

Serenity Capital LLC

Form ADV Part 2A

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This brochure provides information about the qualifications and business practices of Serenity Capital LLC ("Serenity LLC"). If you have any questions about the content of this brochure, please call 650-617-3342 or contact Peishan Xiao, the Chief Compliance Officer, at pxiao@serenitycap.com. Serenity LLC is an investment adviser registered with the U.S. Securities & Exchange Commission ("SEC"). The information in this brochure has not been approved or verified by the SEC or by any state securities authority.

Additional information about Serenity LLC is also available on the SEC's website at: www.adviserinfo.sec.gov.

Item 2. Material Changes

This is Serenity LLC's first brochure, which is filed contemporaneously at the time of its registration as an investment adviser with the United States Securities and Exchange Commission ("SEC"). Accordingly, there are no material changes to report.

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Item 4. Advisory Business

Serenity Capital LLC (“Serenity LLC”) was founded in August 2016. Serenity LLC is owned exclusively by its founder, Wang Chen.

The investment activities of Serenity LLC are led by Mr. Chen, Mengying Sun, and Tony Dong in executing the investment strategy. Serenity LLC provides discretionary sub-advisory services to the Serenity Investment Master Fund Limited (the “Master Fund”), Serenity Investment Feeder Fund Limited, and Serenity Investment Feeder Fund II Limited (collectively the “Funds”). The Funds are all domiciled in the Cayman Islands.

Serenity Capital Management, Ltd. (“Serenity Ltd.”) acts as the investment manager (“Manager”) to the Funds. Serenity Ltd. is incorporated in the Cayman Islands as an exempted company with limited liability, and provides management services to the Funds. As Manager, Serenity Ltd. is responsible for directing investment decisions on behalf of the Funds. However, Serenity Ltd. has delegated certain of its functions, to Serenity LLC and Shanghai She Ran Ji Yuan Investment Consulting Co., Ltd. (“Shanghai Ltd.”), a limited liability company based in Shanghai, China, to provide sub-advisory services to the Funds (each a “Sub-Adviser”). As Sub-Advisers, Serenity LLC and Shanghai Ltd. are primarily responsible for providing asset management services to Serenity Ltd. in regards to the investments for the Funds.

Serenity Ltd. and Shanghai Ltd. are deemed to be “Relying Advisers” pursuant to Rule 203(m)-1 of the Advisers Act and subject to the requirements thereof. For more information about these affiliates, see discussion under “*Item 10. Other Financial Industry Activities and Affiliations*”.

This brochure will generally refer to the activities of the Master Fund (the “Fund”) when discussing investment management activities. The Feeder Funds will not hold any investments outside of the Master Fund. Serenity LLC will manage the Fund in accordance with the terms of the offering memorandum and other governing documents applicable to the Fund.

For information about the investment strategies of the Fund, see discussion under “*Item 8. Methods of Analysis, Investment Strategies and Risks of Loss*”. Further, details regarding the investment objective for the Fund can be found in the offering memoranda and other governing documents.

Shares or limited partnership interests in the Fund are not registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”); nor is the Fund registered under the Investment Company Act of 1940, as amended (the “Investment Company Act”). Accordingly, interests or shares in the Fund are offered and sold exclusively to investors satisfying the applicable eligibility and suitability requirements, either in private transactions within the United States or in offshore transactions.

Item 5. Fees and Compensation

The Fund will pay a management fee plus a profit allocation fee in accordance with the Fund’s Private Placement Memorandum (“PPM”). The information provided in this brochure regarding

fees and expenses is not intended to be complete or final and is qualified in its entirety by the PPM for the Fund. Investors should read and review the offering memorandum and other governing documents of the respective Fund to fully understand the types of fees and expenses that are paid for by the Funds.

Management Fee

The Fund will pay Serenity Ltd. a monthly management fee calculated at an annual rate of 2.0% based on the net assets as of the last day of each calendar month. In its sole discretion, the Fund's Board of Directors may waive, rebate, or decrease the management fee for which it is entitled.

