stock ($0.001 par value, 100,000,000 shares authorized, 3,914,580 and 3,914,580 shares issued and outstanding as of December 31, 2015 and December 31, 2014, respectively)	3,915	3,915
Additional paid in capital	49,163,705	49,163,705
Accumulated other comprehensive income	12,388,257	17,508,968
Retained earnings	17,365,260	37,518,047
Statutory reserve	2,549,330	2,549,330
Total equity	81,470,467	106,743,965
Total liabilities and equity	$ 218,717,490	$ 228,799,910

The accompanying notes are an integral part of these consolidated financial statements.

CHINA YIDA HOLDING CO. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31

	2015	2014
Net revenue	$ 14,509,124	$ 13,124,152
Cost of revenue	9,562,829	9,053,904
Gross profit	4,946,295	4,070,248
Operating expenses		
Selling expenses	9,528,549	10,037,292
General and administrative expenses	6,839,614	7,595,484
Impairment of long-lived assets	-	4,384,335
Total operating expenses	16,368,163	22,017,111
Loss from operations	(11,421,868)	(17,946,863)
Other income (expense)		
Other (expense) income, net	(504,975)	(394,144)
Interest income	14,219	10,672
Interest expense	(8,240,163)	(8,207,752)
Total other expenses	(8,730,919)	(8,591,224)
Loss before income tax and non-controlling interest	(20,152,787)	(26,538,087)
Less: Provision for income tax	-	-
Net loss from continuing operations	(20,152,787)	(26,538,087)
Discontinued operation		
Loss from discontinued operations, net of income taxes	-	(616,732)
Loss on disposal of subsidiary, net of income taxes	-	(6,510,630)
Net loss from discontinued operations, net of income taxes	-	(7,127,362)
Net loss	$ (20,152,787)	$ (33,665,449)
Other comprehensive income (loss)		
Foreign currency translation loss	(5,120,711)	(879,782)
Comprehensive loss	$ (25,273,498)	$ (34,545,231)
Amounts attributable to common stockholders:		
Net loss from continuing operations, net of income taxes	$ (20,152,787)	$ (26,538,087)
Net loss from discontinued operations, net of income taxes	-	(7,127,362)
Net loss attributable to common stockholders	$ (20,152,787)	$ (33,665,449)
Net loss attributable to common stockholders per share - basic and diluted:		
- Basic & diluted earnings/(loss) per share from continuing operations	$ (5.15)	$ (6.78)
- Basic & diluted earnings/(loss) per share from discontinued operations	$ -	$ (1.82)
- Basic & diluted earnings/(loss) per share attributable to common stockholders	$ (5.15)	$ (8.60)
Weighted average shares outstanding		
- Basic	3,914,580	3,914,580
- Diluted	3,914,580	3,914,580

The accompanying notes are an integral part of these consolidated financial statements.

CHINA YIDA HOLDING CO. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	Common Stock		Additional	Accumulated other comprehensive			Non-controlling	
	Number of shares	Par Value	paid-in capital	income	Retained earnings	Statutory reserve	interest	Total
Balance at December 31, 2013	3,914,580	$ 3,915	$ 49,163,705	$ 18,388,750	$ 71,183,496	$ 2,549,330	$ -	$141,289,196
Foreign currency translation	-	-	-	(879,782)	-	-	-	(879,782)
Net loss for the year ended December 31, 2014	-	-	-	-	(33,665,449)	-	-	(33,665,449)
Balance at December 31, 2014	3,914,580	3,915	49,163,705	17,508,968	37,518,047	2,549,330	-	106,743,965
Foreign currency translation	-	-	-	(5,120,711)	-	-	-	(5,120,711)
Net loss for the year ended December 31, 2015	-	-	-	-	(20,152,787)	-	-	(20,152,787)
Balance at December 31, 2015	3,914,580	$ 3,915	$ 49,163,705	$ 12,388,257	$ 17,365,260	$ 2,549,330	$ -	$ 81,470,467

The accompanying notes are an integral part of these consolidated financial statements.

CHINA YIDA HOLDING CO. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	2015	2014 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	$ (20,152,787)	$ (33,665,449)
Net loss from discontinued operations	-	616,732
Adjustments to reconcile net income to net cash provided by operating activities:		
Loss on disposal of discontinued operation	-	6,510,630
Depreciation	8,077,212	8,476,262
Amortization	1,182,820	1,192,192
Amortization of long-term prepayments	1,052,882	804,506
Impairment of long-lived assets	-	4,384,335
Changes in operating assets and liabilities:		
Accounts receivable	54,753	224,949
Other receivables, net	(63,162)	90,911
Advances and prepayments	268,181	515,433
Accounts payable	(290,324)	150,255
Accrued expenses and other payables	48,848	349,953
Taxes payable	(2,120)	38,889
Net cash used in continuing operations	(9,823,697)	(10,310,402)
Net cash provided by discontinued operations	-	705,499
Net cash used in operating activities	(9,823,697)	(9,604,903)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of discontinued entity	-	35,570,385
Additions to property and equipment	(7,579,476)	(8,229,799)
Increase in long-term prepayments for acquisition of property, equipment and land use rights	(453,949)	(319,176)
Net cash (used in) provided by continuing operations	(8,033,425)	27,021,410
Net cash provided by discontinued operations	-	471,410
Net cash (used in) provided by investing activities	(8,033,425)	27,492,820
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of deferred financing costs	(561,906)	-
Proceeds from short-term loans	1,926,535	4,555,586
Repayment of short-term loans	(1,926,535)	(5,043,685)
Proceeds from long-term loans	56,190,599	48,807,057
Repayment of long-term loans	(3,759,954)	(47,508,257)
Repayment of proceeds from loans from related parties	(29,106,657)	(3,767,951)
Net cash provided by continuing operations	22,762,082	(2,957,250)
Net cash used in discontinued operations	-	(16,196,038)
Net cash provided by (used in) financing activities	22,762,082	(19,153,288)
EFFECT OF EXCHANGE RATE CHANGES ON CASH	(382,332)	(187,465)
NET INCREASE IN CASH AND CASH EQUIVALENTS	4,522,628	(1,452,836)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	958,664	2,415,575(1)
CASH AND CASH EQUIVALENTS, ENDING OF PERIOD	$ 5,481,292	$ 962,739(2)
SUPPLEMENTAL DISCLOSURES:		
Cash paid during the period for:		
Income tax	$ -	$ -
Interest	$ 8,240,163	$ 8,207,752

(1) Included cash and cash equivalents from continuing and discontinued operations of $2,157,738 and $257,837, respectively.
(2) Included cash and cash equivalents from continuing and discontinued operations of $958,664 and $4,075 respectively.

The accompanying notes are an integral part of these consolidated financial statements.

1. ORGANIZATION AND DESCRIPTION OF BUSINESS

China Yida Holding Co. (“China Yida”) and its subsidiaries (collectively the "Company,” “we,” “us,” or “our”) engage in the tourism and advertisement businesses in the People’s Republic of China.

Keenway Limited was incorporated under the laws of the Cayman Islands on May 9, 2007 for the purpose of functioning as an off-shore holding company to obtain ownership interests in Hong Kong Yi Tat International Investment Co., Ltd (“Hong Kong Yi Tat”), a company incorporated under the laws of Hong Kong. Immediately prior to the Merger (defined below), Mr. Chen Minhua and his wife, Ms. Fan Yanling, were the majority shareholders of Keenway Limited.

On November 19, 2007, we entered into a share exchange and stock purchase agreement with Keenway Limited, Hong Kong Yi Tat, and with the shareholders of Keenway Limited at that time, including Chen Minhua, Fan Yanling, Zhang Xinchen, Extra Profit International Limited, and Lucky Glory International Limited (collectively, the “Keenway Limited Shareholders”), pursuant to which in exchange for all of their shares of Keenway Limited common stock, the Keenway Limited Shareholders received 18,180,649 newly issued shares (or 90,903,246 shares prior to the reverse stock split on November 16, 2012) of our common stock and 728,359 shares (or 3,641,796 shares prior to the reverse stock split on November 16, 2012) of our common stock which was transferred from some of our then existing shareholders (the “Merger”). As a result of the closing of the Merger, the Keenway Limited Shareholders owned approximately 94.5% of our then issued and outstanding shares on a fully diluted basis and Keenway Limited became our wholly owned subsidiary.

Hong Kong Yi Tat was incorporated as the holding company of our operating entities, Fujian Jintai Tourism Development Co., Ltd., and Fujian Jiaoguang Media Co., Ltd., Yida (Fujian) Tourism Group Limited, and Fujian Yida Tulou Tourism Development Co., Ltd. (“Tulou”). Hong Kong Yi Tat does not have any other operation.

Fujian Jintai Tourism Development Co., Ltd. (“Fujian Jintai”) has a wholly owned subsidiary, Fuzhou Hongda Commercial Services Co., Ltd., (“Hongda”). The operation of Fujian Jintai is to develop the Great Golden Lake, one of our tourism destinations.

Hongda does not have any operation except for owning 100% of the ownership interest in Fuzhou Fuyu Advertising Co., Ltd. (“Fuyu”) which is engaged in the operations of our media business. On March 15, 2010, Hongda entered into an equity transfer agreement with Fujian Yunding Tourism Industrial Co., Ltd, (currently known as Yida (Fujian) Tourism Group Limited, “Fujian Yunding”), pursuant to which Fujian Yunding acquired 100% of the issued and outstanding shares of Fuyu from Hongda at the aggregate purchase price of RMB 3,000,000. As a result, Fujian Yunding became the 100% holding company of Fuyu. Hongda ceased business and deregistered on December 2, 2011.

Fujian Jintai originally also owned 100% of the ownership interest in Fujian Yintai Tourism Co., Ltd. (“Yintai”). On March 15, 2010, Fujian Jintai entered into an equity transfer agreement with Fujian Yunding, pursuant to which Fujian Yunding acquired 100% of the issued and outstanding common stock of Yintai from Fujian Jintai at the aggregate purchase price of RMB 5,000,000. As a result, Yintai became a wholly owned subsidiary of Fujian Yunding. Yintai was deregistered on November 18, 2010.

Fujian Yida Tulou Tourism Development Co., Ltd.’s (“Tulou”) primary business relates to the operation of the Hua’An Tulou cluster, one of our tourism destinations.

On April 12, 2010, our operating subsidiary “Fujian Yunding Tourism Industrial Co., Ltd.” changed its name to “Yida (Fujian) Tourism Group Limited” for our expanding business in operations of domestic tourism destinations in China by acquiring new tourism destinations. Yida (Fujian) Tourism Group Limited’s (“Fujian Yida”) primary business relates to the operations of our Yunding tourism destination and all of our newly engaged tourism destinations, and the management of our media business.

On March 16, 2010, Fujian Yida formed a wholly owned subsidiary, Yongtai Yunding Resort Management Co., Ltd. (“Yongtai Yunding”) which currently has no material business operations. We plan to develop Yongtai Yunding into a business entity primarily focusing on the operations of our Yunding tourism destination.

Fujian Jiaoguang Media Co., Ltd. (“Fujian Jiaoguang”) and the Company’s contractual relationship comply with the requirements of the Accounting Standard Codification ("ASC") 810, to consolidate Fujian Jiaoguang’s financial statements as a Variable Interest Entity. During the current period, Fujian Jiaoguang had no material business operations.

Fuzhou Fuyu Advertising Co., Ltd. (“Fuyu”) concentrates on the mass media segment of our business. Its primary business is focused on advertisements, including media publishing, television, cultural and artistic communication activities, and performance operation and management activities.

On April 15, 2010, we entered into agreement with Anhui Xingguang Group to set up a subsidiary - Anhui Yida Tourism Development Co., Ltd. ("Anhui Yida") by investing 60% of the equity interest, and Anhui Xingguang Group owns 40% of the equity interest of Anhui Yida. The total paid-in capital of Anhui Yida was $14,687,307 (equals RMB 100 million). Anhui Yida's primary business relates to the operation of our tourism destinations, specifically, Ming dynasty culture tourist destination.

1. ORGANIZATION AND DESCRIPTION OF BUSINESS (CONTINUED)

On July 6, 2010, Fujian Yida formed a wholly owned subsidiary, Jiangxi Zhangshu (Yida) Tourism Development Co., Ltd. ("Jiangxi Zhangshu") which currently has no material business operations. The initial paid-in capital of Jiangxi Zhangshu was $2,937,461 (RMB 20 million). On July 5, 2011, Fujian Yida and Fuyu further injected capital amounted to RMB 49 million and RMB1 million, respectively, to Jiangxi Zhangshu. On March 20, 2012, Fujian Yida and Fuyu further injected capital amounted to RMB 29.4 million and RMB 0.6 million, respectively, to Jiangxi Zhangshu, and the total paid-in capital increased to $15,842,337 (RMB100 million). We plan to develop Jiangxi Zhangshu into a business entity primarily focusing on the operations of a new tourist destination.

On July 7, 2010, Fujian Yida formed a wholly owned subsidiary, Jiangxi Fenyi (Yida) Tourism Development Co., Ltd. ("Jiangxi Fenyi") which currently has no material business operations. The initial paid-in capital of Jiangxi Fenyi was $1,762,477 (RMB 12 million). On July 7, 2011, Fujian Yida further injected capital amounted to RMB 48 million to Jiangxi Fenyi and the total paid-in capital increased to $9,391,876 (RMB 60 million). We plan to develop Jiangxi Fenyi into a business entity primarily focusing on the operations of a new tourist destination.

On June 24, 2011, Fujian Yida formed a wholly owned subsidiary, Fujian Yida Travel Service Co., Ltd (the "Yida Travel"). The total paid-in capital of Yida Travel was $1,546,670 (RMB 10 million). Its primary business is to conduct domestic and international traveling services in China, including operating the direct sales of travel services for our current tourist destinations at the Great Golden Lake, Yunding Recreational Park, and Hua'An Tulou Cluster, and our three tourist destinations currently under construction, Ming Dynasty Entertainment World, China Yang-sheng (Nourishing Life) Paradise, and the City of Caves.

On May 11, 2012, Jiangxi Zhangshu formed a wholly owned subsidiary, Zhangshu (Yida) Real Estate Development Co., Ltd. ("Zhangshu Development"). The total paid-in capital of Zhangshu Development was $792,532 (RMB 5 million). Its primary business is to conduct business of real estate development and sales in China.

On May 16, 2012, Anhui Yida formed a wholly owned subsidiary, Bengbu (Yida) Real Estate Development Co., Ltd. (the "Bengbu Yida"). The total paid-in capital of Bengbu Yida was $1,268,050 (RMB 8 million). Its primary business is to conduct business of real estate development in China.

On May 22, 2012, Jiangxi Zhangshu formed a wholly owned subsidiary, Zhangshu (Yida) Investment Co., Ltd. (the "Zhangshu Investment"). The total paid-in capital of Zhangshu Investment was $792,532 (RMB 5 million). Its primary business is to conduct real estate investment, project management and consulting in China.

On June 6, 2012, Jiangxi Fenyi formed a wholly owned subsidiary, Fenyi (Yida) Property Development Co., Ltd. ("Fenyi Development"). The total paid-in capital of Fenyi Development was $792,532 (RMB 5 million). Its primary business is to conduct business of real estate development and sales in China.

On July 20, 2012, Anhui Yida formed a wholly owned subsidiary, Bengbu (Yida) Investment Co., Ltd. ("Bengbu Investment"). The total paid-in capital of Bengbu Investment was $792,532 (RMB 5 million). Its primary business is to conduct real estate investment, project management and consulting in China.

On July 30, 2012, Fujian Yida formed a wholly owned subsidiary, Fujian (Yida) Culture and Tourism Performing Arts Co., Ltd. ("Yida Arts"). The total paid-in capital of Yida Arts was $792,532 (RMB 5 million). Its primary business is to operate performance and show events at Yunding Park.

On June 3, 2013, Fujian Yida entered into a stock transfer agreement with Anhui Xingguang Investment Group Ltd ("Purchaser"), pursuant to which Fujian Yida agreed to transfer its 60% interest in Anhui Yida to the Purchaser for 60 million RMB, or $9.72 million, The Purchaser assumed all the assets and liabilities of Anhui Yida.

On June 26, 2013, Fujian Yida formed a wholly owned subsidiary, Yunding Hotel Management Co., Ltd. ("Yunding Hotel"). The total paid-in capital of Yunding Hotel was $4,860,000 (RMB 30 million). Its primary business is to operate and manage the hotel and its facilities at Yunding Park. The subsidiary has changed its name, Ant Colony Hotel Co., Ltd. on April 17, 2015.

On June 24, 2014, Jiangxi Zhangshu formed a wholly owned subsidiary, Jiangxi Yida Travel Service Co., Ltd ("Jiangxi Travel"). The total paid-in capital of Zhangshu Development was $48,691 (RMB 0.3 million). Its primary business is to conduct domestic and international traveling services in China.

On August 26, 2014, Hong Kong Yi Tat entered into a certain share transfer agreement with Fujian Taining Great Golden Lake Tourism Economic Development Industrial Co., Ltd. (the "Purchaser"), pursuant to which Hong Kong Yi Tat agreed to sell 100% of its equity interest in Fujian Jintai to the Purchaser for a price of RMB 228,801,359, or approximately $37 million.

2. GOING CONCERN

The Company's consolidated financial statements are prepared using generally accepted accounting principles in the United States of America applicable to a going concern, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The Company has incurred significant negative cash flows from operative activities, and continuing net losses and working capital deficits that allow it to continue as a going concern. The ability of the Company to continue as a going concern is dependent on the Company's ability to obtain adequate capital to fund operating losses until it becomes profitable. If the Company is unable to obtain adequate capital, it could be forced to cease operations. The accompanying consolidated financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

Management's Plan to Continue as a Going Concern

In order to continue as a going concern, the Company will need, among other things, additional capital resources. Management's plans to obtain such resources for the Company include (1) obtaining capital from the sale of its substantial assets, (2) generating and recovery of tourism revenue, and (3) short-term and long-term borrowings from banks, stockholders or other related party(ies). However, management cannot provide any assurance that the Company will be successful in accomplishing any of its plans.

The ability of the Company to continue as a going concern is dependent upon its ability to successfully accomplish the plans described in the preceding paragraph and eventually to secure other sources of financing and attain profitable operations.

3. RESTATEMENT OF PREVIOUSLY ISSUED FINANCIAL STATEMENTS

As of and For The Year Ended December 31, 2014

During the year ended December 31, 2015, the Company reviewed its measurement for valuation of long-lived assets of Tulou Resort and determined that the value of those long-lived assets has declined. Tulou Resort had experienced consecutive decline in revenue generated from its visitors and tourists and incurred net operating losses since year 2012. In considering the above factors, the Company performed a long-lived asset recoverability test in accordance with ASC 360-10-35-15, "Impairment or Disposal of Long-Lived Assets," on the lowest level of identifiable cash flows. The recoverability test compared the carrying value of the long-lived assets held by Tulou Resort to the undiscounted cash flows. As a result of this recoverability test, the Company determined that the value of the assets was not recoverable. The Company then determined the fair value for the long-lived assets of Tulou Resort using a discounted cash flow methodology, which resulted in a $4,384,335 long-lived assets impairment loss.

Despite that net operating losses of Tulou Resort were significantly lower in the year ended December 31, 2014 as compared to the prior year, while such losses increased again in year 2015, the Company believes that such impairment should have been recorded as of December 31, 2014. The balances as of December 31, 2014 in the accompanying audited consolidated financial statements have been restated. Additionally, the amortization of long-term prepayment in the amount of $804,506 for the year ended December 31, 2014 was reclassified from investing to operating activities in the statement of cash flows. The effects of the adjustments on the Company's previously issued consolidated financial statements as of and for the year ended December 31, 2014 are summarized as follows:

	Consolidated Balance Sheets As of December 31, 2014		
	Previously Reported	Impact of Restatement	Restated
Assets			
Property and equipment, net	$ 181,613,405	$ (4,388,048)	$ 177,225,357
Total assets	$ 233,187,958	$ (4,388,048)	$ 228,799,910
Equity			
Accumulated other comprehensive income	$ 17,512,681	$ (3,713)	$ 17,508,968
Retained earnings	41,902,382	(4,384,335)	37,518,047
Total equity	111,132,013	(4,388,048)	106,743,965
Total liabilities and equity	$ 233,187,958	$ (4,388,048)	$ 228,799,910

3. RESTATEMENT OF PREVIOUSLY ISSUED FINANCIAL STATEMENTS (CONTINUED)

	Consolidated Statements of Income and Comprehensive Income For The Year Ended December 31, 2014		
	Previously Reported	Impact of Restatement	Restated
Operating expenses			
Impairment of long-lived assets	$ -	$ 4,384,335	$ 4,384,335
Total operating expenses	17,632,776	4,384,335	22,017,111
Loss from operations	(13,562,528)	(4,384,335)	(17,946,863)
Loss before income tax and non-controlling interest	(22,153,752)	(4,384,335)	(26,538,087)
Net loss from continuing operations	(22,153,752)	(4,384,335)	(26,538,087)
Net loss	(29,281,114)	(4,384,335)	(33,665,449)
Net loss attributable to China Yida Holding Co.	$ (29,281,114)	$ (4,384,335)	$ (33,665,449)
Foreign currency translation (loss) gain	(876,069)	(3,713)	(879,782)
Comprehensive loss	(30,157,183)	(4,388,048)	(34,545,231)
Comprehensive loss attributable to China Yida Holding Co.	$ (30,157,183)	$ (4,388,048)	$ (34,545,231)
Amounts attributable to common stockholders:			
Net loss from continuing operations, net of income taxes	(22,153,752)	(4,384,335)	(26,538,087)
Net loss attributable to common stockholders	(29,281,114)	(4,384,335)	(33,665,449)
Net loss attributable to common stockholders per share - basic and diluted:			
- Basic & diluted earnings/(loss) per share from continuing operations	$ (5.66)	$ (1.12)	$ (6.78)
- Basic & diluted earnings/(loss) per share attributable to common stockholders	$ (7.48)	$ (1.12)	$ (8.60)

	Consolidated Statements of Equity As of and For the Year Ended December 31, 2014		
	Previously Reported	Impact of Restatement	Restated
Accumulated Other Comprehensive Income:			
Foreign currency translation	$ (876,069)	$ (3,713)	$ (879,782)
Balance at December 31, 2014	$ 17,512,681	$ (3,713)	$ 17,508,968
Retained earnings:			
Net loss for the year ended December 31, 2014	$ (29,281,114)	$ (4,384,335)	$ (33,665,449)
Balance at December 31, 2014	$ 41,902,382	$ (4,384,335)	$ 37,518,047

	Consolidated Statements of Cash Flows For The Year Ended December 31, 2014		
	Previously Reported	Impact of Restatement / Reclassification	Restated
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss	$ (29,281,114)	$ (4,384,335)	$ (33,665,449)
Amortization of long-term prepayments	-	804,506	804,506
Impairment of long-lived assets	-	4,384,335	4,384,335
Net cash used in continuing operations	(11,114,908)	804,506	(10,310,402)
Net cash used in operating activities	(10,409,409)	804,506	(9,604,903)
CASH FLOWS FROM INVESTING ACTIVITIES			
Increase in long-term prepayments for acquisition of property, equipment and land use rights	485,330	(804,506)	(319,176)
Net cash provided by (used in) continuing operations	27,825,916	(804,506)	27,021,410
Net cash provided by (used in) investing activities	28,297,326	(804,506)	27,492,820

4. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of presentation

The accompanying consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America. The Company's functional currency is the Chinese Renminbi, however, the accompanying consolidated financial statements have been translated and presented in United States Dollars ($).

b. Principles of consolidation

The accompanying consolidated financial statements include the accounts of China Yida and its wholly-owned subsidiaries Keenway Limited, Hong Kong Yi Tat, Fuyu, Fujian Yida, Tulou, Yongtai Yunding, Jiangxi Zhangshu, Jiangxi Fenyi, Yida Travel, Fenyi Development, Zhangshu Development, Zhangshu Investment, Yida Arts, Yunding hotel, Jiangxi Travel and the accounts of its variable interest entity, Fujian Jiaoguang. All significant inter-company accounts and transactions have been eliminated in consolidation.

Consolidation of Variable Interest Entities

According to the requirements of ASC 810, an Interpretation of Accounting Research Bulletin No. 51 that requires a Variable Interest Entity ("VIE"), the Company has evaluated the economic relationships of Fujian Jiaoguang which signed an exclusive right agreement with the Company. Therefore, Fujian Jiaoguang is considered to be a VIE, as defined by ASC Topic 810-10, of which the Company is the primary beneficiary.

The carrying amount and classification of Fujian Jiaoguang's assets and liabilities included in the Consolidated Balance Sheets are as follows:

	December 31, 2015	December 31, 2014
Total current assets *	$ 17,865,630	$ 4,407,430
Total assets	$ 17,872,871	$ 4,415,085
Total current liabilities #	$ 26,607,548	$ 13,352,110
Total liabilities	$ 26,607,548	$ 13,352,110

* Including intercompany receivables of $16,979,261 and $4,342,251 as at December 31, 2015 and 2014, respectively, to be eliminated in consolidation.

Including intercompany payables of $26,580,316 and $13,321,547 as December 31, 2015 and 2014, respectively, to be eliminated in consolidation.

Although Fujian Jiaoguang no longer had revenues, its bank account still has to be maintained active with certain cash flows to support its expenses. As such, Fujian Jiaoguang transferred funds from and to the Company's directly-owned subsidiaries, which resulted in intercompany receivables and payables. Since Fujian Jiaoguang is a variable interest entity subject to consolidation, the balances of its intercompany receivables and payables are eliminated against the corresponding account balances at the Company's directly-owned subsidiaries at the consolidation level.

c. Use of estimates and assumptions

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the amount of revenues and expenses during the reporting periods. Management makes these estimates using the best information available at the time the estimates are made. However, actual results could differ materially from those results. The most significant estimates reflected in the consolidated financial statements include depreciation, useful lives of property and equipment, deferred income taxes, useful life of intangible assets and contingencies. Estimates and assumptions are periodically reviewed and the effects of revisions are reflected in the consolidated financial statements in the period they are determined to be necessary.

d. Cash and cash equivalents

The Company considers all cash on hand and in banks, certificates of deposit and other highly-liquid investments with original maturities of three months or less, when purchased, to be cash and cash equivalents. As of December 31, 2015 and 2014, the Company has uninsured deposits in banks of approximately $5,448,000 and $943,000.

e. Accounts receivable

The Company maintains reserves for potential credit losses on accounts receivable. Management reviews the composition of accounts receivable and analyzes historical bad debts, customer concentrations, customer credit worthiness, current economic trends and changes in customer payment patterns to evaluate the adequacy of these reserves. Based on the management's judgment, no allowance for doubtful accounts is required at the balance sheet dates.

4. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f. Advances and prepayments

The Company advances funds to certain vendors for purchase of its construction materials and necessary services. Based on the management's judgment, no allowance for advances and prepayments were assessed and recorded as of December 31, 2015 and 2014, respectively.

g. Property and equipment

Property and equipment are recorded at cost less accumulated depreciation. Gains or losses on disposals are reflected as gain or loss in the year of disposal. The cost of improvements that extends the life of property, and equipment are capitalized. These capitalized costs may include structural improvements, equipment, and fixtures. All ordinary repair and maintenance costs are expensed as incurred.

Depreciation for financial reporting purposes is provided using the straight-line method over the estimated useful lives of the assets or lease term as follows:

Building	20 years
Electronic Equipment	5 to 8 years
Transportation Equipment	8 years
Office Furniture	5 to 8 years
Leasehold Improvement and Attractions	Lesser of term of the lease or the estimated useful lives of the assets

h. Intangible assets

Intangible assets consist of acquisition of management right of tourist resort, commercial airtime rights and land use rights for tourism resorts. They are amortized on the straight line basis over their respective lease periods. The lease period of management rights, commercial airtime rights and land use rights is 30 years, 3 years and 40 years, respectively.

i. Impairment

The Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable through the estimated undiscounted cash flows expected to result from the use and eventual disposition of the assets. Whenever any such impairment exists, an impairment loss will be recognized for the amount by which the carrying value exceeds the fair value.

Assets are grouped and evaluated at the lowest level for their identifiable cash flows that are largely independent of the cash flows of other groups of assets. The Company considers historical performance and future estimated results in its evaluation of potential impairment and then compares the carrying amount of the asset to the future estimated cash flows expected to result from the use of the asset. If the carrying amount of the asset exceeds estimated expected undiscounted future cash flows, the Company measures the amount of impairment by comparing the carrying amount of the asset to its fair value. The estimation of fair value is generally measured by discounting expected future cash flows as the rate the Company utilizes to evaluate potential investments. The Company estimates fair value based on the information available, judgments and projections are considered necessary. Management reassessed and recorded impairment loss of $4,384,335 for the year ended December 31, 2014. There was no additional impairment for the year ended December 31, 2015.

j. Revenue recognition

Revenue is recognized at the date of service rendered to customers when a formal arrangement exists, the price is fixed or determinable, the services rendered, no other significant obligations of the Company exist and collectability is reasonably assured. Payments received before satisfaction of all of the relevant criteria for revenue recognition are recorded as unearned revenue.

Revenues from advance resort ticket sales are recognized when the tickets are used. Revenues from our contractors who have tourism contracts with us are generally recognized over the period of the applicable agreements commencing with the tourists visiting the resort. The Company also sells admission and activities tickets for a resort which the Company has the management right.

The Company has no allowance for product returns or sales discounts because services that are rendered and accepted by the customers are normally not refundable and discounts are normally not granted after service has been rendered.

4. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Profit sharing costs are recorded as cost of revenue. Profit sharing arrangements with the local governments for the management rights (see Note 15):

For the year ended December 31, 2015

	Tulou
Gross receipts	$ 483,359
Profit sharing costs	-
Nature resource compensation expenses	46,703
Total paid to the local governments	46,703
Net receipts	$ 436,656

For the year ended December 31, 2014

	Tulou
Gross receipts	$ 631,660
Profit sharing costs	-
Nature resource compensation expenses	56,891
Total paid to the local governments	56,891
Net receipts	$ 574,769

k. Advertising costs

The Company expenses the cost of advertising as incurred or, as appropriate, the first time the advertising takes place. Advertising costs for the years ended December 31, 2015 and 2014 were $1,356,195 and $2,304,545, respectively.

l. Post-retirement and post-employment benefits

Full time employees of subsidiaries of the Company participate in a government mandated multi-employer defined contribution plan pursuant to which certain pension benefits, medical care, employee housing, and other welfare benefits are provided to employees. Chinese labor regulations require that the subsidiaries of the Company make contributions to the government for these benefits based on a certain percentages of employees' salaries. The Company has no legal obligation for the benefits beyond the contributions made. The total amounts for such employee benefits, which were expensed as incurred, were $361,725 and $310,660 for the years ended December 31, 2015 and 2014, respectively. Other than the above, neither the Company nor its subsidiaries provide any other post-retirement or post-employment benefits.

m. Foreign currency translation

The Company uses the United States dollar ("U.S. dollars") for financial reporting purposes. The Company's subsidiaries maintain their books and records in their functional currency, being the primary currency of the economic environment in which their operations are conducted. In general, for consolidation purposes, the Company translates the subsidiaries' assets and liabilities into U.S. dollars using the applicable exchange rates prevailing at the balance sheet dates, and the statements of income are translated at average exchange rates during the reporting periods. Gain or loss on foreign currency transactions are reflected on the income statement. Gain or loss on financial statement translation from foreign currency are recorded as a separate component in the equity section of the balance sheet and is included as part of accumulated other comprehensive income. The functional currency of the Company and its subsidiaries in China is the Chinese Renminbi.

4. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

n. Income taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carry forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. A valuation allowance is recognized if it is more likely than not that some portion, or all, of a deferred tax asset will not be realized. There were no deferred income tax assets as of December 31, 2015 and 2014, respectively.

The Company applied the provisions of ASC 740-10-50, "Accounting For Uncertainty In Income Taxes," which provides clarification related to the process associated with accounting for uncertain tax positions recognized in our financial statements. Audit periods remain open for review until the statute of limitations has passed. The completion of review or the expiration of the statute of limitations for a given audit period could result in an adjustment to the Company's liability for income taxes. Any such adjustment could be material to the Company's results of operations for any given quarterly or annual period based, in part, upon the results of operations for the given period. At December 31, 2015, management considered that the Company had no uncertain tax positions, and will continue to evaluate for uncertain positions in the future.

China Yida is subject to U.S. Federal and California state examination by tax authorities for years after 2008, and the PRC tax authority for years after 2007.

o. Fair values of financial instruments

The carrying amounts reported in the consolidated financial statements for current assets and currently liabilities approximate fair value due to the short-term nature of these financial instruments. The carrying amount of long-term loans approximates fair value since the interest rates associated with the debts approximate the current market interest rates.

The Company adopted ASC 820-10, "Fair Value Measurements and Disclosures," which establishes a single authoritative definition of fair value and a framework for measuring fair value and expands disclosure of fair value measurements for both financial and nonfinancial assets and liabilities. This standard defines fair value, provides guidance for measuring fair value and requires certain disclosures. This standard does not require any new fair value measurements, but discusses valuation techniques, such as the market approach (comparable market prices), the income approach (present value of future income or cash flows) and the cost approach (cost to replace the service capacity of an asset or replacement cost). For purposes of ASC 820-10-15, nonfinancial assets and nonfinancial liabilities would include all assets and liabilities other than those meeting the definition of a financial asset or financial liability as defined in ASC-820-10-15-15-1A.

p. Stock-based compensation

The Company records stock-based compensation expense pursuant to ASC 718-10, "*Share Based Payment Arrangement*, " which requires companies to measure compensation cost for stock-based employee compensation plans at fair value at the grant date and recognize the expense over the employee's requisite service period. The Company's expected volatility assumption is based on the historical volatility of Company's stock or the expected volatility of similar entities. The expected life assumption is primarily based on historical exercise patterns and employee post-vesting termination behavior. The risk-free interest rate for the expected term of the option is based on the U.S. Treasury yield curve in effect at the time of grant.

Stock-based compensation expense is recognized based on awards expected to vest, and there were no estimated forfeitures as the Company has a short history of issuing options. ASC 718-10 requires forfeitures to be estimated at the time of grant and revised in subsequent periods, if necessary, if actual forfeitures differ from those estimates.

q. Earnings per share (EPS)

Earnings per share is calculated in accordance with ASC 260. Basic earnings per share is based upon the weighted average number of common shares outstanding. Diluted earnings per share is based on the assumption that all dilutive convertible shares and stock instruments were converted or exercised. Options and warrants are assumed to be exercised at the beginning of the period if the average stock price for the period is greater than the exercise price of the warrants and options.

4. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

r. Statutory Reserves

In accordance with the relevant laws and regulations of the PRC and the articles of association of the Company, the Company is required to allocate 10% of their net income reported in the PRC statutory accounts, after offsetting any prior years' losses, to the statutory surplus reserve, on an annual basis. When the balance of such reserve reaches 50% of the respective registered capital of the subsidiaries, any further allocation is optional.

As of December 31, 2015, the statutory reserve of the subsidiaries already reached 50% of the registered capital of the subsidiaries and the Company did not have any further allocation on it.

The statutory surplus reserves can be used to offset prior years' losses, if any, and may be converted into registered capital, provided that the remaining balances of the reserve after such conversion is not less than 25% of registered capital. The statutory surplus reserve is non-distributable.

s. Dividend Policy

Under the laws governing foreign invested enterprises in China, dividend distribution and liquidation are allowed but subject to special procedures under the relevant laws and rules. Any dividend payments will be subject to the decision of the Board of Directors and subject to foreign exchange rules governing such repatriation. Any liquidation is subject to both the relevant government agency's approval and supervision as well as the foreign exchange control.

t. Reclassifications

Except for the classification for discontinued operations, certain classifications have been made to the prior year financial statements to conform to the current year presentation. The reclassification had no impact on previously reported net loss or accumulated deficit.

u. Recent accounting pronouncements

In February 25, 2016, FASB issued ASU-2016-02-Leases. Topic 842 is to establish the principles that lessees and lessors shall apply to report useful information to users of financial statements about the amount, timing, and uncertainty of cash flows arising from a lease. The FASB is issuing this Update to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. Topic 842 affects any entity that enters into a lease (as that term is defined in this Update), with some specified scope exemptions. The guidance in this Update supersedes Topic 840, Leases. The main difference between previous GAAP and Topic 842 is the recognition of lease assets and lease liabilities by lessees for those leases classified as operating leases under previous GAAP. The core principle of Topic 842 is that a lessee should recognize the assets and liabilities that arise from leases. All leases create an asset and a liability for the lessee in accordance with FASB Concepts Statement No. 6, Elements of Financial Statements, and, therefore, recognition of those lease assets and lease liabilities represents an improvement over previous GAAP, which did not require lease assets and lease liabilities to be recognized for most leases. A lessee should recognize in the statement of financial position a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. When measuring assets and liabilities arising from a lease, a lessee (and a lessor) should include payments to be made in optional periods only if the lessee is reasonably certain to exercise an option to extend the lease or not to exercise an option to terminate the lease. Similarly, optional payments to purchase the underlying asset should be included in the measurement of lease assets and lease liabilities only if the lessee is reasonably certain to exercise that purchase option. Reasonably certain is a high threshold that is consistent with and intended to be applied in the same way as the reasonably assured threshold in the previous leases guidance. In addition, also consistent with the previous leases guidance, a lessee (and a lessor) should exclude most variable lease payments in measuring lease assets and lease liabilities, other than those that depend on an index or a rate or are in substance fixed payments. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election by class of underlying asset not to recognize lease assets and lease liabilities. If a lessee makes this election, it should recognize lease expense for such leases generally on a straight-line basis over the lease term. The amendments in this Update are effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. The Company is still in progress of evaluating future impact of adopting this standard.

4. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In November 20, 2015, FASB issued ASU-2015-17-Income Taxes. The Board is issuing this Update as part of its initiative to reduce complexity in accounting standards (the Simplification Initiative). The objective of the Simplification Initiative is to identify, evaluate, and improve areas of generally accepted accounting principles (GAAP) for which cost and complexity can be reduced while maintaining or improving the usefulness of the information provided to users of financial statements. Current GAAP requires an entity to separate deferred income tax liabilities and assets into current and noncurrent amounts in a classified statement of financial position. To simplify the presentation of deferred income taxes, the amendments in this Update require that deferred tax liabilities and assets be classified as noncurrent in a classified statement of financial position. The amendments in this Update apply to all entities that present a classified statement of financial position. The current requirement that deferred tax liabilities and assets of a tax-paying component of an entity be offset and presented as a single amount is not affected by the amendments in this Update. For public business entities, the amendments in this Update are effective for financial statements issued for annual periods beginning after December 15, 2016, and interim periods within those annual periods. Earlier application is permitted for all entities as of the beginning of an interim or annual reporting period. The Company is still in progress of evaluating future impact of adopting this standard.

In April 7, 2015, FASB issued ASU-2015-03-Interest-Imputation of Interest. The Board is issuing this Update as part of its initiative to reduce complexity in accounting standards (the Simplification Initiative). The objective of the Simplification Initiative is to identify, evaluate, and improve areas of generally accepted accounting principles (GAAP) for which cost and complexity can be reduced while maintaining or improving the usefulness of the information provided to users of financial statements. To simplify presentation of debt issuance costs, the amendments in this Update require that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. The recognition and measurement guidance for debt issuance costs are not affected by the amendments in this Update. For public business entities, the amendments in this Update are effective for financial statements issued for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years. The Company has adapted this standard and the debt liability as of December 31, 2015 has been presented net of debt issuance costs.

In February 18, 2015, FASB issued ASU 2015-02-Consolidation (Topic 810). The amendments in this Update affect reporting entities that are required to evaluate whether they should consolidate certain legal entities. All legal entities are subject to reevaluation under the revised consolidation model. Specifically, the amendments: (1) Modify the evaluation of whether limited partnerships and similar legal entities are variable interest entities (VIEs) or voting interest entities; (2) Eliminate the presumption that a general partner should consolidate a limited partnership; (3) Affect the consolidation analysis of reporting entities that are involved with VIEs, particularly those that have fee arrangements and related party relationships; (4) Provide a scope exception from consolidation guidance for reporting entities with interests in legal entities that are required to comply with or operate in accordance with requirements that are similar to those in Rule 2a-7 of the Investment Company Act of 1940 for registered money market funds. The amendments in this Update are effective for public business entities for fiscal years, and for interim periods within those fiscal years, beginning after December 15, 2015. The adoption of this standard is not expected to have a material impact on the Company's consolidated financial position and results of operations.

In August 2014, FASB issued ASU 2014-15 - Presentation of Financial Statements - Going Concern (Subtopic 205-40). The amendments in this Update states the disclosure of uncertainties about an entity's ability to continue as a going concern. An entity's management should evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the entity's ability to continue as a going concern within one year after the date that the financial statements are issued (or available to be issued). When management identifies conditions or events that raise substantial doubt, management should consider whether its plans will alleviate the substantial doubt.

When substantial doubt is raised but is alleviated by management's plans, the entity should disclose following information: (a) Principal conditions or events that raised substantial doubt (before consideration of management's plans); (b) Management's evaluation of the significance of those conditions or events in relation to the entity's ability to meet its obligations; (c) Management's plans that alleviated the substantial doubt.

When substantial doubt is raised but is not alleviated by management's plans, an entity should include a statement in the footnotes indicating that there is substantial doubt about the entity's ability to continue as a going concern within one year after the date that the financial statements are issued (or available to be issued), and disclose the following information: (a) Principal conditions or events that raise substantial doubt; (b) Management's evaluation of the significance of those conditions or events in relation to the entity's ability to meet its obligations; (c) Management's plans that are intended to mitigate the conditions or events that raise the substantial doubt.

The amendments in this Update are effective for the annual period ending after December 15, 2016, and for annual periods and interim periods thereafter. Early application is permitted. The Company is still in progress of evaluating future impact of adopting this standard.

5. OTHER RECEIVABLES, NET

Other receivables consist of the following:

	December 31, 2015	December 31, 2014
Advance to employees	$ 143,423	$ 74,451
Security deposits	30,670	42,670
Other	27,301	31,707
	$ 201,394	$ 148,828

6. ADVANCES AND PREPAYMENTS

Advances and prepayments consist of the following:

	December 31, 2015	December 31, 2014
Advance payments related to consumables of Yang-Sheng Paradise	$ 345,536	$ 493,013
Advance payments related to facilities of City of Caves	59,134	-
Advance payments related to facilities of Yunding resort	53,915	116,104
Advance payments related to facilities of Yang-Sheng Paradise	43,106	226,344
Other	34,617	3,472
	$ 536,308	$ 838,933

As of December 31, 2015 and 2014, advance payments related to the consumables to be used in Yang-Sheng Paradise were $345,536 and $493,013, respectively.

As of December 31, 2015 and 2014, advance payments related to facilities of City of Caves, opened to public in May, 2015, were $59,134 and $0, respectively.

As of December 31, 2015 and 2014, advance payments related to facilities of Yunding resort were $53,915 and $116,104, respectively.

7. PROPERTY AND EQUIPMENT, NET

Property and equipment consist of the following:

	December 31, 2015	December 31, 2014 (Restated)
Buildings, improvements, and attractions	$ 188,994,299	$ 192,727,526
Electronic equipment	4,778,455	4,832,741
Transportation equipment	2,941,910	2,705,322
Office furniture	959,267	1,005,977
	197,673,931	201,271,566
Less: Accumulated depreciation	(26,346,577)	(19,658,161)
Less: Accumulated impairment	(4,151,061)	(4,388,048)
Property and equipment, net	$ 167,176,293	$ 177,225,357

Depreciation expense for the years ended December 31, 2015 and 2014 were $8,077,212 and $8,476,262 respectively.

