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If you have sold or transferred all your shares in Yida China Holdings Limited, you should at once hand this circular to the purchaser(s) or transferee(s) or to the stockbroker, registered dealer in securities or other agent through whom the sale was effected for transmission to the purchaser(s) or the transferee(s).

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***YIDA* 亿达**
YIDA CHINA HOLDINGS LIMITED
億達中國控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 3639)

**CONNECTED TRANSACTION
FURTHER EXTENSION OF LOAN
AND
NOTICE OF EGM**

**Independent Financial Adviser
to the Independent Board Committee and the Independent Shareholders**



Capitalised terms on this cover page shall have the same meanings as those defined in “Definitions” in this circular, unless the context requires otherwise.

A letter from the Board is set out on pages 7 to 19 of this circular and a letter from the Independent Board Committee containing its recommendations to the Independent Shareholders is set out on pages 20 to 21 of this circular. A letter from Gram Capital, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 20 to 21 of this circular.

A notice convening the EGM to be held at Boardroom, Level 10, Yida Square, No. 93 Dongbei Road, Shahekou District, Dalian, Liaoning Province, PRC on Tuesday, 21 June 2022 at 10:30 a.m is set out on pages EGM-1 to EGM-2 of this circular. A form of proxy for use at the EGM is also enclosed. Such form of proxy is also published on the websites of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the Company (www.yidachina.com).

Whether or not you intend to attend the EGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon and deposit the same with the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM and any adjournment thereof (as the case may be) should you so wish and in such event, the proxy shall be deemed to be revoked.

All times and dates specified herein refers to Hong Kong local times and dates.

CONTENTS

	<i>Page</i>
Definitions	1
Letter from the Board	7
Letter from the Independent Board Committee	20
Letter from Gram Capital	22
Appendix I – General Information	I-1
Notice of EGM	EGM-1

DEFINITIONS

The following expressions in this circular have the meanings set out below unless the content requires otherwise:

“Aetos Parties”	Lorraine Investment, Ltd., Normandy Investment, Ltd., Capital Chain Holdings Limited and Better Chance Investments Limited, each of them and their ultimate beneficial owners is an Independent Third Party
“Amended Put Option”	the exercise of a put option at the price determined pursuant to a formula stipulated in the Supplemental Agreements
“Arbitration”	the submission of arbitration applications by the Claimants relating to the exercise of the Amended Put Option stipulated in the Supplemental Agreements pursuant to an arbitration notice received by the Group on 23 October 2017
“associate(s)”	has the meaning ascribed thereto in the Listing Rules
“Board”	the board of the Directors
“Borrower”	Dalian Shengyue Property Development Company Limited (大連聖躍房地產開發有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company
“Claimants”	certain joint venture partners of two joint ventures, namely Dalian Yihong Property Development Co. Ltd. and Dalian Yize Property Development Co. Ltd., regarding the exercise the Amended Put Option at the price determined pursuant to a formula stipulated in the Supplemental Agreements
“China Minsheng”	China Minsheng Investment Corp., Ltd. (中國民生投資股份有限公司), a limited liability company established under the laws of the PRC
“CIMG Jiaye”	China Minsheng Jiaye Investment Co., Ltd. (中民嘉業投資有限公司), a limited liability company established under the laws of the PRC
“Company”	Yida China Holdings Limited, a company incorporated in the Cayman Islands with limited liability, whose Shares are listed on the main board of the Stock Exchange (stock code: 3639)

DEFINITIONS

“Company Share Charge”	a share charge entered into on 11 March 2021 by Jiayou in favour of Aetos Parties, pursuant to which Jiayou agreed to charge 516,764,000 Shares held by it in favour of Aetos Parties as security for the obligation of Yida Parties under the Settlement Agreement
“connected person”	has the meaning ascribed to it under the Listing Rules
“Dalian Yitong”	Dalian Yitong Property Development Company Limited (大連益通房地產開發有限公司), a company established in the PRC and a wholly owned subsidiary of the Company
“Dalian Yitong Pledged Assets”	has the meaning as ascribed to it under the paragraph headed “THE PLEDGE AGREEMENT” to this circular
“Dalian Zhongxing”	Dalian Software Park Zhongxing Development Co., Ltd. (大連軟件園中興開發有限公司), a company established in the PRC and a wholly owned subsidiary of the Company
“Dalian Zhongxing Pledge Assets”	has the meaning as ascribed to it under the paragraph headed “THE PLEDGE AGREEMENT” to this circular
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held for the purpose of, among others, approving the Fourth Extension Agreement and the transactions contemplated thereunder
“Final Award”	the final award from the Hong Kong International Arbitration Centre regarding the Arbitration on 20 October 2020
“Final Dividend”	the final cash dividend of RMB8 cents per Share for the year ended 31 December 2017 declared by the Company and payable to the Shareholders whose names appear on the register of members of the Company on 25 June 2018 which was paid on 12 February 2020
“First Extension Agreement”	the first extension agreement dated 18 February 2020 entered into between the Borrower and the Lender
“First Tranche Loan”	the first tranche of the Loan in the amount of RMB230,000,000

DEFINITIONS

“Fourth Extension Agreement”	the fourth extension agreement dated 31 March 2022 entered into by the Borrower and the Lender
“Group”	the Company and its subsidiaries
“Guarantee Agreement”	the Guarantee Agreement dated 3 December 2019 entered into by Yida Development and the Lender, as further detailed in the paragraph headed “THE GUARANTEE AGREEMENT” to this circular
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	the independent board committee of the Board, comprising all the independent non-executive Directors, namely Mr. Yip Wai Ming, Mr. Guo Shaomu, Mr. Wang Yinping and Mr. Han Gensheng, established for the purpose of advising the Independent Shareholders on the Fourth Extension Agreement
“Independent Financial Adviser” or “Gram Capital”	Gram Capital Limited, a licensed corporation to carry out type 6 (advising on corporate finance) regulated activity under the SFO, has been appointed as the independent financial adviser of the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the entering of the Fourth Extension Agreement
“Independent Shareholder(s)”	the Shareholder(s) other than Jiayou and its associates
“Independent Third Party”	third party independent of the Company and its connected persons
“Independent Valuer”	Dalian Hengyuan Real Estate Land Appraisal Co., Ltd. (大連恒源房地產土地評估有限公司)
“Jiayou”	Jiayou (International) Investment Limited (嘉佑(國際)投資有限公司), a company incorporated in the British Virgin Islands and owned as to approximately 61.20% of the Shares in issue as at the Latest Practicable Date and a controlling shareholder (as defined under the Listing Rules) of the Company

DEFINITIONS

“Jiayu” or “Lender”	Shanghai Jiayu Medical Investment Management Co., Ltd. (上海嘉愈醫療投資管理有限公司), a limited liability company duly established and validly existing under the laws of the PRC
“Latest Practicable Date”	16 May 2022, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Loan”	the loan granted to the Borrower by the Lender in a principal amount of up to a maximum amount of RMB288,500,000 under the Loan Agreement
“Loan Agreement”	the maximum amount loan agreement dated 3 December 2019 and entered into by the Borrower and the Lender in relation to the provision of the Loan by the Lender to the Borrower, as amended and supplemented by the First Extension Agreement, the Second Extension Agreement, the Third Extension Agreement and the Fourth Extension Agreement
“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers as contained in Appendix 10 to the Listing Rules
“Obligors”	Dalian Yida Property Co., Ltd., Gang Xin Limited and King Equity Holdings Limited, all being wholly-owned subsidiaries of the Company
“Pledge Agreement”	the maximum amount pledge agreement dated 3 December 2019 entered into by Dalian Yitong, Dalian Zhongxing and the Lender, as further detailed in the paragraph headed “The Pledge Agreement” to this circular
“PRC”	the People’s Republic of China
“Revised Loan”	the revised loan amount of RMB 251,558,852 taking into account the interests charged on the First Tranche Loan pursuant to the Third Extension Agreement
“RMB”	Renminbi, the lawful currency of the PRC

