

Welkin 滙勤

CHINA PRIVATE EQUITY  
INVESTMENT COMPANY

LISTED PRIVATE EQUITY FUND FOCUSED ON CHINA

# Welkin China Private Equity Limited

(a closed-ended investment company incorporated with limited liability under the laws of  
Guernsey with registration number 70660)

Ticker: WCPE (USD) / WCPG (GBP)

## INITIAL PUBLIC OFFERING

Sole Sponsor and Global Coordinator

**Deutsche Bank**



Joint Bookrunners  
(in alphabetical order)



Deutsche Bank



finnCap



THIS DOCUMENT AND ANY ACCOMPANYING DOCUMENTS ARE IMPORTANT AND REQUIRE YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take or the contents of this document, you are recommended to seek your own independent financial advice immediately from your stockbroker, bank, solicitor, accountant, or other appropriate independent financial adviser, who is authorised under the Financial Services and Markets Act 2000, as amended (“FSMA”) if you are in the United Kingdom, or from another appropriately authorised independent financial adviser if you are in a territory outside the United Kingdom.

This document, which comprises a prospectus (the “Prospectus”) relating to Welkin China Private Equity Limited (the “Company”), has been prepared in accordance with the UK version of the EU Prospectus Regulation (2017/1129) which is part of UK law by virtue of the European Union (Withdrawal) Act 2018, as amended and supplemented from time to time (the “UK Prospectus Regulation”) and the prospectus regulation rules of the Financial Conduct Authority (the “FCA”) (the “Prospectus Regulation Rules”). This Prospectus has been approved by the FCA as the competent authority under the UK Prospectus Regulation and the FCA only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the UK Prospectus Regulation. Accordingly, such approval should not be considered as an endorsement of the issuer, or of the quality of the securities, that are the subject of this Prospectus; investors should make their own assessment as to the suitability of investing in the Shares.

Capitalised or otherwise defined terms contained in this Prospectus have the meanings ascribed to them in Part XI (*Definitions*) of this Prospectus, save where the context indicates otherwise.

Applications will be made for the Shares to be issued pursuant to the Initial Placing and any Subsequent Placing to be admitted to listing on the premium listing category of the Official List and to be admitted to trading on the premium segment of the Main Market. It is not intended that any class of shares in the Company be admitted to listing or trading in any other jurisdiction. It is expected that Initial Admission will become effective and that dealings for normal settlement in the Shares will commence at 8.00 a.m. on 30 September 2022.

---

## Welkin China Private Equity Limited

*(a closed-ended investment company incorporated with limited liability under the laws of Guernsey  
with registration number 70660)*

**Initial Placing of Ordinary Shares for the issue of up to 315 million Ordinary Shares  
at US\$ 1.00 per Ordinary Share, which includes the issue of 15 million Ordinary Shares  
pursuant to the acquisition of the Initial Portfolio**

**Placing Programme of up to 500 million Ordinary Shares and/or C Shares in aggregate  
(including the number of Ordinary Shares issued pursuant to the Initial Placing)**

*Sole Sponsor; Global Co-ordinator and Joint Bookrunner*

***Deutsche Bank AG (London Branch)***

*Joint Bookrunners*

***CLSA Limited, finnCap Limited and Huatai Financial Holdings (Hong Kong) Limited***

---

The Company and each of the Directors, whose names appear on page 41 of this Prospectus, accept responsibility for the information contained in this Prospectus. To the best of the knowledge of the Company and the Directors, the information contained in this Prospectus is in accordance with the facts and the Prospectus makes no omission likely to affect its import.

Welkin Capital Management (Asia) Limited (the “Investment Manager”) accepts responsibility for the information and opinions contained in: (a) the risk factors contained under the following headings: “Risks relating to the Investment Process and Strategy” and “Risks relating to the Investment Manager”; (b) section 2 (*Investment Objective and Investment Policy*), section 5 (*Dividend Policy and Target Return*) and section 8 (*Net Asset Value*) of Part I (*Information on the Company*); (c) Part II (*The Market Opportunity*); (d) Part III (*Initial Portfolio*); (e) Part IV (*Investment Approach, Strategy and Process*); and (f) Part VI (*Directors, Management and Administration*) of this Prospectus and any other information or opinion related to or attributed to it or any Affiliate of the Investment Manager. To the best of the knowledge of the Investment Manager, the information contained in this Prospectus related to or attributed to the Investment Manager and its Affiliates are in accordance with the facts and such parts of this Prospectus make no omission likely to affect their import.

Deutsche Bank AG (London Branch) (“Deutsche Bank”) is acting exclusively for the Company and for no one else in connection with the Initial Placing, the Subsequent Placings, each Admission and any matters referred to in this Prospectus. Deutsche Bank will not be responsible to anyone (whether or not a recipient of this Prospectus) other than the Company for providing the protections afforded to clients of Deutsche Bank or for providing advice in relation to the Initial Placing, the Subsequent Placings, each Admission or any other transaction or arrangement referred to in this Prospectus. Deutsche Bank is not responsible for the contents of this Prospectus or any matters referred to in this Prospectus. This does not exclude any responsibilities which Deutsche Bank may have under FSMA or the regulatory regime established thereunder. Deutsche Bank AG is a joint stock corporation incorporated with limited liability in the Federal Republic of Germany, with its head office in Frankfurt am Main where it is registered in the Commercial Register of the District Court under number HRB 30 000. Deutsche Bank AG is authorised under German banking law. The London branch of Deutsche Bank AG is registered in the register of the companies for England and Wales (registration number BR000005) with its registered address and principal place of business at Winchester House, 1 Great Winchester Street, London EC2N 2DB. Deutsche Bank AG is authorised and regulated by the European Central Bank and the German Federal Financial Supervisory Authority (BaFin). With respect to activities undertaken in the UK, Deutsche Bank AG is authorised by the Prudential Regulation Authority with deemed variation of permission. It is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. Details about the Temporary Permissions Regime, which allows EEA-based firms to operate in the UK for a limited period while seeking authorisation, are available on the Financial Conduct Authority’s website.

finnCap Limited (“**finnCap**”), a firm which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting exclusively for the Company as broker in connection with the Initial Placing, the Subsequent Placings and any matters referred to in this Prospectus, and will not be responsible to any other person for providing the protections afforded to customers of finnCap or advising any other person in connection with the Initial Placing, the Subsequent Placings and any matters referred to in this Prospectus. Apart from the responsibilities and liabilities, if any, which may be imposed on finnCap by FSMA or the regulatory regime established under it, finnCap does not accept any responsibility whatsoever for the contents of this document, and no representation or warranty, express or implied, is made by finnCap with respect to the accuracy or completeness of this document or any part of it.

Each of CLSA Limited (“**CLSA**”) and Huatai Financial Holdings (Hong Kong) Limited (“**Huatai**”) is licensed by the Securities and Futures Commission of Hong Kong and is acting exclusively for the Company in connection with the Initial Placing, the Subsequent Placings and any matters referred to in this Prospectus, and will not be responsible to any other person for providing the protections afforded to customers of CLSA or Huatai or advising any other person in connection with the Initial Placing, the Subsequent Placings and any matters referred to in this Prospectus. Neither CLSA nor Huatai accepts any responsibility whatsoever for the contents of this document, and no representation or warranty, express or implied, is made by either CLSA or Huatai with respect to the accuracy or completeness of this document or any part of it.

Apart from the liabilities and responsibilities (if any) which may be imposed on Deutsche Bank by FSMA or the regulatory regime established thereunder, or under the regulatory regime of any other jurisdiction where exclusion of liability under the relevant regulatory regime would be illegal, void or unenforceable, each of the Joint Bookrunners makes no representations, express or implied, nor accepts any responsibility whatsoever for the contents of this Prospectus nor for any other statement made or purported to be made by it or on its behalf in connection with the Company, the Shares, the Initial Placing, the Subsequent Placings or any Admission or any other matters referred to herein and nothing in this Prospectus is or will be relied upon as a promise or representation in this respect, whether as to the past or future. Each Joint Bookrunner and its respective Affiliates accordingly disclaim all and any responsibility or liability (save for any statutory liability), whether arising in tort, contract or otherwise which it or they might otherwise have in respect of this Prospectus or any such statement.

The actual number of Shares to be issued pursuant to the Initial Placing or any Subsequent Placing will be determined by the Company, the AIFM, the Investment Manager and the Joint Bookrunners after taking into account, among other things, the demand for the Shares and prevailing economic market conditions. Further details of the Initial Placing and the Subsequent Placings are contained in Part VII (*The Initial Placing Arrangements and the Placing Programme*) of this Prospectus.

The Company has not been and will not be registered under the United States Investment Company Act of 1940, as amended (the “**Investment Company Act**”) and as such investors in the Shares are not and will not be entitled to the benefits of the Investment Company Act. The Shares have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”), or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered, sold, resold, pledged, delivered, assigned or otherwise transferred, directly or indirectly, into or within the United States or to, or for the account or benefit of, any “U.S. persons” as defined in Regulation S under the Securities Act (“**US Persons**”), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States and in a manner which would not require the Company to register under the Investment Company Act. In connection with the Initial Placing and any relevant Subsequent Placing, offers and sales of the Shares are being made only outside the United States in “offshore transactions” to non-US Persons pursuant to Regulation S under the Securities Act. There has been and will be no public offering of the Shares in the United States.

**Neither the United States Securities and Exchange Commission (the “SEC”) nor any securities commission of any state or other jurisdiction of the United States has approved or disapproved this Prospectus or the issue of the Shares or passed upon or endorsed the merits of the offering of the Shares or the adequacy or accuracy of this Prospectus. Any representation to the contrary is a criminal offence in the United States.**

This Prospectus has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of the Laws of Hong Kong (“**CWUMPO**”), nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (“**SFO**”). No action has been taken in Hong Kong to authorise or register this Prospectus or to permit the distribution of this Prospectus or any documents issued in connection with it. Accordingly, the Shares have not been and will not be offered or sold in Hong Kong by means of any document, other than (i) to “professional investors” (as defined in the SFO and any rules made under that ordinance) or (ii) in other circumstances that do not result in this document being a “prospectus” (as defined in the CWUMPO) or that do not constitute an offer to the public within the meaning of that ordinance.

No advertisement, invitation or document relating to the Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors (as defined in the SFO and any rules made under that ordinance).

In addition, the Shares are subject to restrictions on transferability and resale in certain jurisdictions and may not be transferred or resold except as permitted under applicable securities laws and regulations and under the Articles. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdictions and may subject the holder to the forced transfer provisions set out under the Articles. For further information on restrictions on offers, sales and transfers of the Shares, please refer to the section entitled “Overseas Persons and Restricted Territories” in Part VII (*The Initial Placing Arrangements and the Placing Programme*) and the section entitled “Memorandum and Articles of Association” in Part IX (*Additional Information on the Company*) of this Prospectus.

In connection with the Initial Placing and any Subsequent Placing, the Joint Bookrunners and their respective Affiliates, acting as an investor for its or their own account(s), may subscribe for or purchase Shares and, in that capacity, may retain, purchase, sell, offer to sell or otherwise deal for its or their own account(s) in such securities of the Company, any other securities of the Company or other related investments in connection with the Initial Placing, any Subsequent Placing or otherwise. Accordingly, references in this Prospectus to the Shares being issued, offered, acquired, subscribed or otherwise dealt with, should be read as including any issue or offer to, acquisition of, or subscription or dealing by, the Joint Bookrunners and any of their respective Affiliates acting as an investor for its or their own account(s). None of the Joint Bookrunners nor any of its Affiliates intends to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

This Prospectus does not constitute or form part of any offer or invitation to sell or issue, or the solicitation of an offer to purchase, subscribe for or otherwise acquire, any securities other than the securities to which it relates, or any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for such securities by any person in any circumstances in which such offer or solicitation is unlawful or would impose any unfulfilled registration, qualification, publication or approval requirements on the Company, the AIFM, the Investment Manager or any Joint Bookrunner.

The distribution of this Prospectus and the offer of the Shares in certain jurisdictions may be restricted by law. Other than in the United Kingdom, no action has been or will be taken to permit the possession, issue or distribution of this Prospectus (or any other offering or publicity material relating to the Shares) in any jurisdiction where action for that purpose may be required or doing so is restricted by law. Accordingly, neither this Prospectus, nor any advertisement, nor any other offering material may be distributed or published in any jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus comes should inform themselves about and observe any such restrictions. None of the Company, the AIFM, the Investment Manager or the Joint Bookrunners or any of their respective Affiliates or advisers accepts any legal responsibility to any person, whether or not a prospective investor, for any such restrictions.

The Company is a registered closed-ended investment scheme registered pursuant to the Protection of Investors (Bailiwick of Guernsey) Law, 2020 as amended, and the Registered Collective Investment Scheme Rules and Guidance, 2021, issued by the Guernsey Financial Services Commission (“GFSC”). The GFSC, in granting registration, has not reviewed this document but has relied upon specific declarations provided by JTC Fund Solutions (Guernsey) Limited, the Company’s designated administrator.

Neither the GFSC nor the States of Guernsey take any responsibility for the financial soundness of the Company or for the correctness of any of the statements made or opinions expressed with regard to it.

**Prospective investors should read this entire Prospectus and, in particular, the section entitled “Risk Factors” beginning on page 12 when considering an investment in the Company.**

This Prospectus is dated 6 September 2022.

## TABLE OF CONTENTS

SUMMARY	5
RISK FACTORS	12
IMPORTANT NOTICES	30
EXPECTED TIMETABLE FOR INITIAL ADMISSION	39
EXPECTED SUBSEQUENT PLACING TIMETABLE	39
DIRECTORS, ADVISERS AND OTHER SERVICE PROVIDERS	41
INVESTMENT HIGHLIGHTS	43
PART I – INFORMATION ON THE COMPANY	45
PART II – THE MARKET OPPORTUNITY	52
PART III – INITIAL PORTFOLIO	57
PART IV – INVESTMENT APPROACH, STRATEGY AND PROCESS	62
PART V – VALUATION OPINION LETTER	71
PART VI – DIRECTORS, MANAGEMENT AND ADMINISTRATION	72
PART VII – THE INITIAL PLACING ARRANGEMENTS AND THE PLACING PROGRAMME	82
PART VIII – TAXATION	93
PART IX – ADDITIONAL INFORMATION ON THE COMPANY	98
PART X – TERMS AND CONDITIONS OF ANY PLACING	127
PART XI – DEFINITIONS	139

## SUMMARY

Summaries are made up of disclosure requirements found in the Prospectus Regulation Rules. This summary contains all of the requirements to be included in a summary for this type of security and issuer.

### 1. INTRODUCTION

#### a. Name and ISIN of securities

- i. Ticker for the Ordinary Shares (in respect of Ordinary Shares traded in US Dollars): WCPE  
Ticker for the Ordinary Shares (in respect of Ordinary Shares traded in Sterling): WCPG  
ISIN of the Ordinary Shares: GG00BQ7WYN10

#### b. Identity and contact details of the issuer

- i. Name: Welkin China Private Equity Limited (the “**Company**”)  
Address: Ground Floor, Dorey Court, Admiral Park, St. Peter Port, Guernsey, GY1 2HT

#### c. Identity and contact details of the competent authority

- i. Name: Financial Conduct Authority  
Address: 12 Endeavour Square, London, E20 1JN, United Kingdom (Tel: 0300 500 8082)

#### d. Date of approval of the Prospectus

- i. 6 September 2022

#### e. Warnings

- i. This summary should be read as an introduction to this Prospectus. Any decision to invest in the Shares should be based on consideration of this Prospectus as a whole by the investor. The investor could lose all or part of the invested capital. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus or it does not provide, when read together with the other parts of this Prospectus, key information in order to aid investors when considering whether to invest in the Shares.

### 2. KEY INFORMATION ON THE ISSUER

#### a. Who is the issuer of the securities?

##### i. *Domicile and legal form, LEI, applicable legislation and country of incorporation*

The Company is a closed-ended investment company limited by shares, registered and incorporated in Guernsey under the Companies Law on 19 May 2022, with registered number 70660. The Company’s LEI is 254900GE6XSQPQW2TT11.

##### ii. *Principal activities*

The Company’s investment objective is to generate long-term capital growth through investing, directly or indirectly, in a diversified portfolio of private companies, primarily based, or having or pursuing operations in, China.

The Company will seek to achieve its investment objective by leveraging Welkin’s deep local networks, institutional platform, and extensive industry relationships to construct a diversified portfolio of primarily privately negotiated investments, directly or indirectly, in Chinese Companies.

The Company will focus on investment opportunities with attractive long-term growth prospects and strong fundamental value. While there are no specific limits placed on exposure to any one sector, the Company will seek to invest and manage its portfolio in a manner consistent with spreading investment risk.

The Company will employ a range of private equity strategies and structures to construct a broadly diversified portfolio with a balanced range of investment horizons that Welkin believes can generate consistent cash realisations and superior risk-adjusted returns in all market environments.

##### iii. *Major Shareholders*

As at the date of this Prospectus, Welkin Capital Management (Asia) Limited (the “**Initial Shareholder**”) holds all voting rights in the Company. Pending the issuance of Shares pursuant to the Initial Placing, the Company is controlled by the Initial Shareholder.

iv. ***Domicile and legal form, LEI, applicable legislation and country of incorporation***

The Company is a closed-ended investment company limited by shares, registered and incorporated in Guernsey under the Companies Law on 19 May 2022, with registered number 70660. The Company's LEI is 254900GE6XSQPQW2TT11.

v. ***Statutory auditors***

The statutory auditor of the Company, following Initial Admission, will be PricewaterhouseCoopers CI LLP.

**What is the key financial information regarding the issuer?**

***i. Selected historical financial information***

Not applicable. The Company is newly incorporated and has no historical financial information.

***ii. Selected pro forma financial information***

Not applicable. No pro forma information is included in this Prospectus.

**Closed end funds**

***i. Additional information relevant to closed end funds***

Not applicable. The Company has not commenced operations and so has no Net Asset Value as at the date of this Prospectus.

***ii. Statement of comprehensive income for closed end funds***

Not applicable. The Company is newly incorporated and has no historical financial information.

***iii. Statement of financial position for closed end funds***

The Company is newly incorporated and has no historical financial information.

**What are the key risks that are specific to the issuer?**

***i. Risks relating to the Company***

- The Company has no employees and is reliant on the performance of third party service providers.
- There can be no guarantee that the Company will achieve its target NAV total return.
- The Company has no operating history.
- There can be no guarantee that the Company will achieve its investment objective or that investors will get back the full value of their investment.

***Risks relating to the investment process and strategy***

- Delays in deploying capital and underperformance of Investee Companies may negatively impact on returns.
- The Company will invest (directly and via Managed Funds) in less established companies, which may subject it to greater risk of loss.
- China's legal and regulatory system involves greater uncertainty for investors than in many more developed jurisdictions.
- There is risk associated with illiquidity of private equity investments.
- Fees and profit shares payable by the Company will reduce the investment returns received by Shareholders and may not reflect the performance of the Company.

***Risks relating to the Investment Manager***

- The success of the Company is dependent on the Investment Manager and their expertise, key personnel, and ability to source and advise appropriately on investments.

***Risks relating to regulation, taxation and the Company's operating environment***

- The COVID-19 pandemic and war in Ukraine may adversely affect the performance of Investee Companies which may in turn adversely impact the Company's financial performance and prospects and the value of its portfolio.
- The Initial Portfolio of US\$30 million, includes the purchase of interests in 10 portfolio companies in and from Welkin Fund II worth US\$15 million (as of 31 July 2021) and this transaction requires the consent of the Welkin Fund II advisory committee which may not be granted.

**3. KEY INFORMATION ON THE SECURITIES**

**a. What are the main features of the securities?**

***i. Type, class and ISIN of the securities being admitted to trading on a regulated market***

The ISIN of the Ordinary Shares being issued pursuant to the Initial Placing and Placing Programme is GG00BQ7WYN10.

The ISIN of any tranche of C Shares that may be issued under the Placing Programme is not known at the date of this Prospectus and will be announced by way of an RIS announcement at the appropriate time.

***ii. Currency, denomination, par value, number of securities issued and term of the securities***

The Ordinary Shares will be denominated in US Dollars and will be of no par value. The Initial Placing Price is US\$1.00 (or the Sterling equivalent) per Ordinary Share. Up to 315 million Ordinary Shares will be issued pursuant to the Initial Placing.

The Placing Price of the Ordinary Shares which may be issued under a Subsequent Placing made pursuant to the Placing Programme is not known at the date of this Prospectus. Up to 500 million Ordinary Shares and/or C Shares (less the number of Ordinary Shares issued pursuant to the Initial Placing) may be issued pursuant to Subsequent Placings under the Placing Programme.

The Ordinary Shares have an infinite term. Any tranche of C Shares will convert into Ordinary Shares in accordance with the conversion mechanics set out in the Articles.

***iii. Rights attached to the securities***

The Ordinary Shares have the following rights:

*Voting rights*

Subject to any rights or restrictions attached to any class of shares, at a general meeting, on a show of hands:

- (a) every Shareholder present in person has one vote;
- (b) every proxy present who has been duly appointed by a Shareholder entitled to vote has one vote; and
- (c) every corporate representative present who has been duly authorised by a corporation has the same voting rights as the corporation would be entitled to,

and on a poll every Shareholder (whether present in person or by proxy or corporate representative) has one vote for every Share of which they are the holder or in respect of which they have been appointed the proxy or corporate representative. A Shareholder entitled to more than one vote need not, if they vote, use all their votes or cast all the votes they use the same way. In the case of joint holders, the vote of the joint holder whose name appears first on the Register in respect of the joint holding shall be accepted to the exclusion of the vote of the other joint holders.

No Shareholder shall have any right to vote at any general meeting or at any separate meeting of the holders of any class of shares, either in person or by proxy, in respect of any share held by them unless all amounts presently payable by them in respect of that share have been paid.



### *Dividends*

Subject to the provisions of the Companies Law and the Articles, the Company may at any time declare and pay such dividends as appear to be justified by the position of the Company. No dividend or other distribution shall exceed the amount recommended by the Directors or permitted by the Companies Law. Subject to the provisions of the Companies Law and the Articles, the Directors may declare and pay any fixed dividend which is payable on any shares of the Company half-yearly or otherwise on fixed dates whenever the position in the opinion of the Board so justifies. The holders of the Ordinary Shares shall be entitled to receive, and to participate in, any dividends or other distributions of the Company resolved to be distributed in respect of the Ordinary Shares.

### *Distribution of assets on a winding up or return of capital*

The capital and assets of the Company shall on a winding up or on a return of capital prior, in each case, to Conversion be applied as follows:

- (a) first, the Share Surplus shall be divided amongst the holders of the Ordinary Shares pro rata according to their holdings of Ordinary Shares; and
- (b) secondly, the C Share Surplus attributable to each tranche of C Shares shall be divided amongst the holders of the C Shares of such tranche pro rata according to their holdings of C Shares.

The C Shares have the following additional rights:

Subject to the Articles and the Companies Law, the Directors shall be authorised to issue C Shares in tranches on such terms as they determine provided that such terms are consistent with the provisions of the Articles. The Board shall, on the issue of each tranche of C Shares, determine the Conversion Calculation Date (including the percentage of assets to have been invested prior to calculation of the Conversion Ratio taking place), Conversion Date, Conversion Ratio and voting rights attributable to each such tranche.

### *Voting*

The C Shares shall carry the right to receive notice of and to attend and vote at any general meeting of the Company. The voting rights of holders of C Shares will be the same as those applying to holders of Ordinary Shares as set out in the Articles as if the C Shares and Ordinary Shares were a single class.

### *Dividends*

The C Shareholders of any tranche of C Shares will be entitled to receive such dividends as the Board may resolve to pay to such C Shareholders out of the assets attributable to such C Shares.

#### **iv. *Relative seniority of the securities***

The Ordinary Shares will, when issued and fully paid, rank equally in all respects with existing Ordinary Shares, including the right to receive all distributions made, paid or declared in respect of the Ordinary Shares, if any, by reference to a record date after the date of their issue.

The C Shares of any class will, when issued and fully paid, rank equally in all respects, including the right to receive all distributions made, paid or declared in respect of such tranche of C Shares, if any, by reference to a record date after the date of their issue.

The purpose of the C Shares is to allow the Company to raise further capital for investment in accordance with its investment objective and policy without diluting the returns of existing holders of Ordinary Shares by maintaining the assets of the Company attributable to the Ordinary Shares separately from those attributable to the C Shares, until such time as the Net Subsequent Placing Proceeds have been substantially invested in accordance with the Company's investment objective and policy.

#### **v. *Restrictions on free transferability of the securities***

The Directors may, in their absolute discretion, refuse to register the transfer of a share (i) in certificated form (to the extent permitted by the Guernsey Regulations and the Rules), (ii) uncertificated form, which is not fully paid or on which the Company has a lien or (iii) if:

- (a) it is in respect of more than one class of shares;
- (b) it is in favour of more than four joint transferees;

(c) in the case of certificated shares, it is delivered for registration to the Company's registered office or such other place as the Board may decide, accompanied by the certificate for the shares to which it relates and such other evidence as the Board may reasonably require to prove title of the transferor and the due execution by him of the transfer or, if the transfer is executed by some other person on his behalf, the authority of that person to do so; and

(d) it is in favour of a person who is not a Non-Qualified Holder,

provided in the case of a listed share such refusal to register a transfer would not prevent dealings in the share from taking place on an open and proper basis on the relevant stock exchange.

**vi. Dividend policy**

As the Company's objective is to achieve long-term capital growth, the Board does not expect that dividends will constitute a material element of any return to Shareholders. The Directors intend to manage the Company's affairs to achieve Shareholder returns through capital growth rather than income. Therefore, it should not be expected that the Company will pay a significant annual dividend, if any.

**b. Where will the securities be traded?**

i. Applications will be made for the Ordinary Shares issued pursuant to the Initial Placing and the Ordinary Shares and/or C Shares issued pursuant to any Subsequent Placing, to be admitted to trading on the premium segment of the Main Market of the London Stock Exchange.

**c. What are the key risks that are specific to the securities?**

**i. Risks relating to an investment in the Shares**

- Investors may not recover the full amount of their investment in the Shares.
- The Shares may trade at a discount to the relevant Net Asset Value per Share and the price that can be realised for Shares can be subject to market fluctuations.
- It may be difficult for Shareholders to realise their investment as there may not be a liquid market in the Shares, and Shareholders have no right to have their Shares redeemed or repurchased by the Company.

**4. KEY INFORMATION ON THE ADMISSION TO TRADING ON A REGULATED MARKET**

**a. Under which conditions and timetable can I invest in this security?**

**i. General terms and conditions**

The Company may issue up to 315 million Ordinary Shares through the Initial Placing at the Initial Placing Price.

The Initial Placing is conditional, among other matters, on:

- the Sponsor and Placing Agreement becoming unconditional in all respects (save for any conditions relating to Initial Admission) and not having been terminated on or before the date of Initial Admission;
- Initial Admission occurring by 8:00 a.m. (London time) on 30 September (or such other date, not being later than the Long Stop Date, as the Company and the Global Co-ordinator may agree); and
- the Minimum Gross Initial Placing Proceeds being raised.

If the timetable for the Initial Placing is extended, the Company will notify investors of such change by email or by publication via an RIS. If the Initial Placing does not proceed, monies received will be returned without interest at the risk of the applicant.

The terms and conditions of the Placing Programme are set out in Part X (*Terms and Conditions of any Placing*) of this Prospectus.

Each Subsequent Placing is conditional, among other matters, on:

- the Sponsor and Placing Agreement not having been terminated on or before the date of the relevant Subsequent Placing having become unconditional (save for any conditions relating to the relevant Subsequent Admission);
- the relevant Subsequent Admission occurring and becoming effective by no later than 8:00 a.m. (London time) on such date as the Company specifies, being no later than the Final Closing Date;
- in respect of the issue of Ordinary Shares, the relevant Placing Price being agreed between the Company and the Joint Bookrunners; and
- a valid supplementary prospectus being published by the Company if such is required by the UK Prospectus Regulation.

If a Subsequent Placing does not proceed, monies received will be returned without interest at the risk of the applicant.

The maximum number of Ordinary Shares and/or C Shares that may be issued pursuant to the Placing Programme is 500 million, less the number of Ordinary Shares issued pursuant to the Initial Placing.

**ii. *Expected timetable for Initial Admission***

Publication of this Prospectus and commencement of the Initial Placing ..... 6 September 2022

Latest time and date for placing commitments under the Company Placing ..... 5:00 pm on 26 September 2022

Latest time and date for placing commitments under the Joint Bookrunner Placing ..... Noon on 27 September 2022

Publication of results of the Initial Placing ..... 28 September 2022

Initial Admission and dealings in Ordinary Shares commence ..... 8.00 a.m. on 30 September 2022

CREST Accounts credited with uncertificated Ordinary Shares ..... as soon as practicable after 8.00 a.m. on 30 September 2022

Where applicable, definitive share certificates despatched by post ..... week commencing 3 October 2022

***Expected timetable for each Subsequent Placing***

Publication of Placing Price in respect of each Subsequent Placing ..... as soon as practicable following the closing of the relevant Subsequent Placing

Subsequent Admission and crediting of CREST accounts in respect of each Subsequent Placing ..... as soon as practicable following the closing of the relevant Subsequent Placing

Share certificates in respect of Shares issued pursuant to the relevant Subsequent Placing dispatched (if applicable) ..... as soon as practicable following the relevant Subsequent Admission

Last date for Shares to be issued pursuant to the Placing Programme ..... 6 September 2023

**iii. *Details of admission to trading on a regulated market***

Applications will be made for: (i) the Ordinary Shares to be issued pursuant to the Initial Placing; and (ii) any Ordinary Shares and/or C Shares to be issued pursuant to a Subsequent Placing, to be admitted to listing on the premium listing category of the Official List and to trading on the premium segment of the Main Market.

**iv. Plan for distribution**

The Company or relevant Joint Bookrunner will notify investors of the number of Shares in respect of which their placing commitment has been successful. The results of the Initial Placing will be announced by the Company on or around 28 September 2022 via an RIS announcement. It is expected that Initial Admission will become effective and that unconditional dealings in the Ordinary Shares issued pursuant to the Initial Placing will commence at 8.00 a.m. on 30 September 2022.

The results of any Subsequent Placing and the date of any Subsequent Admission shall be determined by the Company and the Global Co-ordinator and announced to investors via an RIS announcement at the relevant time.

**v. Amount and percentage of immediate dilution resulting from the Initial Placing**

In respect of the Initial Placing, as an initial offering, there will be no dilution of Shareholders' interests in the Company.

***Dilution in connection with Subsequent Placings***

If 185 million Ordinary Shares were to be issued pursuant to the Subsequent Placings (being the maximum number of Ordinary Shares that the Directors will be authorised to issue under the Placing Programme on the assumption that 315 million Ordinary Shares had been issued pursuant to the Initial Placing), and assuming that a subscriber to the Initial Placing did not participate in any of the Subsequent Placings, an investor holding 1 per cent. of the Company's issued Ordinary Share capital after the Initial Placing would then hold 0.6 per cent. of the Company's issued Ordinary Share capital.

The potential dilution in any Subsequent Placing will be communicated via an RIS announcement in connection with such Subsequent Placing.

**vi. Estimate of the total expenses of the Initial Placing and the Placing Programme**

The formation and initial expenses of the Company are those that are necessary for the establishment of the Company, the Initial Placing and Initial Admission ("**Initial Expenses**"). These Initial Expenses (which include commission and expenses payable under the Sponsor and Placing Agreement, registration, listing and admission fees, printing, advertising and distribution costs and professional advisory fees, including legal fees and any other applicable expenses) are capped at 2 per cent. of the Gross Initial Placing Proceeds. The expenses in connection with the Initial Placing will be met from the Gross Initial Placing Proceeds, rather than being charged directly to any investor.

Any Subsequent Placing of Ordinary Shares under the Placing Programme will be at a price calculated by reference to the latest published Net Asset Value per Ordinary Share plus issue expenses. The Directors therefore anticipate that the costs of any Subsequent Placings will be substantially recouped through the cumulative premium at which Ordinary Shares are issued. It is not possible to ascertain the exact costs and expenses of such Subsequent Placing. Expected issue expenses of a Subsequent Placing of Ordinary Shares or C Shares will be announced by way of an RIS announcement at the time of the relevant Subsequent Placing.

**vii. Estimated expenses charged to the investor**

The expenses in connection with the Initial Placing and any Subsequent Placing will be deducted from the relevant gross issue proceeds, rather than being charged directly to any investor.

**b. Why is this prospectus being produced?**

**i. Reasons for the Initial Placing and the Placing Programme**

The Company will use the Net Initial Placing Proceeds and any Net Subsequent Placing Proceeds to invest in accordance with its Investment Policy. US\$15 million shall be utilised to purchase the Initial Portfolio.

**ii. Underwriting**

Neither the Initial Placing nor the Placing Programme is being underwritten.

**iii. Material conflicts of interest**

There are no conflicts of interests that are material to the Initial Placing, the Placing Programme or any Admission.

## RISK FACTORS

An investment in the Shares carries a number of risks including but not limited to the risks described below. In addition to all other information set out in this Prospectus, the following specific factors should be considered when deciding whether to make an investment in the Shares. The risks set out below are those which are considered to be the material risks relating to an investment in the Shares but are not the only risks relating to the Shares or the Company. No assurance can be given that Shareholders will realise profit on, or recover the value of, their investment in the Shares, or that the Company will achieve any of its anticipated returns. It should be remembered that the price of securities can go down as well as up and investors could lose all or part of their investment.

The success of the Company will depend on the ability of the AIFM and the Investment Manager to successfully pursue the investment policy of the Company, broader market conditions and the consequences of the risk factors set out in this section.

Prospective investors should note that the risks relating to the Company, its investment policy and strategy and the Shares summarised in the section of this Prospectus headed “Summary” are the risks that the Directors believe to be the most essential to an assessment by a prospective investor of whether to consider an investment in the Shares. However, as the risks that the Company faces relate to events and depend on circumstances that may or may not occur in the future, prospective investors should consider not only the information on the key risks summarised in the section of this Prospectus headed “Summary” but also, among other matters, the risks and uncertainties described in this “Risk Factors” section. Additional risks and uncertainties not currently known to the Company or the Directors or that the Company or the Directors consider to be immaterial as at the date of this Prospectus may also have a material adverse effect on the Company’s financial condition, business, prospects and results of operations and, consequently, the Company’s NAV and/or the market price of the Shares.

The Shares are only suitable for medium to long-term investors who are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses (which may be equal to the whole amount invested) from such an investment. Accordingly, typical investors in the Shares are expected to be institutional investors, private clients through their wealth managers, experienced investors, high net worth investors and professionally advised investors who have taken appropriate steps to ensure that they understand the risks involved in investing in the Company.

Potential investors in the Shares should review this Prospectus carefully, in its entirety, and consult with their professional advisers before acquiring Shares.

### RISKS RELATING TO THE COMPANY

#### *The Company has no employees and is reliant on the performance of third-party service providers*

The Company has no employees and the Directors have been appointed on a non-executive basis. Whilst the Company has taken all reasonable steps to establish and maintain adequate procedures, systems and controls to enable it to comply with its obligations, the Company is reliant upon the performance of third-party service providers for its executive functions. In particular, the Investment Manager, the AIFM, the Administrator and the Registrar will be performing services which are integral to the operation of the Company. Further, the terms of appointment of the Investment Manager, the Administrator, the AIFM and the Registrar provide that such third-party service providers may terminate their engagement on notice to the Company. Failure by any service provider to carry out its obligations to the Company in accordance with the terms of its appointment or the termination of these agreements could have an adverse effect on the Company’s financial condition, results of operations and prospects, with a consequential adverse effect on returns to Shareholders and the market value of the Shares, potentially translating into a loss of some or all of the investment made by the Shareholders.

***There can be no guarantee that the Company will achieve its target NAV total return***

The Company's target NAV total return is a target only and is based on estimates and assumptions, which are, in turn, based on market conditions and the economic environment as at the date of this Prospectus and on the assumption that the Company will be able to implement its investment policy and strategy successfully and is therefore subject to change. There is no guarantee or assurance that the target NAV total return can be achieved at or near the level set out in this Prospectus or at all. The Company does not intend to update or otherwise revise the target NAV total return to reflect subsequent events or circumstances. A failure to achieve the target NAV total return may have a material adverse effect on the Company's financial condition, results of operations and prospects, with a consequential adverse effect on returns to Shareholders and the market value of the Shares, potentially translating into a loss of some or all of the investment made by the Shareholders.

***The Company has no operating history***

The Company is recently established and has no operating history. Accordingly, there are no meaningful operating or financial data with which to evaluate the Company and its performance. An investment in the Company is subject to all of the risks and uncertainties associated with a new business, which could have an adverse effect on the portfolio, the Company's financial condition, results of operations and prospects, with a consequential adverse effect on returns to Shareholders and the market value of the Shares, potentially translating into a loss of some or all of the investment made by the Shareholders.

***There can be no guarantee that the Company will achieve its investment objective or that investors will get back the full value of their investment***

The success of the Company is dependent on the continued ability of the Investment Manager to implement the Company's investment policy successfully and on broader market conditions as discussed elsewhere in this Prospectus. There can be no assurance that the Investment Manager will continue to be successful in pursuing the Company's investment policy or that the Investment Manager will be able to invest the Company's assets on attractive terms, generate any investment returns for the Company's investors or avoid investment losses. In addition, the success of the Company will depend on the performance of the Chinese private equity market and the Chinese economy more broadly.

The investment objective of the Company is a target only and should not be treated as an assurance or guarantee of performance. There is no assurance that any appreciation in the market value of the Shares will occur or that the investment objective of the Company will be achieved. This could have an adverse effect on the Company's portfolio and the Company's financial condition, results of operations and prospects, with a consequential adverse effect on the market value of the Shares. Shareholders may therefore not achieve any significant gains on the value of their investment, even in circumstances where other comparable investment opportunities are performing well.

**RISKS RELATING TO THE INVESTMENT PROCESS AND STRATEGY**

***INVESTMENTS IN PRIVATE EQUITY AND MID-MARKET OPPORTUNITIES***

***Delays in deploying capital and underperformance of Investee Companies may negatively impact on returns***

The Company shall predominantly invest in Growth Investments and Tactical Investments. However, due to the nature of investments in private equity funds, which use a commitment-based approach, interim investments in Cash and Cash Equivalents may be made with capital that is not yet called by the underlying sponsors. Generally, short term investments shall comprise investments in Cash and Cash Equivalents which are low risk and easily redeemable. The returns from such investments are expected to be significantly lower than private equity returns.

Companies in which the Company (directly or via Managed Funds) invests may not achieve their expected profitability, may experience substantial fluctuations in their operating results, may be engaged in a rapidly changing business with products subject to a substantial risk of obsolescence, may require substantial additional capital to support their operations, or to finance expansion to maintain their competitive position, or may otherwise have a weak financial condition.

Some companies will depend for their success on the management talents and efforts of one person or a small group of persons whose death, disability or resignation would adversely affect their businesses.

The potential for cash drag, short term investments and Investee Company dependency on small management teams may lead to a consequential adverse effect on returns to Shareholders and the market value of the Shares, potentially translating into a loss of some or all of the investment made by Shareholders or resulting in returns that are smaller than those achieved by comparable investments.

***The Company will invest (directly and via Managed Funds) in less established companies, which may subject it to greater risk of loss***

The Company (directly and via Managed Funds) will invest a substantial portion of its assets in the securities of less established or early-stage companies, including, for example, in venture capital style investments. Investments in such Investee Companies may involve greater risks than are generally associated with investments in more established companies. For example, to the extent there is any public market for such securities, such securities may be subject to more abrupt and erratic market price movements than those of larger, more established companies. Such companies may have shorter operating histories on which to judge future performance and, if operating, may have negative cash flow. In the case of start-up enterprises, such companies may not have significant or any operating revenues. Such companies also may have a lower capitalization and fewer resources (including cash) and be more vulnerable to failure. The availability of capital is generally a function of capital market conditions that are beyond the Company's or the Investment Manager's control. There can be no assurance that any Investee Company will be able to predict accurately the future capital requirements necessary for success or that additional funds will be available from any source. In addition, less mature companies could be more susceptible to irregular accounting or other fraudulent practices. In the event of fraud by any Investee Company in which the Company (directly or via Managed Funds) may invest, the Company may suffer a partial or total loss of its investment. The vulnerabilities that less established companies face may lead to a partial or complete loss of the market value of any investments in such companies and therefore lead to a substantial loss for Shareholders, whereas such Shareholders, may not have suffered similar losses if they had invested in more established companies.

***Global financial volatility and/or a catastrophic event may adversely affect one or more Investee Companies***

While the Investment Manager expects that the current industry environment will yield attractive investment opportunities for the Company, there can be no assurances that conditions in global financial markets will not worsen and/or adversely affect the Investee Companies, their access to capital or leverage or their overall performance.

In particular, inflation and rapid fluctuations in inflation rates have had, and may continue to have, negative effects on economies and securities markets globally. Governmental efforts to curb inflation may involve drastic economic measures that could have a materially adverse effect on the level of economic activity, goodwill and the performance of Investee Companies which would consequently adversely impact the market value of the Shares.

Likewise, the success of the Company could be significantly impacted by catastrophic events around the world. Catastrophic events, such as fires, earthquakes, explosions, hurricanes, floods, severe storms, acts of God, pandemics (such as COVID-19) or other occurrences including climate change, terrorism or war, widespread power blackouts, solar phenomena, orbital collisions as well as other events that are beyond the control of the Company could interrupt the operations of the Company or its Investee Companies, leading to a partial or complete loss to the value of the Shareholders' investment.

***The value of equity securities traded on investment exchanges may fluctuate***

The Company (directly or via Managed Funds) may have direct or indirect holdings of equity securities traded on investment exchanges. Equity securities are subject to risks associated with such investments, including fluctuations in market prices, adverse issuer or market information and the fact that equity securities are subordinate in the right of payment to other corporate securities, including debt securities. The value of these securities varies with the performance of the respective issuers and movements in equity

markets generally. As a result, the Shares may suffer a loss of value if it or the Managed Funds invest, directly or indirectly, in equity securities of issuers where performance falls below market expectations or if equity markets in general decline or the Company has not hedged against such a general decline.

***Risks associated with illiquidity in private equity investments***

A substantial proportion of the Company's investments will be in private equity funds or private companies which are markedly different to quoted companies and will require a long-term commitment of capital. For example, while a portfolio investment may be sold at any time, ordinarily a sale only occurs after a substantial period (often, three to five years or more) after the investment is made. In addition, a substantial proportion of the investments held by the Company and Managed Funds will also be subject to legal and other restrictions on resale or will otherwise be less liquid than publicly traded securities. The illiquidity of these investments may make it difficult to sell investments if the need arises or if the Company or the Investment Manager determines such sale would be in the Company's best interests. In addition, if the Company is required to liquidate all or a portion of an investment quickly, the Company may realize significantly less than the value at which the investment was previously recorded, which could result in a decrease in the Company's Net Asset Value which could have a negative effect on the value of the Shares.

***The Company's due diligence may not identify all risks and liabilities in respect of an investment***

Prior to the Company or a Welkin Fund entering into an agreement to acquire an investment in a company, the Investment Manager, on behalf of the Company or the relevant Welkin Fund, will perform due diligence on the company concerned. There can be no assurance, however, that any due diligence examinations will reveal all of the risks associated with an investment in that company, or the full extent of such risks. To the extent that the Investment Manager underestimates or fails to identify risks and liabilities associated with the company in question, this may have a material adverse effect on the Company's profitability, the NAV and the price of the Shares. A due diligence failure may also result in investments failing to perform in accordance with projections, which may have a material adverse effect on the Company's ability to achieve its targeted returns. Even where the Investment Manager has been able to identify relevant risks and liabilities associated with a potential investment through the due diligence process, the contractual protections in the investment documentation may not be sufficient to protect the Company from such risks and liabilities. As a consequence, the Company may be affected by or exposed to risks against which it has insufficient or no protection or available remedies which may have a material adverse effect on the Company's financial condition, business, prospects and results of operations, and consequently an adverse effect on the market value of the Shares.

***Fees and profit shares payable by the Company will reduce the investment returns received by Shareholders and may not reflect the performance of the Company***

The Managed Funds will pay their respective general partners and fund managers or advisers certain fees and profit shares and/or the Managed Funds will bear certain costs and expenses. Such fees and expenses are expected to reduce materially the actual returns to investors (including that of the Company) in such Managed Funds. In addition, because of management fees, expenses and profit shares payable or distributable by the Company, the investment returns enjoyed by Shareholders will be lower than the returns to a direct investor in the relevant portfolio companies.