Profit Allocation Fee

The Fund will pay the holders of the Management Shares of the Fund a profit allocation fee equal to an annual rate of 20% of each Investor's capital account subject to a high water mark. The profit allocation fee will include both realized and unrealized gains and losses, if any. When calculating the profit allocation fee, net profits will be reduced by the management fee and losses and expenses incurred by the Fund, as more particularly described in the offering documents of the Fund. In its sole discretion, the Fund's Board of Directors may elect to reduce, waive or calculate differently, but not increase, the Profit Allocation with respect to any Investor.

Redemption Fee

A redemption fee of up to 5% of the redemption proceeds for a redemption in Class A shares will be payable by a redeeming Investor, and imposed on any Class A Share redeemed within the period of 12 months immediately following the expiration of the Lock-Up Period. The redemption fee will be payable to the Fund. In its sole discretion, the Fund's Board of Directors has the discretion to reduce or waive the redemption fee.

Expenses

In addition to the fees noted above, the Investors will also indirectly bear the fees and expenses charged to the Fund. The Fund will bear certain costs in connection with its organization and that of the feeder funds.

The Fund bears other fees and expenses including but not limited to: (i) the costs and expenses of all transactions carried out by the Fund or on its behalf; (ii) the charges and expenses of legal advisers and auditors; (iii) brokers' commissions (if any), borrowing charges on securities sold short and any issue or transfer taxes or stamp duties chargeable in connection with any securities transactions; (iv) all taxes and corporate fees payable to governments or agencies; (v) Directors' fees and expenses; (vi) interest on borrowings, including borrowings from the Prime Broker/Custodian; (vii) communication expenses with respect to investor services including periodic investor meetings and all expenses of meetings of Shareholders and of preparing, printing and distributing financial and other reports, proxy forms, prospectuses and similar documents; (viii) the cost of insurance (if any) for the benefit of the Directors; (ix) specific research and investment consultancy expenses; (x) litigation and indemnification expenses and

extraordinary expenses not incurred in the ordinary course of business; (xi) fees and expenses relating to software systems, tools, programs, or other technology utilized in managing the Funds (including third party software licensing, implementation, data management and recovery services and custom development costs); (xii) the cost of obtaining and maintaining any future listing of the shares on any stock exchange; (xiii) costs associated with risk aggregation reporting; (xiv) all other organizational and operating expenses of the Funds.

The Fund may pay its costs directly, or Serenity LLC or an affiliate may advance costs and be reimbursed by the Fund. Serenity LLC or an affiliate may bear any of those costs out of its own assets or revenues, but its decision to do so as to some costs or for some periods will not obligate it to do so as to any other costs or to continue doing so for any other periods.

Investors in the Funds are requested to refer to the respective Fund's offering documents for a complete and detailed discussion on the fees and expenses paid for by the Fund.

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

As mentioned above, in addition to the management fee for portfolio management, the holders of the Management Shares of the Fund will also be paid a profit allocation fee, subject to a high water mark, from the Fund when achieved.

The fact that related persons of Serenity LLC will be compensated based on trading profits may create an incentive for Serenity LLC to make investments, on behalf of the Fund, that are riskier or more speculative than would be the case in the absence of such compensation. In addition, the profit allocation fees received by the related persons of Serenity LLC will be based primarily on realized and unrealized gains and losses. As a result, the profit allocation fees earned could be based on unrealized gains that the Fund may never realize.

The Investment Advisers Act of 1940 restricts the payment of performance-based fees to investment advisers registered under such act. However, SEC Rule 205-3 permits the payment of performance-based compensation to registered investment advisers provided that the clients (including investors in pooled investment vehicles such as the Fund) meet certain financial qualifications.

The offerings of interests in the Funds will be structured to comply with this rule and accordingly the Funds will only accept subscriptions from Investors who meet the qualifications set forth in Rule 205-3. Investors in the Funds should refer to the respective Fund's offering documents for complete information on the corresponding fees charged by Serenity LLC, its affiliates, and/or related persons.