DEFINITIONS

“Second Extension Agreement”	the second extension agreement dated 9 June 2020 entered into between the Borrower and the Lender
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Settlement Agreement”	the settlement agreement dated 5 March 2021 entered into by and among the Aetos Parties, the Obligors and the Yida Parties in relation to the settlement arrangement for the outstanding payments to be made by the Obligors under the Final Award
“Share(s)”	ordinary share(s) of US\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subordination Agreement”	the subordination agreement entered into on 11 March 2021 by Yida Parties, Jiayu and the Aetos Parties, pursuant to which Jiayu covenanted and agreed that the obligation of any Yida Party to repay the shareholder loans lent by Jiayu shall be subordinate and junior in right of payment to the prior payment in full of the Total Payment Obligation by the Obligors under the Settlement Agreement
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Supplemental Agreement”	the supplementary agreements dated 18 December 2013
“Supplemental Agreement to the Third Extension Agreement”	the supplemental agreement to the Third Extension Agreement dated 31 March 2021 entered into by the Borrower and the Lender
“Third Extension Agreement”	the third extension agreement dated 11 March 2021 entered into by the Borrower and the Lender
“Total Payment Obligation”	an aggregate sum of US\$208,793,407 as set out in the Settlement Agreement
“Yida Development”	Yida Development Company Limited (億達發展有限公司), a company established in the PRC and a wholly-owned subsidiary of the Company principally engaged in property development in the PRC

DEFINITIONS

“Yida Parties” the Company, its five wholly-owned subsidiaries and its two joint ventures

“%” per cent

* *for identification purpose only*

LETTER FROM THE BOARD

YIDA 亿达
YIDA CHINA HOLDINGS LIMITED
億達中國控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 3639)

Executive Directors:

Mr. Jiang Xiuwen
(Chairman and chief executive officer)

Non-executive Directors:

Mr. Lu Jianhua
Mr. Wang Gang
Mr. Ni Jie
Ms. Jiang Qian

Independent non-executive Directors:

Mr. Yip Wai Ming
Mr. Guo Shaomu
Mr. Wang Jinping
Mr. Han Gensheng

Registered Office:

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Headquarters in the PRC:

5/F, People's Insurance Mansion
No. 8, Fuyou Road
Huangpu District, Shanghai
PRC

Principal Place of Business in Hong Kong:

Room 1215, 12th Floor
Two Pacific Place
88 Queensway, Admiralty
Hong Kong

19 May 2022

To the Shareholders,

Dear Sir or Madam,

CONNECTED TRANSACTION
FURTHER EXTENSION OF LOAN
AND
NOTICE OF EGM

1. INTRODUCTION

Reference is made to the: (a) announcement of the Company dated 5 March 2021 in relation to the Settlement Agreement; (b) the announcement of the Company dated 3 December 2019 and the circular of the Company dated 30 December 2019 in relation to the original Loan Agreement entered between the Borrower (a wholly-owned subsidiary of the Company) and the Lender, pursuant to which the Lender agreed to provide to the Borrower the Loan of up to RMB288,500,000; (c) the announcements of the Company dated 18 February and 9 June 2020 regarding the loan extension under the First Extension Agreement

LETTER FROM THE BOARD

and the Second Extension Agreement; (d) the announcements of the Company dated 11 March and 31 March 2021 and the circular of the Company dated 30 April 2021 in relation to the Third Extension Agreement; and (f) the announcement of the Company dated 31 March 2022 in relation to the Fourth Extension Agreement.

Pursuant to the Loan Agreement, a maximum of RMB288,500,000 was made available to the Borrower. On 4 February 2020, the Borrower only drew the First Tranche Loan of RMB230,000,000 with the remaining Loan lapsed in accordance with the Loan Agreement. The First Tranche Loan was divided into three parts: (a) RMB22,000,000 that would be due on 18 February 2020; (b) RMB34,000,000 that would be due on 2 August 2020; and (c) the remaining RMB174,000,000 that would be due on 3 February 2021 pursuant to the Loan Agreement, all of which were subsequently extended to 31 March 2021 pursuant to the First Extension Agreement and/or the Second Extension Agreement (where applicable). On 11 March 2021, the Borrower and the Lender entered into the Third Extension Agreement (as supplemented by the Supplemental Agreement to the Third Extension Agreement) in order to further extend the repayment date of the First Tranche Loan to 31 October 2021 and revised the loan amount to RMB251,558,852 by taking into account the unpaid interests charged on the First Tranche Loan.

Pursuant to the Settlement Agreement, the Yida Parties have agreed, among others, to execute the Subordination Agreement under which Jiayu will covenant and agree that the obligation of any Yida Party to repay the shareholder loans lent by Jiayu shall be subordinate and junior in right of payment to the prior payment in full of the Total Payment Obligation by the Obligors under the Settlement Agreement. As the First Tranche Loan falls under the scope of the Subordination Agreement, the First Tranche Loan would be required to be further extended under the Subordination Agreement.

On 31 March 2022, the Borrower and the Lender entered into the Fourth Extension Agreement in order to further extend the repayment date of the Revised Loan from 31 October 2021 to 30 June 2023 and revised the loan interest rate from 8% to 6% per annum. The purpose of this circular is to provide the Shareholders with, among other things, further particulars of the Fourth Extension Agreement, together with the recommendations of the Independent Board Committee, a letter from the Independent Financial Adviser, and a notice convening the EGM to consider and, if thought fit, to approve the entering of the Fourth Extension Agreement and the transactions contemplated thereunder.

LETTER FROM THE BOARD

2. THE FOURTH EXTENSION AGREEMENT

Principal terms of the Fourth Extension Agreement

- Date:** 31 March 2022
- Parties:**
- (1) Dalian Shengyue Property Development Company Limited (大連聖躍房地產開發有限公司) (a wholly-owned subsidiary of the Company) as the Borrower; and
 - (2) Shanghai Jiayu Medical Investment Management Co., Ltd.* (上海嘉愈醫療投資管理有限公司) as the Lender.
- Repayment term:** The repayment date of the Revised Loan shall be extended from 31 October 2021 to 30 June 2023.
- Interest rate:** The interest rate of the Revised Loan shall be reduced from 8% to 6% per annum.

Principal terms of the First Tranche Loan under the Loan Agreement

- Principal amount:** RMB230,000,000. Pursuant to the Third Extension Agreement, taking into account the interests charged, the revised loan amount becomes RMB251,558,852 (i.e. the Revised Loan).
- Interest rate:** Interests are payable at 8% per annum, which was determined with reference to the average financing cost for the Group's interest-bearing debt of approximately 8.5% per annum taking into consideration of the interest rates applicable to the Group's outstanding loan as at 31 October 2019.

Pursuant to the Fourth Extension Agreement, the interest payable for the Revised Loan will be revised to 6% per annum.

Having considered the reasons for entering into the Third Extension Agreement which will aid in reaching the Settlement Agreement under the current operating environment and the latest financial conditions of the Company, in particular:

LETTER FROM THE BOARD

- (i) the interest rate applicable to the Revised Loan is below the Group's average financing cost of 9.9% during the year ended 31 December 2021. As at 28 February 2022, the Group had outstanding loan amounted to approximately RMB12.82 billion, approximately 5% of which bear an interest rate of below 6%, approximately 61% of which bear an interest rate of 6%, whilst approximately 34% of which bear an interest rate of more than 6%. During the year ended 31 December 2021, the Company has been negotiating with the relevant banks and financial institutions and was able to obtain the revised interest rate of 6% for a majority of the outstanding loans. Except for bonds of approximately RMB1.41 billion and loans of approximately RMB0.42 billion which were not secured by any pledged assets, all other outstanding loans were secured by assets pledged by the Group. Among the foresaid unsecured loans, approximately 96% of the loans were provided by Jiayu or its associates. As the Company is a subsidiary of China Minsheng, certain banks and financial institutions have indicated that they would not enter into new loan agreements with the Group until the liquidity difficulties of China Minsheng are resolved, as such, the Group had faced the difficulties in obtaining new loan facilities from certain banks and financial institutions. Nonetheless, the Group was able to enter into extension agreements to extend the repayment dates of the outstanding loans;
- (ii) the difficulty for the Group to obtain other new financing comparable to the size of the Revised Loan with interest rate more favorable than 6%; and
- (iii) the interest rate of 6% represents a reduction from the original interest rate of 8% pursuant to the Third Extension Agreement, which aligns with the revised interest rate of 6% obtained from other banks and financial institutions as mentioned in (i) above,

the Board is of the view that the interest rate applicable to the Revised Loan is fair and reasonable and in the interests of the Company and its Shareholders as a whole.