To the extent that the Company invests in Third-Party Managed Funds and certain related co-investments, Shareholders will in effect bear two layers of management fees and performance fees/carried interest in respect of such investments, being the Management Fee and Profit Allocation payable by the Company to the Investment Manager and its Affiliates and the management fee and carried interest payable by the relevant Third-Party Managed Fund to its general partner and/or investment manager.

Further, although Welkin will not receive any Management Fee or Profit Allocation from the Company in respect of any investment in Welkin Funds, performance fees/carried interest may be paid by a Managed Fund (including a Welkin Fund) regardless of the overall investment performance of the Company's portfolio. Similarly, Welkin may receive a Profit Allocation from the Company in respect of assets other than investments in Welkin Funds regardless of the Investment performance of the Company's investments in Welkin Funds.



The Management Fee payable by the Company is based on NAV, which is a valuation based on the Company's valuation policy and the valuation policy of underlying private equity funds and is inherently uncertain. In addition, the Profit Allocation will be calculated by reference to such valuations and therefore payable in respect of unrealised investment gains. A Profit Allocation may therefore be payable based on valuations of assets pursuant to the Company's valuation policy as at the end of a Performance Allocation Period which may fall following such Performance Allocation Period.

All fees and expenses borne by the Company as described above will reduce the investment returns received by Shareholders.

***The private equity market is highly competitive***

The Company will operate in a highly competitive market for investment opportunities in China, both for Direct Investments and investments in Managed Funds. Identifying and consummating investments with leading private equity sponsors is highly competitive and involves a high degree of uncertainty. With respect to Third-Party Managed Funds, the Company will encounter competition for investments from other investors, including public and private pension funds, investment partnerships, limited liability companies and trusts, as well as from individuals, corporations, bank and insurance company investment accounts, foreign investors and other entities engaged in investment activities. Some of these competitors may have higher risk tolerances or different risk assessments than the Company, which could allow them to compete more aggressively for private equity allocations. In addition, there is significant competition with respect to underlying portfolio investments in relation to the Company's appetite for co-investments. In recent years, an increasing number of private equity funds have been formed and these and existing funds have raised significant capital commitments. The increased amount of capital available for investment has led to increased competition among such funds for suitable investments and impacted the price of such investments. Additionally, new funds or investment vehicles with investment objectives similar to the Company may be formed in the future. No assurance can be given that the Investment Manager will be able to locate suitable investment opportunities that satisfy the Company's investment objective or that it will be able to invest all of the capital raised by the Company, which may have an adverse impact on the returns of the Company, and consequently the market value of the Shares, as compared to similar investments.

***Private equity investments will generally take time before producing returns, if any***

There is generally a period of years before a new private equity fund has completed making its investments. Such investments also may take a significant period from the date they are made to reach a state of maturity allowing for realization of the investment to be achieved. As a result, based on historical realization periods for private equity funds, it is likely that there will be no significant return, if any, from the disposition of such investments until a substantial number of years from the inception of such private equity fund. The lack of liquidity may have an impact on the investment strategy of the Company. As a consequence of the strategy restraints or otherwise, the lack of liquidity may adversely affect the value of the Shares.

***Investments in Third-Party Managed Funds and co-investments as a public vehicle***

Private equity sponsors frequently seek to limit or prohibit the public dissemination of information regarding their investments. Since the Company will be a publicly-listed investment vehicle with certain ongoing public reporting obligations, particularly with respect to the Company's portfolio of investments, the Company may be excluded from certain investment opportunities if private equity sponsors are not prepared to permit the Company to disclose information required to meet its public reporting obligations. Consequently, the Company may be limited to fewer choices of Third-Party Managed Funds, which may result in a lower return for Shareholders as compared to similar investment opportunities.

## ***Investing into private equity funds is subject to significant risks***

### *Management of underlying portfolio companies*

The Investment Manager will not have an active role in the day-to-day management of the Third-Party Managed Funds and/or companies in which the Company invests and will not have the opportunity to evaluate the specific investments made by the Third-Party Managed Funds. Where the Investment Manager considers that a Third-Party Managed Fund is taking a significantly risky approach, it may not have the power to withdraw the investment into, or influence the outcomes of the decisions of the management of, such fund. The approach taken by Third-Party Managed Funds may have an adverse effect on the returns of that fund.

### *Valuation risks*

There can be no assurance that the investments held by the Company or any Managed Funds will ultimately be realised for amounts equal to, or greater than, their current valuations, or that the past performance information based on such valuations will accurately reflect the realisation value of such investments. The actual realised returns generated will depend on, among other factors, future operating results, the value of the assets and market conditions at the time of disposition, any related transaction costs and the timing and manner of sale, all of which may differ from the assumptions on which valuations are based.

Valuations are subject to determinations, judgments and opinions, and other third parties or investors may disagree with such valuations. It is expected that a significant proportion of the Company's and the Managed Funds' portfolios will, directly or indirectly, be exposed to unquoted securities. Such investments can be more difficult to value than quoted securities. The Company's and the Managed Funds' direct and indirect investments in unquoted securities will be valued in accordance with the valuation policy adopted by the Company or the management of the underlying funds, as applicable. Such valuations may be conducted on an infrequent basis, are subject to a range of uncertainties and will involve the Investment Manager, the managers of Third-Party Managed Funds and their affiliates exercising judgment.

There can be no guarantee that the basis of calculation of the value of the Company's or the Managed Funds' investments used in the valuation process will reflect the actual value achievable on realisation of those investments. This may lead to volatility in the valuation of the unquoted proportion of the Company's and/or the Managed Funds' portfolio and, as a result, volatility in the price of Shares. Valuations of unrealised investments of a Managed Fund may affect the amount of the priority profit share and/or carried interest payable by the applicable fund. To the extent that a valuation is incorrect, this may result in an overpayment or underpayment of carried interest. Accordingly, there may be conflicts of interest with respect to internal valuations.

### *Risks associated with defaults*

If for any reason the Company is unable to fulfil its capital commitments to one or more of the private equity funds in which the Company invests, the Company may be subject to significant consequences, including, without limitation, dilution and/or the forfeiture of a significant portion of the Company's interests or rights in such private equity funds, which could cause loss of all or part the investment.

### *The Company's investments are subject to restrictions on transfer or withdrawal*

The Company's interests in the Managed Funds will not be redeemable and the Company may not be able to liquidate its investments in a Managed Fund prior to the end of the relevant fund's term. The Company's interests in the Managed Funds are not and will not be listed on any investment exchange, there is no public market for the interests, and none is expected to develop. In addition, the Company's interest in a Managed Fund is not transferable except with the consent of the relevant general partner or fund manager nor, in general, may the Company withdraw from any Managed Fund.

Crystallisation of any of these risks could have an adverse effect on the portfolio and the Company's financial condition, results of operations and prospects, with a consequential adverse effect on the market value of the Shares.

***The Third-Party Managed Funds or co-investment opportunities will consist of vehicles that neither the Company nor the Investment Manager control***

The Company is unlikely to have control over the decisions of Third-Party Managed Funds. In addition, co-investments may afford the Company only limited rights as a shareholder and, as a result, the Company may be unable to protect the Company's interests in such investments. Further, in the case of certain private equity funds in which the Company may invest, other investors may be able to cause the liquidation of such fund at a time which does not suit the Company's interests.

Co-investments may be made with additional third parties through joint ventures or other entities which may have controlling ownership interests in such portfolio companies. In such cases, the Company will rely significantly on the existing management and board of directors of such companies, which may include representatives of other financial investors with whom the Company is not affiliated and whose interests may at times conflict with the Company's interests and the interests of Shareholders. Such investments may involve risks in connection with such third-party involvement, including the possibility that a third-party may be able to take (or block) action in a manner contrary to the Company's investment objective or may have financial difficulties resulting in a negative impact on such investment.

In addition, the Company may in certain circumstances be liable for the actions of their third-party co-venturers. Co-investments made with third parties in joint ventures or other entities also may involve carried interests and/or other fees payable to such third-party partners or co-venturers. There can be no assurance that appropriate minority shareholder rights will be available to the Company in respect of such investments or that any such rights will provide sufficient protection of the Company's interests.

Crystallisation of any of these risks could have an adverse effect on the portfolio and the Company's financial condition, results of operations and prospects, with a consequential adverse effect on the market value of the Shares.

***Indemnification of the general partner and other parties involved in the management of private equity funds***

The assets of Managed Funds may be used to indemnify various persons who act on behalf of the relevant fund as an officer, director, partner, employee or agent of any other entity, for any claim, liability or expense incurred by such person or entity or to which such person or entity may be subject by reason of its activities on behalf of the relevant underlying fund or in furtherance of the interest of the fund or otherwise arising out of or in connection with the fund and its portfolio companies. Such liabilities may be material and have an adverse effect on the returns to the Shareholders. Additionally, such parties may be entitled to exculpation by the relevant fund. The indemnification obligation of the limited partners would be payable from the assets of the relevant fund, including the unpaid capital commitments of the limited partners. If the assets of the underlying fund are insufficient, the general partner may recall distributions previously made to the limited partners, subject to certain limitations set forth in the relevant partnership agreement. Members of the limited partner advisory committee of the fund will also enjoy the benefit of certain exculpation and indemnification provisions. The materialisation of indemnification claims may have an adverse effect on the portfolio and the Company's financial condition, results of operations and prospects, with a consequential adverse effect on the market value of the Shares.

***INVESTMENT IN CHINA***

***Risks associated with investment in a single country***

The Company (directly or via Managed Funds) invests predominately in equities of companies which are incorporated or domiciled, or which conduct a significant portion of their business in China. Investing in a single country is generally considered a higher risk investment strategy than investing more widely, as it exposes the investor to the fluctuations of a single geographical market and current, in this case China market and Renminbi.

Any adverse effect on China market and/or value of the Renminbi could have an adverse effect on the portfolio, and the Company's financial condition, results of operations and prospects, with a consequential adverse effect on the market value of the Shares.

### ***Chinese economy***

China's economy differs from the economies of most developed countries in many respects, including the extent of government involvement, level of development, growth rate, control of foreign exchange and allocation of resources. Although the Chinese government has implemented measures since the late 1970s emphasising the utilisation of market forces for economic reform, the reduction of state ownership of productive assets, and the establishment of improved corporate governance in business enterprises, a substantial portion of productive assets in China is still owned by the Chinese government. In addition, the Chinese government continues to play a significant role in regulating industry development by imposing industrial policies. The Chinese government also exercises significant control over China's economic growth by allocating resources, controlling payment of foreign currency-denominated obligations, setting monetary policy, and providing preferential treatment to particular industries or companies. In the past, certain measures, including interest rate increases and certain economic reforms, may have had the effect of slowing down economic growth in China. These characteristics of China's economy could have an adverse effect on the portfolio and the Company's financial condition, results of operations and prospects, with a consequential adverse effect on the market value of the Shares. The situation in Russia/Ukraine has had an impact on the global economy but such impact differs in effect on the Chinese economy. For example, the situation has exacerbated supply side inflationary pressures in many economies, however, price inflation has remained significantly lower in China since the start of the conflict.

### ***Foreign investment in the assets and securities of entities in China is restricted or controlled to varying degrees and these restrictions or controls may at times limit or preclude foreign investment in such entities and increase the costs and expenses of the Company***

Foreign investment in the assets and securities of entities in China is restricted or controlled to varying degrees. These restrictions or controls may at times limit or preclude foreign investment in such entities and increase the costs and expenses of the Company. China currently requires governmental approval prior to investments by foreign persons, and limits the repatriation of investment income, capital and the proceeds of sales by foreign investors, and foreign currency. The Investment Manager aims to structure the Company's investments in a manner that sufficiently preserves the local "character" of target companies so as to avoid application of these Chinese foreign investment and repatriation controls. While the Investment Manager believes its investment structures will not subject the Company's investments to the most prohibitive of China's foreign investment and repatriation restrictions, there can be no assurances that authorities in China will agree that its investment structures do not trigger such restrictions, or that the law will not change such that additional governmental approvals are required, investments are restricted or prohibited, or repatriation of proceeds are taxed, restricted or otherwise prohibited. The Company could be adversely affected by delays in, or a refusal to grant, any required governmental approval for repatriation of capital, interest and dividends paid on securities held by the Company (directly or via Managed Funds) or any other such development, and gains from the disposition of such securities may be subject to withholding taxes imposed by China and this could therefore have an adverse effect on the portfolio and the Company's financial condition, results of operations and prospects, with a consequential adverse effect on the market value of the Shares. What is more the situation in Russia/Ukraine may increase geopolitical tensions further and particularly between countries which have adopted differing policy positions towards the situation in Russia/Ukraine. China has adopted a different policy position to that of the United Kingdom, and it is possible that such differing policy positions could result in additional restrictions or controls being placed on foreign investments by the Company into China.

### ***Securities markets in China have limited operating histories and tend to be less developed, smaller, less liquid and more volatile than the securities markets of the United Kingdom and certain other developed countries***

Subject to compliance with applicable investment restrictions, the Company may invest in the securities of companies listed on a Chinese stock exchange, or in companies with a view toward exiting such investments after such companies become listed on a Chinese stock exchange. Limited access to such securities markets is accorded to foreign investors, including the Company. Currently, foreign investors are permitted, subject to applicable regulations, (i) to acquire securities of companies listed on a Chinese stock exchange issued by the listed company, and (ii) to dispose of listed securities (whether acquired in such manner or in private transactions prior to such company becoming listed), but cannot otherwise engage in the secondary market trading of securities of listed Chinese companies except (i) with respect to "B" shares that are listed on Chinese stock exchanges, for which the market is significantly smaller in size, relatively,

and has lower liquidity and (ii) through a qualified foreign institutional investors (QFII) scheme on the “A” shares market, which is the main segment of the Chinese securities market. Foreign investors can also trade any eligible “A” Shares Connect Securities and eligible listed ETFs on Chinese stock exchanges via Stock Connect programs which include the Hong Kong scheme, Shenzhen scheme and Hong Kong – Shanghai scheme but trading in ChiNext Stocks of the Shenzhen Stock Exchange and STAR stocks of the Shanghai Stock Exchange are limited to institutional professional investors only. Stock markets in China have recently and in the past experienced substantial price volatility and no assurance can be given that such volatility will not recur in the future. Such recurrence may increase the risks associated with the acquisition and disposition of Investments. A high proportion of the shares of many Chinese companies may be held by a limited number of persons. A limited number of issuers in China securities markets may represent a disproportionately large percentage of market capitalisation and trading value or volume. This limited liquidity of securities markets may affect the Company’s ability to acquire or dispose of securities at the price and time it wishes to do so. The illiquidity may continue even if the underlying companies obtain listings on exchanges in China.

China / Hong Kong is now home to the world’s largest equity markets after the United States. Yet extreme volatility is still possible. In 2021 and 2022, China and Hong Kong’s stock markets experienced high volatility, with the Shanghai Composite Index falling by approximately 15% from its peak and the Hang Seng Index falling by approximately 33% from its peak. This volatility has worried investors about the precipitating negative effects on the Chinese economy which could therefore have an adverse effect on the portfolio and the Company’s financial condition, results of operations and prospects, with a consequential adverse effect on the market value of the Shares.

***China’s legal and regulatory system involves greater uncertainty for investors than in many more developed jurisdictions***

China’s legal system is a civil law system based on written statutes and the legal and regulatory framework for securities markets, custody arrangements and commerce (including various elements of contract law, partnership law and tax which are relevant to private equity structures). Unlike common law systems, it is a system in which decided legal cases have little value as precedents and consequently, the enforceability of contracts in China, especially with governmental entities, is relatively uncertain. For example, the Company or any Managed Fund may have difficulty in successfully pursuing claims against an entity in which it invests or with which it transacts business, or such entity’s directors, executive officers or shareholders compared to the United Kingdom or other developed countries. Moreover, the laws, regulations and legal requirements in China, including with respect to tax laws that apply to foreign entities or foreign investment, are relatively new and may be subject to more frequent changes. In addition, securities exchanges in China typically have the right to suspend or limit trading in any security traded on the relevant exchange. The Chinese government or relevant Chinese regulators may also implement policies that may adversely affect the Chinese financial markets. Regulators could change rules in relation to distributions, or otherwise affect the profitability of private equity vehicles. Generally, the uncertainty in the regulatory environment could render the investment strategy of the Company, the private equity vehicles it invests into or underlying portfolio companies difficult to execute or lead to large litigation claims against the Company or the underlying portfolio companies which would affect the market value of the Shares.

***Currency risk***

The Company’s assets will generally be invested in securities of companies incorporated under the laws of China and the income received by the Company is likely to be denominated in the Chinese Renminbi (or other applicable local currency), whereas capital investments in and distributions from the Company will be in US Dollars. Any significant appreciation or depreciation in the value of the Renminbi relative to the US Dollar, including through any significant revaluation of the Renminbi, may adversely affect the US Dollar value of investments held, and interest and dividends received, by the Company. Additionally, due to strict controls on foreign exchange maintained by China, the Company may incur significant costs or experience substantial delays in, or be prohibited from, converting investment principal and income from one currency to another and therefore such currency risk could have an adverse effect on the portfolio and the Company’s financial condition, results of operations and prospects, with a consequential adverse effect on the market value of the Shares.

### ***Taxation risks associated with investments in China***

New tax laws, possibly with retroactive effect, may be enacted in China. Changes to taxation treaties (or their interpretation) may adversely affect the Company's ability to efficiently realise income or capital gains. Consequently, it is possible that the Company may face unfavourable tax treatment in China, which may materially adversely affect the value of the Company's investments.

The use of intermediate holding companies by the Company and Managed Funds may be challenged by the Chinese tax authorities under anti-avoidance rules. The State Administration of Taxation has introduced a series of regulations on China's tax treatment of an indirect transfer of assets by a non-resident intermediate holding company. In particular, under Bulletin 7 issued on 3 February 2015, when a non-resident enterprise engages in an indirect transfer of Chinese taxable assets through an arrangement that does not have a bona fide commercial purpose in order to avoid paying Chinese Enterprise Income Tax, the transfer should be re-characterised as a direct transfer of the Chinese assets.

Because the rules governing taxation of investments in securities and instruments economically tied to China are not always clear, the Company may provide for capital gains taxes if it invests in such securities and instruments by reserving both realised and unrealised gains from disposing or holding securities and instruments economically tied to China. This approach is based on current market practice and the Investment Manager's understanding of the applicable tax rules. Changes in market practice or understanding of the applicable tax rules may result in the amounts reserved being too great or too small relative to actual tax burdens.

Crystallisation of any of these risks could have an adverse effect on the portfolio and the Company's financial condition, results of operations and prospects, with a consequential adverse effect on the market value of the Shares.

### ***RISKS ASSOCIATED WITH LEVERAGE***

#### ***The Company (directly and via Managed Funds) may invest in companies that are highly leveraged***

The Company may make investments in companies whose capital structures have a significant degree of leverage. In addition, companies that are not or do not become highly leveraged at the time an investment is made may increase their leverage after the time of investment. Investments in highly leveraged companies are inherently more sensitive to declines in revenues, increases in expenses and interest rates and adverse economic, market and industry developments. In addition, the incurrence of a significant amount of indebtedness by a company may, among other things:

- give rise to an obligation to make mandatory prepayments of debt using excess cash flow, which may limit the relevant company's ability to respond to changing industry conditions to the extent additional cash is needed for the response, to make unplanned but necessary capital expenditures or to take advantage of growth opportunities;
- limit the company's ability to adjust to changing market conditions, thereby placing it at a competitive disadvantage compared to its competitors who have relatively less debt;
- limit the company's ability to engage in strategic acquisitions that may be necessary to generate attractive returns or further growth; and
- limit the company's ability to obtain additional financing or increase the cost of obtaining such financing, including for capital expenditures, working capital or general corporate purposes.

A leveraged company's income and net assets also tend to increase or decrease at a greater rate than would otherwise be the case if money had not been borrowed. As a result, the risk of loss associated with a leveraged company is generally greater than for companies with comparatively less debt, which may have an adverse effect on the market value of the Shares.

***The Company expects to incur indebtedness, which will be in addition to indebtedness that is incurred by Investee Companies***

Whilst the Company does not intend to use structural gearing with a view to enhancing returns on investments, the Company may, from time to time, use borrowings for the purpose of bridging investments, to manage its working capital requirements and for efficient portfolio management purposes. Such borrowing positions may increase the volatility of the Company's Net Asset Value and/or the trading price of the Shares. Leverage is vulnerable to market shocks and unforeseen issues with the underlying assets. To the extent that assets do not perform as expected, borrowing could multiply the loss of returns of the Company and thereby have an adverse effect on the market value of the Shares.

**RISKS RELATING TO THE INITIAL PORTFOLIO**

The Initial Portfolio of US\$30 million, includes (i) the acquisition of interests in Welkin Fund II worth US\$ 15 million (as of 31 July 2022) from the Welkin Affiliate in exchange for Ordinary Shares, and (ii) the purchase of direct interests in 10 portfolio companies in and from Welkin Fund II, structured through a special purpose vehicle, worth US\$15 million in aggregate (as of 31 July 2022) in exchange for cash. The transaction described in (ii) requires the consent of the Welkin Fund II advisory committee which is required before the date that follows the expiry of the 15 day period from Initial Admission. Therefore, there is no guarantee that the Company's Initial Portfolio offering will include the assets described in (ii). The reduction in the size and makeup of the Initial Portfolio may adversely affect the market value of the Shares.

**RISKS RELATING TO THE INVESTMENT MANAGER**

***The success of the Company is dependent on the Investment Manager and its expertise, key personnel, and ability to source and advise appropriately on investments***

In accordance with the Investment Management and Distribution Agreement, the AIFM will delegate responsibility for day-to-day portfolio management to the Investment Manager. The Company does not have any employees and its Directors are appointed on a non-executive basis. All of its investment and asset management decisions are in the ordinary course made by the Investment Manager and not by the Company. The Investment Manager is not required to and generally will not submit individual investment decisions for approval to the Board. The Company is therefore reliant upon, and its success depends on, the Investment Manager and its personnel, services and resources.

Returns on Shareholders' investments in Shares will depend upon the Investment Manager's ability to source and make successful investments on behalf of the Company in the face of competition from other entities seeking to invest in investment opportunities identified for the Company. Those entities may be more established or have greater financial, technical or other resources than the Company. Competition can create significant upward pressure on pricing, thereby reducing the potential investment returns. Competition may also limit the Investment Manager's negotiating position and access to information. These competitive pressures may prevent the Investment Manager from identifying investments that are consistent with the Company's investment objective or that generate attractive returns for Shareholders or from matching future investment prices, structures and terms offered by competitors. There is no guarantee that competitive pressures will not have a material adverse effect on the Company's financial position and returns for investors.

Many of the Investment Manager's investment decisions will depend upon the ability of its employees and agents to carry out due diligence and obtain relevant information. There can be no guarantee that such information will be available or that the Investment Manager and its employees and agents will be able to obtain it. The Investment Manager may be required to make investment decisions without complete information, or in reliance upon information provided by third parties that is impossible or impracticable to fully verify. Further, the Investment Manager may not conduct due diligence which is wide enough in scope to reveal the potential risks of a particular investment. There can be no assurance that the Investment Manager will correctly identify and evaluate the nature and magnitude of the various factors that could affect the value of and return on the Company's investments. Any failure by the Investment Manager to perform effective due diligence on potential investments may adversely affect the investment returns expected from a particular investment.

Further, the ability of the Company to pursue its investment policy successfully depends on the continued service of key personnel of the Investment Manager and the Investment Manager's ability to recruit individuals of similar experience and calibre. Whilst the Investment Manager seeks to ensure that the principal members of its management teams are suitably incentivised, the retention of key members of those teams cannot be guaranteed. There is no guarantee that, following the death, disability or departure from the Investment Manager of any key personnel, the Investment Manager would be able to recruit a suitable replacement or avoid any delay in doing so. The loss of key personnel and any inability to recruit an appropriate replacement in a timely fashion could have an adverse effect on the portfolio and the Company's financial condition, results of operations and prospects, with a consequential adverse effect on the market value of the Shares.

***There can be no assurance that the Board would be able to find a replacement investment manager if the Investment Manager were to resign or the Investment Management and Distribution Agreement were to be terminated***

Under the terms of the Investment Management and Distribution Agreement, the Investment Manager may resign as the Company's investment manager by giving the Company not less than 24 months' written notice to take effect from the 6 year anniversary of the agreement. Further, the Investment Management and Distribution Agreement may be terminated immediately upon notice by the Investment Manager or by the Company in certain circumstances.

The Board would, in such circumstances, have to find a replacement investment manager for the Company. There can be no assurance that a replacement with the necessary skills and experience would be available and could be appointed on terms acceptable to the Company. If the Investment Management and Distribution Agreement is terminated and a suitable replacement is not secured in a timely manner, this could have an adverse effect on the portfolio and the Company's financial condition, results of operations and prospects, with a consequential adverse effect on the market value of the Shares.

***Operational risks may disrupt the Investment Manager's business, result in losses or limit the Company's growth***

The Company relies heavily on the financial, accounting and other data processing systems of the Investment Manager. If any of these systems do not operate properly or are disabled, the Company could suffer financial loss or reputational damage. A disaster or a disruption in the infrastructure that supports the Company, or a disruption involving electronic communications or other services used by the Investment Manager or third parties with whom the Company conducts business, could have a material adverse impact on the ability of the Company to continue to operate its business without interruption. The disaster recovery programmes used by the Investment Manager or third parties with whom the Company conducts business may not be sufficient to mitigate the harm that may result from such disaster or disruption. As such, this may have an adverse effect on the value of the portfolio and the Company's financial condition, results of operations and prospects, with a consequential adverse effect on the returns to Shareholders and the market value of the Shares.

***The Investment Manager's information and technology systems may be vulnerable to cyber security breaches***

The Investment Manager's information and technology systems may be vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorised persons and security breaches, usage errors by its professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. Although the Investment Manager has implemented various measures to manage risks relating to these types of events, if the Investment Manager's information and technology systems are compromised, become inoperable for extended periods of time or cease to function properly, the Investment Manager may have to make a significant investment to fix or replace them. The failure for any reason of these systems and/or of disaster recovery plans could cause significant interruptions in the Investment Manager's and/or the Company's operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to investors. Such a failure could harm the Investment Manager's and/or the Company's reputation, subject any such entity and their respective Affiliates to legal claims and



otherwise affect their business and financial performance. This could have an adverse effect on the Company's financial condition, results of operations and prospects, with a consequential adverse effect on the market value of the Shares.

***Reputational risks, including those arising from litigation against the Investment Manager or the Company, may disrupt the Company's investment strategy and growth***

The Company may be exposed to reputational risks, including from time to time the risk that litigation, misconduct, operational failures, negative publicity and press speculation (whether or not valid) may harm the reputation of the Investment Manager or the Company. If the Investment Manager or the Company is named as a party to litigation or becomes involved in regulatory inquiries, this could cause substantial reputational damage to the Investment Manager and/or the Company and result in potential counterparties, target companies and other third parties being unwilling to deal with the Investment Manager and/or the Company. Damage to the reputation of the Investment Manager and/or the Company may disrupt the Company's investment strategy, business or potential growth, which could have an adverse effect on the portfolio and the Company's financial condition, results of operations and prospects, with a consequential adverse effect on the market value of the Shares.

**RISKS RELATING TO REGULATION, TAXATION AND THE COMPANY'S OPERATING ENVIRONMENT**

***The COVID-19 pandemic and war in Ukraine may adversely affect the performance of Investee Companies which may in turn adversely impact the Company's financial performance and prospects and the value of its portfolio***

The COVID-19 pandemic and war in Ukraine has significantly increased the level of macroeconomic and market uncertainty globally, and may adversely affect the performance of Investee Companies, which may in turn adversely impact the performance of the Company itself. In addition, global capital markets are seeing significant volatility as COVID-19 continues to have a sustained impact on business across the world and war in Ukraine has increased geopolitical tensions.

The zero tolerance approach to COVID-19 taken by the Chinese government poses challenges which are unique to China and may impact the investments made by the Company. The pandemic has resulted in, and until fully resolved is likely to continue to result in, the following, among other things: (i) government imposition of various forms of "stay at home" orders and the closing of "non-essential" businesses resulting in (a) significant disruption to many businesses including both supply chains and demand, and (b) lay-offs of employees, which effects are hoped to be temporary but may be permanent for some of these businesses; (ii) shutdowns and significant delays at government agencies; (iii) increased drawings by borrowers on revolving lines of credit; (iv) increased requests by borrowers for amendments and waivers of their credit agreements to avoid default, and increased defaults by such borrowers and/or increased difficulty in obtaining refinancing at the maturity dates of their loans; (v) volatility and disruption of the loan market including greater volatility in pricing and spreads and difficulty in valuing loans during periods of increased volatility, and liquidity issues; and (vi) rapidly evolving proposals and/or actions by state and federal governments to address problems being experienced by the markets and by businesses and the economy in general.

Potential investors should be aware that if any of the global impacts of COVID-19 or war in Ukraine continue for a sustained period of time, and should any of the risks identified above materialise, such risks including Chinese or other foreign policy changes in light of shifting geopolitical opinions that could impact the Shareholders and the Company, it could have a material adverse effect on the value of the portfolio and the Company's financial condition, results of operations and prospects, with a consequential adverse effect on the returns to Shareholders and the market value of the Shares.

***Changes in laws or regulations governing the Company's, the Investment Manager's or the AIFM's operations may adversely affect the business and performance of the Company***

The Company, the Investment Manager and the AIFM are subject to laws and regulations enacted by national and local governments.

The Company is subject to, and will be required to comply with, certain legal and regulatory requirements that are applicable to Guernsey-domiciled investment funds. The Company is subject also to the continuing obligations imposed on all investment companies whose shares are admitted to trading on the premium segment of the Main Market.

The Investment Manager is subject to, and will be required to comply with, certain regulatory requirements set out in Hong Kong domestic legislation, rules and regulations, many of which could directly or indirectly affect the management of the Company. The Investment Manager is subject to, and will be required to comply with, certain regulatory requirements of the Securities and Futures Commission of Hong Kong, some of which affect the portfolio management of the Company.

The rules, laws and regulations affecting the Company, the Investment Manager and the AIFM are evolving and any changes in such rules, laws and regulations may have an adverse effect on the ability of the Company, the Investment Manager and/or the AIFM to carry on their respective businesses. Any such changes could have an adverse effect on the portfolio and the Company's financial condition, results of operations and prospects, with a consequential adverse effect on the market value of the Shares.

***Changes in taxation legislation or practice may adversely affect the Company and the tax treatment for Shareholders investing in the Company***

Any change in the Company's tax status, or in taxation legislation or practice in China, Guernsey or other jurisdictions to which the Company has exposure, could, depending on the nature of such change, adversely affect the value of investments in the portfolio and the Company's ability to achieve its investment objective, or alter the post-tax returns to Shareholders. Statements in this Prospectus concerning the taxation of the Company and taxation of Shareholders are based upon current Chinese, UK and Guernsey tax law and published practice, any aspect of which is in principle subject to change (potentially with retrospective effect) that could adversely affect the ability of the Company to pursue successfully its investment policy and/or which could adversely affect the taxation of the Company and the Shareholders, and may have an adverse effect on the market value of the Shares.

Potential investors should consult their tax advisers with respect to their particular tax situations and the tax effects of an investment in the Company.

***Shareholders may be subject to withholding and forced transfers under FATCA and there may also be reporting of Shareholders under other exchange of information arrangements***

The governments of the United States and Guernsey have entered into an intergovernmental agreement (the "US-Guernsey IGA") related to implementing FATCA which is implemented through Guernsey's domestic legislation. FATCA imposes certain information reporting requirements on a foreign financial institution ("FFI") or other non-US entity and, in certain cases, US federal withholding tax on certain US source payments. The Company is likely to be considered an FFI, and will therefore have to comply with certain registration and reporting requirements in order not to be subject to US withholding tax under FATCA. In addition, the Company may be required to withhold US tax at the rate of 30 per cent. on "withholdable payments" or certain "foreign passthru payments" to persons that are not compliant with FATCA or that do not provide the necessary information or documents, to the extent such payments are treated as attributable to certain US source payments.

Guernsey has also implemented the Common Reporting Standard or "CRS" regime with effect from 1 January 2016. Accordingly, reporting in respect of periods commencing on or after 1 January 2016 is required in accordance with the CRS (as implemented in Guernsey).

Under the CRS and legislation enacted in Guernsey to implement the CRS, certain disclosure requirements are imposed in respect of certain investors who are themselves (or are entities that are controlled by one or more natural persons who are) residents of any of the jurisdictions that have also adopted the CRS, unless

a relevant exemption applies. Where applicable, information to be disclosed will include certain information about investors, their ultimate beneficial owners and/or controllers, and their investment in and returns from the Company. The CRS has been implemented through Guernsey's domestic legislation in accordance with guidance issued by the Organisation for Economic Co-operation and Development as supplemented by guidance notes in Guernsey. Under the CRS, disclosure of information is made to the Director of Revenue Service in Guernsey for transmission to the tax authorities in other participating jurisdictions.

The requirements under FATCA, the CRS and similar regimes and any related legislation, IGAs and/or regulations may impose additional burdens and costs on the Company or Shareholders. There is no guarantee that the Company will be able to satisfy such obligations and any failure to comply may materially adversely affect the Company's business, financial condition, results of operations, NAV and/or the market price of the Shares, and the Company's ability to deliver target total NAV return to Shareholders. In addition, there can be no guarantee that any payments in respect of the Shares will not be subject to withholding tax under FATCA. To the extent that such withholding tax applies, the Company is not required to pay any additional amounts.

In subscribing for or acquiring Shares, each Shareholder is agreeing, upon the request of the Company or its delegate, to provide such information as is necessary to comply with FATCA, the CRS and other similar regimes and any related legislation and/or regulations. In particular, investors should be aware that certain forced transfer provisions contained in the Articles may apply in the case that the Company suffers any pecuniary disadvantage as a result of the Company's failure to comply with FATCA, the CRS or other similar regimes as a result of a Non-Qualified Holder failing to provide information as requested by the Company in accordance with the Articles.

Investors should consult with their respective tax advisers regarding the possible implications of FATCA, the CRS and similar regimes concerning the automatic exchange of information and any related legislation, IGAs and/or regulations.

## **RISKS RELATING TO AN INVESTMENT IN THE SHARES**

### ***Investors may not recover the full amount of their investment in the Shares***

The Company's ability to achieve its investment objective and pursue its investment policy successfully may be adversely affected by the manifestation of any of the risks described elsewhere in this Prospectus or other market conditions (or significant changes thereto). The market price of the Shares may fluctuate significantly, particularly in the short term, and potential investors should not regard an investment in the Shares as a short-term investment.

As with any investment, the market price of the Shares may fall in value. The maximum loss on an investment in the Shares is equal to the value of the initial investment made in the Shares and, where relevant, any gains subsequently made. Investors therefore may not recover the full amount initially invested in the Shares, or any amount at all.

### ***The Shares may trade at a discount to the relevant Net Asset Value per Share and the price that can be realised for Shares can be subject to market fluctuations***

It is unlikely that the price at which the Shares trade will be the same as their Net Asset Value per Share (although they are related). The shares of an investment company such as the Company and shares of other listed closed-ended investment companies, may be quoted at a discount to the relevant NAV per Share. This could be due to a variety of factors, including due to market conditions or an imbalance between supply and demand for the Shares. While the Directors may seek to mitigate the discount to NAV through such discount management mechanisms as they consider appropriate, there can be no guarantee that they will do so or that such efforts will be successful. As a result of this, investors who dispose of their interests in the Shares in the secondary market may realise returns that are lower than they would have been if an amount equivalent to the relevant Net Asset Value per Share were distributed.

The market price of the Shares may fluctuate significantly, and Shareholders may not be able to sell Shares at or above the price at which they purchased those Shares. Factors that may cause the price of the Shares to vary include those detailed in this "Risk Factors" section of this Prospectus, such as: changes in the

Company's financial performance and prospects, or in the financial performance and market prospects of the Company's assets or those which are engaged in businesses that are similar to the Company's business; the termination of the Investment Management and Distribution Agreement or the departure of some or all of the Investment Manager's key investment professionals; changes in or new interpretations or applications of laws and regulations that are applicable to the Company's business or companies in which the Company makes investments; sales of Shares by Shareholders; general economic trends and other external factors, including those resulting from war, incidents of terrorism or responses to such events; poor performance in any of the Investment Manager's activities or any event that affects the Company's, the Investment Manager's or the AIFM's reputation; speculation in the press or investment community regarding the Company's business or assets, or factors or events that may directly or indirectly affect the Company's business or assets; and foreign exchange risk as a result of making and selling investments denominated in currencies other than US Dollars.

Securities markets in general have experienced extreme volatility that has often been unrelated to the operating performance or fundamentals of individual companies. Market fluctuations may adversely affect the trading price of the Shares. As with any investment, the price of the Shares may fall in value with the maximum loss on such investments being equal to the value of the investment made in the Shares and, where relevant, any gains subsequently made.

***It may be difficult for Shareholders to realise their investment as there may not be a liquid market in the Shares and Shareholders have no right to have their Shares redeemed or repurchased by the Company***

Initial Admission or any Subsequent Admission should not be taken as implying that there will be an active and liquid market for the Ordinary Shares or any tranche of C Shares. The number of Shares to be issued pursuant to the Initial Placing or any Subsequent Placing is not yet known and there may, on Initial Admission, be a limited number of holders of Ordinary Shares. Consequently, the market price of the Shares may be subject to significant fluctuation on small volumes of trading. Limited numbers of Shares or Shareholders may result in limited liquidity in such Shares, which may affect: (i) an investor's ability to realise some or all of their investment; and (ii) the price at which such Shares trade in the secondary market. The price at which the Shares will be traded will be influenced by a variety of factors, some specific to the Company and its investments and some which may affect companies generally.

Further, the Company is a closed-ended investment company and Shareholders will have no right to have their Shares redeemed or repurchased by the Company at any time. Subject to the Companies Law, the Directors retain the right to effect repurchases of Shares in the manner described in this Prospectus. However, they are under no obligation to use such powers at any time and Shareholders should not place any reliance on the willingness of the Directors to exercise such powers. Shareholders wishing to realise their investment in the Company may therefore be required to dispose of their Shares in the stock market. There can be no assurance that a liquid market in the Shares will develop or that the Shares will trade at prices close to their underlying Net Asset Value. Accordingly, Shareholders may be unable to realise their investment at such Net Asset Value, or at all.

The Company is required by the Listing Rules to ensure that 10 per cent. of the Shares are publicly held (as defined by the Listing Rules) at all times. If, for any reason, the number of Shares in public hands were to fall below 10 per cent., the FCA might suspend or cancel the listing of the Shares. This may have an adverse effect on the Company's revenues, the value of the portfolio, the Company's financial condition, results of operations and prospects, with a consequential adverse effect on returns to Shareholders and the market value of the Shares.

***C Shares may suffer greater volatility in discounts and may be more illiquid than Ordinary Shares***

As noted in the previous risk factor, the shares of investment companies and other listed closed-ended investment companies may be quoted at a discount to the underlying Net Asset Value per Share. The Directors may consider repurchasing Ordinary Shares to assist in limiting discount volatility and potentially providing an additional source of liquidity, if and when the Ordinary Shares trade at a level which makes their repurchase attractive, but are under no obligation to do so.

The Directors do not however intend to repurchase any C Shares prior to their Conversion. The Company does not, therefore, intend to assist any tranche of C Shares in limiting discount volatility or to provide an additional source of liquidity. As such, until the relevant C Shares are converted into Ordinary Shares, they may suffer greater volatility in discounts and may be more illiquid than Ordinary Shares. As such, this may adversely affect the returns to Shareholders and the market value of the C Shares.

***The Company may in the future issue new Shares, which may dilute Shareholders' equity or have a detrimental effect on the market price of the Shares***

Further issues of Shares may, subject to compliance with the relevant provisions of the Companies Law and the Articles, be made on a non-pre-emptive basis. Any such issue may dilute the percentage of the Company held by the Company's existing Shareholders. Additionally, such issues could have an adverse effect on the market price of the Shares.

***The Shares are subject to transfer restrictions and forced transfer provisions for investors in the United States and certain other jurisdictions***

The Shares have not been and will not be registered in the United States under the Securities Act or under any other applicable securities laws in the United States and are subject to the restrictions on sales and transfers contained in such laws.

In order to avoid being required to register under the Investment Company Act, the Company has imposed significant restrictions on sales and transfers of the Shares. In particular, if in the future the initial purchaser, as well as any subsequent holder, decides to offer, sell, transfer, assign or otherwise dispose of the Shares, then (unless otherwise expressly agreed with the Company) they may do so only: (i) outside the United States in an "offshore transaction" complying with the provisions of Regulation S under the Securities Act to a person not known by the transferor to be a US Person, by prearrangement or otherwise; or (ii) to the Company or a subsidiary thereof. For further information on restrictions on offers, sales and transfers of the Shares, please refer to the section entitled "Overseas Persons and Restricted Territories" in Part VII (*The Initial Placing Arrangements and the Placing Programme*) and the section entitled "Memorandum and Articles of Incorporation" in Part IX (*Additional Information on the Company*) of this Prospectus. These restrictions may make it more difficult for a Shareholder to resell the Shares and may have an adverse effect on the liquidity and market value of the Shares.

The Shares are also subject to forced transfer provisions under the Articles. The Company may require any Shareholder whom the Directors believe to be a Non-Qualified Holder (as defined in the Articles), to provide the Company within 30 days with sufficient satisfactory documentary evidence to satisfy the Company that they are not a Non-Qualified Holder. The Company may require any such person to sell or transfer their Shares to a person who is not a Non-Qualified Holder (in the sole and conclusive determination of the Company) within 30 calendar days and within such 30 calendar days to provide the Directors with satisfactory evidence of such sale or transfer. Pending such sale or transfer, the Directors may suspend the exercise of any voting or consent rights and rights to receive notice of, or attend, a meeting of the Company and any rights to receive dividends or other distributions with respect to such Shares, and the holder shall repay the Company any amounts distributed to such holder by the Company during the time such holder held such Shares. If any such person upon whom the Directors serve a notice does not within 30 calendar days after such notice either: (i) sell or transfer their Shares to a person who is not a Non-Qualified Holder and establish to the satisfaction of the Directors (whose judgement shall be final and binding) that such a sale or transfer has occurred; or (ii) establish to the satisfaction of the Directors (whose judgment will be final and binding) that they are not a Non-Qualified Holder; (a) such person shall be deemed upon the expiration of such thirty (30) days to have forfeited such Shares and the Directors shall be empowered at their discretion to follow the procedures in accordance with the Articles; or (b) if the Directors in their absolute discretion so determine, to the extent permitted under the Regulations and the Rules (as defined in the Articles), the Directors may arrange for the Company to sell the Shares at the best price reasonably obtainable to any other person so that the Shares will cease to be held by a Non-Qualified Holder, in which event the Company may, but only to the extent permitted under applicable Rules and Regulations (as defined in the Articles), take any action whatsoever that the Directors consider necessary in order to effect the transfer of such Shares by the holder of such Shares (including where necessary requiring the holder in question to execute powers of attorney or other authorisations, or authorising an officer of the Company to deliver an instruction to the relevant Authorised Operator (as

defined in the Articles), and the Company shall pay the net proceeds of sale to the former holder upon its receipt of the sale proceeds and the surrender by such former holder of the relevant share certificate or, if no certificate has been issued, such evidence as the Directors may reasonably require to satisfy themselves as to such person's former entitlement to the Shares and to such net proceeds of sale and the former holder shall have no further interest in the relevant Shares or any claim against the Company in respect thereof. No trust will be created and no interest will be payable in respect of such net proceeds of sale.

## IMPORTANT NOTICES

**Prospective investors should rely only on the information contained in this Prospectus and any supplementary prospectus published by the Company prior to Admission of the relevant Shares. No person has been authorised to give any information or to make any representation other than those contained in this Prospectus (or any such supplementary prospectus) in connection with the Initial Placing or any Subsequent Placing and, if given or made, such information or representation must not be relied upon as having been authorised by or on behalf of the Company, the AIFM, the Investment Manager, the Joint Bookrunners or any of their respective Affiliates, officers, directors, employees or agents. Without prejudice to any obligation of the Company to publish a supplementary prospectus pursuant to Article 23 of the UK Prospectus Regulation (as amended), neither the delivery of this Prospectus nor any subscription or sale made under this Prospectus will, under any circumstances, create any implication that there has been no change in the business or affairs of the Company since the date of this Prospectus or that the information contained in this Prospectus is correct as at any time subsequent to its date.**

The contents of this Prospectus, any supplementary prospectus published by the Company prior to the Final Closing Date or any subsequent communications from the Company, the AIFM, the Investment Manager, the Joint Bookrunners or any of their respective Affiliates, officers, directors, employees or agents are not to be construed as legal, business or tax advice. The tax legislation of a Shareholder's home jurisdiction and of Guernsey, as the place of incorporation of the Company, may have an impact on the income received by the Shareholder from the Shares. Each prospective investor should consult their own solicitor, financial adviser or tax adviser for legal, financial or tax advice in relation to the purchase of Shares.