8. INTANGIBLE ASSETS, NET

Intangible assets consist of the following:

	December 31, 2015	December 31, 2014
Land use right	$ 45,475,647	$ 48,071,885
Accumulated amortization	(2,698,204)	(1,652,535)
Intangible assets, net	$ 42,777,443	$ 46,419,350

8. INTANGIBLE ASSETS, NET (CONTINUED)

For the years ended December 31, 2015 and 2014, amortization expense amounted to $1,182,820 and $1,192,192, respectively.

Estimated amortization for the next five years and thereafter is as follows:

As of December 31,	
2016	$ 1,184,868
2017	1,184,868
2018	1,184,868
2019	1,184,868
2020	1,184,868
Thereafter	36,853,103
	$ 42,777,443

9. LONG-TERM PREPAYMENTS

Long-term prepayments consist of the following:

	December 31, 2015	December 31, 2014
Prepayments for project planning, assessments and consultation fees	$ 1,024,289	$ 1,408,991
Prepayment for cooperative development	273,031	387,573
Others	128,815	236,200
	$ 1,426,135	$ 2,032,764

Prepayments for project planning, assessments and consultation fees represent advances relating to the planning, assessment and consultation for the development of tourism destinations in Jiangxi province.

In 2008, Hong Kong Yi Tat entered into a Tourist Destination Cooperative Development Agreement with Yongtai County Government with respect to the development of Yunding Park pursuant to which Fujian Yida is obligated to pay RMB 5.0 million, or approximately $0.82 million, to the Yongtai County People's Government over the course of the first 10 years of the Agreement. By the end of 2013, the Company had fulfilled this obligation with total payments made in the amount of approximately $818,036 (RMB 5.0 million) recorded as prepayments for cooperative development to be expensed throughout the term of the Agreement. As of December 31, 2015 and 2014, prepayments for cooperative development amounted to $273,031 and $387,573, respectively.

10. BANK LOANS

Short-term loans

Short-term loans represent borrowings from commercial banks that are due within one year. These loans consisted of the following:

	December 31, 2015	December 31, 2014
Loan from Fujian Haixia Bank (formerly known as Merchant bank of Fuzhou), interest rate at 9.6% per annum, due June 20, 2015, collateralized by the personal guarantees by two of the Company's directors.	$ -	$ 1,954,047
Loan from Fujian Haixia Bank (formerly known as Merchant bank of Fuzhou), interest rate at 8.245% per annum, due June 29, 2016, collateralized by the personal guarantees by two of the Company's directors.	1,848,514	-
Total	$ 1,848,514	$ 1,954,047

In June 2014, the Company borrowed an amount of $1,954,047 (RMB 12 million) due on June 20, 2015 from Fujian Haixia Bank, with the interest rate at 9.6% per annum. This loan was repaid in full amount in June, 2015.

In June 2015, the Company borrowed an amount of $1,848,514 (RMB 12 million) due on June 29, 2016 from Fujian Haixia Bank, with the interest rate at 8.245% per annum.

Interest expense for the years ended December 31, 2015 and 2014 amounted to $172,330 and $280,597, respectively.

Long-term debt

Long term debt consists of the following:

	December 31, 2015	December 31, 2014
Loan from China Minsheng Banking Corp, Ltd., interest rate at 9% per annum, final installment due on November 30, 2019, secured by the land use right of Jiangxi Zhangshu, collateralized by the personal guarantees by two of the Company's directors. (Note (a))	$ 35,429,857	$ 37,452,574
Loan from China Construction Bank, interest rate at 6.55% per annum, final installment due on July 15, 2022, collateralized by the fixed assets of Fujian Yida and personal guarantees by two of the Company's directors as additional collateral. (Note (b))	28,343,885	31,264,757
Loan from Industrial and Commercial Bank of China Limited in the amount of $27,200,887, net of deferred financing costs amounted to $402,657, interest rate from 5.64% to 7.07% per annum, final installment due on December 16, 2021, collateralized by the land use rights of Jiangxi Fenyi, guaranteed by Fujian Yida, and personal guarantees by two of the Company's directors as additional collateral. (Note (c))	26,798,230	-
Loan from China Minsheng Banking Corp, Ltd., interest rate at 8.5% per annum, final installment due on December 18, 2020, collateralized by the right to collect resort ticket sales at China Yang-sheng Paradise resort, guaranteed by Fujian Xinhengji Advertisement Co., Ltd, Fujian Yida, Yongtai Yunding, Jiangxi Fenyi, and personal guarantees by two of the Company's directors as additional collateral. (Note (d))	26,187,286	-
Loan from China Construction Bank, interest rate at 7.86% per annum, final installment due on August 5, 2022, collateralized by the fixed assets of Fujian Yida and personal guarantees by two of the Company's directors as additional collateral. (Note (e))	4,005,114	4,885,118
Loan from China Construction Bank, interest rate at 7.86% per annum, final installment due on August 5, 2022, collateralized by the fixed assets of Fujian Yida and personal guarantees by two of the Company's directors as additional collateral. (Note (f))	4,005,114	4,885,118
Loan from China Construction Bank, interest rate at 7.86% per annum, final installment due on August 5, 2022, collateralized by the fixed assets of Fujian Yida and personal guarantees by two of the Company's directors as additional collateral. (Note (g))	3,388,943	4,070,932
Loan from China Construction Bank, interest rate at 7.86% per annum, final installment due on August 5, 2022, collateralized by the fixed assets of Fujian Yida and personal guarantees by two of the Company's directors as additional collateral. (Note (h))	3,388,943	3,745,258
	131,547,372	86,303,757
Less: current portion	(3,388,943)	(3,256,746)
Total	$ 128,158,429	$ 83,047,011

10. BANK LOANS (CONTINUED)

Note:

(a) $12,323,428 (RMB 80,000,000) and $23,106,428 (RMB 150,000,000) will be due in each twelve-month period as of December 31, 2018 and 2019, respectively.

(b) $1,540,429 (RMB 10,000,000), $3,080,857 (RMB 20,000,000), $3,080,857 (RMB 20,000,000), $4,621,286 (RMB 30,000,000), $4,621,286 (RMB 30,000,000), $6,161,714 (RMB 40,000,000), and $5,237,457 (RMB 34,000,000) will be due in each twelve-month period as of December 31, 2016, 2017, 2018, 2019, 2020, 2021, and 2022, respectively.

(c) $27,200,887 (RMB 176,580,000) will be due on December 16, 2021. Deferred financing costs of $539,150 (RMB 3.50 million) was paid in order to obtain such additional debt used to construct resort project. These fees were deferred and amortized on a straight line basis over the life of the debt. The balance was amounted to $402,657 as of December 31, 2015.

(d) $4,621,286 (RMB 30,000,000), $6,161,714 (RMB 40,000,000), $6,161,714 (RMB 40,000,000), and $9,242,572 (RMB 60,000,000) will be due in each twelve-month period as of December 31, 2017, 2018, 2019 and 2020, respectively.

(e) $616,171 (RMB 4,000,000) will be due in each twelve-month period as of December 31, 2016, 2017, 2018, 2019, 2020, 2021, respectively, and $308,086 (RMB 2,000,000) will be due in the twelve-month period as of December 31, 2022.

(f) $616,171 (RMB 4,000,000) will be due in each twelve-month period as of December 31, 2016, 2017, 2018, 2019, 2020, 2021, respectively, and $308,086 (RMB 2,000,000) will be due in the twelve-month period as of December 31, 2022.

(g) $462,129 (RMB 3,000,000) will be due in each twelve-month period as of December 31, 2016, 2017, 2018, and 2019, respectively, $616,171 (RMB 4,000,000), $616,171 (RMB 4,000,000), and $308,086 (RMB 2,000,000) will be due in each twelve-month period as of December 31, 2020, 2021, and 2022, respectively.

(h) $154,043 (RMB 1,000,000), $308,086 (RMB 2,000,000), $462,129 (RMB 3,000,000), $616,171 (RMB 4,000,000), $616,171 (RMB 4,000,000), $616,171 (RMB 4,000,000), and $616,171 (RMB 4,000,000) will be due in each twelve-month period as of December 31, 2016, 2017, 2018, 2019, 2020, 2021, and 2022, respectively.

Interest expense for the years ended December 31, 2015 and 2014 amounted to $8,067,832 and $7,927,155, respectively.

11. ACCRUED EXPENSES AND OTHER PAYABLES

Accrued expenses and other payables consist of the following:

	December 31, 2015	December 31, 2014
Accrued payroll	$ 469,968	$ 550,573
Accrued local government fees	445,477	347,040
Security deposits payable	150,004	224,125
Unearned revenue	119,979	100,508
Welfare payable	12,514	13,228
Other	140,079	129,389
	$ 1,338,021	$ 1,364,863

12. INCOME TAX

The Company is subject to Hong Kong ("HK") and People's Republic of China ("PRC") profit tax. For certain operations in HK and PRC, the Company has incurred net accumulated operating losses for income tax purposes.

United States

The Company is incorporated in the United States of America and is subject to United States federal taxation. No provisions for income taxes have been made as the Company has no taxable income for the period. The applicable income tax rate for the Company was 35% for the each of the years ended December 31, 2015 and 2014. Net operating loss at December 31, 2015, which can be used to offset future taxable income, was approximately $4,324,638. No tax benefit has been realized since a valuation allowance has offset the deferred tax asset resulting from the net operating losses.

12. INCOME TAX (CONTINUED)

Cayman Islands

Keenway Limited, a wholly owned subsidiary of the Company, is incorporated in the Cayman Islands and, under the current laws of the Cayman Islands, is not subject to income taxes.

Hong Kong

Hong Kong Yi Tat, a wholly owned subsidiary of the Company, is incorporated in Hong Kong. Hong Kong Yi Tat is subject to Hong Kong taxation on its activities conducted in Hong Kong and income arising in or derived from Hong Kong. No provisions for income taxes have been made as Hong Kong Yi Tat has no taxable income for the period. The applicable statutory tax rate for the subsidiary was 16.5% for each of the years ended December 31, 2015 and 2014.

PRC

Effective on January 1, 2008, the PRC Enterprise Income Tax Law, EIT Law, and Implementing Rules impose an unified enterprise income tax rate of 25% on all domestic-invested enterprises and foreign investment enterprises in PRC, unless they qualify under certain limited exceptions. As such, starting from January 1, 2008, the Company's subsidiaries in PRC are subject to an enterprise income tax rate of 25%.

Provision for income tax consists of the following:

	For The Years Ended December 31,	
	2015	2014 (Restated)
Current		
USA	$ -	$ -
China	-	-
	-	-
Deferred		
USA		
Deferred tax asset for NOL carry forwards	162,330	81,207
Valuation allowance	(162,330)	(81,207)
	-	-
China		
Non current portion		
Deferred tax asset for NOL carry forwards	4,722,854	7,902,501
Temporary difference from impairment of long-lived assets	-	1,097,012
Valuation allowance	(4,722,854)	(8,999,513)
Net changes in deferred income tax under non-current portion	-	-
Net deferred income tax expenses	-	-
Provision for income tax	$ -	$ -

12. INCOME TAX (CONTINUED)

The following is a reconciliation of the provision for income taxes at the PRC and Hong Kong tax rate to the income taxes reflected in the Statement of Income:

	For The Years Ended December 31,	
	2015	2014
Tax expense at statutory rate - US	35.0%	35.0%
Changes in valuation allowance - US	(35.0%)	(35.0%)
Tax expense at statutory rate - HK	16.5%	16.5%
Changes in valuation allowance - HK	(16.5%)	(16.5%)
Foreign income tax rate - PRC	25.0%	25.0%
Other (a)	(25.0%)	(25.0%)
Effective income tax rates	(0.0%)	(0.0%)

(a) Other represents expenses incurred by the Company that are not deductible for PRC income taxes and changes in valuation allowance for PRC entities for the years ended December 31, 2015 and 2014, respectively.

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which the net operating losses and temporary differences become deductible. Management considered projected future taxable income and tax planning strategies in making this assessment.

The change in total allowance for the years ended December 31, 2015 and 2014 was an increase of $4,885,184 and $9,080,720, respectively.

13. EQUITY

(1) REVERSE SPLIT

Effective November 19, 2012, the Company conducted a 1-for-5 Reverse Stock Split of all issued and outstanding shares of its common stock. Upon the effect of the Reverse Stock Split, the Company's issued and outstanding shares reduced from 19,571,785 to 3,914,580. Except as otherwise specified, all information in these consolidated financial statements and notes and all share and per share information has been retroactively adjusted for all periods presented to reflect the reverse stock split, as if the Reverse Stock Split had occurred at the beginning of the earliest period presented.

(2) WARRANTS

The remaining 773,812 Class A Warrants expired on September 6, 2011.

13. EQUITY (CONTINUED)

(3) STOCK-BASED COMPENSATION

On June 10, 2009 (the "Grant Date"), the Company entered into a Non-qualified Stock Option Agreement with one of the Company's directors, pursuant to which, the Company issued the director non-qualified stock options (the "Stock Options") to purchase a total of 6,000 shares of the Company's common stock as compensation for his services to be rendered as the Company's director. One half of the Stock Options shall vest on the sixth month anniversary of the Grant Date (the "First Vesting Date") and become exercisable at an exercise price equal to the market price of the Company's common stock on the First Vesting Date and the second half of Stock Options shall vest on the twelfth month anniversary of the Grant Date (the "Second Vesting Date") and become exercisable at an exercise price equal to the market price of the Company's common stock on the Second Vesting Date.

On January 21, 2011 (the "CFO Stock Option Grant Date"), the Company entered into a Non-qualified Stock Option Agreement with the Company's former Chief Financial Officer, pursuant to which, the Company issued non-qualified stock options (the "CFO Stock Options") to purchase a total of 15,000 shares of the Company's common stock as compensation for his services to be rendered as the Company's Chief Financial Officer. 3,000 CFO Stock Options vested on the CFO Stock Option Grant Date; 4,000 CFO Stock Options shall vest on the one-year anniversary of the CFO Grant Date; 4,000 CFO Stock Options shall vest on the second-year anniversary of the CFO Grant Date; and 4,000 CFO Stock Options shall vest on the third-year anniversary of the CFO Grant Date. The exercise price for all of the shares was determined as the fair value of our common stock using the closing price on the grant date.

On November 5, 2011, our former CFO submitted a letter of resignation resigning from his position. The resignation was effective as of December 31, 2011. Under the Non-qualified Stock Option Agreement, if the CFO is removed from office for cause prior to the 21st day of January, 2012, any outstanding stock options held by him which are not vested and exercisable by him immediately prior to resignation shall terminate as of the date of removal, and any outstanding stock options held by the CFO which are vested and exercisable immediately prior to removal shall be exercisable at any time prior to the expiration date of such stock option or within one-year after the date of removal, whichever is shorter. As a result, 12,000 CFO Stock Options were forfeited as of December 31, 2011. On January 6, 2012, our former CFO transferred options to purchase 3,000 shares to Mr. Minhua Chen, our Chief Executive Officer, as a gift.

13. EQUITY (CONTINUED)

On January 21, 2011 (the "VPIR Stock Option Grant Date"), the Company entered into a Non-qualified Stock Option Agreement with the Company's former Corporate Secretary and VP of Investor Relation ("VPIR"), pursuant to which, the Company issued non-qualified stock options (the "VPIR Stock Options") to purchase a total of 15,000 shares of the Company's common stock as compensation for his services to be rendered as the Company's VP of Investor Relation. 3,000 VPIR Stock Options shall vest on the VPIR Stock Option Grant Date; 4,000 VPIR Stock Options shall vest on the one-year anniversary of the VPIR Grant Date; 4,000 VPIR Stock Options shall vest on the second-year anniversary of the VPIR Grant Date; and 4,000 VPIR Stock Options shall vest on the third-year anniversary of the VPIR Grant Date. The exercise price for all of the shares was determined as the fair value of our common stock using the closing price on the grant date.

On November 5, 2011, our former VPIR submitted a letter of resignation resigning from his position. The resignation was effective as of December 31, 2011. Under the Non-qualified Stock Option Agreement, if VPIR is removed from office for cause prior to the 21st day of January, 2012, any outstanding stock option held by him which is not vested and exercisable by him immediately prior to resignation shall terminate as of the date of removal, and any outstanding stock options held by VPIR which is vested and exercisable immediately prior to removal shall be exercisable at any time prior to the expiration date of such stock option or within one-year after the date of removal, whichever is shorter. As a result, 12,000 VPIR Stock Options were forfeited as of December 31, 2011. On January 6, 2012, our former VPIR transferred options to purchase 3,000 shares to Mr. Minhua Chen, our Chief Executive Officer, as a gift.

On March 17, 2011 (the "ID Stock Option Grant Date"), the Company entered into a Non-qualified Stock Option Agreement with the Company's Independent Director, pursuant to which, the Company issued non-qualified stock options (the "ID Stock Options") to purchase a total of 6,000 shares of the Company's common stock as compensation for his services to be rendered as the Company's Independent Director. One half of the ID Stock Options vested on the ID Grant Date and the second half of ID Stock Options vested on June 10, 2011. The exercise price for all of the shares was determined as the fair value of our common stock using the closing price on the grant date.

On July 27, 2011, the Company entered into an agreement with the Company's Independent Director, pursuant to which, the Company granted 4,000 restricted shares of the Company's common stock as compensation for his services to be rendered as the Company's Independent Director from June 10, 2011 to June 9, 2012. The estimated value of the 4,000 shares was $73,000 on June 10, 2011. On May 24, 2012, the 4,000 restricted shares were issued.

The Company valued the stock options using the Black-Scholes model with the following assumptions:

Type of Stock Option	Number of Options	Expected Term	Expected Volatility	Dividend Yield	Risk Free Interest Rate
)ptions to Independent Director, June 10, 2009	6,000	5.25	356%	0%	3.11%
)ptions to Chief Financial Officer, January 21, 2011	15,000	6.25	60%	0%	3.44%
)ptions to VP of Investor Relation, January 21, 2011	15,000	6.25	60%	0%	3.44%
)ptions to Independent Director, March 17, 2011	6,000	6.25	60%	0%	3.25%

The following is a summary of the option activity:

	Number of Options
Outstanding as of December 31, 2014	18,000
Granted	-
Exercised	-
Forfeited	-
Outstanding as of December 31, 2015	18,000

For the years ended December 31, 2015 and 2014, the Company recognized $0 and $0, respectively, as stock-based compensation expense, which was included in general and administrative expenses.

14. DISCONTINUED OPERATIONS

On August 26, 2014, Hong Kong Yi Tat entered into a certain share transfer agreement with Fujian Taining Great Golden Lake Tourism Economic Development Industrial Co., Ltd. (the "Purchaser"), pursuant to which Hong Kong Yi Tat agreed to sell 100% of its equity interest in Fujian Jintai to the Purchaser (the "Sale") for a price of RMB 228,801,359, or approximately $37 million (the "Purchase Price").

The results of Fujian Jintai have been presented as a discontinued operation in the consolidated statements of income and comprehensive income. Selected operating results for the discontinued business are presented in the following table:

	For The Years Ended December 31,	
	2015	2014
Net Revenue	$ -	$ 3,492,327
Cost of Revenue	-	(1,828,348)
Selling expenses	-	(904,667)
General, and administrative expenses	-	(605,331)
Interest expense	-	(443,108)
Interest income	-	692
Other expense, net	-	(328,297)
Net loss	$ -	$ (616,732)

15. COMMITMENTS AND CONTINGENCIES

(1) Operating commitments

Operating commitments consist of leases for office space under various operating lease agreements which expire in April 2021.

Operating lease agreements generally contain renewal options that may be exercised at the Company's discretion after the completion of the terms. The Company's obligations under various operating leases are as follows:

As of December 31,	
2016	$ 47,537
2017	25,749
2018	25,791
2019	25,835
2020	25,881
Thereafter	784,877
Total minimum payments	$ 935,670

The Company incurred rental expenses of $244,147 and $219,774 for the years ended December 31, 2015 and 2014, respectively.

(2) Compensation for using natural resources commitments

In December 2008, Tulou entered into a Tourist Resources Development Agreement with Hua'an County Government ("Hua'an government") which is related to pay compensation fees for using natural resources in Tulou. The Company agreed to pay (1) 16% of gross ticket sales in the first five years; (2) 20% of gross ticket sales in the second five years; (3) 23% of gross ticket sales in the third five years; (4) 25% of gross ticket sales in the fourth five years; (5) 28% of gross ticket sales in the fifth five years; (6) 30% in twenty six years and thereafter when the ticket price of the Clusters is RMB60 ($9.50 USD) or above per person.

The Company paid approximately $46,703 and $56,891 to the Hua'an government for the years ended December 31, 2015 and 2014, respectively, and recorded as selling expenses.

(3) Litigation

The Company's management does not expect the legal proceedings involving the Company would have a material impact on the Company's consolidated financial position or results of operations.

16. DUE TO RELATED PARTIES

As of December 31, 2015, the Company had $2,082,013 due to Fujian Xinhengji Advertisement Co., Ltd. As of December 31, 2014, the Company had $28,921,820 and $2,759,122 due to Fujian Xinhengji Advertisement Co., Ltd and Mr. Minhua Chen, respectively. Mr. Minhua Chen, the Chief Executive Officer and Chairman of the Company, is the Chairman of Fujian Xinhengji Advertisement Co., Ltd. Those loans are unsecured, bear no interest, and are due on demand.

17. EARNINGS PER SHARE

Basic earnings per share is computed by dividing net income attributable to common shareholders by the weighted average number of common shares outstanding during the period. Diluted earnings per share reflects the potential dilution of securities by including other potential common stock, including convertible preferred stock, stock options and warrants, in the weighted average number of common shares outstanding for the period, if dilutive. The numerators and denominators used in the computations of basic and dilutive earnings per share are presented in the following table:

Basic and diluted:

	December 31, 2015	December 31, 2014
Amounts attributable to common stockholders:		
Net loss from continuing operations, net of income taxes	$ (20,152,787)	$ (26,538,087)
Net loss from discontinued operations, net of income taxes	-	(7,127,362)
Net loss attributable to common stockholders	$ (20,152,787)	$ (33,665,449)
Net loss attributable to common stockholders per share - basic and diluted:		
- Basic & diluted earnings/(loss) per share from continuing operations	$ (5.15)	$ (6.78)
- Basic & diluted earnings/(loss) per share from discontinued operations	-	(1.82)
- Basic & diluted earnings/(loss) per share attributable to common stockholders	$ (5.15)	$ (8.60)
Basic and diluted weighted average outstanding shares of common stock	3,914,580	3,914,580
Potential common shares outstanding as of December 31, 2015:		
Options outstanding	18,000	18,000

For the years ended December 31, 2015 and 2014, 18,000 options were not included in the diluted earnings per share because the average stock price was lower than the strike price of these options.

18. SUBSEQUENT EVENTS

On March 8, 2016, the Company entered into an Agreement and Plan of Merger (the "Merger Agreement") with China Yida Holding Acquisition Co., a Nevada corporation ("Acquisition").

Pursuant to the Merger Agreement, upon the terms and subject to the conditions thereof, at the effective time of the merger, the Company will be merged with and into Acquisition, the separate corporate existence of the Company shall thereupon cease and Acquisition shall continue as the surviving company of the merger (the "Merger"). Each of the Company's shares of common stock issued and outstanding immediately prior to the effective time of the Merger (the "Shares") will be converted into the right to receive US$3.32 in cash without interest, except for (i) Shares owned by Acquisition, any of its affiliates or the Company, and (ii) Shares to be contributed to Acquisition by Mr. Minhua Chen and Mrs. Yanling Fan, immediately prior to the effective time of the Merger pursuant to a rollover agreement, dated as of March 8, 2016, among Acquisition, Mr. Minhua Chen and Mrs. Yanling Fan ((i) and (ii) collectively, the "Excluded Shares"), which will be cancelled for no consideration and cease to exist as of the effective time of the Merger. Currently, Mr. Minhua Chen and Mrs. Yanling Fan collectively beneficially own approximately 57.84% of the Company's outstanding shares of common stock, on a fully diluted, as converted basis and 100% of Acquisition's outstanding shares of common stock. Mr. Chen is Chief Executive Officer, President and Chairman and Ms. Fan is Chief Operating Officer of the Company and Acquisition.

In specified circumstances, if the Merger Agreement is terminated, the Company shall pay Acquisition a termination fee in the amount of US$375,000 plus Acquisition's reasonable out-of-pocket expenses, or receive from Acquisition a termination fee in the amount of US$375,000 plus the Company's reasonable out-of-pocket expenses.

Management has evaluated subsequent events through March 30, 2016, the date which the financial statements were available to be issued. All subsequent events requiring recognition as of December 31, 2015 have been incorporated into these consolidated financial statements and there are no subsequent events that require disclosure in accordance with FASB ASC Topic 855, "Subsequent Events."

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

None.

ITEM 9A. CONTROLS AND PROCEDURES.

Evaluation of Disclosure Controls and Procedures

Pursuant to Rule 13a-15(b) under the Securities Exchange Act of 1934 ("Exchange Act"), the Company carried out an evaluation, with the participation of the Company's management, including the Company's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") (the Company's principal financial and accounting officer), of the effectiveness of the Company's disclosure controls and procedures (as defined under Rule 13a-15(e) under the Exchange Act) as of the end of the period covered by this report. Based upon that evaluation, the Company's CEO and CFO concluded that the Company's disclosure controls and procedures are not effective to ensure that information required to be disclosed by the Company in the reports that the Company files or submits under the Exchange Act, is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to the Company's management, including the Company's CEO and CFO, as appropriate, to allow timely decisions regarding required disclosure.

Management's Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal controls over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act and for assessing the effectiveness of internal controls over financial reporting. As defined by the Securities and Exchange Commission (Rule 13a-15(f) under the Exchange Act of 1934, as amended), internal controls over financial reporting is a process designed by, or under the supervision of the Company's principal executive and principal financial officers and effected by its Board of Directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the consolidated financial statements in accordance with U.S. generally accepted accounting principles.

Our internal control system was designed to, in general, provide reasonable assurance to the Company's management and board regarding the preparation and fair presentation of published financial statements, but no matter how well designed because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. Therefore, even effective internal controls over financial reporting can only provide reasonable assurance with respect to the financial statement preparation and presentation.

Our management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2014. The framework used by management in making that assessment was the criteria set forth in the document entitled " Internal Control – Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on that assessment, our management has determined that as of December 31, 2015, the Company identified deficiencies that were determined to be a material weakness. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis. Because of the material weakness described below, management concluded that our internal controls over financial reporting were not effective as of December 31, 2015.

The specific material weakness identified by the Company's management as of December 31, 2015 is described as follows:

We did not have sufficient skilled accounting personnel that are either qualified as Certified Public Accountants in the U.S. or that have received education from U.S. institutions or other educational programs that would provide enough relevant education relating to U.S. GAAP. The Company's CFO and Financial Manager have limited experience with U.S. GAAP and are not U.S. Certified Public Accountants. Further, our operating subsidiaries are based in China, and in accordance with PRC laws and regulations, are required to comply with PRC GAAP, rather than U.S. GAAP. Thus, the accounting skills and understanding necessary to fulfill the requirements of U.S. GAAP-based reporting, including the preparation of consolidated financial statements, are inadequate, and determined to be a material weakness.

In an effort to remedy this material weakness, we started to take the following remediation measures:

- develop a comprehensive training and development plan, for our finance, accounting and internal audit personnel, including our Chief Financial Officer, Financial Manager, and others, in the principles and rules of U.S. GAAP, SEC reporting requirements and the application thereof.
- design and implement a program to provide ongoing company-wide training regarding the Company's internal controls, with particular emphasis on our finance and accounting staff.
- implement an internal review process over financial reporting to review all recent accounting pronouncements and to verify that the accounting treatment identified in such report have been fully implemented and confirmed by our internal control department. In the future, we will continue to improve our ongoing review and supervision of our internal control over financial reporting.
- hire an individual who possesses the requisite U.S. GAAP experience and education.

This annual report does not include an attestation report of the Company's registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by the Company's registered public accounting firm pursuant to rules of the Securities and Exchange Commission that permit the Company to provide only management's report in this annual report.

Changes in Internal Control over Financial Reporting

No change in our system of internal control over financial reporting occurred during the period covered by this report, the fourth quarter of the fiscal year ended December 31, 2015 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION.

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE.

The information required by this Item is set forth in the Company's 2016 Proxy Statement to be filed with the U.S. Securities and Exchange Commission ("SEC") in connection with the solicitation of proxies for the Company's 2016 Annual Meeting of Shareholders ("2015 Proxy Statement") and is incorporated herein by reference. Such Proxy Statement will be filed with the SEC within 120 days after the end of the fiscal year to which this report relates.

ITEM 11. EXECUTIVE COMPENSATION.

The information required by this Item is set forth in the Company's 2016 Proxy Statement and is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS.

The information required by this Item is set forth in the Company's 2016 Proxy Statement and is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE.

The information required by this Item is set forth in the Company's 2016 Proxy Statement and is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES.

The information required by this Item is set forth in the Company's 2016 Proxy Statement and is incorporated herein by reference.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES.

(a) Documents filed as part of this report

(b) Exhibits

Exhibit Number	Description
2.1	Share Exchange Agreement, dated November 19, 2007, among the Company, the stockholders of the Company, Keenway Limited and Hong Kong Yi Tat International Investment, Ltd. (1)
2.2	Agreement and Plan of Merger, dated November 19, 2012 (16)
3.1	Articles of Incorporation of the Company as filed with the Secretary of State of Delaware on June 4, 1999 (7)
3.2	Certificate of Amendment to Certificate of Incorporation changing the corporate name from Apta Holdings, Inc. to InteliSys Aviation Systems of America, Inc. filed with the Secretary of State of Delaware on July 21, 2007 (1)
3.3	Certificate of Amendment to Articles of Incorporation filed on November 28, 2007 (2)
3.4	Certificate of Amendment to the Certificate of Incorporation of China Yida Holding Co., a Delaware corporation (16)
3.5	Articles of Incorporation of China Yida Holding Co., a Nevada corporation (16)
3.6	Bylaws of China Yida Holding Co., a Nevada corporation (16)
3.7	Articles of Merger of China Yida Holding Co., a Nevada corporation (16)
3.8	Certificate of Merger of China Yida Holding Co., a Delaware corporation (16)
4.1	Sample Warrant (3)
10.1	Securities Purchase Agreement (3)
10.2	Registration Rights Agreement (3)
10.3	Lock-Up Agreement (3)
10.4	Make Good Agreement (3)
10.5	Operating Agreement dated October 9, 2004 between Hong Kong Yi Tat International Investment Limited and Fujian Jiaoguang Media Co, Ltd. (1)
10.6	Proxy Agreement dated October 9, 2004 between Hong Kong Yi Tat International Investment Limited and Fujian Jiaoguang Media Co, Ltd. (1)
10.7	Consulting Services Agreement dated October 9, 2004 between Hong Kong Yi Tat International Investment Limited and Fujian Jiaoguang Media Co, Ltd. (1)
10.8	Option Agreement dated October 9, 2004 between Hong Kong Yi Tat International Investment Limited and Fujian Jiaoguang Media Co, Ltd. (1)
10.9	Equity Pledge Agreement dated October 9, 2004 between Hong Kong Yi Tat International Investment Limited and Fujian Jiaoguang Media Co, Ltd. (1)
10.10	Leasing Agreement (4)
10.11	Leasing Agreement (4)
10.12	Employment Agreement with George Wung (5)
10.13	Placement Agency Agreement (8)
10.14	Form of Subscription Agreement (8)
10.15	Equity Transfer Agreements Dated March 15, 2010 (9)
10.16	Fujian Education Television Channel Project Management Agreement between Fuzhou Fuyu Advertising, Co. and Fujian Education Media Limited Company, dated August 1, 2010. (10)
10.17	Six-Year Exclusive Agreement with China Railway Media Center dated February 2009 (14)
10.18	Tourism Management Revenue Sharing Agreement with Taining government to operate Great Golden Lake from 2001 to 2032 dated 2001 (14)
10.19	Tourist Destination Cooperative Development Agreement with Yongtai County Government dated November 2008 (14)
10.20	Tourist Resources Development Agreement with Hua'an County Government dated December 2008 (14)
10.21	Emperor Ming Taizu Cultural and Ecological Resort and Tourist Project Finance Agreement dated April 15, 2010 with Anhui Province Bengbu Municipal Government (14)
10.22	China Yang-sheng (Nourishing Life) Tourism Project Finance Agreement dated April 2010 with Jianxi Province Zhangshu Municipal Government (14)
10.23	Agreement with Jianxi Province People's Government of Fenyi County dated June 1, 2010 (14)
10.24	Lease Agreement for our principal offices located at 28/F, Yifa Building, No.111, Wusi Road, Fuzhou, Fujian Province, PRC. (14)
10.25	Lease Agreement for our office located at 20955 Pathfinder Rd., #200-2, Diamond Bar, CA 91765. (11)

Exhibit Number	Description
10.26	Land Use Rights Agreement with Yongtai County Municipal Bureau of Land and Resources (14)
10.27	Cooperative agreement between us and Anhui Xingguang (14)
10.28	Lease Transfer Agreement with Xingguang (14)
10.29	Lease Agreement for Great Golden Lake (14)
10.30	Contract between Xin Hengji Holding Company Limited ("XHJ") and Fujian Education Media Limited Company (14)
10.31	Assignment of XHJ agreement from XHJ to Fuzhou Fuyu (14)
10.32	Mountain and Forest Land Lease Contract with Caoxiang Village, dated July 17, 2008 and Supplement, dated July 19, 2008 (14)
10.33	Mountain and Forest Land Lease Contract with Dalu Village, dated November 20, 2008 (14)
10.34	Mountain and Forest Land Lease Contract with Hongta Village, dated November 20, 2008 (14)
10.35	Mountain and Forest Land Lease Contract with Caoxiang Village, dated November 10, 2009 (14)
10.36	Mountain and Forest Land Lease Contract with Zhangxiang Village, dated November 10, 2009 (14)
10.37	Bank Loan Agreement, dated November 18, 2011 (14)
10.38	Bank Loan Agreement, dated January 26, 2011 (14)
10.39	Bank Loan Agreement, dated October 25, 2011 (14)
10.40	Bank Loan Agreement, dated November 7, 2011 (14)
10.41	Director Agreement between the Company and Michael Marks, dated June 10, 2011 (13)
10.42	Loan agreement with China Minsheng Banking Corp, Ltd., dated April 19, 2012 (15)
10.43	Loan agreement with China Minsheng Banking Corp, Ltd., dated February 20, 2012(16)
10.44	Loan Agreement with Fujian Haixia Bank, dated August 16, 2012 (16)
10.45	Loan Agreement with China Minsheng Banking Corp, Ltd., dated November 23, 2012(16)
10.46	Current Capital Loan Agreement with Fujian Haixia Bank, dated October 17, 2013 (17)
10.47	Share Transfer Agreement between Yida (Fujian) Tourism Group Ltd. and Anhui Xingguang Investment Group Ltd., dated June 3, 2013 (Incorporated by reference to Exhibit 10.1 to Form 8-K filed on June 7, 2013)
10.48	Share Transfer Agreement between the Management Committee of the Fujian Taining Great Golden Lake Tourism Economic Development Zone, Fujian Taining Great Golden Lake Tourism Economic Development Industrial Co., Ltd., Fujian Jintai Tourism Industrial Development Co., Ltd. and Hong Kong Yi Tat International Investment Co., Ltd., dated August 26, 2014. (Incorporated by reference to Exhibit 10.1 to Form 8-K filed on September 2, 2014)
10.49	Fixed Assets Loan Contract with Industrial Bank of China, dated January 9, 2015 (18)
14.1	Code of Ethics (6)
21.1	List of Subsidiaries (17)
31.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 *
31.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 *
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 *
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 *
99.1	2008 Development Report of Chinese Radio and Television (4)
101.INS	XBRL Instance Document *
101.SCH	XBRL Taxonomy Extension Schema Document *
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document *
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document *
101.LAB	XBRL Taxonomy Extension Label Linkbase Document *
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document *

_____
* Filed herewith.

(1) Previously filed as Exhibits to Form 8-K filed on November 26, 2007.
(2) Previously filed as Exhibits to Form 8-K filed on March 6, 2008.
(3) Previously filed as Exhibits to Form 8-K filed on March 11, 2008.
(4) Previously filed as Exhibits to Form S-1/A filed on July 8, 2008.
(5) Previously filed as Exhibits to Form 8-K filed on January 14, 2009.
(6) Previously filed as Exhibits to Form 8-K filed on June 30, 2009.
(7) Previously filed as Exhibits to Form S-3 filed on December 11, 2009.
(8) Previously filed as Exhibits to Form 8-K filed on January 22, 2010.
(9) Previously filed as Exhibits to Form 8-K filed on May 14, 2010.
(10) Previously filed as Exhibits to Form 8-K filed on August 4, 2010.
(11) Previously filed as Exhibits to Form 10-K/A filed on February 3, 2012.
(12) Previously filed as Exhibits to Form 10-K filed on March 29, 2012.
(13) Previously filed as Exhibits to Form 10-K/A filed on June 4, 2012.
(14) Previously filed as Exhibits to Form 10-K/A filed on December 19, 2012.
(15) Previously filed as Exhibits to Form 10-Q/A filed on December 19, 2012.
(16) Previously filed as Exhibits to Form 8-K filed on November 20, 2012.
(17) Previously filed as Exhibit 21.1 to our Form 10-K filed on March 31, 2014.
(18) Previously filed as Exhibit 10.1 to Form 10-Q filed on May 15, 2015.

SIGNATURES

In accordance with Section 13 or 15(d) of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CHINA YIDA HOLDING, CO.

Date: March 30, 2016

By: /s/ Minhua Chen
Minhua Chen
Chief Executive Officer
(Principal Executive Officer)

By: /s/ Yongxi Lin
Yongxi Lin
Chief Financial Officer
(Principal Accounting Officer)

Pursuant to the requirements of the Securities Act of 1934, this report has been signed by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Capacity	Date
/s/ Minhua Chen Minhua Chen	Chief Executive Officer and Chairman (Principal Executive Officer)	March 30, 2016
/s/ Yongxi Lin Yongxi Lin	Chief Financial Officer (Principal Financial Officer; Principal Accounting Officer)	March 30, 2016
/s/ Yanling Fan Yanling Fan	Chief Operating Officer and Director	March 30, 2016
/s/ Renjiu Pei Renjiu Pei	Director	March 30, 2016
/s/ Fucai Huang Fucai Huang	Director	March 30, 2016
/s/ Chunyu Yin Chunyu Yin	Director	March 30, 2016

EXHIBIT 3

EXHIBIT 3

UPDATE: China Yida Holding (CNYD) Announces Entry into Merger Agreement

March 10, 2016 11:01 AM EST

(Updated - March 10, 2016 11:31 AM EST)

China Yida Holding (NASDAQ: CNYD) disclosed the following on Thursday:

Item 1.01 Entry into a Material Definitive Agreement.

On March 8, 2016, China Yida Holding, Co. (the "Company") entered into an Agreement and Plan of Merger (the "Merger Agreement") with China Yida Holding Acquisition Co., a Nevada corporation ("Acquisition", together with the Company, the "Parties" and any one of them a "Party").

The Merger Agreement

Pursuant to the Merger Agreement, upon the terms and subject to the conditions thereof, at the effective time of the merger, the Company will be merged with and into Acquisition, the separate corporate existence of the Company shall thereupon cease and Acquisition shall continue as the surviving company of the merger (the "Merger"). Each of the Company's shares of common stock issued and outstanding immediately prior to the effective time of the Merger (the "Shares") will be converted into the right to receive US$3.32 in cash without interest, except for (i) Shares owned by Acquisition, any of its affiliates or the Company, and (ii) Shares to be contributed to Acquisition by Mr. Minhua Chen and Mrs. Yanling Fan, immediately prior to the effective time of the Merger pursuant to a rollover agreement, dated as of March 8, 2016, among Acquisition, Mr. Minhua Chen and Mrs. Yanling Fan ((i) and (ii) collectively, the "Excluded Shares"), which will be cancelled for no consideration and cease to exist as of the effective time of the Merger. Currently, Mr. Minhua Chen and Mrs. Yanling Fan collectively beneficially own approximately 57.84% of the Company's outstanding shares of common stock, on a fully diluted, as converted basis and 100% of Acquisition's outstanding shares of common stock. Mr. Chen is Chief Executive Officer, President and Chairman and Ms. Fan is Chief Operating Officer of the Company and Acquisition.

The Merger Agreement contains representations and warranties of the Parties that are, in gen customary for a transaction of this type. The assertions embodied in those representations an warranties were made solely for purposes of the contract among the Parties and may be subje important qualifications and limitations agreed to by the Parties in connection with the negotiat terms. Moreover, some of those representations and warranties may not be accurate or compl as of any specified date, may be subject to a contractual standard of materiality different from generally applicable to investors or may have been used for purposes of allocating risk among Parties rather than establishing matters as facts.

The Parties have also agreed to certain covenants, including covenants requiring the Compan conduct its business in the ordinary course of business consistent with past practice in all mat respects and use commercially reasonable efforts to preserve substantially intact its business organization and relationships with governmental authorities, customers, suppliers and other persons with which it has material business relations through the effective time of the Merger,

The Company has agreed to certain restrictions on its ability t
and to engage in or otherwise participate in discussions or neg
concerning any alternative transaction proposal until the earlier to occur of the termination of the Merger Agreement pursuant to its terms and the time at which the Merger is consummated.

Consummation of the Merger is subject to the satisfaction or waiver of customary closing conditions, including, but not limited to: (a) adoption of the Merger Agreement by the affirmative vote of the holders of at least a majority of the issued and outstanding Shares of the Company present and voting in person or by proxy as a single class, as determined in accordance with the Articles of Incorporation of the Company; (b) the absence of any order, injunction or decree preventing or making illegal the consummation of the Merger; (c) the truth and correctness of each Party's representations and warranties at closing (subject to materiality qualifiers); (d) the compliance of each Party with its covenants in all material respects, and (e) the absence of any material adverse effect on the Company.

The Merger Agreement may be terminated at any time prior to the effective time of the Merger by the Company and/or Acquisition (whether before or after the receipt of stockholder approvals) under the circumstances and in the manner prescribed in the Merger Agreement. Upon termination, the Merger Agreement shall forthwith become void and none of the Company, Acquisition, any of their respective subsidiaries or any of their respective representatives shall have any liability under the Merger Agreement, except that certain provisions such as payment of termination fees following termination shall survive any termination of the Merger Agreement.

In specified circumstances, if the Merger Agreement is terminated, the Company shall pay Acquisition a termination fee in the amount of US$375,000 plus Acquisition's reasonable out-of-pocket expenses, or receive from Acquisition a termination fee in the amount of US$375,000 plus the Company's reasonable out-of-pocket expenses.

Acquisition has or will have available to it, as of the effective time of the Merger, all funds necessary for the payment payable by it in connection with the Merger.

Rollover Agreement

Concurrently with the execution of the Merger Agreement, Mr. Minhua Chen and Mrs. Yanling Fan (the "Rollover Shareholders") entered into a Rollover Agreement (the "Rollover Agreement") with Acquisition, pursuant to which (i) the Rollover Shareholders shall transfer and deliver to Acquisition the Shares of the Company owned by such persons and Acquisition shall issue and deliver to them the shares of common stock of Acquisition; and (ii) the Rollover Shareholders have agreed, among other things, to vote all of the Shares of the Company beneficially owned by such persons and their respective affiliates in favor of the approval of the Merger Agreement and against any other acquisition proposal with respect to the Company.