Term:

The term of the Revised Loan shall be extended to 30 June 2023 pursuant to the Fourth Extension Agreement.

LETTER FROM THE BOARD

Usage: The purpose of the First Tranche Loan was for the payment of the Final Dividend, or any other purpose as the Lender considers appropriate.

Conditions The Fourth Extension Agreement is subject to:

Precedent:

- (a) the Borrower and the Lender having obtained their respective internal approval in relation to the entering of the Fourth Extension Agreement;
- (b) the Fourth Extension Agreement and the transactions contemplated thereunder having been approved by the Independent Shareholders at the EGM; and
- (c) the entering into of extension agreements in respect of the extension of outstanding loans provided to the Group by Right Won Management Limited and other companies controlled by the ultimate beneficial owner of Right Won Management Limited.

Others: The Lender agreed that (i) it will not claim against the Borrower for breach of the Loan Agreement from 1 November 2021 to the date of the Fourth Extension Agreement; (ii) it will not claim against the Borrower for breach of the Loan Agreement from the date of the Fourth Extension Agreement to the date of the EGM; and (iii) if the Independent Shareholders approval has been obtained at the EGM, it will not claim against the Borrower for breach of the Loan Agreement.

Security: Subject to the Fourth Extension Agreement having become effective, the Pledge Agreement as provided under the Loan Agreement shall continue to be in effect and be provided by the Borrower in favour of the Lender as security of the Revised Loan. Please refer to the paragraphs headed “THE PLEDGE AGREEMENT” and “THE GUARANTEE AGREEMENT” below for details.

It is also the parties’ intention that if the Independent Shareholders approval is not obtained at the EGM, the Lender will still not claim against the Borrower for breach of the Loan Agreement.

LETTER FROM THE BOARD

THE PLEDGE AGREEMENT

In consideration of the provision of the Loan to the Borrower under the Loan Agreement, the Pledge Agreement was entered into in favour of the Lender, pursuant to which Dalian Yitong and Dalian Zhongxing (each a wholly-owned subsidiary of the Company) agreed to charge to the Lender the Dalian Yitong Pledged Assets and the Dalian Zhongxing Pledge Assets as security to the obligations of the Borrower under the Loan Agreement. Subject to the Fourth Extension Agreement having become effective, the Pledge Agreement as provided under the Loan Agreement shall continue to be in effect and be provided by the Borrower in favour of the Lender as security of the Revised Loan.

The principal terms of the Pledge Agreement are summarised as follows:

Date: 3 December 2019

Parties:

- (i) the Lender as chargee;
- (ii) Dalian Zhongxing as one of the chargors;
- (iii) Dalian Yitong as one of the chargors; and
- (iv) the Borrower.

Subject: Pursuant to the Pledge Agreement, Dalian Yitong and Dalian Zhongxing agreed to charge the following assets to the Lender as security to the obligations of the Borrower under the Loan Agreement:

LETTER FROM THE BOARD

Pledged assets	Property ownership certificate no.	Total land/ property area
<p>(1) The land use rights of two (2) plots of land located at Gan Jing Zi District, Dalian, the PRC and owned by Dalian Yitong (the “Dalian Yitong Pledged Assets”).</p> <p>The Dalian Yitong Pledged Assets has been approved for urban residential land purpose for the term until 30 December 2080.</p> <p>The asset value of the Dalian Yitong Pledged Assets as at 12 March 2021 as appraised by the Independent Valuer amounted to RMB216,250,000.</p>	<p>Liao (2017) Dalian Neisi Real Estate No. 009000034 (遼(2017)大連市內四區不動產權第00900034號)</p> <p>Dagan Guo Yong (2011) No. 40028 (大甘國用(2011)第40028號)</p>	<p>Total land area of 23,686.71 square meters</p> <p>Total area of 5,236.43 square meters</p>

LETTER FROM THE BOARD

Pledged assets	Property ownership certificate no.	Total land/ property area
<p>(2) The property and land use rights of the land located at Gaoxin Park District, Dalian, the PRC and owned by Dalian Zhongxing (the “Dalian Zhongxing Pledged Assets”). The Dalian Zhongxing Pledged Assets has been approved for wholesale and retail purpose for the term until 29 June 2050.</p>	<p>Gaoxin Yuanqu (2010) No. 05052 (高新園區國用2010)第05052號) Liao (2019) Dalian Gaoxin Yuanqu Real Estate No. 05003978 (遼(2019)大連高新園區不動產權第05003978號)</p>	<p>Total property area of 8,534.33 square meters Total land area of 12,597.4 square meters</p>

The asset value of the Dalian Zhongxing Pledged Assets as 12 March 2021 as appraised by the Independent Valuer amounted to RMB195,530,000.

The total appraised value of the Dalian Yitong Pledged Assets and the Dalian Zhongxing Pledged Assets amounted to approximately RMB411.8 million, which is higher in value than the Revised Loan of approximately RMB251.6 million, is in line with the market practice in the PRC. As a general market practice and dependable on the actual financial condition of the borrower, it is not uncommon for banks/financial institutions in the PRC to require to obtain assets with value exceeding the amount of the loan as security for the financing arrangement.

LETTER FROM THE BOARD

In line with the market practice and as for the case under the arrangement pursuant to the Loan Agreement and the Pledge Agreement, in the event of default of the Loan Agreement by the Borrower, the Dalian Yitong Pledged Assets and the Dalian Zhongxing Pledged Assets will be sold via public tender with the proceeds being utilized to repay the outstanding loan payment. Proceeds in excess of the outstanding loan, if any, will be repaid to the chargor. Accordingly, whilst the total appraised value of the Dalian Yitong Pledged Assets and the Dalian Zhongxing Pledged Assets is higher than the amount of the Revised Loan, the maximum repayment obligation under the Pledge Agreement will not be more than the amount of the Revised Loan (together with any outstanding interest payment incurred) in any event.

Term of the Pledge Agreement: being the period commencing from the drawdown date of the First Tranche Loan and up to the date on which the Borrower fulfills all its repayment obligations under the Loan Agreement.

The Directors confirmed that there has been no material change to the assets value of the Dalian Yitong Pledged Assets and the Dalian Zhongxing Pledged Assets since 12 March 2021 and up to the Latest Practicable Date.

3. THE GUARANTEE AGREEMENT

In consideration of the provision of the Loan to the Borrower under the Loan Agreement, the Guarantee Agreement was entered into in favour of the Lender, pursuant to which Yida Development (a wholly-owned subsidiary of the Company) agreed to provide a guarantee in favour of the Lender of the total guaranteed amount equivalent to the amount of the Loan. Subject to the Fourth Extension Agreement having become effective, the Guarantee Agreement as provided under the Loan Agreement shall continue to be in effect and be provided in favour of the Lender as security of the Revised Loan.

4. REASONS FOR AND BENEFITS OF THE LOAN

As disclosed in the Company's annual report for the year ended 31 December 2019, annual report for the year ended 31 December 2020 and interim report for the six months ended 30 June 2021, the Company had encountered various challenges which are out of the Group's expectation and had resulted in the occurrence of certain triggering events under certain loan agreements entered into by the Group.

LETTER FROM THE BOARD

The First Tranche Loan was obtained by the Borrower to fulfill the payment of the Final Dividend. The Final Dividend was paid by the Company on 12 February 2020 and it was then the Company's plan to obtain other additional financing and/or utilise its internal resources to fulfill the repayment obligations of the First Tranche Loan. Taking into the current financial conditions of the Company and the arrangement agreed with the Aetos Parties to resolve the outstanding payables pursuant to the Final Award, the Borrower and the Lender agreed to further extend the repayment date of the First Tranche Loan to enable the Company to repay the Aetos Parties in priority pursuant to the Subordination Agreement.