Item 7. Types of Clients

Serenity LLC only provides investment advice to the Funds on a discretionary basis. Generally, an Investor is required to open an account with a minimum of US\$1,000,000. The minimum

investment may be waived by the Fund's Board of Directors, provided the minimum amount accepted is not less than required under Cayman law.

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

Methods of Analysis and Investment Strategy

Serenity LLC attempts to achieve its investment objective through a fundamental, bottom up long/short equity strategy. Serenity LLC takes a long-term investment approach aimed at companies with exposure to "Greater China" (including Hong Kong, Taiwan, and Macau).

Serenity LLC constructs a concentrated portfolio (in terms of number of positions) through a rigorous bottom-up, opportunity driven process. It will aim to generate alpha through both long and short positions and may hold 100% cash at times when no compelling investment opportunity can be found.

Serenity LLC has the flexibility to invest in a wide range of instruments including, but not limited to, equities, convertible bonds, credit instruments, listed securities, options, warrants, and other derivative instruments which may be exchange traded or over the counter. Serenity LLC may also retain amounts of cash or cash equivalents if this is considered to be appropriate to the investment objective.

Although Serenity LLC has maximum flexibility to invest in any asset class, it primarily expects to utilize equities, convertible bonds, credit instruments, and derivatives to achieve the investment objective.

Serenity LLC's investment process is a collaborative effort by the Investment Committee which is comprised of Mr. Chen, Ms. Sun and Mr. Dong (who is an independent Committee Member) debating the merits of individual investment decisions. A majority consensus by the Investment Committee members is required for all investment decisions.

Risks

Investing in any securities involves risk of loss that Investors should be prepared to bear. A description of the material risks that relate to the investment strategy are described in this section, but the following is not intended to be all encompassing. The Fund's offering memorandums provide a summary of additional risks Investors face when investing in the Fund. Investors in the Fund should review the offering memorandums to fully understand the additional risks.

Market Risk – Any investment made in a specific group of securities is exposed to the universal risks of the securities market. However, there can be no guarantee that losses equivalent to or greater than the overall market will not be incurred as a result of investing in such securities.

Equity markets generally, or any particular equity market or segment of a market in which the Fund has invested, could move against the Fund's portfolio and the Fund could suffer losses. The performance of the Fund's portfolio depends to a great extent on the accuracy of the

assessments of the Manager/Sub-Advisers on the future course of market price movements. There can be no assurance that the Manager/Sub-Advisers will be able to predict accurately these price movements.

Security Selection - The identification of securities representing high quality businesses and management teams is a difficult task, and there are no assurances that such opportunities will be successfully recognized over the long term. While such investments offer the opportunities for above-average capital appreciation, they also involve a high degree of financial risk and can result in substantial losses.

Limited Operating History; Reliance on Key Personnel - Past performance is not indicative of future results and no assurance can be given that investment objectives will be achieved or that the Fund will receive a return of any of their investment. Serenity LLC expects to rely heavily on the experience of the Firm's principal and should he become incapacitated or in some way ceases to participate in Serenity LLC, performance could be adversely affected.

General Economic and Market Conditions – General economic or market conditions may adversely affect the investments made by the Fund. In addition, a downturn or contraction in the economy or in the capital markets, or in certain industries or geographic regions thereof, may restrict the availability of suitable investment opportunities for the Fund and/or the opportunity to liquidate any such investments, each of which could prevent the Fund from meeting its investment objectives.

Leverage - The Fund will be exposed to risks associated with the use of leverage, such as the risk that leverage could have a negative effect on returns and the risks of default and liquidation. In addition to use of leverage, certain entities in which the Fund directly or indirectly invests may borrow money or use other financial techniques that would have the economic effect of using leverage.

Geopolitical Risk of Investing in The People's Republic of China – The Fund mainly invests in the China and other emerging markets. Investments in China will involve certain risks not typically associated with investments in developed markets.

In China, not only stock markets but private equity markets are still developing at present. Performance records, the number and the volume of transactions, related laws and legal precedents, and other general information in the private equity markets may not be deemed to be sufficient, compared with those markets in the developed countries.