Apart from the liabilities and responsibilities (if any) which may be imposed on Deutsche Bank by FSMA or the regulatory regime established thereunder or under the regulatory regime of any other jurisdiction where exclusion of liability under the relevant regulatory regime would be illegal, void or unenforceable, each of the Joint Bookrunners, their respective Affiliates, officers, directors, employees and agents makes no representations, express or implied, nor accept any responsibility whatsoever for the contents of this Prospectus (or any supplementary prospectus published by the Company prior to the Final Closing Date) nor for any other statement made or purported to be made by it or on its behalf in connection with the Company, the AIFM, the Investment Manager, the Shares, the Initial Placing, the Subsequent Placings or any Admission. Each of the Joint Bookrunners and their respective Affiliates, officers, directors, employees or agents accordingly disclaims all and any liability (save for any statutory liability) whether arising in tort or contract or otherwise which they or their respective Affiliates might otherwise have in respect of this Prospectus or any such statement.

In connection with the Initial Placing and the Subsequent Placings, the Joint Bookrunners and their respective Affiliates, officers, directors, employees or agents acting as an investor for their own account(s), may acquire Shares and, in that capacity, may retain, purchase, sell, offer to sell or otherwise deal for its or their own account(s) in such securities of the Company, any other securities of the Company or other related investments in connection with the Initial Placing, the Subsequent Placings or otherwise. Accordingly, references in this Prospectus to the Shares being issued, offered, acquired, subscribed for or otherwise dealt with, should be read as including any issue or offer to, acquisition of, or subscription or dealing by, the Joint Bookrunners and any of its Affiliates, officers, directors, employees or agents acting as an investor for their own account(s). None of the Joint Bookrunners nor any of their respective Affiliates, officers, directors, employees or agents intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

The Shares are only suitable for medium to long-term investors, who are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses (which may be equal to the whole amount invested) from such an investment. Accordingly, typical investors in the Shares are expected to be institutional investors, private clients through their wealth managers, experienced investors, high net worth investors and professionally advised investors who have taken appropriate steps to ensure that they understand the risks involved in investing in the Company.

The Shares are designed to be held over the long-term and may not be suitable as short term investments. There is no assurance that any appreciation in the value of the Company's investments will occur and investors may not get back the full amount initially invested, or any amount at all. Any investment objective of, and dividends proposed by, the Company are targets only and should not be treated as an assurance or guarantee of performance. There can be no assurance that the Company's investment objective will be achieved.

A prospective investor should be aware that the value of an investment in the Company is subject to market fluctuations and other risks inherent in investing in securities. There is no assurance that any appreciation in the value of the Shares will occur or that the investment objective of the Company will be achieved. The value of investments and the income derived therefrom may fall as well as rise and investors may not recoup the original amount invested in the Company.

Prospective investors should rely only on the information contained in this Prospectus and any supplementary prospectus published by the Company prior to Admission of the relevant Shares. No broker, dealer or other person has been authorised by the Company, the Board or any Director, the Investment Manager or the Joint Bookrunners to issue any advertisement or to give any information or to make any representation in connection with the Initial Placing or the Subsequent Placings other than those contained in this Prospectus and any such supplementary prospectus and, if issued, given or made, any such advertisement, information or representation must not be relied upon as having been authorised by the Company, the Board, any Director, the Investment Manager or the Joint Bookrunners.

The distribution of this Prospectus in certain jurisdictions may be restricted by law and persons into whose possession this Prospectus comes should inform themselves about and observe any such restrictions.

Prospective investors should not treat the contents of the Prospectus (or any supplementary prospectus published by the Company prior to the relevant Admission) as advice relating to legal, taxation, investment or any other matters. Prospective investors should inform themselves as to: (i) the legal requirements within their own countries for the purchase, holding, transfer, redemption, conversion or other disposal of Shares; (ii) any foreign exchange restrictions applicable to the purchase, holding, transfer, redemption, conversion or other disposal of Shares which they might encounter; and (iii) the income and other tax consequences which may apply in their own countries as a result of the purchase, holding, transfer, redemption, conversion or other disposal of Shares. Prospective investors must rely upon their own representatives, including their own legal advisers and accountants, as to legal, tax, investment or any other related matters concerning the Company and an investment therein.

Statements made in the Prospectus are based on the law and practice currently in force in Guernsey and the United Kingdom and are subject to changes therein.

## **SELLING RESTRICTIONS**

**This Prospectus does not constitute, and may not be used for the purposes of, an offer or an invitation to apply for any Shares by any person: (i) in any jurisdiction in which such offer or invitation is not authorised; (ii) in any jurisdiction in which the person making such offer or invitation is not qualified to do so; or (iii) to any person to whom it is unlawful to make such an offer or invitation.**

**The distribution of this Prospectus and any supplementary prospectus published by the Company prior to the Final Closing Date, and the offering of Shares in certain jurisdictions may be restricted. Accordingly, persons into whose possession this Prospectus and/or any such supplementary prospectus comes are required to inform themselves about and observe any restrictions as to the offer or sale of Shares and the distribution of this Prospectus and/or any such supplementary prospectus under the laws and regulations of any jurisdiction relevant to them in connection with any proposed applications for Shares, including obtaining any requisite governmental or other consent and observing any other formality prescribed in such jurisdiction.**



**Save for in the United Kingdom and save as explicitly stated elsewhere in this Prospectus, no action has been taken or will be taken in any jurisdiction by the Company that would permit a public offering of Shares in any jurisdiction where action for that purpose is required, nor has any such action been taken with respect to the possession or distribution of this Prospectus and/or any such supplementary prospectus in any other jurisdiction where action for that purpose is required.**

#### **Notice to prospective investors in the United Kingdom**

No Shares have been offered or will be offered pursuant to the Initial Placing or any Subsequent Placing to the public in the United Kingdom prior to the publication of a prospectus in relation to the Shares which has been approved by the FCA, except that offers of Shares to the public may be made at any time with the prior consent of the Joint Bookrunners, under the following exemptions under the UK Prospectus Regulation:

- (a) to any legal entity which is a qualified investor as defined in Article 2(e) of the UK Prospectus Regulation (as amended);
- (b) to fewer than 150 natural or legal persons (other than qualified investors as defined in Article 2(e) of the UK Prospectus Regulation (as amended)) in the United Kingdom; or
- (c) in any other circumstances falling within Article 1(4) of the UK Prospectus Regulation (as amended),

provided that no such offer of Shares will result in a requirement for the publication of a prospectus pursuant to Article 3(1) of the UK Prospectus Regulation (as amended).

For the purposes of this provision, the expression an “offer to the public” in relation to any offer of Shares in the United Kingdom means a communication in any form and by any means presenting sufficient information on the terms of the offer and any Shares to be offered so as to enable an investor to decide to purchase or subscribe for Shares.

#### **Notice to prospective investors in the EEA**

In relation to each EEA Member State, no Shares have been offered or will be offered pursuant to the Initial Placing or any Subsequent Placing to the public in that EEA Member State prior to the publication of a prospectus in relation to the Shares which has been approved by the competent authority in that EEA Member State, or, where appropriate, approved in another EEA Member State and notified to the competent authority in that EEA Member State, all in accordance with the EU Prospectus Regulation, except that offers of Shares to the public may be made at any time with the prior consent of the Joint Bookrunners under the following exemptions under the EU Prospectus Regulation, if they are implemented in that EEA Member State:

- (a) to any legal entity which is a qualified investor as defined in Article 2(e) of the EU Prospectus Regulation;
- (b) to fewer than 150 natural or legal persons (other than qualified investors as defined in Article 2(e) of the EU Prospectus Regulation) in such EEA Member State; or
- (c) in any other circumstances falling within Article 1(4) of the EU Prospectus Regulation,

provided that no such offer of Shares will result in a requirement for the publication of a prospectus pursuant to Article 3 of the EU Prospectus Regulation or any measure relating to the EU Prospectus Regulation in an EEA Member State.

For the purposes of this provision, the expression an “offer to the public” in relation to any offer of Shares in any EEA Member State means a communication in any form and by any means presenting sufficient information on the terms of the offer and any Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Shares, as the same may be varied in that EEA Member State by any measure relating to the EU Prospectus Regulation in that EEA Member State.

Notwithstanding any other statement in this Prospectus, this Prospectus and/or any supplementary prospectus published by the Company prior to the Final Closing Date should not be made available to any investor domiciled in any EEA Member State unless: (i) the AIFM has confirmed that it has made the relevant notification or applications in that EEA Member State and is lawfully able to market Shares into that EEA Member State; or (ii) such investors have received the Prospectus and/or such supplementary prospectus on the basis of an enquiry made at the investor's own initiative.

Notwithstanding that the AIFM may have confirmed that it is able to market Shares to professional investors in an EEA Member State, the Shares may not be marketed to retail investors (as this term is understood in the EU AIFM Directive as transposed in the relevant EEA Member States) in that EEA Member State unless the Shares have been qualified for marketing to retail investors in that EEA Member State in accordance with applicable local laws. At the date of this Prospectus, the Shares are not eligible to be marketed to retail investors in any EEA Member State. Accordingly, the Shares may not be offered, sold or delivered and neither this Prospectus, any supplementary prospectus published by the Company prior to the Final Closing Date nor any other offering materials relating to such Shares may be distributed or made available to retail investors in those countries.

#### **Notice to prospective investors in Guernsey**

Ordinary Shares and/or C Shares in the Company may only be offered or sold in or from within the Bailiwick of Guernsey, and the Prospectus may only be distributed or circulated directly or indirectly in or from within the Bailiwick of Guernsey, either:

- (a) by persons licensed to do so under the Protection of Investors (Bailiwick of Guernsey) Law, 2020 (as amended); or
- (b) to persons licensed under the Protection of Investors (Bailiwick of Guernsey) Law, 2020 (as amended), the Insurance Managers and Insurance Intermediaries (Bailiwick of Guernsey) Law, 2002, (as amended), the Insurance Business (Bailiwick of Guernsey) Law, 2002 (as amended), the Banking Supervision (Bailiwick of Guernsey) Law, 2020 (as amended) or the Regulation of Fiduciaries, Administration Businesses and Company Directors, etc. (Bailiwick of Guernsey) Law, 2020 (as amended).

Ordinary Shares and/or C Shares in the Company are not available to be offered or sold under the Prospectus in or from within the Bailiwick of Guernsey other than in accordance with paragraphs (a) and (b) above and the Prospectus must not be relied upon by any person unless made or received in accordance with such paragraphs.

#### **Notice to prospective investors with respect to United States federal securities laws**

The Company has not been and will not be registered under the Investment Company Act and as such investors in the Shares are not and will not be entitled to the benefits of the Investment Company Act. The Shares have not been and will not be registered under the Securities Act, or with any securities regulatory authority of any state or other jurisdiction of the United States, and may not be offered, sold, resold, pledged, delivered, assigned or otherwise transferred, directly or indirectly, into or within the United States or to, or for the account or benefit of, any US Persons, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States and in a manner which would not require the Company to register under the Investment Company Act. In connection with the Initial Placing and any Subsequent Placing the Shares will be offered and sold only outside the United States in "offshore transactions" to non-US Persons pursuant to Regulation S under the Securities Act. There has been and will be no public offering of the Shares in the United States.

Neither the SEC nor any state securities commission has approved or disapproved this Prospectus or the issue of the Shares or passed upon or endorsed the merits of the offering of the Shares or the adequacy or accuracy of this Prospectus. Any representation to the contrary is a criminal offence in the United States.

The Shares may not be acquired by: (i) investors using assets of: (A) an “employee benefit plan” as defined in Section 3(3) of ERISA that is subject to Title I of ERISA; (B) a “plan” as defined in Section 4975 of the US Tax Code, including an individual retirement account or other arrangement that is subject to Section 4975 of the US Tax Code; or (C) an entity whose underlying assets are considered to include “plan assets” by reason of investment by an “employee benefit plan” or “plan” described in preceding clause (A) or (B) in such entity pursuant to the US Plan Assets Regulations; or (ii) a governmental, church, non-US or other employee benefit plan that is subject to any federal, state, local or non-US law that is substantially similar to the provisions of Title I of ERISA or Section 4975 of the US Tax Code, unless its purchase, holding and disposition of the Shares will not constitute or result in a non-exempt violation of any such substantially similar law.

In addition, the Shares are subject to restrictions on transferability and resale in certain jurisdictions and may not be transferred or resold, except as permitted under applicable securities laws and regulations and under the Articles. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdictions and may subject the holder to the forced transfer provisions set out in the Articles. For further information on restrictions on offers, sales and transfers of the Shares, please refer to the section entitled “Overseas Persons and Restricted Territories” in Part VII (*The Initial Placing Arrangements and the Placing Programme*) and the section entitled “Memorandum and Articles of Association” in Part IX (*Additional Information on the Company*) of this Prospectus.

#### **Notice to prospective investors in Hong Kong**

No Shares may be offered or sold in Hong Kong by means of any information contained in this Prospectus or any other document other than (a) to “professional investors” as defined in the SFO and any rules made under that ordinance; or (b) in other circumstances which do not result in the document being a “prospectus” as defined in the CWUMPO or which do not constitute an “offer to the public” within the meaning of that ordinance. No person may issue, or have in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Shares, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the SFO or any rules made under that ordinance.

The contents of this Prospectus have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to this offer. If you are in any doubt about any of the contents of this Prospectus, you should obtain independent professional advice.

#### **Notice to prospective investors in Singapore**

The Company is not registered as an authorised or recognised fund with the Monetary Authority of Singapore (“MAS”). The offer of Shares which is the subject of this Prospectus is not allowed to be made to the retail public in Singapore. This Prospectus has not been registered as a prospectus with the MAS and is not a prospectus as defined in the Securities and Futures Act 2001 (“SFA”). The MAS assumes no responsibility for the contents of this Prospectus or any such document. Accordingly, statutory liability under the SFA in relation to the content of prospectuses would not apply. Investors should consider carefully whether the investment is suitable for them. The offer of Shares which is the subject of this Prospectus is only allowed to be made pursuant to certain exemptions from prospectus requirements under Section 304 of the SFA and under no circumstances to the retail public. Accordingly, the Shares may not be offered or sold, nor may the Shares be the subject of an invitation for subscription or purchase, nor may this Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase of the Shares be circulated or distributed, whether directly or indirectly, to any person in Singapore other than under exemptions provided in the SFA for offers made:

- (a) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 304 of the SFA, or

- (b) otherwise pursuant to, and in accordance with, the conditions of any other applicable provision of the SFA provided that all such persons to whom any such offer or sale, or invitation for subscription or purchase of the Shares is made are institutional investors or accredited investors.

Subject to all other restrictions on transferability imposed by the Company, where the Shares are initially acquired pursuant to an offer made in reliance on an exemption under Section 304 of the SFA by an institutional investor, subsequent sales of the Shares will only be made to another institutional investor. Investors should therefore ensure that their own transfer arrangements comply with the restrictions. Investors should seek legal advice to ensure compliance with the above.

**Notice to prospective investors in the United Arab Emirates (the “UAE”) (outside the Dubai International Financial Centre (the “DIFC”) and the Abu Dhabi Global Market (the “ADGM”))**

This Prospectus is strictly private and confidential and must not be provided to any person other than the original recipient, and may not be reproduced or used for any other purpose. Neither the Company nor the Shares are regulated under the laws of the UAE relating to funds, investments or otherwise. Neither the Company, this Prospectus nor the Shares are approved, licensed, registered or regulated by or with the UAE Central Bank, the UAE Securities and Commodities Authority (“SCA”), the Dubai Financial Services Authority (the “DFSA”), the ADMG’s Financial Services Regulatory Authority (the “FRSA”) or any other regulatory authority in the UAE, which have no responsibility for them. Prospective investors should conduct their own due diligence on the Shares. Nothing contained in this Prospectus is intended to constitute investment, legal, tax, accounting or other professional advice in, or in respect of, the UAE. The Shares may be promoted in the UAE to a limited number of institutional and individual investors who meet the criteria of Professional Investors in accordance with the rules and regulations of the SCA. Any such promotion will be undertaken by way of private placement and in accordance with the rules and regulations of the SCA. By receiving this confidential Prospectus, the person or entity to whom it has been issued understands, acknowledges and agrees that neither this Prospectus nor the Shares to which it relates has been approved, licensed, registered or regulated by or with the UAE Central Bank, the SCA, the DFSA, the FRSA or any other relevant licensing authorities or governmental agencies in the UAE. Such person or entity further understands, acknowledges and agrees that this Prospectus must not be provided to any person other than the original recipient, that this Prospectus is not for general circulation in the UAE (including the DIFC and the ADGM) and may not be reproduced or used for any other purpose.

**Forward-looking statements**

This Prospectus includes statements that are, or may be deemed to be, “forward-looking statements”. These forward-looking statements can be identified by the use of forward-looking terminology, including, but not limited to, the terms, “believes”, “could”, “estimates”, “anticipates”, “expects”, “intends”, “may”, “will” or “should” or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places in this Prospectus and include statements regarding the intentions, beliefs or current expectations of the Company, the Directors or the Investment Manager concerning, among other matters, the Company’s investment objective and investment policy, investment performance, results of operations, financial condition, prospects and dividend policy of the Company and the markets in which it invests and operates. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not assurances of future performance. The Company’s actual investment performance, results of operations, financial condition, dividends paid and its financing strategies may differ materially from the impression created by the forward-looking statements contained in this Prospectus. In addition, even if the investment performance, results of operations, financial condition and financing strategies of the Company, are consistent with the forward-looking statements contained in this Prospectus, those results, its condition or strategies may not be indicative of results, its condition or strategies in subsequent periods. Important factors that could cause these differences include, but are not limited to, the factors set out in the “Risk Factors” section of this Prospectus.

Given these uncertainties, prospective investors are cautioned not to place any undue reliance on such forward-looking statements. Prospective investors should carefully review the “Risk Factors” section of this Prospectus for a discussion of additional factors that could cause the Company’s actual results to differ materially from those that the forward-looking statements may give the impression will be achieved, before

making an investment decision. Forward-looking statements speak only as at the date of this Prospectus. The Company and the Investment Manager undertake no obligation to revise or update any forward-looking statements contained herein (save where required by the Prospectus Regulation Rules, the Listing Rules, UK MAR, the EU Market Abuse Regulation (to the extent relevant), the Disclosure Guidance and Transparency Rules, the UK AIFMD Laws or the EU AIFM Directive), whether as a result of new information, future events, conditions or circumstances, any change in the Company's or the Investment Manager's expectations with regard thereto or otherwise. However, Shareholders are advised to read any communications that the Company may make directly to them and any additional disclosures in announcements that the Company may make through an RIS.

For the avoidance of doubt, nothing in the foregoing paragraphs under this heading "Forward-looking statements" constitutes a qualification of the working capital statement contained in section 14 of Part IX (*Additional Information on the Company*) of this Prospectus.

### **Important note regarding performance data**

This Prospectus includes information regarding the track record and performance data of the Investment Manager (the "**Track Record**"). Such information is not necessarily comprehensive and prospective investors should not consider such information to be indicative of the possible future performance of the Company or any investment opportunity to which this Prospectus relates. The past performance of the Investment Manager is not a reliable indicator of, and cannot be relied upon as a guide to, the future performance of the Company or the Investment Manager.

Investors should not consider the Track Record information (particularly the past returns) contained in this Prospectus to be indicative of the Company's future performance. Past performance is not a reliable indicator of future results and the Company will not make the same investments reflected in the Track Record information included herein. Prospective investors should be aware that any investment in the Company involves a significant degree of risk and could result in the loss of all or substantially all of their investment.

The Company has no investment history. For a variety of reasons, the comparability of the Track Record information to the Company's future performance is by its nature very limited. Without limitation, results can be positively or negatively affected by market conditions beyond the control of the Company or the Investment Manager which may be different in many respects from those that prevail at present or in the future, with the result that the performance of portfolios originated now may be significantly different from those originated in the past.

No representation is being made by the inclusion of the investment examples and strategies presented herein that the Company will achieve performance similar to the investment examples and strategies herein or avoid losses. There can be no assurance that the investment examples and strategies described herein will meet their objectives generally, or avoid losses. Past performance is no guarantee of future results.

### **AIFM Directive Disclosures**

The EU AIFM Directive imposes conditions on the marketing of entities such as the Company to investors in the EEA and the UK AIFMD Laws impose conditions on the marketing of entities such as the Company to investors in the UK. The EU AIFM Directive and the UK AIFMD Laws each require that an "alternative investment fund manager" ("**AIFM**") be identified to meet such conditions where such marketing is sought. For these purposes, JTC Global AIFM Solutions Limited, as the legal person responsible for performing portfolio and risk management of the Company, will be the AIFM.

## **INFORMATION TO DISTRIBUTORS**

### **Target Market Assessment**

Solely for the purposes of the product governance requirements contained within the FCA's PROD3 Rules on product governance within the FCA Handbook (the "**FCA PROD3 Rules**") and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the FCA PROD3 Rules) may otherwise have with respect thereto, the Ordinary Shares the subject of the Initial Placing or the Placing Programme (or any tranche of C Shares the subject of a Subsequent Placing) have been subject to a product approval process, which has determined that such Ordinary Shares or any tranche

of C Shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in the FCA Glossary; and (ii) eligible for distribution through all distribution channels as are permitted by PROD3 (the “**Target Market Assessment**”).

Notwithstanding the Target Market Assessment, distributors should note that: the price of the Ordinary Shares or any tranche of C Shares may decline and investors could lose all or part of their investment; the Ordinary Shares or any tranche of C Shares offer no guaranteed income and no capital protection; and an investment in the Ordinary Shares or any tranche of C Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Initial Placing or any Subsequent Placing. Furthermore, it is noted that, notwithstanding the Target Market Assessment, the Joint Bookrunners will only procure investors who meet the criteria of professional clients and eligible counterparties.

For the avoidance of doubt, the Target Market Assessment does not constitute: (i) an assessment of suitability or appropriateness for the purposes of the FCA PROD3 Rules; or (ii) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Ordinary Shares or any tranche of C Shares.

Each distributor is responsible for undertaking its own target market assessment in respect of the Ordinary Shares or any tranche of C Shares and determining appropriate distribution channels.

#### **UK PRIIPs Laws**

In accordance with the UK PRIIPs Laws, a key information document in respect of an investment in the Ordinary Shares has been prepared and is available to investors at [www.welkinchinape.com](http://www.welkinchinape.com). A key information document in respect of an investment in C Shares of the Company (if applicable) will be made produced and made available on the Company’s website. Accordingly, if you are distributing Ordinary Shares or C Shares, it is your responsibility to ensure that the key information document is provided to any relevant clients.

The Company is the only manufacturer of the Ordinary Shares for the purposes of the UK PRIIPs Laws and none of the Joint Bookrunners is a manufacturer for these purposes. The Joint Bookrunners do not make any representation, express or implied, nor accept any responsibility whatsoever for the contents of any key information document prepared in respect of an investment in the Shares nor accepts any responsibility to update the contents of any key information document in accordance with the UK PRIIPs Laws, to undertake any review processes in relation thereto or to provide any such key information document to future distributors of Shares. Accordingly, the Joint Bookrunners disclaim all and any liability whether arising in tort or contract or otherwise which they might have in respect of any key information document prepared in respect of an investment in the Shares from time to time.

#### **Data protection**

The information that a prospective investor in the Company provides in documents in relation to a subscription for Shares or subsequently by whatever means which relates to the prospective investor (if it is an individual) or a third-party individual (“**personal data**”) will be held and processed by the Company (and any third-party, functionary or agent in the United Kingdom or Guernsey to whom it may delegate certain administrative functions in relation to the Company) in compliance with the relevant data protection legislation and regulatory requirements of the United Kingdom and Guernsey. Each prospective investor acknowledges and consents that such information will be held and processed by the Company (or any third-party, functionary, or agent appointed by the Company) for the following purposes:

- verifying the identity of the prospective investor to comply with statutory and regulatory requirements in relation to anti-money laundering procedures;

- contacting the prospective investor with information about other products and services provided by the Investment Manager, or their respective Affiliates, which may be of interest to the prospective investor;
- carrying out the business of the Company and the administering of interests in the Company;
- meeting the legal, regulatory, reporting and/or financial obligations of the Company in Guernsey, the United Kingdom or elsewhere; and
- disclosing personal data to other functionaries of, or advisers to, the Company to operate and administer the Company.

Each prospective investor acknowledges and consents that where appropriate it may be necessary for the Company (or any third-party, functionary or agent appointed by the Company) to:

- disclose personal data to third-party service providers, Affiliates, agents or functionaries appointed by the Company or its agents to provide services to prospective investors; and
- transfer personal data outside of the United Kingdom to countries or territories that do not offer the same level of protection for the rights and freedoms of prospective investors in Guernsey and the United Kingdom.

If the Company (or any third-party, functionary or agent appointed by the Company) discloses personal data to such a third-party, functionary or agent or makes such a transfer of personal data it will use reasonable endeavours to ensure that any third-party, functionary or agent to whom the relevant personal data is disclosed or transferred is contractually bound to provide an adequate level of protection in respect of such personal data.

Prospective investors are responsible for informing any third-party individual to whom the personal data relates as to the disclosure and use of such data in accordance with these provisions.

#### **Defined terms**

Capitalised or otherwise defined terms contained in this Prospectus have the meanings ascribed to them in Part XI (*Definitions*) of this Prospectus, save where the context indicates otherwise.

#### **No incorporation of website**

The contents of the Company's website at [www.welkinchinape.com](http://www.welkinchinape.com), the contents of any website accessible from hyperlinks on the Company's website, the Investment Manager's website, or any other website referred to in this Prospectus are not incorporated into and do not form part of this Prospectus. Investors should base their decision to invest on the contents of this Prospectus and any supplementary prospectus published by the Company prior to Admission of the relevant Shares alone and should consult their professional advisers prior to making an application to acquire Shares.

## EXPECTED TIMETABLE FOR INITIAL ADMISSION

Publication of this Prospectus and commencement of the Initial Placing .....	6 September 2022
Latest time and date for placing commitments under the Company Placing* .....	5:00 pm on 26 September 2022
Latest time and date for placing commitments under the Joint Bookrunner Placing* .....	Noon on 27 September 2022
Publication of results of the Initial Placing .....	28 September 2022
Initial Admission and dealings in Ordinary Shares commence .....	8.00 a.m. on 30 September 2022
CREST Accounts credited with uncertificated Ordinary Shares .....	as soon as practicable after 8.00 a.m. on 30 September 2022
Where applicable, definitive share certificates despatched by post .....	week commencing 3 October 2022

\* *or such later time and date as may be notified to a Placee*

*Any changes to the expected timetable set out above will be notified to the market by the Company through a Regulatory Information Service announcement. In any case, Initial Admission and dealings in Ordinary Shares will commence by no later than the Long Stop Date.*

*References to times are to London times.*

## EXPECTED SUBSEQUENT PLACING TIMETABLE

Publication of Placing Price in respect of each Subsequent Placing .....	as soon as practicable following the closing of each Subsequent Placing
Subsequent Admission and crediting of CREST accounts in respect of each Subsequent Placing .....	as soon as practicable following the closing of each Subsequent Placing
Share certificates in respect of Shares issued pursuant to the relevant Subsequent Placing dispatched (if applicable) .....	as soon as practicable following any Subsequent Admission
Last date for Shares to be issued pursuant to the Placing Programme .....	6 September 2023**

\*\* *or, if earlier, the date on which all of the Shares available for issue under the Placing Programme have been issued (or such other date as may be agreed between the Global Co-ordinator and the Company (such agreed date to be announced by way of an RIS announcement)).*

*References to times are to London times.*



## INITIAL PLACING STATISTICS\*

Initial Placing Price per Ordinary Share .....	US\$1.00
Gross Initial Placing Proceeds .....	US\$315 million
Estimated Net Initial Proceeds .....	US\$309 million
Expected Net Asset Value per Ordinary Share on Initial Admission .....	US\$0.98

\* *Assuming that 315 million Ordinary Shares are issued in connection with the Initial Placing (including 15 million Ordinary Shares issued in accordance with the Initial Portfolio Acquisition Agreement). The number of Ordinary Shares to be issued pursuant to the Initial Placing, and therefore the Gross Initial Placing Proceeds, is not known as at the date of this Prospectus but will be notified to the market by the Company via an RIS announcement prior to Initial Admission. The Initial Placing will not proceed if the Gross Initial Placing Proceeds would be less than US\$150 million. If the Initial Placing does not proceed, subscription monies received will be returned without interest at the risk of the applicant.*

## DEALING CODES

ISIN for Ordinary Shares .....	GG00BQ7WYN10
SEDOL for Ordinary Shares (in respect of Ordinary Shares traded in US Dollars) .....	BQ7WYN1
SEDOL for Ordinary Shares (in respect of Ordinary Shares traded in Sterling) .....	BMYS564
Ticker symbol for Ordinary Shares (in respect of Ordinary Shares traded in US Dollars) .....	WCPE
Ticker symbol for Ordinary Shares (in respect of Ordinary Shares traded in Sterling) .....	WCPG

Each tranche of C Shares issued pursuant to a Subsequent Placing made throughout the Placing Programme will have separate ISINs, SEDOLs and ticker symbols issued. The announcement of each issue of C Shares will contain details of the relevant ISIN, SEDOL and ticker symbol for such tranche of C Shares being issued.

## PLACING PROGRAMME STATISTICS

Number of Shares that may be issued under the Placing Programme (as reduced by any Ordinary Shares issued pursuant to the Initial Placing) .....	up to 500 million
Placing Price for Subsequent Placings .....	in respect of: (i) Ordinary Shares, a price representing the latest published NAV per Ordinary Share plus a premium to at least cover any issue expenses (to be determined by the Directors, in their absolute discretion, from time to time); and (ii) C Shares, a price of US\$1.00 per C Share (or such other price as the Board may determine)

## DIRECTORS, ADVISERS AND OTHER SERVICE PROVIDERS

<b>Directors</b>	Ivan Chu (Chair) Gary Gould Hani Abuali Susan Gordon Hardy Teresa Teague
<b>Registered Office</b>	Ground Floor Dorey Court Admiral Park St. Peter Port Guernsey GY1 2HT
<b>Investment Manager</b>	Welkin Capital Management (Asia) Limited The Centrium Suite 1202B 60 Wyndham Street Central Hong Kong
<b>Sponsor, Global Co-ordinator and Joint Bookrunner</b>	Deutsche Bank AG, London Branch Winchester House 1 Great Winchester Street London EC2N 2DB
<b>Joint Bookrunners</b>	CLSA Limited 88 Queensway, 18/F One Pacific Place Admiralty Hong Kong  finnCap Limited 1 Bartholomew Close London EC1A 7BL  Huatai Financial Holdings (Hong Kong) Limited Unit 4201, 42/F The Centre, 99 Queen's Road Hong Kong
<b>AIFM</b>	JTC Global AIFM Solutions Limited Ground Floor Dorey Court Admiral Park St. Peter Port Guernsey GY1 2HT
<b>Legal advisers to the Company (as to English and US securities laws)</b>	Herbert Smith Freehills LLP Exchange House Primrose Street London EC2A 2EG

<b>Legal advisers to the Company (as to Guernsey law)</b>	Mourant Ozannes (Guernsey) LLP Royal Chambers St. Julian's Avenue St. Peter Port Guernsey GY1 4HP
<b>Legal advisers to the Joint Bookrunners (as to English and US securities laws)</b>	Norton Rose Fulbright LLP 3 More London Riverside London SE1 2AQ
<b>Secretary and Administrator</b>	JTC Fund Solutions (Guernsey) Limited Ground Floor Dorey Court Admiral Park St. Peter Port Guernsey GY1 2HT
<b>Registrar</b>	JTC Registrars Limited Ground Floor Dorey Court Admiral Park St. Peter Port Guernsey GY1 2HT
<b>Reporting Accountant</b>	BDO LLP 55 Baker Street London W1U 7EU
<b>Auditor</b>	PricewaterhouseCoopers CI LLP 321 Royal Bank Place Guernsey GY1 4ND

# INVESTMENT HIGHLIGHTS

*Investing in the Company's Shares will allow investors access to the returns available from investing in unquoted Chinese Companies with long-term growth potential, an investment class that has traditionally been difficult to access for individual investors.*

## 1. WHY INVEST

### **Strategic diversification**

The Company will invest in a broadly diversified portfolio of Chinese Companies across different sectors and investment horizons by taking a flexible and strategic approach to dynamically capture both long-term growth opportunities and market dislocations. It will do this by making Growth Investments and Tactical Investments.

### **Favourable market timing to achieve outsized returns**

There has been a valuation reset in Chinese companies, with broader China equity indices down 30-40 per cent. from their peaks in 2021, and Welkin has observed that there are currently considerable discounts for secondary interests in Chinese private equity funds. Welkin believes the growing market dislocations present attractive investment opportunities for investors who know and understand China's private equity market and who can effectively perform due diligence on opportunities.

### **Proprietary deal flow**

Welkin has strong access to local industry relationships built on the enduring legacies of well-connected families in China. These extensive networks help Welkin generate proprietary deals from trusted referrals and directly access entrepreneurs and asset owners.

### **Robust pipeline of attractive opportunities**

Due to significant deal flow generated by Welkin's proprietary network, the Company has a large and well-advanced pipeline of potential opportunities of up to US\$500 million across both Growth Investments and Tactical Investments. The pipeline of opportunities has been extensively pre-identified and the Company is therefore expected to be able to deploy capital quickly and efficiently.

### **A seeded portfolio with clear growth prospects**

The Initial Portfolio provides exposure to a diverse portfolio of 10 underlying Chinese Companies with a track record of delivering growth.

### **Liquidity and transparency**

Investors in the Company's Shares will be able to access unquoted Chinese Companies with long-term growth potential, an investment class that has been difficult to access for individual investors, but with the benefit of high governance standards, public transparency, and the daily liquidity of the London Stock Exchange.

## 2. PROVEN INVESTMENT MANAGER

### **Local experts with an in-depth knowledge of China**

Welkin was founded in 2009 by members of well-connected families that have founded or co-founded, built and/or operated leading businesses in China since the beginning of the 20th century, giving Welkin access to unique local networks and industry expertise. Today, Welkin manages approximately US\$500 million for global institutional investors including sovereigns and pension schemes.

### **A track record of success**

Welkin has invested across various business and economic cycles. The gross IRR of all investments in Chinese investee companies made across all Welkin Funds is 28 per cent. from November 2009 until 31 December 2021. This level of return exceeds both public markets and global private equity buyout

benchmarks. Private equity's median net internal rate of return through 30 September 2021 is 19.5 per cent. for 2008-18 vintage funds, and according to analysis by Kaplan Schoar, the median private equity fund, in 2008-18 vintages, has outperformed the public market equivalent by an average of 1.17 times.

### **Strategic value creation capability**

Welkin is able to use its strong local networks and industry expertise to create strategic value for both Investee Companies and Managed Funds. Welkin believes that China's private equity market contains many players that value capital partners that can add strategic value. Welkin's value creation ability helps it source, grow and realise investments in China.

### **A proven and disciplined investment process**

Throughout its 13-year history, Welkin has maintained a consistent investment approach which focuses on fundamental value and pricing discipline, avoids chasing speculative deals and has a track record of adding value to portfolio companies. The past performance of Welkin and its history is, however, no indication of its future performance or the future performance of the Company.

## **3. ATTRACTIVE MARKET OPPORTUNITY**

### **A well-established US\$1.8 trillion private equity market**

China has a large and well-established private equity market, with a vast number of investment opportunities for the Company. Through independent research, the Investment Manager believes that the market size in terms of assets under management is at least US\$1.8 trillion.

### **Growing domestic exit options**

In view of a robust domestic IPO market and increasing M&A activity in China, Welkin believes there are a wide range of executable liquidity options for private equity investments in Chinese Companies, in particular, smaller-sized companies. Financial reforms continue to improve the accessibility and liquidity of domestic capital markets, and domestic mergers and acquisitions activity has also continued to steadily increase.

### **Exposure to the world's largest consumer market and industrial base**

China has the largest consumer market in the world and has the largest industrial base in the world. China's economy has been the single largest contributor to global GDP growth over the last 30 years, and according to the IMF, this position is expected to continue, with China contributing more than one-fifth of the total increase in the world's GDP in the five years through 2026. Welkin believes that the continued growth of the large and diverse Chinese economy provides a supportive environment to make private equity investments.

### **Low correlation to the global economic environment**

The largely domestic and niche market focus of the Chinese companies in which the Company seeks to invest means their business performance and value are often less impacted by geopolitics and global macroeconomic changes. Welkin believes that investments in domestic and niche market focused private companies in China that generate free cash flows in the near to medium term and are lowly leveraged, may exhibit lower volatility in comparison to many other asset classes.

### **Exposure to future domestic champions**

Welkin believes that innovation driven companies will be the engines of China's economic growth in the coming decades. The Company will adopt a thematic approach to gain exposure to emerging champions that focus on innovation to produce world-class products and solutions and are expected to benefit from changes in government policy that encourage innovation and capital access. Welkin believes that these types of companies increasingly create more economic value added, and as such, can sustain above average rates of growth over the next two decades, as they take advantage of China's increasingly talented work force and large internal markets for industrial, commercial and consumer goods and services.

# PART I – INFORMATION ON THE COMPANY

## 1. INTRODUCTION

The Company is a closed-ended investment company limited by shares, incorporated in Guernsey under the Companies Law on 19 May 2022 with registered number 70660. The Company does not have a fixed life. The Company is an alternative investment fund or “AIF” for the purposes of the UK AIFMD Laws.

The Company’s investment objective and policy are set out below. The Company may make its investments either directly or through one or more wholly-owned subsidiaries.

The Company will be externally managed by its AIFM, JTC Global AIFM Solutions Limited, which has delegated portfolio management services to the Investment Manager, Welkin Capital Management (Asia) Limited. Further details on the AIFM and the Investment Manager are set out in Part VI (*Directors, Management and Administration*) of this Prospectus.

The Issue comprises the Initial Placing of Ordinary Shares and Subsequent Placings under the Placing Programme of Ordinary Shares and/or C Shares, pursuant to which the Company may issue up to 500 million Ordinary Shares and C Shares (in aggregate). Applications will be made for the Ordinary Shares to be issued pursuant to the Initial Placing to be admitted to listing on the premium listing category of the Official List and to trading on the premium segment of the Main Market. It is expected that Initial Admission will become effective and that unconditional dealings in the Ordinary Shares will commence at 8.00 a.m. on 30 September 2022.

## 2. INVESTMENT OBJECTIVE AND INVESTMENT POLICY

### **Investment objective**

The Company’s investment objective is to generate long-term capital growth through investing, directly or indirectly, in a diversified portfolio of primarily private companies, primarily based, or having or pursuing operations in, China (“**Chinese Companies**”).

### **Investment policy**

The Company will seek to achieve its investment objective by leveraging Welkin’s deep local networks, institutional platform, and extensive industry relationships to build a diversified portfolio of primarily privately negotiated investments, directly or indirectly, in Chinese Companies.

The Company will focus on investment opportunities with attractive long-term growth prospects and strong fundamental value. While there are no specific limits placed on exposure to any one sector, the Company will seek to invest and manage its portfolio in a manner consistent with spreading investment risk and therefore is expected, once fully invested, to have investment exposure to assets spanning at least three different industry sectors and with varying business cycles and different risk profiles.

The Company will employ a range of private equity strategies and structures to construct a broadly diversified portfolio with a balanced range of investment horizons that Welkin believes can generate consistent cash realisations and superior risk-adjusted returns in all market environments. Consistent with the Company’s investment policy, the Company will focus on the following categories of investments:

### ***Growth Investments***

Growth Investments are investments in growing Chinese Companies that need to raise capital for expansion, and which the Investment Manager expects will generate long-term capital growth (“**Growth Investments**”).

Growth Investments will predominantly be made through primary commitments to, and investments in, Welkin Funds and adjacent co-investments. However, primary commitments to, and investments in, Third-Party Managed Funds, and their co-investment opportunities will also be made strategically and selectively.

### ***Tactical Investments***

Tactical Investments are investments in individual companies, portfolios of assets, Third-Party Managed Funds and co-investments which the Investment Manager expects will have a relatively shorter duration to realisation (“**Tactical Investments**”). Tactical Investments will typically be made directly by the Company.

The precise investment mix is likely to fluctuate over time due to market conditions and other factors, including capital calls by and distributions from Welkin Funds and Third-Party Managed Funds, the timing of making and exiting Growth Investments, the Company’s abilities to invest in future Welkin Funds, and the cash flow requirements of the Company. However, whilst the Company expects that initially, once fully invested the portfolio will be weighted towards Tactical Investments, over time it expects the primary focus to be on Growth Investments.

It is anticipated that investments will mainly be in the form of equity and equity-related instruments although the Company may invest in a range of financial instruments including, without limit, securities, derivatives, warrants, options, futures, convertible bonds, convertible loan notes, convertible loan stocks or convertible preferred equity. The Company may also on occasion invest in other debt-based investments not referred to above, including, without limit, loan stock, loans, bonds, payment-in-kind instruments and shareholder loans.

The Company may invest in companies as well as other forms of legal entity, including partnerships and limited liability partnerships. The Company may acquire investments directly or by way of holdings in special purpose vehicles, intermediate holding entities or other structures.

### ***Investment restrictions***

The Company is subject to the following investment restrictions:

- no investment, direct or indirect, in either a private company or a publicly listed company (an “**Investee Company**”) will result in such Investee Company representing in excess of 15 per cent. of Gross Asset Value (being the value of all assets of the Company, including any Cash and Cash Equivalents (defined below), determined in accordance with the Company’s valuation policy, applicable accounting standards and the Articles;
- the Company will not invest more than 15 per cent. of Gross Asset Value in aggregate in publicly listed or quoted companies (excluding investments comprised in the Initial Portfolio, investments in private companies which become publicly listed or quoted companies and follow-on investments in such publicly listed or quoted companies);
- investments in any individual Third-Party Managed Fund or Welkin Fund will not exceed 20 per cent. of Gross Asset Value; and
- the Company will not invest in other UK listed closed-ended investment funds.

Each of the restrictions above will be calculated at the time of investment. The Company will not be required to dispose of any investment or to rebalance the portfolio as a result of any change in the valuations of assets.

### ***Leverage***

Although the Company does not intend to use structural gearing with a view to enhancing returns on investments, the Company may, from time to time, use borrowings for the purpose of bridging investments, to manage its working capital requirements and for efficient portfolio management purposes. Borrowing will not exceed 20 per cent. of the Net Asset Value (being the value of all assets of the Company less its liabilities determined in accordance with the Company’s accounting policies, applicable accounting standards and the Articles) at the time of drawdown of the relevant borrowing.

### ***Cash management***

The Company will endeavour to deploy its capital in a quick and efficient manner. Pending deployment, the Company's uninvested capital may be invested in bank deposits or cash equivalent investments, which may include short-term investments in money market type funds and tradeable debt securities ("**Cash and Cash Equivalents**").

Cash and Cash Equivalents will be held with approved counterparties and in line with prudent cash management guidelines agreed between the Board and the Investment Manager.

The Company will hold sufficient Cash or Cash Equivalents for the purpose of making investments in accordance with the Company's investment policy and to manage the working capital requirements of the Company.

### ***Hedging and derivatives***

The Company will not use derivatives for investment purposes but may use such instruments for efficient portfolio management purposes, including hedging.

## **3. CHANGES TO INVESTMENT POLICY**

No material change will be made to the Company's investment policy without the prior approval of Shareholders by ordinary resolution and the prior approval of the FCA.

In the event of a material breach of any of the investment restrictions applicable to the Company, Shareholders will be informed of the actions to be taken by the Company through an RIS announcement.

## **4. INITIAL PORTFOLIO**

The Company will, in connection with Initial Admission, acquire the Initial Portfolio, comprising (a) interests in Welkin Fund II worth (by reference to the net asset value of Welkin Fund II as at 31 July 2022) US\$15 million from the Welkin Affiliate in exchange for the issue of 15 million Ordinary Shares at the Initial Placing Price; and (b) subject to Welkin Fund II advisory committee providing its consent no later than 15 days after Initial Admission (which consent is at the sole discretion of the advisory committee), an acquisition for cash for direct interests in the Underlying Portfolio Companies from Welkin Fund II, through the sale of a single special purpose vehicle, worth (as at 31 July 2022) US\$15 million in aggregate. Following such acquisition, the Company will have investment exposure to a portfolio of 10 underlying investments in Chinese Companies. Further detail on the Initial Portfolio and terms on which it will be acquired by the Company is set out in Part III (*Initial Portfolio*) of this Prospectus.