The Pledge Agreement and the Guarantee Agreement were entered into by the Company as security for the Loan.

Subject to the taking effect of the Fourth Extension Agreement, the Pledge Agreement and the Guarantee Agreement as provided under the Loan Agreement shall continue to be in effect and be provided in favour of the Lender as security of the Revised Loan. The Company will continue to exert its efforts to continue to improve its business operation and to ensure the repayment of the Revised Loan in accordance to the Fourth Extension Agreement.

Based on the current plan, the Group will use internal resources or other appropriate financing methods as determined by the Company to repay the Revised Loan.

The Directors are of the view that the entering of the Fourth Extension Agreement, although is not in the ordinary and usual course of business, is entered into on normal commercial terms, fair and reasonable and in the best interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

5. REASONS FOR AND BENEFITS OF FURTHER EXTENSION OF LOAN

The Board is of the view that the entering of the Settlement Agreement would enable the Company to: (a) settle the outstanding principal and interest claimed under the Final Award with the reduction of an amount by approximately US\$34 million from approximately US\$209 million to US\$175 million, which would lessen the Group's financial burden and improve its liquidity positions; and (b) eliminate the negative impact of the Arbitration on the Company's public image. The Third Extension Agreement was incidental to the Subordination Agreement as contemplated under the Settlement Agreement.

The Fourth Extension Agreement would allow the Company to (a) extend the repayment date of the Revised Loan from 31 October 2021 to 30 June 2023 and maintain sufficient capital for its general operations purpose; and (b) reduce the interest rate of the Revised Loan from 8% to 6% per annum. The disadvantage of entering into the Fourth Extension Agreement, as opposed to the Company repaying the Revised Loan forthwith, is that the Company will incur additional interest expenses at the rate of 6% per annum before the Revised Loan is fully settled. Nonetheless, taken into account the aforementioned benefits of the extension of the loan, the Directors, including the independent non-executive Directors, consider that the terms of the Fourth Extension Agreement and the transactions contemplated thereunder are fair and reasonable so far as the Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole.

6. INFORMATION ON THE PARTIES TO THE FOURTH EXTENSION AGREEMENT

The Borrower and the Group

The Borrower is a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company as at the Latest Practicable Date, principally engaged in property development in the PRC. The Group is the largest business park developer and leading business park operator in China, the main business involves the development and operation of business parks, sales of business park supporting residential buildings, office buildings and independent houses, business park entrusted operation management, provision of construction and decoration and landscaping services.

The Lender

The Lender is a company established in the PRC and principally engaged in investment management, industrial investment and asset management. As at the Latest Practicable Date, the Lender is a wholly-owned subsidiary of CMIG Jiaye, which indirectly owned 100% of Jiayou which in turn owned approximately 61.20% of the Shares in issue and hence a controlling shareholder (as defined under the Listing Rules) of the Company. Accordingly, the Lender is a connected person of the Company under Chapter 14A of the Listing Rules. CMIG Jiaye is owned as to 67.26% by China Minsheng.

LETTER FROM THE BOARD

7. LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, the Lender is a wholly-owned subsidiary of CMIG Jiaye. As at the Latest Practicable Date, CMIG Jiaye indirectly owned 100% of Jiayou which owned approximately 61.20% of the Shares in issue and a controlling shareholder (as defined under the Listing Rules) of the Company. Accordingly, the Lender is a connected person of the Company under Chapter 14A of the Listing Rules, and the transaction contemplated under the Loan Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As one of the applicable percentage ratios (as defined in the Listing Rules) in respect of the transaction contemplated under the Fourth Extension Agreement is more than 5%, the entering of the Fourth Extension Agreement is subject to reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

None of the Directors (including the members of the Independent Board Committee) had material interest in the Fourth Extension Agreement and the transactions contemplated thereunder and was required to abstain from voting on the board resolutions approving the Fourth Extension Agreement and the transactions contemplated thereunder.

8. THE EGM

The EGM will be convened and held at Boardroom, Level 10, Yida Square, No. 93 Dongbei Road, Shahekou District, Dalian, Liaoning Province, PRC on Tuesday, 21 June 2022 at 10:30 a.m., during which an ordinary resolution will be proposed to the Shareholders to consider and, if thought fit, to approve the Fourth Extension Agreement and the transactions contemplated thereunder by way of poll, the results of which will be announced after the EGM. Set out on pages EGM-1 to EGM-2 of this circular is a notice convening the EGM. A form of proxy for use at the EGM is also enclosed. Such form of proxy is also published on the websites of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the Company (www.yidachina.com). Whether or not the Shareholders intend to attend the EGM, the Shareholders are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon and deposit the same with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude the Shareholders from attending and voting in person at the EGM and any adjournment thereof (as the case may be) should the Shareholders so wish and in such event, the proxy shall be deemed to be revoked.

Pursuant to 13.39(4) of the Listing Rules, any vote of the Shareholders at a general meeting must be taken by poll. On a poll, every Shareholder present in person or by proxy or (being a corporation) by its duly authorised representative shall have one vote for each share registered in his/her name in the register. A Shareholder entitled to more than one vote needs not use all his/her votes or cast all the votes he/she uses in the same way.

LETTER FROM THE BOARD

As at the Latest Practicable Date, the Lender is a wholly-owned subsidiary of CMIG Jiaye. As at the Latest Practicable Date, CMIG Jiaye indirectly owned 100% of Jiayou which owned 1,581,485,750 Shares, representing approximately 61.20% of the Shares in issue. Jiayou and its associates will abstain from voting at the EGM in respect of the resolution approving the Fourth Extension Agreement and the transactions contemplated thereunder. Save as otherwise disclosed, to the best of the knowledge, information and belief of the Directors, no other Shareholder has a material interest in the Fourth Extension Agreement and is required to abstain from voting on the resolution to approve the Fourth Extension Agreement at the EGM.

9. RECOMMENDATION

The Board is of the view that the Fourth Extension Agreement, although is not in the ordinary and usual course of business, is entered into on normal commercial terms, fair and reasonable and in the best interests of the Company and the Shareholders as a whole. The Board therefore recommends the Independent Shareholders to vote in favour of the relevant resolution to be proposed at the EGM.

An Independent Board Committee has been formed to advise the Independent Shareholders in connection with the Fourth Extension Agreement, and Gram Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard. The text of the letter of advice from Gram Capital containing its recommendation in respect of the Fourth Extension Agreement is set out on pages 23 to 32 of this circular.

10. ADDITIONAL INFORMATION

Your attention is drawn to (i) the letter from the Independent Board Committee as set out on pages 20 to 21 of this circular; (ii) the letter from Gram Capital as set out on pages 22 to 33 of this circular; and (iii) the additional information as set out in the appendix of this circular.

Yours faithfully,
By order of the Board
Yida China Holdings Limited
Jiang Xiuwen
Chairman and Chief Executive Officer

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the text of the letter of recommendation from the Independent Board Committee, prepared for the purpose of inclusion in this circular.

YIDA 亿达
YIDA CHINA HOLDINGS LIMITED
億達中國控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 3639)

19 May 2022

To the Independent Shareholders

Dear Sir or Madam,

**CONNECTED TRANSACTION
FURTHER EXTENSION OF LOAN**

We refer to the circular dated 19 May 2022 (the “**Circular**”) issued by the Company to the Shareholders of which this letter forms part. Unless the context requires otherwise, capitalised terms used in this letter shall have the same meanings as defined in the Circular.

We have been appointed by the Board as the Independent Board Committee to advise the Independent Shareholders as to whether, in our opinion, the terms of the Fourth Extension Agreement are fair and reasonable, on normal commercial terms or better and in the ordinary and usual course of business of the Group and in the interests of the Group and the Shareholders as a whole, and how the Independent Shareholders should vote at the EGM, after taking into account the recommendation of the Independent Financial Adviser.