Serenity LLC will attempt to manage the Fund's investment program in a manner designed to diversify and minimize these risks relative to the potential for gain, but such risks cannot be eliminated entirely. These risks may increase expenses of the Fund adversely affect the value of the Fund's investments and adversely impact the Fund's investment program and strategy.

Political Risk – The Fund will be exposed to the direct and indirect consequences of potential political, economic, social and diplomatic changes in China. Certain countries in China face social and political instability resulting from among other things, (i) authoritarian governments or military involvement in political and economic decision making and changes in government

through extra-constitutional means; (ii) popular unrest and internal insurgencies associated with demands for improved political, economic and social conditions; (iii) hostile relations with neighboring countries; and (iv) ethnic, racial and religious conflict.

With respect to certain countries where the Fund is expected to invest, there is the possibility of nationalization, expropriation or confiscatory taxation, political changes, governmental regulation, social instability or diplomatic developments (including war) that could adversely affect the economies of such countries or the value of the Fund's and the investments in those countries.

Restriction on Investment Activity of Foreign Investors – Some countries in which the Fund expects to invest have laws and regulations that, to varying degrees, preclude or restrict direct foreign investment in the securities of resident companies, limit the types of securities that foreigners may buy, or limit foreign investors to special investment structures. In many countries in China, foreigners are precluded from investing in certain economic sectors (such as communications or natural resources). Moreover, prior governmental approval for foreign investments may be required in some countries and the extent of foreign investment in domestic companies may be subject to limitation in other countries. Foreign ownership limitations also may be imposed by the charters of individual companies.

Distribution to Foreign Investors – Foreign remittance of investment income, capital and the proceeds from sales of securities by foreign investors may require governmental registration and approval in some countries in China. The Fund could be adversely affected by delays in or a refusal to grant required governmental registration or approval for any such proposed repatriation.

Liquidity – Under certain conditions liquidity of a particular market or security may be restricted, thus affecting the performance of the Fund. Lack of liquidity or market depth can affect the valuation of the Fund's assets as it looks to realize securities at quoted prices. The Fund's Board of Directors may, in their absolute discretion, classify certain of the Fund's investments as illiquid on the basis that the Board of Directors have determined that such investments (i) do not have a readily ascertainable market value or (ii) may be valued but are not freely transferable (a "Designated Investment"). As a result of illiquidity and other situations, investments or assets may be designated by the Board of Directors as Designated Investments. Participating Shares representing Designated Investments are not redeemable at the option of Investors. Reduced liquidity may also make it difficult to purchase or sell specific securities at a favorable or desirable price or in a sufficient quantity to meet the investment objectives of the Fund. In addition, in the case of substantial redemptions, the Fund may be forced to sell its more liquid positions at a disadvantageous time, resulting in a greater percentage of the portfolio consisting of illiquid securities and assets for the continuing Investors.

Aggregate trading volumes on securities markets in China are substantially lower than trading volumes in developed countries. Securities of most companies in China are less liquid and more volatile than securities of comparable companies in developed countries.

Limited Diversification – Subject to Serenity LLC's risk framework, in the normal course of making investments on behalf of the Fund, Serenity LLC may select investments for the Fund that potentially could be concentrated, for example, in a limited number or type of financial instruments or in any one asset class, issuer, industry, sector, strategy, emerging market or geographic region. Market conditions may create opportunities within certain investment strategies, which cause Serenity LLC to increase the concentration of certain investment strategies. Such concentration of risk may expose the Fund to losses disproportionate to those incurred by the market in general if the areas in which the Fund's investments are concentrated are disproportionately adversely affected by price movements. Also, the use of a single manager applying generally similar trading programs could mean lack of diversification and, consequentially, higher risk.

See the Fund's offering document for a complete and detailed discussion of additional risks.

Item 9. Disciplinary Information

Serenity LLC, its employees, or related persons have not been involved in any disciplinary events in the past 10 years that would be material to a client or Investor's evaluation of the Firm or its personnel.