## **5. DIVIDEND POLICY AND TARGET RETURN**

As the Company's objective is to achieve long-term capital growth, the Board does not expect that dividends will constitute a material element of any return to Shareholders. The Directors intend to manage the Company's affairs to achieve Shareholder returns through capital growth rather than income. Therefore, it should not be expected that the Company will pay a significant annual dividend, if any.

The Company will target an annualised NAV per Ordinary Share total return on the portfolio of at least 15 per cent. over the long-term.

For the avoidance of doubt, the target set out above will not apply with respect to any tranche of C Shares.

**The target total NAV return is a target only and is not a profit forecast. There can be no guarantee that this target will be met and it should not be taken as an indication of the Company's expected or actual future results. Potential investors should decide for themselves whether or not this target is reasonable or achievable in deciding whether to invest in the Company.**



## **6. DISCOUNT MANAGEMENT**

### **General**

The Board recognises the need to seek to address any sustained and significant imbalance between buyers and sellers which might lead to the Ordinary Shares trading at a discount or premium to the prevailing Net Asset Value per Ordinary Share.

In considering whether a share repurchase or issuance might be appropriate in any particular set of circumstances, the Board will take into account, amongst other things: (i) the prevailing market conditions; (ii) the degree of NAV accretion that will result from the repurchase or issuance; (iii) the cash resources readily available to the Company; (iv) the immediate pipeline of investment opportunities open to the Company; (v) the level of the Company's existing borrowings; and (vi) the working capital requirements of the Company.

Principally through commentary in its annual and interim reports, the Board will keep Shareholders apprised of its approach to discount and premium management.

### **Share Repurchases**

By special resolution passed on 30 August 2022, the Company has been granted a general Shareholder authority (subject to all applicable legislation and regulations) to make market purchases of up to 44,970,000 Ordinary Shares, such authority to expire at the first annual general meeting of the Company following the passing of that resolution. This general authority is subject to the restriction that the number of Ordinary Shares to be acquired, other than pursuant to an offer made to Shareholders generally, up to the date of the first annual general meeting of the Company following the passing of that resolution, will not exceed 14.99 per cent. of the Ordinary Shares issued pursuant to the Initial Placing and the maximum price (exclusive of expenses) which may be paid for an Ordinary Share purchased by the Company under such resolution shall be the higher of: (i) an amount equal to 105 per cent. of the average middle market quotations for an Ordinary Share as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which such Ordinary Share is contracted to be purchased; and (ii) the higher of (a) the price of the last independent trade and (b) the highest current independent bid for an Ordinary Share in the Company on the trading venues where the market purchases by the Company pursuant to the authority conferred by the resolution will be carried out. The Company intends to renew this authority at each annual general meeting.

In exercising the Company's power to repurchase Shares, the Board has complete discretion as to the timing, price and volume of Shares so purchased and there is no guarantee that the Board will exercise that discretion in any particular circumstances or at all. If the Company does repurchase Shares, it may hold such Shares in treasury or cancel them. Ordinary Shares may only be reissued from treasury at a price which, after issue costs and expenses, is not less than the most recently published Net Asset Value per Ordinary Share at the relevant time.

The Directors do not intend to repurchase any C Shares prior to Conversion but may do so if they consider this to be in the best interests of the Company. The Company does not, therefore, intend to assist any tranche of C Shares in limiting discount volatility or to provide an additional source of liquidity.

All Share repurchases will be conducted in accordance with the Companies Law (including compliance with the solvency test contained therein) and the Listing Rules applicable to closed-ended investment funds from time to time and will be announced to the market through an RIS announcement.

## **7. SHARE ISSUANCE**

The Directors have a general authority to issue further Ordinary Shares and C Shares following Initial Admission. There are no provisions of Guernsey law which confer rights of pre-emption in respect of the issue of Shares. The Articles do, however, contain pre-emption rights in relation to issue of Shares for cash, although such pre-emption rights have, by a resolution passed on 30 August 2022, been disapplied in respect of up to 1 billion Ordinary Shares or C Shares (such figure to include the Shares issued pursuant to the Placing Programme) for a period concluding immediately prior to the AGM of the Company to be held

in 2027 (or, if earlier, five years from the date of the passing of the relevant resolution). To the extent that the authority is used in full before the end of such period, the Company may convene a general meeting to refresh the authority, or it may refresh the authority at an annual general meeting.

Pursuant to the authorities described above, the Company may seek to raise further funds through the issue of C Shares rather than Ordinary Shares. C Shares are designed to overcome the potential disadvantages that may arise out of a fixed price issue of further Ordinary Shares for cash. These disadvantages relate primarily to the effect that an injection of uninvested cash may have on the Net Asset Value per Ordinary Share performance of otherwise fully invested portfolios (commonly referred to as cash drag). Further details of the rights and characteristics of the C Shares are set out in section 4 of Part VII (*The Initial Placing Arrangements and the Placing Programme*) and section 6 of Part IX (*Additional Information on the Company*) of this Prospectus.

Except where authorised by Shareholders, new Shares may only be issued at a price, which, after issue costs and expenses, is not less than the most recently published Net Asset Value per Ordinary Share at the relevant time, unless the new Shares are first offered pro rata to Shareholders on a pre-emptive basis.

Applications will be made for any Ordinary Shares or C Shares issued pursuant to the Initial Placing and any Subsequent Placing to be admitted to listing on the premium listing category of the Official List and to trading on the premium segment of the Main Market.

## **8. NET ASSET VALUE**

The Company's Net Asset Value is the value of all assets of the Company less its liabilities (including any provisions for such liabilities) calculated in accordance with the valuation methodology as set out below. The Net Asset Value per Ordinary Share is the Net Asset Value attributable to the Ordinary Shares divided by the number of Ordinary Shares in issue at the relevant time (excluding any Ordinary Shares held in treasury). The Net Asset Value per C Share of each class of C Share is the Net Asset Value referable to such tranche of C Shares divided by the number of C Shares in such class in issue at the relevant time.

The unaudited Net Asset Value, Net Asset Value per Ordinary Share and Net Asset Value per C Share as at the end of each quarter of the Company's financial year will be calculated by the Investment Manager in conjunction with the Administrator, in accordance with IFRS (as adopted in the UK) and submitted to the Board for its approval. The Company's valuation methodology is set out below.

The Net Asset Value and the Net Asset Value per Ordinary Share will be announced through a Regulatory Information Service and will also be published on the Company's website at [www.welkinchinape.com](http://www.welkinchinape.com).

Where a tranche of C Shares is in issue, the Net Asset Value of such tranche of C Shares (together with the Net Asset Value per C Share of that class) will also be notified through a Regulatory Information Service and will be published on the Company's website.

### **Suspension of Net Asset Value**

The Directors may temporarily suspend the calculation and publication of the Net Asset Value, the Net Asset Value per Ordinary Share and the Net Asset Value per C Share during a period when, in the Directors' opinion:

- a) there are political, economic, military or monetary events or any circumstances which are outside the control, responsibility or power of the Directors and which have either or both of the following effects: (i) disposal or valuation of investments of the Company, or other transactions in the ordinary course of the Company's business, would not be reasonably practicable without material detriment to the interests of Shareholders as a whole; or (ii) the Net Asset Value, the Net Asset Value per Ordinary Share and the Net Asset Value per C Share cannot be fairly calculated;
- b) there is a breakdown of the means of communication which are normally employed in calculating the Net Asset Value, the Net Asset Value per Ordinary Share and the Net Asset Value per C Share; or

- c) it is not reasonably practicable to determine the Net Asset Value, the Net Asset Value per Ordinary Share and the Net Asset Value per C Share on an accurate and timely basis.

To the extent that the Articles or the Listing Rules require a suspension in the calculation of the Net Asset Value, the Net Asset Value per Ordinary Share and the Net Asset Value per C Share, the suspension will be notified through a Regulatory Information Service as soon as practicable after the suspension occurs.

#### **Valuation policy with respect to investments in Private Investee Companies**

The Company's investments in Private Investee Companies will be valued at Fair Value by the Valuation Committee. The Investment Manager will prepare a valuation of each investment in a Private Investee Company not less frequently than once every three months, and more frequently if required, in accordance with the agreed valuation techniques set out below. The Investment Committee will review these valuations and, where appropriate, challenge the Valuation Committee's valuations. The Valuation Committee may request external valuers or auditors to review the valuations and provide advice.

When preparing valuations of investments in Private Investee Companies, the Investment Manager intends to apply valuation techniques which are consistent with the International Private Equity and Venture Capital Valuation ("IPEV") Guidelines. The valuation techniques set out in the IPEV Guidelines may be categorised as follows:

- market approach, which may involve applying the following valuation techniques: (i) applying multiples of earnings or of revenue; (ii) using industry valuation benchmarks, including as a sense check of values produced using other techniques; and (iii) reviewing any available market prices;
- income approach, which may involve applying the following valuation techniques: (i) discounted cash flows or earnings of underlying business; and (ii) discounted cash flows from an investment; and
- replacement cost approach, which may involve applying the net assets valuation technique.

According to the IPEV Guidelines, the price of a recent investment, if resulting from an orderly transaction, generally represents Fair Value as of the transaction date and may be an appropriate starting point for estimating Fair Value at subsequent measurement dates. However, adequate consideration must be given to the facts and circumstances as at the subsequent measurement date, including changes in the market or performance of the Investee Company.

If the Directors consider that it would be inappropriate to use a particular valuation technique, either generally or for a particular investment, the Company may adopt such other valuation techniques as they consider to be reasonable in the circumstances.

#### **Valuation policy with respect to investments in Public Investee Companies**

To the extent that the Company holds investments in Public Investee Companies, the Directors will value the Company's investments in Public Investee Companies at Fair Value. The Fair Value of such investments will, in normal market conditions, be bid value or, in the case of holdings on certain recognised overseas exchanges, at last traded prices.

#### **Valuation policy with respect to the Managed Funds**

To the extent that the Company invests in Welkin Funds which hold Private Investee Companies, the Investment Manager shall rely on the valuations as provided by the respective investment and valuation committees of such Welkin Funds in considering the Fair Value of such investments. The valuation methodology for Private Investee Companies, set out above, is the same methodology as that utilised by the relevant committees of the Welkin Funds. To the extent that the Company invests in Third-Party Managed Funds, the Investment Manager shall similarly rely on the valuations provided by such Third-Party Managed Funds for the calculation of the Fair Value of such investments.

## **9. ACCOUNTS, MEETINGS AND REPORTS**

The Company expects to hold its first AGM in 2023 and will then hold an AGM each year thereafter. The annual report and accounts of the Company will be made up to 31 December in each year with copies expected to be sent to Shareholders within the following four months. The Company will also publish unaudited interim reports to 30 June each year. The Company's financial statements will be prepared in US Dollars in accordance with IFRS.

The Company intends that its first financial period will be to 31 December 2022 and will prepare financial statements in respect of this period.

Any ongoing disclosures required to be made to Shareholders pursuant to the UK AIFMD Laws will (where applicable) be contained in the Company's periodic or annual reports, on the Company's website, or will be communicated to Shareholders in written form as required.

## **10. TAXATION**

Potential investors are referred to Part VIII (*Taxation*) of this Prospectus for details of the taxation of the Company and of Shareholders in the UK and Guernsey.

Shareholders considering disposing of their Shares are advised to consider their investment objectives and their own individual financial and tax circumstances. Shareholders who are in any doubt as to their tax position should seek professional advice from their own adviser.

## **PART II – THE MARKET OPPORTUNITY**

### **An Innovative Way to Access Private Equity in China**

It is Welkin's view that even for sophisticated individual investors, accessing private equity investment opportunities is often challenging and high friction. Typically, only institutional investors have the scale, relationships, and resources to allocate to private equity in a cost-effective and strategic manner. As a result, individual investors who invest in private equity often pay substantially higher transaction costs, have limited access to quality products, and do not enjoy the benefits of a diverse and strategically allocated portfolio.

There are several data points that show private equity has delivered superior long-term investment returns over other major asset classes. According to a McKinsey report, private equity's median net internal rate of return through 30 September 2021 is 19.5 per cent. For 2008-18 vintage funds, and according to an analysis by Kaplan Scholar, the median private equity fund, in 2008-18 vintages, has outperformed the public market equivalent by an average of 1.17 times. Further, China's private market has outperformed public markets over the past 15 years, with pooled time-weighted returns of 19 per cent. topping the MSCI China Index by 889 basis points. In the Investment Manager's view, a wider array of investors should have access and exposure to private equity in general and China's private markets in particular.

### **Why Invest in Listed Private Equity**

Traditional private equity funds typically involve high minimum investment amounts and multi-year lock up periods, and in addition to fund-level fees, investors accessing funds through other platforms often pay an additional layer of access fees. There is usually no liquid market for private equity fund interests, and secondary transfers of fund interests require approval of the fund manager and often occur at significant discounts to net asset value. Individual investors who are willing to accept such terms also face difficulties consistently accessing quality private equity funds, and if they do not deploy into a spectrum of funds over time with a comprehensive strategy, often end up with limited diversification of underlying assets.

The Company will be the UK's first listed fund dedicated to investing in unquoted Chinese companies. It is Welkin's view that publicly listed private equity funds with a strategic approach, such as the Company's, can address many of the above challenges faced by individual investors, and can provide investors access to private equity, with the transparency and daily liquidity of a publicly listed stock.

The London Stock Exchange has the most well established and deepest market for listed investment funds in the world and, through the Company, a wider range of investors will be able to access the historically superior returns of private equity funds, which have been one of the most important return drivers and diversifiers for institutional investors for decades.

Welkin believes that the market for listed private equity funds will continue to grow and that both liquidity and transparency will continue to grow over time.

### **Why Invest in the Company's Private Equity Approach?**

Welkin also considers that it is materially limiting to dedicate a private equity investment strategy solely to either a concentrated portfolio of direct investments or fund investments. The universe of attractive private market investments includes both primary and secondary investments, as well in investments in both individual companies and portfolios of assets.

The opportunity the Company is seeking to capitalise on, through the expertise and relationships of Welkin, is to identify and invest in opportunities with deep value or long-term growth potential across the spectrum of private equity investments in China. It is Welkin's belief that there are tangible synergies to be achieved by adopting a strategy which discards the boundaries between direct and fund, and primary and secondary private equity investing.

Investors in private equity are commonly compelled to invest through limited life funds and are therefore sometimes unable to hold investments for the long term, even if significant upside remains. While de-risking and disposing of investments to generate cash realisations is a core element of the Company's investment strategy, an important point of differentiation for the Company is its ability to hold quality

assets for the long term. In Welkin's view, particularly during periods of high market volatility, the ability to acquire and hold longer duration assets is an effective strategy to achieve consistent long term capital growth.

Welkin will therefore seek to employ various investment strategies to build for the Company a comprehensive and synergistic portfolio to maximise the Company's exposure to a broad based and diversified portfolio of private assets that the Investment Manager considers to have superior investment return potential relative to investment risk, and to optimise the holding periods of such assets.

### **Why Invest in Private Equity in China?**

Welkin believes that fundamental secular trends in China provide fertile ground for private equity investment. China has the largest consumer market in the world and has the largest industrial base in the world. Welkin believes that the continued growth of the large and diverse Chinese economy provides a supportive environment for companies to expand. Further, the increasing quality of China's workforce coupled with policies that boost innovation, create abundant opportunities for entrepreneurs and businesses to grow. At the same time, financial reforms continue to improve the accessibility and liquidity of domestic capital markets, which provides a supportive environment for exits. Domestic mergers and acquisitions (M&A) activity has also continued to increase steadily. Overall, these factors create an attractive environment for private equity investors to originate, grow and realise investments in China.

### ***Supportive Macroeconomic Trends***

Since the introduction of economic reforms more than 40 years ago, China's relative importance to the global economy has markedly increased. China has been the largest economy in the world in purchasing power parity terms since 2017 and is the second largest economy in the world in US Dollar terms. China also continues to be the most important growth engine for the world economy. For the last 30 years, the Chinese economy has been the single largest contributor to global GDP growth, and according to the IMF, this position is expected to continue, with China contributing more than one-fifth of the total increase in the world's GDP in the five years through to 2026.

Welkin believes that China's economic growth over the coming decades is likely to be driven by a combination of continued urbanisation, higher productivity, and rising household incomes, underpinned by a steady movement up the value chain. Already, China has produced world leading companies in a wide range of high value-added sectors, such as electronics, electric vehicles, and artificial intelligence.

While infrastructure spending and exports will continue to play important roles in the Chinese economy, Welkin believes that higher domestic consumption and spending on services will become the primary drivers of economic growth. China is becoming a high-income country and 2022 will likely be China's last as a middle-income country. At the same time, its incremental capital-output ratio is rising, and total factor productivity growth rate remains higher than other high-income countries, suggesting that there is still significant room for future gains.

### ***Fertile Environment for Innovation and Entrepreneurship***

It is Welkin's view that people are the most important success factor in the growth of businesses. China has an increasingly highly educated workforce, with the average years of education of China's new labour force exceeding 13.7 years. China already produces the most science, technology, engineering and mathematics (STEM) PhD graduates in the world, and by 2025, Chinese universities are expected to produce more than 77,000 STEM PhD graduates per year, compared to approximately 40,000 in the US.

Since 2019, China has filed the most patents out of all countries in the world, with 68,720 patent applications filed in 2020. Further, the Chinese government has committed to increasing research and development investment by 7 per cent. each year. This is bringing about rapid innovation in areas such as artificial intelligence, internet of things, enterprise SaaS, and automation. These are themes and sectors that the Company will focus on and in which Welkin has significant experience and domain expertise.

Further, Welkin believes that China's regulatory moves against big tech and anti-competitive practices creates more room for smaller businesses to thrive. The Chinese government's renewed focus on "little giants" in recent economic policies indicate a preference to support specialised innovators that are

world-class in their respective fields. At the same time, policies such as common prosperity and dual circulation have shifted the nation's focus from relentless growth at all costs to sustainable, long-term and higher-quality economic growth.

Welkin believes this combination of factors creates a fertile environment for innovation and entrepreneurship, which Welkin believes will produce an abundant number of attractive private equity investment opportunities in China and is favourable for the Company's investment strategy.

### ***Expansion of Domestic Capital Markets and M&A Activity***

China's domestic capital markets continue to develop at a rapid pace, with loosening of regulatory restrictions on IPOs already taking place, enabling smaller companies to list more quickly. China's equity markets have already grown into the second largest in the world, after the US. There are more than 4,000 Chinese companies listed onshore in mainland China in a US\$12 trillion market that is both deep and liquid. Around 0.01 per cent. of businesses in China are publicly traded, compared to around 0.1 percent. in the United States.

China has about 45 million private companies, which together account for around 80% of urban employment, 70% of technology innovation and 60% of GDP.

Further, the number of mergers and acquisitions in China and Hong Kong rose nearly 20 per cent. to a record high in 2021 despite economic headwinds and sporadic COVID-19 outbreaks. A total of 2,381 deals were concluded in 2021, the most since records began in 2006, and the value rose 13 per cent to US\$545.2 billion, the second highest ever.

Welkin believes that the continued growth and expansion of Chinese domestic capital markets and domestic M&A activity provide an attractive environment for listings and trade sales of private equity-backed companies in the coming decades.

### **Why Invest Now?**

The Company is seeking to take advantage of both short-term pricing dislocations, through Tactical Investments, and long-term trends, through Growth Investments, to build a portfolio that is well-positioned to deliver capital growth over the long term. Looking past shorter-term concerns about regulatory tightening and the ongoing economic effect of restrictions related to COVID-19, Welkin believes the long-term growth prospects for China remain strong. Its citizens are becoming wealthier and spending more, and Welkin believes that the growth of the coming decades will be higher in quality, less reliant on exports and less carbon-intensive, leaving the country more self-reliant.

Welkin believes that in a time when much of the rest of the world faces major challenges, from higher interest rates and inflation, to growing social unrest, China has been making decisive moves to correct structural imbalances and re-orient its economy to a more productive future. Welkin believe the recent valuation reset combined with market dislocations set to enter the deepest curve over the next 12-18 months means today is the ideal time to enter the market. There may still be volatility ahead, but for China, Welkin believes, the hard decisions have been made, giving the economy a solid basis for a stronger outlook in the years ahead.

### ***New Engines of Economic Growth***

Welkin believes that China has reached a stage of economic development where its increasingly talented work force, combined with its large internal markets for industrial, commercial and consumer goods and services, will produce an increasing number of domestic-focused companies that innovate to produce world-class products and solutions. Welkin believes that China's transition from the world's factory into an innovation driven economy is fostering opportunities for innovation-driven companies to increasingly create more economic value added, and thereby sustain above average rates of growth over the next two decades.

More broadly, innovation driven companies, particularly smaller sized ones, benefit from changes in government policy that encourage innovation and capital access, while restricting anti-competitive practices of mega players. As such, Welkin believes that innovation-driven companies will be the engines of China's economic growth in the coming decades.

### ***Pricing Dislocations***

Various factors, including regulatory change and geopolitics, have led to market volatility that has seen share prices of many Chinese companies in the public market decline significantly over the last 12 months. As is often the case with broad-based corrections, many equities with lower regulatory risk have also been sold off, presenting opportunities. In fact, many smaller companies have seen significant declines despite the fact they are beneficiaries of anti-monopoly and pro-competition regulatory action.

Welkin has observed that private market valuations tend to follow public market valuations and that such periods present buying opportunities with a risk-reward balance that favours investors. As always, the key factor in long term investment success is an individual Investee Company's ability to deliver on its growth and earnings potential. Welkin's local team is constantly engaging with companies and understanding how they are navigating any shifts in the operating landscape, including regulatory, macroeconomic and geopolitical change.

Welkin believes that its local investment experience, combined with its local, regional and global relationships give it the access and resources to enable the Company to capitalise on pricing dislocations, in primary and secondary investment opportunities, in both direct deals and portfolios of assets.

### ***Policies Supportive of Long-Term Growth***

The Chinese economy has experienced a period of significant regulatory action. For some businesses, such as big tech platforms and property developers, the environment has become more challenging. While these interventions have caused significant declines in the value of certain publicly listed Chinese equities, Welkin believes they are part of a broader economic plan that will ultimately help boost the economy and create an opportunity for a broader spectrum of businesses to thrive.

The government's pursuit of common prosperity is designed to create higher quality economic growth without the imbalances that have built up in some developed economies. For example, the government's drive towards a less speculative property sector has hurt the economy in the short term, as property is a large sector that affects other parts of the economy, but Welkin believes the long-term economic effect will be positive, as it will re-direct savings and capital to more productive parts of the economy. At the same time, through its regulation of big tech, the government hopes to ensure a level playing field for innovation through a rules-based market, rather than a few dominant companies crowding out smaller businesses.

In addition to taking advantage of tactical opportunities to capture pricing dislocations, the Company will adopt a strategy of investing in Welkin Funds and Third-Party Managed Funds that have a strategy of investing in high growth, innovative business that are supported by long-term trends.

### ***Diversification***

Many of China's recent regulatory actions are addressing significant social and economic problems that confront countries globally. Big tech and related challenges around anti-monopoly and data security and privacy are examples, and so are income inequality and housing affordability. Other countries also face many of these challenges and governments will likely take action over time.

At present, there is a significant divergence between US and European monetary policy and China's. China's central bank has publicly adopted an easing bias that history shows often supports economic growth and markets. Having approached the initial Covid-19 pandemic differently to monetary policy of other governments, China's central bank has more levers to pull to encourage growth after the slowdown of 2021.

Welkin believes that the largely domestic and niche market focus of the Chinese companies in which the Company seeks to invest means their business performance and value is often less impacted by geopolitics and global macroeconomic changes. Welkin also believes that in addition to being low correlation, investments in domestic and niche market focused private companies in China has lower volatility in comparison to the other global asset classes.



In an uncertain world, Welkin believes that China is a vital element of portfolio diversification for all investors, and the current environment presents an attractive entry point for both Growth Investments and Tactical Investments.

### PART III – INITIAL PORTFOLIO

The Company shall, in connection with Initial Admission, acquire the Initial Portfolio, comprising (a) interests in Welkin Fund II worth (by reference to the net asset value of Welkin Fund II as at 31 July 2022) US\$15 million from the Welkin Affiliate in exchange for the issue of 15 million Ordinary Shares at the Initial Placing Price; and (b) subject to Welkin Fund II advisory committee providing its consent no later than 15 days after Initial Admission (which consent is at the sole discretion of the advisory committee), an acquisition for cash of direct interests in the Underlying Portfolio Companies from Welkin Fund II, through the sale of a special purpose vehicle, worth (as at 31 July 2022) US\$15 million in aggregate (the “**Initial Portfolio**”). US\$15 million of the Net Initial Placing Proceeds shall be utilised to purchase the Initial Portfolio. Following such acquisition, the Company will have investment exposure to a portfolio of 10 underlying investments in Chinese Companies.

The aggregate purchase price for the Initial Portfolio is US\$30 million, representing (assuming Gross Initial Placing Proceeds of US\$315 million) 9.5 per cent. of the Company’s gross assets. As of 31 July 2022, the aggregate value of the interests in Welkin Fund II comprised in the Initial Portfolio represent a 6.81 per cent. interest in Welkin Fund II.

Under the Initial Portfolio Acquisition Agreement (i) the Welkin Affiliate has agreed to sell, and the Company has agreed to acquire, interests in Welkin Fund II worth (by reference to the net asset value of Welkin Fund II as at 31 July 2022) US\$15 million in exchange for the issue of 15 million Ordinary Shares at the Initial Placing Price, and (ii) subject to Welkin Fund II advisory committee providing its consent no later than 15 days after Initial Admission (which consent is at the sole discretion of the advisory committee), the Company has agreed to purchase, and Welkin Fund II has agreed to sell, interests in the Underlying Portfolio Companies from Welkin Fund II worth (as at 31 July 2022) US\$15 million in exchange for cash within 30 days of Initial Admission. Consequently, on the date that is 30 days from Initial Admission, the Company will own an Initial Portfolio of US\$30 million, not accounting for any proposed distributions from Welkin Fund II in relation to the proposed acquisition of the Initial Portfolio or otherwise.

The Welkin Affiliate has undertaken under the Lock-up Agreement to lock-up the Ordinary Shares acquired pursuant to the Initial Portfolio Acquisition Agreement for a period of 60 months following the date of Initial Admission. The terms of the Initial Portfolio Acquisition Agreement and the Lock-up Agreement are summarised in Part IX (*Additional Information on the Company*) of this Prospectus.

Table 3 below summarises the 10 underlying investments within the Initial Portfolio (the “**Underlying Portfolio Companies**”) which had an aggregate valuation worth US\$30 million as at 31 July 2022. The Reporting Accountant has reviewed this valuation and its report is set out in Part I (*Valuation Opinion Letter*) of the Prospectus.

Trading Name	Legal Name	Value US\$M		Indicative percentage of Company's Portfolio*
		Welkin Fund II Interests	SPV Share Purchase	
Xinzailing .....	Zhejiang Xin Zailing Technology Co., Ltd.	4.0	4.0	2.5%
Tianxia .....	Tianxia Technology Limited	3.0	3.0	1.9%
Tuhu .....	Tuhu Car Inc.	2.4	2.4	1.5%
Shawya.....	Shanghai Shawya Biotechnology Co., Ltd.	1.4	1.4	0.9%
Great Leap.....	China Craft Beer Limited and Alpha Top Ventures Limited	1.4	1.4	0.9%
Htrip.....	Guangzhou Htrip Information Technology Co., Ltd.	1.0	1.0	0.6%
Guitaitai .....	Hunan Guitaitai Camellia Oil Technology Co., Ltd. And Shanghai Huipugui E-Commerce Limited	0.7	0.7	0.5%
Baihang .....	Baihang Credit Co., Ltd.	0.6	0.6	0.4%
Aidi .....	Aidi Education Group Limited	0.3	0.3	0.2%
Tevos.....	Hunan Tevos Ecological Technology Co., Ltd.	0.2	0.2	0.1%
	Total Initial Portfolio		30.0	9.5%

\* Assuming Net Initial Placing Proceeds of US\$309 million.

Each of the assets comprised in the Initial Portfolio is summarised below:

### Xinzailing

Xinzailing is the leading elevator AIoT (Artificial Intelligence of Things) platform in China providing preventive maintenance, safety monitoring, and digital rider engagement solutions. Founded in 2007, Xinzailing's mission is to transform elevator safety and maintenance by integrating artificial intelligence, advanced sensory, and preventive maintenance technologies into an easy-to-use SaaS platform designed for different stakeholders, including regulators, property managers, and insurers. The company's solutions include the Yunti elevator safety monitoring platform, Weixiaobao elevator maintenance platform, and ETStar digital-out-of-home elevator engagement platform. Together, they substantially improve elevator safety and reliability while lowering operating costs with longer lifespans and new sources of revenue. As of 31 July 2021, Xinzailing has an installed base of over 150,000 elevators out of a total potential market of approximately 7 million elevators in China.

The Investment Manager estimates that Xinzailing has a total addressable market size across elevator safety monitoring, elevator maintenance, and digital-out-of-home elevator engagement, of more than US\$5 billion per annum. Due to its first mover advantage, proprietary hardware and software solutions, and deep industry relationships, the Investment Manager believes that Xinzailing has a unique and leading market position in this blue ocean market.

Following acquisition of the Initial Portfolio, the Company will own less than a 5 per cent. stake in the capital of Xinzailing through the Initial Portfolio on a fully diluted look-through basis, and funds managed or advised by the Investment Manager will own less than a 15 per cent. stake in aggregate. As at the date of Initial Admission, the indicative value of the Company's investment in Xinzailing through the Initial Portfolio will be US\$8 million (or 2.5 per cent. of its gross assets upon Initial Admission).

### Tianxia

Tianxia is one of the leading digital trust and privacy management platform in China, helping tens of millions of consumers and businesses establish seamless digital trust and manage privacy compliance. Founded in 2005, Tianxia's mission is to help build a more digitally trusted society with better privacy protection. The company's Tianxia Trust platform helps consumers conveniently and safely access, manage,

and control the way their personal information is shared with hundreds of businesses across banking, insurance, real estate, recruitment, and transportation sectors, while helping businesses better manage privacy compliance and conduct more trusted interactions with customers.

The Investment Manager estimates that Tianxia has a total addressable market size of more than US\$3 billion per annum. Due to its long operating history, deep industry relationships, and leadership consumer-permissioned digital trust services, the Investment Manager believes that Xinzailing has a unique and leading market position in the digital trust industry and can take market share in the digital trust industry, which will benefit from the continued growth of China's digital economy.

Following acquisition of the Initial Portfolio, the Company will own less than a 5 per cent. stake in the capital of Tianxia through the Initial Portfolio on a fully diluted look-through basis, and funds managed or advised by the Investment Manager own less than a 50 per cent. stake in aggregate. As at the date of Initial Admission, the indicative value of the Company's investment in Tianxia through the Initial Portfolio will be US\$6 million (or 1.9 per cent. of its gross assets upon Initial Admission).

### **Tuhu**

Tuhu is the leading integrated online and offline platform for automotive services in China, with over 3,300 Tuhu-branded workshops and 33,000 service centres in more than 300 cities, as of September 30, 2021 according to a prospectus published in connection with Tuhu's potential initial public offering. Founded in 2011, Tuhu offers an expansive digital platform that offers a broad selection of auto products and services to car owners, fulfilled through a large network of service centres and logistics centres nationwide. The company's proprietary solutions help auto service centres provide standardized auto care and diagnostics and just-in-time supply chain management, which have helped tens of thousands of auto service centres improve operating efficiency.

Tuhu operates in China's automotive service market, which the Investment Manager believes has a total addressable market size of more than US\$150 billion per annum. Due to its leading market position, proprietary digitalized solutions, and established supply chain relationships, the Investment Manager believes that Tuhu will be able to continue to take market share in the typically non-cyclical automotive services industry and service the emerging market for servicing new energy vehicles. On January 24, 2022, Tuhu filed a listing application for an initial public offering on the Stock Exchange of Hong Kong Limited.

Following acquisition of the Initial Portfolio, the Company will own less than a 5 per cent. stake in the capital of Tuhu through the Initial Portfolio on a fully diluted look-through basis, and funds managed or advised by the Investment Manager will own less than a 5 per cent. stake in aggregate. As at the date of Initial Admission, the indicative value of the Company's investment in Tuhu through the Initial Portfolio will be US\$4.8 million (or 1.5 per cent. of its gross assets upon Initial Admission).

### **Shawya**

Shawya is a fast-growing ingredient-centric and technology-based skincare company in China that focuses on clean, natural and personalized beauty. Founded in 2012, Shawya creates skincare products which promote long-term skin health without the use of harmful ingredients, under the Genuine Namir, EVM and Whiteasy brands. The company's vertically integrated business model and AI-powered technology platform drive rapid product innovation and deep customer engagement, enabling the company to provide authentic, high quality, and personalized skincare solutions. The company engages with customers both online with an expansive e-commerce and social media presence, as well as through a growing retail network.

Shawya operates in China's skincare products market, which the Investment Manager believes has a total addressable market size of more than US\$40 billion per annum. Due to its in-house product development capabilities, technology-driven customer engagement, and product transparency, the Investment Manager believes that Shawya can efficiently gain market share and build lasting customer loyalty in China's rapidly growing beauty market.

Following acquisition of the Initial Portfolio, the Company will own less than a 5 per cent. stake in the capital of Shawya through the Initial Portfolio on a fully diluted look-through basis, and funds managed or advised by the Investment Manager will own less than a 20 per cent. stake in aggregate. As at the date of Initial Admission, the indicative value of the Company's investment in Shawya through the Initial Portfolio will be US\$2.8 million (or 0.9 per cent. of its gross assets upon Initial Admission).

### **Great Leap**

Great Leap is one of the leading craft beer brands in China, focusing on innovative products that integrate local ingredients and flavours. Founded in 2010, Great Leap takes advantage of its vertical integration to rapidly produce innovative beer products with data-driven inputs from channel and end customers. It also provides custom brewing solutions to other brands and lifestyle partners. Great Leap operates five taprooms in Beijing and Chengdu and operates a state-of-the-art brewery in Tianjin.

Great Leap operates in China's beer and ready-to-drink alcoholic beverages market, which the Investment Manager believes has a total addressable market size of more than US\$100 billion per annum. Due to its cost and quality advantages from vertical integration, fast-cycle product development capabilities, and well-recognized brand in Beijing, the Investment Manager believes that Great Leap can take market share in China's rapidly growing craft beer and ready-to-drink alcoholic beverages market.

Following acquisition of the Initial Portfolio, the Company will own less than a 5 per cent. stake in the capital of Great Leap through the Initial Portfolio on a fully diluted look-through basis, and funds managed or advised by the Investment Manager will own less than a 25 per cent. stake in aggregate. As at the date of Initial Admission, the indicative value of the Company's investment in Great Leap through the Initial Portfolio will be US\$2.7 million (or 0.9 per cent. of its gross assets upon Initial Admission).

### **Htrip**

Htrip is China's leading hospitality guest digital engagement platform, with over 2 million hotel rooms connected to its platform, reaching over 140 million travellers annually. Founded in 2016, Htrip's interactive cloud-based SaaS solutions are delivered through in-room connected TVs and mobile devices, enabling interactive hotel services, while also connecting third-party advertisers, content providers, and other businesses. Htrip's solutions are used by over 50 of the top hotel chains in China to improve operating efficiency and increase guest engagement.

The Investment Manager estimates that Htrip has a total addressable market size, across SaaS solutions, digital-out-of-home advertising, content, and other value-added services, of more than US\$10 billion per annum. Due to its leading market position, ability to target the affluent traveller demographic, and stickiness of its enterprise customer relationships, the Investment Manager believes that Htrip has a unique and leading market position in this blue ocean market.

Following acquisition of the Initial Portfolio, the Company will own less than a 5 per cent. stake in the capital of Htrip through the Initial Portfolio on a fully diluted look-through basis, and funds managed or advised by the Investment Manager will own less than a 15 per cent. stake in aggregate. As at the date of Initial Admission, the indicative value of the Company's investment in Htrip through the Initial Portfolio will be US\$1.9 million (or 0.6 per cent. of its gross assets upon Initial Admission).

### **Guitaitai**

Guitaitai is a leading premium edible oil specialty brand and producer in China. Founded in 2008, Guitaitai markets camellia oil and walnut oils that are produced with proprietary cold-pressing technologies, which ensures the optimal flavour, quality, and nutritional value for a wide range of products used for cooking and skincare for children. The company's products aim to meet growing demand for homegrown edible oil products from increasingly health-conscious consumers in China.

Guitaitai operates in China's premium speciality edible oil market, which the Investment Manager believes has a total addressable market size of more than US\$4 billion per annum. Due to its supply chain advantages, increasing consumer demand for healthy edible oils, and focus on premium products, the Investment Manager believes that Guitaitai can take market share in the growing premium edible oil market in China.

Following acquisition of the Initial Portfolio, the Company will own less than a 5 per cent. stake in the capital of Guitaitai through the Initial Portfolio on a fully diluted look-through basis, and funds managed or advised by the Investment Manager will own less than a 15 per cent. stake in aggregate. As at the date of Initial Admission, the indicative value of the Company's investment in Guitaitai through the Initial Portfolio will be US\$1.5 million (or 0.5 per cent. of its gross assets upon Initial Admission).

### **Baihang**

Baihang is the first licensed credit reporting agency in China and is controlled by the National Internet Finance Association of China. It became China's first credit agency to have both personal and corporate credit business qualifications.

Baihang operates in China's credit reporting market, which the Investment Manager believes has a total addressable market size of more than US\$5 billion per annum. Due to its first mover advantage as a licensed credit agency, the Investment Manager believes that Baihang benefits from policy tailwinds and is in a favourable position to develop its business in a growing market.

Following acquisition of the Initial Portfolio, the Company will own less than a 5 per cent. stake in the capital of Baihang through the Initial Portfolio on a fully diluted look-through basis, and funds managed or advised by the Investment Manager will own less than a 5 per cent. stake in aggregate. As at the date of Initial Admission, the indicative value of the Company's investment in Baihang through the Initial Portfolio will be US\$1.2 million (or 0.4 per cent. of its gross assets upon Initial Admission).

### **Aidi**

Aidi Education is a leading operator of private bilingual and international K-12 schools in China, with over 3,000 day and boarding students at its campus in Beijing. Founded in 2001, Aidi Education was one of a handful of bilingual schools in Beijing approved by the Ministry of Education. It offers a proprietary bilingual curriculum in kindergarten, elementary and middle school, as well as international high school curriculum programs.

Private boarding schools, such as those operated by Aidi, have continued to see strong demand from parents. Due to its longstanding reputation for university placement, strategic location in the capital city of Beijing, and strong cash generation characteristics, the Investment Manager believes that Aidi will consistently generate cash flows for distribution to its shareholders.

Following acquisition of the Initial Portfolio, the Company will own less than a 5 per cent. stake in the capital of Aidi through the Initial Portfolio on a fully diluted look-through basis, and funds managed or advised by the Investment Manager will own less than a 10 per cent. stake in aggregate. As at the date of Initial Admission, the indicative value of the Company's investment in Aidi through the Initial Portfolio will be US\$0.5 million (or 0.2 per cent. of its gross assets upon Initial Admission).

### **Tevos**

Tevos is a developer and producer of organic fertilizers in China. Founded in 2019, Tevos's patented organic fertilizer products incorporate by-products from the camellia oil extraction process to meet the growing demand for farmland restoration and organic foods in China.

Tevos operates in China's organic fertilizer market, which the Investment Manager believes has a total addressable market size of more than US\$15 billion per annum<sup>1</sup>. Due to its strong government support, alignment to circular agriculture policies, and product innovation capabilities, the Investment Manager believes that Tevos can take market share in the growing organic fertilizer market in China.

Following acquisition of the Initial Portfolio, the Company will own less than a 5 per cent. stake in the capital of Tevos through the Initial Portfolio on a fully diluted look-through basis, and funds managed or advised by the Investment Manager will own less than a 20 per cent. stake in aggregate. As at the date of Initial Admission, the indicative value of the Company's investment in Tevos through the Initial Portfolio will be US\$0.5 million (or 0.1 per cent. of its gross assets upon Initial Admission).

---

<sup>1</sup> <https://zhuanlan.zhihu.com/p/462098815>

## **PART IV – INVESTMENT APPROACH, STRATEGY AND PROCESS**

### **1. INVESTMENT APPROACH**

#### **Broad Diversification**

To achieve its investment objective, the Company's investment strategy will be to construct a broadly diversified portfolio primarily of Private Investee Companies primarily operating in China. The Company will seek to invest in high quality, high potential companies, across a range of sectors in China's vast and well-established private equity market, that the Investment Manager believes through independent research has a market size of at least US\$1 trillion, which is often difficult to access for foreign investors.

#### **Pricing Discipline**

The Company intends to maintain pricing discipline as a core part of its investment approach. To do so, it will employ various strategies, including taking advantage of Welkin's value creation and fundamental research capabilities, as well as leveraging its local relationship networks to access proprietary deals.

#### **Leverage Strengths of Welkin Platform**

Welkin's investment team has significant investment experience, local access, and industry expertise in China, having worked together for over 13 years across full deal, fund and economic cycles. Welkin also has access to the operating experience, long-standing reputations, and broad relationship networks of its partners' families. The Investment Manager believes that these are significant advantages in private equity investment.

#### **Flexible Strategies**

The Company will adopt a nimble and strategic approach to access these types of underlying Investee Companies by making both Growth Investments and Tactical Investments. The Investment Manager believes that it has access to resources and relationships to originate proprietary deals, create value for portfolio investments, and drive realisations, which is expected to give the Company advantages across investment strategies and structures.

#### **Portfolio Allocation**

The precise investment mix between Growth Investments and Tactical Investments is likely to fluctuate over time due to market conditions and other factors, including capital calls by and distributions from Managed Funds, the timing of making and exiting Growth Investments, the Company's abilities to invest in future Welkin Funds, and the cash flow requirements of the Company. However, whilst the Company expects that initially, once fully invested, the portfolio will be weighted towards Tactical Investments, over time it expects the primary focus to be on Growth Investments.

### **2. INVESTMENT STRATEGY**

The Company intends to fully invest or commit the net proceeds of the Initial Placing in accordance with its investment policy within 12 to 18 months of Initial Admission and thereafter to remain substantially fully invested or committed, in each case having regard to the choice and nature of available investments, prevailing market conditions and other factors that the Investment Manager considers relevant. Prospective investors should be aware that neither the Company nor the Investment Manager can guarantee that this investment timeframe can be achieved nor that the Company can always be fully invested. Cash which has not been invested or which has been committed but not called for investment may be invested in Cash and Cash Equivalents.

#### **Growth Investments**

Growth Investments will predominantly be made through primary commitments to, and investments in, Welkin Funds and adjacent co-investments. However, primary commitments to, and investments in, Third-Party Managed Funds, and their co-investment opportunities, will also be made strategically and selectively. By making primary commitments to, and investing in, Welkin Funds and Third-Party Managed Funds alongside other investors, the Investment Manager believes the Company can gain diversified exposure to growth private equity investments that would not be achievable by investing directly because of diversification requirements.

As of 31 December 2021, Welkin Funds have achieved a realised MOIC of 2.6x and a realised IRR of 28.6 per cent., with a total MOIC of 2.3x and an IRR of 28.3 per cent. across the entire portfolio.

The Welkin Funds' investment strategy has been to focus primarily on providing capital for expansion to high potential, private Chinese businesses, with the objective of delivering long term capital appreciation within the Welkin Fund's life. The life of each Welkin Fund is expected to be approximately 10 years, which includes a 5-year investment period from the date of final closing, and the average holding period of each underlying investment is expected to be 4 to 7 years.

The Welkin Funds have primarily focused on private equity investments of at least US\$10 million per transaction that enable them to secure a significant minority position in the target company with board representation and downside protection terms. By adopting a thematic investment approach, the Welkin Funds have invested in high-growth companies that are aligned to supportive government policy and are focused on digital transformation, industrial innovation, and consumption. These investment themes have led to investments in sectors including enterprise solutions, consumer products and services, and advanced manufacturing. However, the Welkin Funds' sector focus is flexible over time to reflect the evolving domain expertise of the Investment Manager and where the best investment opportunities emerge.

Through the Welkin Funds, the Company will seek exposure to growing Chinese companies that exhibit a number of the following characteristics:

- Innovation-driven with meaningful spending on R&D
- Owner-led with strong management bench
- Growing addressable market of at least US\$1 billion size
- Leader of niche market with defensible competitive advantages
- Domestic market focused
- Proven business model with operating leverage and economies of scale
- Profitable or near profitable
- Multiple paths to liquidity, with domestic capital markets and M&A as distinct possibilities
- Ability to provide meaningful downside protection
- Commitment to sustainability and environmental, social and governance (ESG) principles

The Welkin Funds' strategy has been to influence its portfolio companies throughout the investment lifecycle by being a long-term, value-added partner to management teams, creating strategically impactful value to accelerate growth by helping with business expansion and mitigating risks by monitoring execution.