Gram Capital Limited has been appointed by the Board as the Independent Financial Adviser to advise the Independent Board Committee and Independent Shareholders in connection with the Fourth Extension Agreement. Details of the advice from Independent Financial Adviser, together with the reasons for its opinion, the key assumptions made and the principal factors taken into consideration in arriving at such advice, are set out in its letter on pages 22 to 33 of the Circular.

Your attention is also drawn to the letter from the Board set out on pages 7 to 19 of the Circular and the additional information set out in the appendix of the Circular.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having considered the information as set out in the letter from the Board, the terms and conditions of the Fourth Extension Agreement, the factors and reasons considered by, and the opinion of Independent Financial Adviser as set out in its letter of advice, we are of the view that the Fourth Extension Agreement, although is not in the ordinary and usual course of business, is entered into on normal commercial terms, fair and reasonable and in the best interests of the Company and the Shareholders as a whole. Accordingly, we recommend that the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Fourth Extension Agreement and the transactions contemplated thereunder.

Yours faithfully

For and on behalf of the Independent Board Committee of

Yida China Holdings Limited

Mr. Yip Wai Ming Mr. Guo Shaomu Mr. Wang Jinping Mr. Han Gensheng
Independent non-executive Directors

LETTER FROM GRAM CAPITAL

Set out below is the text of a letter received from Gram Capital, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Extension for the purpose of inclusion in this circular.



Room 1209, 12/F.
Nan Fung Tower
88 Connaught Road Central/
173 Des Voeux Road Central
Hong Kong

19 May 2022

*To: The independent board committee and the independent shareholders
of Yida China Holdings Limited*

Dear Sirs,

CONNECTED TRANSACTION FURTHER EXTENSION OF LOAN

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the transactions contemplated under the Fourth Extension Agreement (the “**Extension**”), details of which are set out in the letter from the Board (the “**Board Letter**”) contained in the circular dated 19 May 2022 issued by the Company to the Shareholders (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

On 31 March 2022, the Borrower and the Lender entered into the Fourth Extension Agreement in order to further extend the repayment date of the Revised Loan from 31 October 2021 to 30 June 2023 and revised the loan interest rate from 8% to 6% per annum.

With reference to the Board Letter, the Extension constitutes a connected transaction of the Company under the Listing Rules and is subject to reporting, announcement, circular and Independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

The Independent Board Committee comprising Mr. Yip Wai Ming, Mr. Guo Shaomu, Mr. Wang Jinping and Mr. Han Gensheng (all being independent non-executive Directors) has been established to advise the Independent Shareholders on (i) whether the terms of the Extension are on normal commercial terms and are fair and reasonable; (ii) whether the Extension is in the interests of the Company and the Shareholders as a whole and is conducted in the ordinary and usual course of business of the Group; and (iii) how the Independent Shareholders should vote in respect of the resolution(s) to approve the Extension at the EGM. We, Gram Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

LETTER FROM GRAM CAPITAL

INDEPENDENCE

During the past two years immediately preceding the Latest Practicable Date, Gram Capital was engaged as independent financial adviser in respect of (i) the Company's connected transaction in respect of the Second Extension Agreement, details of which are set out in the Company's announcement dated 9 June 2020 (note: with reference to the Company's announcement dated 9 June 2020, the aforesaid connected transaction was exempted from the Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules and our engagement as independent financial adviser ended then accordingly); and (ii) the Company's connected transaction in respect of the Third Extension Agreement and the Supplemental Agreement to the Third Extension Agreement, details of which are set out in the Company's circular dated 30 April 2021. Save for the aforesaid engagements, there was no other service provided by Gram Capital to the Company during the past two years immediately preceding the Latest Practicable Date.

Notwithstanding the aforesaid engagements, we were not aware of any relationships or interests between Gram Capital and the Company, or any other parties during the past two years immediately preceding the Latest Practicable Date that could be reasonably regarded as hindrance to Gram Capital's independence to act as the Independent Financial Adviser.

Having considered the above and that (i) none of the circumstances as set out under the Rule 13.84 of the Listing Rules existed as at the Latest Practicable Date; and (ii) the aforesaid past engagements were only independent financial adviser engagement and will not affect our independence to act as the Independent Financial Adviser, we are of the view that we are independent to act as the Independent Financial Adviser.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Directors. We have assumed that all information and representations that have been provided by the Directors, for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its advisers and/or the Directors, which have been provided to us. Our opinion is based on the Directors' representation and confirmation that there is no undisclosed private agreement/arrangement or implied understanding with anyone concerning the Extension. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 13.80 of the Listing Rules.

LETTER FROM GRAM CAPITAL

The Circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement in the Circular or the Circular misleading. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter of advice.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company, the Lender or their respective subsidiaries or associates, nor have we considered the taxation implication on the Group as a result of the Extension. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. In addition, nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, it is the responsibility of Gram Capital to ensure that such information has been correctly extracted from the relevant sources.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the Extension, we have taken into consideration the following principal factors and reasons:

(1) Background and reasons for the Extension

Information on the Group

With reference to the Board Letter, the Group is the largest business park developer and leading business park operator in China, the main business involves the development and operation of business parks, sales of business park supporting residential buildings, office buildings and independent houses, business park entrusted operation management, provision of construction and decoration and landscaping services.

LETTER FROM GRAM CAPITAL

With reference to the Company's annual report for the year ended 31 December 2021 (the "**2021 Annual Report**"), as at 31 December 2021, the Group recorded (i) cash and cash equivalents of approximately RMB443.2 million; (ii) restricted cash of approximately RMB330.7 million; and (ii) interest-bearing bank and other borrowings of approximately RMB12,910.5 million.

Information on the Lender

With reference to the Board Letter, the Lender is a company established in the PRC and principally engaged in investment management, industrial investment and asset management. As at the Latest Practicable Date, the Lender is a wholly-owned subsidiary of CMIG Jiaye, which indirectly owned 100% of Jiayou which in turn owned approximately 61.20% of the Shares in issue and hence a controlling shareholder (as defined under the Listing Rules) of the Company.

Information on the Loan

On 3 December 2019, the Borrower entered into the original Loan Agreement with the Lender. Pursuant to the original Loan Agreement, the Lender agreed to provide the loan of up to RMB288,500,000 in three tranches (i.e. the First Tranche Loan of RMB230,000,000, the second tranche loan of RMB11,500,000 and the third tranche loan of RMB47,000,000). The Group also entered into the Pledge Agreement and the Guarantee Agreement in favor of the Lender as security for the Loan. The original Loan Agreement was considered and approved at the extraordinary general meeting on 15 January 2020.

The First Tranche Loan was drawn down by the Borrower on 4 February 2020, but the second tranche loan of RMB11,500,000 and third tranche loan of RMB47,000,000 under the original Loan Agreement lapsed as certain conditions precedent under the original Loan Agreement could not be fulfilled before the then agreed drawdown date of the loan.

The First Tranche Loan was divided into three portions: (a) RMB22,000,000 that would be due on 18 February 2020; (b) RMB34,000,000 that would be due on 2 August 2020; and (c) the remaining RMB174,000,000 that would be due on 3 February 2021. The First Tranche Loan was subsequently extended to 31 October 2021 pursuant to the First Extension Agreement, the Second Extension Agreement and/or the Third Extension Agreement (as supplemented by the Supplemental Agreement to the Third Extension Agreement) (where applicable). The principal amount of Revised Loan was approximately RMB251.6 million with interest rate of 8% per annum (before the Fourth Extension Agreement being effective).

LETTER FROM GRAM CAPITAL

Reasons for and benefits of the Extension

With reference to the Board Letter, the Fourth Extension Agreement would allow the Company to (a) extend the repayment date of the Revised Loan from 31 October 2021 to 30 June 2023; and (b) reduce the interest rate of the Revised Loan from 8% to 6% per annum.