Item 10. Other Financial Industry Activities and Affiliations

As mentioned above, Wang Chen is the sole owner of Serenity LLC and is the majority owner of Serenity Capital Management, Ltd. ("Serenity Ltd.") The remaining minority interest in Serenity Ltd. is held by Jiatao Yang, who is also the sole owner of Shanghai She Ran Ji Yuan Investment Consulting Co., Ltd. ("Shanghai Ltd."). Mrs. Yang acts as a passive owner and is not involved in the day-to-day business of the entities.

Serenity Ltd. maintains service agreements with both Serenity LLC and Shanghai Ltd. whereby Serenity Ltd. delegates to Serenity LLC and Shanghai Ltd. its full discretionary power and authority to manage, supervise, select and evaluate potential investments for the Fund. Shanghai Ltd. also provides back-office, research, administrative, and reporting services to the Funds.

There are no employees of Serenity Ltd. other than the employees of Shanghai Ltd and of Serenity LLC.

Shanghai Ltd. and Serenity Ltd. are "Relying Advisers" as that term is used in Rule 203(m)-1 of the Advisers Act. Accordingly, Shanghai Ltd. and Serenity Ltd. agree to submit to the jurisdiction of the SEC and be subject to compliance program of Serenity LLC.

Additionally, the Funds themselves may be considered as related entities of Serenity LLC.

Item 11. Code of Ethics, Participation or Interest in Client Transactions and

Personal Trading

Serenity LLC's principal, employees, and related persons will invest in the Fund and therefore may have an indirect financial interest in the underlying components of the Fund. Serenity LLC has adopted a *Code of Ethics* (the "Code") policy expressing the Firm's commitment to ethical conduct. Serenity LLC's Code describes the Firm's fiduciary duties and responsibilities to its clients, and sets forth Serenity LLC's practice of supervising the personal securities transactions of supervised persons with access to client information and investment decision information.

Individuals associated with Serenity LLC must seek pre-approval before transacting in individual equities, IPOs, and private placements out of their personal accounts.

To supervise compliance with its Code, Serenity LLC will require all employees to provide initial and annual securities holdings reports and quarterly transaction reports to the Firm's Chief Compliance Officer for monitoring and review.

Serenity LLC requires that all individuals must act in accordance with all applicable U.S. federal and state regulations governing registered investment advisory practices. Serenity LLC's Code will further include the Firm's policy prohibiting the use of material non-public information. Any individual not in observance of the above may be subject to discipline.

Serenity LLC will provide a complete copy of its Code to any Investor in the Funds upon request to the Chief Compliance Officer, whose contact information can be found on the cover page of this brochure.

Item 12. Brokerage Practices

As investment adviser to the Fund, Serenity LLC is granted the discretionary authority in the relevant organizational documents and/or investment management agreements to determine which securities and the amounts of securities that are bought or sold, as well as the broker dealer to be used and the commission rates to be paid.

Broker Selection and Best Execution

Morgan Stanley & Co. International Plc. and Merrill Lynch International serve as the prime brokers ("Prime Brokers") to the Fund. The Prime Brokers have certain administrative functionalities including the issuance of broker account statements and record keeping on all custody transactions. Serenity LLC utilizes a number of broker-dealers, in addition to the Prime Broker, to execute trades for the Fund. Broker-dealers are selected based upon the amount of commission, quality of execution, expertise in particular markets, the reputation, experience and financial stability of the broker-dealer involved, quality of service, familiarity both with investment practices and the techniques employed by Serenity LLC, research and analytic services, and clearing and settlement capabilities. At all times, brokers-dealers are subjected to principles of best execution.

In addition to the foregoing principles of broker-dealer selection, subject to the requirement to obtain best execution of brokerage transactions, Serenity LLC may allocate a portion of the Firm's brokerage business to brokers on the basis of certain considerations, including the investment research provided by such firms, securities allocation, the availability of margin or other leverage, familiarity with the investment techniques employed by Serenity LLC, block positioning, other special execution capabilities or other services provided to Serenity LLC.