The Investment Manager believes that Welkin's approach to private equity investing is a replicable and sustainable way to deliver long-term capital growth in all market environments. The Welkin Funds are expected to continue to adopt similar strategies to those described above; however, future Welkin Funds could refine these strategies or adopt different strategies to reflect the evolving domain expertise of the Investment Manager and where the best investment opportunities emerge.

Primary commitments to, and investments in, Third-Party Managed Funds, will be made strategically and selectively to further the Company's investment objective, by achieving greater diversification across sectors and investment stages than would be possible through investments in Welkin Funds alone.



The Investment Manager also believes the Company can enhance returns within its portfolio by making co-investments to gain additional exposure to individual underlying portfolio companies of the Welkin Funds and Third-Party Managed Funds, and it will adopt co-investment as an integral part of its Growth Investment strategy.

In determining when and whether the Company should make investments in or primary commitments to new Welkin Funds or Third-Party Managed Funds, the Investment Manager will take into account a number of factors including the size of the Welkin Fund or Third-Party Managed Fund, its investment strategy, investment team, and other factors.

### **Tactical Investments**

Tactical Investments are investments in individual companies, portfolios of assets, Third-Party Managed Funds and co-investments which the Investment Manager believes to be attractive and expects will have a relatively shorter duration to realisation than Growth Investments. In particular, the Investment Manager believes that the current market environment presents opportunities to acquire positions in quality private companies at significant pricing discounts in the secondary market. Market participants with liquidity needs or changing investment time horizons may be willing to dispose of assets at valuations that present an attractive risk-reward balance to the Company.

For the period of 12 to 18 months from Initial Admission, the Company will primarily focus on private secondary opportunities in portfolios of assets with sizes of less than US\$50 million, sourced from Welkin's relationship networks. These are typically more mature investments, with an expected shorter duration to realisation of 1 to 3 years. However, as the market cycle develops, the Investment Manager may also allocate capital toward other Tactical Investment opportunities that it considers to be attractive.

The Investment Manager believes that Welkin's more than 13 years of experience in private equity in China and its longstanding relationships with asset owners and financial intermediaries, combined with the information and deal flow gathered from the broad-based portfolio of the Company, give it an edge when originating and selecting Tactical Investments with an overall risk-reward balance in favour of the Company. Welkin's local investment team also has the experience and networks to perform fundamental research and price discovery on underlying assets to identify attractive investment opportunities.

In determining when and whether the Company should make a Tactical Investment, the Investment Manager will consider the discount to an asset's net asset value or intrinsic value at which the Company can invest and the potential for capital appreciation of the asset, as well as the Company's liquidity, investment diversification and other factors.

### **Sustainability**

The Investment Manager is required, pursuant to Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector ("SFDR"), to disclose the manner in which Sustainability Risks are integrated into its investment decisions in relation to the Company.

A summary of the approach of the Investment Manager to integrating a consideration of Sustainability Risks into its investment decision-making processes is set out below:

- Sustainability Risks are considered in the round, they are not alone decisive as to whether or not a particular investment should be made and there are no particular investment restrictions relating to environmental, social or governance factors (other than as required by law) that would restrict an investment in the portfolio. Rather, the Investment Manager considers this alongside other relevant factors, taking a holistic approach.
- There are various Sustainability Risks which the Investment Manager takes into consideration in connection with the Company. Some of the key Sustainability Risks the Investment Manager currently considers relevant to the Company that have been identified are as follows:
  - a. higher costs for energy and water;
  - b. increased environmental regulation;
  - c. impact of climate change on the community in which the Company operates; and
  - d. impact of climate change on the business of the Company.

The Investment Manager seeks to mitigate the impacts of Sustainability Risks on the Company's returns by integrating a consideration of the risks into its investment decisions. However, notwithstanding any mitigating actions, it is nevertheless possible that one or more of these Sustainability Risks may materialise and have a material negative impact on the value of one or more of the Company's investments, thereby affecting the Company's returns.

Pursuant to the SFDR, the Investment Manager is required to disclose the likely impact of these Sustainability Risks on the overall financial returns of the Company. In particular, it is required to disclose the extent to which the Sustainability Risks might impact the performance of the Company. The Investment Manager currently considers that the likely impact of Sustainability Risks on the overall financial returns of the Company's portfolio will not be material.

The list of Sustainability Risks and the Investment Manager's assessment of the likely impact on the financial returns of the Company are both based on the Investment Manager's good faith assessment and on assumptions which the Investment Manager considers to be reasonable at the time of such assessment. It is not an exhaustive list of all risks related to the environment, society or governance which could have a negative impact (whether or not material) on the value of an investment and there can be no guarantee that the actual impact of the Sustainability Risks on the Company's returns will not be materially greater than the likely impact as assessed by the Investment Manager.

The underlying investments of the Company do not take into account the EU criteria for environmentally sustainable economic activities

### **3. INVESTMENT PROCESS**

Drawing on its over 13 years of experience of investing in private equity in China, Welkin utilises its extensive local networks and industry relationships to originate attractive investment opportunities, add impactful value to its portfolio investments, and consistently drive realisations.

Welkin's Direct Investment team is focused on originating and executing growth private equity investments for the Welkin Funds, while the Managed Fund team is focused on originating and executing investments in Managed Funds for the Company.

The Investment Manager believes that the Company will benefit from Welkin's ability to synthesize knowledge and insights from across the firm. For example, the Direct Investment team benefits from the Managed Fund team's broad range of intelligence from across the private markets landscape, while the Managed Fund team benefits from the Direct Investment team's ability to perform deep dive fundamental research and local intelligence gathering capabilities.

In originating, executing, managing, monitoring, and realising investments, Welkin’s investment process can be summarised as follows:

### **Originate**

The Investment Manager has access to a diverse network of sourcing channels that can originate and create proprietary investment opportunities for the Company.

Welkin considers its ability to consistently generate proprietary deal flow as one of its greatest competitive advantages. Welkin utilizes its extensive network to generate trusted referrals and direct access to both entrepreneurs and assets owners. It also leverages personal networks, especially those of Welkin’s partners, whose backgrounds help them access business leaders and family offices, to continuously expand Welkin’s sourcing channels.

In sourcing deals, Welkin takes both “top-down” and “bottom-up” approaches. In the “top-down” approach, Welkin will identify market trends within its investment themes, identifying potential high growth market niches and investment opportunities through fundamental research and gathering market intelligence, leveraging its sector experience and its large network of industry experts. Welkin will then target specific companies or portfolios of assets and seek trusted referrals from its network.

In the “bottom-up” approach, Welkin generates continuous deal flow from a broad array of deep-rooted relationships in China’s business community. Welkin proactively develops and creates investment opportunities from the resources available through existing portfolio companies, institutional relationships, personal networks and ongoing relationships with entrepreneurs and executives.

Welkin manages the deal funnel through weekly pipeline meetings and iterative investment committee discussions of each Welkin Fund with deal teams. Prospective leads are discussed using a heads-up memo process to filter out irrelevant, unattractive or misaligned opportunities.

### **Execute**

For all investments, the relevant investment committee provides ongoing guidance to deal teams on key areas of due diligence, assessment of risks and rewards, pricing, contractual negotiations, and general attractiveness and suitability of a deal as it pertains to the Company’s or relevant Welkin Fund’s investment mandate. The relevant investment committee also formally approves deal expense budgets and external advisers to be engaged in due diligence. In analysing potential investments, Welkin conducts due diligence of a scope that it considers appropriate for the type and size of that investment and which it believes to be consistent with general practice for private investments.

For Direct Investments, the deal team will conduct in-depth due diligence on each investment’s finances, legal position, industry, commercial environment, management background, AML and sanctions screening and other risk areas with the help of third-party advisers, culminating in an investment memorandum that summarizes the investment thesis and risk factors, along with supporting information. Welkin spends considerable time developing value-creation plans throughout the diligence and negotiation process, with the aim of implementing those plans during and post-investment to accelerate growth.

For investments in Managed Funds, made through primary commitments or secondary purchases, the deal team will conduct extensive diligence on the manager’s track record and background, as well as underlying assets in the fund if relevant, both internally and with the help of third-party advisers on a case-by-case basis.

As part of the ongoing deal execution and due diligence process for all deals, the deal team will prepare an investment memorandum that presents the core thesis, identifies key investment risks, outlines expected returns, and summarizes due diligence findings. For Direct Investments, the memorandum summarizes the target’s business operations and performance, and outlines future growth plans and exit options. For investments in Managed Funds, the memorandum summarizes the fund’s investment strategy, track record of the manager, and key fund terms. Iterative versions of this memorandum provide the basis for ongoing dialogue with the investment committee throughout the deal execution process.

Welkin seeks to actively negotiate the terms of a proposed investment. In evaluating the attractiveness of an investment, Welkin will seek to identify the key drivers of investment returns and risks and will tailor negotiation of the terms of a proposed investment to mitigate these risks. For Direct Investments, valuation discipline, downside protection and exit structuring, are key considerations. For investments in Managed Funds, information rights and co-investment rights are key considerations.

### **Manage**

Welkin seeks to play an active role in the development of the portfolio companies and funds in which it invests. Achieving influence and supporting portfolio companies and funds in order to accelerate growth, manage exit timing, and mitigate risks is a core part of Welkin's investment strategy.

For Direct Investments, Welkin's involvement focuses on assisting with key strategic initiatives that can accelerate growth or meet key development milestones. In addition to regular discussions with management, participating in corporate governance, reviewing budgets and monitoring performance against goals, Welkin actively supports portfolio companies in areas such as developing strategic plans, market expansion, key customer acquisition, government relations, business development, and marketing and public relations. Typically, Welkin seeks to acquire the right to nominate one or more directors to portfolio company boards. In addition, Welkin often assists portfolio companies with further capital raising and mergers and acquisition activities.

For investments in Managed Funds, the Company will primarily rely on the expertise of the relevant manager's expertise to manage the investments in underlying portfolio companies. Welkin will, however, seek to use its value creation capabilities to support the manager and assist with the underlying investments.

The Investment Manager believes that significant value can be realized for the Company's investments through Welkin's utilization of its strategic resources to create value for its portfolio companies and Managed Fund investments. The investment team will actively seek investment opportunities in both individual companies and funds that have the potential to benefit from the Welkin's value creation capabilities and large local industry networks. For Direct Investments, Welkin typically concentrates its efforts on value creation during the first 12 months of investment, seeking to maximize growth within a short period of time. For investments in Managed Funds, the investment team will seek to cooperate with the relevant manager to add value from the Welkin network and cultivate portfolio synergies.

### **Monitor**

The relevant investment committee formally reviews the performance of each portfolio company and fund on a quarterly basis, or more often when necessary.

For Direct Investments, the investment team will review portfolio company progress on a weekly basis during team meetings. The review of portfolio companies assesses their financial and operational performance compared to original plans and considers items such as on-going management changes, capital structure and further funding requirements. For investments in Managed Funds, the investment team will review the performance of the fund and its underlying portfolio companies.

Welkin operates a data-driven portfolio management program that uses data to monitor investment performance, evaluate potential risks, and detect changes to the investment thesis and operating environment. These factors will help the investment team to refine its value creation initiatives and to assist in exit planning. For Direct Investments, the investment team will use internal dashboards that capture monthly financial and operating data on Investee Companies and third-party data from public databases. For investments in Managed Funds, the investment team will rely on the manager to provide quarterly information, with added intelligence on underlying assets from Welkin's own sources.

**Realise**

Prior to making a Direct Investment or investing in a Managed Fund, Welkin evaluates the realisation potential of the underlying portfolio companies. Exit strategies may include a public offering, a trade sale to a strategic or financial buyer, a recapitalization or a variety of other methods. An analysis of the exit or liquidity strategies for each material underlying portfolio company will be made prior to investment entry and will be monitored on an ongoing basis throughout the life of an investment.

For Direct Investments, in situations where an investment's goals have been realised, where interest is received from a potential acquirer, where an investment is underperforming compared to original goals without the expectation of future improvement, or where it otherwise is appropriate to review the possibilities of exiting an investment, the investment committee will review the investment. The focus of the review is to prepare a recommendation towards exiting an investment, including advising on optimal exit timing and the expected returns and evaluating purchase offers.

For investments in Third-Party Managed Funds, the timing of realisations is generally managed by the relevant manager. Where appropriate, Welkin will utilize expertise and relationships from its networks to help drive realisations for the underlying portfolio companies of the Third-Party Managed Funds in which the Company invests.

## PART V – VALUATION OPINION LETTER

BDO LLP  
55 Baker Street  
London  
W1U 7EU

### **Welkin China Private Equity Limited**

Ground Floor  
Dorey Court  
Admiral Park  
St. Peter Port  
Guernsey  
GY1 2HT

### **Deutsche Bank AG, London Branch**

Winchester House  
1 Great Winchester Street  
London  
EC2N 2DB

6 September 2022

Dear Sirs

### **Proposed acquisition of a seed portfolio and listing of Welkin China Private Equity Limited (the “Company”) (the “Transaction”)**

#### **Valuation opinion letter**

We are writing to provide to the Company and Deutsche Bank AG, London Branch (the “**Sponsor**”) our opinion on the reasonableness of the proposed transfer price of (i) a limited partner interest in Welkin Capital Partners II, L.P, representing 6.81 per cent. of the interests in Welkin Fund II, (by reference to the net asset value of Welkin Fund II as at 31 July 2022) from the Welkin Affiliate in exchange for Ordinary Shares in the Company and (ii) the ordinary shares of a special purpose vehicle (as at 31 July 2022) holding direct minority interests in the Underlying Portfolio Companies from Welkin Fund II for cash (together, the “**Initial Portfolio**”) as intended under the Transaction. The details of the Initial Portfolio are comprehensively described in Part III (*Initial Portfolio*) of the prospectus of the Company dated on or around the date of this letter (the “**Prospectus**”).

Our opinion on proposed transfer price covers investments in the following underlying assets of the Initial Portfolio:

- Zhejiang Xin Zailing Technology Co., Ltd. (trading as Yunti)
- Tianxia Technology Limited (trading as Tianxia)
- Baihang Credit Co., Ltd. (trading as Baihang)
- Tuhu Car Inc. (trading as Tuhu)
- Shanghai Shawya Biotechnology Co., Ltd. (trading as Shawya)
- China Craft Beer Limited and its affiliate Alpha Top Ventures Limited (trading as Great Leap)
- Guangzhou Htrip Information Technology Co., Ltd. (trading as Htrip)

- Hunan Guitaitai Camellia Oil Technology Co., Ltd. and its affiliate Shanghai Huipugui E-Commerce Limited (trading as Guitaitai)
- Aidi Education Group Limited (trading as Aidi)
- Hunan Tevos Ecological Technology Co., Ltd (trading as Tevos)

Our opinion on the reasonableness of the proposed transfer price for the Initial Portfolio has been provided to the Company and the Sponsor in connection with the Transaction. In providing our opinion, we are not making any recommendations to any person regarding the Prospectus in whole or in part and are not expressing an opinion on the fairness of the terms of the Transaction, other than in respect of the proposed transfer price for the Initial Portfolio, or the terms of any investment in the Company. It is the responsibility of the directors of the Company (the “**Directors**”) to agree the transfer price for the Initial Portfolio in connection with the Transaction. It is our responsibility to form an opinion as to whether the proposed transfer price for the Initial Portfolio in connection with the Transaction falls within a range which we consider to be fair and reasonable.

### **Basis of opinion**

Our opinion assumes a willing buyer and seller, dealing at arm’s length and with equal information. Our opinion is necessarily based on economic, market and other conditions as in effect on, and the tax, accounting and other information available to us as of 31 July 2022. It should be understood that subsequent developments may affect our views and that we do not have any obligation to update, revise or reaffirm the views expressed in this letter. Specifically, it is understood that our opinion may change as a consequence of changes to market conditions, the prospects of the Chinese economy in general or for the Initial Portfolio investments.

In providing this opinion, we have relied upon the commercial assessment of the Directors and the Adviser (as defined below), in relation to a number of issues, including the markets in which the Initial Portfolio investments operate. In forming our opinion, we have also relied upon the information and underlying assumptions which were provided by the Company and Welkin Capital Management (Asia) Limited (the “**Adviser**”) and for which the Directors and the Adviser are wholly responsible. We have not undertaken any form of investigation, verification, audit or other work in relation to the information, forecasts and assumptions provided to us.

In forming our opinion, we have had regard to the recommendations set out by the International Private Equity and Venture Capital Guidelines.

We have made the following key assumptions in forming our opinion:

- the models for the Initial Portfolio investments provided by the Company and the Adviser accurately reflect the terms of all agreements relating to the Initial Portfolio investments;
- there has been no material change in the assets, liabilities, financial condition, results of operations, business, or prospects of the Initial Portfolio investments since the date of the most recent investment where such investment has been used as the transfer price; and
- Securities trading on a recognised stock exchange are valued based on the last price quote on such exchange.

### **Opinion**

While there is clearly a range of possible values for the Initial Portfolio and no single figure can be described as a “correct” valuation, BDO LLP advises the Company and the Sponsor that, based on market conditions on 31 July 2022, and on the assumptions stated above, in our opinion the proposed transfer price of the Initial Portfolio falls within a valuation range which we consider to be fair and reasonable.

**Declaration**

For the purposes of Prospectus Regulation Rule 5.3.2R(2)(f) we are responsible for this letter as part of the Prospectus and declare that, to the best of our knowledge, the information contained in this letter is in accordance with the facts and makes no omission likely to affect its import. This declaration is included in the Prospectus in compliance with item 1.2 of Annex 1 of the UK version of the Commission Delegated Regulation (EU) 2019/980 supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council (the “**UK Prospectus Delegated Regulation**”).

**Responsibility**

Save for any responsibility arising under Prospectus Regulation Rule 5.3.2R(2)(f) to any person as to the extent there provided, to the fullest extent permitted by the law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this valuation opinion letter or our statement, required by and given solely for the purposes of complying with item 1.3 of Annex 1 to the UK Prospectus Delegated Regulation, consenting to its inclusion in the Prospectus.

Yours faithfully

**BDO LLP**

Chartered Accountants

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)



## **PART VI – DIRECTORS, MANAGEMENT AND ADMINISTRATION**

### **1. DIRECTORS**

The Directors are responsible for determining the Company’s investment objective, investment policy and investment strategy and have overall responsibility for the Company’s activities, including the review of investment activity and performance and the supervision and evaluation of the AIFM and the Investment Manager. The Directors have delegated responsibility to the AIFM for managing the assets comprising the portfolio, which in turn has delegated portfolio management to the Investment Manager. The Investment Manager is not required to, and generally will not, submit individual investment decisions for the approval of the Board.

All of the Directors are non-executive and all of the Directors are independent of the AIFM and the Investment Manager for the purposes of the Listing Rules and AIC Code.

The Directors will meet as a Board at least quarterly and the Audit Committee will meet at least twice a year.

The Directors are as follows:

#### **Ivan Chu**

Ivan Chu is former Chairman of John Swire & Sons (China) Limited and former Chief Executive of Cathay Pacific. Mr Chu joined the Swire Group in 1984, and has worked with the Group in Hong Kong, Mainland China, Taiwan, Thailand and Australia. Mr Chu holds a Master degree in Commerce from the University of New South Wales in Australia and a Bachelor’s degree in Social Science from the University of Hong Kong. Mr Chu is a member of the Chinese People’s Political Consultative Conference Shanghai Committee. He is also a member of the Trade and Industry Advisory Board of the Government of the Hong Kong Special Administrative Region, amongst holding other roles.

#### **Hani Abuali**

Hani Abuali has almost 30 years of experience in investment and finance. He is a private investor and former Chief Executive Officer of Petiole Asset Management AG, a Zürich based asset management firm. He was previously Head of Asia for Petiole Asset Management (Hong Kong) Limited based in Hong Kong. Prior to joining Petiole, he was Managing Director at Mount Kellett Capital; co-founder of Black’s Link Capital; and Managing Director at Morgan Stanley Asia, where he ran Proprietary Trading and co-headed Telecom Research (#1 ranking for five years 2000-2005 in Institutional Investor and Greenwich). Hani started his career in finance in New York as an Oil & Gas research analyst with Donaldson, Lufkin & Jenrette. He graduated with a BS degree from the Wharton School, University of Pennsylvania. Hani is a member of the Board of Trustees of King’s Academy, Jordan.

#### **Gary Gould**

Gary Gould has a wealth of experience from more than 30 years advising listed investment companies and financial institutions. He was corporate head of the listed investment companies team at Jefferies International for a period of 8 years until 2020 and held a similar role for 7 years at the Royal Bank of Scotland, which he joined in 2001. He was previously part of the corporate advisory team at Old Mutual Securities advising small and mid-cap companies alongside listed funds. Gary is a qualified solicitor and spent 7 years in private practice as a corporate finance lawyer before moving into investment banking.

#### **Susan Gordon Hardy**

Susan Gordon Hardy has over 25 years’ experience as a financial services lawyer advising asset managers and investment companies investing in Asia. She is a former Partner of the international law firm, Deacons. Having qualified as a solicitor with Linklaters in London, she spent most of her legal career in Hong Kong. She graduated with a First class honours LL.B. degree from the University of Glasgow and holds a LL.M. from Tulane University, USA. Now resident in Guernsey, Susan holds various tribunal and other public appointments. She also serves as a pension scheme trustee, and Vice Chair of the governing body of the University of Stirling, in Scotland.

## **Teresa Teague**

Teresa Teague is a co-founder/partner of TTB and has over 30 years' experience in the financial services industry in US, Europe and Asia. Teresa is a former Partner at Goldman Sachs where she spent 20 years working in a variety of capacities including Corporate Finance, Leveraged Finance, Mergers & Acquisition Advisory, and most recently she was the Co-Head of the Consumer and TMT Groups in Asia Ex Japan. During her tenure in banking, she advised on and helped finance over \$250 billion in transactions in the consumer, TMT, financial services and healthcare spaces, including public to private acquisitions in the UK and US, numerous initial public offerings in the US, UK and Hong Kong, and a number of leveraged buyouts. Teresa has a B.A. with Honours from Dartmouth College and has an M.B.A from Harvard Business School. She is also a director of Epic Acquisition Corp and non-executive director and Chair of the Audit Committee of Primavera Capital Acquisition Corp.

## **2. THE AIFM AND THE INVESTMENT MANAGER**

### **2.1 AIFM**

The Company has appointed the AIFM as its alternative investment fund manager pursuant to the AIFM Agreement, the terms of which are set out in more detail in section 11.2 of Part IX (*Additional Information on the Company*) of this Prospectus.

The AIFM is a limited liability company incorporated in Guernsey on Monday, 9 January, 2017 under The Companies (Guernsey) Law, 2008, as amended, with company number 62964. The AIFM is licensed by the GFSC under the provisions of the Protection of Investors (Bailiwick of Guernsey) Law, 2020 as amended, to conduct certain restricted activities in relation to collective investment schemes. The registered office of the AIFM is Ground Floor, Dorey Court, Admiral Park, St Peter Port, Guernsey GY1 2HT and its telephone number is +44 (0)1481 702400. The AIFM has been given responsibility, subject to the overall supervision of the Board, for active discretionary investment management of the portfolio in accordance with the Company's investment objective and investment policy.

The AIFM has delegated portfolio management to the Investment Manager pursuant to the Investment Management and Distribution Agreement.

### **2.2 The Investment Manager**

The Company, the AIFM and the Investment Manager have entered into the Investment Management and Distribution Agreement pursuant to which the AIFM has delegated portfolio management to the Investment Manager and the Company has appointed the Investment Manager as global distributor to coordinate the marketing of the Shares.

Welkin was founded in 2009 by members of well-connected families that have founded or co-founded, built and/or operated leading businesses in China since the beginning of the 20th century. Welkin manages approximately US\$500 million for global institutional investors including sovereigns and pension schemes and has invested through complete deal, fund and economic cycles, achieving a gross IRR across all investments in Chinese Companies in all Welkin Funds of 28 per cent. up to 31 December 2021. Throughout its 13-year history, Welkin has maintained a consistent investment approach which focuses on fundamental value and pricing discipline, avoids chasing speculative deals and has a track record of creating pricing advantage through value add.

The key individuals at the Investment Manager with responsibility for managing the Company's portfolio are:

### ***Johnny Kong***

Johnny is Managing Director, CEO and co-founder of Welkin since 2009. He has over 16 years of private investment and capital markets experience in the region. Before Welkin, he led private investments at the Kong family office and worked in the investment banking division of Goldman Sachs. Johnny graduated with a joint degree in finance and systems science from the Wharton School and School of Engineering at University of Pennsylvania. He is a member of the Chinese People's Political Consultative Conference Shanghai Committee, China Overseas Friendship Association, and China Young Entrepreneurs Association. He also co-founded the Centum Charitas Foundation.

### ***Christopher Fong***

Christopher is Managing Director, COO and co-founder of Welkin since 2009. He has over 16 years of private and public investment and capital markets experience in the region. Before Welkin, he worked as a portfolio analyst at SAC Capital and in the investment banking division of Evercore Partners. He received a Juris Doctor from the Chinese University of Hong Kong and dual bachelor's degrees in finance and political science from the Wharton School and School of Arts and Sciences at University of Pennsylvania.

### ***Justino Liang***

Justino is Managing Director and co-founder of Welkin since 2009. He has over 16 years of investment and capital markets experience in the region. Before Welkin, he led private investments at the Liang family office and worked in the business development and risk management departments of GE Capital in Hong Kong. He received a bachelor's degree in economics from New York University.

### ***Samuel Chao***

Samuel is Managing Director of Welkin since 2021. He has over 13 years of private investment, corporate management, business development and capital markets experience in the region. Before Welkin, he led business development and IPO of Novel Optics as an Executive Director. He received a bachelor of laws degree from Tsinghua University.

### ***Jonathan Lau***

Jonathan is Managing Director of Welkin since 2022. He has over 15 years of private equity, real estate, and corporate finance experience in the region. Before Welkin, he was a Principal of Petiole Asset Management and a Vice President of Tiger Group Investments. He graduated with a master's degree in East Asia Regional Studies from Columbia University and a bachelor of business degree from the University of Southern California.

### ***Clarence Ling***

Clarence Ling is Managing Director of Welkin since 2022. He has over 17 years of private investment, entrepreneurship, and real estate experience in the region. Before joining the Investment Manager, he was a co-founder of Ztore, a leading online supermarket platform in Hong Kong and was recognised as Ernst & Young's Entrepreneur of the Year China in 2018. He serves as Chairman of the Y. Elites Association and a Committee Member of the Chinese General Chamber of Commerce.

The Investment Manager is authorised and regulated by the Securities and Futures Commission of Hong Kong.

Pursuant to the Investment Management and Distribution Agreement, the Investment Manager has been given responsibility, subject to the overall supervision of the Board, for active discretionary investment management of the portfolio in accordance with the Company's investment objective and policy. The Investment Manager is also responsible for certain aspects of the day-to-day administration of the Company, including but not limited to calculating the NAV on a monthly basis (or at such other intervals as may be agreed with the Company from time to time) in conjunction with the Administrator.

## 2.3 Conflicts of Interest and Investment Allocation Policy

### *Conflicts of interest*

The Investment Manager and its Affiliates are not restricted from entering into other investment advisory or management relationships, or from engaging in other business activities with other clients, even though such other clients may have similar investment objectives and policies to the Company and such activities may involve substantial time and resource commitments on the Investment Manager and its Affiliates. Consequently, the Investment Manager may face conflicts of interest in terms of allocation of investment opportunities among its clients (including the Company) and dedication of sufficient time and resources to its management of the Company.

In navigating any potential conflicts of interest, the Investment Manager will be guided by its good faith judgement as to the best interests of the Company. If any matter arises that the Investment Manager determines in its good faith judgement constitutes an actual conflict of interest, the Investment Manager may take such actions as may be necessary or appropriate to ameliorate the conflict, including referring the matter for approval by the Board. The Investment Manager also has a general duty to avoid conflicts of interest under the SFC's Fund Manager Code of Conduct.

### *Investment Allocation Policy*

The Investment Manager or its Affiliates manage and/or advise a number of investment vehicles, including the Company, a number of which have substantially similar or overlapping investment policies. In principle, to the maximum extent possible, all investment vehicles will co-invest pro rata in investments on the basis of aggregate capital committed to the investment vehicles for such types of investments. However, the Allocation Committee may deviate from that principle where it considers appropriate, taking into account a range of considerations, including, amongst others:

- the total amount of a proposed investment and the relevant amount each investment vehicle has available for investment;
- the timing of the proposed investment;
- each investment vehicle's remaining term and anticipated holding period for the prospective investment;
- each investment vehicle structure and the nature of its investment objectives, parameters, strategies and focus;
- each investment vehicle's diversification targets and thresholds (including minimum and maximum investment size restrictions);
- each investment vehicle's existing portfolio (including the strategic importance of a prospective investment to a particular investment vehicle's existing portfolio);
- lender covenants and other associated limitations;
- the stage of development of the prospective investment;
- the suitability as a follow-on investment for a current portfolio company of one or more investment vehicles;
- whether any third party capital has been, or is proposed to be, raised for the purpose of co-investing alongside any such investment vehicles; and
- any legal, contractual, regulatory, and/or tax obligations and constraints applicable to each investment vehicle, including those set forth in the applicable investment vehicle's agreements and any legal or regulatory restrictions.

Consequently, there is no guarantee that any investment vehicle managed and/or advised by the Investment Manager, including the Company, will be allocated its pro rata share of investments for which such investment vehicle is eligible.

### **3. SECRETARY AND ADMINISTRATOR**

JTC Fund Solutions (Guernsey) Limited has been appointed as Secretary and Administrator of the Company (the “**Administrator**”) pursuant to the Administration and Secretarial Agreement, further details of which are set out in section 11 in Part IX (*Additional Information on the Company*) of this Prospectus. The Administrator will be responsible for the day-to-day administration of the Company (including but not limited to the maintenance of the Company’s fund accounting records and the calculation and publication of the NAV). Prospective investors should note that it is not possible for the Administrator to provide any investment advice to investors. The Administrator will also be responsible for the safekeeping of any share certificates held by the Company or an intermediate holding company. The Administrator is ultimately held by JTC Plc, a listed company on the premium segment of the Main Market of the London Stock Exchange. Currently, no one person controls more than 15 percent of the shares of JTC Plc.

### **4. REGISTRAR**

JTC Registrars Limited has been appointed as the Company’s registrar (the “**Registrar**”) pursuant to the Registrar and Receiving Agent Services Agreement, further details of which are set out in section 11 of Part IX (*Additional Information on the Company*) of this Prospectus. The Registrar will be responsible for the maintenance of the Company’s register of members, dealing with routine correspondence and enquiries and the performance of all the usual duties of a registrar in relation to the Company.

### **5. AUDITOR**

The auditor to the Company is PricewaterhouseCoopers CI LLP (the “**Auditor**”). The Auditor is independent of the Company and is registered to carry on audit work in Guernsey. The auditor’s responsibility is to audit and express an opinion on the financial statements of the Company in accordance with applicable law and auditing standards. The annual report and accounts will be prepared in accordance with IFRS.

### **6. FEES AND EXPENSES**

#### **Initial Expenses related to the Initial Placing**

The formation and initial expenses of the Company are those that are necessary for the establishment of the Company, the Initial Placing and Initial Admission (“**Initial Expenses**”). These Initial Expenses (which include commission and expenses payable under the Sponsor and Placing Agreement, registration, listing and admission fees, printing, advertising and distribution costs and professional advisory fees, including legal fees and any other applicable expenses) are capped at 2 per cent. of the Gross Initial Placing Proceeds. The expenses in connection with the Initial Placing will be met from the Gross Initial Placing Proceeds, rather than being charged directly to any investor.

Accordingly, on Initial Admission, the opening NAV per Ordinary Share will be US\$0.98 and, on the basis that the Gross Initial Placing Proceeds are US\$315 million, the Net Initial Proceeds will be approximately US\$309 million.

The Investment Manager will bear any costs in excess of 2 per cent. of Gross Initial Placing Proceeds, such that the opening NAV per Ordinary Share will not be below US\$0.98.

#### **Expenses relating to the Subsequent Placings**

Any Subsequent Placing of Ordinary Shares under the Placing Programme will be at a price calculated by reference to the latest published Net Asset Value per Ordinary Share plus issue expenses. The Directors therefore anticipate that the costs of any Subsequent Placings will be substantially recouped through the cumulative premium at which Ordinary Shares are issued. It is not possible to ascertain the exact costs and expenses of such Subsequent Placing. Expected issue expenses of a Subsequent Placing of Ordinary Shares or C Shares will be announced by way of an RIS announcement at the time of the relevant Subsequent Placing.

## **Ongoing expenses of the Company**

The Company will also incur ongoing expenses, which are not currently expected to exceed 1.8 per cent. of the NAV annually once the Initial Placing is completed, taking into account all material fees payable directly or indirectly by the Company for services under arrangements entered into as at the date of this Prospectus. Investors should note, however, that some expenses are inherently unpredictable and, depending on circumstances, ongoing expenses may exceed this estimation. The relevant heads of ongoing expense which are borne by the Company are set out below, as are those ongoing expenses which are not readily quantifiable and therefore have not been taken into account in this estimation.

A key information document in respect of the Ordinary Shares has been prepared as required under the UK PRIIPs Laws. The UK PRIIPs Laws require costs to be calculated and presented in accordance with detailed and prescriptive rules. The key information document in respect of the Ordinary Shares is available on the Company's website at [www.welkinchinape.com](http://www.welkinchinape.com). A key information document in respect of any tranche of C Shares to be issued pursuant to a Subsequent Placing will be prepared and made available on the Company's website.

## **Directors**

Each of the Directors is entitled to receive a fee from the Company at such rate as may be determined in accordance with the Articles. The Directors' current level of remuneration is as follows:

- £35,000 per annum plus an additional £5,000 per annum payable in Shares for a Director;
- £40,000 per annum plus an additional £5,000 per annum payable in Shares for a Director that is also the chair of a Board committee; and
- £45,000 per annum plus an additional £5,000 per annum payable in Shares for the Chair of the Board

The Directors will also be entitled to be paid all reasonable expenses properly incurred by them in connection with the performance of their duties. These expenses will include those associated with attending general meetings, Board or committee meetings and legal fees. The Board may determine that additional remuneration may be paid, from time to time, to one or more Directors if such Director or Directors are requested by the Board to perform extra or special services on behalf of the Company.

## **AIFM**

Under the terms of the AIFM Agreement, the AIFM will be entitled to an annual AIFM fee (exclusive of value added tax, which will be added where applicable), payable quarterly in arrear and calculated at the rate of:

- 0.04 per cent. per annum of the Net Asset Value up to £500 million;
- 0.03 per cent. per annum of the Net Asset Value from £500 million up to £1 billion; and
- 0.02 per cent. per annum of the Net Asset Value in excess of £1 billion,

in each case based on the Net Asset Value on the last Business Day of the relevant month (the "**AIFM Fee**"), such fee being subject to a minimum annual fee of £40,000.

The AIFM Fee shall be payable quarterly in arrears within 30 Business Days of each quarter end date, being each of 31 March, 30 June, 30 September and 31 December of each calendar year.

## **Investment Manager**

### ***Management Fee***

Under the terms of the Investment Management and Distribution Agreement, the Investment Manager will be entitled to an annual management fee (exclusive of value added tax, which will be added where applicable), payable monthly in arrear and calculated at the rate of 1.5 per cent. per annum of the Adjusted Net Asset Value on the last Business Day of the relevant month (the "**Management Fee**").

The Adjusted Net Asset Value is the Net Asset Value of the Company less all amounts in respect of which Welkin receives a management or similar fee from an underlying Welkin Fund.

The Management Fee in respect of each month will be invoiced by the Investment Manager to the Company as at the final Business Day of the relevant month.

***Profit Allocation***

The Articles provide that in respect of each Profit Allocation Period, the Profit Allocation Amount shall be allocated to the Profit Allocation Share Class Fund (to the extent that amount is a positive number). The “**Profit Allocation Amount**” relating to a Profit Allocation Period shall be an amount equal to:

$$(A-B) \times 15\%$$

where:

**A** is the Closing Non-Welkin Fund Net Asset Value; and

**B** is the Opening Non-Welkin Fund Net Asset Value.

provided that the Profit Allocation Amount shall be reduced (but not below zero) to the extent that without such reduction ( $A - B -$  the Profit Allocation Amount) would be lower than the Hurdle Amount.

The “**Hurdle Amount**” in respect of a Profit Allocation Period is an amount representing an 8 per cent. annualised compounded rate of return on the Opening Non-Welkin Fund Net Asset Value during such Profit Allocation Period adjusted to reflect the impact of: (i) Distributions (if any) (whether paid, or declared but not yet paid in respect of Ordinary Shares); (ii) the repurchase or redemption of Ordinary Shares; (iii) contributions to or investments in Welkin Funds in respect of Ordinary Shares; (iv) issuance of Ordinary Shares and the conversion of C Shares into Ordinary Shares; and (v) distributions by Welkin Funds to the Company or receipt of realisation proceeds by the Company in respect of disposing of interests in Welkin Funds; in each case in respect of the Ordinary Shares and during the relevant Profit Allocation Period.

No Profit Allocation will be payable in a Profit Allocation Period if the NAV of the Company as a whole in respect of the Ordinary Shares (adjusted to reflect the impact of (i) Distributions (if any) (whether paid, or declared but not yet paid) in respect of the Ordinary Shares; (ii) the repurchase or redemption of Ordinary Shares; and (iii) the issuance of Ordinary Shares and conversion of C Shares into Ordinary Shares); in each case during the Profit Allocation Period) has declined over the course of the relevant Profit Allocation Period.

Any amounts allocated to the Profit Allocation Shares Class Fund (including, for the avoidance of doubt, any accumulated undistributed amounts) will be distributed to the holders of Profit Allocation Shares in cash following the publication of the Company’s audited annual financial statements relating to the relevant Profit Allocation Period at such times and in instalments of such amounts as the Directors consider, acting in good faith, to be appropriate taking into account the cash available to the Company, any anticipated commitments, liabilities or similar, and the Company’s reasonable working capital requirements.

If the Investment Management and Distribution Agreement is terminated:

- (a) by the Company or the AIFM pursuant to a For Cause Termination or by the Investment Manager pursuant to a Without Cause Termination, then the Profit Allocation Amount will be calculated as set out above on the effective date of termination of the Investment Management and Distribution Agreement and will be allocated to the Profit Allocation Share Class Fund. The Profit Allocation Shares shall be compulsorily redeemed by the Company for the amount standing to the credit of the Profit Allocation Share Class Fund upon written notice to the holder(s) thereof within 20 Business Days of the effective date of termination of the Investment Management and Distribution Agreement; and
- (b) in any other circumstance pursuant to its terms then:
  - (i) first, the Profit Allocation Amount will be calculated in the usual way as set out above on the effective date of termination of the Investment Management and Distribution Agreement and will be allocated to the Profit Allocation Share Class Fund;
  - (ii) second, following the effective date of termination of the Investment Management and Distribution Agreement, the Profit Allocation Amount shall be allocated to the Profit Allocation Share Class Fund (to the extent that amount is a positive number) in respect of each Post-Termination Profit Allocation Period. The “**Profit Allocation Amount**” relating to a Post-Termination Profit Allocation Period shall be an amount equal to:

$$(A-B) \times 15\%$$

where:

**A** is the Closing Welkin Termination Pool Net Asset Value; and

**B** is the Opening Welkin Termination Pool Net Asset Value;

provided that the Profit Allocation Amount shall be reduced (but not below zero) to the extent that without such reduction ( $A - B -$  the Profit Allocation Amount) would be lower than the Hurdle Amount.

The “**Hurdle Amount**” in respect of a Post-Termination Profit Allocation Period is an amount representing an 8 per cent. annualised compounded rate of return on the Opening Welkin Termination Pool Net Asset Value during such Post-Termination Profit Allocation Period adjusted to reflect the impact of disposing of investments comprised investments comprised in the Welkin Termination Pool during the relevant Post-Termination Profit Allocation Period.

- (iii) third, the Profit Allocation Shares shall be compulsorily redeemed by the Company for the amount standing to the credit of the Profit Allocation Share Class Fund upon written notice to the holder(s) thereof when all the assets comprising the Welkin Termination Pool have been realised or their value has been written down entirely, provided that any novation of the Investment Management and Distribution Agreement shall be deemed not to amount to a termination of that agreement for these purposes.

### **Distribution Fees**

The Manager shall be entitled to be paid commission in respect of its role as distributor provided that (a) in respect of Ordinary Shares issued pursuant to the Initial Placing, such commission and the Initial Expenses shall in aggregate not exceed 2 per cent. of the Gross Initial Placing Proceeds; and (b) in respect of any issue of Shares pursuant to a Subsequent Placing, the cost of issuing such Shares, including such commission, shall not exceed the lower of (i) the aggregate premiums to Net Asset Value at which Shares are issued (if relevant) and (ii) 2 per cent. of the aggregate issue price of such shares.



## **Investment into Welkin Funds**

The aggregate value of the Company's investments in, and outstanding commitments to, Welkin Funds will be deducted from the Company's NAV for the purposes of calculating the Management Fee. Similarly, the Company's investments in Welkin Funds are disregarded when calculating the Profit Allocation. However, the Company will indirectly bear management fees and performance fees/carried interest payable at the level of the underlying Welkin Fund.

## **Administrator/Secretary**

Under the terms of the Administration and Secretarial Agreement, the Administrator is entitled to a set-up fee of £30,000 and an annual fee of £113,000 plus ad valorem fees of 0.035 per cent. on the portion of the Net Asset Value up to US\$300 million and 0.01 per cent. on the portion of the Net Asset Value over US\$315 million in consideration for performance of the fund administration, governance and company secretarial services, such fees being payable monthly in arrears. The Administrator is also entitled to certain variable fees payable for additional services or corporate actions of the Company. If the Administrator incurs expenses and disbursements, provided that these are reasonably incurred in relation to the provision of the services under the Administration and Secretarial Agreement, it will invoice the Company for such amounts and the Company will pay the invoice within 30 days of the date of invoice.

## **Registrar**

Under the terms of the Registrar and Receiving Agent Services Agreement, the Registrar is entitled to a set-up fee of £2,000, a basic annual fee of £5,000, and an additional transfer agent fee of £2,100.00 per annum, together with certain charges levied on a per item basis. In respect of its services as Receiving Agent, the Registrar shall be entitled to a minimum fee of £2,000 plus £20 per Placing Programme subscription. If the Registrar incurs fees, expenses and disbursements, provided that these are reasonably incurred in relation to the provision of the services under the Registrar and Receiving Agent Services Agreement, the Registrar will invoice the Company for such amounts and the Company will pay the invoice within 30 days of the date of invoice.

## **Other operational expenses**

Other ongoing operational expenses that are borne by the Company include the auditor's fees, corporate broker fees, legal fees, certain direct transaction expenses, the costs of any filings (including tax filings) or regulatory notifications, fees of the London Stock Exchange, fees for public relations services, directors and officers liability insurance premiums, and printing costs. The Company may also bear certain out of pocket expenses of the Investment Manager or its Affiliates, the Company's service providers and the Directors.

## **7. TAKEOVER CODE**

The Takeover Code will apply to the Company from Initial Admission. For further details, see section 7 of Part IX (*Additional Information on the Company*) of this Prospectus.

## **8. CORPORATE GOVERNANCE**

### **AIC Code**

The Board has considered the principles and recommendations of the 2019 AIC Code of Corporate Governance (the "**AIC Code**"). The AIC Code provides a framework of best practice for listed investment companies and addresses all of the principles set out in the UK Corporate Governance Code, as well as setting out additional principles and recommendations on issues that are of specific relevance to listed investment companies.

The Board intends to become a member of the AIC, as it considers that reporting against the principles and recommendations of the AIC Code (which incorporates the UK Corporate Governance Code) will provide better information to Shareholders.

As a recently incorporated company, the Company does not yet comply with the UK Corporate Governance Code or the principles of good governance contained in the AIC Code. However, the Company intends to join the AIC as soon as practicable following Initial Admission and arrangements have been put in place so that, with effect from Initial Admission, the Company will comply with the AIC Code.

The Financial Reporting Council has confirmed that member companies who report against the AIC Code will be meeting their obligations in relation to the UK Corporate Governance Code. This endorsement means that AIC member companies may make a statement that, by reporting against the AIC Code they are meeting their obligations under the UK Corporate Governance Code (and associated disclosure requirements under paragraph 9.8.6 of the Listing Rules) and as such do not need to report further on issues contained in the UK Corporate Governance Code which are irrelevant to them. As recommended under the AIC Code, the Directors will be subject to re-election on an annual basis.

In addition, the Disclosure Guidance and Transparency Rules will require the Company to: (i) make a corporate governance statement in its annual report and accounts based on the code to which it is subject, or with which it voluntarily complies; and (ii) describe its internal risk management and controls arrangements.

