

**Adapa Capital Management, LLC**

**623 Fifth Avenue, 25th Floor, New York, NY 10022**

**March 2013**

This brochure provides information about the qualifications and business practices of Adapa Capital Management, LLC ("Adapa"). If you have any questions about the contents of this brochure, please contact us at (212) 251-3060 or by email at [william@adapapartners.com](mailto:william@adapapartners.com).

The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

Adapa is a registered investment adviser. Registration of an investment adviser does not imply that Adapa or any of its principals or employees possesses a particular level of skill or training in the investment advisory business or any other business.

Additional information about Adapa Capital Management, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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**Item 2 - Material Changes**

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There have been no material changes to this brochure since our last annual update in March 2012.

#### Item 4 - Advisory Business

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Adapa Capital Management, LLC (“**Adapa**” or “**we**”), a Delaware limited liability company organized in May 2000, currently provides discretionary investment advisory services and management services to Adapa New Asia Fund, LP, a private investment limited partnership (the “**Domestic Fund**”) and Adapa New Asia Offshore, Ltd., an offshore private investment company (the “**Offshore Fund**”) (each an “**Investment Vehicle**” and collectively, the “**Investment Vehicles**”). The Investment Vehicles are managed in accordance with each Investment Vehicle’s investment objectives, strategies, restrictions and guidelines. The Investment Vehicles invest substantially all of their assets in Adapa New Asia Master Fund, Ltd. an offshore exempted company (the “**Master Fund**”) through a “master-feeder” fund structure. We intend to achieve our objective by investing in a broad portfolio of growing companies in the Asia Pacific region that trade at reasonable valuation relative to their global peers and to their local market.

Each Investment Vehicle is managed only in accordance with its own characteristics and is not tailored to any particular private fund investor (each an “**Investor**”). Since Adapa does not provide individualized advice to Investors, you should consider whether a particular Investment Vehicle meets your investment objective and risk tolerance prior to investing. Information about each Investment Vehicle can be found in its offering documents, including its private placement memorandum (the “**PPM**”).

As of December 31, 2012 Adapa managed client assets, on a discretionary basis, of \$49,713,000.

Charlene Wang and Warren Yeh are the principal owners of Adapa.

William Tsang is Adapa’s Chief Compliance Officer (“**CCO**”).

#### Item 5 - Fees and Compensation

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The Investment Vehicles are generally charged a fee consisting of (1) an annual “management fee” (that is payable quarterly); and (2) an annual “performance fee” which is calculated based upon a percentage of the net capital appreciation of the Investment Vehicles at the end of each fiscal year.

Adapa's current fee schedule is generally as follows:

Management Fee:	1.5% annually (.375% quarterly)
Performance Fee:	20% annually, as described below

The management fee is paid quarterly in advance after the first day of each calendar quarter and is based on the net assets of the particular Investment Vehicle as of the first day of such quarter.

Adapa may waive or reduce the management fee with respect to Investors who are Adapa employees, family members, or certain large or strategic investors.

Fees may be negotiable and some Investors may pay less than others. Adapa will deduct management fees from the Investment Vehicles and additionally, the Investors will incur all brokerage and transaction costs from their particular Investment Vehicle. Please see Item 12 for additional information on Brokerage Practices.

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**Item 6 - Performance Fees**

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The Investment Vehicles are generally charged an annual “performance fee” which is calculated based upon a percentage of the net capital appreciation of the Investment Vehicles at the end of each fiscal year.

Adapa's current fee schedule in relation to performance fees is generally as follows:

Performance Fee: 20% annually, as described below

With respect to performance fees, any loss in an account is carried forward so that no performance fee is charged to an Investment Vehicle unless the losses have been recouped, subject to certain adjustments (i.e. high water mark). Adapa's performance fee is charged in compliance with Rule 205-3 of the Investment Advisers Act of 1940, as amended (the “**Advisers Act**”) whereby each Investor that is charged a performance fee must be a “qualified client.” Therefore, Investors in the Investment Vehicles who reside in the United States and who are charged performance fees are required to be “qualified clients.”

A performance fee arrangement may create an incentive for Adapa to make investments that are riskier or more speculative than would be the case in the absence of a performance fee. In addition, Adapa may receive such compensation with regard to unrealized as well as realized gains in an Investor's account.