Limited Guarantee

Concurrently with the execution of the Merger Agreement, Mr. Minhua Chen and Mrs. Yanling Fan, entered into a Limited Guarantee (the "Limited Guarantee") in favor of the Company, guaranteeing certain payment obligations of Acquisition pursuant to the Merger Agreement.

The foregoing descriptions of the Merger Agreement, the Rollover Agreement and the Limited Guarantee do not purport to be complete and are qualified in their entirety by reference to the Merger Agreement, the Rollover Agreement and the Limited Guarantee, copies of which are filed as Exhibit 2.3, Exhibit 9.1 and Exhibit 9.2 hereto, respectively, and are incorporated herein in their entirety by reference.

Board Recommendation; Proxy Materials

The Board of Directors, based upon the unanimous recommendation of a special committee of the Board of Directors comprised solely of independent directors (the "Special Committee"), approved and adopted the Merger Agreement and has recommended that the Company's stockholders vote to approve the Merger Agreement. The Special Committee negotiated the terms of the Merger Agreement with the assistance of ROTH Capital Partners, LLC, which has provided an opinion to the Special Committee to the effect that the merger consideration to be received by holders of the Shares (other than the Excluded Shares) is fair, from a financial point of view, to such holders.

In connection with the Special Meeting of stockholders to be held to approve the proposed Me
the Company will prepare and mail a proxy statement to its stockholders. In addition, certain
participants in the proposed transaction will prepare and mail to the Company's stockholders a
Schedule 13E-3 transaction statement. These documents will be filed with the Securities and
Exchange Commission (the "SEC"). INVESTORS AND STOCKHOLDERS ARE URGED TO R
CAREFULLY AND IN THEIR ENTIRETY THESE MATERIALS AND OTHER MATERIALS FILE
BECOME AVAILABLE, AS THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT ACQ
PERSONS SOLICITING PROXIES IN CONNECTION WITH THE MERGER ON BEHALF OF
PERSONS IN THE MERGER AND RELATED MATTERS. In addition to receiving the proxy sta
by mail, stockholders also will be able to obtain these documents, as well as other filings conta
Merger and related matters, without charge, from the SEC's website (http://www.sec.gov) or at th
NE, Room 1580, Washington, D.C. 20549. In addition, these documents can be obtained, without

Participants in the Solicitation

The Company and certain of its directors, executive officers and other members of management and employees may, under SEC rules, be deemed to be "participants" in the solicitation of proxies from the Company's stockholders with respect to the proposed Merger. Information regarding the persons who may be considered "participants" in the solicitation of proxies will be set forth in the proxy statement and Schedule 13E-3 transaction statement relating to the proposed Merger when it is filed with the SEC. Additional information regarding the interests of such potential participants will be included in the proxy statement and Schedule 13E-3 transaction statement and the other relevant documents filed with the SEC when they become available.

You May Also Be Interested In

- Electronics for Imaging (EFII) to be Acquired by Siris Capital for Approximately $1.7 Billion
- Merck Signs Definitive Agreement to Acquire Versum Materials (VSM) for $53 per Share
- Mack-Cali Realty (CLI) Sends Letter to Bow Street Regarding 'Grossly Inadequate' Proposal to Acquire Mack-Cali's Suburban and Waterfront Office Assets

Related Categories

Create E-mail Alert

Corporate News, Hot Corp News, Mergers and Acquisitions

Related Entities

Definitive Agreement

EXHIBIT 4

EXHIBIT 4

DEFA14A 1 f8k030816_chinayidaholding.htm CURRENT REPORT

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

FORM 8-K

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

Date of report (Date of earliest event reported): March 8, 2016

CHINA YIDA HOLDING, CO.
(Exact Name of Registrant as Specified in Charter)

Nevada	000-26777	50-0027826
(State or other jurisdiction of incorporation)	(Commission File Number)	(I.R.S. Employer Identification Number)

28/F Yifa Building, No. 111 Wusi Road Fuzhou, Fujian, P. R. China	350003
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: **+86 (591) 2830 2230**

Not Applicable
(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:

- ☐ 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))

Item 1.01 Entry into a Material Definitive Agreement.

On March 8, 2016, China Yida Holding, Co. (the "Company") entered into an Agreement and Plan of Merger (the "Merger Agreement") with China Yida Holding Acquisition Co., a Nevada corporation ("Acquisition", together with the Company, the "Parties" and any one of them a "Party").

The Merger Agreement

Pursuant to the Merger Agreement, upon the terms and subject to the conditions thereof, at the effective time of the merger, the Company will be merged with and into Acquisition, the separate corporate existence of the Company shall thereupon cease and Acquisition shall continue as the surviving company of the merger (the "Merger"). Each of the Company's shares of common stock issued and outstanding immediately prior to the effective time of the Merger (the "Shares") will be converted into the right to receive US$3.32 in cash without interest, except for (i) Shares owned by Acquisition, any of its affiliates or the Company, and (ii) Shares to be contributed to Acquisition by Mr. Minhua Chen and Mrs. Yanling Fan, immediately prior to the effective time of the Merger pursuant to a rollover agreement, dated as of March 8, 2016, among Acquisition, Mr. Minhua Chen and Mrs. Yanling Fan ((i) and (ii) collectively, the "Excluded Shares"), which will be cancelled for no consideration and cease to exist as of the effective time of the Merger. Currently, Mr. Minhua Chen and Mrs. Yanling Fan collectively beneficially own approximately 57.84% of the Company's outstanding shares of common stock, on a fully diluted, as converted basis and 100% of Acquisition's outstanding shares of common stock. Mr. Chen is Chief Executive Officer, President and Chairman and Ms. Fan is Chief Operating Officer of the Company and Acquisition.

The Merger Agreement contains representations and warranties of the Parties that are, in general, customary for a transaction of this type. The assertions embodied in those representations and warranties were made solely for purposes of the contract among the Parties and may be subject to important qualifications and limitations agreed to by the Parties in connection with the negotiated terms. Moreover, some of those representations and warranties may not be accurate or complete as of any specified date, may be subject to a contractual standard of materiality different from those generally applicable to investors or may have been used for purposes of allocating risk among the Parties rather than establishing matters as facts.

The Parties have also agreed to certain covenants, including covenants requiring the Company to conduct its business in the ordinary course of business consistent with past practice in all material respects and use commercially reasonable efforts to preserve substantially intact its business organization and relationships with governmental authorities, customers, suppliers and other persons with which it has material business relations through the effective time of the Merger, except as expressly provided in the Merger Agreement.

The Company has agreed to certain restrictions on its ability to solicit or initiate proposals or offers, and to engage in or otherwise participate in discussions or negotiations, with third parties concerning any alternative transaction proposal until the earlier to occur of the termination of the Merger Agreement pursuant to its terms and the time at which the Merger is consummated.

Consummation of the Merger is subject to the satisfaction or waiver of customary closing conditions, including, but not limited to: (a) adoption of the Merger Agreement by the affirmative vote of the holders of at least a majority of the issued and outstanding Shares of the Company present and voting in person or by proxy as a single class, as determined in accordance with the Articles of Incorporation of the Company; (b) the absence of any order, injunction or decree preventing or making illegal the consummation of the Merger; (c) the truth and correctness of each Party's representations and warranties at closing (subject to materiality qualifiers); (d) the compliance of each Party with its covenants in all material respects, and (e) the absence of any material adverse effect on the Company.

The Merger Agreement may be terminated at any time prior to the effective time of the Merger by the Company and/or Acquisition (whether before or after the receipt of stockholder approvals) under the circumstances and in the manner prescribed in the Merger Agreement. Upon termination, the Merger Agreement shall forthwith become void and none of the Company, Acquisition, any of their respective subsidiaries or any of their respective representatives shall have any liability under the Merger Agreement, except that certain provisions such as payment of termination fees following termination shall survive any termination of the Merger Agreement.

In specified circumstances, if the Merger Agreement is terminated, the Company shall pay Acquisition a termination fee in the amount of US$375,000 plus Acquisition's reasonable out-of-pocket expenses, or receive from Acquisition a termination fee in the amount of US$375,000 plus the Company's reasonable out-of-pocket expenses.

Acquisition has or will have available to it, as of the effective time of the Merger, all funds necessary for the payment payable by it in connection with the Merger.

Rollover Agreement

Concurrently with the execution of the Merger Agreement, Mr. Minhua Chen and Mrs. Yanling Fan (the "Rollover Shareholders") entered into a Rollover Agreement (the "Rollover Agreement") with Acquisition, pursuant to which (i) the Rollover Shareholders shall transfer and deliver to Acquisition the Shares of the Company owned by such persons and Acquisition shall issue and deliver to them the shares of common stock of Acquisition; and (ii) the Rollover Shareholders have agreed, among other things, to vote all of the Shares of the Company beneficially owned by such persons and their respective affiliates in favor of the approval of the Merger Agreement and against any other acquisition proposal with respect to the Company.

Limited Guarantee

Concurrently with the execution of the Merger Agreement, Mr. Minhua Chen and Mrs. Yanling Fan, entered into a Limited Guarantee (the "Limited Guarantee") in favor of the Company, guaranteeing certain payment obligations of Acquisition pursuant to the Merger Agreement.

The foregoing descriptions of the Merger Agreement, the Rollover Agreement and the Limited Guarantee do not purport to be complete and are qualified in their entirety by reference to the Merger Agreement, the Rollover Agreement and the Limited Guarantee, copies of which are filed as Exhibit 2.3, Exhibit 9.1 and Exhibit 9.2 hereto, respectively, and are incorporated herein in their entirety by reference.

Board Recommendation; Proxy Materials

The Board of Directors, based upon the unanimous recommendation of a special committee of the Board of Directors comprised solely of independent directors (the "Special Committee"), approved and adopted the Merger Agreement and has recommended that the Company's stockholders vote to approve the Merger Agreement. The Special Committee negotiated the terms of the Merger Agreement with the assistance of ROTH Capital Partners, LLC, which has provided an opinion to the Special Committee to the effect that the merger consideration to be received by holders of the Shares (other than the Excluded Shares) is fair, from a financial point of view, to such holders.

In connection with the Special Meeting of stockholders to be held to approve the proposed Merger, the Company will prepare and mail a proxy statement to its stockholders. In addition, certain participants in the proposed transaction will prepare and mail to the Company's stockholders a Schedule 13E-3 transaction statement. These documents will be filed with the Securities and Exchange Commission (the "SEC"). INVESTORS AND STOCKHOLDERS ARE URGED TO READ CAREFULLY AND IN THEIR ENTIRETY THESE MATERIALS AND OTHER MATERIALS FILED WITH THE SEC CAREFULLY WHEN THEY BECOME AVAILABLE, AS THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT ACQUISITION, THE COMPANY, THE MERGER, THE PERSONS SOLICITING PROXIES IN CONNECTION WITH THE MERGER ON BEHALF OF THE COMPANY AND THE INTERESTS OF THOSE PERSONS IN THE MERGER AND RELATED MATTERS. In addition to receiving the proxy statement and Schedule 13E-3 transaction statement by mail, stockholders also will be able to obtain these documents, as well as other filings containing information about the Company, the proposed Merger and related matters, without charge, from the SEC's website (http://www.sec.gov) or at the SEC's public reference room at 100 F Street, NE, Room 1580, Washington, D.C. 20549. In addition, these documents can be obtained, without charge, by contacting the Company at China Yida Holding, Co., 28/F Yifa Building, No. 111 Wusi Road, Fuzhou, Fujian, P. R. China telephone: 86 (591) 2830 2230. E-mail: jocelynchen@yidacn.net.

Participants in the Solicitation

The Company and certain of its directors, executive officers and other members of management and employees may, under SEC rules, be deemed to be "participants" in the solicitation of proxies from the Company's stockholders with respect to the proposed Merger. Information regarding the persons who may be considered "participants" in the solicitation of proxies will be set forth in the proxy statement and Schedule 13E-3 transaction statement relating to the proposed Merger when it is filed with the SEC. Additional information regarding the interests of such potential participants will be included in the proxy statement and Schedule 13E-3 transaction statement and the other relevant documents filed with the SEC when they become available.

Cautionary Note Regarding Forward-Looking Statements

Certain statements contained in this announcement may be viewed as "forward-looking statements" within the meaning of Section 27A of U.S. Securities Act of 1933, as amended, and Section 21E of the U.S. Securities Act of 1934, as amended. Such forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the actual performance, financial condition or results of operations of the Company to be materially different from any future performance, financial condition or results of operations implied by such forward-looking statements. The accuracy of these statements may be affected by a number of business risks and uncertainties that could cause actual results to differ materially from those projected or anticipated. The Company undertakes no ongoing obligation, other than that imposed by law, to update these statements.

Item 8.01 Other Events.

On March 10, 2016 the Company issued a press release announcing its entry into the Merger Agreement. A copy of the press release is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

Exhibit Number	Description
2.3	Agreement and Plan of Merger, dated as of March 8, 2016, by and among China Yida Holding, Co. and China Yida Holding Acquisition Co.
9.1	Rollover Agreement, dated as of March 8, 2016, by and among China Yida Holding Acquisition Co., Mr. Minhua Chen and Mrs. Yanling Fan
9.2	Limited Guarantee, dated as of March 8, 2016, by Mr. Minhua Chen and Mrs. Yanling Fan
99.1	Press Release dated March 10, 2016

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

CHINA YIDA HOLDING, CO.

Dated: March 10, 2016

By: /s/ Yongxi Lin
Name: Yongxi Lin
Title: Chief Financial Officer

EXHIBIT 5

EXHIBIT 5

China Yida Holding (CNYD)

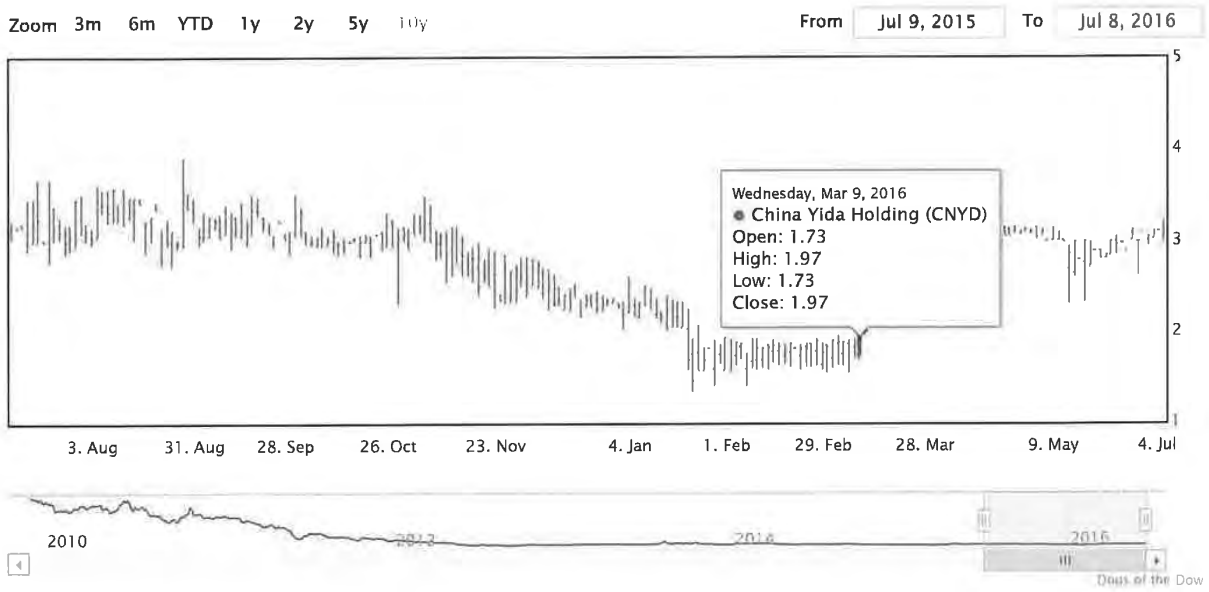


EXHIBIT 6

EXHIBIT 6

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

SCHEDULE 14A

(RULE 14a-101)
SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934

Filed by the Registrant ☑

Filed by a Party other than the Registrant ☐

Check the appropriate box:

☐ Preliminary Proxy Statement.

☐ **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2)).**

R Definitive Proxy Statement.

☐ Definitive Additional Materials.

☐ Soliciting Material Pursuant to §240.14a-12.

CHINA YIDA HOLDING, CO.

(Name of Registrant as Specified In Its Charter)
(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

☐ No fee required.

☐ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

Common stock, par value US$0.001 per share, of China Yida Holding, Co. ("**Company Common Stock**")

(2) Aggregate number of securities to which transaction applies:

1,646,988 shares of Company Common Stock outstanding as of March 30, 2016.

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11(b)(1) (set forth the amount on which the filing fee is calculated and state how it was determined):

The maximum aggregate value of the transaction was calculated based upon the 1,646,988 shares of Company Common Stock issued and outstanding as of March 30, 2016 (being the remainder of the 3,914,580 aggregate shares of Company Common Stock outstanding as of March 30, 2016 minus the 2,267,592 shares of Company Common Stock beneficially owned by the Principal Shareholders, as defined herein) multiplied by US$3.32 per share Merger Consideration.

(4) Proposed maximum aggregate value of transaction: US$5,468,000.16

(5) Total fee paid: US$550.63

R Fee paid previously with preliminary materials.

☐ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

CHINA YIDA HOLDING, CO.

May 25, 2016

Dear Shareholder:

On behalf of the board of directors of China Yida Holding, Co. (the "**Company**"), we cordially invite you to attend a special meeting of shareholders of the Company, to be held on June 28, 2016 at 9:00am, Beijing time, at 28/F, Yifa Building, No.111 Wusi Road, Fuzhou, Fujian Province, China 350003.

On March 8, 2016, the Company entered into an agreement and plan of merger (the "**Original Merger Agreement**") with China Yida Holding Acquisition Co. ("**Acquisition**"), a Corporation organized under the laws of the State of Nevada. On April 12, 2016, having determined that a merger in which the Company survives is a more efficient structure, the Company and Acquisition agreed to enter into an amended and restated agreement and plan of merger (the "**Merger Agreement**"). Under the terms of the Merger Agreement, Acquisition will be merged with and into the Company (the "**Merger**"), with the Company surviving the Merger. The Merger is a going private transaction involving (i) Mr. Minhua Chen, the Company's Chairman, President and Chief Executive Officer, and (ii) Ms. Yanling Fan, the Company's Chief Operating Officer and Director (together with Mr. Minhua Chen, the "**Principal Shareholders**"). At the special meeting, you will be asked to consider and vote upon a proposal to approve the Merger Agreement.

If the Merger is completed, you will be entitled to receive US$3.32 in cash, without interest, less any applicable withholding taxes, for each share of the Company's common stock (the "**Company Common Stock**") owned by you immediately prior to the effective time of the Merger as described in the Merger Agreement (the "**Effective Time**"). As a result of the Merger, (1) all of the shares of Acquisition common stock issued and outstanding immediately prior to the effective time of the Merger will be cancelled, and (2) each of the Company's shares of common stock issued and outstanding immediately prior to the effective time of the Merger (the "**Shares**") will be cancelled and automatically converted into the right to receive US$3.32 in cash without interest, except for Shares (the "**Principal Shares**") owned by the Principal Shareholders and the Shares held by shareholders who have exercised their rights to dissent from the Merger. After completion of the Merger, the Principal Shares will be the only issued and outstanding shares of the surviving corporation. Shares with respect to which dissenters' rights have been properly exercised and not withdrawn or lost will be cancelled in consideration for the right to receive the fair value of such dissenting shares in accordance with the Nevada Revised Statutes.

A special committee of the Company's board of directors (the "**Special Committee**"), consisting entirely of independent directors, reviewed and considered the terms and conditions of the Merger Agreement and the transactions contemplated by the Merger Agreement, including the Merger. The Special Committee unanimously (i) determined that the Merger Agreement and the transactions contemplated by the Merger Agreement, including the Merger, are advisable and fair (both substantively and procedurally) to, and in the best interests of, the Company and its shareholders who are not affiliates of the Company, whom we refer to as the "**Unaffiliated Shareholders**," (which excludes the Principal Shareholders) and (ii) recommended that the Company's board of directors adopt and declare advisable the Merger Agreement and the transactions contemplated by the Merger Agreement, including the Merger, and recommend that the Company's shareholders approve the Merger Agreement and the transactions contemplated by the Merger Agreement, including the Merger.

After carefully considering the unanimous recommendation of the Special Committee and other factors, the Company's board of directors (with Mr. Minhua Chen and Ms. Yanling Fan abstaining in accordance with the Nevada Revised Statutes) has unanimously determined that the Merger Agreement and the transactions contemplated thereby, including the Merger, are advisable and fair (both substantively and procedurally) to, and in the best interests of, the Company and its shareholders (other than the holders of the Excluded Shares), and adopted and declared advisable the Merger Agreement and the transactions contemplated by the Merger Agreement, including the Merger. **The Company's board of directors recommends that you vote "FOR" the proposal to approve the Merger Agreement, and "FOR" the proposal to adjourn or postpone the special meeting in order to take such actions as the Company's board of directors determines are necessary or appropriate, including to solicit additional proxies if there are insufficient votes at the time of the special meeting to approve the proposal to approve the Merger Agreement.**

In considering the recommendation of the Company's board of directors, you should be aware that some of the Company's directors and officers have interests in the Merger that are different from, or in addition to, the interests of the Company's shareholders generally. Mr. Minhua Chen, the Company's Chairman, President and Chief Executive Officer, beneficially owns approximately 29.25% of the total outstanding shares of Company Common Stock. Ms. Yanling Fan, the Company's Chief Operating Officer and Director, beneficially owns approximately 28.67% of the total outstanding shares of Company Common Stock. As of May 24, 2016, the Principal Shareholders, as a group, beneficially owned 2,267,592 shares of Company Common Stock, which represent approximately 57.84% of the total outstanding shares of Company Common Stock. The accompanying proxy statement includes additional information regarding certain interests of the Company's directors and officers that may be different from, or in addition to, the interests of the Company's shareholders generally.

Approval of the Merger Agreement requires the affirmative vote (in person or by proxy) of the holders of at least a majority of the outstanding shares of Company Common Stock in accordance with the Company's articles of incorporation and bylaws and the Nevada Revised Statutes. Your vote is very important. Whether or not you plan to attend the special meeting, please complete, date, sign and return, as promptly as possible, the enclosed proxy card in the accompanying prepaid reply envelope, or submit your proxy by telephone or the Internet. If you attend the special meeting and vote by ballot in person, your vote by ballot will revoke any proxy previously submitted. **The failure to vote your shares of Company Common Stock will have the same effect as a vote "AGAINST" the proposal to approve the Merger Agreement. Abstentions or non-votes will result in a loss of dissenters' rights or appraisal rights under the Nevada Revised Statutes.**

If your shares of Company Common Stock are held in "street name" by your bank, brokerage firm or other nominee, your bank, brokerage firm or other nominee will be unable to vote your shares of Company Common Stock without instructions from you. You should instruct your bank, brokerage firm or other nominee to vote your shares of Company Common Stock in accordance with the procedures provided by your bank, brokerage firm or other nominee. **The failure to instruct your bank, brokerage firm or other nominee to vote your shares of Company Common Stock "FOR" the proposal to approve the Merger Agreement will have the same effect as voting "AGAINST" the proposal to approve the Merger Agreement.**

The accompanying proxy statement provides you with detailed information about the special meeting, the Merger Agreement and the Merger. A copy of the Merger Agreement is attached as Annex A to the proxy statement. We encourage that you read the entire proxy statement and its annexes, including the Merger Agreement, carefully. You may also obtain additional information about the Company from documents we have filed with the Securities and Exchange Commission (the "**SEC**").

On behalf of the board of directors and management of the Company, we thank you for your support.

Best regards,

Renjiu Pei
Chairman of the Special Committee of the Board of Directors

Best regards,

Minhua Chen
Chief Executive Officer, President and Chairman of the Board of Directors

The proxy statement is dated May 25, 2016, and is first being mailed to the Company's shareholders on or about May 31, 2016.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED THE MERGER, PASSED UPON THE MERITS OR FAIRNESS OF THE MERGER AGREEMENT OR THE TRANSACTIONS CONTEMPLATED THEREBY, INCLUDING THE MERGER, OR PASSED UPON THE ADEQUACY OR ACCURACY OF THE INFORMATION CONTAINED IN THIS PROXY STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

China Yida Holding, Co.

28/F Yifa Building, No. 111 Wusi Road

Fuzhou, Fujian, P. R. China 350003

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS
To Be Held on June 28, 2016

A special meeting of shareholders of China Yida Holding, Co., a Nevada corporation (the "**Company**"), will be held on June 28, 2016 at 9:00am (Beijing time), at the offices of the Company, located at 28/F, Yifa Building, No.111 Wusi Road, Fuzhou, Fujian Province, China 350003, for the following purposes:

1. To consider and vote on a proposal to approve the Amended and Restated Agreement and Plan of Merger (the "**Merger Agreement**"), dated as of April 12, 2016, as it may be amended from time to time, by and between the Company and China Yida Holding Acquisition Co. ("**Acquisition**"), a corporation organized under the laws of the State of Nevada, providing for the merger of Acquisition with and into the Company (the "**Merger**"), with the Company surviving the Merger. A copy of the Merger Agreement is attached as Annex A to the accompanying proxy statement.

2. To consider and vote on a proposal to adjourn or postpone the special meeting in order to take such actions as the Company's board of directors determines are necessary or appropriate, including to solicit additional proxies if there are insufficient votes at the time of the special meeting, to approve the proposal to approve the Merger Agreement.

The board of directors of the Company has fixed the close of business, Beijing time, on May 24, 2016 as the record date. Only holders of record of shares of Company Common Stock at the close of business on the record date are entitled to notice of, and to vote at, the special meeting, or any adjournment or postponement thereof.

Your vote is very important, regardless of the number of shares of Company Common Stock you own. The Merger cannot be completed unless the Merger Agreement is approved by the affirmative vote (in person or by proxy) of the holders of at least a majority of the outstanding shares of Company Common Stock in accordance with the Company's articles of incorporation and bylaws and the Nevada Revised Statutes. Even if you plan to attend the special meeting in person, we request that you complete, sign, date and return, as promptly as possible, the enclosed proxy card in the accompanying prepaid reply envelope or submit your proxy by telephone or the Internet prior to the special meeting to ensure that your shares of Company Common Stock will be represented at the special meeting if you are unable to attend. If you fail to return your proxy card or fail to submit your proxy by phone or the Internet, your shares of Company Common Stock will not be counted for purposes of determining whether a quorum is present at the special meeting and will have the same effect as a vote "**AGAINST**" the proposal to approve the Merger Agreement.

After carefully considering the unanimous recommendation of the Special Committee and other factors, the Company's board of directors (with Mr. Minhua Chen and Ms. Yanling Fan abstaining in accordance with the Nevada Revised Statutes) has unanimously determined that the Merger Agreement and the transactions contemplated thereby, including the Merger, are advisable and fair (both substantively and procedurally) to, and in the best interests of, the Company and its shareholders (other than Mr. Minhua Chen and Mrs. Yanling Fan and shareholders who have exercised their rights to dissent from the Merger), and adopted and declared advisable the Merger Agreement and the transactions contemplated by the Merger Agreement, including the Merger. **Accordingly, the board of directors of the Company recommends that you vote "FOR" the proposal to approve the Merger Agreement, and "FOR" the proposal to adjourn or postpone the special meeting in order to take such actions as the Company's board of directors determines are necessary or appropriate, including to solicit additional proxies if there are insufficient votes at the time of the special meeting, to approve the proposal to approve the Merger Agreement.**

WHETHER OR NOT YOU PLAN TO ATTEND THE SPECIAL MEETING, PLEASE COMPLETE, DATE, SIGN AND RETURN, AS PROMPTLY AS POSSIBLE, THE ENCLOSED PROXY CARD IN THE ACCOMPANYING PREPAID REPLY ENVELOPE, OR SUBMIT YOUR PROXY BY TELEPHONE OR

THE INTERNET. IF YOU ATTEND THE SPECIAL MEETING AND VOTE IN PERSON, YOUR VOTE BY BALLOT WILL REVOKE ANY PROXY PREVIOUSLY SUBMITTED.

Please do not send any Company stock certificates at this time. If the Merger is completed, you will be notified of the procedures for exchanging your stock certificates for the Merger Consideration.

By Order of the Board of Directors,

Minhua Chen

Chief Executive Officer, President and Chairman of the Board of Directors

---

SUMMARY VOTING INSTRUCTIONS

Ensure that your shares of Company Common Stock can be voted at the special meeting by submitting your proxy or contacting your bank, brokerage firm or other nominee.

***If your shares of Company Common Stock are registered in the name of a bank, brokerage firm or other nominee*:** check the voting instruction card forwarded by your bank, brokerage firm or other nominee to see which voting options are available or contact your bank, brokerage firm or other nominee in order to obtain directions as to how to ensure that your shares of Company Common Stock are voted at the special meeting.

***If your shares of Company Common Stock are registered in your name*:** submit your proxy as soon as possible by telephone, via the Internet or by signing, dating and returning the enclosed proxy card in the enclosed postage-paid envelope, so that your shares of Company Common Stock can be voted at the special meeting.

Instructions regarding telephone and Internet voting are included on the proxy card.

The failure to vote will have the same effect as a vote **"AGAINST"** the proposal to approve the Merger Agreement. If you sign, date and mail your proxy card without indicating how you wish to vote, your proxy will be voted **"FOR"** the proposal to approve the Merger Agreement and the proposal to adjourn or postpone the special meeting in order to take such actions as the Company's board of directors determines are necessary or appropriate, including to solicit additional proxies if there are insufficient votes at the time of the special meeting to approve the proposal to approve the Merger Agreement.

The failure to instruct your bank, brokerage firm or other nominee to vote your shares of Company Common Stock "**FOR"** the proposal to approve the Merger Agreement will have the same effect as a vote **"AGAINST**" the proposal to approve the Merger Agreement.

If you have any questions, require assistance with voting your proxy card, or need additional copies of proxy material, please call American Stock Transfer & Trust, LLC at +1(718) 921-8124, or toll-free at (800) 937-5449.

TABLE OF CONTENTS

SUMMARY TERM SHEET

This "Summary Term Sheet," together with the "Questions and Answers about the Special Meeting and the Merger," highlights selected information contained in this proxy statement regarding the Merger and may not contain all of the information that may be important to your consideration of the Merger. You should carefully read this entire proxy statement and the other documents to which this proxy statement refers for a more complete understanding of the matters being considered at the special meeting. In addition, this proxy statement incorporates by reference important business and financial information about the Company. You are encouraged to read all of the documents incorporated by reference into this proxy statement and you may obtain such information without charge by following the instructions in "Where You Can Find More Information" beginning on page 77. In this proxy statement, unless otherwise stated or the context otherwise requires, the terms "we," "us," "our," and the "Company" refer to China Yida Holding, Co. and its subsidiaries. All references to "PRC" and "China," for purposes of this proxy statement, are to the People's Republic of China and do not include Taiwan, Hong Kong and Macau. All references to "dollars," "US$" and "$" in this proxy statement are to U.S. dollars. All references to "RMB" in this proxy statement are to the legal currency of China.

The Parties Involved in the Merger (Page 16)

The Company

China Yida Holding, Co., which we refer to as the "**Company**", is a tourism enterprise operating various tourist destinations in Fujian and Jiangxi provinces in the People's Republic of China. The Company develops, operates, manages and markets tourist destinations, including natural, cultural, and historical tourist destinations and theme parks. The Company also creates, designs and constructs new tourist concepts, attractions and properties. The Company is headquartered in Fuzhou City, Fujian province of China. Its principal executive office is located at 28/F, Yifa Building, No.111 Wusi Road, Fuzhou, Fujian Province, China, 35003, and its telephone number is +86 (591) 28082230. Please see "*The Merger - The Parties*" beginning on page 16 for additional information.

Acquisition

China Yida Holding Acquisition Co., which we refer to as "**Acquisition**" was incorporated under the laws of the State of Nevada and was formed solely for the purpose of the Merger. Acquisition is 50.5 % and 49.5% owned by Mr. Minhua Chen and Ms. Yanling Fan, respectively. Acquisition has not engaged in any business except for activities incidental to its formation and in connection with the transactions contemplated under the Merger Agreement, including the Merger and related financing transactions. The registered office of Acquisition is 28/F, Yifa Building, No.111 Wusi Road, Fuzhou, Fujian Province, China, 35003 , and its telephone number is +86 (591) 28082230. Please see "*The Merger - The Parties*" beginning on page 16 for additional information.

Mr. Minhua Chen

Mr. Minhua Chen has been the Chairman, President and Chief Executive Officer of the Company since November 2007. He is also the Chairman of the Board of Directors, Chief Executive Officer and Treasurer of Acquisition. The business address of Mr. Minhua Chen is c/o China Yida Holding, Co., 28/F, Yifa Building, No.111 Wusi Road, Fuzhou, Fujian Province, China, 35003. His telephone number is +86 (591) 28082230. Mr. Minhua Chen is a citizen of the People's Republic of China. Please see "*The Merger - The Parties*" beginning on page 16 for additional information.

Ms. Yanling Fan

Ms. Yanling Fan has served as the Chief Operating Officer of the Company since 2001 and as a Director of the Company since 2007. Ms. Yanling Fan is the wife of Mr. Minhua Chen. Ms. Yanling Fan also serves as a Director, the Chief Operating Officer and the Secretary of Acquisition. Ms. Yanling Fan's address is c/o China Yida Holding, Co., 28/F, Yifa Building, No.111 Wusi Road, Fuzhou, Fujian Province, China, 35003. Her telephone number is +86 (591) 28082230. Ms. Yanling Fan is a citizen of the People's Republic of China. Please see "*The Merger - The Parties*" beginning on page 16 for additional information.

In this proxy statement, we refer to Mr. Minhua Chen and Ms. Yanling Fan collectively as the "**Principal Shareholders**." We refer to the Principal Shareholders and Acquisition collectively as the "**Buyer Group**". We

refer to shareholders of the Company who are not affiliates of the Company as "**Unaffiliated Shareholders**" (which excludes the Principal Shareholders).

During the last five years, none of the persons referred to above under the heading titled "*The Parties Involved in the Merger*", or the respective directors or executive officers of the Company, members of the Buyer Group and their affiliates as listed in Annex C of this proxy statement has been (a) convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors) or (b) a party to any judicial or administrative proceeding (except for matters that were dismissed without sanction or settlement) that resulted in a judgment, decree or final order enjoining the person from future violations of, or prohibiting activities subject to, federal or state securities laws, or a finding of any violation of federal or state securities laws.

Overview of the Transaction (Page 17)

You are being asked to vote to approve the amended and restated agreement and plan of merger dated as of April 12, 2016, as it may be further amended from time to time, between the Company and Acquisition (the "**Merger Agreement**"), pursuant to which, once the Merger Agreement is approved by the required shareholder approval and the other conditions to the completion of the transactions contemplated by the Merger Agreement are satisfied or waived in accordance with the terms of the Merger Agreement, Acquisition will be merged with and into the Company (the "**Merger**"), with the Company continuing as the surviving corporation. The Company, as the surviving corporation, will continue to do business following the Merger. The separate corporate existence of Acquisition will cease. If the Merger is completed, the Company will cease to be a publicly traded company. A copy of the Merger Agreement is attached as Annex A to this proxy statement. We encourage you to read the Merger Agreement in its entirety because it, and not this proxy statement, is the legal document that governs the Merger. Please see "*The Merger - Overview of the Transaction*" beginning on page 17 for additional information.

The Special Meeting (Page 47)

The special meeting will be held on June 28, 2016, starting at 9:00am, Beijing time, at 28/F, Yifa Building, No.111 Wusi Road, Fuzhou, China, 35003, or at any postponement or adjournment thereof. At the special meeting, you will be asked to, among other things, vote to approve the Merger Agreement. Please see "*Questions and Answers About the Special Meeting and the Merger*" beginning on page 10 and "*The Special Meeting"* beginning on page 47 for additional information about the special meeting, including how to vote your shares of Company Common Stock.

Shareholders Entitled to Vote; Vote Required to Approve the Merger Agreement (Page 47)

You may vote at the special meeting if you owned any shares of Company Common Stock at the close of business, Beijing time, on May 24, 2016, the record date for the special meeting. On that date, there were 3,914,580 shares of Company Common Stock outstanding and entitled to vote at the special meeting. Each share of Company Common Stock entitles its holder to one vote on all matters properly coming before the special meeting. Approval of the Merger Agreement at the special meeting of shareholders of the Company requires the affirmative vote (in person or by proxy) of the holders of at least a majority of the outstanding shares of Company Common Stock in accordance with the Company's articles of incorporation and bylaws and the Nevada Revised Statutes.

As of March 30, 2016, the Principal Shareholders, as a group, beneficially own 2,267,592 shares of Company Common Stock, which represent approximately 57.84% of the total outstanding shares of the Company Common Stock.

If your shares of Company Common Stock are held through a bank, brokerage firm or other nominee, you are considered the "beneficial owner" of shares of Company Common Stock held in "street name." In that case, this proxy statement has been forwarded to you by your bank, brokerage firm or other nominee who is the shareholder of record of those shares of Company Common Stock. As the beneficial owner, you have the right to direct your bank, brokerage firm or other nominee how to vote your shares by following their instructions for voting. Please see "*The Agreement and Plan of Merger*" beginning on page 51 and "*The Special Meeting*" beginning on page 47 for detailed information.

Merger Consideration (Page 51)

If the Merger Agreement is approved by the requisite vote of the Company's shareholders and the Merger is consummated:

- Each issued and outstanding share of Company Common Stock immediately prior to the Effective Time (the "**Shares**") will be converted into the right to receive US$3.32 per share (the "**Merger Consideration**"), in cash without interest and net of any applicable withholding taxes, except for Shares (i) owned by the Company (as treasury shares, if any), (ii) Shares (the "**Principal Shares**") owned by Mr. Minhua Chen and Mrs. Yanling Fan (the "**Principal Shareholders**") and (iii) the Shares held by shareholders who have exercised their rights to dissent from the Merger ((i), (ii) and (iii) collectively, the "**Excluded Shares**"). After completion of the Merger, the Principal Shares will be the only issued and outstanding shares of the surviving corporation. Shares with respect to which dissenters' rights have been properly exercised and not withdrawn or lost will be cancelled in consideration for the right to receive the fair value of such dissenting shares in accordance with the Nevada Revised Statutes. See "*Dissenters' Rights for Holders of Common Stock*" beginning on page 66 for additional information;

- Each outstanding, unexercised and vested option to purchase shares of Company Common Stock (the "**Company Options**") or, as applicable, the vested portion of a Company Option with a per share exercise price less than the Merger Consideration (each an **"In-the-Money Vested Company Option"**) shall be converted into the right to receive an amount in cash equal to the excess of (i) the Merger Consideration over (ii) the exercise price of such In-the-Money Vested Company Option, multiplied by the number of Company shares underlying such In-the-Money Vested Company Option (the "**Option Consideration**"). No Option Consideration shall be paid to a holder of Principal Shares; and

- Each vested Company Option outstanding and unexercised immediately prior to the consummation of the Merger with a per share exercise price greater than or equal to the Merger Consideration shall automatically be cancelled without any consideration payable in respect thereof.

Prior to the Effective Time of the Merger, Acquisition will designate American Stock Transfer & Trust Company to act as the paying agent for the payment of the Merger Consideration. Prior to the Effective Time of the Merger, Acquisition will deposit, or will cause to be deposited, with the paying agent an amount in cash sufficient for the paying agent to make payments to the holders of shares of Company Common Stock pursuant to the Merger Agreement. As promptly as practical, after the Effective Time of the Merger (but in any event no later than three business days following the Effective Time of the Merger), the paying agent will mail to each shareholder of record (other than holders of the Excluded Shares) (a) a letter of transmittal in customary form and (b) instructions for use in effecting the surrender of any share certificates in exchange for the applicable Merger Consideration. Do not return your stock certificates with the enclosed proxy card, and do not forward your stock certificates to the paying agent without a letter of transmittal. You will not be entitled to receive the Merger Consideration until you surrender your stock certificate or certificates along with a duly completed and executed letter of transmittal to the paying agent or until the paying agent receives an "agent's message" in the case of shares held in book-entry form and other documents reasonably required by the paying agent and approved by Acquisition and us. See "*The Agreement and Plan of Merger - Exchange Procedures*" beginning on page 51 for additional information.

Recommendation of Our Board of Directors and the Special Committee on Behalf of the Company and Their Reasons for the Merger (Page 21)

The Special Committee unanimously (a) determined that the Merger Agreement and the transactions contemplated thereby, including the Merger, on the terms and subject to the conditions set forth in the Merger Agreement, are advisable and fair (both substantively and procedurally) to, and in the best interests of, the Company and its Unaffiliated Shareholders and (b) recommended that our board of directors adopt and declare advisable the Merger Agreement and the transactions contemplated by the Merger Agreement, including the Merger, and recommend that the Company's shareholders approve the Merger Agreement and the transactions contemplated by the Merger Agreement, including the Merger. After carefully considering the unanimous recommendation of the Special Committee and other factors, the Company's board of directors (with Mr. Minhua Chen and Ms. Yanling Fan abstaining in accordance with the Nevada Revised Statutes) has unanimously determined that the Merger Agreement and the transactions contemplated thereby, including the Merger, are advisable and fair (both substantively and procedurally) to, and in the best interests of, the Company and its shareholders (other than the holders of the

Excluded Shares), and adopted and declared advisable the Merger Agreement and the transactions contemplated by the Merger Agreement, including the Merger.

ACCORDINGLY, OUR BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE "FOR" THE PROPOSAL TO APPROVE THE MERGER AGREEMENT, AND "FOR" THE PROPOSAL TO ADJOURN OR POSTPONE THE SPECIAL MEETING IN ORDER TO TAKE SUCH ACTIONS AS OUR BOARD OF DIRECTORS DETERMINES ARE NECESSARY OR APPROPRIATE, INCLUDING TO SOLICIT ADDITIONAL PROXIES IF THERE ARE INSUFFICIENT VOTES AT THE TIME OF THE SPECIAL MEETING, TO APPROVE THE PROPOSAL TO APPROVE THE MERGER AGREEMENT.

For a discussion of the material factors considered by our board of directors and the Special Committee in determining to recommend the approval of the Merger Agreement, and in determining that the Merger is fair (both substantively and procedurally) to our Unaffiliated Shareholders, please see "*The Merger - Recommendation of Our Board of Directors and the Special Committee on Behalf of the Company and Their Reasons for the Merger*" beginning on page 21 for additional information. To the extent known by each filing person after making reasonable inquiry, except as set forth under "*The Merger - Recommendation of Our Board of Directors and the Special Committee on Behalf of the Company and Their Reasons for the Merger*," no executive officer, director or affiliate of the Company or such filing person has made a recommendation either in support of or opposed to the transaction.

Except as set forth under "*The Merger - Background of the Merger*," "*The Merger - Recommendation of Our Board of Directors and the Special Committee on Behalf of the Company and Their Reasons for the Merger*" and "*The Merger - Opinion of the Special Committee's Financial Advisor*," no director who is not an employee of the Company has retained an unaffiliated representative to act solely on behalf of Unaffiliated Shareholders for purposes of negotiating the terms of the transaction and/or preparing a report concerning the fairness of the transaction.

Position of the Buyer Group as to Fairness of the Merger (Page 37)

The Buyer Group believes the Merger is substantively and procedurally fair to the Company and the Unaffiliated Shareholders. For the factors upon which such belief is based, please see "*The Merger - Position of the Buyer Group as to Fairness of the Merger*" beginning on page 37 for additional information.