### **Guernsey Code**

On 1 January 2012, the GFSC's "Finance Sector Code of Corporate Governance" (the "**GFSC Code**") came into effect, which applies to all companies that hold a licence from the GFSC under the regulatory laws or which are registered or authorised as collective investment schemes. The GFSC has stated in the GFSC Code (the latest version of which is dated November 2021) that companies which report against the AIC Code are deemed to meet the requirements of the GFSC Code. Therefore, as the Company reports against the AIC Code, it is deemed to meet the requirements of the GFSC Code.

### **Audit and Risk Committee**

The Company has established an Audit and Risk Committee which will be chaired by Teresa Teague and consists of all the Directors (including the Chair of the Board). The Audit and Risk Committee will meet at least twice per year. The Board considers that the members of the Audit and Risk Committee have the requisite skills and experience to fulfil the responsibilities of the Audit and Risk Committee. The Audit and Risk Committee will examine the effectiveness of the Company's control systems and it will have responsibility for setting the Company's risk appetite, overseeing the Company's risk management systems and processes, considering emerging risks and market risks in relation to the investment policy and reporting annually to shareholders on its activities. The Audit and Risk Committee will review the half-yearly and annual reports of the Company, review all Regulatory Information Service announcements, presentations containing financial information, periodic valuations of the Company's portfolio and receive information from the Investment Manager and the AIFM. The Audit and Risk Committee will review the scope, results, cost-effectiveness, independence and objectivity of the external auditor and assess the performance of the Investment Manager and the AIFM in addressing and mitigating the Company's key risks. The Audit and Risk Committee will report to the Board and will report annually to shareholders on its activities.

### **Management Engagement Committee**

The Company has established a Management Engagement Committee, which will be chaired by Susan Gordon Hardy and consists of all the Directors. The Management Engagement Committee will meet at least once a year and will have responsibility for reviewing the terms of the Investment Management and Distribution Agreement and the performance of the Investment Manager, the AIFM, the Administrator, the Registrar and other major service providers.

### **Nomination and Remuneration Committee**

The Company has established a Nomination and Remuneration Committee, which will be chaired by Gary Gould and consists of all the Directors. The Nomination and Remuneration Committee will meet at least once a year and will have responsibility for benchmarking and recommending the remuneration of Directors, as well as nominating directors for appointment.

The Board will review its performance and structure on an ongoing basis and at least annually to ensure that it has a suitable mix of relevant skills, diversity, experience and, where appropriate, will seek to hire additional Directors for the effective conduct of the Company's business.

## **9. DIRECTORS' SHARE DEALINGS**

The Directors have adopted a share dealing code that is compliant with UK MAR. The Board will be responsible for taking all proper and reasonable steps to ensure compliance with the share dealing code by the Company's PDMRs, being the Directors and other persons discharging managerial responsibilities.

# PART VII – THE INITIAL PLACING ARRANGEMENTS AND THE PLACING PROGRAMME

## 1. INTRODUCTION

Pursuant to this Prospectus, the Company intends to issue Ordinary Shares pursuant to the Initial Placing. Following the Initial Placing, the Directors intend to implement the Placing Programme (being a programme of issues of Ordinary Shares and/or C Shares by way of Subsequent Placings).

The Company can issue a maximum of 500 million Ordinary Shares and C Shares pursuant to the Placing Programme, including a maximum of 315 million Ordinary Shares at US\$1.00 per Ordinary Share pursuant to the Initial Placing.

The maximum sizes of the Initial Placing and the Placing Programme should not be taken as an indication of the number of Shares which will be issued under the Initial Placing or the Placing Programme. The Minimum Gross Initial Placing Proceeds in respect of the Initial Placing is set at US\$150 million but there is no minimum Gross Issue Proceeds in respect of any Subsequent Placing. Neither the Initial Placing nor the Placing Programme is being underwritten.

## 2. THE INITIAL PLACING

It is expected that the results of the Initial Placing will be notified by way of Regulatory Information Service on or around 28 September 2022, or such later date (no later than the Long Stop Date) as the Company and the Global Co-ordinator may agree.

If the timetable for the Initial Placing is extended, the Company will notify investors of such change by email or by publication via an RIS.

The Initial Placing is conditional, among other matters, on:

- the Sponsor and Placing Agreement becoming unconditional in all respects (save for any conditions relating to Initial Admission) and not having been terminated on or before the date of Initial Admission;
- Initial Admission occurring by 8:00 a.m. (London time) on 30 September 2022 (or such other date, not being later than the Long Stop Date, as the Company and the Global Co-ordinator may agree); and
- the Minimum Gross Initial Placing Proceeds being raised.

If the Company and the Investment Manager (in consultation with the Global Co-ordinator) decide to reduce the amount of the Minimum Gross Initial Placing Proceeds, the Company will be required to publish a supplementary prospectus, including a working capital statement. In circumstances where the conditions of the Initial Placing are not fully met (and, if relevant, the Minimum Gross Initial Placing Proceeds are not reduced), the Initial Placing will not take place. The investors acknowledge that where the Initial Placing does not take place, any monies paid by applicants will be returned to them without interest and at their own risk.

### 2.1 Initial Placing

The Initial Placing may consist of placings of Ordinary Shares directly by the Company, as principal (a “**Company Placing**”), or by the Joint Bookrunners on behalf of the Company, pursuant to the Sponsor and Placing Agreement (a “**Joint Bookrunner Placing**”). The terms and conditions which will apply to any subscription for Ordinary Shares pursuant to the Initial Placing are contained in Part X (*Terms and Conditions of any Placing*) of this Prospectus.

Participants in the Initial Placing may elect to subscribe for Ordinary Shares in US Dollars or Sterling (or such other currency as the Directors may permit) at a price per Ordinary Share equal to the Initial Placing Price (converted into the relevant currency at the Relevant Exchange Rate). The

Relevant Exchange Rate and the equivalent issue price are not known as at the date of this Prospectus and will be notified by the Company via a Regulatory Information Service announcement prior to Initial Admission.

**The latest time and date for receipt of placing commitments under the Initial Placing is noon on 27 September 2022 or such other date as may be agreed between the Company and the Global Co-ordinator.**

## **2.2 The Initial Placing Price and Initial Expenses**

The Initial Placing Price is US\$1.00 per Ordinary Share. The costs and expenses (including placing commissions) applicable to the Initial Placing will be capped at 2 per cent. of the Gross Initial Placing Proceeds and accordingly the expected Net Asset Value per Ordinary Share immediately following Initial Admission will be US\$0.98 per Ordinary Share. The Investment Manager will bear any costs in excess of 2 per cent. of Gross Initial Placing Proceeds. On the basis that the Gross Initial Placing Proceeds are US\$315 million, the Initial Expenses will therefore be capped at US\$6 million and the Net Initial Proceeds will be approximately US\$309 million.

## **2.3 Revocation of the Initial Placing**

The Initial Placing may be revoked by the Company if Initial Admission does not occur by:

- (i) 8.00 a.m. (London time) on 30 September 2022 (or such other date, not being later than the Long Stop Date, as the Company and the Global Co-ordinator may agree); or
- (ii) if earlier, the date on which the Initial Placing ceases to be capable of becoming unconditional, which would be the case if (among other matters) the Minimum Gross Initial Placing Proceeds would not be raised.

Any such revocation will be announced by the Company by way of an RIS announcement as soon as practicable after the Company and the Global Co-ordinator have decided to revoke the Initial Placing. In such circumstances, any application monies will be returned to investors at their own risk without interest and after the deduction of any applicable bank charges.

## **2.4 Dilution in connection with the Initial Placing**

In respect of the Initial Placing, as an initial offering, there will be no dilution of Shareholders' interests in the Company.

## **2.5 Initial Admission**

It is expected that Initial Admission will become effective and that unconditional dealings in the Ordinary Shares issued pursuant to the Initial Placing will commence at 8:00 a.m. on 30 September 2022. Dealings in Ordinary Shares in advance of the crediting of the relevant stock account will be at the risk of the person concerned.

## **2.6 Use of Proceeds**

The Company will use the Net Initial Placing Proceeds less amounts required for working capital purposes to invest in accordance with its investment policy. US\$15 million shall be utilised to purchase the Initial Portfolio. Please see Part III (*Initial Portfolio*) for more details of the purchase of the Initial Portfolio.

## 2.7 Cornerstone Investors

As at the date of this Prospectus, the following persons have entered, or intend to enter, into Cornerstone Investor Commitment Agreements with the Investment Manager to give binding commitments to acquire Ordinary Shares under the Initial Placing:

Name and biography	Number of Ordinary Shares
<p><b>Donald Tang</b> Donald Tang, CFA, is Managing Partner of Celadon Partners, a private equity firm focused on transformative innovations in traditional industries. Prior to Celadon Partners, he co-founded and was CEO of D.E. Shaw &amp; Co. (Asia Pacific) Limited, the firm's main investment presence in Asia. He started his career at Citadel Investment Group, L.L.C. Mr. Tang was co-founder of D8 Holdings Corp. and led its merger with surgical robotics company Vicarious Surgical Inc. (NYSE: RBOT), as it is now known, where he continues to serve as a member of the board of directors. Mr. Tang is a member of the Harvard Kennedy School Mossavar-Rahmani Center for Business and Government Advisory Council, Special Advisor (China) to the Milken Institute, and a former member of the Asia-Pacific Steering Committee of the International Swaps and Derivatives Association, Inc.</p>	1,000,000
<p><b>Avantua Securities Investments Limited</b> Founded in 2019, Avantua Securities Investments Limited is a full-fledged investment firm head quartered in Hong Kong. Avantua is well-positioned to create attractive investment opportunities by leveraging the proprietary network, regional resources and market intelligence in the Greater China region. The management team of Avantua has wide-ranging investment and management experiences, strong execution capabilities.</p>	2,000,000
<p><b>Golden Vision Capital Limited</b> Golden Vision Capital Limited is an investment company registered and incorporated in Hong Kong. It currently has a US\$ investment platform backed by SEA families and institutional investors. The investment team has extensive experience in private equity and venture capital investment, as well as expertise in various industries such as technology (including internet) and pharmaceuticals. IN addition, Golden Vison Capital Limited has established a global investment portfolio with a focus on Asia-Pacific and the US market.</p>	2,000,000
<p><b>Victory Securities</b> Victory Securities (Holdings) Company Limited is an integrated financial services provider in Hong Kong, providing securities and insurance broking, securities placing and underwriting, financing, asset management, financial advisory and investment consultancy services. The company successfully listed on the Growth Enterprise Market of the Stock Exchange of Hong Kong on 16 July 2018.</p>	1,000,000
<p><b>Novel E&amp;O Industries Limited</b> Novel E&amp;O Industries Limited is an investment management company with investments in various industries in China. It is a major shareholder of Ningbo Yong Xin Optics Co.,Ltd, a leading microscope and optical components manufacturing company in China.</p>	2,000,000

Name and biography	Number of Ordinary Shares
<p><b>ZGC International Limited</b>  ZGC International Limited, a potential cornerstone investor, is a wholly-owned subsidiary of Zhongguancun Development Group. Zhongguancun Development Group is a Chinese state owned enterprise, established in 2010 to participate in developments across China and beyond. The group has developed over 30 square kilometers of high-tech parks and projects established for innovation-based enterprises in Beijing, Tianjin and Hebei, as well as internationally in Silicon Valley. It has also participated in the establishment of 200 funds with a total subscription of approximately RMB 200 billion, and invested over RMB 60 billion in more than 2,500 portfolio companies through outsourced funds and own capital as of 31 July 2022.</p>	3,000,000*

\* *offer provisionally confirmed and awaiting final consent from the investor's investor committee*

Please see the summary of the Cornerstone Investor Commitment Agreements in section 11 of Part IX (*Additional Information on the Company*) for further information on the rights and obligations of the Cornerstone Investors and certain other investors.

### 3. SUBSEQUENT PLACINGS UNDER THE PLACING PROGRAMME

Following completion of the Initial Placing (as described above), the Directors may, at their sole and absolute discretion, decide to carry out one or more Subsequent Placings before the Final Closing Date, should the Board determine that market conditions are appropriate. Any such Subsequent Placing may comprise of the issue of Ordinary Shares and/or C Shares.

In using their discretion under the Placing Programme, the Directors may also take into account the desirability of limiting any premium to Net Asset Value at which the Ordinary Shares trade in order to ensure that Shareholders and new investors who acquire Ordinary Shares are not disadvantaged by being required to acquire such Ordinary Shares at a high premium to Net Asset Value per Ordinary Share.

The maximum number of Ordinary Shares and C Shares that may be issued under the Placing Programme is 500 million, less the number of Ordinary Shares issued pursuant to the Initial Placing. The actual number of Ordinary Shares or C Shares to be issued pursuant to any Subsequent Placing is not known as at the date of this Prospectus. The actual number of Ordinary Shares or C Shares issued will be notified by the Company by way of a Regulatory Information Service announcement and the Company's website, prior to the relevant Subsequent Admission.

Each Subsequent Placing may consist of a Joint Bookrunner Placing and/or a Company Placing.

Each Subsequent Placing is conditional, among other matters, on:

- the Sponsor and Placing Agreement not having been terminated on or before the date of the relevant Subsequent Placing having become unconditional (save for any conditions relating to the relevant Subsequent Admission);
- the relevant Subsequent Admission occurring and becoming effective by no later than 8:00 a.m. (London time) on such date as the Company specifies, being no later than the Final Closing Date;
- in respect of the issue of Ordinary Shares, the relevant Placing Price being agreed between the Company and the Joint Bookrunners; and
- a valid supplementary prospectus being published by the Company if such is required by the UK Prospectus Regulation.

In circumstances where these conditions are not fully met, the relevant Subsequent Placing will not take place. The investors acknowledge that where a Subsequent Placing does not take place, any monies paid by applicants will be returned to them without interest and at their own risk.

The minimum gross proceeds (if any) in respect of each Subsequent Placing will be fixed by the Directors prior to each Subsequent Placing in consultation with the Joint Bookrunners. Any Subsequent Placing of Ordinary Shares under the Placing Programme will be at a price calculated by reference to the latest published Net Asset Value per Ordinary Share plus a premium, which shall be sufficient to cover at least the relevant issue expenses. The Directors therefore anticipate that the costs of any Subsequent Placings will be covered by the cumulative premium at which Ordinary Shares are issued. It is not possible to ascertain the exact costs and expenses of such Subsequent Placing.

The terms and conditions which will apply to any subscriber for Shares under each Subsequent Placing procured by the Joint Bookrunners or the Company are set out in Part X (*Terms and Conditions of any Placing*) of this Prospectus.

### **3.1 Dilution in connection with Subsequent Placings**

If 185 million Ordinary Shares were to be issued pursuant to the Subsequent Placings (being the maximum number of Ordinary Shares that the Directors will be authorised to issue under the Placing Programme less the targeted number of Ordinary Shares to be issued under the Initial Placing (being 315 million Ordinary Shares)) and assuming that a subscriber to the Initial Placing did not participate in any of the Subsequent Placings, an investor holding 5 per cent. of the Company's issued share capital after the Initial Placing would then hold 3 per cent. of the Company's issued share capital.

The potential dilution in any Subsequent Placing will be communicated by way of an RIS announcement in connection with such Subsequent Placing.

### **3.2 Placing Price and expenses of Subsequent Placings**

Subject to the requirements of the Listing Rules, and except in relation to the Initial Placing, the price at which each Ordinary Share will be issued will be calculated by reference to the latest published Net Asset Value per Ordinary Share plus issue expenses. The premium at which Ordinary Shares are issued has the potential to ultimately provide an enhancement to the Net Asset Value attributable to the Ordinary Shares. Any Subsequent Placing of C Shares shall be at an Issue Price of US\$1.00 per C Share or such other Issue Price as may be determined by the Directors.

It is expected that arrangements of a similar nature as outlined above will apply in relation to Subsequent Placings, with the costs and expenses that will be borne by investors being set at the time of the relevant Subsequent Placing ("**Subsequent Expenses**"). It is not possible to ascertain the exact costs and expenses of such Subsequent Placing. The Directors expect that the total costs of the Placing Programme will not exceed 2 per cent. of the aggregate gross proceeds of the Subsequent Placings made pursuant to the Placing Programme. Expected issue expenses of a Subsequent Placing of Ordinary Shares or C Shares will be announced by way of RIS announcement at the time of the relevant Subsequent Placing. No Ordinary Shares issued pursuant to a Subsequent Placing will be issued at a Placing Price (net of the Subsequent Expenses pertaining to that Subsequent Placing) that is less than the latest published Net Asset Value per Ordinary Share.

Fractions of Shares will not be issued.

#### **4. C SHARES**

The Company may issue C Shares (instead of Ordinary Shares) in connection with any Subsequent Placing.

C Shares are designed to overcome the potential disadvantages that may arise out of a fixed price issue of further Ordinary Shares for cash. These disadvantages relate primarily to the effect that an injection of uninvested cash may have on the Net Assets Value per Ordinary Share performance of an otherwise fully invested portfolio (commonly referred to as “cash drag”).

The C Shares issued pursuant to a Subsequent Placing will convert into Ordinary Shares in accordance with the conversion mechanism and subject to the terms and conditions described in paragraph 6.2(e) of Part IX (*Additional Information on the Company*) of this Prospectus. The basis on which the C Shares would convert into Ordinary Shares is such that the number of Ordinary Shares to which holders of C Shares of any class would become entitled will reflect the relative net asset values per Share of the C Shares of such class and the Ordinary Shares respectively. As a result, the Net Asset Value per Ordinary Share can be expected to be unchanged by the issue and conversion of any C Shares.

The assets representing the Net Placing Proceeds of a C Share issue would be accounted for and managed as a distinct pool of assets until the conversion of the relevant class of C Shares. By accounting for the Net Placing Proceeds of a C Share issue separately, Ordinary Shareholders will not participate in a portfolio containing a substantial amount of uncommitted cash before conversion of the relevant class of C Shares.

Each C Share will carry one vote per C Share at any general meeting of Shareholders and any class meeting of the holder of C Shares of the relevant class.

Upon conversion, the new Ordinary Shares arising will rank *pari passu* with all other Ordinary Shares then in issue for dividends and other distributions declared, made or paid by reference to a record date falling after the relevant Conversion Calculation Date. The number of new Ordinary Shares issued on Conversion will be rounded down to the nearest whole number and any fractions may be dealt with by the Directors in such manner as they see fit.

#### **5. GENERAL**

##### **5.1 Dealing Codes**

When admitted to trading, the Ordinary Shares will be registered with ISIN GG00BQ7WYN10, SEDOL number BQ7WYN1 (in respect of Ordinary Shares traded in US Dollars) and SEDOL number BMYS564 (in respect of Ordinary Shares traded in Sterling) and it is expected that the Ordinary Shares will be traded under the ticker symbol WCPE (in respect of Ordinary Shares traded in US Dollars) and WCPG (in respect of Ordinary Shares traded in Sterling).

Each class of C Shares issued pursuant to a Subsequent Placing made throughout the Placing Programme will have separate ISINs, SEDOLs and ticker symbols issued. The announcement of each issue of C Shares will contain details of the relevant ISIN, SEDOL and ticker symbol for such class of C Shares being issued.

##### **5.2 Scaling Back and Allocation**

If aggregate applications for Shares pursuant to the Initial Placing or a Subsequent Placing exceed a level that the Directors determine, in their absolute discretion at the time of closing the Initial Placing or relevant Subsequent Placing, to be the appropriate maximum size of the Initial Placing or such Subsequent Placing, applications under the Initial Placing or Subsequent Placing, as applicable, will be scaled back at the Company’s and the Joint Bookrunners’ discretion. Accordingly, applicants for Shares may, in certain circumstances, not be allotted the number of Shares for which they have applied.



The Joint Bookrunners reserve the right, at their discretion but after consultation with the Company, to scale back applications for Shares received pursuant to any Joint Bookrunner Placing in such amounts as they consider appropriate. The Joint Bookrunners, on behalf of the Company, reserve the right to decline in whole or in part any application for Shares received pursuant to any Joint Bookrunner Placing.

The Company reserves the right, in its sole discretion but after consultation with the Joint Bookrunners, to scale back applications for Shares received pursuant to any Company Placing in such amounts as it considers appropriate. The Company reserves the right to decline in whole or in part any application for Shares received pursuant to any Company Placing. The Company will notify investors of the number of Shares successfully applied for and the results of an Placing will be announced by the Company by way of an RIS announcement.

Subscription monies received for unsuccessful applications (or to the extent applications are scaled back) will be returned without interest at the risk of the applicant to the bank account from which the money was received forthwith following the relevant Admission.

### **5.3 Dealings in Shares**

Applications will be made to each of the FCA and the London Stock Exchange for the Ordinary Shares to be issued pursuant to the Initial Placing (and for any Shares issued pursuant to any Subsequent Placing) to be admitted to listing on the premium listing category of the Official List and to trading on the premium segment of the Main Market.

It is anticipated that dealings in the Shares will commence no more than three Business Days after the trade date for each issue of Shares. Except where the Company may determine (in its absolute discretion) otherwise, it is expected that all Shares issued pursuant to a particular Placing will be issued in uncertificated form. If the Company decides to issue any Shares in certificated form, it is expected that share certificates would be dispatched approximately two weeks after Admission of the relevant Shares. No temporary documents of title will be issued.

The Company does not guarantee that at any particular time any market maker(s) will be willing to make a market in the Shares, nor does it guarantee the price at which a market will be made in the Shares. Accordingly, the dealing price of the Shares may not necessarily reflect changes in the Net Asset Value per Ordinary Share or the Net Asset Value per C Share of the relevant class (as the case may be). Furthermore, the level of the liquidity in the various classes of Shares can vary significantly and liquidity on the premium segment of the Main Market cannot be known prior to trading.

### **5.4 CREST**

CREST is a paperless settlement process enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by written instrument. The Articles permit the holding of Shares under the CREST system. The Company will apply for the Shares to be admitted to CREST with effect from the date of the relevant Admission. Accordingly, settlement of transactions in the Shares following the relevant Admission may take place within the CREST system if any Shareholder so wishes.

CREST is a voluntary system and Shareholders who wish to receive and retain share certificates will be able to do so. An investor applying for Shares in the Initial Placing or any Subsequent Placing may elect to receive Shares in uncertificated form if such investor is a system member (as defined in the CREST Regulations) in relation to CREST.

### **5.5 Miscellaneous**

Pursuant to anti-money laundering laws and regulations with which the Company must comply in Guernsey, the Company (and its agents) may require evidence in connection with any application for Shares, including further identification of the applicant(s), before any Shares are issued.

If there are any significant new factors relating to the information described in this Prospectus after its publication (or, where relevant, the publication of a supplementary prospectus), the Company will publish a supplementary prospectus. Each supplementary prospectus will give details of such significant new factors.

The Directors (in consultation with the Global Co-ordinator) may in their absolute discretion waive the Minimum Gross Initial Placing Proceeds or Minimum Net Initial Placing Proceeds under the Initial Placing or any Subsequent Placing.

Should the Initial Placing or a Subsequent Placing be aborted or fail to complete for any reason, monies received will be returned without interest at the risk of the applicant to the bank account from which the money was received forthwith following such abort or failure, as the case may be. Any abort or failure fees and expenses will be borne by the Investment Manager, in the case of the Initial Placing, and by the Company, in the case of any Subsequent Placing.

The Placing Programme will be suspended at any time when the Company is unable to issue Shares pursuant to the Placing Programme under any statutory provision or other regulation applicable to the Company or otherwise at the Directors' discretion. The Placing Programme may resume when such conditions cease to exist, subject always to the Final Closing Date.

## **6. LEGAL IMPLICATIONS OF THE CONTRACTUAL RELATIONSHIP ENTERED INTO FOR THE PURPOSE OF INVESTMENT**

The Company is an investment company limited by shares, incorporated in Guernsey under the Companies Law. While investors acquire an interest in the Company on subscribing for or purchasing Shares, the Company is the sole legal and/or beneficial owner of its investments. Consequently, Shareholders have no direct legal or beneficial interest in those investments. The liability of Shareholders for the debts and other obligations of the Company is limited to the amount unpaid, if any, on the Shares held by them. Shareholders' rights in respect of their investment in the Company are governed by the Articles and the Companies Law. Under Guernsey law, the following types of claim, amongst others, may in certain circumstances be brought against a company by its shareholders: contractual claims under its articles of incorporation; claims in misrepresentation in respect of statements made in its prospectus and other marketing documents; unfair prejudice claims; and derivative actions. A Shareholder may also make a complaint about the Company to the GFSC. If a Shareholder considers that it may have a claim against the Company in connection with such investment in the Company, such Shareholder should consult its own legal advisers.

### **Jurisdiction and applicable law**

As noted above, Shareholders' rights are governed principally by the Articles and the Companies Law. By subscribing for Shares, investors agree to be bound by the Articles which are governed by, and construed in accordance with, the laws of Guernsey.

### **Recognition and enforcement of foreign judgments**

A final and conclusive judgment under which a sum of money is payable (not being a sum payable in respect of taxes or other charges of a like nature or in respect of a fine or penalty) obtained in a superior court in the reciprocating countries set out in the Judgments (Reciprocal Enforcement) (Guernsey) Law, 1957 (the "**1957 Law**") (which includes the Supreme Court and the Senior Courts of England and Wales, excluding the Crown Court), after a hearing on the merits would be recognised as a valid judgment by the Guernsey courts and would be enforceable in accordance with and subject to the provisions of the 1957 Law.

The Guernsey courts would also recognise any final and conclusive judgment under which a sum of money is payable (not being a sum payable in respect of taxes or other charges of a like nature or in respect of a fine or other penalty) obtained in a court not recognised by the 1957 Law provided such court is deemed to have jurisdiction in accordance with the principles of private international law as applied by Guernsey law (which are broadly similar to the principles accepted under English law) and such judgment would be

sufficient to form the basis of proceedings in the Guernsey courts for a claim for liquidated damages in the amount of such judgment. In such proceedings, the Guernsey courts would not re-hear the case on its merits save in accordance with such principles of private international law.

## **7. OVERSEAS PERSONS AND RESTRICTED TERRITORIES**

The attention of potential investors who are not resident in, or who are not citizens of, the UK is drawn to the sections below.

The offer of Shares under the Initial Placing and the Subsequent Placings to Overseas Persons may be affected by the laws of other relevant jurisdictions. Such persons should consult their professional advisers as to whether they require any government or other consents or need to observe any applicable legal requirements to enable them to acquire Shares under the Initial Placing and/or the Subsequent Placings. It is the responsibility of all Overseas Persons receiving this Prospectus or wishing to subscribe for Shares under the Initial Placing or the Subsequent Placings to satisfy themselves as to full observance of the laws of the relevant territory in connection therewith, including obtaining all necessary governmental or other consents that may be required and observing all other formalities needing to be observed and paying any issue, transfer or other taxes due in such territory.

In particular, none of the Shares have been or will be registered under the laws of any Restricted Territory. Accordingly, the Shares may not be offered, sold, issued or delivered, directly or indirectly, within any Restricted Territory unless an exemption from any registration requirement is available.

No person receiving a copy of this Prospectus or any supplementary prospectus published by the Company prior to the Final Closing Date in any territory other than the UK may treat the same as constituting an offer or invitation to them, unless in the relevant territory such an offer can lawfully be made to them without compliance with any material further registration or other legal requirements.

Persons (including, without limitation, nominees and trustees) receiving this Prospectus and/or any supplementary prospectus should not distribute or send it to any jurisdiction where to do so would or might contravene local securities laws or regulations.

Investors should additionally consider the provisions set out under the heading “Important Notices” on pages 30 to 38 of this Prospectus.

The Company has not been, and will not be, registered under the Investment Company Act and as such holders of the Shares are not, and will not be, entitled to the benefits of the Investment Company Act. The Shares have not been, and will not be, registered under the Securities Act, or with any securities regulatory authority of any state or other jurisdiction of the United States, and may not be offered, sold, resold, pledged, delivered, assigned or otherwise transferred, directly or indirectly, into or within the United States or to, or for the account or benefit of, any US Persons, except pursuant to an exemption from, or in a transaction not subject to the registration requirements of the Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States and in a manner which would not require the Company to register under the Investment Company Act. In connection with the Initial Placing and any relevant Subsequent Placing, the Shares will be offered and sold only outside the United States in “offshore transactions” to non-US Persons pursuant to Regulation S under the Securities Act. There has been and will be no public offering of the Shares in the United States.

The Company reserves the right to treat as invalid any agreement to subscribe for Shares under any Issue if it appears to the Company or its agents to have been entered into in a manner that may involve a breach of the securities legislation of any jurisdiction.

### **7.1 Certain ERISA Considerations**

The Company has elected to impose the restrictions described below in “Representations, Warranties and Undertakings” (in particular, see items 7.2(d) and 7.2(e) therein) on offers and sales of, and the future trading in the Shares (i) so that the Company will not be required to register the Shares under the Securities Act; (ii) so that the Company will not have an obligation to register as an “investment company” under the Investment Company Act and related rules; and (iii) to address certain ERISA,

US Tax Code and other considerations. These restrictions, which will remain in effect until the Company determines in its sole discretion to remove them, may adversely affect the ability of Shareholders to trade in the Shares. The Company and its agents will not be obliged to recognise any resale or other transfer of the Shares made other than in compliance with the restrictions described below.

Unless otherwise expressly agreed with the Company, the Shares may not be acquired by:

- (a) investors using assets of: (A) an “employee benefit plan” as defined in Section 3(3) of ERISA that is subject to Title I of ERISA; (B) a “plan” as defined in Section 4975 of the US Tax Code, including an individual retirement account or other arrangement that is subject to Section 4975 of the US Tax Code; or (C) an entity whose underlying assets are considered to include “plan assets” by reason of investment by an “employee benefit plan” or “plan” described in preceding clause (A) or (B) in such entity pursuant to the US Plan Assets Regulations; or
- (b) a governmental, church, non-US or other employee benefit plan that is subject to any federal, state, local or non-US law that is substantially similar to the provisions of Title I of ERISA or Section 4975 of the US Tax Code, unless its purchase, holding and disposition of the Shares will not constitute or result in a non-exempt violation of any such substantially similar law.

## **7.2 Representations, Warranties and Undertakings**

Unless otherwise expressly agreed with the Company, each acquirer of Shares pursuant to the Initial Placing or a Subsequent Placing and each subsequent transferee and each acquirer of Ordinary Shares upon conversion of any C Shares and each subsequent transferee, by acquiring Shares or a beneficial interest therein, will be deemed to have represented, warranted, undertaken, agreed and acknowledged to the Company and the Joint Bookrunners as follows:

- (a) (A) it is located outside the United States, (B) it is not a US Person, (C) it is acquiring the Shares in an “offshore transaction” meeting the requirements of Regulation S and not as a result of any directed selling efforts (as defined in Regulation S); and (D) it is not acquiring the Shares for the account or benefit of a US Person;
- (b) the Shares have not been and will not be registered under the Securities Act, or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered, sold, resold, pledged, delivered, assigned or otherwise transferred, directly or indirectly, into or within the United States or to, or for the account or benefit of, US Persons, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States and in a manner which would not result in the Company being required to register under the Investment Company Act;
- (c) the Company has not been and will not be registered under the Investment Company Act and as such investors are not and will not be entitled to the benefits of the Investment Company Act and the Company has elected to impose restrictions on offerings of Shares (including the Initial Placing and any Subsequent Placing) and on the future trading in the Shares to ensure that the Company is not and will not be required to register under the Investment Company Act;
- (d) if in the future it decides to offer, sell, transfer, assign, pledge or otherwise dispose of the Shares or any beneficial interest therein, it will do so only (i) outside the United States in an “offshore transaction” complying with the provisions of Regulation S to a person not known by the transferor to be a US Person, by prearrangement or otherwise, or (ii) to the Company or a subsidiary thereof. It acknowledges and agrees that any offer, sale, transfer, assignment, pledge or other disposal made other than in compliance with the foregoing restrictions will be subject to the compulsory transfer provisions contained in the Articles;

- (e) it is acquiring the Shares for its own account or for one or more investment accounts for which it is acting as a fiduciary or agent, in each case for investment only and not with a view to or for sale or other transfer in connection with any distribution of the Shares in any manner that would violate the Securities Act, the Investment Company Act or any other applicable securities laws;
- (f) it is aware and acknowledges that the Company reserves the right to make inquiries of any holder of the Shares or interests therein at any time as to such person's status under US federal securities laws and to require any such person that has not satisfied the Company that the holding by such person will not violate or require registration under US federal securities laws to transfer such Shares or interests in accordance with the Articles;
- (g) the representations, warranties, undertakings, agreements and acknowledgements contained in this Prospectus are irrevocable and it acknowledges that the Company, the Joint Bookrunners, their respective Affiliates and directors, officers, agents, employees, advisers and others will rely upon the truth and accuracy of and its compliance with the representations, warranties, undertakings, agreements and acknowledgements contained herein;
- (h) if any of the representations, warranties, undertakings, agreements or acknowledgements contained herein are no longer accurate or have not been complied with, it will immediately notify the Company and Deutsche Bank; and the Joint Bookrunners;
- (i) if it is acquiring any Shares as a fiduciary or agent for one or more accounts, it has sole investment discretion with respect to each such account and it has full power to make, and does make, the representations, warranties, undertakings, agreements and acknowledgements contained herein on behalf of each such account.

## PART VIII – TAXATION

### 1. GENERAL

The information below, which relates only to Guernsey and the UK, summarises the advice received by the Board and is applicable to the Company and (except in so far as express reference is made to the treatment of other persons) to persons who are resident in Guernsey or the UK for taxation purposes and who hold Shares as an investment. It is based on current Guernsey and UK tax law and published practice, respectively, which law or practice is, in principle, subject to any subsequent changes therein (potentially with retrospective effect). It is not intended to be, nor should it be construed to be, legal or tax advice. Certain Shareholders, such as dealers in securities, collective investment schemes, insurance companies and persons acquiring their Shares in connection with their employment may be taxed differently and are not considered. The tax consequences for each Shareholder of investing in the Company may depend upon the Shareholder's own tax position and upon the relevant laws of any jurisdiction to which the Shareholder is subject.

In particular, the information below does not address the US federal income tax considerations applicable to an investment in the Shares. Each prospective investor should consult its own tax advisers regarding the US federal income tax consequences of any such investment.

**If you are in any doubt about your tax position, you should consult your professional adviser.**

### 2. GUERNSEY

#### 2.1 The Company

The Company, as a registered closed-ended collective investment scheme, has applied to the States of Guernsey Revenue Service for exempt status under the Income Tax (Exempt Bodies) (Guernsey) Ordinance 1989, as amended, for the current year. The exemption must be applied for annually and will be granted by the Director of the Revenue Service in Guernsey, subject to the payment of an annual fee which is currently fixed at £1,200 provided that the Company continues to qualify under the applicable legislation for such exemption. It is the intention of the Directors to conduct the affairs of the Company so as to ensure that it qualifies, and continues to qualify, for exempt company status for the purposes of Guernsey taxation.

As an exempt company, the Company is and will be treated as if it were not resident in Guernsey for the purposes of liability to Guernsey income tax. Under current law and practice in Guernsey, if it qualifies as an exempt company, the Company will only be liable to tax in Guernsey in respect of income arising or accruing in Guernsey (and excepting Guernsey bank deposit interest and income from other exempt bodies or from shares in Guernsey companies).

#### *Withholding tax*

Under Guernsey tax law, no withholding of tax should be required in respect of Shareholders if, at the time a dividend or distribution is made, the Company has tax exempt status. In the event that the Company does not have tax exempt status at the time a dividend or distribution is made, it may be required to withhold tax at the applicable rate in respect of any dividend or distribution made (or deemed to have been made) to Shareholders who are Guernsey resident.

#### *Capital taxes and stamp duty*

Guernsey currently does not levy taxes upon capital inheritances, capital gains, gifts, sales or turnover (unless the varying of investments and the turning of such investments to account is a business or part of a business), nor are there any estate duties (save for registration fees and *ad valorem* duty for a Guernsey Grant of Representation where the deceased dies leaving assets in Guernsey which require presentation of such a grant).

No stamp duty is chargeable in Guernsey on the issue, transfer, disposal or redemption of shares other than documents duty which can apply in some instances where a company holds Guernsey situated real estate.

### *Anti-avoidance*

Guernsey has a wide ranging anti-avoidance provision. The provision targets transactions where the effect of the transaction or series of the transactions, is the avoidance, reduction or deferral of a tax liability. At their discretion, the Director of Revenue Service in Guernsey will make such adjustments to the tax liability to counteract the effect of the avoidance, reduction nor deferral of the tax liability.

In addition, Guernsey has committed to introduce mandatory disclosure rules for CRS avoidance arrangements and opaque offshore structures (“**MDR**”). These MDR rules would require promoters of avoidance arrangements and services providers to disclose information on the arrangement or structure to the Director of Revenue Service in Guernsey. Such information would include the identity of any user or beneficial owner and would then be exchanged with the tax authorities of the jurisdiction in which the users and/or beneficial owners are resident, where there is a relevant information exchange agreement.

## **2.2 Shareholders**

Provided the Company maintains its exempt status, Shareholders who are resident for tax purposes in Guernsey (which includes Alderney and Herm for these purposes) will suffer no deduction of tax by the Company from any dividends or distributions payable by the Company, but the Company is, however, required to provide details of dividends or distributions made to Guernsey resident Shareholders to the Director of Revenue Service in Guernsey, including the names and addresses of the Guernsey resident Shareholders, the gross amount of any dividends or distributions paid and the date of the payment.

Shareholders resident outside Guernsey will not be subject to any income tax in Guernsey in respect of dividends or distributions paid in relation to any shares in the Company owned by them or on the disposal of their holding of shares in the Company.

## **2.3 FATCA and CRS**

The governments of the United States and Guernsey have entered into the US-Guernsey IGA related to implementing FATCA, which is implemented through Guernsey’s domestic legislation.

FATCA imposes a withholding tax on payments of US source income and certain payments of proceeds from the sale of property that could give rise to US source income unless there is compliance with requirements for the Company to report on an annual basis the identity of, and certain other information about, direct and indirect US investors in the Company to the relevant Guernsey authority for onward transmission to the US Internal Revenue Service (**IRS**). An investor that fails to provide the required information to the Company may be subject to such withholding tax and the Company might be required to terminate such investor’s investment in the Company.

Guernsey has also implemented the CRS regime with effect from 1 January 2016. Accordingly, reporting in respect of periods commencing on or after 1 January 2016 is required in accordance with the CRS (as implemented in Guernsey).

Under the CRS and legislation enacted in Guernsey to implement the CRS, certain disclosure requirements are imposed in respect of certain investors who are, or are entities that are controlled by one or more natural persons who are, residents of any of the jurisdictions that have also adopted the CRS, unless a relevant exemption applies. Where applicable, information to be disclosed will include certain information about Shareholders, their ultimate beneficial owners and/or controllers, and their investment in and returns from the Company. The CRS is implemented through Guernsey’s domestic legislation in accordance with guidance issued by the Organisation for Economic Co-operation and Development as supplemented by guidance notes in Guernsey.

Under the CRS, disclosure of information is made to the Director of Revenue Service in Guernsey for transmission to the tax authorities in other participating jurisdictions.

In subscribing for or acquiring Shares, each Shareholder is agreeing, upon the request of the Company or its delegate, to provide such information as is necessary to comply with FATCA, the CRS and other similar regimes and any related legislation, IGAs and/or regulations.

**Investors should consult with their respective tax advisers regarding the possible implications of FATCA, the CRS and similar regimes concerning the automatic exchange of information or any other related legislation, intergovernmental agreements and/or regulation.**

### 3. UNITED KINGDOM

#### 3.1 The Company

The Directors have been advised that following certain changes to the United Kingdom tax rules regarding “alternative investment funds” implemented by the Finance Act 2014 and contained in section 363A of the Taxation (International and other Provisions) Act 2010 the Company will not be treated as resident in the United Kingdom for United Kingdom tax purposes. Accordingly, the Company will only be subject to UK income tax or corporation tax on any UK source income and to the extent it carries on a trade in the UK (whether or not through a branch, agency or permanent establishment situated therein).

#### 3.2 Shareholders

##### *UK Offshore Fund Rules*

If the Company meets the definition of an “offshore fund” for the purpose of UK taxation, then in order for a UK Shareholder to be taxed under the regime for tax on chargeable gains (rather than on an income basis) on a disposal of Shares, the Company must apply to HM Revenue & Customs to be treated as a reporting fund and maintain reporting fund status throughout the period in which the UK Shareholder holds the Shares.

The Directors are of the opinion that, under current law, the Company should not be an “offshore fund” for the purposes of UK taxation, and legislation contained in Part 8, TIOPA 2010 (other than section 363A referred to above) should not apply.

Accordingly, Shareholders (other than those holding Shares as dealing stock, who are subject to separate rules) who are resident in the UK, or who carry on business in the UK through a branch, agency or permanent establishment with which their investment in the Company is connected, may, depending on their circumstances and subject as mentioned below, be liable to UK tax on chargeable gains realised on the disposal of their Shares.

##### *Tax on Chargeable Gains*

A disposal of Shares (including a disposal on a winding-up of the Company) by a Shareholder who is resident in the UK for tax purposes, or who is not so resident but carries on a trade in the UK through a branch, agency or permanent establishment in connection with which their investment in the Company is used, held or acquired, may give rise to a chargeable gain or an allowable loss for the purposes of UK taxation of chargeable gains, depending on the Shareholder’s circumstances and subject to any available exemption or relief.

UK-resident and domiciled individual Shareholders have an annual exemption, such that capital gains tax is chargeable only on gains arising from all sources during the tax year in excess of this figure. The annual exemption is £12,300 for the tax year 2022-2023. For such individual Shareholders, capital gains tax will be chargeable on a disposal of Shares at the applicable rate (currently 10 per cent. (for basic rate taxpayers) or 20 per cent. (for higher or additional rate taxpayers)).

Generally, an individual Shareholder who has ceased to be resident in the UK for tax purposes for a period of five years or less and who disposes of Shares during that period may be liable, on their return to the UK, to UK taxation on any chargeable gain realised (subject to any available exemption or relief). Special rules apply to Shareholders who are subject to tax on a “split-year” basis, who should seek specific professional advice if they are in any doubt about their position.



Corporate Shareholders who are resident in the UK for tax purposes will generally be subject to corporation tax at the rate of corporation tax applicable to that Shareholder (currently at a rate of 19 per cent. and expected to increase to 25 per cent. from 1 April 2023) on chargeable gains arising on a disposal of their Shares, provided UK non-resident capital gains tax does not apply.

Shareholders who are neither resident in the UK, nor temporarily non-resident for the purposes of the anti-avoidance legislation referred to above, and who do not carry on a trade in the UK through a branch, agency or permanent establishment with which their investment in the Company is connected, should not be subject to United Kingdom taxation on chargeable gains on a disposal of their Shares.

### ***Dividends***

UK resident individuals are entitled to a nil rate of income tax on the first £2,000 of dividend income for the tax year 2022-2023 (the “**Nil Rate Amount**”). Any dividend income received by a UK resident individual Shareholder in respect of the Shares in excess of the Nil Rate Amount will be subject to income tax at a rate of 8.75 per cent. to the extent that it would (were it not dividend income) otherwise be charged to income tax at the basic rate; 33.75 per cent. to the extent that it would otherwise be charged to income tax at the higher rate; and 39.35 per cent. to the extent that it would otherwise be charged to income tax at the additional rate. For Scottish taxpayers, references to income tax that would otherwise be charged at the basic rate, higher rate and additional rate are to be read as if the individual was not a Scottish taxpayer.

Dividend income that is within the Nil Rate Amount counts towards an individual’s basic or higher rate limits – and will therefore affect the level of savings allowance to which they are entitled, and the rate of tax that is due on any dividend income in excess of the Nil Rate Amount. In calculating into which tax band any dividend income over the Nil Rate Amount falls, savings and dividend income are treated as the highest part of an individual’s income. Where an individual has both savings and dividend income, the dividend income is treated as the top slice.

A corporate Shareholder who is tax resident in the UK or carries on a trade in the UK through a permanent establishment in connection with which its Shares are held will be subject to UK corporation tax on the gross amount of any dividends paid by the Company, unless the dividend falls within one of the exempt classes set out in Part 9A of the Corporation Tax Act 2009 and the Shareholder is not a “small company” for the purposes of Part 9A.

If the dividends do not fall within any of the exempt classes, or the Shareholder is a “small company” (and the Company does not become resident in a “qualifying territory”), the dividends will be subject to UK corporation tax currently at a rate of 19 per cent. and expected to increase to 25 per cent. from 1 April 2023.

### ***Stamp Duty and Stamp Duty Reserve Tax (“SDRT”)***

No UK stamp duty or SDRT should generally arise on the issue of Shares pursuant to the Issue or Placing Programme.

