

SPQ Asia Capital Limited

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March 2014

CRD: 170455

This Brochure provides information about the qualifications and business practices of SPQ Asia Capital Limited (“**SPQ**”). If you have any questions about the contents of this Brochure, please contact us at telephone +852 2918 2209 or by email at operations@spqasia.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.

Registration of an investment adviser does not imply that SPQ 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 SPQ is also available on the SEC's website at www.adviserinfo.sec.gov.

Item 2: Material Changes

As this is SPQ's initial filing of Form ADV Part 2A, there are no material changes to include in this section.

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Item 4: Advisory Business

Our Firm

SPQ Asia Capital Limited (“**SPQ**”, the “**Firm**”, “**we**”, or “**our**”) is a limited liability company incorporated in Hong Kong on 3 Jan 2013, domiciled in Hong Kong Special Administrative Region. SPQ is an investment adviser providing investment management services to the following privately pooled investment vehicles:

SPQ Asia Opportunities Master Fund Limited
SPQ Asia Opportunities Fund Limited
SPQ Asia Opportunities US Fund Limited

which are collectively referred to as the “**Funds**”.

As of 1st March 2014, the Firm managed US\$ 40 million of gross assets in the Funds, all of which are managed on a discretionary basis.

Principal Owners

The Firm and the Manager have two principal owners each:

- Andrew Y Yan (65%)
- Brandon Ho-Ping Lin (35%)

Client Types

The Funds are incorporated in the Cayman Islands as exempted companies with limited liability. SPQ Capital Limited (the “**Manager**”) serves as a manager of the Funds. The Funds are exempt from registration under the Investment Company Act of 1940.

The Firm may serve qualified institutional and professional investors on a separate managed account (“**SMA**”) basis.

Types of Services Offered

SPQ provides advice to the Funds based on specific investment objectives and strategies. Fund’s offering documents (as amended and supplemented from time to time, the (“**Offering Materials**”)) set forth the investment guidelines and/or the types of investments in which the assets of the Funds may be invested.

The Funds aim to provide investors the opportunity to achieve long-term capital growth through active investment in the financial markets on a superior risk-adjusted absolute return basis with low volatility. The Funds are open-ended funds and not structured as closely held investment vehicles.

Ability to Tailor Services and Impose Restrictions

The investment objective and strategy for the Funds are described in the Offering Materials. The Firm provides investment management services to the Funds as pooled investment vehicles based on the specific investment objectives and strategies of the Funds themselves and not individually to investors in the Funds (the “**Investors**”). However the Fund may from time to time enter into letter agreements or other similar agreements (“**Side Letters**”) providing shareholders additional and/or different rights and benefits.

Item 5: Fees and Compensation

Pursuant to the offering documents and advisory agreements, the Manager receives an annual management fee of 1.5-2% in respect of the Net Asset Value of Class B and Class C Shares respectively without accrual of unearned Performance Fees (“**Management Fee**”). Management Fees will be calculated and payable monthly in arrears as of each Valuation Day.

The Manager will pay the Firm an advisory fee, which will be calculated in accordance with the terms of the Investment Advisory Agreement.

The Funds may from time to time enter into **Side Letters** providing for changes in Management and Performance Fees.

The Funds pay for organizational and initial offering expenses as well as ongoing operating expenses, including but not limited to, accounting, auditing, tax preparation, legal, administration, research, and trading costs. The Funds may incur brokerage and other transaction costs. For further details on the Firm’s brokerage practices refer to Item 12 of this Brochure.

The Firm deducts the Management Fee from Investors’ accounts by instructing the Funds’ administrator to deduct the fee.

Clients with SMAs will pay generally the same Management Fee as stated above.

Item 6: Performance-Based Fees and Side-By-Side Management

The Funds will pay to the Manager, out of the assets attributable to each Series of Class B Shares and Class C Shares, an annual performance fee equal to 15% of the appreciation in the Net Asset Value per Class B Share and 20% of the appreciation in the Net Asset Value per Class C Share, respectively (“**Performance Fee**”).

Clients with SMAs will pay generally the same Performance Fee as stated above.

Item 7: Types of Clients

The Firm’s clients are the Funds. Investors in the Funds primarily consist of institutional investors and high net worth individuals.

The minimum initial investment for each Fund is generally US\$1,000,000 and the minimum subsequent investment is US\$100,000. In certain circumstances, minimum investment amounts may be amended by directors.

All SMA clients are required to enter into an Investment Management Agreement (“**IMA**”) with the Firm. The minimum account size for each client is US\$ 100 million, although the Firm can consider lowering the minimum amount on a case by case basis.

Item 8: Methods of Analysis, Investment Strategies and Risk of Loss

Investment Strategy

The Funds intend to make investments principally in or related to companies whose businesses have substantial exposure to the Chinese economy through either generating sales and earnings or having a large operational base in the Greater China region. While it is anticipated that investments will be focused on the Greater China market, the Funds may also invest in securities of issuers that derive their revenues or earnings or are located in other regions so long as these issuers are market leaders in their sector. The Funds also anticipate investing in long or short securities of issuers in other markets when they perceive discrepancies in valuations of companies in the same industry as compared to valuations of their counterparts in the Greater China market. The Manager intends to focus on investing in companies with market capitalizations larger than US\$400 million and expects to focus on large cap and mega cap opportunities.