We may waive or reduce the performance fee with respect to Investors who are Adapa employees, family members, or certain large or strategic investors.

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**Item 7 - Types of Clients**

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Investors in the Investment Vehicles may include high net worth individuals and other institutional investors meeting the terms of the exceptions and exemptions under which the Investment Vehicle operates and wishing to invest in accordance with the particular Investment Vehicle's investment objective. As the Domestic Fund qualifies for an exemption from the definition of an “investment company” under the Investment Company Act of 1940 (the “**Investment Company Act**”) under Section 3(c)(7), Investors must meet the requirements for “accredited investors” under the Securities Act of 1933 and “qualified purchasers” under the Investment Company Act.

Although we have the authority to accept subscriptions for a lesser amount, the required minimum investment in the Investment Vehicles is generally US\$500,000.

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**Item 8 - Methods of Analysis, Investment Strategies Risk of Loss**

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The Investment Vehicles seek to maximize capital appreciation by investing in a diversified portfolio consisting primarily of equity securities of companies in the Asia Pacific region. No assurances can be given, however, that we will achieve our objective, and results may vary substantially over time and from period to period. Investing in the Investment Vehicles involves risk of loss of which you must be prepared to bear.

Adapa will primarily utilize a “bottom-up” approach toward individual stock selection, especially for longer term portfolio positions. In particular, analysis of balance sheet efficiency and profitability ratios will be considered as key indicators of management's ability to operate in a more competitive global environment.

The Investment Vehicles face significant investment risks in attempting to carry out their investment strategies. These include, but are not limited to, risks that the equity securities in the Investment Vehicles' portfolios will decline in value, risks inherent in short sales, and counterparty risks in derivative transactions and other instruments.

The following summary of certain risks does not purport to be complete, but includes some of the potential risks generally associated with our investment strategy.

### **Risk of Loss Factors**

Investing in securities involves risk of loss that you should be prepared to bear. Prospective investors are urged to consult their professional advisers before deciding to invest in the Investment Vehicles.

#### *Portfolio Turnover*

The investment strategy of the Investment Vehicles may require Adapa to actively trade the Investment Vehicles' portfolio, and as a result, turnover and brokerage commission expenses of the Investment Vehicles may significantly exceed those of other investment entities of comparable size.

#### *Small to Medium Capitalization Companies*

The Investment Vehicles may invest a portion of their assets in the stocks of companies with small to medium-sized market capitalizations. While Adapa believes these investments often provide significant potential for appreciation, those stocks, particularly smaller-capitalization stocks, involve higher risks in some respects than do investments in stocks of larger companies. For example, prices of such stocks are often more volatile than prices of large-capitalization stocks. In addition, due to thin trading in some such stocks, an investment in these stocks may be more illiquid than that of larger capitalization stocks.

#### *Lack of Diversification*

The Investment Vehicles' portfolio may not be widely diversified among sectors, industries, geographic areas or types of securities. Further, the Investment Vehicles' portfolio may not necessarily be diversified among a wide range of issuers. Accordingly, the portfolios may be subject to more rapid change in value than would be the case if the Investment Vehicles were required to maintain a wide diversification among companies or industry groups.

#### *Short-Sales*

Adapa may effect short sales. Short sales can, in certain circumstances, substantially increase the impact of adverse price movements on the Investment Vehicles' portfolio. A short sale involves the risk of a theoretically unlimited increase in the market price of the particular investment sold short, which could result in an inability to cover the short position and a theoretically unlimited loss. There can be no assurance that securities necessary to cover a short position will be available for purchase.

#### *Leverage*

The Investment Vehicles may trade on margin, engage in other forms of borrowing to finance their operations and use other forms of financial leverage. The level of interest rates and the rates at which the Investment Vehicles can borrow will affect the operating results of those Investment Vehicles. Fluctuations in the market value of the portfolio of a heavily

leveraged Investment Vehicle can have a disproportionately large effect in relation to the capital of that Investment Vehicle. Any event which may adversely affect the value of positions held by an Investment Vehicle could significantly affect the net asset value. It may also borrow funds from time to time for liquidity purposes or otherwise as Adapa deems appropriate.

#### *Potential Conflicts of Interest*

In addition to advising the Investment Vehicles, we may engage in investment and trading activities for our own accounts. Adapa is not obligated to devote any specific amount of time to the affairs of the Investment Vehicles and Investors will not be entitled to inspect those trading records of Adapa that are not related to the Investment Vehicles.