As at 31 December 2021, the Group's current liabilities exceeded its current assets by RMB6,468,987,000. At the same date, the Group's current borrowings amounted to RMB10,870,260,000 while its cash and cash equivalents amounted to RMB443,200,000 only.

With reference to the 2021 Annual Report, during the year ended 31 December 2021, the Group failed to repay certain borrowings according to their scheduled repayment dates (the "**Borrowings Overdue**"). Although the Group managed to settle some of these borrowings during the year after the due dates, RMB2,154,149,000 was remained unsettled as at 31 December 2021, out of which RMB805,900,000 have not been subsequently repaid, renewed or extended up to the date of the 2021 Annual Report.

In addition, according to the 2021 Annual Report, the Aetos Parties, the Obligors and the Yida Parties entered into the Settlement Agreement. Pursuant to the Settlement Agreement, among other things, the Yida Parties have agreed, among others, to execute the Subordination Agreement under which Jiayu will covenant and agree that the obligation of any Yida Party to repay the shareholder loans lent by Jiayu shall be subordinate and junior in right of payment to the prior payment in full of the Total Payment Obligation by the Obligors under the Settlement Agreement. However, the Group failed to fulfill the Settlement Agreement and the unpaid balance amounted to RMB824,904,000 as at 31 December 2021. Subsequent thereto, Aetos Parties formally demanded the Group to settle the unpaid balance, among other actions, to Aetos Parties' satisfaction, or otherwise a winding-up petition may be presented to the court (the "**Aetos Parties Matter**").

As the First Tranche Loan falls under the scope of the Subordination Agreement, the First Tranche Loan would be required to be further extended under the Subordination Agreement.

Furthermore, according to the 2021 Annual Report, since 2018, the financial conditions of the Group's controlling shareholder, China Minsheng, changed in such a way that triggered certain terms specified in the Group's borrowing agreements. In addition, the Company publicly announced on 20 February 2020 that Mr. Chen Donghui, a then executive Director who was subsequently removed since 15 June 2020, was detained by the relevant authorities in the PRC. These matters, together with the Borrowings Overdue and the Aetos Parties Matter, constituted events of default and resulted in certain other borrowings of the Group (other than the Borrowings Overdue) amounted to RMB7,758,039,000 in total as at 31 December 2021 becoming immediately repayable if requested by the

LETTER FROM GRAM CAPITAL

lenders, of which RMB5,098,762,000 represented borrowings with scheduled repayment dates within one year, while RMB2,659,277,000 represented non-current borrowings with original contractual repayment dates beyond 31 December 2022 that were reclassified as current liabilities.

The Pledge Agreement and the Guarantee Agreement were entered into as security for the Loan in December 2019. Subject to the taking effect of the Fourth Extension Agreement, the Pledge Agreement and the Guarantee Agreement as provided under the Loan Agreement shall continue to be in effect and be provided in favour of the Lender as security of the Revised Loan. The Company will continue to exert its efforts to continue to improve its business operation and to ensure the repayment of the Revised Loan in accordance to the Fourth Extension Agreement.

We further noted from the 2021 Annual Report that in view of certain circumstances, the Directors have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial sources to continue as a going concern. The following plans and measures are formulated to mitigate the liquidity pressure, to improve the financial position of the Group, and to remediate the overdue repayments to the lenders:

According to the plans and measures:

- (a) the Group has proposed settlement plans and has been actively negotiating with Aetos Parties. Up to the date of the approval of those consolidated financial statements, Aetos Parties have not presented a winding-up petition to the court. The Directors are confident that the Group will reach a final settlement agreement with Aetos Parties in due course and Aetos Parties will not exercise their rights to present a winding-up petition to the court;
- (b) in respect of Borrowings Overdue, the Group has been actively negotiating with all the lenders for renewal and extension for repayments of the overdue borrowings. While certain lenders preliminarily intended to renew or extend the certain overdue borrowings, no formal agreement has been reached yet. The Directors are confident that such lenders will not exercise their rights to demand the Group's immediate repayment of the borrowings and the Group will reach final agreements with such lenders in due course;
- (c) the Group has maintained active communication with other relevant lenders in respect of the Borrowings Overdue, the Aetos Parties Matter and other matters which triggered default or cross-default terms of their respective borrowing agreements. The Directors are confident to convince the relevant lenders not to exercise their rights to demand the Group's immediate repayment of the borrowings prior to their scheduled contractual repayment dates;

LETTER FROM GRAM CAPITAL

- (d) subsequent to 31 December 2021, the Group has also been negotiating with various banks and financial institutions to secure new sources of financing. The Directors believe that, given the Group's long-term relationship with the banks and financial institutions and the availability of the Group's properties as collateral for the borrowings, the Group will be able to renew or extend existing borrowings and obtain new borrowings when needed. In this connection, the Group was able to renew, extend or obtain new borrowings of RMB258,000,000, although the agreements of all of such new borrowings contain terms that would cause such borrowings to be immediately repayable if so requested by the lenders;
- (e) the Group will continue to implement measures to accelerate the pre-sales and sales of its properties under development and completed properties, and to speed up the collection of sales proceeds;
- (f) the Group will strive to maintain a continuing and normal business relationship with major constructors and suppliers to agree the payment arrangements with them and to complete the construction progress as scheduled. The Group will also continue to take active measures to control administrative costs and capital expenditures; and
- (g) the Group will seek opportunities to dispose of certain assets and investments at reasonable prices to generate cash inflows and mitigate its liquidity pressure.

Based on the above factors, in particular the factors as listed below:

- as at 31 December 2021, the Group's current liabilities exceeded its current assets by RMB6,468,987,000. At the same date, the Group's current borrowings amounted to RMB10,870,260,000 while its cash and cash equivalents amounted to RMB443,200,000 only;
- pursuant to the Settlement Agreement, the Yida Parties have agreed, among others, to execute the Subordination Agreement under which Jiayu will covenant and agree that the obligation of any Yida Party to repay the shareholder loans lent by Jiayu shall be subordinate and junior in right of payment to the prior payment in full of the Total Payment Obligation by the Obligor under the Settlement Agreement;
- as the First Tranche Loan falls under the scope of the Subordination Agreement, the First Tranche Loan would be required to be further extended under the Subordination Agreement;
- the interest rate of the Revised Loan from 8% to 6% per annum.

LETTER FROM GRAM CAPITAL

Based on the above and having also considered that the Extension can relieve the imminent need of the Company to repay the First Tranche Loan/Revised Loan (i.e. 31 October 2021), which in turn, allows the Group to retain its cash flow and liquidity and have more financial flexibility and additional time to develop/maintain its business, we are of the view that although the Extension is not conducted in the ordinary and usual course of business of the Group, the Extension is in the interests of the Company and the Shareholders as a whole.

(2) Principal terms of the Extension

The table below summarises the major terms of the Extension, details of which are set out under the sections headed “THE FOURTH EXTENSION AGREEMENT” of the Board Letter:

Date:	31 March 2022
Parties:	(i) Dalian Shengyue Property Development Company Limited as the Borrower; and (ii) Shanghai Jiayu Medical Investment Management Co., Ltd. as the Lender.
Subject matters:	The Borrower and the Lender agreed to extend the repayment date for the First Tranche Loan and revise the principal amount of the First Tranche Loan to the Revised Loan.
The interest rate:	

The interest rate of the Revised Loan shall be reduced from 8% to 6% per annum.

LETTER FROM GRAM CAPITAL

To further assess the fairness and reasonableness of the interest rate, we obtained the Group's information of interest-bearing bank and other borrowings as at 28 February 2022 as follows:

	Outstanding principal amount as at 28 February 2022 Approximate RMB'000	Effective interest rate %	Weighted average of pledged assets value ^(Note 1&2) to outstanding principal amount
Bank loans – secured	4,865,051	3.9-13.6	287%
Bank loans – unsecured	N/A	N/A	N/A
Other loans – secured	6,119,786	6.0-14.3	269%
Other loans – unsecured	1,836,494	1.2-6.0	N/A

Notes:

1. The pledged assets includes, among other things, the Group's properties under development, investment properties, land held for development for sale, completed properties, etc..
2. The pledged assets value was based on the latest available value of such assets (i.e. as at 31 December 2021). The Directors consider that there was no material change of the latest available value of such assets as compared to the value of such assets as at 28 February 2022.