Following 10 years of rapid growth in China, which was directly experienced by SAIF Partners Group (the “**Group**”) as an active investor in over 200 Asian companies, the Manager believes that the Chinese economy has now entered into a transition stage of consolidation. The Manager believes that the performance of various companies within different industry sectors in the Greater China region will undergo divergence during this transition period given differences in the quality of the management teams and the adoption of divergent business strategies.

Fundamental Long/Short Strategy

In seeking to achieve the Funds’ objective, the Manager intends to adopt a fundamental bottom-up approach as part of its equity long/short strategy. The Manager intends to conduct detailed on-the-ground fundamental due diligence research on the Investments. The investments will be closely monitored by both the investment team and the risk management team on a regular basis.

Longs: The Manager will generally focus on investing in securities of quality companies whose management teams have demonstrated sustained performance as a market leader. The Manager also aims to focus its analysis on the management team’s strategy including potential consolidation opportunities.

Shorts: The Manager intends to short the securities of businesses whose importance, market share and margins in their sectors have waned as compared to the overall economy. In particular, the Manager will likely take into consideration factors including, without limitation, the quality of the management team, the business’s balance sheet and cash flows, its profitability and margin forecast and other fundamental aspects of the business.

Risk of Loss Factors

Investing in securities involves risk of loss that Investors should be prepared to bear. An investment in the Funds carries a high degree of risk. There can be no assurance that the investment objective of the Funds will be achieved. The following risks are non-exhaustive and should be carefully evaluated before making an investment in the Fund.

Change in Investment Strategies. The investment strategy and process may evolve over time due to market developments and trends, the emergence of new or enhanced investment products, changing industry practice and/or technological innovation. The Funds will not be

required to implement any particular strategy and may discontinue employing any particular strategy without notice to the Shareholders.

Investments in Greater China Region and “Chinese Companies”. Certain economies in the Greater China region tend to be inefficient and less liquid than certain other markets, and are subject to political and other factors which do not typically affect more developed economies. The Funds may sustain major losses as a result of market inefficiencies or interference in these markets which would not commonly take place in more developed markets.

Less Company Information and Regulation. Generally, there is less publicly available information about companies based in Asia, in particular, in the Greater China region. This may make it more difficult to stay informed of corporate action that may affect the price or value of a particular security. Further, developing countries lack uniform accounting, auditing and financial reporting standards, practices and requirements. As a result, the availability, quality and reliability of corporate information and equity research are likely to be lower than that used to evaluate investments in developed markets.

Restrictions on Investment and Repatriation. Some countries impose restrictions and controls regarding investment by foreigners. They may require prior governmental approvals, impose limits on the amount or types of securities that may be held by foreigners or impose limits on the types of companies in which foreigners may invest. The Funds may have to adopt special procedures, seek local government approvals or take other actions, each of which may involve additional costs to the Funds. There can be no assurance that the Funds will be able to repatriate capital or profits, if any, over the life of its activities.

Long and Short Fundamental Investments. The identification of investment opportunities in undervalued and overvalued securities is a difficult task, and there are no assurances that such opportunities will be successfully recognized or acquired. While investments in undervalued and overvalued securities offer the potential opportunity of higher or above market capital appreciation, these investments involve a high degree of financial risk and can result in substantial losses.

Item 9: Disciplinary Information

SPQ 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 SPQ have been subject to such action.

Item 10: Other Financial Industry Activities and Affiliations

Commodity Pool Operator, Commodity Trading Adviser, Futures Commission Merchant Registration

SPQ and its affiliated entities are exempt from registration as either commodity pool operator or commodity trading adviser based on the De Minimis level of commodity interests held by the Funds and has filed the applicable exemption notices with the Commodity Futures Trading Commission and the National Futures Association.

Other Material Relationships

The Manager of the Funds has delegated its investment advisory responsibility regarding the Funds to SPQ. Fees from the Funds are first paid to the Manager who then pays the Firm based on their agreement. As far as the Funds and other clients are concerned, there is no obvious conflict of interest due to the relationship between the Manager and SPQ.

Other than holding investments in the Funds which is intended for alignment of interest, SPQ does not have any other relationships or arrangements that are material to SPQ's advisory business or to its clients that the Firm or any of its management persons have with any of the following related persons: (i) a broker-dealer, municipal securities dealer, or government securities dealer or broker; (ii) an investment company or other pooled investment vehicle; (iii) a futures commission merchant, commodity pool operator, or commodity trading advisor; (iv) a banking or thrift institution; (v) an accountant or accounting firm; (vi) a lawyer or law firm; (vii) an insurance company or agency; (viii) a pension consultant; and (ix) a real estate broker or dealer sponsor or syndicator of limited partnerships.

Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Participation or Interest in Client Transactions

SPQ serves as the investment adviser to the Funds. The owners and/or employees of the Firm have made and may make investments in the Funds, therefore having a financial interest in the Funds through an incentive allocation or a direct investment interest in the Funds. As such, SPQ could be considered to have recommended to Investors that they buy or sell securities or investments in which the Firm or a related person has some financial interest.

SMA accounts will be traded on a pari passu basis with the Funds with full transparency. The trading and investment will be done so as not to disadvantage the Funds over the SMA clients or vice versa. This is disclosed to the SMA clients prior to the execution of an IMA.

Personal Account Trading

The Firm has adopted a compliance manual incorporating staff personal account dealing rules. At all times the interests of the clients must be put first. Actual or potential conflicts of interest between personal and client dealing should be avoided. Employees (including directors) should not abuse their positions of trust and responsibility.

All employees are required to disclose their existing securities shareholdings upon joining and semi-annually thereafter. All employees are required to obtain prior written permission for personal account dealing from the compliance team. The permission should be valid for no more than 5 trading days and be subject to the following constraints:

- (a) that relevant employee may not buy or sell an investment on a day in which the Company has a pending "buy" or "sell" order in the same investment until that order is executed or withdrawn;
- (b) that relevant employee may not buy or sell an investment for their personal account within 1 trading day before (if the relevant employee is aware of a forthcoming Firm transaction) or after trading in that investment by the Firm;
- (c) that relevant employee may not buy or sell an investment for their personal account within 1 trading day before (if the relevant employee is aware of a forthcoming

recommendation) or after a recommendation on that investment is made or proposed by SPQ;

(d) that cross trades between relevant employees and the Firm be prohibited;

Employees are required to hold all personal investments for at least 30 days, unless prior written approval of the compliance officer or other persons designated by senior management is given for an earlier disposal.

The employees are required to obtain approval from the compliance officer for new outside broking accounts, and ensure that copies of statements of personal transactions entered into by them are submitted to the compliance officer. Employees will provide a semiannual report of personal securities transactions to the Firm.

SPQ will provide a copy of the Firm's personal account dealing policies to any clients or prospects upon request.

Item 12: Brokerage Practices

Prime Brokers

In selecting brokers and negotiating commission rates, SPQ will take into account the financial stability and reputation of the broker, the quality of the investment research, investment strategies, special execution capabilities, clearance, settlement, custody, recordkeeping and other services provided by such broker.

Research and Soft Dollar Arrangements

The Manager, the Firm or the Funds may enter into "soft dollar arrangements" under which commissions or other compensation generated by the Funds' transactions are used to obtain products and services provided to the Manager, the Firm but which can reasonably be expected to benefit the Funds and which may contribute to an improvement in the Funds' performance. Currently the Manager, the Firm or the Funds do not use soft dollar arrangements.

Should the Manager use soft dollar arrangements, it will generally use reasonable best efforts to ensure the use of soft dollars to pay for research products or services will fall within the safe harbor created by Section 28(e) of the Exchange Act.

Item 13: Review of Accounts

Review of Accounts

The Funds and SMAs are reviewed on a daily basis. These reviews are designed to monitor the market exposure level (both gross exposure and net exposure), investment positions, major changes in company fundamentals, industry outlook, market outlook, country and sector weightings, etc. These reviews are performed by SPQ's investment professionals.

Reporting

The Funds will prepare their respective annual financial statements in accordance with US GAAP. Copies of the audited financial statements will be issued to Shareholders as soon as

practicable. The first Fiscal Year for the purpose of reporting shall commence on the Initial Closing Day and conclude on December 31, 2014. The Manager will issue a brief performance summary on a monthly basis and an investor newsletter on a quarterly basis. The Administrator will issue monthly account statements to investors.

Item 14: Client Referrals and Other Compensation

The Firm or any related person of the Firm does not compensate any person who is not SPQ's supervised persons for client referrals.

No person who is not a client of Adviser provides an economic benefit to Adviser for providing investment adviser or other advisory services to Adviser's clients.

Item 15: Custody

SPQ does not maintain direct custody over client funds or securities. All assets are held at qualified custodians. The Funds each has its own fund administrator, prime broker and custodian who are independent of the Firm. Investors in the Funds will receive monthly account statements from the relevant Fund administrator. SPQ urges investors in the Funds to carefully review such statements and compare such official records to the reports that SPQ may provide to such investors.

Item 16: Investment Discretion

SPQ possesses discretionary portfolio management authority over the Funds with respect to asset allocations and direct investments as per the advisory agreements and offering documents in place.

SPQ has the authority to determine (i) the securities to be purchased and sold for the client account and (ii) the amount of securities to be purchased or sold for the client account.

Item 17: Voting Client Securities

The Firm does not intend to accept the authority to vote proxy or corporate actions on behalf of the Funds or SMAs.

Item 18: Financial Information

SPQ has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients and has not been the subject of a bankruptcy proceeding.