Opinion of the Special Committee's Financial Advisor (Page 28)

On March 8, 2016, in conjunction with the signing of the Original Merger Agreement, ROTH Capital Partners, LLC ("**ROTH**") rendered an oral opinion to our Special Committee (which was confirmed in writing by delivery of ROTH's written opinion dated March 8, 2016), as to the fairness, from a financial point of view, of the US$3.32 per share Merger Consideration to be received by holders of the shares of Company Common Stock (other than holders of the Excluded Shares) in the Merger, as of March 8, 2016, based upon and subject to the procedures followed, assumptions made, qualifications and limitations on the review undertaken and other matters considered by ROTH in preparing its opinion. **ROTH's opinion was directed to our Special Committee and only addressed the fairness from a financial point of view of the US$3.32 per share Merger Consideration to be received by holders of the shares of Company Common Stock (other than holders of the Excluded Shares) in the Merger and does not address any other aspect or implication of the Merger. The summary of ROTH's opinion in this proxy statement is qualified in its entirety by reference to the full text of its written opinion, which is included as Annex B to this proxy statement and sets forth the procedures followed, assumptions made, qualifications and limitations on the review undertaken and other matters considered by ROTH in preparing its opinion. The opinion did not address the relative merits of the Merger as compared to any alternative business strategies or transactions that might be available for the Company or any other party, nor did it address the underlying business decision of the Special Committee, the board of directors, the Company, its security holders or any other party or entity to proceed with or effect the Merger or any terms or aspects of any voting or other agreements to be entered into in connection with the Merger, any potential financing for the Merger or the likelihood of consummation of such financing. ROTH's opinion should not be construed as creating any fiduciary duty on ROTH's part to any party or entity. ROTH's opinion was not intended to be, and does not constitute, advice or a recommendation to our Special Committee, board of directors or any shareholder as to how to act or vote with respect to the Merger or related matters.** Please see "*The Merger - Opinion of the Special Committee's Financial Advisor*" beginning on page 28 for additional information.

Financing of the Merger (Page 43)

The Buyer Group estimates that the total amount of funds necessary to consummate the Merger and related transactions, including the payment of fees and expenses in connection with the Merger, will be approximately US$5,513,000. The Buyer Group has all funds necessary to pay the Merger Consideration and fees and expenses in connection with the Merger according to the terms of the Merger Agreement. See "*The Merger - Financing of the Merger*" beginning on page 43 for additional information.

Voting Agreement (page 43)

On April 12, 2016, the Company and the Principal Shareholders, Mr. Chen and Ms. Fan, entered into a Voting Agreement (the "**Voting Agreement**"), replacing the Rollover Agreement originally entered into on March 8, 2016 (the "**Rollover Agreement**") among the Principal Shareholders and Acquisition, pursuant to which each of the Principal Shareholders irrevocably agreed that he or she will appear at the special meeting and any other shareholders' meeting and vote (or cause to be voted) all shares of Company Common Stock beneficially owned by him or her, as applicable, in favor of the approval and adoption of the Merger Agreement and against any competing proposal. In conjunction with the execution of the Voting Agreement, the parties executed a termination agreement on April 12, 2016 with respect to the Rollover Agreement. See "*The Merger - Voting Agreement*" beginning on page 43 for additional information.

Limited Guarantee (Page 43)

Concurrently with the execution of the Original Merger Agreement, Mr. Minhua Chen and Ms. Yanling Fan (collectively, the "**guarantors**" and each, a "**guarantor**") delivered a limited guarantee (the "**Original Limited Guarantee**") pursuant to which each of the guarantors agreed to, severally but not jointly, guarantee his or her respective percentage of the obligations of Acquisition under the Merger Agreement to pay, under certain circumstances in which the Merger Agreement is terminated, a "reverse" termination fee of US$375,000 to the Company and to reimburse certain expenses incurred by the Company. In conjunction with the execution of the Merger Agreement on April 12, 2016, Mr. Chen and Ms. Fan executed and delivered an amended and restated limited guarantee (the "**Limited Guarantee**"), in which only non-substantive changes were made to conform to the Merger Agreement. See "*The Merger - Limited Guarantee*" beginning on page 43 and "*The Agreement and Plan of Merger - Termination Fees and Reimbursement of Expenses*" on page 60 for additional information.

Interests of Certain Persons in the Merger (Page 44)

In considering the recommendation of our board of directors, you should be aware that certain of our executive officers and directors have interests in the Merger that may be different from, or in addition to, your interests as a shareholder. These interests include, among others:

- As of the date of this proxy statement, (i) Mr. Chen, our Chairman, President and Chief Executive Officer, beneficially owns approximately 29.25% of the total outstanding shares of Company Common Stock; and (ii) Ms. Fan, our Chief Operating Officer and Director, beneficially owns approximately 28.67% of the total outstanding shares of Company Common Stock; each of which will be voted in connection with the proposed transaction and contributed to Acquisition;
- Pursuant to the Voting Agreement, each of the Principal Shareholders has agreed to vote all shares of Company Common Stock owned by him or her, as applicable, in favor of the proposal to approve the Merger Agreement, and against any competing proposal at any meeting of shareholders of the Company;
- Directors of Acquisition will remain the directors of the surviving corporation, and officers of the Company will remain officers of the surviving corporation following the Merger;
- Members of the Special Committee received no compensation for their service of evaluating and negotiating the Merger Agreement and the transactions contemplated by the Merger Agreement, including the Merger; and
- Pursuant to the Merger Agreement, directors and officers of the Company will receive indemnification rights for six years following the completion of the Merger for certain claims and liabilities arising from their actions or omissions taken prior to the Effective Time of the Merger.

The members of the Special Committee and our board of directors were aware of these interests, and considered them, when they approved the Merger Agreement and the transactions contemplated by the Merger Agreement, including the Merger. Please see "*The Merger - Interests of Certain Persons in the Merger*" beginning on page 44 for additional information.

Conditions to the Merger (Page 59)

The respective obligations of each of the Company and Acquisition to consummate the Merger are subject to the satisfaction or waiver of certain conditions, including among other things, obtaining the required shareholder approval. For a more detailed description of these conditions, please see "*The Agreement and Plan of Merger - Conditions to the Merger*" beginning on page 59 for additional information**.**

Regulatory Matters

The Company does not believe that any material federal, national, provincial, local or state, whether domestic or foreign, regulatory approvals, filings or notices are required in connection with the Merger other than the approvals, filings or notices required under the U.S. federal securities laws and the filing of the articles of merger with the Secretary of State of the State of Nevada with respect to the Merger. The Company intends to seek or make, as applicable, all necessary approvals, filings or notices required by the U.S. federal securities laws and the Secretary of State of the State of Nevada.

Agreement Not to Solicit Other Offers (Page 56)

From the date of the Merger Agreement until the Effective Time of the Merger or, if earlier, the termination of the Merger Agreement, neither the Company nor its subsidiaries nor any officer or director of the Company or any of its subsidiaries is permitted to, directly or indirectly:

- solicit, initiate, knowingly encourage or knowingly facilitate any inquiries regarding, or the making of any proposal or offer that constitutes, or could reasonably be expected to lead to, an alternative acquisition proposal;
- engage in, continue or otherwise participate in any discussions or negotiations regarding, or furnish to any other person any information in connection with or for the purpose of soliciting, initiating, knowingly encouraging or knowingly facilitating, a alternative acquisition proposal; or
- approve, recommend or enter into, or propose to approve, recommend or enter into, any letter of intent or similar document, agreement, commitment or agreement in principle (whether written, oral, binding or non-binding) with respect to a alternative acquisition proposal.

For a more detailed description of these conditions, please see "*The Agreement and Plan of Merger - Agreement Not to Solicit Other Offers*" beginning on page 56 for additional information**.**

Termination of the Merger Agreement (Page 59)

The Merger Agreement may be terminated at any time prior to the Effective Time of the Merger by mutual written consent of the Company (acting through the Special Committee) and Acquisition. The Merger Agreement may be terminated prior to the Effective Time by either the Company (acting through the Special Committee) or Acquisition, if (i) the Effective Time shall not have occurred on or before August 31, 2016; provided that such failure is caused by a breach of the Merger Agreement by the party seeking to terminate the Merger Agreement or (ii) the Company fails to obtain the required stockholder approval of the Merger at the special meeting or any adjournment or postponement thereof.

The Company (acting through the Special Committee) may terminate the Merger Agreement if:

(1)(i)the board of directors of the Company (acting through the Special Committee) has determined in good faith that failure to terminate the Merger Agreement would be inconsistent with its fiduciary duties under applicable law; (ii) the Company shall have delivered to Acquisition a Recommendation Change Notice; or (iii) the Company shall have entered into an Alternative Acquisition Agreement; or

(2) at anytime prior to the Effective Time, Acquisition has breached any of its representations, warranties or covenants under the Merger Agreement, which breach would entitle the Company not to consummate the Merger, subject to the right of Acquisition to cure the breach within 30 business days following written notice, and provided that the Company has not materially breached any of its representations, warranties or covenants under the Merger Agreement; or

(3) all of the conditions to closing set forth in the Merger Agreement have been satisfied, except for those that are to be satisfied at the closing, and Acquisition fails to consummate the closing of the Merger within five business date days following the date the closing should have occurred.

Acquisition may terminate the Merger Agreement if (1) at any time prior to the Effective Time, the Company has breached any of its representations, warranties or covenants under the Merger Agreement, which breach would entitle Acquisition not to consummate the Merger, subject to the right of the Company to cure the breach within thirty (30) business days following a written notice, and provided that the Company has not materially breached any of its representations, warranties or covenants under the Merger Agreement or (2) the board of directors of the Company or the Special Committee shall have effected and not withdrawn any of its recommendation changes, provided that Acquisition's right to terminate this Agreement in respect of a recommendation change shall expire ten (10) business days after the first date upon such recommendation change is made.

Termination Fee and Reimbursement of Expenses (Page 60)

The Merger Agreement provides that the Company will pay to Acquisition a termination fee of US$375,000, plus Acquisition's reasonable out-of-pocket expenses, including attorney's fees, if the Merger Agreement is terminated:

- by Acquisition, if the Company has breached any of its representations, warranties or covenants under the Merger Agreement, which breach would entitle Acquisition not to consummate the Merger, subject to the right of the Company to cure the breach within 30 business days following written notice, and provided that the Company has not materially breached any of its representations, warranties or covenants under the Merger Agreement;
- by Acquisition, if the board of directors of the Company or the Special Committee shall have effected and not withdrawn a board recommendation change;
- by the Company after the board of directors of the Company (acting through the Special Committee) (i) has determined in good faith that failure to terminate the Merger Agreement would be inconsistent with its fiduciary duties under applicable law; (ii) the Company shall have delivered to Acquisition a Recommendation Change Notice; or (iii) the Company shall have entered into an Alternative Acquisition Agreement; or
- by the Company if, subject to certain conditions, the Company receives a bona fide alternative acquisition proposal, the Company terminates the Merger Agreement due to failure to obtain stockholder approval of the Merger Agreement, and then, within one year, the Company consummates a transaction based on that same alternative acquisition proposal.

The Merger Agreement provides that Acquisition will pay to the Company a termination fee of US$375,000, plus the Company's reasonable out-of-pocket expenses, including attorney's fees, if the Merger Agreement is terminated:

- by the Company, if Acquisition has breached any of its representations, warranties or covenants under the Merger Agreement, which breach would entitle the Company not to consummate the Merger, subject to the right of Acquisition to cure the breach within 30 business days following written notice, and provided that the Company has not materially breached any of its representations, warranties or covenants under the Merger Agreement; or
- by the Company, if all of the conditions to closing set forth in the Merger Agreement have been satisfied, except for those that are to be satisfied at the closing, and Acquisition fails to consummate the closing of the Merger within five business days of the satisfaction of such conditions.

Remedies (page 61)

Under the Merger Agreement, the parties have agreed that, prior to the termination of the Merger Agreement, each party will be entitled to (1) an injunction or injunctions to prevent any breaches of the Merger Agreement and to enforce specifically the terms and provisions of the Merger Agreement; and (2) any other rights and remedies to which such party is entitled at law or in equity, and any such remedies will be deemed cumulative with, and not exclusive of, any other remedy.

Dissenters' Rights (Page 66)

You have a statutory right to dissent from the Merger and demand payment of the fair value of your shares of Company Common Stock as determined in a judicial appraisal proceeding in accordance with Chapter 92A (Section 300 through 500 inclusive) of the NRS. This appraised value may be more or less than the $3.32 per share in cash consideration offered in the Merger. In order to qualify for these rights, you must make a written demand for appraisal within 30 days after the date of mailing of the Notice of Merger and Dissenters' Rights and otherwise comply with the procedures for exercising appraisal rights in the NRS. The statutory right of dissent is set out in Chapter 92A (Section 300 through 500 inclusive) of the NRS. A copy of Dissenters' Rights Provisions is attached as Annex E hereto. Any failure to comply with the Dissenters' Rights Provisions will result in an irrevocable loss of such right. Shareholders seeking to exercise their statutory right of dissent are encouraged to seek advice from legal counsel. Please see "*Dissenters' Rights for Holders of Common Stock*" beginning at page 66 for additional information.

Certain Material U.S. Federal Income Tax Consequences (Page 71)

The exchange of shares of Company Common Stock for cash pursuant to the Merger will be a taxable transaction for U.S. federal income tax purposes. A U.S. Holder (as defined in "*Certain Material U.S. Federal Income Tax Consequences*" below) who receives cash for shares of Company Common Stock pursuant to the Merger will recognize gain or loss, if any, equal to the difference between the amount of cash received and the U.S. Holder's adjusted tax basis in the shares of Company Common Stock exchanged therefor. A non-U.S. Holder (as defined in "*Certain Material U.S. Federal Income Tax Consequences*" below) generally will not be subject to U.S. federal income tax in respect of gain recognized on the exchange of shares of Company Common Stock for cash pursuant to the Merger unless: (a) the non-U.S. Holder is an individual who was present in the United States for 183 days or more during the taxable year of the exchange and certain other conditions are met; (b) the gain is effectively connected with the non-U.S. Holder's conduct of a trade or business in the United States, and, if required by an applicable tax treaty, attributable to a permanent establishment or fixed base maintained by the non-U.S. Holder in the United States; or (c) the Company is or has been a United States real property holding corporation, or a USRPHC, for U.S. federal income tax purposes at any time during the shorter of the five-year period ending on the date of exchange of the shares of Company Common Stock or the period that the non-U.S. Holder held the shares of Company Common Stock, and, generally, in the case where the shares of Company Common Stock are regularly traded on an established securities market, the non-U.S. Holder has owned, directly or indirectly, more than 5% of the shares of Company Common Stock at any time during the shorter of the five-year period ending on the date of exchange of the shares of Company Common Stock or the period that the non-U.S. Holder held the shares of Company Common Stock. You should consult your tax advisors for a full understanding of the U.S. federal, state, local, foreign and other tax consequences of the Merger to you. Please see "*Certain Material U.S. Federal Income Tax Consequences*" beginning on page 71 for additional information.

Certain Material PRC Income Tax Consequences (Page 75)

On March 16, 2007, the National People's Congress passed the Enterprise Income Tax Law of the PRC (the "**EIT Law**"), which became effective on January 1, 2008. Pursuant to the EIT Law and its implementing rules, enterprises established outside China whose "de facto management bodies" are located in China are considered "resident enterprises" and subject to the uniform 25% enterprise income tax rate on worldwide income. Given the short history of the EIT Law and lack of applicable legal precedent, it remains unclear how the PRC tax authorities will determine the PRC tax resident status of a company organized under the laws of a foreign (non-PRC) jurisdiction, such as us. If the PRC tax authorities determine that we are a "resident enterprise" for PRC enterprise income tax purposes, gains realized by investors that are not tax residents of the PRC, including U.S. Holders ("**non-resident investors**"), may be treated as income derived from sources within the PRC. In such event, any such

gain derived by such investors on the sale or transfer of our common stock, including pursuant to the Merger, may be subject to income tax under the PRC tax laws. Additionally, if we are determined to be a resident enterprise under the EIT Law, under the PRC Individual Income Tax Law and its implementing rules, any gain realized on the sale or transfer of our common stock, including pursuant to the Merger, by non-resident investors who are individuals may be subject to a 20% PRC income tax if such gain is regarded as income derived from sources within the PRC. Please see "*Certain Material PRC Income Tax Consequences*" beginning on page 75 for additional information.

Fees and Expenses (Page 61)

Except for the right to reimbursement of costs and expenses under certain circumstances, whether or not the Merger is completed, as between Acquisition and the Company, all costs and expenses incurred in connection with the Merger Agreement and the transactions contemplated by the Merger Agreement will be paid by the party incurring such costs and expenses. Please see "*The Agreement and Plan of Merger - Fees and Expenses*" beginning at page 61 for additional information.

Delisting and Deregistration of Company Common Stock

If and only after the Merger is completed, the Company Common Stock will be delisted from the NASDAQ Capital Market and deregistered under the Securities Exchange Act of 1934, as amended (the "**Exchange Act**") and we will no longer file periodic reports with the SEC.

Where You Can Find More Information (page 77)

You can find more information about the Company in the periodic reports and other information we file with the SEC. The information is available at the SEC's public reference facilities and at the website maintained by the SEC at *www.sec.gov.* For a more detailed description of the additional information available, please see "*Where You Can Find More Information*" beginning on page 77**.**

QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETING AND THE MERGER

The following questions and answers address briefly some questions you may have regarding the special meeting and the Merger. These questions and answers may not address all questions that may be important to you as a shareholder of the Company. Please refer to the more detailed information contained elsewhere in this proxy statement, the annexes to this proxy statement and the documents referred to or incorporated by reference in this proxy statement.

Q: Why am I receiving this proxy statement?

A: On April 12, 2016, we entered into the Merger Agreement with Acquisition providing for the Merger of Acquisition with and into the Company, with the Company surviving the Merger. Acquisition is 50.5% and 49.5% owned by Mr. Chen and Ms. Fan, respectively. Mr. Chen is our Chairman, President and Chief Executive Officer, and Ms. Fan is our Chief Operating Officer and Director. The Merger is a going private transaction involving Mr. Chen and Ms. Fan. You are receiving this proxy statement in connection with the solicitation of proxies by the board of directors of the Company in favor of the approval of the Merger Agreement because you owned shares of Company Common Stock as of May 24, 2016, the record date for the special meeting. This proxy statement is dated May 25, 2016, and is first being mailed to the Company's shareholders on or about May 31, 2016.

Q: What matters will be voted on at the special meeting?

A: You will be asked to consider and vote on the following proposals:

1. Approval of the Merger Agreement; and
2. Approval of the proposal to adjourn or postpone the special meeting in order to take such actions as our board of directors determines are necessary or appropriate, including to solicit additional proxies if there are insufficient votes at the time of the special meeting to approve the proposal to approve the Merger Agreement.

Q: As a shareholder, what will I receive in the Merger?

A: If the Merger is completed, you will be entitled to receive US$3.32 in cash, without interest thereon and net of any applicable withholding taxes, for each share of Company Common Stock that you own immediately prior to the Effective Time of the Merger as described in the Merger Agreement.

Q: Is the Merger a taxable transaction to the Company's shareholders for U.S. federal income tax purposes?

A: The exchange of shares of Company Common Stock for cash pursuant to the Merger generally will be a taxable transaction for U.S. federal income tax purposes. See *"Certain Material U.S. Federal Income Tax Consequences"* beginning on page 71 for a more detailed description of the U.S. federal income tax consequences of the Merger. You should consult with your own tax advisor for a full understanding of how the Merger will affect your federal, state, local and/or non-U.S. taxes.

Q: When will I receive the Merger Consideration for my shares of Company Common Stock?

A: After the Merger is completed, you will receive written instructions, including a letter of transmittal, which explain how to exchange your shares for the Merger Consideration. When you properly complete and return the required documentation described in the written instructions, you will promptly receive from the paying agent payment of the Merger Consideration for your shares of Company Common Stock.

Q: When and where is the special meeting of our shareholders?

A: The special meeting of shareholders will be held on June 28, 2016, starting at 9:00am (Beijing time), at 28/F, Yifa Building, No.111 Wusi Road, Fuzhou, Fujian Province, China, 35003.

Q: What vote of our shareholders is required to approve the Merger Agreement and the other proposal?

A: Approval of the Merger Agreement by our shareholders requires an affirmative vote (in person or by proxy) of the holders of at least a majority of the total issued and outstanding shares of Company Common Stock in accordance with the Company's articles of incorporation and bylaws and the Nevada Revised Statutes.

The adjournment or postponement of the special meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the special meeting to approve the Merger Agreement will be approved if more holders of the shares of Company Common Stock present in person or represented by proxy and entitled to vote on the proposal vote in favor of the proposal than against the proposal.

At the close of business, Beijing time, on May 24, 2016, the record date, 3,914,580 shares of Company Common Stock were outstanding and entitled to vote at the special meeting. On the record date, the Buyer Group owned 2,267,592 shares of Company Common Stock. The Buyer Group shares represent approximately 57.84% of the total outstanding shares of Company Common Stock. The Principal Shareholders have agreed, under the Voting Agreement, to vote in favor of the proposal to approve the Merger Agreement.

Q: Who can attend and vote at the special meeting?

A: All shareholders of record as of the close of business, Beijing time, on May 24, 2016, the record date for the special meeting, are entitled to receive notice of and to attend and vote at the special meeting, or any postponement or adjournment thereof. Shareholders may vote by attending the special meeting and voting in person. In order to attend the special meeting in person, arrive at the meeting time at the address listed above with your proxy card and a form of valid photo identification. To obtain directions to attend the special meeting, call Jocelyn Chen at +86 (591) 28082230. If you are a beneficial owner of shares held in "street name" and you want to vote in person at the special meeting, you must contact the bank, brokerage firm or other nominee that holds your shares of Company Common Stock in its name prior to the meeting and obtain from it a valid proxy issued by it in your name giving you the right to vote the shares of Company Common Stock registered in its name. Please note that cameras, recording devices and other electronic devices will not be permitted at the special meeting.

Q: How does our board of directors recommend that I vote?

A: After carefully considering the unanimous recommendation of the Special Committee and other factors, the Company's board of directors (with Mr. Chen and Ms. Fan abstaining in accordance with the Nevada Revised Statutes) has unanimously determined that the Merger Agreement and the transactions contemplated thereby, including the Merger, are advisable and fair (both substantively and procedurally) to, and in the best interests of, the Company and its shareholders (other than the holders of the Excluded Shares), and adopted and declared advisable the Merger Agreement and the transactions contemplated by the Merger Agreement, including the Merger, and recommends that you vote "**FOR**" the proposal to approve the Merger Agreement, and "**FOR**" the proposal to adjourn or postpone the special meeting in order to take such actions as our board of directors determines are necessary or appropriate, including to solicit additional proxies if there are insufficient votes at the time of the special meeting, to approve the proposal to approve the Merger Agreement.

Please see "*The Merger - Recommendation of Our Board of Directors and the Special Committee on Behalf of the Company and Their Reasons for the Merger*" beginning on page 21 for a discussion of the factors that the Special Committee and our board of directors considered in deciding to recommend the approval of the Merger Agreement. In addition, in considering the recommendation of the Special Committee and the board of directors with respect to the Merger Agreement, you should be aware that some of the Company's directors and executive officers may have interests that are different from, or in addition to, the interests of our shareholders generally. See "*The Merger - Interests of Certain Persons in the Merger*" beginning on page 44 for additional information.

Q: How will our directors and executive officers vote on the proposal to approve the Merger Agreement?

A: Mr. Chen, our Chairman, President and Chief Executive Officer, and Ms. Fan, our Chief Operating Officer and Director, have each entered into a Voting Agreement with the Company, in which he or she agreed to vote all of his or her shares of Company Common Stock in favor of the approval of the Merger Agreement. As of

May 24, 2016, the record date of the special meeting, Mr. Chen owned 1,145,196 shares of Company Common Stock entitled to vote at the special meeting, or approximately 29.25% of the total issued and outstanding shares of the Company Common Stock. As of May 24, 2016, the record date of the special meeting, Ms. Fan owned 1,122,396 shares of Company Common Stock entitled to vote at the special meeting, or approximately 28.67% of the total issued and outstanding shares of the Company Common Stock.

As of May 24, 2016, the record date, Mr. Chen and Ms. Fan beneficially owned and were entitled to vote, in the aggregate, 2,267,592 shares of Company Common Stock, representing 57.84% of the outstanding shares of Company Common Stock. Besides Mr. Chen and Ms. Fan, no other director and executive officer own shares of Company Common Stock. Please see "*The Special Meeting*" beginning on page 47 for additional information.

Q: Am I entitled to exercise dissenters' or appraisal rights instead of receiving the Merger Consideration for my shares of Company Common Stock?

A: Yes, Nevada law provides that you may dissent from the disposal of assets. If you do not comply with the procedures governing dissenters' rights set forth under the Nevada Revised Statutes and explained elsewhere in this proxy statement, you may lose your dissenters' and appraisal rights. Shareholders considering exercising dissenters' rights should consult legal counsel. You are urged to review the section of this proxy statement entitled "*Dissenters' Rights for Holders of Common Stock*" beginning on page 66 and Annex E for a more complete discussion of dissenters' rights.

Q: How do I cast my vote if I am a holder of record?

A: If you were a holder of record as of the close of business, Beijing time, on May 24, 2016, you may submit your proxy or vote your shares of Company Common Stock on matters presented at the special meeting in any of the following ways: by telephone, via the Internet, by mail or by voting in person at the meeting.

If you properly sign your proxy card but do not mark the boxes showing how your shares of Company Common Stock should be voted on a matter, the shares of Company Common Stock represented by your properly signed proxy will be voted "FOR" the proposal to approve the Merger Agreement and "FOR" the proposal to adjourn or postpone the special meeting in order to take such actions as our board of directors determines are necessary or appropriate, including to solicit additional proxies if there are insufficient votes at the time of the special meeting to approve the Merger Agreement.

Q: How do I cast my vote if my shares of Company Common Stock are held in "street name" by a bank, brokerage firm or other nominee?

A: If your shares of Company Common Stock are held through a bank, brokerage firm or other nominee, you are considered the "beneficial owner" of shares of Company Common Stock held in "street name." You will receive instructions from your bank, brokerage firm or other nominee that you must follow in order to have your shares of Company Common Stock voted. Those instructions will identify which of the above choices are available to you in order to have your shares voted. Please note that if you are a beneficial owner and wish to vote in person at the special meeting, you must provide a legal proxy from your bank, brokerage firm or other nominee.

Q: What will happen if I abstain from voting or fail to vote on the proposal to approve the Merger Agreement?

A: If you fail to submit a proxy or vote in person at the special meeting, or abstain, or do not provide your bank, brokerage firm or other nominee with voting instructions, as applicable, your shares of Company Common Stock will not be voted on the proposal to approve the Merger Agreement, which will have the same effect as a vote **"AGAINST"** the proposal to approve the Merger Agreement. Please note that abstentions or non-votes will result in a loss of dissenters' and appraisal rights.

Q: Can I change my vote after I have delivered my proxy?

A: Yes. If you are a shareholder of record, you have the right to revoke a proxy (whether delivered over the Internet, by telephone or by mail) at any time before it is voted at the special meeting by (i) submitting a new proxy by telephone or via the Internet after the date of the earlier voted proxy, (ii) signing another proxy card with a later date and returning it to us prior to the special meeting, or (iii) attending the special meeting and voting in person. Any such new or later-dated proxy should be delivered (over the Internet, by facsimile over the telephone or by mail) to Jocelyn Chen, our Board Secretary. If delivered by Internet, please email jocelynchen@yidacn.net. If sent by mail or facsimile, please send it to China Yida Holding, Co., 28/F, Yifa Building, No.111 Wusi Road, Fuzhou, Fujian Province, China, 35003, Attn: Jocelyn Chen, or via facsimile to +86 (591) 28308358. Any such new or later-dated proxies must be received by the Company prior to the special meeting. Receipt by the Company of such new or later-dated proxy prior to the special meeting is, in itself, sufficient to revoke a prior proxy by that shareholder. If you hold your shares of Company Common Stock in "street name," you may submit new voting instructions by contacting your bank, brokerage firm or other nominee. You may also vote in person at the special meeting if you obtain a legal proxy from your bank, brokerage firm or other nominee.

Q: What should I do if I receive more than one set of voting materials?

A: You may receive more than one set of voting materials, including multiple copies of this proxy statement or multiple proxy or voting instruction cards. For example, if you hold your shares of Company Common Stock in more than one brokerage account, you will receive a separate voting instruction card for each brokerage account in which you hold shares of Company Common Stock. If you are a holder of record and your shares of Company Common Stock are registered in more than one name, you will receive more than one proxy card. **Please submit each proxy and voting instruction card that you receive**.

Q: If I am a holder of certificated shares of Company Common Stock, should I send in my stock certificates now?

A: No. Promptly after the Merger is completed, each holder of record as of the time of the Merger will be sent written instructions for exchanging their stock certificates for the Merger Consideration. These instructions will tell you how and where to send in your stock certificates for your cash consideration. You will receive your cash payment after the paying agent receives your stock certificates and any other documents requested in the instructions. Please do not send in your stock certificates with your proxy.

Holders of uncertificated shares of Company Common Stock represented by book-entry interests will receive a check or wire transfer without such holder being required to deliver a stock certificate or an executed letter of transmittal to the paying agent, provided an "agent's message" has been previously delivered to the paying agent with respect to such shares.

Q: What constitutes a quorum for the special meeting?

A: The presence, in person or by proxy, of the holders of a majority of the issued and outstanding shares of Company Common Stock that are entitled to vote on the record date is necessary to constitute a quorum for the transaction of business at the special meeting. Abstentions and broker non-votes are included in determining the number of shares present or represented at the special meeting for purposes of determining whether a quorum exists. Once a share of Company Common Stock is represented at the special meeting, it will be counted for the purpose of determining a quorum at the special meeting and any adjournment of the special meeting. However, if a new record date is set for the adjourned special meeting, then a new quorum will have to be established. In the event that a quorum is not present at the special meeting, it is expected that the special meeting will be adjourned.

Q: Will any proxy solicitors be used in connection with the special meeting?

A: No, neither the Company nor the Buyer Group engaged a proxy solicitor.

Q: What happens if the Merger is not completed?

A: If the Merger Agreement is not approved by our shareholders, or if the Merger is not completed for any other reason, you will not receive any payment for your Company Common Stock pursuant to the Merger Agreement. Instead, we will remain a publicly traded company and our common stock will continue to be registered under the Exchange Act and listed and traded on the NASDAQ Capital Market. If the Merger Agreement is terminated, under certain circumstances we may be required to pay to Acquisition, which is owned by Mr. Chen and Ms. Fan, a termination fee of US$375,000 and to reimburse Acquisition for its out-of-pocket expenses actually incurred in connection with the Merger Agreement, or Acquisition may be required to pay us a termination fee of US$375,000 and to reimburse us for our out-of-pocket expenses actually incurred in connection with the Merger Agreement. See "*The Agreement and Plan of Merger - Termination Fees and Reimbursement of Expenses*" beginning on page 60 for additional information.

Q: When is the Merger expected to be completed?

A: We are working to complete the Merger as quickly as possible. We currently expect the Merger to be completed before the end of the third quarter of fiscal year 2016, subject to all conditions to the Merger having been satisfied or waived. However, we cannot assure you that all conditions to the Merger will be satisfied or waived by then or at all.

Q: What is householding and how does it affect me?

A: The SEC permits companies to send a single set of certain disclosure documents to any household at which two or more shareholders reside, unless contrary instructions have been received, but only if the company provides advance notice and follows certain procedures. In such cases, each shareholder continues to receive a separate notice of the meeting and proxy card. This householding process reduces the volume of duplicate information and reduces printing and mailing expenses. We have not instituted householding for shareholders of record; however, certain brokerage firms may have instituted householding for beneficial owners of Company Common Stock held through brokerage firms. If your family has multiple accounts holding Company Common Stock, you may have already received householding notification from your broker. Please contact your broker directly if you have any questions or require additional copies of this proxy statement. The broker will arrange for delivery of a separate copy of this proxy statement promptly upon your written or oral request. You may decide at any time to revoke your decision to household, and thereby receive multiple copies.

Q: Who can help answer my questions?

A: If you have any questions about the Merger or how to submit your proxy, or if you need additional copies of this proxy statement or the enclosed proxy card, you should contact American Stock Transfer & Trust, LLC at +1(718) 921-8124, or toll-free at (800) 937-5449.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This proxy statement, and the documents to which we refer you in this proxy statement, as well as information included in oral statements or other written statements made or to be made by us, contains forward-looking statements and information relating to China Yida Holding, Co., that are based on the beliefs of our management as well as assumptions made by and information currently available to us. When used in this report, the words "anticipate," "believe," "estimate," "expect," "intend," "plan" and similar expressions, as they relate to us or our management, are intended to identify forward-looking statements, which appear in a number of places in this proxy statement (and the documents to which we refer you in this proxy statement) and include, but are not limited to, all statements relating directly or indirectly to statements regarding the ability to complete the transaction considering the various closing conditions, projected financial information, the timing or likelihood of completing the Merger to which this proxy statement relates, plans for future growth and other business development activities as well as capital expenditures, financing sources and the effects of regulation and competition and all other statements regarding our intent, plans, beliefs or expectations or those of our directors or officers. These statements reflect our current view concerning future events and are subject to risks, uncertainties and assumptions, including among many others:

- the occurrence of any event, change or other circumstances that could give rise to the termination of the Merger Agreement, including a termination under circumstances that could require us to pay a termination fee;
- the inability to complete the Merger due to the failure to obtain the required shareholder approval or the failure to satisfy other conditions to complete the Merger, including required regulatory approvals;
- the failure of the Merger to close for any other reason;
- risks that the proposed transaction disrupts current plans and operations and the potential difficulties in employee retention as a result of the Merger;
- the outcome of any legal proceedings that have been or may be instituted against the Company and/or others relating to the Merger Agreement;
- diversion of management's attention from ongoing business concerns;
- the effect of the announcement of the Merger on our business relationships, operating results and business generally;
- the amount of the costs, fees, expenses and charges related to the Merger;
- uncertainties as to the timing of the closing of the Merger; and
- risks that the Merger will not close because of a failure to satisfy (or to have waived) one or more of the closing conditions and that the Company's business will have been adversely impacted during the pendency of the transaction.

These risks are not exhaustive and may not include factors which could adversely impact the Company's business and financial performance. Other factors that may cause actual results to differ materially include those set forth in the reports that the Company files from time to time with the SEC, including our annual report on Form 10-K for the fiscal year ended December 31, 2015 and quarterly and current reports on Form 10-Q and Form 8-K. Consequently, all of the forward-looking statements we make in this document are qualified by the information contained or incorporated by reference herein, including, but not limited to (a) the information contained under this heading and (b) the information contained under the headings "Business" and "Risk Factors" and information in our consolidated financial statements and notes thereto included in our most recent filings, including our annual report on Form 10-K for the fiscal year ended December 31, 2015 and quarterly and current reports on Form 10-Q and Form 8-K (see "*Where You Can Find More Information*" beginning on page 77). In doing so, please note that any safe harbor provisions in such periodic reports related to the Private Securities Litigation Reform Act of 1995 do not apply to any forward-looking statements made by us in connection with this going private transaction.

The following is a description of the material aspects of the Merger. While we believe that the following description covers the material terms of the Merger, the description may not contain all of the information that is important to you. We encourage you to read carefully this entire document, including the Merger Agreement attached to this proxy statement as Annex A, for a more complete understanding of the Merger. The following description is subject to, and is qualified in its entirety by reference to, the Merger Agreement.

The Parties

The Company

The Company is a tourism enterprise operating various tourist destinations in Fujian and Jiangxi provinces in the People's Republic of China. The Company develops, operates, manages and markets tourist destinations, including natural, cultural, and historical tourist destinations and theme parks. The Company also creates, designs and constructs new tourist concepts, attractions and properties. The Company currently operates the Hua'An Tulou tourist destination (World Culture Heritage), China Yunding Park (National Park), China Yang-sheng (Nourishing Life) Paradise and the City of Caves. For more information, please visit the Company's website at http://www.yidacn.net. The Company's website address is provided as an inactive textual reference only. The information contained on our website is not incorporated into, and does not form a part of, this proxy statement or any other report or document on file with or furnished to the SEC. See also "*Where You Can Find More Information*" beginning on page 77. The Company's common stock is publicly quoted on the NASDAQ Capital Market under the symbol "CNYD". Our principal executive office is located at 28/F, Yifa Building, No.111 Wusi Road, Fuzhou, Fujian Province, China, 35003, and our telephone number is +86 (591) 28082230.

Acquisition

China Yida Holding Acquisition Co. was incorporated under the laws of the State of Nevada and was formed solely for the purpose of effecting the Merger. Acquisition is jointly owned by Mr. Minhua Chen, our Chairman, President and Chief Executive Officer, and Ms. Yanling Fan, our Chief Operating Officer and Director. Acquisition has not engaged in any business except for activities incidental to its formation and in connection with the transactions contemplated by the Merger Agreement, including the Merger. The registered office of Acquisition is 28/F, Yifa Building, No.111 Wusi Road, Fuzhou, Fujian Province, China, 35003, and its telephone number is +86 (591) 28082230.

Mr. Minhua Chen

Mr. Minhua Chen has been the Chairman, President and Chief Executive Officer of the Company since November 2007. He is also the Chairman of the Board of Directors, Chief Executive Officer, and Treasurer of Acquisition. The business address of Mr. Minhua Chen is c/o China Yida Holding, Co., 28/F, Yifa Building, No.111 Wusi Road, Fuzhou, Fujian Province, China, 35003. His telephone number is +86 (591) 28082230. Mr. Minhua Chen is a citizen of the People's Republic of China.

Ms. Yanling Fan

Ms. Yanling Fan has served as the Chief Operating Officer of the Company since 2001 and a Director of the Company since 2007. Ms. Yanling Fan also serves a Director, the Chief Operating Officer and the Secretary of Acquisition. Ms. Yanling Fan is the wife of Mr. Minhua Chen. Ms. Yanling Fan's address is c/o China Yida Holding, Co., 28/F, Yifa Building, No.111 Wusi Road, Fuzhou, Fujian Province, China, 35003. Her telephone number is +86 (591) 28082230. Ms. Yanling Fan is a citizen of the People's Republic of China.

During the last five years, none of the persons referred to above under the heading titled "*The Parties*" or the respective directors or executive officers of the Company, members of the Buyer Group and their affiliates as listed in Annex C of this proxy statement has been (a) convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors) or (b) a party to any judicial or administrative proceeding (except for matters that were dismissed without sanction or settlement) that resulted in a judgment, decree or final order enjoining the person from future violations of, or prohibiting activities subject to, federal or state securities laws, or a finding of any violation of federal or state securities laws.

Overview of the Transaction

The Company and Acquisition entered into an Original Merger Agreement on March 8, 2016, pursuant to which, the Company will merger with and into Acquisition with Acquisition surviving the merger (the "**Original Merger**"). On April 12, 2016, having determined that a merger in which the Company survives is a more efficient structure, the Company and Acquisition agreed to enter into the Merger Agreement, which amended and restated the Original Merger Agreement. Under the terms of the Merger Agreement, Acquisition will be merged with and into the Company, with the Company surviving the Merger. The Company, as the surviving corporation, will continue to do business following the Merger. The separate corporate existence of Acquisition will cease. At the Effective Time of the Merger, the following will occur in connection with the Merger:

- each share of Company Common Stock issued and outstanding immediately prior to the Effective Time of the Merger (other than the Excluded Shares) will be converted into the right to receive the per share Merger Consideration of US$3.32 without interest and net of any applicable withholding taxes;
- each outstanding, unexercised and vested In-the-Money Vested Company Option or, as applicable, the vested portion of an In-the-Money Vested Company Option shall be converted into the right to receive an amount in cash equal to the excess of (i) the Merger Consideration over (ii) the exercise price of such In-the-Money Vested Company Option, multiplied by the number of Company shares underlying such In-the-Money Vested Company Option;
- each vested Company Option outstanding and unexercised immediately prior to the consummation of the Merger with a per share exercise price greater than or equal to the Merger Consideration shall automatically be cancelled without any consideration payable in respect thereof; and
- the Principal Shares will be the only remaining issued and outstanding shares of the surviving corporation.

Following and as a result of the Merger:

- the Unaffiliated Shareholders will no longer have any interest in, and will no longer be shareholders of, the Company, and will not participate in any of the Company's future earnings or growth;
- shares of Company Common Stock will no longer be listed on the NASDAQ Capital Market, and price quotations with respect to shares of Company Common Stock in the public market will no longer be available; and
- the registration of shares of Company Common Stock under the Exchange Act will be terminated.

Management and Board of Directors of the Surviving Corporation

The board of directors of the surviving corporation will, from and after the Effective Time of the Merger, consist of the directors of Acquisition as of immediately prior to the Effective Time of the Merger (identified below under "*Annex C - Directors and Executive Officers of Each Filing Person*"), until their respective successors are duly elected or appointed and qualified or their earlier death, resignation or removal. The officers of the surviving corporation will, from and after the Effective Time of the Merger, be the officers of the Company as of immediately prior to the Effective Time of the Merger (identified below under "*Annex C - Directors and Executive Officers of Each Filing Person*"), until their respective successors are duly elected or appointed and qualified, or until their earlier death, resignation or removal.

Background of the Merger

On October 24, 2015, Mr. Minhua Chen and Ms. Yanling Fan submitted a preliminary, non-binding proposal letter (the "**Proposal Letter**") to our board of directors proposing to acquire all of the issued and outstanding shares of the Company Common Stock not already owned by Mr. Minhua Chen and Ms. Yanling Fan for cash consideration of US$3.17 per share of Company Common Stock. The closing price per share of Company Common Stock on October 23, 2015 (the last trading day prior to the date of the Proposal Letter) was US$3.02. In the Proposal Letter, Mr. Minhua Chen and Ms. Yanling Fan, among other things: (a) outlined their intention to form a transaction vehicle for the purpose of pursuing the proposed transaction, (b) stated their expectations that the transaction would be financed with equity financing by them in the form of cash and rollover equity in the Company, and from any additional equity investor who may also purchase shares as a consortium member should a consortium be formed

for the purpose of implementing the proposed transaction, and (c) indicated their understanding that the independent members of the board of directors of the Company would consider the proposed transaction. Mr. Minhua Chen and Ms. Yanling Fan also stated in the Proposal Letter that they did not intend to sell their interests in the Company to a third party.

On October 27, 2015, the Company issued a press release regarding its receipt of the Proposal Letter and the transaction proposed therein, and filed the press release as an exhibit to its Current Report on Form 8-K. As a result, the board of directors of the Company determined that it was in the best interests of the Company to form the Special Committee, consisting of the board's three independent non-executive directors, Mr. Renjiu Pei, Mr. Chunyu Yin and Mr. Fucai Huang and elected Mr. Pei as its chairman, to consider and evaluate the proposal.

On October 28, 2015, the Company issued a press release and announced that the Special Committee has retained Sidley Austin LLP ("**Sidley**") as its international legal counsel and ROTH Capital Partners ("**ROTH**") as its independent financial advisor.