Serenity LLC may cause the Fund to pay a broker-dealer that provides brokerage and research services to Serenity LLC an amount of commission in excess of the commissions that another broker-dealer would have charged for executing a transaction. Although it is not possible to assign an exact dollar value to these services, they may, if and to the extent used, tend to reduce the expenses of Serenity LLC. The fees paid to Serenity LLC are not reduced because it receives such services.

Soft Dollar Arrangements

Serenity LLC has a formal arrangement with its Prime Brokers to use credits received from the reduction of its commission expense to pay for research, research-related products, and other services obtained from broker-dealers. Any payment with the commission credits for research related products or services utilized for the benefit of Serenity LLC and/or the Funds will be made within the scope of Section 28(e) of the Securities and Exchange Act of 1934.

At least annually, Serenity LLC will assess its commission policies, rates, and allocations. This review considers the contributions and value of research services received from broker-dealers and other firms.

Trade Errors

Serenity LLC will establish trade processes and procedures designed to reduce the likelihood of errors and, in its sole discretion, will determine what constitutes a trade error.

Serenity LLC's general policy will seek to identify and correct any trade errors promptly and in a way that mitigates any losses. Trade errors in the Fund will be borne by the Fund unless an error is the result of gross negligence, willful misconduct or violation of applicable laws by Serenity LLC or the Relying Advisers. Serenity LLC does not provide reimbursement for lost opportunity costs.

Item 13. Review of Accounts

Positions held by the Fund are continuously monitored and reviewed by the investment advisory personnel of Serenity LLC and the Relying Advisers. Accounts are reviewed in the context of the Fund's stated investment objectives and guidelines. More frequent reviews may be triggered by material changes in variables such as the Fund's individual circumstances, or the market, political or economic environment.

Investors are provided a monthly capital statement by the Fund's administrator, Citco Fund Services. In addition, Investors are provided with audited financial statements within 120 days of the end of the Fund's fiscal year. Serenity LLC may also prepare and deliver to such Investors additional information Serenity LLC deems pertinent or any information upon request.

Item 14. Client Referrals and Other Compensation

Serenity LLC or an affiliate may, from time to time, compensate third-party individuals or entities for investor referrals. To the extent deemed applicable, such arrangements will be entered into in accordance with the terms and conditions of Advisers Act Rule 206(4)-3. Prospective investors are advised in advance of the nature of and compensation payable in connection with such referral arrangements.

Item 15. Custody

All Funds' assets are held in custody by unaffiliated broker/dealers or banks, however a registered investment adviser who, directly or through an affiliate, acts as the general partner or managing member to a limited partnership or other comparable pooled investment vehicle is considered to have custody over such client assets. Rule 206(4)-2 under the Investment Advisers Act of 1940 imposes a number of requirements on an SEC-registered investment adviser that is deemed to have custody of its clients' funds and securities.

To comply with Rule 206(4)-2 and to provide meaningful protection to Investors, the Fund is subject to an annual financial statement audit by an independent public account registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board. The audited financial statements are prepared in accordance with International Financial Reporting Standards (IFRS). Any material differences will be reconciled to the generally accepted accounting principles and are distributed to each Investor within 120 days of the Fund's fiscal year end.

Item 16. Investment Discretion

Serenity LLC accepts discretionary authority to manage investments on behalf of the Funds.

As investment adviser to the Funds, Serenity LLC is granted the discretionary authority in the relevant organizational documents and/or investment management agreements to determine which securities and the amounts of securities that are bought or sold, as well as the broker dealer to be used and the commission rates to be paid.

Item 17. Voting Client Securities

Serenity LLC has a proxy policy which provides for the Firm's proxy voting policy and practices and recognizes the Firm's duty and responsibility for the voting of proxies in the best interests of

the Fund. Mr. Chen, with consultation with investment personnel to understand the matters being voted, makes all proxy voting decisions.

Investors in the Fund can obtain a copy of Serenity LLC's *Proxy Voting* policy and procedures or information with respect to a specific proxy vote by submitting a request to the Chief Compliance Officer, whose contact information can be found on the cover page of this brochure.

Item 18. Financial Information

Serenity LLC has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to manage the Funds.