According to the above table and the information of interest-bearing bank and other borrowings as at 28 February 2022; as advised by the Directors; and according to our calculation:

- as at 28 February 2022, the effective interest rate of the Group's secured loans ranged from 3.9% to 14.3% per annum, with a weighted average of approximately 8.4%. The interest rate of 6% per annum payable for the Revised Loan falls within the aforesaid range and is less than the weighted average effective interest rate of the Group's secured loans;
- among the Group's outstanding loan as at 28 February 2022, approximately 5% of which bear an interest rate of below 6% per annum, approximately 61% of which bear an interest rate of 6% per annum and approximately 34% of which bear an interest rate of over 6%;
- the pledged assets value of approximately RMB411,780,000 relating to the Revised Loan as at 13 March 2021 (Note: the Directors confirmed that there has been no material change to the assets value of the Dalian Yitong Pledged Assets and the Dalian Zhongxing Pledged Assets

LETTER FROM GRAM CAPITAL

(collectively, the “**Pledged Assets**”) from 12 March 2021 to the Latest Practicable Date), accounting for approximately 164% of the Revised Loan (the “**Percentage Ratio**”).

The weighted average of pledged assets value represented approximately 287% and 269% to the outstanding principal amounts of the Group’s secured bank loans and secured other loans as at 28 February 2022 respectively. The Percentage Ratio is lower than both the weighted average of pledged assets value to the outstanding principal amounts of the Group’s secured bank loans and secured other loans as at 28 February 2022 respectively; and

- pursuant to the Guarantee Agreement, the guarantee period will be two years from the due date of the Loan. In addition, Yida Development’s guarantee obligation will be reduced and/or released in correspondence to the Borrower’s fulfilment of its obligation under the Loan Agreement.

Therefore, we consider the interest rate of 6% per annum, which is also less than the interest rate of 8% per annum under the Loan Agreement (before the amendments pursuant to the Fourth Extension Agreement), to be fair and reasonable.

According to the above, the aggregated asset value of the Pledged Assets is higher than the amount of Revised Loan.

With reference to the Board Letter, in line with the market practice and as for the case under the arrangement pursuant to the Loan Agreement and the Pledge Agreement, in the event of default of the Loan Agreement by the Borrower, the Dalian Yitong Pledged Assets and the Dalian Zhongxing Pledged Assets will be sold via public tender with the proceeds being utilized to repay the outstanding loan payment. Proceeds in excess of the outstanding loan, if any, will be repaid to the chargor. Accordingly, whilst the total appraised value of the Dalian Yitong Pledged Assets and the Dalian Zhongxing Pledged Assets is higher than the amount of the Revised Loan, the maximum repayment obligation under the Pledge Agreement will not be more than the amount of the Revised Loan (together with any outstanding interest payment incurred) in any event.

Pursuant to the Pledge Agreement, if any of the following circumstances occur, the Lender is entitled to enforce the Pledged Assets (the “**Rights**”):

- The Borrower fails to repay the main creditor’s rights (in respect of the Loan) when it fell due.
- In the event that the value of the Pledged Assets decreases as a result of chargors’ actions, the chargors fail to restore their value or provide securities with value equivalent to such decreased value.

LETTER FROM GRAM CAPITAL

- Either the chargors or Borrower being applied for bankruptcy or business suspension, dissolution, liquidation, business suspension for rectification, revocation and cancellation of business license.
- Other circumstance according to laws and regulations which the Lender can enforce the Pledged Assets.

As advised by the Directors, when the Lender enforces the Pledged Assets by exercising the Rights, the Lender can negotiate with the chargors to (i) proceed auction for or sell the Pledged Assets to receive priority repayment with the proceeds therefrom (the “**Sell & Priority Repayment Method**”); (ii) apply the Pledged Assets at agreed value to compensate the debt owed by the Borrower (the “**Agreed Value Compensation Method**”). Should the Lender and the Borrower fail to reach consensus on the enforcement method, the Lender can request the court to conduct auction for or sell the Pledged Assets.

Upon our enquiry, the Director further advised us that (i) under the Sell & Priority Repayment Method, the Group can keep the proceeds from auction/sale of the Pledged Assets in excess of the outstanding Loan amount (after priority repayment of the outstanding Loan amount); and (ii) the chargors will only agree to adopt the Agreed Value Compensation Method when the agreed value of the Pledged Assets is not lower than the market value of the Pledged Assets as appraised by valuer appointed by the Group.

Given the above and having also considered that the Percentage Ratio is lower than both the weighted average of pledged assets value to the outstanding principal amounts of the Group’s secured bank loans and secured other loans as at 28 February 2022 respectively, we are of the view that the arrangement under the Pledge Agreement to be justifiable.

Others:

The Lender agreed that (i) it will not claim against the Borrower for breach of the Loan Agreement from 1 November 2021 to the date of the Fourth Extension Agreement; (ii) it will not claim against the Borrower for breach of the Loan Agreement from the date of the Fourth Extension Agreement to the date of the EGM; and (iii) if the Independent Shareholders approval has been obtained at the EGM, it will not claim against the Borrower for breach of the Loan Agreement (the “**No-claim terms**”).

Having reviewed and considered the terms of the Fourth Extension Agreement, in particular the key terms as listed above (including the interest rate being fair and reasonable; No-claim terms; and no abnormal term observed), we are of the view that the terms of the Extension are on normal commercial terms and are fair and reasonable.

LETTER FROM GRAM CAPITAL

RECOMMENDATION

Having taken into consideration the factors and reasons as stated above, we are of the opinion that (i) the terms of the Extension are on normal commercial terms and are fair and reasonable; and (ii) although the Extension is not conducted in the ordinary and usual course of business of the Group, the Extension is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolution(s) to be proposed at the EGM to approve the Extension and we recommend the Independent Shareholders to vote in favour of the resolution(s) in this regard.

Yours faithfully,
For and on behalf of
Gram Capital Limited
Graham Lam
Managing Director

Note: Mr. Graham Lam is a licensed person registered with the Securities and Futures Commission and a responsible officer of Gram Capital Limited to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. He has over 25 years of experience in investment banking industry.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations which had been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Directors' and chief executive's interests and short positions in the shares and underlying shares of the Company and associated corporations

(1) Long positions in the Shares and/or underlying Shares of the Company

Name of Director	Capacity/ Nature of interest	Number of Shares held⁽¹⁾	Approximate percentage in the Company's issued share capital
Mr. Jiang Xiuwen	Interest of a controlled corporation	68,600,000(L) ⁽²⁾	2.65%
Mr. Wang Gang	Interest of a controlled corporation	69,200,000(L) ⁽³⁾	2.68%

Notes:

- (1) The letter "L" denotes the person's long position in such securities.
- (2) Mr. Jiang Xiuwen beneficially owns the entire issued share capital of Grace Excellence Limited, Everest Everlasting Limited and Wonderful High Limited, which, in total own 74.21% of the issued share capital of Keen High Keen Source Limited. Keen High Keen Source Limited owns 2.65% of the issued share capital of the Company. By virtue of the SFO, Mr. Jiang Xiuwen is deemed to be interested in the Shares held by Keen High Keen Source Limited.

- (3) Mr. Wang Gang beneficially owns the entire issued share capital of Mighty Equity Limited, which in turn owns 100% of the issued share capital of Grace Sky Harmony Limited. Grace Sky Harmony Limited owns 2.68% of the issued share capital of the Company. By virtue of the SFO, Mr. Wang Gang is deemed to be interested in the Shares held by Grace Sky Harmony Limited.