On November 3, 2015, the Special Committee held a telephone conference with representatives from ROTH and Sidley. At the Special Committee's organizational meeting, representatives of ROTH reviewed with the Special Committee (i) the key issues and implications with respect to the proposed going-private transaction, the offer price, including certain implied multiples of the offer, the historical trading prices and volumes of the Company's stock in the past 12 months, and the current shareholder structure of the Company, including the shareholding distribution among Unaffiliated Shareholders. ROTH also briefed the Special Committee on the estimated time line for the transaction and advised key discussion points in the going-private transactions, including the financial advisor's due diligence, the negotiation and drafting of the Original Merger Agreement, the go-shop clause, the shareholder approval by a majority of the minority vote, the price and the breakup fees. Representatives of Sidley presented the Special Committee the procedural considerations in a going-private transaction, including the fiduciary standards of the directors, the process of considering, negotiating and approving the transaction, the role and function of the Special Committee. Sidley reminded the Special Committee of its fiduciary duties under U.S. laws and standards of such fiduciary duties, especially in respect of ensuring fairness of the proposed transaction from the two aspects of fair dealing and fair price. At the meeting, Sidley also highlighted that one of the key issues in the proposed transaction was to obtain the majority of minority shareholder approval. Sidley again reminded the Special Committee of their fiduciary obligations to review the Original Merger Agreement and of their mandate to conduct independent consultations with Acquisition.

On December 9, 2015, the Special Committee held a telephone conference call with representatives of its financial advisor ROTH and legal counsel Sidley. At this meeting, ROTH informed the Special Committee that the preliminary financial due diligence had been completed. ROTH also discussed the initial offer price in the Proposal Letter from Mr. Minhua Chen and Ms. Yanling Fan. ROTH highlighted that the one of the key issues in the proposed transaction was obtaining the consent of the majority of minority shareholders, and that the Special Committee may need to seek an increase in the Merger Consideration. The Special Committee agreed to have an internal discussion and give ROTH further instructions. At this meeting, Sidley advised the Special Committee of potential transaction structures and the major process under each structure. Sidley also advised that the Special Committee consider the deal structure after review of the shareholders list and the shareholding distribution of the Unaffiliated Shareholders.

On January 20, 2016, Acquisition's counsel, McLaughlin & Stern LLP ("**McLaughlin**"), circulated an initial draft Original Merger Agreement to Sidley, the legal counsel to the Special Committee.

On February 1, 2016, Sidley sent initial comments on the draft Original Merger Agreement to the Special Committee, along with a summary of material issues. The material issues addressed in the comments sent by representatives of Sidley included, among others: the extent of the representations and warranties to be given by both the Company and Acquisition; the addition of a majority of minority shareholders vote in the requisite shareholder approval for the Merger; the addition of a "go-shop" period after signing of the Original Merger Agreement, during which the Company and the Special Committee, with the assistance of its financial and legal advisors, would be entitled to seek alternative acquisition proposals that may result in a superior proposal; the ability of the parties to terminate the Original Merger Agreement; and the amount of certain fees and expenses to be paid by each party in the event of a termination of the Original Merger Agreement.

On February 2, 2016, the Special Committee held a telephone conference call with representatives of its financial advisor ROTH and legal counsel Sidley. At this meeting, Sidley discussed with the Special Committee

certain legal issues under the draft Original Merger Agreement and provided their suggested comments on the draft Original Merger Agreement with respect to the key legal issues: (a) to ask for a limited guarantee signed by Mr. Minhua Chen and Ms. Yanling Fan to guarantee the due and punctual payment, performance and discharge of certain payment obligations of Acquisition under the Original Merger Agreement; (2) to add a majority of minority shareholders vote in the requisite shareholder approval for the Original Merger; (3) to delete the no-solicitation provisions and add go-shop provisions; (4) to change the mutual termination fee to one-way termination fee payable by Acquisition and ask for a higher termination fee from Acquisition; (5) to ask for a higher Merger Consideration after consultation with the financial advisor; and (6) to add certain voting undertakings of Mr. Chen and Ms. Fan in the Rollover Agreement. The Special Committee agreed with Sidley's comments and directed Sidley to convey such comments to representatives of McLaughlin.

On February 2, 2016, representatives of Sidley circulated a revised draft of the Original Merger Agreement via email to Acquisition's counsel reflecting the Special Committee's positions including, among other things, a proposed Original Limited Guarantee of the obligations of Acquisition under the Original Merger Agreement by Mr. Minhua Chen and Ms. Yanling Fan and a "majority of the minority" voting provision, which would require approval of the Original Merger Agreement and the transactions contemplated thereby, including the Original Merger, by a majority of the issued and outstanding common stock of the Company, other than the Excluded Shares.

On February 23, 2016, Sidley held a telephone conference with McLaughlin to discuss the key legal issues in the draft Original Merger Agreement, including the no shop provision rather than a go-shop provision, the inclusion of a "majority of the minority voting" provision, and the termination fee provision. On the same date, Sidley circulated a draft of the Original Limited Guarantee agreement.

On March 1, 2016, McLaughlin provided a revised draft of the Original Merger Agreement and the Original Limited Guarantee. The material issues addressed in the comments sent by McLaughlin included, among others: the amount of the termination fee to be paid by the parties upon termination of the Original Merger Agreement; the replacement of the "go-shop" period previously proposed by the Company with a "no shop" provision prohibiting the Company and the Special Committee, with the assistance of its financial and legal advisors, from seeking alternative acquisition proposals after execution of the Original Merger Agreement; and the removal of the "majority of the minority" voting provision previously proposed by the Company.

From March 2, 2016 to March 8, 2016, representatives of Sidley and McLaughlin continued to negotiate the terms of the Original Merger Agreement and Original Limited Guarantee.

On March 8, 2016, the Special Committee held a telephone conference to review the final draft of the Original Merger Agreement. The meeting was attended by representatives of ROTH and Sidley. Representatives of Sidley reviewed the terms of the final Original Merger Agreement with the members of the Special Committee, highlighting the material differences from the last draft the Special Committee reviewed and also reviewed the final Original Limited Guarantee. In particular, representatives of Sidley advised the Special Committee of the implications of the removal of the "majority of the minority" voting provision. The Special Committee considered Sidley's advice, and also considered that, of the 1,646,988 shares of the Company's common stock held by unaffiliated shareholders, one such unaffiliated shareholder owns 924,514 shares of the Company's common stock, or approximately 56% of the unaffiliated shares of the Company's common stock. Additionally, the remaining unaffiliated shares of the Company's common stock are widely held by over 500 individual unaffiliated shareholders. The Special Committee discussed its concerns that utilizing a "majority of the minority" voting provision would (1) significantly increase, relative to the size of the proposed transaction, the time and expense associated with soliciting proxies from unaffiliated shareholders to approve the Original Merger, while also decreasing the likelihood of approval of the Original Merger and (2) give an inordinate advantage to the one unaffiliated shareholder owning a significant number of shares over the remaining unaffiliated shareholders. Ultimately, in the totality of the analysis of the key terms and conditions, including but not limited to the provision of the Original Limited Guarantee by Mr. Minhua Chen and Ms. Yanling Fan, the mutual termination fee arrangement, a higher Merger Consideration of US$3.32, and voting undertakings in the Rollover Agreement, the Special Committee agreed to accept Acquisition's proposal to eliminate the "majority of the minority" voting requirement. Representatives of ROTH presented ROTH's financial analysis of the proposed transaction and of the Merger Consideration to be received by Company shareholders. The ROTH representatives then rendered to the Special Committee ROTH's oral opinion, which was subsequently confirmed in writing, that, as of March 8, 2016 and based upon and subject to the factors and assumptions set forth in such written opinion, the consideration to be paid to the holders of the Company's common stock (other than holders of the Excluded

Shares) in the proposed merger was fair, from a financial point of view, to such holders, as described in more detail under "- *Opinion of the Special Committee's Financial Advisor*." A copy of such opinion is attached as Annex B to this proxy statement. Following consideration of the Original Merger Agreement and the transactions contemplated thereby, at the meeting, the Special Committee unanimously: (i) approved and declared advisable the Original Merger Agreement, and the transactions contemplated thereby, including the Original Merger; (ii) determined that the terms of the Original Merger Agreement and the transactions contemplated thereby, including the Original Merger, are fair to and in the best interests of the Company and to the Company's unaffiliated shareholders; and (iii) resolved to recommend that the Company's board of directors adopt and declare the advisability of the transactions contemplated by the Original Merger Agreement, including the Original Merger and approve the Original Merger Agreement and the Original Limited Guarantee.

Later on the same day, following the consideration of the recommendation of the Special Committee, the board of directors (with Mr. Chen and Ms. Fan abstaining in accordance with the Nevada Revised Statutes) unanimously, (i) authorized and approved the Original Merger Agreement and the transactions contemplated thereby, including the Original Merger and the Original Limited Guarantee; and (ii) recommended that the Company's Unaffiliated Shareholders adopt the Original Merger Agreement at a special meeting of Company's shareholders to be duly called and held for such purpose.

On March 10, 2016, the Company issued a press release announcing its entry into the Original Merger Agreement and the Original Limited Guarantee and filed the press release and the relevant agreements as exhibits to its Current Report on Form 8-K.

On April 5, 2016, Sidley and McLaughlin held a telephone conference, in which representatives of McLaughlin expressed Acquisition's preference, having determined that a merger in which the Company survives is a more efficient structure, that the transaction structure be reconsidered, proposing that Acquisition should be merged with and into the Company, with the Company surviving the Merger.

On April 6, 2016, McLaughlin provided to Sidley a draft of the Merger Agreement, which proposed to amend and restate the Original Merger Agreement such that Acquisition would be merged with and into the Company, with the Company surviving the Merger. Aside from changes throughout the draft Merger Agreement to conform to the proposed revised transaction structure, McLaughlin, on behalf of Acquisition, did not propose any additional substantive material changes to the Original Merger Agreement. In conjunction with the draft Merger Agreement, McLaughlin also provided a draft of the Voting Agreement, which it proposed to replace the Rollover Agreement. The proposed Voting Agreement contained the same agreement by the Principal Shareholders to vote the Principal Shares in favor of the transaction, but removed provisions related to a contribution of the Principal Shares to Acquisition, with such contribution no longer relevant under the proposed revised transaction structure. Lastly, McLaughlin also provided a draft of the Limited Guarantee, which contained only non-substantive changes to the Original Limited Guarantee necessary to conform to the Merger Agreement.

On April 7, 2016, the Company, with the assistance of Sidley, sent the drafts of the Merger Agreement, Voting Agreement and Limited Guarantee to the Special Committee, along with an explanation of the considerations that led McLaughlin to propose a revision to the transaction structure and the related proposed changes to the Original Merger Agreement and Original Limited Guarantee, and the replacement of the Rollover Agreement with the Voting Agreement.

In the next couple of days, the Special Committee held various discussions to carefully review and deliberate on the draft Merger Agreement, Voting Agreement and Limited Guarantee with the assistance of its legal counsel, Sidley. The Special Committee considered that the proposed change in transaction structure did not present a substantive difference in outcome for the Unaffiliated Shareholders, including that the cancellation of all outstanding Company Common Stock, except for the Principal Shares, and the amount of the Merger Consideration to be received by the Unaffiliated Shareholders would remain the same under the Merger Agreement as under the Original Merger Agreement. Similarly, the Special Committee considered that the drafts of the Voting Agreement and Limited Guarantee only contained changes necessary to conform the Rollover Agreement and Original Limited Guarantee, respectively, to the proposed revised transaction structure, and did not materially impact the substantive benefits of those agreements to the Unaffiliated Shareholders. Finally, the Special Committee reconsidered ROTH's oral opinion, which was subsequently confirmed in writing, that, as of March 8, 2016 and based upon and subject to the factors and assumptions set forth in such written opinion, the consideration to be paid to the holders of the Company's common stock (other than holders of the Excluded Shares) in the proposed merger was fair, from a

financial point of view, to such holders, as described in more detail under "- *Opinion of the Special Committee's Financial Advisor*." The Special Committee considered that, because the revised proposed transaction structure was not material to the substantive outcome of the transaction to the Unaffiliated Shareholders, it could still rely on ROTH's opinion.

Following those considerations, on April 12, 2016, the Special Committee, on behalf of the Company's board of directors, unanimously: (i) approved and declared advisable the Merger Agreement, and the transactions contemplated thereby, including the Merger; (ii) determined that the terms of the Merger Agreement and the transactions contemplated thereby, including the Merger, remain fair to and in the best interests of the Company and to the Company's Unaffiliated Shareholders; (iii) resolved to recommend that the Company's board of directors adopt and declare the advisability of the transactions contemplated by the Merger Agreement, including the Merger and approve the Merger Agreement, the Voting Agreement and the Limited Guarantee.

Later on the same day, following the consideration of the recommendation of the Special Committee, the board of directors (with Mr. Chen and Ms. Fan abstaining in accordance with the Nevada Revised Statutes) unanimously, (i) authorized and approved the Merger Agreement and the transactions contemplated thereby, including the Merger, the Voting Agreement and the Limited Guarantee; and (ii) recommended that the Company's Unaffiliated Shareholders adopt the Merger Agreement at a special meeting of Company's shareholders to be duly called and held for such purpose.

On the same day, the Merger Agreement was executed by Acquisition and the Company; the Voting Agreement was executed by Mr. Chen and Ms. Fan and the Company; the Limited Guarantee was executed by Mr. Chen and Ms. Fan in favor of the Company; and Mr. Chen, Ms. Fan and Acquisition executed a termination agreement with respect to the Rollover Agreement.

On April 13, 2016, the Company issued a press release announcing the change to the transaction structure and its entry into the Merger Agreement, the Voting Agreement and the Limited Guarantee and filed the press release and the relevant agreements as exhibits to its Current Report on Form 8-K.

Recommendation of Our Board of Directors and the Special Committee on Behalf of the Company and Their Reasons for the Merger

Pursuant to our Articles of Incorporation and Bylaws, our board of directors has the authority to act on behalf of our Company and in the best interests of the Company and its shareholders, and has the authority to delegate such responsibilities to subcommittees of the board, such as the Special Committee. With respect to the proposed Merger, the board of directors and, to the extent it delegated authority to and relied on the recommendations of, the Special Committee have the authority to make a fairness determination on behalf of the Company and to opine on the Company's behalf. Both the Special Committee and our board of directors determined that the Merger, on the terms and subject to the conditions set forth in the Merger Agreement, is advisable and fair (both substantially and procedurally) to, and in the best interests of, the Company and its Unaffiliated Shareholders.

The Special Committee

The Special Committee, acting with the advice and assistance of its independent legal and financial advisors, evaluated the Merger, including the terms of the Merger Agreement. At a meeting on March 8, 2016, the Special Committee unanimously (a) determined that the Original Merger Agreement and the transactions contemplated thereby, on the terms and subject to the conditions set forth in the Original Merger Agreement, were advisable and fair (both substantially and procedurally) to, and in the best interests of, the Company and its Unaffiliated Shareholders and (b) recommended that our board of directors adopt and declare the advisability of the Original Merger Agreement and the transactions contemplated by the Original Merger Agreement, and recommend that the Company's shareholders approve the Original Merger Agreement. On April 12, 2016, the Special Committee unanimously (a) determined that the change in transaction structure was not material to the substantive outcome of the transaction to the Unaffiliated Shareholders, (b) determined that the Merger Agreement and the transactions contemplated thereby, including the Merger, on the terms and subject to the conditions set forth in the Merger Agreement, remained advisable and fair (both substantially and procedurally) to, and in the best interests of, the Company and its Unaffiliated Shareholders and (c) recommended that our board of directors adopt and declare the advisability of the Merger Agreement and the transactions contemplated by the Merger Agreement, including the Merger, and recommend that the Company's shareholders approve the Merger Agreement.

In the course of reaching its determinations, the Special Committee considered a number of substantive factors and potential benefits of the Merger, each of which the Special Committee believed supported its decisions, including, but not limited to, the following factors (which are not listed in any relative order of importance):

- the all-cash Merger Consideration, which will allow our Unaffiliated Shareholders an opportunity to immediately realize a fixed amount of cash for their investment, which amount the Special Committee believes to be fair to the Company's Unaffiliated Shareholders, without incurring brokerage and other costs typically associated with market sales and not to be exposed to the risks and uncertainties relating to the Company's prospects;

- the current and historical market prices of our common stock, including the fact that the US$3.32 per share Merger Consideration represents an approximately 73% premium over the closing price of US$1.92 per share on the NASDAQ Capital Market on March 7, 2016 and an approximately 4.8%, 3.2% and 10.8% premium, respectively, over the 30-, 90-, and 180-trading day volume weighted average price on the NASDAQ Capital Market on October 26, 2015, the last trading day prior to the Company's announcement on October 27, 2015 that it had received the Buyer Group's going-private proposal;

- the extensive negotiations with respect to the Merger Consideration, which led to an increase from US$3.17 per share to US$3.32 per share and the Special Committee's determination that US$3.32 per share was the highest price that the Buyer Group would agree to pay, with the Special Committee basing its belief on a number of factors, including the duration and tenor of negotiations and the experience of the Special Committee and its advisors, and that further negotiation ran the risk that the Buyer Group might determine to offer an amount less than US$3.32 per share, or abandon the transaction altogether, especially in view of the fact that the trading price of our common stock continued to decrease since the initial announcement of the receipt of the proposal, resulting in a significantly higher premium relative to the recent trading price of our common stock, in which event the Company's shareholders would lose the opportunity to accept the premium being offered;

- the possibility that it could take a considerable period of time for the trading price of our common stock to reach and sustain at least the per share Merger Consideration of US$3.32 (or that such price would never be reached), as adjusted for the time value of money;

- the limited trading volume of our common stock on the NASDAQ Capital Market;

- the financial analysis reviewed by ROTH with our Special Committee, and the oral opinion to our Special Committee (which was confirmed in writing by delivery of ROTH's written opinion dated March 8, 2016), as to the fairness, from a financial point of view, of the US$3.32 per share Merger Consideration to be received by holders of the shares of Company Common Stock (other than holders of the Excluded Shares) in the Merger, as of March 8, 2016, based upon and subject to the procedures followed, assumptions made, qualifications and limitations on the review undertaken and other matters considered by ROTH in preparing its opinion. Please see "*The Merger - Opinion of the Special Committee's Financial Advisor*" beginning on page 28 for additional information.

- the belief that the terms of the Merger Agreement, including the parties' representations, warranties and covenants, and the conditions to their respective obligations, are reasonable;

- the likelihood that the Merger would be completed based on, among other things (not in any relative order of importance):

    - the fact that the Buyer Group has all funds necessary to pay the Merger Consideration in accordance with the Merger Agreement;

    - the absence of a financing condition in the Merger Agreement;

    - the likelihood and anticipated timing of completing the Merger in light of the scope of the conditions to completion, including the absence of significant required regulatory approvals, such as the U.S. and PRC antitrust approvals, in connection with the Merger;

    - the fact that the Merger Agreement provides that, in the event of the failure of the Merger to be completed under certain circumstances, Acquisition will pay to the Company a

US$375,000 termination fee and reimburse the Company for out-of-pocket expenses actually incurred in relation to pursuing the Merger, and the guarantee of such payment obligations by Mr. Chen and Ms. Fan, severally but not jointly, pursuant to the Limited Guarantee;

- o Acquisition's agreement in the Merger Agreement to use its reasonable best efforts to consummate the Merger;
- o the ability of the Company, under certain circumstances, based on the recommendation of the Special Committee, to withhold, withdraw, amend or modify its recommendation that our shareholders vote to approve the Merger Agreement;
- o the ability of the Company, subject to compliance with the terms and conditions of the Merger Agreement, to terminate the Merger Agreement prior to the receipt of the required shareholders approvals if our board of directors determines (upon recommendation of the Special Committee) in its good faith judgment that failure to do so would be inconsistent with its fiduciary duties;
- o the ability of the Company, subject to compliance with the terms and conditions of the Merger Agreement, to terminate the Merger Agreement prior to the receipt of the required shareholders approvals in order to accept an alternative transaction proposed by a third party that is a "superior proposal" (as defined in the Merger Agreement and further explained under "*The Agreement and Plan of Merger - Agreement Not to Solicit Other Offers"* beginning on page 56);
- o the fact that the outreach to other potential bidders during the pre-signing market check has not resulted in any alternative acquisition proposals; and
- o the fact that, if the Merger is not completed, the continued expenses, burdens and constraints imposed on companies that are subject to the public reporting requirements under the federal securities laws of the United States, including the Exchange Act and the Sarbanes-Oxley Act of 2002, and the need for the management of the Company to be responsive to Unaffiliated Shareholders' concerns and to engage in dialogue with Unaffiliated Shareholders, which can distract management's time and attention from the effective operation and improvement of the business

In addition, the Special Committee believes that sufficient procedural safeguards were and are present to ensure that the Merger is procedurally fair to our Unaffiliated Shareholders and to permit the Special Committee and our board of directors to represent effectively the interests of such Unaffiliated Shareholders. These procedural safeguards, which are not listed in any relative order of importance, are discussed below:

- in considering the Merger and the other transactions contemplated by the Merger Agreement, the Special Committee acted solely to represent the interests of the Unaffiliated Shareholders, and the Special Committee had independent control of its legal advisors in the extensive negotiations on behalf of such Unaffiliated Shareholders with the Buyer Group;
- all of the directors serving on the Special Committee during the entire process were and are independent directors. In addition, none of such directors is or ever was an employee of the Company or any of its subsidiaries or affiliates and none of such directors has any financial interest in the Merger that is different from that of the Unaffiliated Shareholders other than continued indemnification rights for such directors following the completion of the Merger for certain claims and liabilities arising from their actions taken prior to the Effective Time of the Merger;
- the Special Committee was empowered to consider, attend to and take any and all actions in connection with the written proposal from the Buyer Group and the transactions contemplated by the Merger Agreement from the date the committee was established, and no evaluation, negotiation, or response regarding the transactions or any documentation in connection therewith from that date forward was considered by our board of directors for approval unless the Special Committee had recommended such action to our board of directors;

- the recognition by the Special Committee that it had no obligation to recommend the approval of the Merger proposal from the Buyer Group or any other transaction;
- the Special Committee held various meetings and met on various occasions to consider and review the terms of the Merger and the Merger Agreement, and each member of the Special Committee was actively engaged in the process on a continuous and regular basis;
- the Special Committee was assisted in negotiations with the Buyer Group and in its evaluation of the Merger by ROTH and Sidley, its financial and legal advisors, respectively;
- the terms and conditions of the Merger Agreement were the product of extensive negotiations between the Special Committee and its advisors, on the one hand, and the Buyer Group and its advisors, on the other hand, which, among other things, resulted in an increase in the Merger Consideration from US$3.17 per share to US$3.32 per share;
- the fact that, under the terms of the Merger Agreement, the Company has the ability to consider and engage in discussions with respect to any unsolicited acquisition proposal that constitutes or could reasonably be expected to result in a superior proposal until the date our shareholders vote upon and approve the Merger Agreement;
- the Company has the ability under certain circumstances to specifically enforce certain terms of the Merger Agreement;
- the Company may under certain circumstances terminate the Merger Agreement in order to enter into an agreement relating to a superior proposal; and
- the Unaffiliated Shareholders of the Company are entitled to exercise dissenters' rights and demand fair value for their shares of Company Common Stock as determined by a Nevada state district court, which may be determined to be more or less than the cash amount offered in the Merger.

The Special Committee also considered a variety of potentially negative factors, including the factors discussed below, concerning the Merger Agreement and the Merger (which are not listed in any relative order of importance):

- the fact that the Company's Unaffiliated Shareholders will have no ongoing equity participation in the Company following the Merger, and that they will cease to participate in our future earnings or growth, if any, or to benefit from increases, if any, in the value of the shares of Company Common Stock, and will not participate in any potential future sale of the Company to a third party or any potential recapitalization of the Company, which could include a dividend to shareholders;
- the possibility that the Buyer Group could sell part or all of the Company following the Merger to one or more purchasers at a valuation higher than that being paid in the Merger;
- the restrictions on the conduct of the Company's business prior to the completion of the Merger, which may delay or prevent the Company from undertaking business opportunities that may arise or any other action it would otherwise take with respect to the operations of the Company pending completion of the Merger;
- that the transaction is not structured so that approval of at least a majority of Unaffiliated Shareholders is required;
- the risks and costs to the Company if the Merger does not close, including the diversion of management and employee attention, potential employee attrition, the potential disruptive effect on business and customer relationships, and the negative impact of a public announcement of the Merger on our sales and operating results and our ability to attract and retain key management, marketing and technical personnel;
- the risk that, while the Merger is expected to be completed, there can be no assurance that all conditions to the parties' obligations to complete the Merger will be satisfied, and as a result, it is possible that the Merger may not be completed even if approved by the Company's shareholders;

- the risk of incurring substantial expenses related to the Merger, including in connection with any potential litigation related to the Merger;
- the Company will be required, under certain circumstances, to pay Acquisition, which will be beneficially owned by the Buyer Group, a termination fee of US$375,000 and to reimburse Acquisition for out-of-pocket expenses incurred in relation to pursuing the Merger reimbursement, in connection with the termination of the Merger Agreement;
- the fact that since the Company became publicly listed in 2009, the highest historical closing price of our common stock (approximately US$76.25 per share) significantly exceeds the Merger Consideration offered to our Unaffiliated Shareholders;
- the terms of the Buyer Group's participation in the Merger and the fact that the Buyer Group may have interests in the transaction that are different from, or in addition to, those of our Unaffiliated Shareholders (please see "*The Merger - Interests of Certain Persons in the Merger*" beginning on page 44 for additional information); and
- the tax implications of an all cash transaction to our Unaffiliated Shareholders that are U.S. holders for U.S. federal income tax purposes.

The foregoing discussion of information and factors considered by the Special Committee is not intended to be exhaustive, but includes all the material factors considered by the Special Committee. In view of the wide variety of factors considered by the Special Committee, the Special Committee found it impracticable to quantify or otherwise assign relative weights to the foregoing factors in reaching its conclusions. In addition, individual members of the Special Committee may have, in their discretion, given different weights to different factors and may have viewed some factors more positively or negatively than others. The Special Committee recommended that our board of directors adopt, and our board of directors adopted, the Merger Agreement based upon the totality of the information presented to and considered by it.

In the course of reaching its conclusion regarding the fairness of the Merger to the Unaffiliated Shareholders and its decision to recommend the approval of the Merger Agreement and approval of the transactions contemplated by the Merger Agreement, including the Merger, the Special Committee considered advice from its legal counsel that "majority of the minority" voting provisions are sometimes included in Merger Agreements where controlling shareholders own a majority of a company's outstanding voting securities. The Special Committee also considered that, of the 1,646,988 shares of the Company's common stock held by unaffiliated shareholders, one such unaffiliated shareholder owns 924,514 shares of the Company's common stock, or approximately 56% of the unaffiliated shares of the Company's common stock. Additionally, the remaining unaffiliated shares of the Company's common stock are widely held by over 500 individual unaffiliated shareholders. The Special Committee discussed its concerns that utilizing a "majority of the minority" voting provision would (1) significantly increase, relative to the size of the proposed transaction, the time and expense associated with soliciting proxies from unaffiliated shareholders to approve the Merger, while also decreasing the likelihood of approval of the Merger and (2) give an inordinate advantage to the one unaffiliated shareholder owning a significant number of shares over the remaining unaffiliated shareholders. Ultimately, in the totality of the analysis of the key terms and conditions including, but not limited to, the provision of a Limited Guarantee by Mr. Minhua Chen and Ms. Yanling Fan, the mutual termination fee arrangement, a higher Merger Consideration of US$3.32, and voting undertakings in the Voting Agreement, the Special Committee agreed to accept Acquisition's proposal to eliminate the "majority of the minority" voting requirement. Additionally, the Special Committee considered financial analyses presented by ROTH. These analyses included, among others, selected public companies analyses, selected transaction analyses and discounted cash flow analyses. All of the material analyses as presented to the Special Committee on March 8, 2016 are summarized below under the caption "*The Merger - Opinion of the Special Committee's Financial Advisor*" beginning on page 28. The Special Committee expressly adopted these analyses and the opinion of ROTH, among other factors considered, in reaching its determination as to the fairness of the transactions contemplated by the Merger Agreement, including the Merger.

The Special Committee did not consider the liquidation value of the Company's assets because the Special Committee considers the Company to be a viable going concern business that will continue to operate regardless of whether the Merger is consummated, where value is derived from cash flows generated from its continuing operations. In addition, the Special Committee believes that the value of the Company's assets that might be

realized in a liquidation would be significantly less than its going concern value. The Special Committee believes the analyses and additional factors it reviewed provided an indication of our going concern value. The Special Committee also considered the historical market prices of our common stock as described under the caption "*Common Stock Transaction Information*" beginning on page 64. The Special Committee did not consider the Company's net book value, which is defined as total assets minus total liabilities, attributable to the shareholders of the Company, as a factor. The Special Committee believes that net book value is not a material indicator of the value of the Company as a going concern, especially considering the Company's high level of seasonal volatility in regard to its income and unstable cash flow. As of December 31, 2015, the Company had a net book value per share of US$-5.15 based on the weighted average number of outstanding shares of Company Common Stock. Net book value does not take into account the future prospects of the Company, market conditions, trends in the industry in which the Company conducts its business or the business risks inherent in competing with other companies in the same industry.

Position of the Board of Directors as to Fairness of the Merger and Recommendation of the Board of Directors

The Company's board of directors believes that the Merger, on the terms and subject to the conditions set forth in the Merger Agreement, is advisable and fair (both substantively and procedurally) to, and in the best interests of, the Company and its Unaffiliated Shareholders.

In reaching these determinations, our board of directors considered and adopted:

- the Special Committee's analysis and unanimous determination that the Merger, on the terms and subject to the conditions set forth in the Merger Agreement, is advisable and fair (both substantively and procedurally) to, and in the best interests of, the Company and its Unaffiliated Shareholders;
- the Special Committee's analysis and unanimous recommendation that our board of directors adopt and declare the advisability of the Merger Agreement and the transactions contemplated by the Merger Agreement, including the Merger, and that our shareholders approve the Merger Agreement at the special meeting; and
- the analysis and opinion of ROTH as to the fairness, from a financial point of view, to the Company's shareholders (other than holders of the Excluded Shares) of the consideration of US$3.32 per share Merger Consideration to be received by those shareholders in the Merger.

In making these determinations, the Company's board of directors also considered a number of other factors, including the following material factors (which are not listed in any relative order of importance):

- the consideration and negotiation of the Merger Agreement was conducted entirely under the control and supervision of the Special Committee, which consists of three independent directors, each of whom is an outside, non-employee director, and that no limitations were placed on the Special Committee's authority with respect to the proposed merger;
- following its formation, the Special Committee's independent control of the sale process with the advice and assistance of ROTH and Sidley as its financial advisor and legal advisor, respectively, reporting solely to the Special Committee;
- the process undertaken by the Special Committee and its advisors in connection with evaluating the Merger, as described above in the section "*The Merger - Background of the Merger"* beginning on page 17;
- the oral opinion of ROTH rendered to the Special Committee on March 8, 2016 (which was confirmed by delivery of ROTH's written opinion dated the same date) as to the fairness, from a financial point of view, to the Company's shareholders (other than holders of the Excluded Shares) of the consideration of US$3.32 per share Merger Consideration to be received by those shareholders in the Merger, as of March 8, 2016, based upon and subject to the assumptions made, procedures followed, matters considered, and qualifications and limitations on the review undertaken by ROTH in preparing its opinion. Please see "*The Merger - Opinion of the Special Committee's Financial Advisor*" beginning on page 28 for additional information;

- if the Merger is not completed, the continued expenses, burdens and constraints imposed on companies that are subject to the public reporting requirements under the federal securities laws of the United States, including the Exchange Act and the Sarbanes-Oxley Act of 2002, and the need for the management of the Company to be responsive to Unaffiliated Shareholders' concerns and to engage in dialogue with Unaffiliated Shareholders, which can distract management's time and attention from the effective operation and improvement of the business;

- as a publicly traded company, the Company faces pressure from public shareholders and investment analysts to make decisions that might produce better short-term results, but over the long term might lead to a reduction in the per share price of its publicly traded equity securities. If the Company becomes a privately held entity, the Company's management may have greater flexibility to focus on improving the Company's financial performance without the constraints caused by the public equity market's valuation of the Company and the emphasis on short-term period-to-period performance; and

- (a) the offer price of US$3.32 per share from the Buyer Group represents a significant premium over recent market prices, and (b) the limited trading volume of the Company Common Stock on the NASDAQ Capital Market does not justify the costs of remaining a public company, including the cost of complying with the Sarbanes-Oxley Act of 2002 and other U.S. federal securities laws, which totaled approximately US$230,000 and US$250,000 for the fiscal years ended December 31, 2014 and 2015, respectively. With respect to (b) above, these costs are ongoing, comprise a significant element of our corporate overhead expenses, and are difficult to reduce. In addition to the direct out-of-pocket costs associated with SEC reporting and compliance, the Company's management and accounting staff, which comprise a handful of individuals, need to devote significant time to these matters. Furthermore, as an SEC-reporting company, the Company is required to disclose a considerable amount of business information to the public, some of which would be considered proprietary and need not be disclosed by a non-reporting company, which might allow our actual or potential competitors, customers, lenders and vendors to access information which potentially may help them compete against us or make it more difficult for us to negotiate favorable terms with them.

Our board of directors did not consider the Company's net book value, which is defined as total assets minus total liabilities, as a factor. Our board of directors believes that net book value, as an accounting concept based on historical costs, is not a material indicator of the value of the Company as a going concern because it does not take into account quality of earnings, cash generation capability, the future prospects of the Company, market conditions, trends in the industry in which the Company conducts its business or the business risks inherent in competing with other companies in the same industry. Therefore, our board of directors does not believe that net book value reflects, or has any meaningful impact on, the market price of Company Common Stock or the fair market value of its assets or business, especially considering the Company's high level of seasonal volatility in regard to its income and unstable cash flow.

Our board of directors did not consider the Company's liquidation value to be a relevant valuation method because it considers the Company to be a viable going concern and because the Company will continue to operate its business following the Merger.

Our board of directors did not establish, and did not consider, a going concern value for the Company Common Stock as a public company to determine the fairness of the Merger Consideration to the Company's Unaffiliated Shareholders because it believed that a going concern value is more relevant to a potential buyer, while the opinion of ROTH as to the fairness, from a financial standpoint, of the Merger Consideration, was more relevant to the board of directors' determination as to the fairness of the transaction to the Unaffiliated Shareholders. However, to the extent the pre-merger going concern value was reflected in the pre-announcement price of the Company Common Stock, the Merger Consideration of US$3.32 per share represented a premium to the per share going concern value of the Company.

Our board of directors did not consider other offers made by any unaffiliated person, other than as described in this proxy statement and prior filings with the SEC, as the Company was not aware of any firm offers made by any other persons during the two years prior to the date of Merger Agreement for (i) a merger or consolidation of the Company with another company, or vice versa, (ii) a sale or transfer of all or any substantial part of the Company's assets, or (iii) a purchase of the Company's securities that would enable such person to exercise control of the Company.

To the extent known by each filing person after making reasonable inquiry, except as set forth under "*The Merger - Recommendation of Our Board of Directors and the Special Committee on Behalf of the Company and Their Reasons for the Merger*," no executive officer, director or affiliate of the Company or such filing person has made a recommendation either in support of or opposed to the Merger and other transactions contemplated by the Merger Agreement.

Except as set forth under "*The Merger - Background of the Merger*," "*The Merger - Recommendation of Our Board of Directors and the Special Committee on Behalf of the Company and Their Reasons for the Merger*," and "*The Merger - Opinion of the Special Committee's Financial Advisor*," no director who is not an employee of the Company has retained an unaffiliated representative to act solely on behalf of the Unaffiliated Shareholders for purposes of negotiating the terms of the Merger and other transactions contemplated by the Merger Agreement and/or preparing a report concerning the fairness of the Merger and other transactions contemplated by the Merger Agreement.

After carefully considering the unanimous recommendation of the Special Committee and other factors, the Company's board of directors (with Mr. Chen and Ms. Fan abstaining in accordance with the Nevada Revised Statutes) has unanimously determined that the Merger Agreement and the transactions contemplated thereby, including the Merger, are advisable and fair (both substantively and procedurally) to, and in the best interests of, the Company and its shareholders (other than the holders of the Excluded Shares), and adopted and declared advisable the Merger Agreement and the transactions contemplated by the Merger Agreement, including the Merger, and recommends that our shareholders vote "FOR" the proposal to approve the Merger Agreement and "FOR" the proposal to adjourn or postpone the special meeting in order to take such actions as our board of directors determines are necessary or appropriate, including to solicit additional proxies if there are insufficient votes at the time of the special meeting, to approve the proposal to approve the Merger Agreement.

Opinion of the Special Committee's Financial Advisor

On March 8, 2016, ROTH rendered an oral opinion to our Special Committee (which was confirmed in writing by delivery of ROTH's written opinion dated March 8, 2016), to the effect that, as of March 8, 2016 based upon and subject to the procedures followed, assumptions made, qualifications and limitations on the review undertaken and other matters considered by ROTH in preparing its opinion, the US$3.32 per share Merger Consideration to be received by holders of the shares of Company Common Stock (other than holders of the Excluded Shares) in the Merger was fair, from a financial point of view, to such holders.

ROTH's opinion was directed to our Special Committee and only addressed the fairness from a financial point of view of the US$3.32 per share Merger Consideration to be received by holders of the shares of Company Common Stock (other than holders of the Excluded Shares) in the Merger and does not address any other aspect or implication of the Merger. The summary of ROTH's opinion in this proxy statement is qualified in its entirety by reference to the full text of its written opinion, which is included as Annex B to this proxy statement and sets forth the procedures followed, assumptions made, qualifications and limitations on the review undertaken and other matters considered by ROTH in preparing its opinion. The opinion did not address the relative merits of the Merger as compared to any alternative business strategies or transactions that might be available for the Company or any other party, nor did it address the underlying business decision of the Special Committee, the board of directors, the Company, its security holders or any other party or entity to proceed with or effect the Merger or any terms or aspects of any voting, Limited Guarantee or other agreements to be entered into in connection with the Merger. ROTH's opinion should not be construed as creating any fiduciary duty on ROTH's part to any party or entity. ROTH's opinion and the summary of its opinion and the related analyses set forth in this proxy statement are not intended to be, and do not constitute, advice or a recommendation to our Special Committee or any shareholder as to how to act or vote with respect to the Merger or related matters.

In arriving at its opinion, ROTH:

- reviewed certain publicly available financial statements and other business and financial information of the Company;
- reviewed certain internal financial statements and other financial and operating data concerning the Company prepared by the management of the Company;

- reviewed certain financial projections concerning the Company prepared by the management of the Company;
- discussed the past and current operations, financial condition and the prospects of the Company with senior executives of the Company;
- reviewed the reported prices and trading activity for the Company Common Stock;
- reviewed the financial terms, to the extent publicly available, of certain comparable Acquisition Transactions we deemed comparable with the Merger and compared such financial terms with those of the Merger;
- compared the financial performance of the Company and the prices and trading activity of the Company Common Stock with that of certain other publicly-traded companies we deemed comparable with the Company and its securities;
- participated in certain discussions with representatives of the Special Committee and its legal advisors;
- reviewed the Original Merger Agreement and a draft of the Original Limited Guarantee delivered to ROTH on March 1, 2016; and
- performed such other analyses, reviewed such other information and considered such other factors as we have deemed appropriate.

For its opinion, ROTH assumed and relied upon, without independent verification, the accuracy and completeness of the information that was publicly available or supplied or otherwise made available to us by the Company, which formed a substantial basis for this opinion, and have further relied upon the assurances of the management of the Company that such information did not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements contained therein not misleading in any material respect. With respect to the financial projections, ROTH was advised by management of the Company and assumed that they were reasonably prepared on bases reflecting the best currently available estimates and judgments of the management of the Company of the future financial performance of the Company, and ROTH expressed no view as to the assumptions on which they are based. In addition, ROTH assumed that the final executed Merger Agreement and Limited Guarantee would not differ in any material respect from the draft Original Merger Agreement and Original Limited Guarantee reviewed by ROTH, and that the Merger would be consummated in accordance with the terms set forth in the Merger Agreement without any waiver, amendment or delay of any terms or conditions. ROTH also assumed that in connection with the receipt of all the necessary governmental, regulatory or other approvals and consents required for the proposed merger, no delays, limitations, conditions or restrictions would be imposed that would have an adverse effect on the Company or the contemplated benefits expected to be derived in the proposed merger.

ROTH is not a legal, tax, accounting or regulatory advisor. ROTH is a financial advisor only and relied upon, without independent verification, the assessment of the Company and its legal, tax, accounting and regulatory advisors with respect to legal, tax, accounting and regulatory matters. ROTH expressed no opinion with respect to the fairness of the amount or nature of the compensation to any of the Company's officers, directors or employees, or any class of such persons, relative to the Merger Consideration to be received by the holders of Company Common Stock in the Merger. ROTH's opinion did not address the fairness of any consideration to be received by Mr. Minhua Chen, Ms. Yanling Fan or their affiliates or the Principal Shareholders pursuant to the Merger Agreement or to the holders of any other class of securities, creditors or other constituencies of the Company. ROTH's opinion did not address the underlying business decision of the Company to enter into the Merger or the relative merits of the Merger as compared to any other alternative business transaction, or other alternatives, or whether or not such alternatives could be achieved or are available. ROTH did not make any independent valuation or appraisal of the assets or liabilities (fixed, contingent or otherwise) of the Company, nor was ROTH furnished with any such valuations or appraisals, nor did ROTH assume any obligation to conduct, nor did ROTH conduct, any physical inspection of the properties, facilities or other assets of the Company. ROTH did not evaluate the solvency of the Company under any law of any jurisdiction relating to bankruptcy, insolvency or similar matters. ROTH is not a legal expert, and for purposes of its analysis, ROTH did not make any assessment of the status of any outstanding litigation involving the Company and excluded the effects of any such litigation in its analysis. ROTH's opinion was based on financial, economic, market and other conditions as in effect on, and the information made available

to it as of, the date of its opinion. Events occurring after the date ROTH's opinion may affect the opinion and the assumptions used in preparing it, and ROTH did not assume any obligation to update, revise or reaffirm its opinion.

ROTH's opinion addressed only the fairness from a financial point of view, as of the date thereof, of the US$3.32 cash per share Merger Consideration to be received by the holders of the Company's common stock (other than the holders of Excluded Shares) in the proposed merger. The issuance of ROTH's opinion was approved by a fairness opinion committee of ROTH.

Summary of Material Financial Analysis

The following is a summary of the material financial analyses performed by ROTH and reviewed by the Special Committee in connection with ROTH's opinion relating to the Merger and does not purport to be a complete description of the financial analyses performed by ROTH. The rendering of an opinion is a complex analytic process involving various determinations as to the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances. Therefore, this summary does not purport to be a complete description of the analyses performed by ROTH or of its presentation to the Special Committee on March 8, 2016. The order of analyses described below does not represent the relative importance or weight given to those analyses by ROTH. Some of the summaries of the financial analyses include information presented in tabular format. In order to fully understand ROTH's financial analyses, the tables must be read together with the text of each summary, as the tables alone do not constitute a complete description of the financial analyses. Considering the data below without considering the full narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of ROTH's financial analyses.

In performing its analyses, ROTH made numerous assumptions with respect to industry performance, general business and economic conditions and other matters, many of which are beyond the control of the Company or any other parties to the Merger Agreement. ROTH does not assume any responsibility if future results are materially different from those discussed. Any estimates contained in these analyses are not necessarily indicative of actual values or predictive of future results or values, which may be significantly more or less favorable than as set forth below.