No UK stamp duty should generally be payable on a transfer of Shares in certificated form, on the basis that, although a technical charge to stamp duty is likely to arise on the instrument of transfer, it should not be necessary for such stamp duty to be paid in order to register a transfer of the Shares, and provided that the instrument of transfer is not required to be given in evidence in the UK.

Provided that the Shares are not registered in any register kept in the UK by or on behalf of the Company and that the Shares are not paired with shares issued by a company incorporated in the UK, any agreement to transfer the Shares, including the transfer of Shares in uncertificated form, should not be subject to UK SDRT.

### *ISAs and SSAS/SIPPs*

Investors resident in the United Kingdom who are considering acquiring Shares are advised to consult their own tax and/or investment adviser in relation to the eligibility of the Shares for ISAs and SSAS/SIPPs.

Shares acquired pursuant a Placing will not be eligible for inclusion in a stocks and shares ISA. Following Admission, Shares acquired in the market should be eligible for inclusion in a stocks and shares ISA, subject to applicable subscription limits. The annual ISA investment allowance is £20,000 for the 2022-2023 tax year.

The Shares should be eligible for inclusion in a small self-administered scheme (SSAS) or a self-invested personal pension (SIPP), subject to the discretion of the trustees of the SSAS or SIPP, as the case may be.

### **3.3 Other UK Tax Considerations**

The attention of individuals resident in the UK for taxation purposes is drawn to Chapter 2, Part 13 of the Income Tax Act 2007, which may render them liable to income tax in respect of the undistributed income of the Company.

The UK “controlled foreign company” provisions subject UK resident companies to tax on the profits of companies not so resident in which they have certain interests and which are controlled by UK persons, subject to certain “gateway” provisions and exemptions. UK corporate Shareholders are advised to consult their own professional tax advisers as to the implications of these provisions.

The attention of persons resident in the UK for taxation purposes is drawn to the provisions of sections 3-3G Taxation of Chargeable Gains Act 1992 under which, in certain circumstances, a portion of chargeable gains made by a non-UK resident company can be attributed to UK resident participators to whom more than one quarter of any gain made by the company would be attributable. This applies if the non-UK resident company would be a close company were the company to be resident in the United Kingdom for taxation purposes.

## **PART IX – ADDITIONAL INFORMATION ON THE COMPANY**

### **1. INCORPORATION OF THE COMPANY**

- 1.1 The Company is an investment company limited by shares, registered and incorporated in Guernsey under the Companies Law on 19 May 2022 with registration number 70660. The Company is a registered closed-ended investment scheme registered pursuant to the Protection of Investors (Bailiwick of Guernsey) Law, 2020 as amended, and the Registered Collective Investment Scheme Rules and Guidance, 2021 issued by the GFSC. The Company's LEI is 254900GE6XSQPQW2TT11.
- 1.2 The registered office and principal operating establishment and place of business of the Company is Ground Floor, Dorey Court, Admiral Park, St. Peter Port, Guernsey, GY1 2HT. The telephone number of the Company is +44 1481 702 400. The statutory records of the Company will be kept at this address. The Company operates under the Companies Law and ordinances and regulations made thereunder. The Company currently has no employees and no reserves.
- 1.3 Save for its entry into the material contracts summarised in section 11 below and certain non-material contracts, since its incorporation the Company has not commenced operations and has not declared any dividend.

### **2. PRINCIPAL ACTIVITIES OF THE COMPANY**

The principal activity of the Company is to invest its assets in accordance with the investment policy set out in section 2 of Part II (*Information on the Company*) of this Prospectus.

### **3. THE AIFM**

The AIFM, JTC Global AIFM Solutions Limited, is a company incorporated under the laws of Guernsey. The AIFM is authorised and regulated by the GFSC. The registered office of the AIFM is Ground Floor, Dorey Court, Admiral Park, St Peter Port, Guernsey GY1 2HT and its telephone number is +44 1481 70 4791.

### **4. THE INVESTMENT MANAGER**

The Investment Manager, Welkin Capital Management (Asia) Limited, is a limited liability company incorporated under the laws of Hong Kong. The Investment Manager is authorised and regulated by the Securities and Futures Commission of Hong Kong. The registered office of the Investment Manager is the Centrium, Suite 1202B, 60 Wyndam Street, Central, Hong Kong and its telephone number is +852 2899 7100. The Investment Manager's website is [www.welkincapital.com](http://www.welkincapital.com).

### **5. SHARE CAPITAL**

- 5.1 When admitted to trading, the Ordinary Shares will be registered with ISIN GG00BQ7WYN10, SEDOL number BQ7WYN1 (in respect of Ordinary Shares traded in US Dollars) and SEDOL number BMYS564 (in respect of Ordinary Shares traded in Sterling) and it is expected that the Ordinary Shares will be traded under the ticker symbol WCPE (in respect of Ordinary Shares traded in US Dollars) and WCPG (in respect of Ordinary Shares traded in Sterling). Each tranche of C Shares issued pursuant to a Subsequent Placing made throughout the Placing Programme will have separate ISINs, SEDOLs and ticker symbols issued. The announcement of each issue of C Shares will contain details of the relevant ISIN, SEDOL and ticker symbol for such tranche of C Shares being issued.
- 5.2 The share capital of the Company consists of an unlimited number of: (i) ordinary shares of no par value which, upon issue, the Directors may classify as Ordinary Shares or C Shares of such classes or sub-classes, denominated in such currencies as the Directors may determine; and (ii) redeemable Profit Allocation Shares. A maximum of 500 million Shares will be issued pursuant to the Placing Programme (including the Initial Placing). All holders of the same class of shares shall have the same voting rights in respect of the share capital of the Company.

5.3 As at the date of incorporation, the entire issued share capital of the Company, comprising one Ordinary Share issued at a price of US\$1.00, was and is held by the Investment Manager, being the subscriber to the Memorandum.

5.4 On 31 August 2022, one Profit Allocation Share was issued to the Investment Manager. Accordingly, the following table shows the issued share capital of the Company as at the date of this Prospectus:

	<u>Nominal Value per Share</u>	<u>Number</u>
Ordinary Shares	No par value	1
Profit Allocation Shares	No par value	1

5.5 The Directors have absolute authority to allot the Ordinary Shares and C Shares under the Articles and are expected to resolve to do so shortly prior to Admission in respect of the Shares to be issued pursuant to the relevant Issue.

5.6 There are no provisions of Guernsey law which confer pre-emption rights in relation to the allotment and issue of shares in a Guernsey company. However, the Articles provide that the Company is not permitted to allot (for cash) “equity securities” (which include Ordinary Shares and C Shares or rights to subscribe for or convert securities into, Ordinary Shares or C Shares) or sell (for cash) any equity securities held in treasury, unless it shall first have offered to allot such securities to each holder of equity securities of the same class on the same or more favourable terms a proportion of those securities the aggregate value of which (at the proposed issue price) is as nearly as practicable equal to the proportion in number held by him of the share capital of that class.

5.7 Pursuant to a written special resolution of the subscribers to the Memorandum dated 30 August 2022, the Directors have been granted a general authority to allot, without regard to the pre-emption rights contained in the Articles, up to 1 billion Ordinary Shares or C Shares (such figure to include the Shares issued pursuant to the Placing Programme (including the Initial Placing)), such authority to expire at the end of the period concluding immediately prior to the AGM of the Company to be held in 2027 (or, if earlier, 5 years from the date of the relevant resolution).

5.8 Pursuant to a written ordinary resolution of the subscribers to the Memorandum dated 30 August 2022, the Directors have been granted general authority to purchase in the market up to 44,970,000 Ordinary Shares (or, if lower, up to 14.99 per cent. of the Ordinary Shares issued pursuant to the Initial Placing) at a price not exceeding the higher of: (i) an amount equal to 105 per cent. of the average middle market quotations for an Ordinary Share as derived from the London Stock Exchange Daily Official List for the 5 business days immediately preceding the day on which such Ordinary Share is contracted to be purchased; and (ii) the higher of (a) the price of the last independent trade and (b) the highest current independent bid for an Ordinary Share in the Company on the trading venues where the market purchases by the Company pursuant to the authority conferred by the resolution will be carried out, and such purchases will only be made in accordance with the Companies Law, which provides among other things that any such purchase is subject to the Company passing the solvency test contained in the Companies Law at the relevant time, such authority to expire at the end of the period concluding immediately prior to the first AGM of the Company. The Directors intend to seek annual renewal of this authority from the Shareholders at the Company’s AGMs.

5.9 The Ordinary Shares and the C Shares will be issued and created in accordance with the Articles and the Companies Law. Details of the provisions of the Articles, including with respect to the issue of Ordinary Shares and C Shares, are set out in section 6.2 below.

- 5.10 The Ordinary Shares are, and any C Shares will be, in registered form and, from the relevant Admission, will be capable of being held in uncertificated form and title to such Shares may be transferred by means of a relevant system (as defined in the CREST Regulations). Where the Shares are held in certificated form, share certificates will be sent to the registered members or their nominated agent (at their own risk) within 10 days of the completion of the registration process or transfer of the Shares, as the case may be. Where Shares are held in CREST, the relevant CREST stock account of the registered members will be credited. The Registrar, whose registered address is set out on page 42 of this Prospectus, will maintain a register of Shareholders holding their Shares in CREST.
- 5.11 Save as disclosed in this Prospectus, since the date of its incorporation, no share or loan capital of the Company
- (a) has been issued or agreed to be issued, or is now proposed to be issued, either for cash or any other consideration and no commissions, discounts, brokerages or other special terms have been granted by the Company in connection with the issue or sale of any such capital; or
  - (b) is under option or has been agreed conditionally or unconditionally to be put under option.
- 5.12 All Ordinary Shares will be fully paid on their Admission. Subject as provided elsewhere in this Prospectus and in the Articles, Ordinary Shares and C Shares are freely transferable.

### **5.13 Redemptions at the option of Shareholders**

There is no right or entitlement attaching to the Shares that allows them to be redeemed or repurchased by the Company at the option of the Shareholder

## **6. MEMORANDUM AND ARTICLES OF INCORPORATION**

### **6.1 Memorandum**

The Memorandum does not restrict the objects of the Company.

### **6.2 Articles of incorporation**

The following are excerpts from or summaries of the Articles of Incorporation of the Company in force as at the date of this Prospectus and are set out in full in the Articles. The full Articles may be viewed in full by visiting the Company's website, [www.welkinchinape.com](http://www.welkinchinape.com).

The Articles contain (among others) provisions to the following effect:

#### **(a) *Issue of shares***

Subject to the provisions of the Companies Law and the Articles, the unissued Shares shall be at the disposal of the Board which is authorised to allot, grant options over or otherwise dispose of them to such person on such terms and conditions and at such times as the Board determines but so that no Share shall be issued at a discount except in accordance with the Companies Law and so that the amount payable on application on each share shall be fixed by the Board.

#### **(b) *Alteration to share capital***

The Company may by ordinary resolution consolidate and divide all or any of its share capital into shares of larger amounts than its existing shares, and sub-divide its shares, or any of them, into shares of a smaller amount than its existing shares and determine that, as between the shares resulting from that sub-division, any of them may have any preference or advantage as compared with the others.

(c) ***Rights attaching to Ordinary Shares***

The holders of Ordinary Shares shall have the following rights:

- (A) as to income, the holders of Ordinary Shares shall be entitled to receive, and participate in, any dividends or other distributions of the Company available for dividend or distribution and resolved to be distributed in relation to the class fund relating to the Ordinary Shares, in respect of any accounting period or any other income or right to participate therein; and
- (B) as to capital, the holders of Ordinary Shares shall be entitled on a winding up, to participate in any distributions in relation to the class fund relating to the Ordinary Shares.

(d) ***Rights attaching to Profit Allocation Shares***

(A) Profit Allocation Shares shall:

- (1) entitle the holders to receive, and participate in, any dividends or other distributions of the Company available for dividend or distribution and resolved to be distributed relating to the class fund relating to the Profit Allocation Shares, in respect of any accounting period or any other income or right to participate therein; and
- (2) as to capital, entitle the holders on a winding up to participate in any distributions in relation to the class fund relating to the Profit Allocation Shares.

(B) The holders of the Profit Allocation Shares shall not be entitled to receive notice of, to attend or to vote at general meetings of the Company.

(C) Profit Allocation Shares are not transferable, save in respect of any transfer to the Investment Manager or an affiliate of the Investment Manager, without the prior consent of the Directors.

(D) The allocation of profit to the Profit Allocation Shares shall be as follows:

- (1) In respect of each Profit Allocation Period, the Profit Allocation Amount shall be allocated to the class fund relating to the Profit Allocation Shares (to the extent that amount is a positive number). The “**Profit Allocation Amount**” relating to a Profit Allocation Period shall be an amount equal to:

$$(A-B) \times 15\%$$

where:

**A** is the Closing Non-Welkin Fund Net Asset Value; and

**B** is the Opening Non-Welkin Fund Net Asset Value;

provided that the Profit Allocation Amount shall be reduced (but not below zero) to the extent that without such reduction ( $A - B -$  the Profit Allocation Amount) would be lower than the Hurdle Amount.

- (2) The “**Hurdle Amount**” in respect of a Profit Allocation Period is an amount representing an 8 per cent, annualised compounded rate of return on the Opening Non-Welkin Fund Net Asset Value during such Profit Allocation Period adjusted to reflect the impact of: (i) Distributions (if any) (whether paid, or declared but not yet paid in respect of the Ordinary Shares); (ii) the repurchase or redemption of Ordinary Shares; (iii) contributions to or investments in Welkin Funds in respect of the Ordinary Shares; (iv) issuance of Ordinary Shares and the conversion of C

Shares into Ordinary Shares; and (v) distributions by Welkin Funds to the Company or receipt of realisation proceeds by the Company in respect of disposing of interests in Welkin Funds, in each case during the Profit Allocation Period.

No Profit Allocation will be made to the Profit Allocation Shares Class Fund in respect of a Profit Allocation Period if the Net Asset Value of the Company as a whole in respect of the Ordinary Shares (adjusted to reflect the impact of (i) Distributions (if any) (whether paid, or declared but not yet paid) in respect of the Ordinary Shares; (ii) the repurchase or redemption of Ordinary Shares; and (iii) the issuance of Ordinary Shares and conversion of C Shares into Ordinary Shares; in each case during the Profit Allocation Period) has declined over the course of the relevant Profit Allocation Period.

Any amounts allocated to the Profit Allocation Shares Class Fund (including, for the avoidance of doubt, any accumulated undistributed amounts) will be distributed to the holders of Profit Allocation Shares in cash following the publication of the Company's audited annual financial statements relating to the relevant Profit Allocation Period at such times and in instalments of such amounts as the Directors consider, acting in good faith, to be appropriate taking into account the cash available to the Company, any anticipated commitments, liabilities or similar, and the Company's reasonable working capital requirements.

- (3) If the Investment Management and Distribution Agreement is terminated:
- (a) by the Company or the AIFM pursuant to a For Cause Termination or by the Investment Manager pursuant to a Without Cause Termination, then the Profit Allocation Amount will be calculated as set out above on the effective date of termination of the Investment Management and Distribution Agreement and will be allocated to the Profit Allocation Share Class Fund. The Profit Allocation Shares shall be compulsorily redeemed by the Company for the amount standing to the credit of the Profit Allocation Share Class Fund upon written notice to the holder(s) thereof within 20 Business Days of the effective date of termination of the Investment Management and Distribution Agreement; and
  - (b) in any other circumstance pursuant to its terms then:
    - (i) first, the Profit Allocation Amount will be calculated as set out above in paragraph 6.2(d)(D) on the effective date of termination of the Investment Management and Distribution Agreement and will be allocated to the Profit Allocation Share Class Fund;
    - (ii) second, following the effective date of termination of the Investment Management and Distribution Agreement, the Profit Allocation Amount shall be allocated to the Profit Allocation Share Class Fund (to the extent that amount is a positive number) in respect of each Post-Termination Profit Allocation Period. The "**Profit Allocation Amount**" relating to a Post-Termination Profit Allocation Period shall be an amount equal to:

$$(A-B) \times 15\%$$

where:

**A** is the Closing Welkin Termination Pool Net Asset Value; and

**B** is the Opening Welkin Termination Pool Net Asset Value;

provided that the Profit Allocation Amount shall be reduced (but not below zero) to the extent that without such reduction (A – B – the Profit Allocation Amount) would be lower than the Hurdle Amount.

The “**Hurdle Amount**” in respect of a Post-Termination Profit Allocation Period is an amount representing an 8 per cent. annualised compounded rate of return on the Opening Welkin Termination Pool Net Asset Value during such Post-Termination Profit Allocation Period adjusted to reflect the impact of disposing of investments comprised investments comprised in the Welkin Termination Pool during the relevant Post-Termination Profit Allocation Period; and

(iii) third, the Profit Allocation Shares shall be compulsorily redeemed by the Company for the amount standing to the credit of the Profit Allocation Share Class Fund upon written notice to the holder(s) thereof when all the assets comprising the Welkin Termination Pool have been realised or their value has been written down entirely, Provided that any novation of the Investment Management and Distribution Agreement shall be deemed not to amount to a termination of that agreement for these purposes.

(4) Defined terms used in this paragraph 6.2(d) have the following meanings:

“**Calculation Date**” 31 December in each year (or, in the event that the Investment Management and Distribution Agreement is terminated or the Company is wound-up, the date of such termination or winding-up);

“**Closing Non-Welkin Fund Net Asset Value**” the Non-Welkin Fund Net Asset Value as at the last day of a Profit Allocation Period, adjusted by:

**adding back** (i) the total net Distributions (if any) (whether paid, or declared but not yet paid) in respect of the Ordinary Shares during the Profit Allocation Period; (ii) the aggregate cost of repurchasing or redeeming Ordinary Shares during the Profit Allocation Period; (iii) the aggregate amounts contributed to Welkin Funds in respect of the Ordinary Shares during the Profit Allocation Period and (iv) any accrual for the Profit Allocation for the current Profit Allocation Period reflected in the Net Asset Value; and

**deducting** (i) the aggregate issue price of all Ordinary Shares issued, and the aggregate net asset value of any Ordinary Shares arising from the conversion of C Shares, during the relevant Profit Allocation Period; and (ii) aggregate amounts distributed by Welkin Funds to the Company, or the realisation proceeds received by the Company in respect of disposing of interests in Welkin Funds, in each case in respect of the Ordinary Shares, during the relevant Profit Allocation Period;

“**Closing Welkin Termination Pool Net Asset Value**” the Welkin Termination Pool Net Asset Value as at the last day of a Post-Termination Profit Allocation Period, adjusted by adding back distributions by the Welkin Termination Pool to the Company or the net proceeds of realising any assets comprised in the Welkin Termination Pool during the relevant Post-Termination Profit Allocation Period;

“**Distributions**” means a dividend or a distribution during and for the purposes of the Company’s winding up (but no other type of distribution);

“**For Cause Termination**” a termination of the Investment Management and Distribution Agreement by the Company or AIFM pursuant to clauses 27.3 or 27.5 of that agreement;



“**Hurdle Amount**” has the meaning given in section 9 of Part VI (*Directors, Management and Administration*) of this Prospectus;

“**Non-Welkin Fund Net Asset Value**” the Net Asset Value of the Ordinary Shares, excluding the aggregate value of investments in the Welkin Funds;

“**Opening Non-Welkin Fund Net Asset Value**” the Non-Welkin Fund Net Asset Value as at the beginning of a Profit Allocation Period;

“**Opening Welkin Termination Pool Net Asset Value**” the Welkin Termination Pool Net Asset Value as at the beginning of a Post-Termination Profit Allocation Period;

“**Post-Termination Profit Allocation Period**” each period ending on 31 December in each year (or, in the event that the Company is wound-up, the date of such winding-up) and beginning on the effective date of termination of the Investment Management and Distribution Agreement or, if later, the day immediately following 31 December at the end of the most recent Post-Termination Profit Allocation Period in respect of which a Profit Allocation Amount has been allocated to the Profit Allocation Share Class Fund;

“**Profit Allocation**” an allocation connected with the performance of the Company to be allocated to the Profit Allocation Share Class Fund in such amounts and as such times as shall be determined by the Board in accordance with the Articles;

“**Profit Allocation Period**” each period ending on a Calculation Date and beginning on the date of Initial Admission or, if later, the day immediately following the Calculation Date at the end of the most recent Profit Allocation Period in respect of which a Profit Allocation Amount has been allocated to the Profit Allocation Share Class Fund;

“**Profit Allocation Share Class Fund**” a class fund for the Profit Allocation Shares to which the Profit Allocation will be allocated;

“**Profit Allocation Shares**” profit allocation shares of no par value in the capital of the Company designated as Profit Allocation Shares and having the rights provided in the Articles;

“**Welkin Termination Pool**” the assets, in respect of the Ordinary Shares, excluding Cash and Cash Equivalents and Welkin Funds held by the Company as at the effective date of termination of the Investment Management and Distribution Agreement;

“**Welkin Termination Pool Net Asset Value**” the Net Asset Value of the Welkin Termination Pool;

“**Without Cause Termination**” a termination of the Investment Management and Distribution Agreement by the Investment Manager pursuant to clause 27.2;

- (5) The Directors may make such adjustments in applying the provisions of this Schedule as they in good faith consider necessary to reflect the commercial intention of such provisions.

(e) *Terms of C Shares*

- (A) Defined terms used in this paragraph 6.2(e) have the following meaning:

“**C Share**” means a redeemable ordinary share of no par value in the capital of the Company issued and designated as a “C Share” of such class (denominated in such currency) as the Board may determine in accordance with the Articles, and having such rights and being subject to such restrictions as are contained in the Articles and which will convert into an Ordinary Share in accordance with the terms of the Articles;

“**C Share Surplus**” means, in relation to any tranche of C Shares, the net assets of the Company attributable to the holders of C Shares of that tranche (including, for the avoidance of doubt, any income and/or revenue arising from or relating to such assets) less such proportion of the Company’s liabilities (including the fees and expenses of the liquidation or return of capital (as the case may be)) as the Directors or the liquidator (as the case may be) shall reasonably allocate to the assets of the Company attributable to such holders;

“**C Shareholder**” means a holder of C Shares;

“**Conversion**” means, in relation to any tranche of C Shares, conversion of the C Shares of that tranche into New Shares in accordance with the Articles;

“**Conversion Calculation Date**” means, in relation to any tranche of C Shares, the earlier of:

- a) close of business on the day to be determined by the Directors occurring not before the day on which the Investment Manager gives notice to the Directors that at least 85 per cent., or such other percentage as the Directors may select as part of the terms of issue of any tranche of C Shares, of the assets attributable to the holders of that tranche of C Shares are invested in accordance with the investment policy of the Company; and
- b) opening of business on the first day on which the Directors resolve that Force Majeure Circumstances in relation to any tranche of C Shares have arisen or are imminent,

provided that the Conversion Calculation Date shall in relation to any tranche of C Shares be such that the Conversion Date shall not be later than such date as may be determined by the Directors on the date of issue of C Shares of such tranche as the last date for Conversion of that tranche;

“**Conversion Date**” means, in relation to any tranche of C Shares, the earlier of:

- a) such date as may be determined by the Directors on the date of issue of the C Shares of such tranche as the last date for Conversion of such tranche; and
- b) the opening of business on a dealing day selected by the Directors and falling after the Conversion Calculation Date;

“**Conversion Ratio**” means in relation to each tranche of C Shares, A divided by B calculated to four decimal places (with 0.00005 being rounded upwards) where:

$$A = \frac{C - D}{E}$$

and

$$B = \frac{F - G}{H}$$

and where:

- C** is the aggregate value of all assets and investments of the Company attributable to the relevant tranche of C Shares (as determined by the Directors) on the relevant Conversion Calculation Date calculated in accordance with the accounting principles adopted by the Company from time to time;
- D** is the amount (to the extent not otherwise deducted in the calculation of C) which, in the Directors' opinion, fairly reflects the amount of the liabilities attributable to the holders of C Shares of the relevant tranche on the Conversion Calculation Date;
- E** is the number of C Shares in issue on the Conversion Calculation Date;
- F** is the aggregate value of all assets and investments attributable to the Ordinary Shares on the relevant Conversion Calculation Date calculated in accordance with the accounting principles adopted by the Company from time to time;
- G** is the amount (to the extent not otherwise deducted in the calculation of F) which, in the Directors' opinion, fairly reflects the amount of the liabilities attributable to the Ordinary Shares on the Conversion Calculation Date; and
- H** is the number of Ordinary Shares in issue on the Conversion Calculation Date;

**"Force Majeure Circumstances"** means, in relation to any tranche of C Shares, any political and/or economic circumstances and/or actual or anticipated changes in fiscal or other legislation and/or other circumstances which, in the reasonable opinion of the Directors, renders Conversion necessary or desirable notwithstanding that less than 85 per cent. (or such other percentage as the Directors may select as part of the terms of issue of such tranche) of the assets attributable to the holders of that tranche of C Shares are invested in accordance with the investment policy of the Company;

**"New Shares"** means the new Ordinary Shares arising on Conversion of the C Shares; and

**"Share Surplus"** means the net assets of the Company less the C Share Surplus or, if there is more than one tranche of C Shares in issue at the relevant time, the C Share Surpluses attributable to each of such tranches.

(B) Issue of C Shares

Subject to the Articles and the Companies Law, the Directors shall be authorised to issue C Shares in tranches on such terms as they determine provided that such terms are consistent with the provisions of the Articles. The Board shall, on the issue of each tranche of C Shares, determine the Conversion Calculation Date (including the percentage of assets to have been invested prior to calculation of the Conversion Ratio taking place), Conversion Date, Conversion Ratio and voting rights attributable to each such tranche.

Each tranche of C Shares, if in issue at the same time, shall be deemed to be a separate class of shares. The Board may, if it so decides, designate each tranche of C Shares in such manner as it sees fit in order that each tranche of C Shares can be identified.

(C) Dividends

The C Shareholders of any tranche of C Shares will be entitled to receive such dividends as the Board may resolve to pay to such C Shareholders out of the assets attributable to such C Shares.

The New Shares shall rank in full for all dividends and other distributions declared after the Conversion Date save that, in relation to any tranches of C Shares, the Directors may determine, as part of the terms of issue of such tranche, that the New Shares arising on the Conversion of such tranche will not rank for any dividend declared by reference to a record date falling on or before the Conversion Date.

(D) Rights as to capital

The capital and assets of the Company shall on a winding up or on a return of capital prior, in each case, to Conversion be applied as follows:

- (1) first, the Share Surplus shall be divided amongst the holders of the Ordinary Shares pro rata according to their holdings of Ordinary Shares; and
- (2) secondly, the C Share Surplus attributable to each tranche of C Shares shall be divided amongst the holders of the C Shares of such tranche *pro rata* according to their holdings of C Shares.

(E) Voting rights

The C Shares shall carry the right to receive notice of and to attend and vote at any general meeting of the Company. The voting rights of holders of C Shares will be the same as those applying to holders of Ordinary Shares as set out in the Articles as if the C Shares and Ordinary Shares were a single class.

(F) Class consents and variation of rights

Until Conversion, the consent of: (i) the holders of each tranche of C Shares as a class; and (ii) the holders of the Ordinary Shares as a class shall be required to: (a) make any alteration to the memorandum of incorporation or the articles of incorporation of the Company; or (b) pass any resolution to wind up the Company.

**(f) *Repurchase and redemption of shares***

The Company may, at the discretion of the Board, purchase or redeem any of its own shares and may pay the purchase or redemption price in respect of such purchase to the fullest extent permitted by the Companies Law.

**(g) *Dividends and distributions***

- (A) Subject to the provisions of the Companies Law and the Articles, the Company may at any time declare and pay such dividends as appear to be justified by the position of the Company. No dividend or other distribution shall exceed the amount recommended by the Directors or permitted by the Companies Law. Subject to the provisions of the Companies Law and the Articles, the Directors may declare and pay any fixed dividend which is payable on any shares of the Company half-yearly or otherwise on fixed dates whenever the position in the opinion of the Board so justifies.
- (B) Subject to the provisions of the Companies Law and the Articles, all dividends and distributions declared in respect of a class of Shares shall be paid pro rata according to the number of shares of such class held by each Shareholder. If any share is issued on terms that it ranks for dividend or other distribution as from a particular date, it shall rank for dividend or other distribution accordingly.
- (C) No dividend or other distribution or other money payable in respect of a share shall bear interest against the Company.

- (D) All unclaimed dividends and distributions may be invested or otherwise made use of by the Board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends and distributions unclaimed for a period of 12 years after having been declared or become due for payment shall be forfeited and revert to the Company.

**(h) Distribution of assets on a winding up**

If the Company is wound up, the liquidator may, with the sanction of a special resolution and any other sanction required by law, divide among the Shareholders, *in specie*, any part of the assets of the Company. The liquidator may, with the like sanction, vest the whole or any part of the assets in trustees upon such trusts for the benefit of the Shareholders as the liquidator may with the like sanction determine. Lastly, any assets available for distribution to the Shareholders shall, subject to any special terms of issue, be distributed according to the number of shares held by each Shareholder.

**(i) Voting rights**

- (A) Subject to any rights or restrictions attached to any class of shares, at a general meeting, on a show of hands:

- (1) every Shareholder present in person has one vote;
- (2) every proxy present who has been duly appointed by a Shareholder entitled to vote has one vote; and
- (3) every corporate representative present who has been duly authorised by a corporation has the same voting rights as the corporation would be entitled to,

and on a poll every Shareholder (whether present in person or by proxy or corporate representative) has one vote for every Share of which they are the holder or in respect of which they have been appointed the proxy or corporate representative. A Shareholder entitled to more than one vote need not, if they vote, use all their votes or cast all the votes they use the same way. In the case of joint holders, the vote of the joint holder whose name appears first on the Register in respect of the joint holding shall be accepted to the exclusion of the vote of the other joint holders.

- (B) No Shareholder shall have any right to vote at any general meeting or at any separate meeting of the holders of any class of shares, either in person or by proxy, in respect of any share held by them unless all amounts presently payable by them in respect of that share have been paid.

**(j) General meetings**

- (A) All general meetings other than AGMs shall be called extraordinary general meetings.
- (B) The Directors may call general meetings and, on the requisition of Shareholders pursuant to the provisions of the Companies Law, will convene and hold a general meeting within certain time limits. If there are not sufficient Directors to form a quorum in order to call a general meeting, any Director may call a general meeting.
- (C) A general meeting of the Company shall be called by at least 14 clear days' notice, unless called on shorter notice by agreement of all Shareholders entitled to attend and vote at the general meeting.
- (D) The quorum for a general meeting shall be two or more Shareholders present in person or by proxy provided that, if the Company shall have only one Shareholder entitled to attend and vote at the general meeting, that Shareholder shall constitute a quorum.

- (E) A Shareholder is entitled to appoint another person as his proxy to exercise all or any of his rights to attend and to speak and vote at a meeting of the Company. A Shareholder may appoint more than one proxy in relation to a meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by him. Subject to the provisions of the Companies Law, any corporation (other than the Company itself) which is a Shareholder may, by resolution of its directors or other governing body, authorise any person(s) to act as its representative(s) at any meeting of the Company, or at any separate meeting of the holders of any class of shares. Delivery of an appointment of proxy shall not preclude a Shareholder from attending and voting at the meeting or at any adjournment of it.
- (F) Directors may attend and speak at general meetings and at any separate meeting of the holders of any class of shares, whether or not they are Shareholders.
- (G) A resolution put to the vote of a general meeting must be decided on a show of hands unless a poll is validly demanded. A poll on a resolution may be demanded either before a vote on a show of hands on that resolution or on the declaration of the result of such vote.

**(k) *Restrictions on rights: Non-Qualified Holders***

If it shall come to the notice of the Board that any shares are owned directly, indirectly, or beneficially by a Non-Qualified Holder, the Board may give notice to that person (or any one of such persons where shares are registered in joint names) requiring him either (i) to provide the Board within thirty (30) days of receipt of such notice with sufficient satisfactory documentary evidence to satisfy the Board that such person is not a Non-Qualified Holder; or (ii) to sell or transfer his shares to a person who, in the sole and conclusive determination of the Directors, is not a Non-Qualified Holder within thirty (30) days and within such thirty days to provide the Board with satisfactory evidence of such sale or transfer. Pending such sale or transfer the Board may suspend the exercise of any voting or consent rights and rights to receive notice of, or attend, meetings of the Company and any rights to receive dividends or other distributions with respect to such shares, and the holder shall repay the Company any amounts distributed to such holder by the Company during the time such holder held such shares. If any person upon whom such a notice is served does not within 30 days after such notice either (i) sell or transfer his shares to a person who is not a Non-Qualified Holder and establish to the satisfaction of the Board (whose judgment shall be final and binding) that such a sale or transfer has occurred or (ii) establish to the satisfaction of the Board (whose judgment shall be final and binding) that he is not a Non-Qualified Holder, the Board may arrange for the Company to sell the share at the best price reasonably obtainable to any other person so that the share will cease to be held by a Non-Qualified Holder, in which event the Company may, but only to the extent permitted under the Regulations and the Rules, take any action whatsoever that the Board considers necessary in order to effect the transfer of such share by the holder of such share (including where necessary requiring the holder in question to execute powers of attorney or other authorisations, or authorising an officer of the Company to deliver an instruction to the relevant authorised operator), and the Company shall pay the net proceeds of sale to the former holder upon its receipt of the sale proceeds and the surrender by him of the relevant share certificate or, if no certificate has been issued, such evidence as the Board may reasonably require to satisfy themselves as to his former entitlement to the share and to such net proceeds of sale and the former holder shall have no further interest in the relevant shares or any claim against the Company in respect thereof. No trust will be created and no interest will be payable in respect of such net proceeds of sale.

**(l) *Untraced Shareholders***

Subject to certain notice requirements, the Company may sell any of a Shareholder's shares if, during a period of 12 years, at least 3 dividends on such shares have become payable and have not been claimed by the Shareholder and no communication has been received by the Company with regard to such Shareholder's whereabouts or existence.

**(m) Borrowing powers**

The Directors may exercise all the powers of the Company to borrow money, to guarantee, to mortgage, to hypothecate, pledge or charge its undertaking, property, assets and uncalled capital, and to issue debentures and other securities whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

**(n) Transfer of shares**

(A) A share in certificated form may be transferred by an instrument of transfer, which may be in any usual form or in any other form approved by the Directors, executed by or on behalf of the transferor and, where the share is not fully paid, by or on behalf of the transferee.

(B) A share in uncertificated form may be transferred by means of the relevant system approved by the Directors in such manner provided for, and subject as provided, in the Guernsey Regulations and the Rules.

(C) The Directors may, in their absolute discretion, refuse to register the transfer of a share (i) in certificated form (to the extent permitted by the Guernsey Regulations and the Rules), (ii) uncertificated form, which is not fully paid or on which the Company has a lien or (iii) if:

(1) it is in respect of more than one class of shares;

(2) it is in favour of more than four joint transferees;

(3) in the case of certificated shares, it is delivered for registration to the Company's registered office or such other place as the Board may decide, accompanied by the certificate for the shares to which it relates and such other evidence as the Board may reasonably require to prove title of the transferor and the due execution by him of the transfer or, if the transfer is executed by some other person on his behalf, the authority of that person to do so; and

(4) it is in favour of a person who is not a Non-Qualified Holder,

provided in the case of a listed share such refusal to register a transfer would not prevent dealings in the share from taking place on an open and proper basis on the relevant stock exchange.

(D) The Directors may refuse to register a transfer of a share in uncertificated form which is traded through the relevant system and in accordance with the Guernsey Regulations, where, in the case of a transfer to joint holders, the number of joint holders to whom the uncertificated share is to be transferred exceeds four.

(E) If the Directors refuse to register a transfer of a share, they shall send the transferee notice of that refusal within 2 months after the date on which the transfer was lodged with the Company.

(F) No fee shall be charged for the registration of any instrument of transfer or other document or instruction relating to or affecting the title to any share.

**(o) Appointment of Directors**

(A) Unless the Company determines otherwise by ordinary resolution, the number of Directors shall not be less than two nor more than eight.

- (B) The Directors may appoint a person who is willing to act as a Director, and is permitted by law to do so, to be a Director, either to fill a vacancy or as an additional Director. A person appointed as a Director by the other Directors is required to retire at the Company's next AGM and shall then be eligible for reappointment by Shareholders.
- (C) Until otherwise determined by the Company by ordinary resolution, there shall be paid to the Directors such fees for their services in the office of Director as the Directors may determine, not exceeding in the aggregate an annual sum of £250,000 (or such larger amount as the Company may by ordinary resolution decide).

**(p) Powers of Directors**

- (A) The business of the Company shall be managed by the Directors who, subject to the provisions of the Companies Law, the Articles and to any directions given by the Company to take, or refrain from taking, specified action, may exercise all the powers of the Company.
- (B) The Directors may establish any local boards or committees for managing any of the affairs of the Company and may appoint any one or more of its number or any other persons to be members of such local boards or committees and may, amongst other powers, fix their remuneration.
- (C) The Directors may engage the services of such custodians or depositories for the safekeeping of the Company's assets on such terms as they may, from time to time, deem fit.
- (D) Any Director (other than an alternate Director) may appoint any other Director (whether a Shareholder of the Company or not) to be an alternate Director and may remove such an alternate Director from office.

**(q) Voting at board meetings**

- (A) No business shall be transacted at any meeting of the Directors unless a quorum is present. The quorum necessary for the transaction of the business of the Board may be fixed by the Board and unless so fixed shall be two for the meeting of the Board and one for any committee of the Directors, except that where the minimum number of Directors has been fixed at one a sole Director shall be deemed to form a quorum.
- (B) Questions arising at a meeting of the Directors shall be decided by a majority of votes. In the case of an equality of votes, the chairperson of the meeting shall not have any second or casting vote.

**(r) Restrictions on voting**

Subject to any other provision of the Articles, a Director shall not vote at a meeting of the Directors on any resolution concerning a matter in which he or she has, directly or indirectly, a material interest (other than an interest in shares, debentures or other securities of, or otherwise in or through, the Company) unless his or her interest arises only because the case falls within certain limited categories specified in the Articles.

**(s) Directors' interests**

Provided that the Director has disclosed to the other Directors the nature and extent of any material interest of his or hers, a Director, notwithstanding his or her office, may be a party to, or otherwise interested in, any transaction or arrangement with the Company or in which the Company is otherwise interested, and may be a director or other officer of, or employed by or hold any position with, or be a party to any transaction or arrangement with, or otherwise interested in, anybody corporate in which the Company is interested.



(t) ***Periodic retirement***

Each Director shall retire from office at each AGM.

(u) ***Indemnity***

The Directors, Secretary and officers for the time being of the Company and their respective heirs and executors shall, to the extent permitted by the Companies Law, be fully indemnified out of the assets and profits of the Company from and against all actions expenses and liabilities which they or their respective heirs or executors may incur by reason of any contract entered into or any act in or about the execution of their respective offices or trusts except such (if any) as they shall incur by or through their own negligence, default, breach of duty or breach of trust respectively and none of them shall be answerable for the acts receipts neglects or defaults of the others of them or for joining in any receipt for the sake of conformity or for any bankers or other person with whom any moneys or assets of the Company may be lodged or deposited for safe custody or for any bankers or other persons into whose hands any money or assets of the Company may come or for any defects of title of the Company to any property purchased or for insufficiency or deficiency of or defect in title of the Company to any security upon which any moneys of the Company shall be placed out or invested or for any loss misfortune or damage resulting from any such cause as aforesaid or which may happen in or about the execution of their respective offices or trusts except the same shall happen by or through their own negligence, default, breach of duty or breach of trust.

(v) ***Notice or other communication sent by electronic means***

Shareholders are deemed to have agreed to the sending of documents by electronic means in any particular electronic form and to the sending of documents by means of a website to the extent permitted under the Companies Law.

## **7. THE CITY CODE ON TAKEOVERS AND MERGERS**

### **7.1 Mandatory bid**

The Takeover Code applies to the Company. Under Rule 9 of the Takeover Code, if:

- (a) any person acquires, whether by a series of transactions over a period of time or otherwise, an interest in shares which, when taken together with shares in which they and persons acting in concert with them are interested, carry 30 per cent. or more of the voting rights in the Company; or
- (b) any person, together with persons acting in concert with them, is interested in shares which in the aggregate carry not less than 30 per cent. of the voting rights of the Company but does not hold shares carrying more than 50 per cent. of such voting rights and such person, or any person acting in concert with them, acquires an interest in any other shares which increases the percentage of shares carrying voting rights in which they are interested,

such person would be required (except with the consent of the UK Panel on Takeovers and Mergers) to make a cash or cash alternative offer for the outstanding shares at a price not less than the highest price paid for any interests in the shares by them or their concert parties during the previous 12 months. Such an offer must only be conditional on:

- (a) the person having received acceptances in respect of shares which (together with shares already acquired or agreed to be acquired) will result in the person and any person acting in concert with them holding shares carrying more than 50 per cent. of the voting rights; and
- (b) no reference having been made in respect of the offer to the Competition and Markets Authority by either the first closing date or the date when the offer becomes or is declared unconditional as to acceptances, whichever is the later.

## 7.2 Compulsory acquisition

The Companies Law provides that if an offer is made for the shares or any class of shares in the capital of a company and, within four months after the date of the offer, the offer is approved by shareholders comprising 90 per cent. in value of the shares affected (excluding any shares held as treasury shares), then the offeror may, within a period of two months immediately after the last day on which the offer can be approved or accepted, give notice to any dissenting shareholders informing them that it wishes to acquire their shares (an “**Acquisition Notice**”). Where an Acquisition Notice is given, the offeror is then entitled and bound to acquire the dissenting shareholders’ shares on the terms of the offer approved by the shareholders comprising 90 per cent. in value of the shares affected; and where the terms of the offer provided a choice of consideration, the Acquisition Notice must give particulars of the choice and state (a) the period within which, and the manner in which, the dissenting shareholder must notify the offeror of his choice, and (b) which consideration specified in the offer will apply if he does not so notify the offeror.

## 8. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

### 8.1 Directors’ interests

In accordance with section 8.2 of Part IX, the Directors remuneration shall include an annual allotment of shares including the subscription for Ordinary Shares pursuant to the Initial Placing to the value set out below (to be calculated with reference to the Relevant Exchange Rate):

Name	Value (Sterling)
Ivan Chu.....	5,000
Gary Gould.....	5,000
Hani Abuali.....	5,000
Susan Gordon Hardy.....	5,000
Teresa Teague.....	5,000

As at the date of this Prospectus, there are no potential conflicts of interest between any duties owed to the Company by any of the Directors and their private interests and/or other duties. Save as disclosed above, immediately following Initial Admission, no Director will have any interest, whether beneficial or non-beneficial, in the share or loan capital of the Company.

### 8.2 Directors’ contracts with the Company

- (a) No Director has a service contract with the Company, nor are any such contracts proposed, each Director having been appointed pursuant to a letter of appointment entered into with the Company.
- (b) The Directors’ appointments can be terminated in accordance with the Articles and without compensation or in accordance with the Companies Law or common law. The Directors are subject to retirement and reappointment by rotation in accordance with the Articles. All of the Directors intend to retire and seek re-election at each Annual General Meeting of the Company.
- (c) There is a 1 month’s notice period specified in the letters of appointment or Articles for the removal of Directors. The Articles provide that the office of Director may be terminated by, among other things: (i) resignation; (ii) absenteeism from meetings of the Board for a consecutive period of 12 months and the Board resolves that his office shall be vacated; (iii) such Director becomes of unsound mind or incapable; (iv) such Director becomes insolvent, suspends payment or compounds with his creditors; (v) the Company in a general meeting by Ordinary resolution shall declare that he or she shall cease to be a Director; and (vi) such Director becomes ineligible to be a Director in accordance with Section 137 of the Companies Law.
- (d) The Directors’ current level of remuneration is as follows:
  - (A) £35,000 per annum plus an additional £5,000 per annum in Shares for a Director;

- (B) £40,000 per annum plus an additional £5,000 per annum in Shares for a Director that is also the chair of a Board committee; and
- (C) £45,000 per annum plus an additional £5,000 per annum in Shares for the Chair of the Board.
- (e) The Company has not made any loan to any Director which is outstanding, nor has it ever provided any guarantee for the benefit of any Director or the Directors collectively. No amounts have been set aside or accrued by the Company to provide pension, retirement or similar benefits.
- (f) The Company intends to maintain directors' and officers' liability insurance on behalf of the Directors at the expense of the Company.
- (g) The Company has entered into a deed of indemnity with each of the Directors pursuant to which, in consideration of each of the Director's appointments as, and continuing activity as, a director of the Company, the Company shall indemnify the Directors in respect of all liabilities arising out of or in connection with any proceeding brought or threatened against the Directors in connection with the Director's acts or omissions while in the course of acting or purporting to act as a director of the Company or of any subsidiary, provided that the indemnity shall be excluded in certain circumstances detailed in the deed of indemnity.