(2) *Long positions in the shares and/or underlying shares of the Company's associated corporations*

Name of Director	Name of associated corporation	Capacity	Number of Shares ⁽¹⁾	Percentage of the issued share capital of that associated corporation held
Mr. Jiang Xiuwen	Keen High Keen Source Limited	Interest of a controlled corporation	5,180(L) ⁽²⁾	74.21%

Notes:

- (1) The letter "L" denotes the person's long position in such securities.
- (2) These shares are held by Grace Excellence Limited with 3,000 shares, Everest Everlasting Limited with 180 shares and Wonderful High Limited with 2,000 shares, which are wholly-owned by Mr. Jiang Xiuwen.

As at the Latest Practicable Date, save as disclosed herein, none of the Directors or chief executive of the Company had any interests in the underlying shares in respect of physically settled, cash settled or other equity derivatives of the Company or any of its associated corporations.

Save as disclosed herein, as at the Latest Practicable Date, to the knowledge of the Company:

- (1) none of the Directors and chief executive of the Company had or was deemed to have any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (a) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which the Directors and the chief executive of the Company were taken or deemed to have under such provisions of the SFO); or (b) which were required to be entered in the register kept by the Company under Section 352 of the SFO; or (c) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code; and

- (2) none of the Directors and chief executive of the Company nor their spouses or minor children (natural or adopted) were granted or had exercised any rights to subscribe for any equity or debt securities of the Company or any of its associated corporations.

Save as disclosed herein, as at the Latest Practicable Date, none of the Directors was a director or employee of a company which had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

3. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing and proposed service contract with any members of the Group other than contracts expiring or determinable by the relevant member of the Group within one year without payment of compensation (other than statutory compensation).

4. COMPETING INTERESTS OF DIRECTORS AND CLOSE ASSOCIATES

As at the Latest Practicable Date, none of the Directors and their respective close associates were considered to have interest in any business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group or have or may have any other conflicts of interest with the Group pursuant to the Listing Rules.

5. DIRECTORS' INTEREST IN CONTRACTS AND ASSETS OF THE GROUP AND OTHER INTERESTS

None of the Directors was materially interested in any contract or arrangement which was entered into by any member of the Group and subsisting at the Latest Practicable Date which was significant in relation to the business of the Group.

As at the Latest Practicable Date, to the best of the knowledge of the Directors, none of the Directors had any direct or indirect interest in any asset which had been, since 31 December 2021, being the date to which the latest published audited consolidated financial statements of the Company were made up, acquired or disposed of by, or leased to, any member of the Group or were proposed to be acquired or disposed of by, or leased to, any member of the Group.

6. LITIGATION

As at the Latest Practicable Date, so far as the Directors are aware, the Group was not engaged in any material litigation or arbitration proceedings nor was any material litigation or claim pending or threatened against it.

7. QUALIFICATION AND CONSENT OF EXPERT

The following sets out the qualification of the expert who has given opinion or advice which is contained or referred to in this circular:

Name	Qualification
Gram Capital Limited	a licensed corporation to carry out type 6 (advising on corporate finance) regulated activity under the SFO

As at the Latest Practicable Date, Gram Capital:

- (a) had no shareholding in the Company or any other member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in the Company or any other member of the Group;
- (b) had no direct or indirect interests in any assets which has been acquired or disposed of by or leased to any member of the Group since 31 December 2021 (the date to which the latest published audited consolidated financial statements of the Group were made up) or proposed to be so acquired, disposed of or leased; and
- (c) had given and has not withdrawn its written consent to the issue of this circular with the inclusion of its advice, letters, reports and/or summary of its opinions (as the case may be) and references to its name and logo in the form and context in which they respectively appear.

8. NO MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors confirm that there had been no material adverse change in the financial or trading position of the Company since 31 December 2021, the date to which the latest published audited consolidated financial statements of the Group were made up.

9. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the Company's website (www.yidachina.com) and the HKEXnews website (www.hkexnews.hk) from the date of this circular up to and including the date of the EGM:

- (a) the Loan Agreement;
- (b) the Pledge Agreement;
- (c) the Guarantee Agreement;
- (d) the First Extension Agreement;

- (e) the Second Extension Agreement;
- (f) the Third Extension Agreement;
- (g) the Supplemental Agreement to the Third Extension Agreement;
- (h) the Fourth Extension Agreement;
- (i) the Settlement Agreement;
- (j) the Subordination Agreement;
- (k) the Supplemental Agreements;
- (l) the letter from the Independent Board Committee as set out on pages 20 to 21 of this circular; and
- (m) this circular.

10. LANGUAGE

In the event of inconsistency, the English text of this circular shall prevail over the Chinese text.

NOTICE OF EGM

YIDA 亿达

YIDA CHINA HOLDINGS LIMITED

億達中國控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3639)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “**EGM**”) of Yida China Holdings Limited (the “**Company**”) will be convened and held at Boardroom, Level 10, Yida Square, No. 93 Dongbei Road, Shahekou District, Dalian, Liaoning Province, PRC on Tuesday, 21 June 2022 at 10:30 a.m. for the purpose of considering and, if thought fit, passing with or without modifying the following resolution as ordinary resolution of the Company:

ORDINARY RESOLUTION

“THAT

- (a) the extension agreement (the “**Fourth Extension Agreement**”) for the loan amount of RMB251,558,852 (the “**Revised Loan**”) dated 31 March 2022 entered into between (i) Dalian Shengyue Property Development Company Limited (大連聖躍房地產開發有限公司) (a wholly-owned subsidiary of the Company) as borrower (the “**Borrower**”), and (ii) Shanghai Jiayu Medical Investment Management Co., Ltd. (上海嘉愈醫療投資管理有限公司) as lender (the “**Lender**”), pursuant to which the Lender and the Borrower agreed to further extend the repayment date of the Revised Loan to 30 June 2023 (copy of which has been produced in the meeting and marked “A” and signed by the chairman of the meeting for identification purpose), be and is hereby approved, confirmed and ratified; and
- (b) the directors of the Company (the “**Directors**”) be and are hereby authorised to do all such acts and things and to sign and execute all such other documents or instrument for and on behalf of the Company (including the affixation of the common seal of the Company where required) as he or she may consider necessary, appropriate, expedient or desirable in connection with, or to give effect to, the Fourth Extension Agreement and to implement the transactions contemplated thereunder (the “**Transactions**”) and to agree to such variations, amendments or waivers of matters relating thereto that are of administrative nature and ancillary to the implementation of the Transactions or incidental to the Transactions.”

By order of the Board
Yida China Holdings Limited
Jiang Xiuwen
Chairman and Chief Executive Officer

Hong Kong, 19 May 2022

NOTICE OF EGM

Notes:

- (i) A member of the Company entitled to attend and vote at the EGM convened by the above notice is entitled to appoint one or if he/she is the holder of two or more shares, more than one proxy to attend and, subject to the provisions of the memorandum of association and articles of association of the Company, to vote on his/her behalf. A proxy need not be a member of the Company but must be present in person at the EGM to represent the member. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.
- (ii) In order to be valid, the form of proxy must be deposited together with a power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, at the office of the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the meeting or adjourned meeting. Completion and return of the form of proxy will not preclude a member of the Company from attending and voting in person at the EGM or any adjournment thereof, should he/she so wish.
- (iii) Completion and return of an instrument appointing a proxy will not preclude a member of the Company from attending and voting in person at the meeting and/or any adjournment thereof and in such event, the instrument appointing a proxy shall be deemed to be revoked.
- (iv) For determining the entitlement to attend and vote at the above meeting, the transfer books and register of members will be closed from Saturday, 18 June 2022 to Tuesday, 21 June 2022, both days inclusive, during which period no share transfers can be registered. In order to be eligible to attend and vote at the above meeting, unregistered holders of shares of the Company should ensure that all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's Share Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Friday, 17 June 2022.
- (v) As required under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the above resolution will be decided by way of poll.

As at the date of this circular, the executive Director is Mr. Jiang Xiuwen, the non-executive Directors are Mr. Lu Jianhua, Mr. Wang Gang, Mr. Ni Jie and Ms. Jiang Qian and the independent non-executive Directors are Mr. Yip Wai Ming, Mr. Guo Shaomu, Mr. Wang Jinping and Mr. Han Gensheng.