Selected Publicly Traded Comparable Companies. In order to assess how the public market values shares of publicly traded companies similar to the Company, ROTH reviewed and compared certain financial information relating to the Company with selected companies, which, in the exercise of its professional judgment and based on its knowledge of the industry, ROTH deemed relevant to the Company. Although none of the selected companies is identical to the Company, ROTH selected these companies because they had publicly traded equity securities and were deemed to be similar to the Company in one or more respects including the nature of their business, size, financial performance, geographic concentration and listing jurisdiction. The selected comparable companies were:

Company	Ticker
Parks! America	PRKA
Leofoo	TSEC:2705
IFA Hotel	DB:IFA
Tuniu	TOUR
Aeon Fantasy	TSE:4343
H.I.S.	TSE:9603
Cedar Fair	FUN
Six Flags	SIX

For the Company and each of the selected companies, ROTH calculated and compared various financial multiples and ratios of the Company and the selected comparable companies based on each respective company's public filings for historical information and third-party research estimates for forecasted information.

In its review of the selected companies, ROTH considered, among other things, (i) market capitalizations (computed using closing stock prices as of March 7, 2016), (ii) enterprise values ("EV"), (iii) EV as a multiple of reported revenue for the latest twelve-month period ("LTM") as of September 30, 2015, and estimated revenue for calendar years 2015, 2016 and 2017, (iv) price to LTM and estimated calendar year 2015, 2016 and 2017 earnings, (v) projected growth rates for calendar years 2015 to 2016 and 2016 to 2017, (vi) LTM gross margins, EBITDA margins and net income margins, (vii) return on assets and (viii) EV as a multiple of tangible book value. This information and the results of these analyses are summarized in the following table:

Company	Ticker	Diluted Shares	Share Price 3/7/16	Mkt. Cap 3/7/16	TEV 3/7/16	EV/Revenue LTM	EV/Revenue CY15	EV/Revenue CY16	EV/Revenue CY17	EV/EBITDA LTM	EV/EBITDA CY15	EV/EBITDA CY16	EV/EBITDA CY17	P/Earnings LTM	P/Earnings CY15	P/Earnings CY16	P/Earnings CY17	Proj. Growth 15-16	Proj. Growth 16-17	LTM Margins (%) Gross	LTM Margins (%) EBITDA	LTM Margins (%) Net	ROA %	EV/ T. Book
Parks! America	PRKA	74.4	$ 0.08	$ 6.2	$ 9.5	2.1x	NA	NA	NA	7.8x	NA	NA	NA	10.1x	NA	NA	NA	NA	NA	87.6	27.1	13.6	7.8	2.9x
Leofoo	TSEC: 2705	330.3	$ 0.32	$ 106.5	$ 170.9	1.9x	NA	NA	NA	14.7x	NA	NA	NA	9.8x	NA	NA	NA	NA	NA	34.4	13.2	12.3	0.6	1.1x
IFA Hotel	DB: IFA	19.5	$ 6.04	$ 118.1	$ 195.2	1.4x	NA	NA	NA	6.2x	NA	NA	NA	7.7x	NA	NA	NA	NA	NA	31.3	23.2	11.4	3.8	1.1x
Tuniu	TOUR	95.5	$ 9.55	$ 912.0	$ 399.5	0.3x	0.3x	0.2x	0.1x	NM	NM	NM	NM	NM	NM	NM	NM	85.4%	37.5%	4.8	-18.9	-19.1	-18.5	1.1x
Aeon Fantasy	TSE: 4343	19.7	$18.32	$ 360.5	$ 408.2	0.9x	0.9x	0.7x	0.7x	7.9x	NA	NA	NA	60.8x	NA	NA	NA	25.9%	7.5%	10	11.7	1.3	3.2	2.2x
H.I.S.	TSE: 9603	69.0	$27.30	$1,884.7	$1,393.7	0.3x	0.3x	0.3x	0.3x	6.4x	6.2x	5.0x	4.4x	22.6x	NA	NA	NA	9.4%	12.7%	20.4	5.0	1.9	4.0	1.9x
Cedar Fair	FUN	55.8	$57.71	$3,220.9	$4,683.1	3.8x	3.8x	3.6x	3.5x	10.6x	10.2x	9.8x	9.3x	28.7x	22.4x	16.9x	15.7x	3.9%	3.9%	49.6	35.8	9.1	9.8	NM
Six Flags	SIX	95.6	$52.21	$4,991.2	$6,398.5	5.1x	5.2x	4.8x	4.6x	13.8x	13.7x	12.3x	11.4x	32.3x	33.8x	29.0x	27.1x	6.9%	4.8%	55.2	36.6	12.2	9.2	NM
	Min	**19.5**	**$ 0.08**	**$ 6.2**	**$ 9.5**	**0.3x**	**0.3x**	**0.2x**	**0.1x**	**6.2x**	**6.2x**	**5.0x**	**4.4x**	**7.7x**	**22.4x**	**16.9x**	**15.7x**	**3.9%**	**3.9%**	**4.8**	**-18.9**	**-19.1**	**-18.5**	**1.1x**
	25th PCTL	**46.8**	**$ 4.61**	**$ 115.2**	**$ 189.1**	**0.8x**	**0.3x**	**0.3x**	**0.3x**	**7.1x**	**8.2x**	**7.4x**	**6.9x**	**9.9x**	**25.2x**	**19.9x**	**18.5x**	**6.9%**	**4.8%**	**17.8**	**10.0**	**1.8**	**2.5**	**1.1x**
	Median	**71.7**	**$13.93**	**$ 636.30**	**$ 403.8**	**1.7x**	**0.9x**	**0.7x**	**0.7x**	**7.9x**	**10.2x**	**9.8x**	**9.3x**	**22.6x**	**28.1x**	**22.9x**	**21.4x**	**9.4%**	**7.5%**	**32.9**	**18.2**	**10.2**	**3.9**	**1.5x**
	75th PCTL	**95.5**	**$33.53**	**$2,218.7**	**$2,216.1**	**2.5x**	**3.8x**	**3.6x**	**3.5x**	**12.2x**	**11.9x**	**11.0x**	**10.3x**	**30.5x**	**31.0x**	**26.0x**	**24.3x**	**25.9%**	**12.7%**	**51**	**29.3**	**12.3**	**8.1**	**2.1x**
	Max	**330.3**	**$57.71**	**$4,991.2**	**$6,398.5**	**5.1x**	**5.2x**	**4.8x**	**4.6x**	**14.7x**	**13.7x**	**12.3x**	**11.4x**	**60.8x**	**33.8x**	**29.0x**	**27.1x**	**85.4%**	**37.5%**	**87.6**	**36.6**	**13.6**	**9.8**	**2.9x**
The Company	**CNYD**	**3.9**	**$ 3.32**	**$ 13.0**	**$ 137.4**	**9.3x**	**11.8x**	**13.2x**	**14.6x**	**NM**	**NM**	**NM**	**NM**	**NM**	**NM**	**NM**	**NM**	**-10.0%**	**-10.0%**	**36.5**	**-15.0**	**-135.5**	**-3.2**	**3.1x**

Notes to the tables:
Source: Capital IQ & Bloomberg. Projected financials based on median analyst estimates.
Enterprise value = market cap + debt - cash. All values in millions.
LTM as of 09/30/15.
All EV/EBITDA multiples less than 0 or greater than 50 are considered "NM".
All P/E multiples less than 0 or greater than 100 are considered "NM".

ROTH noted that, although the selected companies were used for comparison purposes, no business of any selected company was either identical or directly comparable to the Company's business. Accordingly, ROTH's comparison of selected companies to the Company and analyses of the results of such comparisons was not purely mathematical, but instead necessarily involved complex considerations and judgments concerning differences in financial and operating characteristics and other factors that could affect the relative values of the selected companies and the Company.

ROTH noted that the resulting multiples for the Company at the per share Merger Consideration of US$3.32 was above the high end of the various selected publicly traded comparable company multiples.

Selected Comparable Transaction Analysis. ROTH reviewed and compared the purchase prices and financial multiples paid in selected other transactions primarily in the leisure, tourism, hotel, amusement park, resorts and cruise line space from January 1, 2010 to present that had publicly available data and that ROTH, in the exercise of its professional judgment, determined to be relevant. For each of the selected transactions, ROTH calculated and compared the resulting enterprise value in the transaction as a multiple of LTM revenue and EBITDA. ROTH also calculated and compared the resulting price as a multiple of LTM earnings and book value. Such multiples for the selected transactions were based on publicly available information at the time of the relevant transaction. The selected transactions analyzed are set out in the following table:

Closed Date	Target	Buyer	Transaction Value ($M)	EV/LTM REV	EV/LTM EBITDA	P/LTM E	P/BV
12/31/15	HNA Innovation	HNA Tourism Holding	$ 115.4	NM	-	NM	3.6x
12/18/15	China Intl. Travel	Nanhua	$ 416.6	2.1x	19.6x	31.2x	4.5x
12/9/15	Kuoni Travel	Thomas Cook	$ 80.4	0.3x	17.6x	-	-
11/13/15	USJ	NBCUniversal	$ 1,500.0	2.6x	-	-	-
9/24/15	Euro Disney	EDL Holding	$ 107.2	1.4x	15.8x	-	1.7x
5/26/15	Shanghai Oriental Pearl	Shanghai Oriental Pearl Media	$ 8,869.6	9.7x	39.1x	39.8x	5.1x
4/30/15	BHG S.A. - Brazil Hospitality	Latin America Hotels	$ 489.4	4.7x	17.3x	-	1.1x
3/20/15	HANATOUR Service	STIC Investments	$ 15.4	1.9x	15.7x	28.1x	5.2x
12/5/14	Hurtigruten	TDR Capital	$ 856.0	1.5x	7.9x	17.2x	2.7x
6/24/14	Co-operative Travel	Mawasem Travel & Tourism	$ 22.7	1.2x	-	-	-
3/31/14	China United Travel	Xiamen Dangdai	$ 48.2	17.5x	-	NM	3.7x
3/24/14	Dawn Properties	Lengrah Investments	$ 6.0	6.1x	20.7x	35.5x	0.4x
1/22/14	Port Aventura	KKR	$ 271.3	2.2x	-	-	
2/15/13	New Zealand Experience	Rangatira	$ 14.1	1.5x	5.5x	9.2x	2.0x
12/10/12	Port Aventura Entertainment	InvestIndustrial	$ 134.3	1.2x	3.7x	-	-
3/12/12	Hurtigruten	Periscopus	$ 14.7	1.3x	11.9x	-	1.4x
1/18/12	Rusticas	Inversiones Mobiliarias	$ 153.2	12.9x	NM	-	6.8x
1/17/12	Vinpearl One-member	Vingroup	$ 940.5	19.9x	47.8x	49.3x	3.7x
11/30/11	Kumhoresort	Kumho Buslines	$ 241.0	3.9x	30.5x	-	1.2x
7/28/11	Beijing Bayhood	China Jiuhao	$ 63.8	2.8x	-	-	-
6/15/11	Hurtigruten	Home Capital	$ 9.1	1.3x	9.0x	NM	1.4x

Closed Date	Target	Buyer	Transaction Value ($M)	EV/LTM REV	EV/LTM EBITDA	P/LTM E	P/BV
3/9/10	Hurtigruten	Periscopus	$ 21.4	1.5x	10.9x	-	1.4x
1/26/10	Pierre & Vacances	-	$ 35.2	0.4x	6.3x	12.7x	1.0x
		Min	**$ 6.0**	**0.3x**	**3.7x**	**9.2x**	**0.4x**
		25th PCTL	**$ 22.0**	**1.3x**	**8.7x**	**16.1x**	**1.4x**
		Median	**$ 107.2**	**2.0x**	**15.7x**	**29.6x**	**2.0x**
		75th PCTL	**$ 343.9**	**4.5x**	**19.8x**	**36.6x**	**3.7x**
		Max	**$ 8,869.6**	**19.9x**	**47.8x**	**49.3x**	**6.8x**
		The Company	**$ 137.4**	**9.3x**	**NM**	**NM**	**0.1x**

ROTH noted that, although the selected transactions were used for comparison purposes, no business of any selected company was either identical or directly comparable to the Company's business. Accordingly, ROTH's comparison of selected companies to the Company and analyses of the results of such comparisons was not purely mathematical, but instead necessarily involved complex considerations and judgments concerning differences in financial and operating characteristics and other factors that could affect the relative values of the selected companies and the Company.

ROTH noted that the EV to LTM revenue multiple for the Merger at the per share Merger Consideration of US$3.32 was at the high end of the EV to LTM revenue multiples for the comparable transactions. ROTH also noted that the price to book value multiple for the Merger at the per share Merger Consideration of US$3.32 was between the minimum and twenty-fifth percentile of the price to book value multiples for the comparable transactions.

Analyses of Implied Premia. ROTH reviewed and compared the offer price to certain closing prices in selected other transactions primarily in the amusement park space from January 1, 2010 to present that had publicly available data and that ROTH, in the exercise of its professional judgment, determined to be relevant. For each of the transactions, ROTH calculated and compared the premium of the offer price to (i) the closing price on the last trading day prior to the announcement of the offer, (ii) the closing price of seven days prior to the offer, and (iii) the closing price 30 days prior to the offer. The selected transactions analyzed are set out in the following table:

Closed Date	Target	Buyer	Transaction Value ($M)	Target Stock Premium 1- Day Prior (%)	Target Stock Premium 7-Days Prior (%)	Target Stock Premium 30-Days Prior (%)
12/24/15	E-World Co.	E-Land Fashion	$ 29.4	0.0	1.9	-10.3
9/24/15	Euro Disney	EDL Holding	$ 107.2	-63.9	-64.3	-65.0
2/15/13	New Zealand Experience	Rangatira	$ 14.1	-12.2	-10.0	-10.0
5/21/09	USJ Co	Owl Creek Asset Management	$ 1,749.1	22.9	30.9	37.6
6/26/07	Puuharyhma Oyj	Aspro Parks	$ 49.5	45.9	41.6	41.7
12/31/05	Six Flags	Red Zone	$ 140.4	0.2	19.7	23.8
12/18/03	Parques Reunidos S.A.	Advent	$ 263.8	11.6	12.0	32.0
8/31/02	Grévin & Cie SA	Compagnie des Alpes	$ 208.4	34.5	34.8	34.0
7/19/02	Danoptra Limited	Motion Equity Partners	$ 166.6	17.2	17.2	15.3
6/27/00	Queensborough	Cloudburst Holdings	$ 14.1	-46.0	-46.0	-46.0
		Min	**$ 14.1**	**-63.9**	**-64.3**	**-65.0**
		25th PCTL	**$ 34.4**	**-9.2**	**-7.0**	**-10.3**
		Median	**$ 123.8**	**5.9**	**14.6**	**19.5**
		75th PCTL	**$ 197.9**	**21.4**	**28.1**	**33.5**
		Max	**$ 1,749.1**	**45.9**	**41.6**	**41.7**
		The Company	**$ 136.8**	**9.9**	**11.2**	**3.4**

ROTH compared the per share Merger Consideration of US$3.32 to closing price of the Company's on the day prior to the announcement of the Proposal Letter, to the closing price of the Company's shares seven days prior to the public announcement of the offer, and to the closing price of the Company's shares 30 days prior to the public announcement of the offer. ROTH noted that the implied premiums at the per share Merger Consideration of US$3.32 was above the median premium for comparable transaction premises for the day prior to an offer and between the twenty-fifth percentile and the median for comparable transaction premia for the seven days and 30 days prior to an offer.

Illustrative Analysis with Other U.S.-Listed Chinese Going Private Transactions. ROTH reviewed the EV to LTM revenue multiples, the EV to LTM EBITDA multiples and the premia paid or offered in transactions involving U.S.-listed Chinese companies that have either completed a going private transaction or that are or were subject to a going private offer. ROTH believes that both the general market for U.S.-listed Chinese companies as well as the specific market for privatizations of U.S.-listed Chinese companies are unique, and that the EV to LTM revenue and EBITDA multiples as well as the premia paid or offered in such transactions is a meaningful comparison for the Company's potential privatization (along with the other analyses performed by ROTH described in this proxy statement). The selected transactions analyzed are set out in the following table.

						Premium as a % of	
Company	Date	Status	EV ($M)	EV/LTM REV	EV/LTM EBITDA	1 Day Prior	30 Day VWAP
China Ming Yang Wind Power Group	11/1/15	Announced	$ 364.2	0.3x	5.2x	13.1%	20.2%
SORL Auto Parts	10/31/15	Announced	$ 22.6	NM	0.5x	21.9%	38.3%
Youku Tudou	10/16/15	Announced	$ 4,317.0	5.3x	NM	30.2%	44.2%
iKang Healthcare Group	8/31/15	Announced	$ 1,221.0	3.9x	17.0x	10.8%	9.6%
Country Style Cooking Restaurant Chain	8/14/15	Announced	$ 44.0	0.2x	2.6x	18.9%	13.0%
eLong Inc	8/3/15	Announced	$ 476.0	3.0x	NM	24.1%	26.7%
Global-Tech Advanced Innovations	8/1/15	Announced	$ 2.6	NM	NM	191.7%	169.3%
Mecox Lane	7/21/15	Announced	$ 31.0	0.6x	9.2x	17.7%	22.1%
E-Commerce China Dangdang	7/9/15	Announced	$ 357.0	0.3x	NM	20.0%	-17.0%
YY	7/9/15	Announced	$ 3,595.0	4.8x	17.2x	17.4%	-3.3%
China Neqstar Chain Drugstore	7/6/15	Announced	$ 78.0	0.2x	5.9x	18.2%	-1.7%
Kongzhong	6/29/15	Announced	$ 281.0	1.2x	7.3x	21.8%	15.7%
Momo	6/23/15	Announced	$ 3,118.0	47.5x	NM	20.5%	11.6%
Vimicro Interntional Corp	6/21/15	Announced	$ 403.0	3.9x	41.1x	9.5%	0.6%
China Information Technology	6/19/15	Announced	$ 220.0	3.6x	NM	31.9%	12.5%
Airmedia Group	6/19/15	Announced	$ 326.0	1.3x	NM	70.4%	-4.7%
iDreamSky Technology Limited	6/13/15	Announced	$ 481.0	2.5x	NM	-3.8%	34.1%
Bona Film	6/12/15	Announced	$ 1,047.0	3.3x	41.1x	6.5%	17.8%
Homeinns Hotel	6/11/15	Announced	$ 1,624.0	1.6x	7.4x	8.8%	19.5%
21 Vianet Group	6/10/15	Announced	$ 2,410.0	4.8x	32.6x	15.5%	18.0%
Renren	6/10/15	Announced	$ 1,022.0	13.9x	NM	2.2%	14.9%
E-House (China) Holdings	6/9/15	Announced	$ 901.0	1.0x	15.7x	10.0%	19.4%
JA Solar	6/5/15	Announced	$ 891.0	0.5x	4.1x	19.9%	4.8%
Mindray Medical	6/4/15	Announced	$ 1,958.0	1.5x	8.5x	-1.7%	-5.1%
Taomee Holdings	5/30/15	Announced	$ 55.0	1.4x	NM	20.0%	12.9%
China Mobile Games and Entertainment Group	5/18/15	Closed	$ 650.0	2.7x	12.7x	7.9%	6.9%
WuXi PharmaTech	4/29/15	Closed	$ 3,087.0	4.4x	21.5x	16.5%	17.2%
China Cord Blood	4/27/15	Announced	$ 216.0	2.1x	4.7x	-11.4%	8.5%
Xueda Education Group	4/20/15	Announced	$ 135.0	NM	NM	95.0%	86.3%
Sungy Mobile	4/13/15	Closed	$ 56.0	0.9x	NM	8.9%	17.8%
Jiayuan.com International	3/3/15	Announced	$ 67.0	0.6x	19.2x	3.4%	-0.7%
Perfect World	12/31/14	Closed	$ 662.0	1.1x	5.9x	28.2%	28.0%
Montage Technology Group	3/10/14	Closed	$ 504.0	4.0x	NM	31.7%	38.4%
Chindex International	2/17/14	Closed	$ 450.0	2.5x	37.2x	39.9%	44.9%

Company	Date	Status	EV ($M)	EV/LTM REV	EV/LTM EBITDA	Premium as a % of 1 Day Prior	Premium as a % of 30 Day VWAP
AutoNavi	2/10/14	Closed	$ 1,168.0	8.2x	NM	27.0%	36.8%
Shanda Games	1/27/14	Closed	$ 1,872.0	3.1x	8.2x	25.7%	50.0%
Noah Education	12/24/13	Closed	$ 22.0	0.6x	2.8x	26.7%	24.3%
Trunkbow International	12/10/13	Closed	$ 58.0	2.2x	5.5x	22.7%	25.5%
Giant Interactive	11/25/13	Closed	$ 2,368.0	6.2x	9.5x	18.5%	32.6%
Asia Green Agriculture	11/18/13	Closed	$ 33.0	0.3x	0.8x	10.0%	22.9%
RDA Microelectronics	10/25/13	Closed	$ 811.0	2.0x	12.9x	19.0%	23.0%
Charm Communications	9/30/13	Closed	$ 110.0	0.7x	NM	17.2%	15.0%
Exceed Company	8/17/13	Cancelled	$ (25.0)	NM	NM	19.5%	41.7%
Spreadtrum Communications	6/20/13	Closed	$ 1,485.0	1.7x	10.6x	39.1%	56.0%
ChinaEdu Corporation	6/20/13	Closed	$ 95.0	1.2x	4.5x	19.9%	18.5%
iSoftStone Holdings	6/6/13	Closed	$ 442.0	0.9x	14.9x	17.6%	26.6%
Le Gaga Holdings	5/21/13	Closed	$ 165.0	1.8x	3.7x	21.6%	NA
Pactera Technology International	5/20/13	Closed	$ 452.0	0.7x	8.7x	38.8%	39.7%
UT Starcom	3/27/13	Cancelled	$ 100.4	0.5x	NM	35.6%	22.6%
Ambow Education Holding	3/18/13	Cancelled	$ 103.6	0.5x	3.3x	-5.8%	0.7%
Camelot Information Systems	3/12/13	Closed	$ 36.0	0.1x	NM	36.7%	41.3%
Simcere Pharmaceutical	3/11/13	Closed	$ 519.0	1.5x	16.7x	21.4%	21.9%
New Energy Systems Group	3/4/13	Cancelled	$ 16.4	0.3x	NA	251.4%	217.1%
China Shenghuo Pharma	2/15/13	Effective	$ 0.7	0.4x	NA	NA	NA
MEMSIC	11/10/12	Closed	$ 69.0	1.3x	NM	153.0%	130.6%
China Shengda Packaging Group	10/15/12	Cancelled	$ 25.0	0.4x	4.2x	53.8%	40.3%
American Lorain Corp	10/15/12	Cancelled	$ 107.0	0.5x	3.6x	39.1%	26.4%
Yongye International	10/15/12	Closed	$ 357.0	0.5x	1.4x	48.2%	53.7%
Ninetown Internet Technology Group	10/12/13	Closed	$ 5.0	0.3x	NM	66.7%	54.9%
Feihe International	10/3/12	Closed	$ 275.0	1.0x	10.6x	21.3%	25.9%
China Kanghui	9/27/12	Closed	$ 745.0	13.0x	28.2x	25.5%	23.5%
7 Days Group Holdings	9/26/12	Closed	$ 666.0	1.6x	7.2x	30.6%	44.3%
3SBio	9/12/12	Closed	$ 119.0	1.2x	4.5x	44.1%	NA
Syswin	9/7/12	Closed	$ 27.0	0.4x	NM	28.1%	44.4%
LJ International	8/13/12	Closed	$ 148.0	0.8x	9.3x	24.2%	23.5%
Focus Media Hodlings	8/12/12	Closed	$ 2,884.0	3.4x	9.1x	17.6%	40.1%
VanceInfo Technologies	8/10/12	Closed	$ 428.0	1.3x	15.8x	19.5%	16.0%
ShangPharma	7/6/12	Closed	$ 142.0	1.2x	8.2x	30.8%	40.6%
Yucheng Technologies	5/21/12	Closed	$ 79.0	0.9x	7.9x	26.4%	27.3%
China Nuokang	5/9/12	Closed	$ 83.0	1.9x	9.8x	56.8%	57.3%
China Mass Media Corp.	5/4/12	Closed	$ 3.5	0.1x	0.9x	100.0%	139.1%
Sino Gas International Holdings	4/28/12	Closed	$ 124.0	1.8x	8.7x	306.3%	312.3%
Shengtai Pharmaceutical	4/17/12	Under Review	$ 87.4	0.5x	5.6x	50.0%	71.4%
Winner Medical Group	4/1/12	Closed	$ 99.0	0.6x	5.1x	33.7%	35.7%
Zhongpin	4/1/12	Closed	$ 694.0	0.5x	6.5x	46.6%	36.4%
Gushan Environmental Energy	2/24/12	Closed	$ 35.0	0.2x	3.8x	34.1%	27.9%
China TransInfo Technology	2/19/12	Closed	$ 152.0	1.0x	8.2x	12.6%	25.6%
AsiaInfo-Linkage	1/20/13	Closed	$ 574.0	1.2x	5.4x	21.0%	50.3%
Pansoft Company Limited	1/7/12	Closed	$ 15.0	0.7x	8.1x	106.5%	85.6%
Jingwei International	1/6/12	Closed	$ 26.5	0.7x	6.0x	64.2%	67.1%
WSP Holdings Limited	12/13/11	Cancelled	$ 6.0	NM	NM	50.0%	39.6%
Andatee China Marine Fuel Services	11/23/11	Cancelled	$ 16.6	0.3x	4.4x	20.6%	36.8%
Global Education & Technology Group	11/19/11	Closed	$ 174.0	3.1x	22.1x	105.0%	213.1%
China GrenTech Corp	11/12/11	Closed	$ 218.0	0.8x	7.3x	23.0%	35.6%

Company	Date	Status	EV ($M)	EV/LTM REV	EV/LTM EBITDA	Premium as a % of 1 Day Prior	Premium as a % of 30 Day VWAP
Shanda Interactive Entertainment	10/15/11	Closed	$ 1,559.0	1.5x	7.8x	23.5%	25.0%
SOKO Fitness & Spa Group	7/25/11	Closed	$ 87.0	2.3x	5.8x	21.6%	NA
Tiens Biotech Group	6/27/11	Closed	$ 150.0	3.5x	15.9x	67.0%	39.9%
Funtalk China Holdings	3/25/11	Closed	$ 631.0	0.6x	7.3x	17.1%	31.7%
China Fire & Security Group	3/7/11	Closed	$ 233.8	2.9x	14.4x	43.8%	52.2%
China Security & Surveillance Technology	1/28/11	Closed	$ 754.0	1.1x	6.5x	33.2%	29.9%
Chemspec International	11/11/10	Closed	$ 289.0	1.9x	5.8x	28.2%	23.6%
Fushi Copperweld	11/3/10	Closed	$ 205.0	0.7x	3.0x	4.4%	-0.8%
Harbin Electric	10/10/10	Closed	$ 762.0	1.8x	6.7x	20.2%	36.3%
Tongjitang Chinese Medicines	4/8/10	Closed	$ 103.0	1.4x	NM	19.0%	21.0%
Sinoenergy	4/9/09	Closed	$ 69.8	2.0x	NA	48.4%	78.3%
		Min	**$ (25.0)**	**0.1x**	**0.5x**	**-11.4%**	**-17.0%**
		25th PCTL	**$ 69.4**	**0.6x**	**5.1x**	**17.6%**	**17.8%**
		Median	**$ 216.0**	**1.2x**	**7.4x**	**22.9%**	**26.7%**
		75th PCTL	**$ 664.0**	**2.4x**	**12.7x**	**39.0%**	**41.5%**
		Max	**$ 4,317.0**	**47.5x**	**41.1x**	**306.3%**	**312.3%**
The Company	**10/27/15**	**Announced**	**$ 137.4**	**9.3x**	**NM**	**9.9%**	**4.8%**

For each transaction, ROTH calculated the enterprise value based on the offer price and compared that to the LTM revenue and EBITDA for the target company. ROTH also calculated the premium per share paid or offered by the buying group by comparing the announced transaction value per share to the target company's closing stock price one day prior to the announcement of the transaction and to the target company's one day prior to the offer and the 30-day volume weighted average price prior to the announcement of the transaction.

ROTH noted that the EV to LTM revenue multiple for the Merger at the per share Merger Consideration of US$3.32 was between the seventy-fifth percentile and the maximum for other U.S.-listed Chinese going private transactions. ROTH noted that the implied premiums at the per share Merger Consideration of US$3.32 was between the minimum and twenty-fifth percentile for other U.S.-listed Chinese going private transaction premia for the day prior to an offer and for 30-day volume weighted average price prior to an offer.

General

The summary set forth above does not contain a complete description of the analyses performed by ROTH, but does summarize the material analyses performed by ROTH in rendering its opinion. The preparation of a fairness opinion is a complex process and is not necessarily susceptible to partial analysis or summary description. ROTH believes that its analyses and the summary set forth above must be considered as a whole and that selecting portions of its analyses or of the summary, without considering the analyses as a whole or all of the factors included in its analyses, would create an incomplete view of the processes underlying the analyses set forth in the ROTH opinion. In arriving at its opinion, ROTH considered the results of all of its analyses and did not attribute any particular weight to any factor or analysis. Instead, ROTH made its determination as to fairness on the basis of its experience and financial judgment after considering the results of all of its analyses. The fact that any specific analysis has been referred to in the summary above is not meant to indicate that this analysis was given greater weight than any other analysis. In addition, the ranges of valuations resulting from any particular analysis described above should not be taken to be ROTH's view of the actual value of the Company.

As described above, ROTH's opinion was only one of many factors considered by the Special Committee and the board of directors in making its determination to approve the Merger. ROTH was not requested to, and did not solicit any expressions of interest from any other parties with respect to any business combination with the Company.

ROTH is a full service securities firm engaged in securities trading and brokerage activities, as well as providing investment banking and other financial services. The Special Committee selected ROTH to act as its financial advisor in connection with the transactions contemplated by the Merger Agreement on the basis of such experience and its familiarity with the market. ROTH has had no relationship with the Company, Acquisition or the Principal Shareholders in the past two years, except that in the ordinary course of business ROTH and its affiliates may acquire, hold or sell, for it and its affiliates' own accounts and for the accounts of customers, equity, debt and other securities and financial instruments (including bank loans and other obligations) of the Company and the other parties to the Merger, and, accordingly, may at any time hold a long or a short position in such securities. ROTH and its affiliates may in the future provide investment banking and other financial services to the Company and Acquisition and their respective affiliates for which ROTH would expect to receive compensation.

ROTH is acting as financial advisor to the Special Committee of the board of directors of the Company in connection with the Merger. Pursuant to its engagement letter with ROTH, the Company has agreed to pay ROTH (a) a $50,000 non-refundable retainer upon the execution of the engagement agreement, (b) a $200,000 fee upon the delivery of a fairness opinion, which fee is not contingent upon the closing of the Merger, and (c) a $300,000 advisory fee upon the closing of the Merger, provided that any fee paid in connection with a fairness opinion is creditable against the advisory fee. These fees were determined by ROTH and proposed to the Special Committee. In addition, the Company has agreed to indemnify ROTH for certain liabilities that may arise out of its engagement by the Special Committee and the rendering of ROTH's opinion.

Reasons of the Buyer Group for the Merger

Under SEC rules governing "going private" transactions, each member of the Buyer Group is deemed to be an affiliate of the Company and is required to express its reasons for the Merger to the Company's Unaffiliated Shareholders. Each member of the Buyer Group is making the statements included in this section solely for the purpose of complying with the requirements of Rule 13e-3 and related rules under the Exchange Act. For the Buyer Group, the purpose of the Merger is to enable the Buyer Group to acquire control of the Company in a transaction in which the Unaffiliated Shareholders will receive US$3.32 per share of Company Common Stock. If the Merger is consummated, shares of the Company's common stock will cease to be publicly traded, and the Buyer Group will bear 100% of the risks and rewards of ownership of the Company.

The Buyer Group believes that, as a privately held entity, the Company's management will have greater flexibility to focus on improving the Company's long-term profitability without the constraints caused by the public equity market's valuation of the Company and emphasis on short-term period-to-period performance. As a privately held entity, the Company will have greater flexibility to make decisions that might negatively affect short-term results, but that could increase the Company's value over the long term. In contrast, as a publicly traded entity, the Company faces pressure from public shareholders and investment analysts to make decisions that might produce improved short-term results, but which are not necessarily beneficial to the Company in the long term.

As a privately held entity, the Company will also be relieved of many of the other expenses, burdens and constraints imposed on companies that are subject to the public reporting requirements under the federal securities laws of the United States, including the Exchange Act and the Sarbanes-Oxley Act of 2002. The need for the management of the Company to be responsive to Unaffiliated Shareholders' concerns and to engage in dialogue with Unaffiliated Shareholders can also at times distract management's time and attention from the effective operation and improvement of the business. Please see "*The Merger - Recommendation of Our Board of Directors and the Special Committee on Behalf of the Company and Their Reasons for the Merger*" beginning on page 21 for additional information.

The Buyer Group did not consider any other form of transaction because the Buyer Group believed the Merger was the most direct and effective way to enable the Buyer Group to acquire 100% ownership and control of the Company.

Position of the Buyer Group as to the Fairness of the Merger

Under SEC rules governing "going private" transactions, each member of the Buyer Group is deemed to be an affiliate of the Company and is required to express its beliefs as to the fairness of the Merger to the Company's Unaffiliated Shareholders. The Buyer Group is making the statements included in this section solely for the purposes of complying with the requirements of Rule 13e-3 and related rules under the Exchange Act. The views of the Buyer

Group as to the fairness of the Merger are not intended and should not be construed as a recommendation to any shareholder of the Company as to how to vote on the proposal to approve the Merger Agreement. The Buyer Group has interests in the Merger that are different from those of the Unaffiliated Shareholders of the Company by virtue of their continuing interests in the surviving corporation after the consummation of the Merger. These interests are described under "*The Merger - Interests of Certain Persons in the Merger*" beginning on page 44.

The Buyer Group believes that the interests of the Company's Unaffiliated Shareholders were represented by the Special Committee, which negotiated the terms and conditions of the Merger Agreement with the assistance of its independent legal and financial advisors. The Buyer Group attempted to negotiate a transaction that would be most favorable to it, and not to the Company's Unaffiliated Shareholders and, accordingly, did not negotiate the Merger Agreement with a goal of obtaining terms that were substantively and procedurally fair to such Unaffiliated Shareholders. The Buyer Group did not participate in the deliberations of the Special Committee regarding, and did not receive any advice from the Special Committee's independent legal or financial advisors as to, the fairness of the Merger to the Company's Unaffiliated Shareholders. The Buyer Group did not perform, or engage a financial advisor to perform, any independent valuation or other analysis for the Buyer Group to assist it in assessing the substantive and procedural fairness of the Merger to the Company's Unaffiliated Shareholders.

Based on their knowledge and analyses of available information regarding the Company, as well as discussions with the Company's management regarding the Company and its business and the factors considered by, and findings of, the Special Committee and the Company's board of directors discussed in "*The Merger - Recommendation of Our Board of Directors and the Special Committee on Behalf of the Company and Their Reasons for the Merger*" beginning on page 21 (which considerations and findings are adopted by the Buyer Group solely for the purposes of making the statements in this section), the Buyer Group believes the Merger is substantively fair to the Company's Unaffiliated Shareholders based upon the following factors:

- the current and historical market prices of the Company Common Stock, including the fact that the Merger Consideration of US$3.32 per share represents a 9.9% premium over the closing price of US$3.02 per share on the NASDAQ Capital Market on October 23, 2015 (the last trading day prior to the date of the Proposal Letter), and a 3.3% premium over the 90-trading day volume weighted average price on the NASDAQ Capital Market through October 26, 2015, the last trading day before the Company's announcement on October 27, 2015 of the Company's receipt of the Buyer Group's going private proposal;

- the all-cash Merger Consideration, which will afford the Unaffiliated Shareholders an opportunity to immediately realize a fixed amount of cash for their investment without incurring brokerage and other costs typically associated with market sales;

- the Special Committee and, based in part upon the unanimous recommendation of the Special Committee, the Company's board of directors determined by the unanimous approval of those present at the meeting that the Merger is in the best interests of the Company's Unaffiliated Shareholders and declared it advisable to enter into the Merger Agreement, adopted resolutions approving the Company's execution, delivery and performance of the Merger Agreement and the consummation of the transactions contemplated thereby, including the Merger, and resolved to recommend that the shareholders approve the Merger Agreement;

- Mr. Chen and Ms. Fan have each executed the Voting Agreement, pursuant to which they have each committed to provide their equity interests in the Company to Acquisition in exchange for equity interests in Acquisition, in accordance with the terms and conditions of the respective commitment letters;

- Mr. Chen and Ms. Fan have each agreed to guarantee the obligations of Acquisition under the Merger Agreement to pay, under certain circumstances, a reverse termination fee to the Company and reimburse certain expenses of the Company;

- the Merger will provide liquidity for the Company's Unaffiliated Shareholders without incurring brokerage and other costs typically associated with market sales; and

- the Unaffiliated Shareholders of the Company are entitled to exercise dissenters' rights and demand fair value for their shares of Company Common Stock as determined by a Nevada state district court, which may be determined to be more or less than the Merger Consideration.

The Buyer Group did not consider the Company's net book value, which is defined as total assets minus total liabilities, as a factor. The Buyer Group believes that net book value, as an accounting concept based on historical costs, is not a material indicator of the value of the Company as a going concern because it does not take into account quality of earnings, cash generation capability, the future prospects of the Company, market conditions, trends in the industry in which the Company conducts its business or the business risks inherent in competing with other companies in the same industry. Therefore, the Buyer Group does not believe that net book value reflects, or has any meaningful impact on, the market price of Company Common Stock or the fair market value of its assets or business, especially considering the Company's high level of seasonal volatility in regard to its income and unstable cash flow.

The Buyer Group did not consider the Company's liquidation value to be a relevant valuation method because it considers the Company to be a viable going concern and because the Company will continue to operate its business following the Merger.

The Buyer Group did not establish, and did not consider, a going concern value for the Company Common Stock as a public company to determine the fairness of the Merger Consideration to the Company's Unaffiliated Shareholders. However, to the extent the pre-merger going concern value was reflected in the pre-announcement price of the Company Common Stock, the Merger Consideration of US$3.32 per share represented a premium to the per share going concern value of the Company.

The Buyer Group is not aware of, and thus did not consider in its fairness determination, any offers or proposals made by any unaffiliated third parties with respect to a merger or consolidation of the Company with or into another company, a sale of all or a substantial part of the Company's assets, or the purchase of the Company's common stock that would enable the holder to exercise control over the Company.

The Buyer Group did not receive any independent reports, opinions or appraisals from any outside party related to the Merger, and thus did not consider any such reports, opinions or appraisals in determining the substantive and procedural fairness of the Merger to the Unaffiliated Shareholders.

The Buyer Group believes the Merger is procedurally fair to the Company's Unaffiliated Shareholders based upon the following factors:

- the Special Committee, consisting entirely of directors who are not officers or employees of the Company and none of whom has any financial interest in the Merger that is different from that of the Unaffiliated Shareholders other than the members' continued indemnification rights for such members under the Merger Agreement, was established and given absolute authority to, among other things, formulate, establish, oversee and direct a process for the identification, solicitation, evaluation and negotiation of any potential sale transaction, evaluate and negotiate the terms of any proposed definitive or other agreements in respect of any potential sale transaction, make recommendations to the board of directors in respect of any potential sale transaction, including, without limitation, any recommendation to not proceed with or to recommend that the Company's shareholders reject a potential sale transaction;

- the members of the Special Committee do not have any interests in the Merger different from, or in addition to, those of the Company's Unaffiliated Shareholders, other than the members' continued indemnification rights for these directors following the completion of the Merger for certain claims and liabilities arising from their actions or omissions taken prior to the Effective Time of the Merger;

- the Special Committee retained and was advised by its independent legal and financial advisors who are experienced in advising committees such as the Special Committee in similar transactions;

- the Buyer Group did not participate in or have any influence over the deliberative process of, or the conclusions reached by, the Special Committee or the negotiating positions of the Special Committee;

- the Special Committee and the Company's board of directors had no obligation to recommend the approval of the Merger Agreement;

- the Merger was unanimously approved by the Special Committee;
- the Merger Consideration and other terms and conditions of the Merger Agreement were the result of extensive negotiations over an extended period of time between the Buyer Group and its legal advisors, on the one hand, and the Special Committee and its legal and financial advisors, on the other hand;
- the Special Committee did not receive any alternative acquisition proposal from any other interested investors during the period between October 27, 2015, when the Company first announced its receipt of the going private proposal and March 8, 2016 when the Merger Agreement was executed;
- the Special Committee received from ROTH, its financial advisor, an opinion, dated March 8, 2016, as to the fairness, from a financial point of view, to the Company's shareholders (other than holders of the Excluded Shares) of the consideration of US$3.32 per share to be received by those shareholders in the Merger, as of March 8, 2016, based upon and subject to the assumptions made, procedures followed, matters considered, and qualifications and limitations on the review undertaken by ROTH in preparing its opinion;
- the Merger is not conditioned on any financing being obtained by Acquisition, thus increasing the likelihood that the Merger will be completed and the Merger Consideration will be paid to the Company's Unaffiliated Shareholders;
- under the terms of the Merger Agreement, in certain circumstances prior to obtaining the requisite shareholders' approval of the Merger, the Company is permitted to provide information to and participate in discussions or negotiations with persons making alternative transaction proposals and the board of directors of the Company is permitted to withdraw or modify its recommendation of the Merger Agreement;
- the Company has the ability under certain circumstances to specifically enforce the terms of the Merger Agreement; and
- the ability of the Company to terminate the Merger Agreement (in accordance with the terms of the Merger Agreement) upon acceptance of an alternative acquisition proposal.

The foregoing discussion of the information and factors considered and given weight by the Buyer Group in connection with their evaluation of the substantive and procedural fairness to the Company's Unaffiliated Shareholders of the Merger Agreement and the transactions contemplated thereby, including the Merger, is not intended to be exhaustive, but is believed by the Buyer Group to include all material factors considered by them. The Buyer Group did not find it practicable to and did not quantify or otherwise attach relative weights to the foregoing factors in reaching its position as to the substantive and procedural fairness of the Merger Agreement and the transactions contemplated thereby, including the Merger, to the Company's Unaffiliated Shareholders. Rather, the Buyer Group made the fairness determinations after considering all of the foregoing as a whole. In addition, the Buyer Group considered and recognized the negative factors considered by the Special Committee and the Company's board of directors described under "*The Merger - Recommendation of Our Board of Directors and the Special Committee on Behalf of the Company and Their Reasons for the Merger*", the consideration of which is expressly adopted here by the Buyer Group.

The Buyer Group believes these factors provide a reasonable basis for its belief that the Merger is both substantively and procedurally fair to the Company's Unaffiliated Shareholders. This belief, however, is not intended to be and should not be construed as a recommendation by the Buyer Group to any shareholder of the Company as to how such shareholder should vote with respect to the approval of the Merger Agreement.

Effect of the Merger on the Company

The Merger Agreement provides that Acquisition will be merged with and into the Company on the terms and subject to the conditions in the Merger Agreement. After the Merger, Acquisition will no longer exist as a separate entity. The Company will be the surviving corporation and will continue to exist as the operating entity, owned entirely by the Principal Shareholders. Pursuant to the Merger Agreement, each share of Company Common Stock issued and outstanding immediately prior to the Effective Time of the Merger will be converted into the right to receive US$3.32 in cash, without interest and net of any applicable withholding taxes, except for the Excluded

Shares. Shares with respect to which dissenters' rights have been properly exercised and not withdrawn or lost will be cancelled in consideration for the right to receive the fair value of such dissenting shares in accordance with the Nevada Revised Statutes. The shares of Company Common Stock are currently listed on the NASDAQ Capital Market under the symbol "CNYD."