#### *Lack of Liquidity*

Portfolio assets may, at any given time, include securities and other financial instruments or obligations that are thinly-traded or for which no market exists and/or which are restricted as to their transferability under applicable securities laws. The sale of any such investments may be possible only at substantial discounts, and it may be extremely difficult to accurately value any such investments. It should be noted, however, that illiquid investments (as determined in the sole discretion of Adapa) will not make up more than 5% of the Investment Vehicles' net assets (measured at the time of investment).

#### *Reliance on Management and Key Personnel*

You have no right or power to take part in the management of Adapa. Accordingly, no Investor should invest in the Investment Vehicles unless such Investor is willing to entrust all aspects of management to Adapa. The investment performance of the Investment Vehicles depends largely on the skill of key personnel of Adapa, including, in particular, Charlene Wang and Warren Yeh. If key personnel were to leave, we might not be able to find equally desirable replacements and the performance of the Investment Vehicles could, as a result, be adversely affected.

Note: All investments involve the risk of loss, including (among other things) loss of principal, a reduction in earnings (including interest, dividends and other distributions), and the loss of future earnings. These risks include market risk, interest rate risk, issuer risk, and general economic risk. Although we manage the assets in a manner consistent with risk tolerances, there can be no guarantee that our efforts will be successful.

### **Item 9 - Disciplinary Information**

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Adapa has not been subject to any disciplinary action, whether criminal, civil or administrative (including regulatory) in any jurisdiction. Likewise, no persons involved in the management of the Adapa have been subject to such action.

### **Item 10 - Other Financial Industry Activities and Affiliations**

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We pay our prime broker, UBS, for use of certain office space. UBS provides office space together with related services, which may include telephone and data network infrastructure and maintenance, receptionist, mailroom and technical support, office furniture, telephone equipment and usage, cable service, computer equipment and shared use of common areas. The provision of office space and related services including the provision of such services on

terms that may be favorable or at rates that may be below market may be a factor when we select our prime broker and/or brokers for the execution of portfolio transactions for the Investment Vehicles.

## **Item 11 - Code of Ethics, Participation/Interest in Client Transactions, Personal Trading**

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### **Code of Ethics Pursuant to Rule 204A-I of Advisers Act**

We have adopted an Employee Investment Policy and Code of Ethics (together, the “Code”) pursuant to Rule 204A-I under the Advisers Act which sets forth certain ethical standards governing the conduct of our employees, including restrictions on personal securities transactions, limitations on acceptance of gifts, employee training programs, and confidentiality requirements. We will provide a copy of our Code to you or any prospective client upon request.

In general, employees (and members of their immediate households) must obtain written pre-approval from the CCO prior to executing certain personal transaction in equity securities, options and futures. The spirit of the Code is to discourage frequent trading in employee personal accounts. At no time may an employee of Adapa trade in Asian securities. In addition, employees may not acquire securities for their own account in an initial public offering. Employees must also obtain pre-approval from the CCO before engaging in any outside business activities or private placements.

All Adapa employees must direct their brokers to send duplicate copies of trade confirmations and brokerage statements to the CCO. These records are used to monitor compliance with the foregoing policies.

### **Participation or Interest in Client Transactions and Personal Trading**

Employees, affiliates of the employees, and relatives of the employee may make investments in the Investment Vehicles. Adapa will not receive any compensation from such investments from employees. However, because of the relationship between Adapa and the Investment Vehicles, Adapa could be considered to have recommended the investment.

Although employees of Adapa are permitted to invest in the Investment Vehicles, employees of Adapa are not permitted to invest in any securities owned by any of the Investment Vehicles or the Master Fund, or any securities for which any of the Investment Vehicles or the Master Fund are considering a transaction.

## **Item 12 - Brokerage Practices**

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In selecting brokers and negotiating commission rates, Adapa will take into account the financial stability and reputation of brokerage firms, the referral of investors (consistent with best execution) and the brokerage, research and related services provided by such brokers although the Master Fund may not, in particular instances, be the direct or indirect beneficiary of the research or research related services provided. Adapa is authorized to determine the broker or dealer to be used for each securities transaction for the Investment Vehicles and/or the Master Fund. In selecting brokers or dealers to execute transactions, Adapa need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost.



Adapa may use soft dollars; such usage of soft dollars will fall within the safe harbor provided by SEC Rule 28(e). In the past fiscal year Adapa has only utilized soft dollars for research.

When a firm obtains research or other services from soft dollars it receives an automatic benefit in that it doesn't need to produce or pay for the research or services. Therefore, we may have an incentive to select a broker dealer based on our own interests as opposed to your interests. Research and related services obtained by the use of soft dollars may be used in our other investment activities.

### **Aggregation**

We may combine the Investment Vehicles' orders. When we do, we will generally allocate the purchases or proceeds arising out of those transactions (and the related transaction expenses) on an average price basis among the various participants. We believe combining orders in this way will, over time, be advantageous to all participants. However, the average price could be less advantageous to an Investment Vehicle than if the Investment Vehicle had been the only account effecting the transaction or had completed its transaction before the other participants.

We may place orders for the same security for the Investment Vehicles at different times and in different relative amounts due to, among other things, cash availability, size of order and practicability of participating in "block" transactions. The level of participation by the Investment Vehicles in the same security may also be dependent upon other factors relating to the suitability of the security for the particular Investment Vehicle.

### **Item 13 - Review of Accounts**

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All Investment Vehicles managed by Adapa are reviewed, at least, on a monthly basis by Charlene Wang and Warren Yeh, the portfolio managers, to assure conformity with client objectives and guidelines. In addition, all accounts are reviewed in light of emerging trends and developments as well as market volatility.

Each Investor will receive monthly statements detailing their account information including the account's beginning and ending equity, and the account's performance for that period. Additionally, you will receive the Investment Vehicle's audited financial statements within 120 days of such client's fiscal year end.

### **Item 14 - Client Referrals and Other Compensation**

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Adapa currently uses third party marketers for client referrals and pays referral fees to such marketers for obtaining new advisory clients. Adapa ensures that the third-party marketer properly maintains all registrations and licenses under the Securities Exchange Act of 1934, as amended, the Advisers Act, and all other laws and regulations applicable to its operation and pursuant to the services it is offering, including registration and/or qualification as a broker-dealer with the SEC, FINRA and every state or territory of the United States where such registration or qualification is required.

Adapa also ensures that all fees are paid pursuant to a written agreement between Adapa and the third-party marketer, and that the third-party marketer provides each prospective investor who is solicited with a copy of Adapa's Form ADV Part 2 as well as a separate disclosure statement describing the relationship between Adapa and the third-party

marketer and setting forth the compensation arrangement between Adapa and the third party marketer.

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**Item 15 - Custody**

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Adapa will maintain the assets of the Investment Vehicles in accounts with a “qualified custodian” pursuant to Rule 206(4)-2 under the Advisers Act. The qualified custodian presently utilized by Adapa is UBS Securities, LLC.

To ensure compliance with Rule 206(4)-2 under the Advisers Act, we will be required to reasonably believe that all Investors will be provided with audited financial statements for their respective Investment Vehicle within 120 days of the end of such Investment Vehicle’s fiscal year. These statements will be prepared by an independent accounting firm that is registered with and subject to review by the Public Company Account Oversight Board, in accordance with U.S. Generally Accepted Accounting Principles. You should carefully review the audited financial statements of the Investment Vehicles.

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**Item 16 - Investment Discretion**

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Adapa has discretionary authority to manage the Investment Vehicles with no limitations. These terms are set out in the Offering Memoranda and other disclosure documents.

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**Item 17 - Voting Client Securities**

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Adapa's authority to vote proxies for the Investment Vehicles is established by limited partnership agreements, investment advisory agreements, or comparable documents. Adapa has established proxy voting policies and procedures and the CCO oversees the proxy voting process. The proxy voting procedures are designed to ensure that proxies are voted in the best interest of Adapa's Investors and clients. In addition, the proxy voting policy includes guidelines for the CCO to follow if a material conflict of interest arises between Adapa and Adapa's clients to ensure it is resolved in the best interest of the client. Upon request, we will provide an Investor with a copy of our proxy voting policies and procedures and information on how the proxies were voted.

You may obtain a copy of Adapa's policies by contacting William Tsang, Adapa's CCO, at +1 212 251 3060 or by email at [william@adapapartners.com](mailto:william@adapapartners.com).

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**Item 18 - Financial Information**

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We have no financial commitment that impairs our ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.