After completion of the Merger, the Principal Shares will be the only issued and outstanding shares of the surviving corporation and the Company will cease to be a publicly traded company and will instead be a privately held company owned directly by the Buyer Group. Following the completion of the Merger, the shares of Company Common Stock will cease to be listed on the NASDAQ Capital Market, and price quotations with respect to sales of Company Common Stock in the public market will no longer be available. In addition, registration of Company Common Stock under the Exchange Act may be terminated upon the Company's application to the SEC if the Company Common Stock is not listed on a national securities exchange. After the termination of registration of the Company Common Stock, the Company will no longer be required to file periodic reports with the SEC, which cost the Company approximately US$230,000 and US$250,000 for the fiscal years ended December 31, 2014 and 2015, respectively, or otherwise be subject to the United States federal securities laws, including the Sarbanes-Oxley Act of 2002, applicable to public companies. After the termination of registration of the Company Common Stock, you will no longer enjoy the rights or protections that the United States federal securities laws provide. You will not own any shares of capital stock of the surviving corporation, and you will cease to have any rights in the Company as a shareholder. Any cost savings realized by the surviving corporation as a result of no longer being subject to SEC reporting requirements of the United States federal securities laws will be realized solely by the surviving corporation and, indirectly as shareholders of the surviving company, the Principal Shareholders.

The Company has reported net operating losses for U.S. federal income tax purposes in each of the last two fiscal years. Generally, net operating losses can be carried forward to reduce taxable income in future periods. After completion of the Merger, the net operating loss carryforwards will be net operating loss carryforwards of the surviving company and, subject to any limitations imposed by the Internal Revenue Code of 1986, as amended, or other applicable tax law, the surviving company will be entitled to use such carryforwards. Only the surviving company and, indirectly as shareholders of the surviving company, the Principal Shareholders will realize any potential benefits through the use of the net operating loss carryforwards.

We have attached the Merger Agreement to this proxy statement as Annex A. We encourage you to read the entire Merger Agreement carefully, because it is the legal document that governs the Merger.

Effects on the Company if the Merger is not Completed

If our shareholders do not approve the Merger Agreement, or if the Merger is not completed for any other reason, our shareholders will not receive Merger Consideration for their shares of Company Common Stock provided by the Merger Agreement. Instead, unless the Company is sold to a third party, we will remain an independent publicly traded company. The Company's management expects to operate the business in a manner similar to that in which it is being operated today, and our shareholders will continue to be subject to similar risks and opportunities as they currently are with respect to their ownership of our common stock. If the Merger is not completed, there is no assurance as to the effect of these risks and opportunities on the future value of your shares of Company Common Stock, including the risk that the market price of our common stock may decline to the extent that the current market price of our stock reflects a market assumption that the Merger will be completed. From time to time, the board of directors of the Company will evaluate and review the business operations, properties and capitalization of the Company and, among other things, make such changes as are deemed appropriate. If our shareholders do not approve the Merger Agreement, or the Merger is not completed for any other reason, there is no assurance that any other transaction acceptable to the Company will be offered or that the business, prospects or results of operations of the Company will not be adversely impacted. Pursuant to the Merger Agreement, under certain circumstances the Company is permitted to terminate the Merger Agreement and enter into an agreement with respect to an alternative transaction. Also, under other circumstances, if the Merger is not completed, the Company may be obligated to pay to Acquisition a termination fee. See "*The Agreement and Plan of Merger - Termination Fees and Reimbursement of Expenses*" beginning on page 60 for additional information.

Plans for the Company after the Merger

If the Merger is completed, the Principal Shares will be the only issued and outstanding shares of common stock of the Company. Except for the Principal Shareholders, none of our current shareholders will have any ownership interest in, or be a shareholder of, the Company after the completion of the Merger. As a result, our current shareholders (other than the Principal Shareholders) will no longer benefit from any increase in our value, nor will they bear the risk of any decrease in our value. Following the Merger, the Principal Shareholders will benefit from any increase in our value and also will bear the risk of any decrease in our value.

Upon completion of the Merger, each share of Company Common Stock issued and outstanding immediately prior to the closing (other than shares which are owned by the Company or any of its subsidiaries or owned by the Principal Shareholders) will be converted into the right to receive the Merger Consideration.

After the Effective Time of the Merger, the Buyer Group anticipates that the Company will continue its current operations, except that it will cease to be an independent publicly traded company and will instead be wholly-owned by the Buyer Group. After the Effective Time of the Merger, the directors of Acquisition immediately prior to the Effective Time of the Merger will become the directors of the Company, and the officers of the Company immediately prior to the Effective Time of the Merger will remain the officers of the Company, in each case until the earlier of their resignation or removal or until their respective successors are duly elected or appointed and qualified, as the case may be. The Company will no longer be subject to the federal securities laws of the United States, including the Exchange Act and the Sarbanes-Oxley Act of 2002, or NASDAQ compliance and reporting requirements, and the related direct and indirect costs and expenses.

Except for the transactions contemplated by the Merger Agreement, the Company does not have any current plans, proposals or negotiations that relate to or would result in any of the following:

- an extraordinary corporate transaction, such as a merger, reorganization or liquidation, involving the Company or any of its subsidiaries;
- the sale or transfer of a material amount of the assets of the Company or any of its subsidiaries; or
- any other material changes to the Company's corporate structure or otherwise in the Company's business.

The above prospective financial information should be evaluated, if at all, in conjunction with the historical financial statements and other information regarding the Company contained elsewhere in this proxy statement and the Company's public filings with the SEC.

BY INCLUDING IN THIS PROXY STATEMENT A SUMMARY OF ITS INTERNAL FINANCIAL PROJECTIONS, THE COMPANY UNDERTAKES NO OBLIGATIONS TO UPDATE, OR PUBLICLY DISCLOSE ANY UPDATE TO, THESE FINANCIAL PROJECTIONS TO REFLECT CIRCUMSTANCES OR EVENTS, INCLUDING UNANTICIPATED EVENTS, THAT MAY HAVE OCCURRED OR THAT MAY OCCUR AFTER THE PREPARATION OF THESE PROJECTIONS, EVEN IN THE EVENT THAT ANY OR ALL OF THE ASSUMPTIONS UNDERLYING THE FINANCIAL PROJECTIONS ARE SHOWN TO BE IN ERROR OR CHANGE EXCEPT TO THE EXTENT REQUIRED BY APPLICABLE FEDERAL SECURITIES LAWS.

Alternatives to the Merger

The board of directors of the Company did not independently determine to initiate a process for the sale of the Company. The Special Committee was formed on October 28, 2015, in response to the receipt of the Proposal Letter from Mr. Chen and Ms. Fan on October 24, 2015 indicating their interest and preliminary proposal regarding a potential going-private transaction. The Special Committee has considered certain potential transactions involving the Company (including the going-private transaction and the possibility of remaining an independent entity) on its own and with the assistance of its independent financial and legal advisors. Since the Company's receipt of the Proposal Letter from the Buyer Group, which was announced via press release on October 27, 2015 and filed with the SEC on that same date, the Company has not received any actionable offer from any third party for (a) a merger or consolidation of the Company with another company, (b) a sale or transfer of all or substantially all of the Company's assets or (c) a purchase of all or a substantial portion of the shares that would enable such person to

exercise control of or significant influence over the Company. The Special Committee also took into account that, under certain circumstances prior to the receipt of the required shareholder approval, the Company can terminate the Merger Agreement in order to enter into an Alternative Acquisition Agreement with respect to a superior proposal, subject to the payment to Acquisition of a termination fee of US$375,000, plus reimbursement of reasonable out-of-pocket expenses, including attorney's fees, under certain circumstances, as set forth in the Merger Agreement. In this regard, the Special Committee recognized that it has flexibility under the Merger Agreement, subject to the contractual rights of the Buyer Group, to respond to an alternative transaction proposed by a third party that is or is reasonably likely to result in a superior proposal, including the ability to provide information to and engage in discussions and negotiations with such party.

Financing of the Merger

The Buyer Group estimates that the total amount of funds necessary to consummate the Merger and related transactions, including the payment of fees and expenses in connection with the Merger, will be approximately US$5,513,000. The Buyer Group expects to fund this amount through cash on hand, provided to Acquisition by Mr. Chen and Ms. Fan.

Voting Agreement

On March 8, 2016, Mr. Chen, Ms. Fan and Acquisition entered into the Rollover Agreement pursuant and subject to which Mr. Chen and Ms. Fan collectively committed to contribute their shares of Company Common Stock to Acquisition as part of the transactions contemplated by the Original Merger Agreement, and also committed to vote any Company Common Stock owned by them in favor of the Original Merger Agreement and the transactions contemplated thereby. On April 12, 2016, in conjunction with the parties' entering into the Merger Agreement, the Company and the Principal Shareholders, Mr. Chen and Ms. Fan, entered into the Voting Agreement, replacing the Rollover Agreement, pursuant to which each of the Principal Shareholders irrevocably agreed that he or she will appear at the special meeting and any other shareholders' meeting and vote (or cause to be voted) all shares of Company Common Stock beneficially owned by him or her, as applicable, in favor of the approval and adoption of the Merger Agreement. In conjunction with the execution of the Voting Agreement, the parties entered into a termination agreement with respect to the Rollover Agreement.

Limited Guarantee

Concurrently with the execution of the Merger Agreement, the guarantors, Mr. Chen and Ms. Fan, delivered the Original Limited Guarantee pursuant to which each of them agreed to, severally but not jointly, guarantee each of their respective percentage of the obligations of Acquisition under the Original Merger Agreement to pay, under certain circumstances in which the Original Merger Agreement is terminated, a reverse termination fee of US$375,000 to the Company and to reimburse certain expenses incurred by the Company, including all of the reasonable documented out-of-pocket expenses, including attorney's fees, incurred by the Company if the required shareholder approval is not obtained at the special meeting. In conjunction with the execution of the Merger Agreement on April 12, 2016, Mr. Chen and Ms. Fan delivered an amended and restated limited guarantee (the "**Limited Guarantee**"), in which only non-substantive changes were made to conform to the Merger Agreement.

The Limited Guarantee will terminate as of the earliest of: (i) the Effective Time of the Merger, (ii) all of the obligations under the Limited Guarantee having been paid in full, and (iii) the date falling 30 days from the date of the termination of the Merger Agreement in accordance with its terms if the Company has not presented a bona fide written claim for payment under the agreement by such date.

Limitation of Liability

Other than any equitable remedies the Company may be entitled to, the Company's right to terminate the Merger Agreement and receive payment of (i) a reverse termination fee of US$375,000 from Acquisition in connection with the Merger and (ii) any reimbursement of costs and expenses pursuant to the Merger Agreement, are the sole and exclusive remedies of the Company against Acquisition as described in the Merger Agreement with respect to any loss or damage suffered as a result of any breach of the Merger Agreement or failure of the transactions contemplated by the Merger Agreement to be consummated.

Other than any equitable remedies Acquisition may be entitled to, the right of Acquisition to receive payment of (i) a termination fee of US$375,000 and (ii) any reimbursement of costs and expenses pursuant to the Merger Agreement, are the sole and exclusive remedies of Acquisition (and its respective affiliates and representatives) against the Company and certain related parties as described in the Merger Agreement with respect to any loss or damage suffered as a result of any breach of the Merger Agreement or failure of the transactions contemplated by the Merger Agreement to be consummated.

Acquisition is entitled to specific performance of the terms under the Merger Agreement, including an injunction or injunctions to prevent breaches of the Merger Agreement and to enforce specifically the terms and provisions of the Merger Agreement. Pursuant to the Limited Guarantee agreement, the Company is entitled to an injunction, specific performance or other equitable remedies to cause Mr. Chen and Ms. Fan to fund the Merger Consideration in certain circumstances. However, under no circumstances is the Company permitted or entitled to both a grant of specific performance that results in completion of the Merger and payment of all or any portion of the reverse termination fee.

Interests of Certain Persons in the Merger

In considering the recommendation of the Special Committee and our board of directors with respect to the Merger, you should be aware that each Principal Shareholder has interests in the transactions that are different from, and/or in addition to, the interests of our shareholders generally. The Company's board of directors and Special Committee were aware of such interests and considered them, among other matters, in reaching their decisions to approve the Merger Agreement and approve the transactions contemplated by the Merger Agreement, including the Merger, and recommend that our shareholders vote in favor of approving the Merger Agreement and the transactions contemplated by the Merger Agreement, including the Merger.

Interests of Continuing Shareholders in the Merger

As a result of the Merger, the Principal Shareholders will hold 100% of the equity interests of the Company immediately following the completion of the Merger. The Principal Shareholders will enjoy the benefits from any future earnings and growth of the Company after the Merger which, if the Company is successfully managed, could exceed the value of their original investments in the Company, including the amount paid by Acquisition as Merger Consideration to the Company's shareholders who are not members of the Buyer Group in the Merger. The Principal Shareholders will also bear the risks of any possible decreases in the future earnings, growth or value of the Company and they will have no certainty of any future opportunity to sell their shares in the Company at an attractive price, or that any dividends paid by the Company will be sufficient to recover their investment.

The Merger may provide additional means to enhance shareholder value for the Principal Shareholders, including improved profitability due to the elimination of the expenses associated with public company reporting and compliance, increased flexibility and responsiveness in management of the business to achieve growth and respond to competition without the restrictions of short-term earnings comparisons, and additional means for making liquidity available to them, such as through dividends or other distributions.

Indemnification and Insurance

Pursuant to the Merger Agreement, the parties have agreed that:

- the articles of incorporation and bylaws (or comparable organizational documents) of the surviving corporation shall contain provisions no less favorable with respect to exculpation, advances of expenses and indemnification than are set forth in the articles of incorporation and bylaws (or comparable organizational documents) of the Company as in effect on the date of the Merger Agreement, which provisions shall not be amended, repealed or otherwise modified for a period of six years from the Effective Time of the Merger in any manner that would adversely affect the rights thereunder of former or present directors or officers of the Company, unless such modification shall be required by law;
- the indemnification, advancement of expenses and exculpation provisions of certain indemnification agreements and employment agreements by and among the Company or its subsidiaries and their respective directors, officers or employees, as in effect at the Effective Time of the Merger, will survive the Merger and may not be amended, repealed or otherwise modified for six years from the Effective

Time of the Merger in any manner that would adversely affect the rights of the current or former directors, officers or employees of the Company or any subsidiaries; and

- from and after the Effective Time of the Merger, subject to certain conditions, the surviving corporation will comply with all of the Company's obligations and will cause its subsidiaries to comply with their respective obligations to indemnify and hold harmless (a) the present and former directors or officers of the Company or any of its subsidiaries against damages arising out of, relating to or in connection with (i) the fact that such party is or was a director or officer of the Company or such subsidiary, or (ii) any acts or omissions occurring or alleged to have occurred before or at the Effective Time of the Merger to the extent provided under the Company and its subsidiaries' respective organizational and governing documents or agreements in effect on the date of the Merger Agreement and to the fullest extent permitted by the Nevada Revised Statutes or any other applicable law, including the approval of the Merger Agreement; and (b) such persons against all damages arising out of acts or omissions in connection with such persons serving as an officer, director or other fiduciary in the Company or any of its subsidiaries if such service was at the request or for the benefit of the Company or any of its subsidiaries.

The Special Committee

On October 28, 2015, our board of directors established a Special Committee of directors to consider the proposal from the Buyer Group and to take any actions it deems appropriate to assess the fairness and viability of such proposal. The Special Committee is composed of three independent directors - Mr. Renjiu Pei, Mr. Chunyu Yin and Mr. Fucai Huang, with Mr. Renjiu Pei serving as chairman. Other than their indemnification rights under the Merger Agreement, none of the members of the Special Committee has a financial interest in the Merger or any of the transactions contemplated by the Merger Agreement and none of them is related to any member of the Buyer Group. Our board of directors did not place any limitations on the authority of the Special Committee regarding its investigation and evaluation of the Merger.

Position with the Surviving Corporation

After completion of the Merger, Mr. Chen and Ms. Fan expect to continue to serve as the Chairman of the Board of Directors and Chief Executive Officer, and Chief Operating Officer of the Company. After completion of the Merger, the directors of the surviving corporation shall consist of the directors of Acquisition as of immediately prior to the completion of the Merger, until their respective successors are duly elected or appointed and qualified or their earlier death, resignation or removal in accordance with the surviving corporation's articles of incorporation and bylaws. The officers of the surviving corporation shall consist of the officers of the Company as of immediately prior to the completion of the Merger, until their respective successors are duly elected or appointed and qualified or their earlier death, resignation or removal in accordance with the surviving corporation's articles of incorporation and bylaws.

As of the date of this proxy statement, except as described in this proxy statement, no member of the Company's management has entered into any amendments or modifications to his or her existing employment arrangements with the Company in connection with the proposed transaction, nor has any member of the Company's management entered into any employment or other agreement with Acquisition or its affiliates.

Acquisition has not indicated that it or its affiliates may pursue agreements, arrangements or understandings with the Company's executive officers, which may include cash, stock and co-investment opportunities. However, prior to the Effective Time of the Merger and with the prior written consent of the Special Committee, Acquisition may initiate negotiations of these agreements, arrangements and understandings, and may enter into definitive agreements regarding employment with, or the right to participate in the equity of, the surviving corporation on a going-forward basis following completion of the Merger.

Relationship between the Company and the Buyer Group

Mr. Chen has been the Chairman, President and Chief Executive Officer of the Company since November 2007. He is also the Chairman of the Board of Directors, Chief Executive Officer, and Treasurer of Acquisition. Ms. Fan has served as the Chief Operating Officer of the Company since 2001 and a Director of the Company since 2007. Ms. Yanling Fan also serves a Director, the Chief Operating Officer and the Secretary of Acquisition. The Merger is a

going private transaction, which will result in Mr. Chen and Ms. Fan owning all of the outstanding common stock of the Company after the Merger is consummated. Mr. Chen and Ms. Fan each received compensation for their services in their respective roles for the Company. Mr. Chen and Ms. Fan recused themselves from the deliberations and the board of directors' determination with respect to the Merger Agreement and the Merger.

Except as set forth above and elsewhere in this proxy statement, no member of the Buyer Group nor any of their respective directors, executive officers or other affiliates engaged in any transactions with us or any of our directors, officers or other affiliates that would require disclosure under the rules and regulations of the SEC applicable to this proxy statement.

Dividends

The Company has not paid any cash dividends on its common stock, and does not currently intend to pay cash dividends in the foreseeable future.

Regulatory Matters

The Company does not believe that any material federal, national, provincial, local or state, whether domestic or foreign, regulatory approvals, filings or notices are required in connection with the Merger other than the approvals, filings or notices required under the U.S. federal securities laws and the filing of the articles of merger with the Secretary of State of the State of Nevada with respect to the Merger.

Fees and Expenses

Fees and expenses incurred or to be incurred by the Company in connection with the Merger are estimated at the date of this proxy statement to be as follows:

Description	Amount	
Financial advisory fees and expenses	US$	350,000
Legal fees and expenses	US$	400,000
Miscellaneous (including printing, proxy solicitation, filing fees, mailing costs, etc.)	US$	20,000
Total	US$	770,000

These expenses will not reduce the Merger Consideration to be received by the Company's shareholders. Except for the right to reimbursement of costs and expenses under certain circumstances, the party incurring any costs and expenses in connection with the Merger and the Merger Agreement will pay such costs and expenses.

Delisting and Deregistration of the Company Common Stock

If the Merger is completed, the Company Common Stock will be delisted from the NASDAQ Capital Market and deregistered under the Exchange Act and we will no longer file periodic reports with the SEC.

Time, Place and Purpose of the Special Meeting

This proxy statement is being furnished to our shareholders as part of the solicitation of proxies by the Company's board of directors for use at the special meeting to be held June 28, 2016 starting at 9:00am (Beijing time), at the offices of the Company located at 28/F, Yifa Building, No.111 Wusi Road, Fuzhou, Fujian Province, China 350003, or at any postponement or adjournment thereof. At the special meeting, holders of Company Common Stock will be asked to vote upon the proposal to approve the Merger Agreement, and to approve the proposal to adjourn or postpone the special meeting in order to take such actions as our board of directors determines are necessary or appropriate, including to solicit additional proxies if there are insufficient votes at the time of the special meeting to approve the Merger Agreement.

The Merger is subject to the approval of the Merger Agreement by the affirmative vote (in person or by proxy) of the holders of at least a majority of the issued and outstanding shares of Company Common Stock on the record date in accordance with the Company's articles of incorporation and bylaws and the Nevada Revised Statutes. If our shareholders fail to approve the Merger Agreement, the Merger will not occur. A copy of the Merger Agreement is attached as Annex A to this proxy statement, which we encourage you to read carefully in its entirety.

Record Date and Quorum

We have set the close of business, Beijing time, on May 24, 2016 as the record date for the special meeting, and only holders of record of Company Common Stock on the record date are entitled to vote at the special meeting. You are entitled to receive notice of, and to vote at, the special meeting if you owned shares of Company Common Stock at the close of business on the record date. On the record date, there were 3,914,580 shares of Company Common Stock outstanding and entitled to vote. Each share of Company Common Stock entitles its holder to one vote on all matters properly coming before the special meeting.

The presence, in person or by proxy, of the holders of a majority of the shares of Company Common Stock outstanding and entitled to vote on the record date is necessary to constitute a quorum for the transaction of business at the special meeting. Abstentions and broker non-votes are included in determining the number of shares present or represented at the special meeting for purposes of determining whether a quorum exists. Once a share of Company Common Stock is represented at the special meeting, it will be counted for the purpose of determining a quorum at the special meeting and any adjournment of the special meeting. However, if a new record date is set for the adjourned special meeting, then a new quorum will have to be established. In the event that a quorum is not present at the special meeting, it is expected that the special meeting will be adjourned.

Attendance

Shareholders may vote by attending the special meeting and voting in person. In order to attend the special meeting in person, arrive on time at the address listed above with your proxy card and a form of valid photo identification. To obtain directions to attend the special meeting, call Jocelyn Chen at +86 (591) 28082230. If you are a beneficial owner of shares held in street name and you want to vote in person at the special meeting, you must contact the bank, brokerage firm or other nominee that holds your shares in their name prior to the meeting and obtain from them a valid proxy issued by them in your name giving you the right to vote the shares registered in their name. Please note that cameras, recording devices and other electronic devices will not be permitted at the special meeting.

Vote Required

Approval of the Merger Agreement requires the affirmative vote (in person or by proxy) of the holders of at least a majority of the issued and outstanding shares of Company Common Stock as of the record date for the special meeting in accordance with the Company's articles of incorporation and bylaws and the Nevada Revised Statutes. For the proposal to approve the Merger Agreement, you may vote **"FOR," "AGAINST"** or **"ABSTAIN".** Abstentions will not be counted as votes cast in favor of the proposal to approve the Merger Agreement, but will count for the purpose of determining whether a quorum is present. **If you fail to submit a proxy or to vote in person at the special meeting, or abstain, it will have the same effect as a vote "AGAINST" the proposal to**

approve the Merger Agreement. Abstentions or non-votes will result in a loss of your dissenters' and appraisal rights.

If your shares of Company Common Stock are registered directly in your name with our transfer agent, American Stock Transfer and Trust Company, you are considered, with respect to those shares of Company Common Stock, the "shareholder of record." This proxy statement and proxy card have been sent directly to you by the Company.

If your shares of Company Common Stock are held through a bank, brokerage firm or other nominee, you are considered the "beneficial owner" of shares of Company Common Stock held in "street name." In that case, this proxy statement has been forwarded to you by your bank, brokerage firm or other nominee who is considered, with respect to those shares of Company Common Stock, the shareholder of record. As the beneficial owner, you have the right to direct your bank, brokerage firm or other nominee how to vote your shares by following their instructions for voting.

Under the rules of the NASDAQ Capital Market, banks, brokerage firms or other nominees who hold shares in street name for customers have the authority to vote on "routine" proposals when they have not received instructions from beneficial owners. However, banks, brokerage firms or other nominees are precluded from exercising their voting discretion with respect to approving non-routine matters, such as the proposal to approve the Merger Agreement, and, as a result, absent specific instructions from the beneficial owner of such shares of Company Common Stock, banks, brokerage firms or other nominees are not empowered to vote those shares of Company Common Stock on non-routine matters, which we refer to generally as broker non-votes. **These broker non-votes will be counted for purposes of determining a quorum, and will have the same effect as a vote "AGAINST" the proposal to approve the Merger Agreement. Broker non-votes will have no effect on the outcome of the proposal to adjourn or postpone the special meeting.**

The proposal to adjourn or postpone the special meeting in order to take such actions as our board of directors determines are necessary or appropriate, including to solicit additional proxies if there are insufficient votes at the time of the special meeting to approve the Merger Agreement will be approved if more holders of the shares of the Company Common Stock present in person or by proxy and entitled to vote on the proposal vote in favor of the proposal than against the proposal. For the proposal to adjourn or postpone the special meeting in order to take such actions as our board of directors determines are necessary or appropriate, including to solicit additional proxies if there are insufficient votes at the time of the special meeting to approve the Merger Agreement, you may vote **"FOR," "AGAINST"** or **"ABSTAIN".** For purposes of this proposal, if you have given a proxy and abstained on this proposal, such abstention will have no effect on the outcome of this proposal. If there are broker non-votes on the issue, such broker non-votes will have no effect on the outcome of this proposal.

If you are a shareholder of record, you may submit your proxy or vote your shares of Company Common Stock on matters presented at the special meeting in any of the following ways:

By Telephone: You may submit your proxy by calling the toll-free telephone number indicated on your proxy card. Please follow the voice prompts that allow you to submit your proxy and confirm that your instructions have been properly recorded.

Via the Internet: You may submit your proxy by logging on to the website indicated on your proxy card. Please follow the website prompts that allow you to submit your proxy and confirm that your instructions have been properly recorded.

By Mail: You may submit your proxy by completing, signing and returning the proxy card in the postage-paid envelope provided with this proxy statement. The proxy holders will vote your shares of Company Common Stock according to your directions. If you sign and return your proxy card without specifying choices, your shares of Company Common Stock will be voted by the persons named in the proxy in accordance with the recommendations of the Company's board of directors as set forth in this proxy statement.

Vote at the Meeting: You may cast your vote in person at the special meeting. Written ballots will be passed out to shareholders or legal proxies who want to vote in person at the meeting.

If you are a beneficial owner, you will receive instructions from your bank, brokerage firm or other nominee that you must follow in order to have your shares of Company Common Stock voted. Those instructions will identify which of the above choices are available to you in order to have your shares voted.

Please note that if you are a beneficial owner of shares held in street name and wish to vote in person at the special meeting, you must provide a legal proxy from your bank, brokerage firm or other nominee.

Please refer to the instructions on your proxy or voting instruction card to determine the deadlines for submitting your proxy over the Internet or by telephone. If you choose to submit your proxy by mailing a proxy card, your proxy card must be filed with our Board Secretary, Jocelyn Chen, by the time the special meeting begins. **Please do not send in your stock certificates with your proxy card.** When the Merger is completed, a separate letter of transmittal will be mailed to you that will enable you to receive the Merger Consideration in exchange for your stock certificates.

If you submit your proxy, regardless of the method you choose, the individuals named on the enclosed proxy card, and each of them, with full power of substitution, or your proxies, will vote your shares of Company Common Stock in the way that you indicate. When completing the Internet or telephone processes or the proxy card, you may specify whether your shares of Company Common Stock should be voted for or against or to abstain from voting on all, some or none of the specific items of business to come before the special meeting.

If you properly sign your proxy card but do not mark the boxes showing how your shares of Company Common Stock should be voted on a matter, the shares of Company Common Stock represented by your properly signed proxy will be voted **"FOR"** the proposal to approve the Merger Agreement and **"FOR"** the proposal to adjourn or postpone the special meeting in order to take such actions as our board of directors determines are necessary or appropriate, including to solicit additional proxies if there are insufficient votes at the time of the special meeting to approve the Merger Agreement.

If you have any questions or need assistance voting your shares, please call American Stock Transfer & Trust, LLC at +1(718) 921-8124, or toll-free at (800) 937-5449.

IT IS IMPORTANT THAT YOU SUBMIT A PROXY FOR YOUR SHARES OF COMPANY COMMON STOCK PROMPTLY. WHETHER OR NOT YOU PLAN TO ATTEND THE SPECIAL MEETING, PLEASE COMPLETE, DATE, SIGN AND RETURN, AS PROMPTLY AS POSSIBLE, THE ENCLOSED PROXY CARD IN THE ACCOMPANYING PREPAID REPLY ENVELOPE, OR SUBMIT YOUR PROXY BY TELEPHONE OR THE INTERNET. STOCKHOLDERS WHO ATTEND THE SPECIAL MEETING MAY REVOKE THEIR PROXIES BY VOTING IN PERSON.

As of May 24, 2016, the record date, the directors and executive officers of the Company beneficially owned and were entitled to vote, in the aggregate, 2,267,592 shares of Company Common Stock (excluding shares issuable upon the exercise of options and restricted stock units as of such date), representing 57.84% of the outstanding shares of Company Common Stock on the record date. The directors and executive officers have informed the Company that they currently intend to vote all of their shares of Company Common Stock "FOR" the proposal to approve the Merger Agreement and "FOR" the proposal to adjourn or postpone the special meeting in order to take such actions as our board of directors determines are necessary or appropriate, including to solicit additional proxies if there are insufficient votes at the time of the special meeting to approve the proposal to approve the Merger Agreement.

At the close of business, Beijing time, on May 24, 2016, the record date, 3,914,580 shares of Company Common Stock were outstanding and entitled to vote at the special meeting. On the record date, the Buyer Group owned 2,267,592 shares of Company Common Stock. These represent approximately 57.84% of the total outstanding shares of Company Common Stock. Mr. Chen and Ms. Fan have agreed, under the Voting Agreement, to vote in favor of the proposal to approve the Merger Agreement. Accordingly, based on the 3,914,580 shares of Company Common Stock outstanding on the record date, more than 50% of the shares of Company Common Stock will be voted in favor of the proposal to approve the Merger Agreement.

Proxies and Revocation

Any shareholder of record entitled to vote at the special meeting may submit a proxy by telephone, over the Internet, or by returning the enclosed proxy card in the accompanying prepaid reply envelope, or may vote in person

at the special meeting. If your shares of Company Common Stock are held in "street name" by your bank, brokerage firm or other nominee, you should instruct your bank, brokerage firm or other nominee on how to vote your shares of Company Common Stock using the instructions provided by your bank, brokerage firm or other nominee. If you fail to submit a proxy or vote in person at the special meeting, or abstain, or do not provide your bank, brokerage firm or other nominee with voting instructions, as applicable, your shares of Company Common Stock will not be voted on the proposal to approve the Merger Agreement, which will have the same effect as a vote **"AGAINST"** the proposal to approve the Merger Agreement.

If you are a shareholder of record, you have the right to revoke a proxy (whether delivered over the Internet, by telephone or by mail) at any time before it is submitted at the special meeting by:

- submitting a new proxy by telephone or via the Internet after the date of the earlier submitted proxy;
- signing another proxy card with a later date and returning it to us prior to the special meeting; or
- attending the special meeting and voting in person.

Any such new or later-dated proxy should be delivered (over the Internet, by facsimile over the telephone or by mail) to Jocelyn Chen, our Board Secretary. If delivered by Internet, please email jocelynchen@yidacn.net. If sent by mail or facsimile, please send it to China Yida Holding, Co., 28/F, Yifa Building, No.111 Wusi Road, Fuzhou, Fujian Province, China 350003, Attn: Jocelyn Chen, Board Secretary or via facsimile to +86 (591) 28308358. Any such new or later-dated proxies must be received by the Company prior to the special meeting. Receipt by the Company of such new or later-dated proxy prior to the special meeting is, in itself, sufficient to revoke a prior proxy by that shareholder. If you hold your shares in street name, you may submit new voting instructions by contacting your bank, brokerage firm or other nominee. You may also vote in person at the special meeting if you obtain a legal proxy from your bank, brokerage firm or other nominee.

Adjournments

Although it is not currently expected, the special meeting may be adjourned, including for the purpose of soliciting additional proxies, if there are insufficient votes at the time of the special meeting to approve the Merger Agreement, or if a quorum is not present at the special meeting. Other than an announcement to be made at the special meeting of the time, date and place of an adjourned meeting, an adjournment generally may be made without notice. Any adjournment of the special meeting for the purpose of soliciting additional proxies will allow the Company's shareholders who have already sent in their proxies to revoke them at any time prior to their use at the special meeting as adjourned.

Anticipated Date of Completion of the Merger

We are working towards completing the Merger as soon as possible. If the Merger Agreement is approved at the special meeting, then, assuming timely satisfaction of the other necessary closing conditions, we anticipate that the Merger will be completed before the end of the third quarter of fiscal year 2016.

Payment of Solicitation Expenses

The Company may reimburse brokers, banks and other custodians, nominees and fiduciaries representing beneficial owners of shares of Company Common Stock for their expenses in forwarding soliciting materials to beneficial owners of Company Common Stock and in obtaining voting instructions from those owners.

Questions and Additional Information

If you have more questions about the Merger or how to submit your proxy, or if you need additional copies of this proxy statement or the enclosed proxy card or voting instructions, please call American Stock Transfer & Trust, LLC at +1(718) 921-8124, or toll-free at (800) 937-5449.

THE AGREEMENT AND PLAN OF MERGER

This section of the proxy statement describes the material terms of the Merger Agreement but does not purport to describe all of the terms of the Merger Agreement. This description is qualified in its entirety by reference to the complete text of the Merger Agreement, a copy of which is attached as Annex A, and is incorporated by reference into this proxy statement. We urge you to read the full text of the Merger Agreement because it is the legal document that governs the Merger. This description of the Merger Agreement has been included to provide you with information regarding its terms.

Structure and Completion of the Merger

The Merger Agreement provides for the Merger of Acquisition with and into the Company, with the Company surviving the Merger, upon the terms, and subject to the conditions, of the Merger Agreement. Acquisition is a Nevada company formed solely for purposes of the Merger. If and only after the Merger is completed, the Company will cease to be a publicly traded company. The closing will occur on a date to be specified by the Special Committee and Acquisition, which will be no later than the fifth business day immediately following the date on which all of the closing conditions have been satisfied or waived. At the closing, Acquisition and the Company will file articles of merger with respect to the Merger with the Secretary of State of the State of Nevada. The Merger will become effective upon such filing or on such other date as Acquisition and the Company shall agree in writing that will be specified in the articles of merger.

We expect the Merger to be completed before the end of the third quarter of 2016, after all conditions to the Merger have been satisfied or waived. We cannot specify when, or assure you that, all conditions to the Merger will be satisfied or waived; however, we intend to complete the Merger as promptly as practicable.

Articles of Incorporation and Bylaws of the Surviving Corporation; Directors and Officers of the Surviving Corporation

Upon completion of the Merger, the articles of incorporation and bylaws of Acquisition, as in effect at the Effective Time of the Merger, will be the articles of incorporation and bylaws of the surviving corporation (except that at the Effective Time of the Merger, they will be amended to reflect that the name of the surviving corporation is "China Yida Holding, Co."). The directors of Acquisition immediately prior to the Effective Time of the Merger will become the directors of the surviving corporation and the officers of the Company immediately prior to the Effective Time of the Merger will remain the officers of the surviving corporation.

Treatment of Common Stock

At the Effective Time of the Merger, each issued and outstanding share of Company Common Stock, other than the Excluded Shares, will be cancelled and converted into the right of its holder to receive US$3.32 in cash without interest and net of any applicable withholding taxes. No payment or distribution shall be made to the holders of such Excluded Shares. Following the Merger, the Principal Shares will be the only issued and outstanding shares of the Company. Shares with respect to which dissenters' rights have been properly exercised and not withdrawn or lost will be cancelled, but will not be converted into the right to receive the per share Merger Consideration, and may be entitled to appraisal of their fair value. See "*Dissenters' Rights for Holders of Common Stock*" beginning on page 66 for additional information.

Exchange Procedures

Prior to the Effective Time of the Merger, Acquisition will deposit, or cause to be deposited with American Stock Transfer & Trust Company, LLC ("**AST**"), cash in an amount sufficient to pay the aggregate Merger Consideration under the Merger Agreement. The cash deposited, prior to the Effective Time of the Merger, shall be held on behalf of Acquisition and, from and after the Effective Time of the Merger, shall be held for the benefit of the holders of the shares of Company Common Stock (other than holders of the Excluded Shares). Promptly after the Effective Time of the Merger (but in no event later than three business days following the Effective Time of the Merger), the surviving corporation will instruct the paying agent to mail to each shareholder of record (other than holders of the Excluded Shares) (a) a letter of transmittal in customary form and (b) instructions for effecting the surrender of any stock certificates in exchange for the applicable Merger Consideration. Upon surrender of the stock certificates, or receipt of an "agent's message" by the paying agent if the shares are represented by book-entry

interests, each record holder of such stock certificates or book-entry interests will receive an amount (after giving effect to any required tax withholdings), equal to (i) the number of shares represented by the stock certificates or book-entry interests multiplied by (ii) the per share Merger Consideration, without interest.

Representations and Warranties

The Merger Agreement contains representations and warranties made by the Company to Acquisition, and representations and warranties made by Acquisition to the Company, in each case, as of specific dates. The statements embodied in those representations and warranties were made for purposes of the Merger Agreement and are subject to important qualifications and limitations agreed by the parties in connection with negotiating the terms of the Merger Agreement. In addition, some of those representations and warranties may be subject to a contractual standard of materiality different from that generally applicable to shareholders, may have been made for the principal purposes of establishing the circumstances in which a party to the Merger Agreement may have the right not to close the Merger if the representations and warranties of the other party or parties prove to be untrue due to a change in circumstance or otherwise and allocating risk between the parties to the Merger Agreement rather than establishing matters as facts.

The representations and warranties made by the Company to Acquisition include representations and warranties relating to, among other things:

- due organization, existence, good standing (to the extent the relevant jurisdiction recognizes such concept of good standing) and authority to carry on the Company's businesses;
- the Company's corporate power and authority to execute, deliver and perform its obligations under the Merger Agreement and to consummate the transactions contemplated by the Merger Agreement, and the enforceability of the Merger Agreement against the Company;
- the declaration of advisability and recommendation to the shareholders of the Company of the Merger Agreement and the Merger by the board of directors of the Company, acting upon the unanimous recommendation of the Special Committee, and the approval of the Merger Agreement and the Merger by the board of directors of the Company, acting upon the unanimous recommendation of the Special Committee;
- the vote of the Company's shareholders required to approve the Merger Agreement;
- the absence of violations of, default under, material breach of, or conflict with, the governing documents of the Company and its subsidiaries, any law applicable to the Company and its subsidiaries and certain agreements of the Company and its subsidiaries as a result of the Company entering into and performing under the Merger Agreement and consummating the transactions contemplated by the Merger Agreement;
- governmental consents and approvals in connection with the transactions contemplated by the Merger Agreement;
- the Company's capitalization, the absence of preemptive or other rights with respect to the share capital of the Company, or any securities that give their holders the right to vote with the Company's shareholders; the absence of any agreements to acquire from the Company, or that obligate the Company to issue, any capital stock or other equity or voting interest in the Company; the absence of encumbrances on the Company's ownership of the equity interests of its subsidiaries; the absence of outstanding contractual obligations of the Company or any of its subsidiaries to repurchase or otherwise acquire the share capital of the Company or any of its subsidiaries, as the case may be, or to provide funds or make investment in such subsidiaries or any other person;
- the subsidiaries of the Company, the absence of violations of preemptive right or other rights with respect to the share capital of such subsidiaries, and the absence of encumbrances on the Company's or its subsidiaries' ownership of the equity interests of such subsidiaries;
- the Company's SEC filings since December 31, 2014 and the financial statements included or incorporated by reference in such SEC filings;

- the absence of a "Company Material Adverse Effect" (as defined below) and the absence of certain other changes or events since September 30, 2015 through the date of the Merger Agreement;
- material contracts and the absence of any default under, or material breach or violation of, any material contract;
- tax matters;
- the possession of governmental permits, consents or approvals necessary for the Company or its subsidiaries to own or use its properties or to carry on its business; the absence of default under or violations of any law applicable to the Company or any of its subsidiaries;
- the compliance with laws applicable to the Company and its subsidiaries in the jurisdictions in which the Company and its subsidiaries operate;
- the absence of legal proceedings and governmental orders against the Company or its subsidiaries;
- the receipt of a fairness opinion from the financial advisor to the Special Committee;
- the absence of a shareholder rights agreement and the inapplicability of Nevada anti-takeover statutes to the Merger; and
- the absence of any other representations and warranties made by the Company to Acquisition, other than the representations and warranties made by the Company in the Merger Agreement.

Many of the representations and warranties in the Merger Agreement made by the Company are qualified as to "materiality" or "Company Material Adverse Effect." For purposes of the Merger Agreement, a "**Company Material Adverse Effect**" means any event, circumstance, change or effect that, either individually or in the aggregate, has had, or reasonably would be expected to have, a material adverse effect on the business, financial condition or results of operations of the Company and its subsidiaries taken as a whole; provided, however, in no event shall any of the following, either alone or in combination, constitute, or be taken into account in determining whether there has been or would reasonably expected to be, a Company Material Adverse Effect:

i. changes in general economic conditions in the United States, the PRC or any other country where the Company or its subsidiaries operate;

ii. changes in the securities markets, capital markets, credit markets or other financial markets in the United States, the PRC or any other country where the Company or its subsidiaries operate;

iii. changes in the conditions in the industries in which the in the Company or its subsidiaries operate;

iv. changes in political conditions in the United States, the PRC or any other country where the Company or its subsidiaries operate;

v. acts of God, natural disasters, epidemics, declarations of war, acts of sabotage or terrorism, outbreak or escalation of hostilities or similar events;

vi. changes in applicable laws (or any interpretation or enforcement thereof) or directives or policies of a governmental authority of general applicability that are binding on the Company or any of its subsidiaries;

vii. changes in GAAP or regulatory accounting requirements (or any interpretation or enforcement thereof) after the date of the Merger Agreement;

viii. effects resulting from the consummation of the Merger and the transactions contemplated by the Merger Agreement, or the public announcement of the Merger Agreement or the identity of the parties to the Merger Agreement, including the initiation of litigation or other legal proceeding related to the Merger Agreement or the transactions contemplated by the Merger Agreement, or any losses of customers or employees;

ix. changes in the market price or trading volume of Company Common Stock (although the underlying cause of such changes may be taken into account in determining whether a Company Material Adverse Effect has occurred or is reasonably expected to occur); and

x. legal proceedings made or brought by any current or former shareholders of the Company or any other legal proceedings arising out of the Merger or in connection with any other transactions contemplated by the Merger Agreement;

provided, that events, circumstances, changes or effects set forth in clauses (i) through (vi) above may be taken into account in determining whether a "Company Material Adverse Effect" has occurred or would reasonably be expected to occur if and to the extent such events, circumstances, changes or effects individually or in the aggregate have a materially disproportionate impact on the Company and its subsidiaries, taken as a whole, relative to the other participants in the industries in which the Company and its subsidiaries conduct their businesses (in which case the incremental materially disproportionate impact or impacts may be taken into account in determining whether or not a Company Material Adverse Effect has occurred or would be reasonably expected to occur).

The representations and warranties made by Acquisition to the Company include representations and warranties relating to, among other things:

- their due organization, existence and good standing (to the extent the relevant jurisdiction recognizes such concept of good standing);
- their corporate power and authority to execute, deliver and perform their obligations under the Merger Agreement and to consummate the transactions contemplated by the Merger Agreement, and the enforceability of the Merger Agreement against them;
- the absence of violations of, default under, material breach of, or conflict with, the governing documents of Acquisition, any law applicable to Acquisition and certain agreements of Acquisition as a result of Acquisition entering into and performing under the Merger Agreement and consummating the transactions contemplated by the Merger Agreement;
- governmental consents and approvals in connection with the transactions contemplated by the Merger Agreement;
- sufficiency of funds as of the Effective Time of the Merger to pay the aggregate Merger Consideration contemplated by the Merger Agreement, and to pay all reasonable related fees and expenses;
- the absence of legal proceedings and governmental orders against Acquisition, or any of its respective affiliates;
- ownership of shares of Company Common Stock by Acquisition and its affiliates;
- the absence of any undisclosed broker's or finder's fees;
- the operations of Acquisition;
- the capitalization of Acquisition;
- solvency of Acquisition and the surviving corporation or any of their respective subsidiaries immediately following completion of the Merger; and
- the absence of any other representations and warranties made by Acquisition to the Company, other than the representations and warranties made by Acquisition in the Merger Agreement.

Conduct of Business Prior to Closing

Under the Merger Agreement, the Company has agreed that, subject to certain exceptions in the Merger Agreement, from the date of the Merger Agreement until the earlier of the Effective Time of the Merger or the termination of the Merger Agreement, the Company and its subsidiaries will conduct their business in the ordinary course consistent with past practice in all material respects and use reasonable best efforts to preserve substantially intact their business organization and current relationships with customers and suppliers, government authorities and other persons with which the Company has material business relations and keep available the services of current officers and key employees.

Subject to certain exceptions set forth in the Merger Agreement, unless Acquisition consents in writing (which consent cannot be unreasonably conditioned, withheld or delayed), the Company will not and will not permit any of its subsidiaries to, among other things:

- amend or otherwise change the governing documents of the Company or any of its subsidiaries;
- issue, sell, deliver or agree to issue, sell, or deliver any securities of the Company or any of its subsidiaries subject to certain exceptions;
- acquire, repurchase or redeem any Company securities;
- reclassify, combine, split, subdivide or redeem, or purchase or otherwise acquire, directly or indirectly, any Company securities;
- declare, set aside, make or pay any dividend or other distribution, payable in cash, stock, property or otherwise, with respect to any of its shares, or split, combine or reclassify any of its shares, other than dividends paid by a wholly-owned Company subsidiary to its parent or another subsidiary;
- enter into a voting agreement with respect to any Company securities that is inconsistent with the Merger;
- propose, effect or commence any liquidation, dissolution, scheme of arrangement, merger, consolidation, amalgamation, restructuring, reorganization or similar transaction involving the Company or any of its subsidiaries, or create any new subsidiaries, subject to certain exceptions;
- except for limited exceptions, (i) incur or assume any long-term or short-term debt or issue any debt securities; (ii) assume, guarantee, endorse or otherwise become liable or responsible for the obligations of any other party in excess of US$50,000 individually or US$100,000 in the aggregate; (iii) make any loans, advances or capital contributions not in the ordinary course of business consistent with past practice; or (iv) mortgage or pledge any assets of any of its subsidiaries;
- except for limited exceptions, (i) enter into any new employment or compensatory agreements, or amend or terminate any such agreements with any director, officer, employee or consultant of the Company or any of its subsidiaries, (ii) materially increase the compensation, bonus or pension, welfare, severance or other benefits of, pay any bonus to, or make any new equity awards to any director, officer or employee of the Company or any of its subsidiaries, (iii) establish, adopt, amend or terminate any company employee plan, or (iv) take any action to accelerate the vesting or payment, or fund or in any other way secure the payment, of compensation or benefits under the company employee plan or company employee agreement, to the extent not already required in any such plan or contemplated by the Merger Agreement;
- except as required by changes in statutory or regulatory accounting rules, GAAP or law, make any material changes with respect to any financial accounting policies, methods or procedures of the Company or any of its subsidiaries;
- sell, transfer, lease, license, assign or otherwise dispose of any entity, business, assets or properties of the Company or any of its subsidiaries having a current value in excess of US$100,000;
- sell, transfer, license, assign or otherwise dispose of, abandon, permit to lapse or fail to maintain or enforce any material intellectual property owned by the Company or any of its subsidiaries;
- make or change any material tax election, settle or compromise any material income tax liability, or consent to any extension or waiver of any limitation period with respect to any material tax claim or assessment;
- other than in the ordinary course of business consistent with past practice, acquire any business, assets, or equity interests with a value in excess of $100,000 individually or $500,000 in the aggregate, or dispose of any assets or properties that are material to the company and its subsidiaries;
- enter into any new line of business outside of its existing business segments;

- adopt, propose, effect or implement any "shareholder rights plan," "poison pill" or similar arrangement; or
- agree, authorize or enter into any agreement or otherwise make a commitment, to do any of the foregoing.

Financing

The Buyer Group estimates that the total amount of funds necessary to consummate the Merger and related transactions, including the payment of fees and expenses in connection with the Merger, will be approximately US$5,513,000. The Buyer Group expects to fund this amount through cash on hand, provided to Acquisition by Mr. Chen and Ms. Fan. Pursuant to the Limited Guarantee, Mr. Chen and Ms. Fan are obligated to provide the necessary fund to Acquisition to complete the Merger, and the Company is entitled to specific performance in order to require Mr. Chen and Ms. Fan to provide such financing.

The obtaining of the financing is not a condition to the consummation of the Merger.

Agreement Not to Solicit Other Offers

Promptly following the date of the Original Merger Agreement, the Company shall instruct its representatives that are engaged in ongoing discussions and negotiations with any persons (other than Acquisition or any of its representatives) with respect to any possible acquisition proposal to cease any such discussions. Additionally, following the date of the Original Merger Agreement, and until the earlier of the Effective Time of the Merger or termination the Merger Agreement pursuant to its terms, the Company shall not, and shall not authorize or knowingly permit its representatives to:

- solicit, initiate or induce the making, submission or announcement of, or knowingly encourage, facilitate or assist, an acquisition proposal;
- furnish to any third party, other than Acquisition or its affiliates, any non-public information relating to the Company or any of its subsidiaries, with the intent to induce the making, submission or announcement of, or the intent to encourage, facilitate or assist, an acquisition proposal;
- participate or engage in discussions or negotiations with any third party with respect to an acquisition proposal;
- approve, endorse or recommend an acquisition proposal; or
- enter into any agreement contemplating or otherwise relating to an acquisition.

Notwithstanding the foregoing, the Company may, directly or indirectly through its representatives, (a) contact any person that has made a *bona fide*, written acquisition proposal to clarify and understand the terms and conditions thereof in order to assess whether such acquisition proposal is reasonably expected to lead to a superior proposal (as defined below); (b) participate or engage in discussions or negotiations with any person that has made a *bona fide*, written acquisition proposal and that the Company board (acting through the Special Committee) determines in good faith, after consultation with its financial advisor and outside legal counsel, either constitutes or is reasonably expected to lead to a superior proposal, and/or (c) furnish to any person that has made a *bona fide*, written acquisition proposal that the Company board (acting through the Special Committee, if in existence) determines in good faith, after consultation with its financial advisor and outside legal counsel, either constitutes or is reasonably expected to lead to a superior proposal any non-public information relating to the Company or any of its subsidiaries, and/or afford to any such person access to the business, properties, assets, books, records or other non-public information, or to any personnel, of the Company or any of its subsidiaries.

Except as described in the following paragraph, the board of directors and the Special Committee of the Company may not (a) withhold, withdraw, amend or modify, or propose publicly to withhold, withdraw, amend or modify, in a manner adverse to Acquisition in any material respect, the board of directors' recommendation with respect to the Merger; or (b) adopt, approve or recommend, or publicly propose to adopt, approve or recommend, any superior proposal other than a recommendation against such offer or a customary "stop, look and listen" communication pursuant to Rule 14d-9(f) of the Exchange Act (such action under clauses (a) or (b) being referred to

as a "**Company Board Recommendation Change**"); or (c) approve or recommend, or cause or permit the Company or any of its subsidiaries to enter into any agreement, letter of intent, acquisition agreement, Merger Agreement or other similar definitive agreement relating to, any competing transaction (an "**Alternative Acquisition Agreement**").

Notwithstanding the foregoing, at any time prior to the Effective Time of the Merger, (i) the board of directors of the Company (acting through the Special Committee) may effect a Company Board Recommendation Change if the board of directors of the Company (acting through the Special Committee) determines in good faith (after consultation with outside legal counsel) that the failure to effect a Company Board Recommendation Change would reasonably be expected to be inconsistent with its fiduciary duties to the Company shareholders under applicable law; and (ii) if the board of directors of the Company determines in good faith (after consultation with the Company's outside financial and legal advisors) that an acquisition proposal constitutes a superior proposal, then the Company may enter into an Alternative Acquisition Agreement with respect to such superior proposal or terminate the Merger Agreement in accordance with Section 9.1(d) of the Merger Agreement.

The Company shall not be entitled to effect a Company Board Recommendation Change or terminate the Merger Agreement unless the Company has provided written notice (a "**Recommendation Change Notice**") at least 15 business days prior to the Company advising Acquisition that the Company Board intends to make a Company Board Recommendation Change or enter into an alternative Acquisition Transaction, and specifying the reasons therefor, including the terms and conditions of such alternative Acquisition Transaction, including the identity of the third party proposing the alternative Acquisition Transaction. Following the end of the 15 business day period, the Company may be entitled to effect a Company Board Recommendation Change if the company's board and the Special Committee shall have determined in good faith, taking into account any changes to the Merger Agreement proposed in writing by Acquisition in response to the recommendation change notice, that the proposed alternative Acquisition Transaction giving rise to the notice continues to constitute a superior proposal. If Acquisition responds to a recommendation change notice with a proposal equivalent to the superior proposal, then the revised proposal from Acquisition shall be recommended by the Company's board.

In the Merger Agreement, an "**Acquisition Transaction**" means any transaction (other than the transactions contemplated by the Merger Agreement) involving: (i) the purchase or other acquisition by any person or "group" (as defined in or under Section 13(d) of the Exchange Act, directly or indirectly, of more than 20% of the Company shares outstanding as of the consummation of such purchase or other acquisition, or any tender offer or exchange offer by any person or "group" (as defined in or under Section 13(d) of the Exchange Act) that, if consummated in accordance with its terms, would result in such person or "group" beneficially owning more than 20% of the Company shares outstanding as of the consummation of such tender or exchange offer; or (ii) a sale, transfer, acquisition or disposition of more than 20% of the consolidated assets of the Company and its subsidiaries taken as a whole (measured by the fair market value thereof), or to which 20% or more of the net revenue or net income of the Company on a consolidated basis are attributable.

In the Merger Agreement, a "**superior proposal**" means any *bona fide* written acquisition proposal for an Acquisition Transaction (with all percentages included in the definition of Acquisition Transaction increased to 50%) that the Company board reasonably determines (upon recommendation of the Special Committee), in its good faith judgment, after consultation with its financial advisor and outside legal counsel, and taking into account relevant legal, financial and regulatory aspects of such offer or proposal (including the likelihood and timing of the consummation thereof based upon, among other things, the availability of financing and the expectation of obtaining required approvals), the identity of the person or group making the offer or proposal and any changes to the terms of the Merger Agreement proposed by Acquisition in response to such offer or proposal or otherwise, to be (i) more favorable, including from a financial point of view, to the Company shareholders (other than the Principal Shareholders) than the Merger and (ii) reasonably likely to be consummated, provided however in the event of a proposal other than a cash proposal by means of any merger, consolidation, share exchange, business combination, scheme of arrangement, amalgamation, recapitalization, liquidation, dissolution or other similar transaction the proposal shall be from a party whose assets, individually or in the aggregate, constitute 20% or more of the consolidated assets of the Company or to which 20% or more of the total revenue, operating income or the total revenue, operating income or earnings before interest, taxes, depreciation and amortization of the Company.

Shareholders Meeting

Unless the Merger Agreement is terminated, the Company shall duly mail this proxy statement, convene and cause to occur a meeting of its shareholders as promptly as reasonably practicable after the SEC confirms that it has no further comments on this proxy statement and the Schedule 13E-3 for the purpose of obtaining the shareholder approval required by the Merger Agreement. Subject to the provisions of the Merger Agreement discussed above under "- *Agreement Not to Solicit Other Offers*", the Company shall include in the proxy statement the Company board recommendation that the Company's shareholders approve the Merger Agreement and use its reasonable best efforts to solicit proxies in favor of approval of the Merger and to secure the required shareholder approval.

The Principal Shareholders have agreed to vote all of their shares in favor of the proposal to approve the Merger Agreement at the special meeting.

Indemnification; Directors' and Officers' Insurance

Pursuant to the Merger Agreement, the parties have agreed that:

- the articles of incorporation and bylaws (or comparable organizational documents) of the surviving corporation shall contain provisions no less favorable with respect to exculpation, advances of expenses and indemnification than are set forth in the articles of incorporation and bylaws (or comparable organizational documents) of the Company as in effect on the date of the Merger Agreement, which provisions shall not be amended, repealed or otherwise modified for a period of six years from the Effective Time of the Merger in any manner that would adversely affect the rights thereunder of former or present directors or officers of the Company, unless such modification shall be required by law;

- the indemnification, advancement of expenses and exculpation provisions of certain indemnification agreements and employment agreements by and among the Company or its subsidiaries and their respective directors, officers or employees, as in effect at the Effective Time of the Merger will survive the Merger and may not be amended, repealed or otherwise modified for six year from the Effective Time of the Merger in any manner that would adversely affect the rights of the current or former directors, officers or employees of the Company or any subsidiaries; and

- from and after the Effective Time of the Merger, subject to certain conditions, the surviving corporation will comply with all of the Company's obligations and will cause its subsidiaries to comply with their respective obligations to indemnify and hold harmless (a) the present and former directors or officers of the Company or any of its subsidiaries against damages arising out of, relating to or in connection with (i) the fact that such party is or was a director or officer of the Company or such subsidiary, or (ii) any acts or omissions occurring or alleged to have occurred before or at the Effective Time of the Merger to the extent provided under the Company and its subsidiaries' respective organizational and governing documents or agreements in effect on the date of the Merger Agreement and to the fullest extent permitted by the Nevada Revised Statutes or any other applicable law, including the approval of the Merger Agreement; and (b) such persons against all damages arising out of acts or omissions in connection with such persons serving as an officer, director or other fiduciary in the Company or any of its subsidiaries if such service was at the request or for the benefit of the Company or any of its subsidiaries.

Actions Taken at the Direction of Certain Members of the Buyer Group

The Company will not be deemed to be in breach of any representation, warranty, covenant or agreement under the Merger Agreement if the alleged breach is the proximate result of action or inaction taken by the Company at the written direction of any member of the Buyer Group.

Other Covenants

The Merger Agreement contains additional agreements between the Company and Acquisition relating to, among other things:

- reasonable best efforts of each party to consummate the transactions contemplated by the Merger Agreement, including obtaining any applicable regulatory approval;

- the filing of this proxy statement and the Rule 13e-3 transaction statement on Schedule 13E-3 with the SEC (and cooperation in response to any comments from the SEC with respect to either statement);
- notification of certain matters and giving opportunity to the other party to review certain communications and filings related to government approvals;
- except for limited exceptions, establish a record date for and duly call a meeting of the Company's shareholders;
- matters relating to takeover statutes;
- coordination of press releases and other public announcements or filings relating to the Merger;

Conditions to the Merger

The obligations of each party to consummate the transactions contemplated by the Merger Agreement, including the Merger, are subject to the satisfaction or waiver (where permissible) of the following conditions:

- the required shareholder approval has been obtained; and
- no governmental authority having enacted, issued, promulgated, enforced or entered any law which is then in effect and has the effect of making the Merger illegal or otherwise prohibiting the consummation of the Merger or any of the other transactions contemplated by the Merger Agreement.

The obligations of Acquisition to consummate the Merger are subject to the satisfaction or waiver (where permissible), of the following conditions:

- the representations and warranties of the Company in the Merger Agreement being true and correct as of the closing date, subject to certain Company Material Adverse Effect exceptions and without giving effect to any "materiality" qualifications in such representations and warranties;
- the Company having performed or complied in all material respects with all covenants and agreements required to be performed or complied with by it under the Merger Agreement on or prior to the Effective Time;
- since the date of the Merger Agreement, there having been no Company Material Adverse Effect; and
- the Company having delivered to Acquisition a certificate, dated the closing date, signed by a duly authorized officer of the Company, certifying as to the satisfaction of the conditions above.

The obligations of the Company to consummate the Merger are subject to the satisfaction or waiver (where permissible) of the following conditions:

- the representations and warranties of Acquisition in the Merger Agreement being true and correct as of the closing date, except for certain failures to be true and correct that would not prevent or materially delay consummation of the Merger;
- Acquisition having performed or complied in all material respects with all covenants and agreements required to be performed or complied with by it under the Merger Agreement on or prior to the Effective Time; and
- Acquisition having delivered to the Company a certificate, dated the closing date, signed by a duly authorized officer of Acquisition, certifying as to the satisfaction of the conditions above.

Termination of the Merger Agreement

The Merger Agreement may be terminated at any time prior to the Effective Time of the Merger by mutual written consent of the Company (acting through the Special Committee) and Acquisition or by either the Company (acting through the Special Committee) or Acquisition, if (1) the Merger is not consummated by August 31, 2016, unless the reason the Merger has not been completed by that date is a breach of the Merger Agreement by the

company seeking to terminate the Merger Agreement, or (2) the Company fails to obtain the required stockholder approval of the Merger at the special meeting or any adjournment or postponement thereof.

The Company (acting through the Special Committee) may terminate the Merger Agreement if:

- the board of directors of the Company (acting through the Special Committee) (i) has determined in good faith that failure to terminate the Merger Agreement would be inconsistent with its fiduciary duties under applicable law; (ii) notifies Acquisition that it intends to withdraw or modify its recommendation to stockholders to approve the Merger Agreement or to potentially adopt an alternative acquisition proposal; or (iii) has authorized the Company to enter into an Alternative Acquisition Agreement;

- Acquisition has breached any of its representations, warranties or covenants under the Merger Agreement, which breach would entitle the Company not to consummate the Merger, subject to the right of Acquisition to cure the breach within 30 days following written notice, and provided that the Company has not materially breached any of its representations, warranties or covenants under the Merger Agreement; or

- all of the conditions to closing set forth in the Merger Agreement have been satisfied, except for those that are to be satisfied at the closing, and Acquisition fails to consummate the closing of the Merger within five days of the satisfaction of such conditions.

Acquisition may terminate the Merger Agreement if:

- the Company has breached any of its representations, warranties or covenants under the Merger Agreement, which breach would entitle Acquisition not to consummate the Merger, subject to the right of the Company to cure the breach within 30 days following written notice, and provided that the Company has not materially breached any of its representations, warranties or covenants under the Merger Agreement; or

- the board of directors of the Company or the Special Committee withdraws or modifies its recommendation to stockholders that they approve the Merger Agreement or to potentially adopt an alternative acquisition proposal.

Termination Fee and Reimbursement of Expenses

The Merger Agreement contains certain termination rights for the Company and Acquisition. The Merger Agreement provides that the Company will pay to Acquisition a termination fee of US$375,000, plus Acquisition's reasonable out-of-pocket expenses, including attorney's fees, if the Merger Agreement is terminated:

- by Acquisition, if the Company has breached any of its representations, warranties or covenants under the Merger Agreement, which breach would entitle Acquisition not to consummate the Merger, subject to the right of the Company to cure the breach within 30 days following written notice, and provided that the Company has not materially breached any of its representations, warranties or covenants under the Merger Agreement;

- by Acquisition, if the board of directors of the Company or the Special Committee withdraws or modifies its recommendation to stockholders that they approve the Merger Agreement or to potentially adopt an alternative acquisition proposal;

- by the Company after the board of directors of the Company (acting through the Special Committee) (i) has determined in good faith that failure to terminate the Merger Agreement would be inconsistent with its fiduciary duties under applicable law; (ii) notifies Acquisition that it intends to withdraw or modify its recommendation to stockholders to approve the Merger Agreement or to potentially adopt an alternative acquisition proposal; or (iii) has authorized the Company to enter into an Alternative Acquisition Agreement; or

- by the Company if, subject to certain conditions, the Company receives a bona fide alternative acquisition proposal, the Company terminates the Merger Agreement due to failure to obtain stockholder approval of the Merger Agreement, and then, within one year, the Company consummates a transaction based on that same alternative acquisition proposal.

The Merger Agreement provides that Acquisition will pay to the Company a termination fee of US$375,000, plus the Company's reasonable out-of-pocket expenses, including attorney's fees, if the Merger Agreement is terminated:

- by the Company, if Acquisition has breached any of its representations, warranties or covenants under the Merger Agreement, which breach would entitle the Company not to consummate the Merger, subject to the right of Acquisition to cure the breach within 30 business days following written notice, and provided that the Company has not materially breached any of its representations, warranties or covenants under the Merger Agreement; or

- by the Company, if all of the conditions to closing set forth in the Merger Agreement have been satisfied, except for those that are to be satisfied at the closing, and Acquisition fails to consummate the closing of the Merger within five business days of the satisfaction of such conditions.

Fees and Expenses

Except for the right to reimbursement of costs and expenses under certain circumstances, whether or not the Merger is completed, as between the Buyer Group and the Company, all costs and expenses incurred in connection with the Merger Agreement and the transactions contemplated by the Merger Agreement will be paid by the party incurring such costs and expense.

Modification or Amendment

Subject to applicable law, the Merger Agreement may be amended by action of the parties to the Merger Agreement at any time prior to the Effective Time of the Merger, provided (i) that any such amendment by the Company requires approval of the Special Committee and (ii) no amendment shall be made after the approval of the Merger by the shareholders of the Company that would require further approval of such shareholders. The Merger Agreement may not be amended except by an instrument in writing signed by each of the Company and Acquisition. The Original Merger Agreement contained the same substantive provisions, and the Merger Agreement was approved by the Special Committee and entered into in writings signed by the parties.

Extension and Waiver

At any time before the Effective Time of the Merger, each of the parties to the Merger Agreement may (i) extend the time for performance of any obligation or other act of any other party, (ii) waive any inaccuracy in the representations and warranties of any other party, and (iii) waive compliance with any agreement of any other party or any condition for the benefit of such party or parties contained in the Merger Agreement subject to the amendment clause and to the extent permitted by applicable laws.

Remedies

Other than any equitable remedies the Company may be entitled to, the Company's right to terminate the Merger Agreement and receive payment of (i) a reverse termination fee of US$375,000 from Acquisition and (ii) reimbursement of reasonable out-of-pocket expenses incurred, including attorney's fees, is the sole and exclusive remedy of the Company against Acquisition and certain related parties as described in the Merger Agreement with respect to any loss or damage suffered as a result of any breach of the Merger Agreement or failure of the transactions contemplated by the Merger Agreement to be consummated.

Other than any equitable remedies Acquisition may be entitled to, the right of Acquisition to receive payment of (i) a termination fee of US$375,000 from the Company and (ii) reimbursement of reasonable out-of-pocket expenses incurred, including attorney's fees, is the sole and exclusive remedy of Acquisition (and its respective affiliates and representatives) against the Company with respect to any loss or damage suffered as a result of any breach of the Merger Agreement or failure of the transactions contemplated by the Merger Agreement to be consummated.

The Company and Acquisition are entitled to specific performance of the terms under the Merger Agreement, including an injunction or injunctions to prevent breaches of the Merger Agreement and to enforce specifically the terms and provisions of the Merger Agreement. The Company is entitled to an injunction, specific performance or other equitable remedies to cause Acquisition to cause Mr. Chen and Ms. Fan to fund the Merger Consideration in certain circumstances. However, under no circumstances is the Company permitted or entitled to both a grant of specific performance that results in completion of the Merger and payment of all or any portion of the reverse termination fee.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT OF THE COMPANY

The following table sets forth certain information regarding beneficial ownership of Company Common Stock, as of May 24, 2016, by each of the Company's directors and executive officers; all executive officers and directors as a group, and each person known to the Company to own beneficially more than 5% of the Company Common Stock. Except as otherwise noted, the persons identified have sole voting and investment powers with respect to their shares. As of May 24, 2016, there were a total of 3,914,580 shares of Company Common Stock outstanding.

Unless otherwise specified, the address of each of the persons set forth below is c/o China Yida Holding, Co., 28/F Yifa Building, No. 111 Wusi Road, Fuzhou, Fujian, People's Republic of China.

Name and Address of Beneficial Owner[1]	Number of Shares and Nature of Beneficial Ownership[1]	Percent of Common Stock Outstanding
Executive Officers and Directors		
Minhua Chen	1,145,196[2]	29.25%
Yanling Fan	1,122,396	28.67%
Yongxi Lin	0	-
Renjiu Pei	0	-
Chunyu Ying	0	-
Fucai Huang	0	-
All directors and executive officers as a group (6 persons)	2,267,592	57.84%
Other 5% Shareholders		
Pope Investment II, LLC[3] 5100 Poplar Avenue, Suite 805 Memphis, Tennessee 38137	924,514	23.6%

(1) A person is considered to beneficially own any shares: (i) over which such person, directly or indirectly, exercises sole or shared voting or investment power, or (ii) of which such person has the right to acquire beneficial ownership at any time within 60 days (such as through exercise of stock options or warrants). Unless otherwise indicated, voting and investment power relating to the shares shown in the table for our directors and executive officers is exercised solely by the beneficial owner or shared by the owner and the owner's spouse or children.

(2) Including 6,000 shares of common stock issuable upon exercise of stock options, which were transferred from George Wung and Wei Zhang as a gift on January 6, 2012.

(3) Based on representation of Pope Investment II, LLC whose address is 5100 Poplar Ave. Suite 805 Memphis TN 38137. William P. Wells is the managing member of Pope Investment II, LLC, acting alone, has voting and dispositive power over the shares beneficially owned by Pope Investment II, LLC.

COMMON STOCK TRANSACTION INFORMATION

There have been no prior stock purchases by any member of the Buyer Group in shares of Company Common Stock during the past two years.

Market Information

Our common stock is quoted on the NASDAQ Capital Market under the trading symbol "CNYD". The closing price for Company Common Stock on the NASDAQ Capital Market on October 23, 2015, the last trading day prior to the Company's announcement of its receipt of Mr. Chen's and Ms. Fan's proposal on October 24, 2015, was US$3.02 per share.

The following table sets forth the high and low sales prices for our common stock as reported by NASDAQ for the periods indicated.

Year	Period	High	Low
2014	First Quarter	US$ 7.24	US$ 3.13
	Second Quarter	4.24	2.67
	Third Quarter	4.20	3.03
	Fourth Quarter	3.05	2.22
2015	First Quarter	US$ 2.63	US$ 1.92
	Second Quarter	4.50	2.16
	Third Quarter	3.33	2.95
	Fourth Quarter	3.20	2.21
2016	First Quarter	US$ 3.31	US$ 1.35
	Second Quarter (through May 24)	3.16	2.32

On October 26, 2015, the last trading day before the Company publicly announced its receipt of the Buyer Group's non-binding proposal to acquire the outstanding shares of the Company Common Stock that are not owned by the Buyer Group, for US$3.32 per share, the last sale price of the shares of Company Common Stock reported on the NASDAQ was US$3.30 per share. On March 9, 2016, the last trading day prior to the public announcement of the Merger Agreement, the last sale price of the shares of Company Common Stock reported on the NASDAQ Capital Market was US$1.97 per share. On May 24, 2016, the most recent practicable date before this proxy statement was mailed to our shareholders, the closing price for the shares of Company Common Stock on the NASDAQ Capital Market was US$2.98 per share of Company Common Stock. You are encouraged to obtain current market quotations for shares of Company Common Stock in connection with voting your shares of Company Common Stock.

Holders

As of May 24, 2016, the record date, there were 203 record holders of Company Common Stock.

Dividends

The Company has not paid any cash dividends on its common stock, and does not currently intend to declare any dividends on its common stock in the near future.

Other Matters for Action at the Special Meeting

As of the date of this proxy statement, the Company's board of directors knows of no matters that will be presented for consideration at the special meeting other than as described in this proxy statement.

Once the Merger is completed, there will be no public participation in any future meetings of the Company's shareholders. If the Merger is not completed, our public shareholders will continue to be entitled to attend and participate in our shareholder meetings, and we would expect to hold our 2016 annual meeting of shareholders prior to the end of 2016. As such, in order to be considered for inclusion in the proxy statement distributed to shareholders prior to the 2016 annual meeting of shareholders, a shareholder proposal pursuant to Rule 14a-8 under the Exchange Act must be received by us a reasonable time before the Company begins to print and send its proxy materials. Proposals should be submitted in writing to the Company at our principal executive offices at China Yida Holding, Co., 28/F, Yifa Building, No.111 Wusi Road, Fuzhou, Fujian Province, China 350003, Attn: Jocelyn Chen, Board Secretary. We suggest that you mail your proposal by certified mail, return receipt requested.

DISSENTERS' RIGHTS FOR HOLDERS OF COMMON STOCK

Pursuant to Chapter 92A (Section 300 through 500 inclusive) of the NRS, or the "Dissenters' Rights Provisions", any unaffiliated shareholder of the Company is entitled to dissent to the Merger, and obtain payment of the fair value of the Shares. In the context of the Merger, the Dissenters' Rights Provisions provide that the Unaffiliated Shareholders may elect to have the Company purchase the Shares held by the Unaffiliated Shareholders for a cash price that is equal to the "fair value" of such Shares, as determined in a judicial proceeding in accordance with the Dissenters' Rights Provisions. The fair value of the Shares of any unaffiliated shareholder means the value of such Shares immediately before the effectuation of the Merger, excluding any appreciation or depreciation in anticipation of the Merger, unless exclusion of any appreciation or depreciation would be inequitable.

A copy of the Nevada Dissenters' Rights Provisions is attached as Annex E hereto. If you wish to exercise your dissenters' rights or preserve the right to do so, you should carefully review Annex E hereto. If you fail to comply with the procedures specified in the Nevada Dissenters' Rights Provisions in a timely manner, you may lose your dissenters' rights. Because of the complexity of those procedures, you should seek the advice of counsel if you are considering exercising your dissenters' rights.

Unaffiliated Shareholders who perfect their dissenters' rights by complying with the procedures set forth in the Dissenters' Rights Provisions will have the fair value of their Shares determined by a Nevada state district court and will be entitled to receive a cash payment equal to such fair value. Any such judicial determination of the fair value of such Shares could be based upon any valuation method or combination of methods the court deems appropriate. The value so determined could be more or less than the Merger Consideration to be paid in connection with the Merger. In addition, Unaffiliated Shareholders who invoke dissenters' rights may be entitled to receive payment of a fair rate of interest from the Effective Time of the Merger on the amount determined to be the fair value of their Shares.

Within 10 days after the effectuation of the Merger, the Company will send a written notice (the "Notice of Merger and Dissenters' Rights") to all the record shareholders of the Company entitled to dissenters' rights. Pursuant to NRS 92A.430, the Notice of Merger and Dissenters' Rights will be accompanied by information that will: (a) state where the demand for payment must be sent and where and when certificates, if any, for Shares must be deposited; (b) inform the holders of Shares not represented by certificates to what extent the transfer of the Shares will be restricted after the demand for payment is received; (c) supply a form for demanding payment that includes the date of the first announcement to the news media or to the shareholders of the terms of the proposed action and requires that the person asserting dissenters' rights certify whether or not the person acquired beneficial ownership of the Shares before that date; (d) set a date by which the Company must receive the demand for payment, which may not be less than 30 nor more than 60 days after the date the notice is delivered and state that the shareholder shall be deemed to have waived the right to demand payment with respect to the shares unless the form is received by the Company by such specified date; and (e) be accompanied by a copy of NRS 92A.300 to 92A.500, inclusive.

Under NRS 92A.440, a shareholder wishing to exercise dissenters' rights must:

- demand payment;
- certify whether the shareholder acquired beneficial ownership of the common stock before the date specified in the Notice of Merger and Dissenters' Rights; and
- deposit its certificates, if any, in accordance with the terms of the Notice of Merger and Dissenters' Rights.

Under NRS 92A.440(5), shareholders who fail to demand payment or deposit their certificates where required by the dates set forth in the Notice of Merger and Dissenters' Rights will not be entitled to demand payment or receive the fair market value for their Shares as provided under Nevada law. Instead, such shareholders will receive the same consideration as the shareholders who do not exercise rights of a dissenting owner.

Pursuant to NRS 92A.460, within 30 days after receipt of a demand for payment, the Company must pay each dissenter who complied with the provisions of the Dissenters' Rights Provisions the amount the Company estimates to be the fair value of such shares, plus interest from the effective date of the Merger. The payment must be accompanied by the following: (a) the Company balance sheet as of the end of 2015, a statement of income for 2015, a statement of changes in the shareholders' equity for 2015 or, where such financial statements are not

reasonably available, then such reasonably equivalent financial information and the latest available quarterly financial statements, if any; (b) a statement of the Company's estimate of the fair value of the Shares; and (c) a statement of the dissenter's rights to demand payment under NRS 92A.480 and that if any such shareholder does not do so within the period specified, such shareholder shall be deemed to have accepted such payment in full satisfaction of the Company's obligations under Chapter 92A of the NRS.

Under NRS 92A.470(1), the Company is entitled to withhold payment from a dissenter unless the dissenter was the beneficial owner before the date set forth in the dissenters' notice as the first date of any announcement to the news media or to the shareholders of the terms of the proposed corporate action. If the Company chooses to withhold payment, it is required, within 30 days after receiving demand for payment, to notify the dissenter: (a) of the Company's balance sheet as of the end of a fiscal year ending not more than 16 months before the date of the notice, a statement of earnings for that year, and a statement of changes in shareholders' equity for that year, or, where such financial statements are not reasonably available, then such reasonably equivalent financial information, as well as the latest available financial statements, if any; (b) of the Company's estimate of the fair value of the Shares; (c) that the dissenter may accept the Company's estimate of the fair value, plus interest, in full satisfaction of his or her demands or demand appraisal; (d) that if the dissenter wishes to accept the offer, the dissenter must notify the Company of acceptance within 30 days after receiving of the offer; and (e) that if the dissenter does not satisfy the requirements for demanding appraisal, the dissenter shall be deemed to have accepted the Company' offer.

NRS 92A.480(1) provides that a dissenter who believes that the amount paid or offered is less than the full value of his or her, or that the interest due is incorrectly calculated, may, within 30 days after the Company made or offered payment for the Shares, either (i) notify the Company in writing of his or her own estimate of the fair value of the Shares and the amount of interest due and demand payment of difference between this estimate and any payments made, or (ii) reject the offer for payment made by the Company and demand payment of the fair value of his or her Shares and interest due.

If the Company does not deliver payment within 30 days of receipt of the demand for payment, the dissenting shareholder may enforce under NRS 92A.460(1) the dissenter's rights by commencing an action in Carson City, Nevada or if the dissenting shareholder resides or has its registered office in Nevada, in the county where the dissenter resides or has its registered office.

If a dissenting shareholder disagrees with the amount of the Company's payment, then the dissenting shareholder may, pursuant to NRS 92A.480, within 30 days of such payment, (i) notify the Company in writing of the dissenting shareholder's own estimate of the fair value of the dissenting shares and the amount of interest due, and demand payment of such estimate, less any payments made by the Company, or (ii) reject the offer by the Company if the dissenting shareholder believes that the amount offered by the Company is less than the fair value of the dissenting shares or that the interest due is incorrectly calculated. If a dissenting shareholder submits a written demand as set forth above and the Company accepts the offer to purchase the Shares at the offer price, then such dissenting shareholder will be sent a check for the full purchase price of the Shares within 30 days of acceptance.

If a demand for payment remains unsettled, the Company must commence a proceeding in the Carson City, Nevada district court within 60 days after receiving the demand. Each dissenter who is made a party to the proceeding shall be entitled to a judgment in the amount, if any, by which the court finds the fair value of the dissenting shares, plus interest, exceeds the amount paid by the Company. If a proceeding is commenced to determine the fair value of the Shares, the costs of such proceeding, including the reasonable compensation and expenses of any appraisers appointed by the court, shall be assessed against the Company, unless the court finds the dissenters acted arbitrarily or not in good faith in demanding payment. The court may also assess the fees and expenses of the counsel and experts for the respective parties, in amounts the court finds equitable against the Company if the court finds that (i) the Company did not comply with the Dissenters' Rights Provisions or (ii) against either the Company or a dissenting shareholder, if the court finds that such party acted arbitrarily or not in good faith with respect to the rights provided by the Dissenters' Rights Provisions.

If the Company fails to commence such a proceeding, it would be required by NRS 92A.490(1) to pay the amount demanded to each dissenter whose demand remains unsettled. Dissenters would be entitled to a judgment for the amount, if any, by which the court finds the fair value of his shares, plus accrued interest, exceeds the amount paid by the Company; or the fair value, plus accrued interest, of his after-acquired shares for which the Company elected to withhold payment pursuant to Section 92.470 of the NRS.

Under Section 92A.490(4) of the NRS, the district court may appoint one or more persons as appraisers to receive evidence and recommend a decision on the question of fair value. The appraisers have the powers described in the order appointing them or in any amendment to such order. In any such court proceeding, the dissenters are entitled to the same discovery rights as parties in other civil proceedings.

Under Section 92A.500 of the NRS, the district court will assess the costs of the proceedings against the Company, unless the court finds that all or some of the dissenters acted arbitrarily or not in good faith in demanding payment. The district court may also assess against the Company or the dissenters the fees and expenses of counsel and experts for the respective parties, in the amount the court finds equitable.

A person having a beneficial interest in Shares that are held of record in the name of another person, such as a broker, fiduciary, depository or other nominee, must act to cause the record holder to follow the requisite steps properly and in a timely manner to perfect dissenters' rights of appraisal. If the Shares are owned of record by a person other than the beneficial owner, including a broker, fiduciary (such as a trustee, guardian or custodian), depositary or other nominee, the written demand for dissenters' rights of appraisal must be executed by or for the record owner. If Shares are owned of record by more than one person, as in joint tenancy or tenancy in common, the demand must be executed by or for all joint owners. An authorized agent, including an agent for two or more joint owners, may execute a demand for appraisal for a shareholder of record, provided that the agent identifies the record owner and expressly discloses, when the demand is made, that the agent is acting as agent for the record owner. If a shareholder owns Shares through a broker who in turn holds the shares through a central securities depository nominee such as CEDE & Co., a demand for appraisal of such Shares must be made by or on behalf of the depository nominee and must identify the depository nominee as the record holder of such Shares.

A record holder, such as a broker, fiduciary, depository or other nominee, who holds Shares as a nominee for others, will be able to exercise dissenters' rights of appraisal with respect to the Shares held for all or less than all of the beneficial owners of those Shares as to which such person is the record owner. In such case, the written demand must set forth the number of Shares covered by the demand. Where the number of Shares is not expressly stated, the demand will be presumed to cover all Shares outstanding in the name of such record owner.

Under NRS 92A.380(2), a shareholder who is entitled to dissent and obtain payment pursuant to NRS 92A.300 to 92A.500, inclusive, may not challenge the Merger unless it is unlawful or fraudulent with respect to the shareholder or the Company. Because the Merger is being effected as a short-form merger under Section 92A.180 of the NRS, it does not require approval by the shareholders or the board of directors of the Company. No such approval has been or will be sought.

The foregoing summary does not purport to be a complete statement of the procedures to be followed by shareholders desiring to exercise their dissenters' rights and is qualified in its entirety by express reference to Section 92A.300 to 500 of the NRS, the full text of which is attached hereto as Annex E.

STOCKHOLDERS ARE URGED TO READ ANNEX E IN ITS ENTIRETY SINCE FAILURE TO COMPLY WITH THE PROCEDURES SET FORTH THEREIN WILL RESULT IN THE LOSS OF DISSENTERS' RIGHTS.

Selected Financial Information

The selected financial information presented below as of and for the fiscal years ended December 31, 2014 and December 31, 2015 have been derived from our audited financial statements. The selected financial information as of and for the three-month periods ended March 31, 2015 and March 31, 2016 are derived from our unaudited financial statements. The following selected financial data should be read in conjunction with our consolidated financial statements and related notes and the information contained in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our most recent annual report on Form 10-K and quarterly report on Form 10-Q, incorporated herein by reference.

	Three Months Ended March 31,		Fiscal Year Ended December 31,	
(All amounts in US$, except share amounts)	**2016**	**2015[1]**	**2015**	**2014**
	(Unaudited)			
Income Statement Data:				
Net revenue	3,497,661	2,572,962	14,509,124	13,124,152
Cost of revenue	2,375,710	2,137,181	9,562,829	9,053,904
Selling expenses	2,219,600	2,509,369	9,528,549	10,037,292
General and administrative expenses	2,012,719	2,207,956	6,839,614	7,595,484
Loss before income tax expenses	(5,380,773)	(6,234,585)	(20,152,787)	(26,538,087)
Income tax expenses	0	0	0	0
Net loss from continuing operations	(5,380,773)	(6,234,585)	(20,152,787)	(26,538,087)
Net loss	(5,380,773)	(6,234,585)	(20,152,787)	(33,665,449)
Loss per shares from continuing operations:				
Basic	(1.37)	(1.59)	(5.15)	(6.78)
Diluted	(1.37)	(1.59)	(5.15)	(6.78)
Loss per share attributable to common stockholders:				
Basic	(1.37)	(1.59)	(5.15)	(8.60)
Diluted	(1.37)	(1.59)	(5.15)	(8.60)
Weighted average shares:				
Basic	3,914,580	3,914,580	3,914,580	3,914,580
Diluted	3,914,580	3,914,580	3,914,580	3,914,580

	As of March 31,		As of December 31,	
(All amounts in US$)	**2016**	**2015[1]**	**2015**	**2014**
	(Unaudited)			
Balance Sheet Data:				
Total current assets	6,494,359	7,337,619	7,337,619	3,122,439
Total assets	217,038,424	218,717,490	218,717,490	228,799,910
Total current liabilities	11,735,489	9,088,594	9,088,594	39,008,934
Total liabilities	140,491,495	137,247,023	137,247,023	122,055,945
Total equity attributable to China Yida Holding, Co.	76,546,929	81,470,467	81,470,467	106,743,965
Total equity	76,546,929	81,470,467	81,470,467	106,743,965

(1) The balances as of and for the period ended March 31, 2015 in the above were restated.

Net Book Value Per Share

The Company's net book value per share was US$-5.15 based on the weighted average number of outstanding shares of Company Common Stock as of December 31, 2015.

Ratio of Earnings to Fixed Charges

	Fiscal year ended December 31,	
	2015	**2014**
Ratio of earnings[(1)] to fixed charges[(2)]	(1.45)	(2.23)

(1) For purposes of calculating the above ratios, the term "earnings" means the amount resulting from adding the following items: (a) pre-tax income from continuing operations before adjustment for minority interests in consolidated subsidiaries or income or loss from equity investees; (b) fixed charges; (c) amortization of capitalized interest, (d) distributed income of equity investees; and (e) the Company's share of pre-tax losses of equity investees for which charges arising from guarantees are included in fixed charges, and subtracting the following items: (i) interest capitalized; (ii) preference security dividend requirements of consolidated subsidiaries; and (iii) the minority interest in pre-tax income of subsidiaries that have not incurred fixed charges.

(2) For purposes of calculating the above ratios, the term "fixed charges" means the sum of the following: (a) interest expensed and capitalized; (b) amortized premiums, discounts, and capitalized expenses related to indebtedness; (c) an estimate of the interest within rental expense; and (d) preference security dividend requirements of consolidated subsidiaries.