### 8.3 Other interests

- (a) As at the date of this Prospectus, the Directors hold or have held during the 5 years preceding the date of this Prospectus the following directorships (apart from their directorships of the Company) or memberships in administrative, management or supervisory bodies and/or partnerships:

<u>Name</u>	<u>Current</u>	<u>Previous</u>
Ivan Chu .....	None.	Swire Pacific Limited Cathay Pacific Airways Limited John Swire & Sons (China) Limited
Gary Gould.....	Director of Telford Park Lawn Tennis Club Limited	None.
Hani Abuali.....	None.	Petiole Asset Management (Hong Kong) Limited
Susan Gordon Hardy.....	Pension scheme trustee, University of Stirling Non-executive Vice-Chair of Court, University of Stirling Employment Tribunal Chair, Guernsey	None.
Teresa Teague .....	Non-executive Director of Primavera Capital Acquisition Corporation Executive Director of EPIC Acquisition Corporation Executive Director of TTB Bond Partners Executive Director of TTB Partners Limited Executive Director of Gopher Investments Non-executive Director of Figure Skating in Harlem Inc	None.

- (b) In the 5 years before the date of this Prospectus, the Directors:
  - (A) have not had any convictions in relation to fraudulent offences;
  - (B) have not been associated with any bankruptcies, receiverships or liquidations of any partnership or company through acting in the capacity as a member of the administrative, management or supervisory body or as a partner, founder or senior manager of such partnership or company; and
  - (C) have not been subject to any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies) and have not been disqualified by a court from acting as a member of the administration, management or supervisory bodies of any issuer or from acting in the management or conduct of the affairs of any issuer.

#### **8.4 Major Shareholders, the Investment Manager's shareholding and Directors' shareholdings**

- (a) As at the date of this Prospectus, and other than the Investment Manager in respect of the Subscriber Share, none of the Directors, the Investment Manager or any person connected with any of the Directors has a shareholding or any other interest in the share capital of the Company. The Directors intend, subject to compliance with legal and regulatory requirements, to subscribe for such number of Ordinary Shares as corresponds the value (converted at the Relevant Exchange Rate) set out next to their respective names in section 8.1 above, pursuant to the Initial Placing at the Initial Placing Price.
- (b) The Investment Manager (as holder of the Subscriber Share) holds all voting rights in the Company as at the date of this Prospectus. Pending the allotment of Ordinary Shares pursuant to the Initial Placing, the Company is therefore controlled by the Investment Manager.
- (c) As at the date of this Prospectus and insofar as is known to the Company, assuming Gross Initial Placing Proceeds of US\$315 million, no person will, immediately following Initial Admission, be directly or indirectly interested in five per cent. or more of the Company's share capital, other than the Welkin Affiliate which would be interested in five per cent. of the Company's share capital.
- (d) None of the Shareholders has or will have voting rights attached to the Shares held by them which are different from the voting rights attached to any other Shares in the same class in the Company. Insofar as is known to the Company as at the date of this Prospectus, the Company will not immediately following the Initial Placing be directly or indirectly owned or controlled by any single person or entity and there are no arrangements known to the Company the operation of which may subsequently result in a change of control of the Company.
- (e) The Welkin Affiliate will subscribe, pursuant to the Initial Placing, for 15 million Ordinary Shares at the Initial Placing Price in accordance with the Initial Portfolio Acquisition Agreement. The Ordinary Shares acquired by the Welkin Affiliate in accordance with the Initial Portfolio Acquisition Agreement shall be subject to the Lock-up Agreement summarised at paragraph 11.7 below.

#### **8.5 Related party transactions**

Save for the entry into the Investment Management and Distribution Agreement and the Initial Portfolio Acquisition Agreement, which are disclosed in sections 11.1(a) and 11.6 below, the Company has not entered into any related party transaction at any time during the period from incorporation to the date of publication of this Prospectus.

## 8.6 Other material interests

- (a) The Investment Manager, other Investment Manager entities, any of their directors, officers, employees, agents and Associates and the Directors, and any person or company with whom they are affiliated or by whom they are employed (“**Interested Parties**”), may be involved in other financial, investment or other professional activities which may cause conflicts of interest with the Company.
- (b) In particular, Interested Parties may provide services similar to those provided to the Company to other entities and will not be liable to account for any profit from any such services. For example, the Investment Manager and its Affiliates and any of their respective directors, officers, employees, agents and Associates and the Directors and any person or company with whom they are affiliated or by whom they are employed may (subject in the case of the Investment Manager to the restrictions contained in the Investment Management and Distribution Agreement) acquire on behalf of a client an investment in which the Company may also invest.

## 9. SHARE OPTIONS AND SHARE SCHEME ARRANGEMENTS

No share or loan capital of the Company is under option or agreed conditionally or unconditionally to be put under option.

## 10. OTHER INVESTMENT RESTRICTIONS

10.1 The Company will at all times invest and manage its assets with the objective of spreading risk and in accordance with its published investment policy as set out in Part I (*Information on the Company*) of this Prospectus.

10.2 In the event of material breach of these investment restrictions applicable to the Company, Shareholders will be informed of the actions to be taken by the Investment Manager via an RIS announcement.

## 11. MATERIAL CONTRACTS

Save as described below, the Company has not: (i) entered into any material contracts (other than contracts in the ordinary course of business) since its incorporation; or (ii) entered into any contracts that contain provisions under which the Company has any obligation or entitlement that is material to the Company as at the date of this Prospectus.

### 11.1 Sponsor and Placing Agreement

- (a) The Company, the Directors, the Investment Manager, and the Joint Bookrunners have entered into the Sponsor and Placing Agreement dated 6 September 2022, pursuant to which, subject to certain conditions: (i) the Company has appointed Deutsche Bank as sponsor, Global Co-ordinator and joint bookrunner and CLSA, finnCap and Huatai as joint bookrunners in relation to the Placing Programme (including the Initial Placing); and (ii) each of the Joint Bookrunners has agreed to use their reasonable endeavours to procure Placees for Ordinary Shares under the Initial Placing at the Initial Placing Price and for Shares under the Subsequent Placings at the applicable Placing Price.
- (b) The Sponsor and Placing Agreement may be terminated by the Global Co-ordinator in certain customary circumstances prior to the Final Closing Date and each of the other Joint Bookrunners may exercise termination rights only in relation to its respective rights and obligations in certain customary circumstances prior to the Final Closing Date.
- (c) The obligation of each of the Joint Bookrunners to use its reasonable endeavours to procure subscribers for Shares is conditional upon certain conditions that are customary for agreements of this nature. These conditions include, inter alia: (i) Initial Admission occurring by 8:00 a.m. (London time) on 31 December 2022 (or such other date, not being later than the Long Stop Date, as the Company and the Global Co-ordinator may agree); (ii) the Minimum Net Initial

Placing Proceeds being at least US\$147 million; (iii) the Sponsor and Placing Agreement not having been terminated in accordance with its terms; and (iv) a valid supplementary prospectus being published if required.

- (d) Each of the Joint Bookrunners will be entitled to a commission in respect of each Placing. Each of the Joint Bookrunners will also be entitled to reimbursement of all costs, charges and expenses of, or incidental to, each Issue incurred by them.
- (e) The Company, the Directors and the Investment Manager have given warranties to each of the Joint Bookrunners concerning, inter alia, the accuracy of the information contained in this Prospectus. The Company and the Investment Manager have also given indemnities to the Joint Bookrunners. The warranties and indemnities given by the Company, the Directors and the Investment Manager are standard for an agreement of this nature.
- (f) The Sponsor and Placing Agreement is governed by the laws of England and Wales.

## **11.2 AIFM Agreement**

- (a) The Company and the AIFM have entered into the AIFM Agreement dated 6 September 2022, pursuant to which the AIFM is appointed to act as alternative investment fund manager of the Company in accordance with, amongst others, the UK AIFMD Laws, with responsibility for portfolio management and risk management, in accordance with the investment policy of the Company and subject to the overall policies, directions and control of the Board.

### ***Fees and Expenses***

- (b) The Company will pay, and the AIFM will be entitled to receive, an AIFM Fee and certain additional fixed fees, further details of which are described in Part V (*Directors, Management and Administration*) of this Prospectus.
- (c) The AIFM is also entitled to be reimbursed by the Company for any out of pocket expenses up to a maximum of £500 (and such other sums as are agreed in advance with the Company) reasonably and properly incurred by the AIFM on behalf of the Company in the performance of its duties under the AIFM Agreement.

### ***Service Standard***

The AIFM has agreed to perform its obligations under the AIFM Agreement in accordance with such skill and care as is reasonably to be expected of a competent and prudent professional fund manager experienced in relation to investments of a comparable nature, size, scope and complexity to those made by the Company.

### ***Termination***

- (d) Either party may terminate the AIFM Agreement upon giving to the other party not less than 6 months written notice to be effective no earlier than the date falling 2 years from Initial Admission. In addition, either party is entitled to terminate the AIFM Agreement by written notice if:
  - (A) the other party commits a material breach of any obligation under the AIFM Agreement and, in the case of a breach which is capable of remedy, fails to remedy it within 30 days of receipt of notice from the first party of such breach and of its intention to exercise its termination rights;
  - (B) the other party is subject to any of certain insolvency situations;
  - (C) the AIFM ceases to be licensed under the Protection of Investors (Bailiwick of Guernsey) Law, 1987 as amended; or
  - (D) the continued performance of the AIFM Agreement ceases to be lawful for any reason.

### *Liability and indemnity*

- (e) The AIFM shall only be liable to the Company for any direct loss suffered by the Company by reason of the negligence, bad faith, fraud, wilful default or material breach of the AIFM Agreement or applicable law by the AIFM and any of its directors, officers, employees, agents, representatives and/or consultants (each, an “**AIFM Indemnified Person**”)
- (f) The Company has agreed to indemnify the AIFM Indemnified Persons against any and all direct claims and liabilities (including liabilities in contract, tort or otherwise), together with any associated fees, costs, expenses or liabilities reasonably incurred or arising from any and all claims, demands, actions, suits or proceedings, whether civil, criminal, administrative or investigative (whether actual or threatened), by reason of such person being, or having been, an AIFM Indemnified Person otherwise than as a result of negligence, fraud, wilful default or material breach of the AIFM Agreement or applicable law on the part of the AIFM Indemnified Person.

### *Governing Law*

- (g) The AIFM Agreement is governed by the laws of England and Wales.

## **11.3 Investment Management and Distribution Agreement**

- (a) The Company, the AIFM and the Investment Manager have entered into the Investment Management and Distribution Agreement dated 6 September 2022, pursuant to which the AIFM has delegated portfolio management to the Investment Manager and the Company has appointed the Investment Manager as global distributor to coordinate the marketing of the Shares.
- (b) Under the terms of the Investment Management and Distribution Agreement and subject always to the investment guidelines contained in the Investment Management and Distribution Agreement, the Investment Manager has discretion to, among other matters: (i) hold, invest in, subscribe for, buy or otherwise acquire and to sell or otherwise dispose of investment assets for the account of the Company; (ii) negotiate borrowings; (iii) deal in foreign currencies; and (iv) take such other action as it reasonably considers to be necessary, desirable or incidental to the performance of its obligations under the Investment Management and Distribution Agreement.

### *Fees and expenses*

- (c) The Company will pay, and the Investment Manager will be entitled to receive, a monthly Management Fee as well as commission in respect of its role as distributor of the Shares, further details of which are described in Part V (*Directors, Management and Administration*) of this Prospectus.
- (d) To the extent that the Investment Manager or any of its Associates provide any other service outside the scope of the Investment Management and Distribution Agreement to any member of the Group (to the extent relevant) that would otherwise be provided by a third party, the Investment Manager or its Associate (as the case may be) will be entitled to receive additional remuneration payable at market rates, negotiated on an arms’ length basis and subject to the approval of the Board (whether for a specific service, a specific member of the Group (to the extent relevant) or otherwise more generally).
- (e) The Investment Manager is entitled to be reimbursed by the Company for all of its reasonable out of pocket expenses properly incurred in respect of the performance of its obligations under the Investment Management and Distribution Agreement.

### *Service standard*

- (f) The Investment Manager has agreed to perform its obligations under the Investment Management and Distribution Agreement at all times in accordance with the following standard of care:

- (A) with such skill and care as would be reasonably expected of a professional portfolio manager of equivalent standing to the Investment Manager managing in good faith an investment company of comparable size and complexity to the Company and having a materially similar investment objective and investment policy; and
- (B) ensuring that its obligations under the Investment Management and Distribution Agreement are performed by a team of appropriately qualified, trained and experienced professionals reasonably acceptable to the Board (the “**Service Standard**”).

The Investment Manager will meet with the Board and the AIFM at least once every 3 months (and more often when in the Board’s reasonable view the circumstances so justify) to review the performance of the portfolio and the investment guidelines contained in the Investment Management and Distribution Agreement.

### ***Termination***

- (g) The Investment Manager’s appointment under the Investment Management and Distribution Agreement shall be for an initial term of 6 years from Admission, following which the Investment Management and Distribution Agreement shall continue in effect unless terminated in accordance with subparagraph (h) below.
- (h) Unless otherwise agreed by the Company (or the AIFM acting on behalf of the Company) and the Investment Manager, the Investment Management and Distribution Agreement may be terminated by either the Company or the Investment Manager on not less than 24 months’ notice to the other party, provided that no such notice will cause the termination of the Investment Management and Distribution Agreement earlier than the sixth anniversary of Initial Admission.
- (i) In addition, the Company may terminate the Investment Management and Distribution Agreement with immediate effect if:
  - (A) the Investment Manager is subject to certain insolvency situations;
  - (B) the Investment Manager has committed fraud, wilful default or a breach of its obligations under the Investment Management and Distribution Agreement (except a breach of the Service Standard) that is material in the context of the Investment Management and Distribution Agreement and, where such breach is capable of remedy, fails to remedy such breach within 30 days after receiving written notice from the Company requiring the same to be remedied;
  - (C) the Investment Manager has committed a breach of the Service Standard and fails to remedy such breach within 90 days after receiving written notice from the Company requiring the same to be remedied;
  - (D) the Investment Manager breaches any provision of the Investment Management and Distribution Agreement and such breach results in either the listing of the Shares on the Official List or trading of the Shares on the London Stock Exchange being suspended or terminated;
  - (E) the Investment Manager ceases, or takes, in the reasonable opinion of the Company, significant steps to cease, to carry on its business or substantially the whole of its business, or makes or takes, in the reasonable opinion of the Company, significant steps to make any material alteration to the nature of its business as carried on at the date of the Investment Management and Distribution Agreement that would, in the opinion of the Company acting reasonably, result in the Investment Manager being unable to comply with the Service Standard;



- (F) the Investment Manager ceases to hold any authorisation required in order to perform its obligations under this Investment Management and Distribution Agreement and fails to remedy the situation without any material adverse implications for the Company within such period as the Company may specify and which is reasonable in the circumstances;
  - (G) the scope of the Investment Manager's permissions from the Securities and Futures Commission of Hong Kong is restricted to the extent that, in the opinion of the Company, acting reasonably, it materially impairs the Investment Manager's ability to perform its obligations under the Investment Management and Distribution Agreement; or
  - (H) the Company is required by any relevant regulatory authority to terminate the Investment Manager's appointment.
- (j) The AIFM may terminate the Investment Management and Distribution Agreement with immediate effect if required to by any regulatory authority (provided that the AIFM has taken reasonable steps to assist the Manager in challenging such decision).
  - (k) In addition, the Investment Manager may terminate the Investment Management and Distribution Agreement with immediate effect if an order has been made or an effective resolution passed for the winding up or liquidation of the Company (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously consented to in writing by the Investment Manager).

***Liability and indemnity***

- (l) The Investment Manager will not be liable to the Company or the AIFM for any loss, claim, cost, charge and expense, liability or damage arising out of the performance by the Investment Manager, its Affiliates, delegates or agents, or the officers, directors or employees of the Investment Manager, its Affiliates, delegates or agents (each, an "**Investment Manager Indemnified Person**") of its obligations under the Investment Management and Distribution Agreement, unless resulting from the negligence, wilful default, fraud or bad faith of any Investment Manager Indemnified Person or a breach of the Investment Management and Distribution Agreement or any applicable laws and regulations by any Investment Manager Indemnified Person.
- (m) The Company will indemnify each Investment Manager Indemnified Person against all claims by third parties which may be made against such Investment Manager Indemnified Person in connection with the provision of services under the Investment Management and Distribution Agreement except to the extent that the claim is due to the negligence, wilful default, fraud or bad faith of any Investment Manager Indemnified Person or a breach of the Investment Management and Distribution Agreement or any applicable laws and regulations by any Investment Manager Indemnified Person.

***Governing law***

- (n) The Investment Management and Distribution Agreement is governed by the laws of England and Wales.

**11.4 Administration and Secretarial Agreement**

- (a) The Company and JTC Fund Solutions (Guernsey) Limited have entered into the Administration and Secretarial Agreement dated 6 September 2022 pursuant to which the Company has appointed JTC Fund Solutions (Guernsey) Limited as the Administrator and the Secretary to the Company.

***Fees and Expenses***

- (b) Under the terms of the Administration and Secretarial Agreement, the Company will pay and the Administrator will be entitled to a set-up fee of £30,000 payable on the date of Initial Admission and an annual fee of £113,000 plus *ad valorem* fees of 0.035 per cent. on the

portion of the Net Asset Value up to US\$315 million and 0.01 per cent. on the portion of the Net Asset Value over US\$315 million, in consideration for the performance of the fund administration, governance and company secretarial services, such fees being payable monthly in arrears. The Administrator is also entitled to certain variable fees payable for additional services or corporate actions of the Company. If the Administrator incurs reasonable out of pocket expenses in connection with the provision of the services under the Administration and Secretarial Agreement, the Administrator will invoice the Company for such amounts and the Company will pay the invoice within 30 days of the date of invoice.

#### ***Termination***

- (c) Either party may terminate the Administration and Secretarial Agreement:
  - (A) by service of 3 months' written notice (such notice not to expire earlier than the second anniversary of the date of the Administration and Secretarial Agreement);
  - (B) upon service of written notice if the other party commits a material breach of its obligations under the Administration and Secretarial Agreement which has not been remedied within 30 days of the notice to the party requiring the material breach to be remedied;
  - (C) upon service of written notice if the other party is subject to certain insolvency situations;
  - (D) upon service of written notice if the Administrator ceases to be licensed under The Protection of Investors (Bailiwick of Guernsey) Law, 2020 as amended; or
  - (E) upon service of written notice if the performance of the Administration and Secretarial Agreement ceases to be lawful for any reason.

#### ***Liability and Indemnity***

- (d) The Administration and Secretarial Agreement limits the Administrator's liability thereunder, only for losses incurred or suffered by the Company by reason of the Administrator's negligence, fraud, wilful default or breach of its duties under the Administration and Secretarial Agreement or applicable laws.
- (e) The Company will indemnify and hold harmless the Administrator from and against any losses reasonably and properly incurred in investigating, preparing or defending against any commenced or threatened litigation or claims which the Administrator may incur or be subject to in connection with the performance of the services under the Administration and Secretarial Agreement, except to the extent that they are incurred as a result of the negligence, fraud, wilful default of the Administrator or its agents or delegates or a breach by the Administrator or its agents or delegates of its duties under the Administration and Secretarial Agreement or applicable laws.

#### ***Governing Law***

- (f) The Administration and Secretarial Agreement is governed by the laws of Guernsey.

### **11.5 Registrar and Receiving Agent Services Agreement**

- (a) The Company and JTC Registrars Limited have entered into the Registrar and Receiving Agent Services Agreement dated 6 September 2022, pursuant to which JTC Registrars Limited has been appointed as Registrar and Receiving Agent to the Company.

### ***Fees and expenses***

- (b) In respect of its services as Registrar, the Registrar is entitled to a set-up fee of £2,000, a basic annual fee of £5,000, and an additional transfer agent fee of £2,100.00 per annum, together with certain charges levied on a per item basis. The fixed fees are subject to increase in line with the Guernsey Retail Price Index.
- (c) In respect of its services as Receiving Agent, the Registrar shall be entitled to a minimum fee of £2,000 plus £20 per Placing Programme subscription.
- (d) The Registrar is also entitled to reimbursement of all reasonable disbursement costs incurred in connection with the provision of services under the Registrar and Receiving Agent Services Agreement.

### ***Termination***

- (e) Either party may terminate the Registrar and Receiving Agent Services Agreement by giving not less than 180 days' notice in writing to the other party (or such shorter notice period as may be agreed in writing between the parties).
- (f) Further, either party may terminate the Registrar and Receiving Agent Services Agreement immediately upon notice if the other party:
  - (A) is in material breach of its obligations under the Registrar and Receiving Agent Services Agreement (including being unable to meet any of its payable obligations) and has not remedied such breach (if capable of being remedied) within 30 days of receiving notice of the breach and a request for remedy;
  - (B) is subject to any of certain insolvency situations;
  - (C) ceases to have the appropriate authorisations which permit it lawfully to perform and/or receive the services under the Registrar and Receiving Agent Services Agreement at any time; or
  - (D) commits an act which constitutes fraud, wilful misconduct or gross negligence and which has a material adverse effect on it or its assets.
- (g) Either party may terminate the Registrar and Receiving Agent Services Agreement by giving 6 months' notice following notification of a change of control of the other party and/or a relevant Affiliate of the other party which will materially impact the ability of the Registrar to provide the services under the Registrar and Receiving Agent Services Agreement.

### ***Liability and indemnity***

- (h) The Company has given certain market standard indemnities in favour of the Registrar in respect of the Registrar's potential losses in carrying on its responsibilities under the Registrar and Receiving Agent Services Agreement.

### ***Governing law***

- (i) The Registrar and Receiving Agent Services Agreement is governed by the laws of Guernsey.

## **11.6 Initial Portfolio Acquisition Agreement**

- (a) The Company, Welkin Fund II, and the Welkin Affiliate have entered into an initial portfolio acquisition agreement for the acquisition of the Initial Portfolio, comprising (a) interests in Welkin Fund II worth (by reference to the net asset value of Welkin Fund II as at 31 July 2022) US\$15 million from the Welkin Affiliate, and (b) subject to Welkin Fund II advisory committee providing its consent no later than 15 days after Initial Admission (which consent is at the sole

discretion of the advisory committee), interests in the Underlying Portfolio Companies of Welkin Fund II worth in aggregate (as at 31 July 2022) US\$15 million. The Initial Portfolio is discussed in more detail in Part III (*Initial Portfolio*).

- (b) The Initial Portfolio shall be transferred to the Company with full title guarantee, with the benefits of all and any rights, restrictions, obligations, conditions and agreements affecting the same or any part thereof, including the rights to all income, dividends, distributions, interest and other rights and benefits attaching thereto or accruing therefrom.
- (c) The Initial Portfolio Acquisition Agreement and the rights and obligations of the parties shall be governed by and construed in accordance with the laws of England and Wales.

### **11.7 Lock-up Agreement**

- (a) The Company, Deutsche Bank and the Welkin Affiliate have entered into a lock-up agreement dated on or around 6 September 2022, pursuant to which the Welkin Affiliate will be prohibited from disposing of any of its Ordinary Shares for a period of 60 months from the date of Initial Admission, subject to certain exceptions that are customary for such arrangements.
- (b) The Lock-up Agreement is governed by the laws of England and Wales.

### **11.8 Cornerstone Investor Commitment Agreements**

- (a) The Investment Manager has entered into the Cornerstone Investor Commitment Agreements with the Cornerstone Investors dated on or around 26 August 2022 (with the exception of ZGC International Limited), which is discussed in detail in section 2.7 of Part VII (*The Initial Placing Arrangements and the Placing Programme*), pursuant to which the Cornerstone Investors have made a non-revocable commitment to subscribe for (or, if relevant, to procure that their broker subscribes for) Ordinary Shares in the Company pursuant to the Initial Placing.
- (b) The commitment of each Cornerstone Investor under the Cornerstone Investor Commitment Agreements is conditional on: (i) the Cornerstone Investor complying with its obligation to transfer the commitment amount to the Receiving Agent; (ii) the Investment Manager providing the Cornerstone Investor with this Prospectus; and (iii) Admission occurring by the Long Stop Date.
- (c) The Cornerstone Investor Commitment Agreements are governed by the laws of Guernsey.

## **12. LITIGATION**

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware which may have, or have had in the recent past, significant effects on the Company's and / or the Group's and/or Welkin Fund II's financial position or profitability in the 12 months prior to publication of this Prospectus.

## **13. SIGNIFICANT CHANGE**

As at the date of this Prospectus, there has been no significant change in the financial position of the Company since its incorporation.

## **14. WORKING CAPITAL**

The Company is of the opinion that, taking into account the Minimum Net Initial Placing Proceeds, the working capital available to it is sufficient for the present requirements of the Company, that is for at least 12 months from the date of this Prospectus.

## **15. CAPITALISATION AND INDEBTEDNESS**

As at the date of this Prospectus, the Company has no guaranteed, secured, unguaranteed or unsecured debt and no indirect or contingent indebtedness and the Company's issued share capital consists of one Ordinary Share with no legal reserve or other reserves.

## 16. THIRD-PARTY INFORMATION AND CONSENTS

- 16.1 Where third-party information has been referenced in this Prospectus, the source of that third-party information has been disclosed. Where information contained in this Prospectus has been so sourced, the Company confirms that such information has been accurately reproduced and, as far as the Company is aware and able to ascertain from information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading.
- 16.2 Each of the Joint Bookrunners has given and not withdrawn its written consent to the inclusion in this Prospectus of references to its name in the form and context in which it appears.
- 16.3 BDO LLP has given and not withdrawn its written consent to the inclusion in this Prospectus of references to its name in the form and context in which they appear. BDO LLP has given and not withdrawn its written consent to the inclusion in this Prospectus of the information and opinions contained in Part V (*Valuation Opinion Letter*). BDO has authorised for the purpose of the Prospectus the information and opinions contained in Part V (*Valuation Opinion*) of this Prospectus.
- 16.4 The Investment Manager accepts responsibility for the information and opinions contained in: (a) the risk factors contained under the following headings: “Risks relating to the Investment Process and Strategy” and “Risks relating to the Investment Manager”; (b) the Investment Highlights; (c) section 2 (*Investment Objective and Investment Policy*), section 5 (*Dividend Policy and Target Return*) and section 8 (*Net Asset Value*) of Part I (*Information on the Company*); (d) Part II (*The Market Opportunity*); (e) Part III (*Initial Portfolio*); (f) Part IV (*Investment Approach and Process*); and (g) Part V (*Directors, Management and Administration*) of this Prospectus and any other information or opinion related to or attributed to it or any Affiliate of the Investment Manager. To the best of the knowledge of the Investment Manager, the information contained in this Prospectus related to or attributed to the Investment Manager and its Affiliates are in accordance with the facts and such parts of this Prospectus make no omission likely to affect their import.

## 17. GENERAL

- 17.1 The Company is not dependent on patents or licences, or new manufacturing processes which are material to the Company’s business or profitability.
- 17.2 In accordance with the Prospectus Regulation Rules, the Company will file with the FCA, and make available for inspection by the public, details of the number of Shares issued under this Prospectus. The Company will also notify the issue of the Shares through a Regulatory Information Service.

## 18. ADDITIONAL AIFM DIRECTIVE AND UK AIFMD LAWS DISCLOSURES

The AIFM Directive imposes detailed and prescriptive obligations on fund managers established in the EEA (the “**Operative Provisions**”). These do not currently apply to managers established outside the EEA or the UK, such as the AIFM. Rather, such managers are only required to comply with certain disclosure, reporting and transparency obligations of the AIFM Directive and UK AIFMD Laws (the “**Disclosure Provisions**”) and, even then, only if the non-EEA/UK manager markets shares in a fund to UK or EEA investors domiciled within the UK or EEA. Where the Disclosure Provisions appear to require disclosure on an Operative Provision which does not apply to the AIFM, no meaningful disclosure can be made. These Operative Provisions include prescriptive rules on measuring and capping leverage in line with known UK and European standards, the treatment of investors, liquidity management, the use of “depositories” and cover for professional liability risks.

### 18.1 Professional indemnity insurance

The AIFM is not authorised under the EU AIFM Directive and is therefore not subject to the detailed requirements set out therein in relation to liability risks arising from professional negligence. However, the AIFM will maintain such professional indemnity insurance and/or own funds as are sufficient at all times to satisfy the requirements under applicable Guernsey legislation.

## **18.2 Liquidity risk management**

There is no right or entitlement attaching to Shares that allows them to be redeemed or repurchased by the Company at the option of the Shareholder.

Liquidity risk for the Company is therefore the risk that a position held by the Company cannot be realised at a reasonable value sufficiently quickly to meet the payment obligations (primarily, repayment of any debt and the fees payable to the Company's service providers) of the Company as they fall due.

In managing the Company's assets, therefore, the Investment Manager will seek to ensure that the Company holds at all times a portfolio of investments that is sufficiently liquid to enable it to discharge its payment obligations.

## **18.3 Fair treatment of Shareholders**

Applications will be made for the Shares to be admitted to listing on the premium listing category of the Official List and to trading on the premium segment of the Main Market. It is not intended that any class of Shares in the Company be admitted to listing in any other jurisdiction. As a company with Shares listed on the Official List, the Company will be required to treat all Shareholders of a given class equally.

## **18.4 Rights against third-party service providers**

The Company is reliant on the performance of third-party service providers, including the Investment Manager, the AIFM, the Administrator and the Registrar. Without prejudice to any potential right of action in tort that a Shareholder may have to bring a claim against a service provider, each Shareholder's contractual relationship in respect of its investment in Shares is with the Company only. Accordingly, no Shareholder will have any contractual claim against any service provider with respect to such service provider's default.

If a Shareholder considers that it may have a claim against a third-party service provider in connection with such Shareholder's investment in the Company, such Shareholder should consult its own legal advisers.

The above is without prejudice to any right a Shareholder may have to bring a claim against an FCA authorised service provider under section 138D of FSMA (which provides that breach of an FCA rule by such service provider is actionable by a private person who suffers loss as a result), or any tortious cause of action. Shareholders who believe they may have a claim under section 138D of FSMA, or in tort, against any service provider in connection with their investment in the Company, should consult their legal adviser.

## **19. UK RULES ON MARKETING OF INVESTMENTS**

The Company intends to conduct its affairs so that its Ordinary Shares can be recommended by financial advisers to retail investors in accordance with the rules on the distribution of financial instruments under UK MiFID Laws. The Directors consider that the requirements of Article 57 of the UK MiFID Org Regulation will be met in relation to the Ordinary Shares and that, accordingly, the Ordinary Shares should be considered "non-complex" for the purposes of UK MiFID Laws.

The FCA Rules contain rules restricting the marketing within the UK of certain pooled investments or 'funds', referred to in the FCA Rules as non-mainstream pooled investments ("NMPIs"), to 'ordinary retail clients'. The Directors have been advised that the Company should benefit from an exemption from the application of those rules such that the Company would be an "excluded security" and should therefore not be considered an NMPI.

## **20. ELIGIBILITY FOR INVESTMENT BY UCITS SCHEMES OR NURS**

The Company has been advised that the Shares should be regarded as "transferable securities" and, therefore, should be eligible for investment by UCITS schemes or NURS on the basis that: (i) the Company is a closed-ended investment company incorporated in Guernsey as a company limited by shares;

(ii) the Shares are proposed to be admitted to listing on the premium listing category of the Official List and to trading on the premium segment of the Main Market; and (iii) the Shares have equal voting rights. However, the investment manager of a relevant UCITS scheme or NURS should satisfy itself that the Shares are eligible for investment by the relevant UCITS scheme or NURS, including consideration of the factors relating to the relevant UCITS scheme or NURS itself, specified in the Collective Investment Scheme Sourcebook of the FCA Rules or in the laws of the relevant EEA Member State which implement the EU UCITS Directive, as applicable.

## **21. DOCUMENTS ON DISPLAY**

21.1 The following documents are available, for inspection only, from the National Storage Mechanism (<https://data.fca.org.uk/#/nsm/nationalstoragemechanism>) and the Company's website ([www.welkinchinape.com](http://www.welkinchinape.com)):

- (a) this Prospectus; and
- (b) the Articles.

21.2 Further copies of this Prospectus and the constitutional documents of the Company may be obtained, free of charge, from the registered office of the Company and the principal place of business of the Investment Manager as detailed on page 41 of the Prospectus.

## PART X – TERMS AND CONDITIONS OF ANY PLACING

### 1. INTRODUCTION

- 1.1 Each person who is invited to and who chooses to participate in the Initial Placing and/or a Subsequent Placing (including individuals, funds or others) (a “**Placee**”) confirms its agreement (whether orally or in writing) to either the Joint Bookrunners or the Company to subscribe for: (i) Ordinary Shares under the Initial Placing and/or (ii) Ordinary Shares and/or C Shares under the relevant Subsequent Placing, pursuant to a Joint Bookrunner Placing or a Company Placing, respectively, and that it will be bound by these terms and conditions and will be deemed to have accepted them.
- 1.2 The Company and/or the Joint Bookrunners may require any Placee to agree to such further terms and/or conditions and/or give such additional warranties and/or representations as it (in its absolute discretion) sees fit and/or may require any such Placee to execute a separate placing letter (a “**Placing Letter**”). The terms of this Part X (*Terms and Conditions of any Placing*) of this Prospectus will, where applicable, be deemed to be incorporated into any such Placing Letters. Any references in this Prospectus or a Placing Letter to a Placee will, in the context of a fund manager applying on behalf of its underlying discretionary clients, be deemed to be a reference to the relevant fund manager and not to its underlying discretionary clients.

### 2. AGREEMENT TO SUBSCRIBE FOR SHARES

#### 2.1 Conditional on:

- (a) in the case of the Initial Placing, Initial Admission occurring and becoming effective by not later than 8:00 a.m. (London time) on 26 September 2022 (or such later date as the Company, the Investment Manager and the Global Co-ordinator may agree) and, in the case of any Subsequent Placing, the relevant Subsequent Admission occurring and becoming effective by 8:00 a.m. (London time) on such dates as may be agreed between the Company, the Investment Manager and the Global Co-ordinator prior to the closing of each Subsequent Placing, not being later than the Final Closing Date;
- (b) the Sponsor and Placing Agreement becoming unconditional in all respects (save for any conditions relating to the relevant Admission);
- (c) in the case of the Initial Placing, the Sponsor and Placing Agreement not having been terminated prior to the date of Initial Admission and, in the case of any Subsequent Placing, the Sponsor and Placing Agreement not having been terminated prior to the date of the relevant Subsequent Admission;
- (d) in the case of the Initial Placing, the Joint Bookrunners and/or the Company confirming to the Placees their allocation of Ordinary Shares and, in the case of a Subsequent Placing, the Joint Bookrunner and/or the Company confirming to the Placees their allocation of Ordinary Shares and/or C Shares (as the case may be); and
- (e) in the case of the Initial Placing, the Minimum Gross Initial Placing Proceeds being raised,

a Placee agrees to become a member of the Company and agrees to subscribe for those Ordinary Shares allocated to it by the Company or the Joint Bookrunners (as the case may be), in the case of the Initial Placing, at the Initial Placing Price or, in the case of a Subsequent Placing, those Ordinary Shares and/or C Shares allocated to it by the Company or the Joint Bookrunners (as the case may be) at the applicable Placing Price. To the fullest extent permitted by law, each Placee acknowledges and agrees that it will not be entitled to exercise any remedy of rescission at any time. This does not affect any other rights the Placee may have.



### **3. PAYMENT FOR SHARES**

- 3.1 Ordinary Shares are available under the Initial Placing at an Initial Placing Price of US\$1.00 per Ordinary Share and Ordinary Shares will be available under the Subsequent Placings at the relevant Placing Price. C Shares will be available under the Placing Programme for a Placing Price of US\$1.00 or such other price as the Directors may determine. Fractions of Ordinary Shares or C Shares will not be issued.
- 3.2 Participants in the Initial Placing may elect to subscribe for Ordinary Shares in US Dollars, Sterling (or such other currency as the Directors may permit) at a price per Ordinary Share equal to the Initial Placing Price (converted into the relevant currency at the Relevant Exchange Rate). The Relevant Exchange Rate and the equivalent issue price are not known as at the date of this Prospectus and will be notified by the Company by way of a Regulatory Information Service announcement prior to Initial Admission. In respect of any investor electing to subscribe in a currency other than US Dollars, the Company reserves the right to charge the investor some or all of any foreign exchange costs incurred by the Company in respect of such subscription. Fractions of Ordinary Shares will not be issued and, where applications are received in a currency other than US Dollars, any fractional amounts arising as a result of using the Relevant Exchange Rate used to convert the Initial Placing Price will not be refunded to investors and will be retained by the Company for its own account.
- 3.3 Prospective investors may subscribe for Ordinary Shares and/or C Shares issued under a Subsequent Placing in Sterling or US Dollars (or such other currency as the Directors may permit). The relevant Placing Price will be announced in US Dollars together with a Sterling equivalent amount and the relevant US Dollar/Sterling exchange rate used to convert the Placing Price, by way of a Regulatory Information Service announcement as soon as practicable in conjunction with each Subsequent Placing. Fractions of Shares will not be issued.
- 3.4 Each Placee must pay the relevant Placing Price for the Shares issued to the Placee in the manner and by the time directed by the Company or the Joint Bookrunners (as the case may be). If any Placee fails to pay as so directed and/or by the time required, the relevant Placee's application for Shares may, at the discretion of the Company or the Joint Bookrunners (as the case may be), either be rejected or accepted and in the latter case section 3.5 of these terms and conditions will apply.
- 3.5 Each Placee is deemed to agree that if it does not comply with its obligation to pay the Initial Placing Price or the relevant Placing Price (as appropriate) for the Shares allocated to it in accordance with section 3.2 or section 3.3 of these terms and conditions and the Company and/or the Joint Bookrunners (as the case may be) elects to accept that Placee's application, the Company and/or the Joint Bookrunners (as the case may be) or, as applicable, any nominee of the Company or relevant Joint Bookrunner (as the case may be), will be deemed to have been irrevocably and unconditionally appointed by the Placee as its agent to use reasonable endeavours to sell all or any of the Shares allocated to the Placee on such Placee's behalf and retain from the proceeds, for the Company's and/or the Joint Bookrunners own account and profit, an amount equal to the aggregate amount owed by the Placee plus any interest due. The Placee will, however, remain liable for any shortfall below the aggregate amount owed by such Placee and the Placee will be deemed to have agreed to indemnify the Company and the Joint Bookrunners, as the case may be, and their respective Affiliates on demand in respect of any liability for stamp duty and/or stamp duty reserve tax or any other liability whatsoever arising in respect of any such sale or sales.

#### 4. REPRESENTATIONS AND WARRANTIES

By agreeing to subscribe for: (i) Ordinary Shares under the Initial Placing; and (ii) Ordinary Shares and/or C Shares under any Subsequent Placing, each Placee which enters into a commitment to subscribe for such Shares will (for itself and any person(s) procured by it to subscribe for Shares and any nominee(s) for any such person(s)) be deemed to agree, represent and warrant to each of the Company, the AIFM, the Investment Manager and the Joint Bookrunners (and, in respect of any data protections warranties, to the Administrator and the Registrar as well) that:

- (a) in agreeing to subscribe for: (i) the Ordinary Shares under the Initial Placing and/or (ii) Ordinary Shares and/or C Shares under any Subsequent Placing, it is relying solely on this Prospectus and any supplementary prospectus published by the Company prior to Initial Admission and (in the case of any Subsequent Placing) this Prospectus and any supplementary prospectus published prior to the relevant Subsequent Admission and not on any other information given, or representation or statement made at any time, by any person concerning the Company, the Initial Placing and any Subsequent Placings. It agrees that none of the Company, the AIFM, the Investment Manager or the Joint Bookrunners, nor any of their respective officers, agents or employees, will have any liability for any other information or representation. It irrevocably and unconditionally waives any rights it may have in respect of any other information or representation;
- (b) if the laws of any territory or jurisdiction outside the United Kingdom are applicable to its agreement to subscribe for: (i) Ordinary Shares under the Initial Placing and/or (ii) Ordinary Shares and/or C Shares under any Subsequent Placing, it warrants that it has complied with all such laws, obtained all governmental and other consents which may be required, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with its application in any territory and that it has not taken any action or omitted to take any action which will result in the Company, the AIFM, the Investment Manager, the Joint Bookrunners or the Registrar or any of their respective officers, agents or employees acting in breach of the regulatory or legal requirements, directly or indirectly, of any territory or jurisdiction outside the United Kingdom in connection with the Initial Placing and/or any Subsequent Placing;
- (c) it has carefully read and has understood this Prospectus in its entirety and acknowledges that it is acquiring Shares on the terms and subject to the conditions set out in this Part X (*Terms and Conditions of any Placing*) of this Prospectus, the Articles as in force at the date of the relevant Admission and, as applicable, in the contract note or placing confirmation, as applicable, referred to in section 4 of this Part X (for the purposes of this Part X (*Terms and Conditions of any Placing*) of this Prospectus, the “**Contract Note**” or the “**Placing Confirmation**”) and the Placing Letter (if any);
- (d) it has not relied on any Joint Bookrunners or any person affiliated with it in connection with any investigation of the accuracy of any information contained in this Prospectus;
- (e) the content of this Prospectus and any supplementary prospectus published by the Company prior to the Final Closing Date is exclusively the responsibility of the Company and its Board (and other persons that accept liability for the whole or part of this Prospectus and any such supplementary prospectus) and apart from the liabilities and responsibilities, if any, which may be imposed on any of the Joint Bookrunners by any regulatory regime, none of the Joint Bookrunners nor any person acting on their behalf nor any of their respective affiliates makes any representation, express or implied, or accepts any responsibility whatsoever for the contents of this Prospectus or any such supplementary prospectus or for any other statement made or purported to be made by them or on its or their behalf in connection with the Company, the Shares, the Initial Placing and any Subsequent Placings;
- (f) it acknowledges that no person is authorised in connection with the Initial Placing or any Subsequent Placing to give any information or make any representation other than as contained in this Prospectus and any supplementary prospectus issued by the Company prior to Admission of the relevant Shares and, if given or made, any information or representation must not be relied upon as having been authorised by the Company, the AIFM, the Investment Manager or the Joint Bookrunners;

- (g) it is not applying as, nor is it applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in section 67, 70, 93 or 96 of the Finance Act 1986 (depository receipts and clearance services);
- (h) if the Placee is participating through a Company Placing, the Joint Bookrunners do not have any responsibility towards such Placee (or any person on whose behalf the Placee is acting) or owe any obligations towards such Placee (or any person on whose behalf the Placee is acting) and the Placee irrevocably and unconditionally waives any rights it may have in respect of any information or representation made or appearing to have been made by the Joint Bookrunners;
- (i) the price per Ordinary Share to be issued in connection with the Initial Placing is fixed at the Initial Placing Price and the Placing Price for Subsequent Placings will be fixed at the relevant time and in each case is payable to the Company or the Joint Bookrunner (as the case may be) in accordance with the terms of this Part X (*Terms and Conditions of any Placing*) of this and, as applicable, in the Contract Note or Placing Confirmation and the Placing Letter (if any);
- (j) it has the funds available to pay in full for the Shares for which it has agreed to subscribe pursuant to its commitment under the Initial Placing or relevant Subsequent Placing and that it will pay the total subscription in accordance with the terms set out in this Part X (*Terms and Conditions of any Placing*) of and, as applicable, as set out in the Contract Note or Placing Confirmation and the Placing Letter (if any) on the due time and date;
- (k) in the case of a Joint Bookrunner Placing its commitment to acquire Shares under the Initial Placing or any Subsequent Placing may be agreed orally with the Joint Bookrunners and that a Contract Note or Placing Confirmation will be issued by the Joint Bookrunners (as the case may be) as soon as possible thereafter. That oral agreement will constitute an irrevocable, legally binding commitment upon that person (who at that point will become a Placee) in favour of the Company and the relevant Joint Bookrunner to subscribe for the number of Shares allocated to it and comprising its commitment under the Initial Placing at the Initial Placing Price or applicable Subsequent Placing at the relevant Placing Price on the terms and conditions set out in this Part X (*Terms and Conditions of any Placing*) and, as applicable, in the Contract Note or Placing Confirmation and the Placing Letter (if any) and in accordance with the Articles in force as at the date of the relevant Admission. Except with the consent of the Joint Bookrunners (as the case may be) such oral commitment will not be capable of variation or revocation after the time at which it is made;
- (l) in the case of a Joint Bookrunner Placing, its allocation of Shares under the Initial Placing or relevant Subsequent Placing will be evidenced by a Contract Note or Placing Confirmation, as applicable, confirming: (i) the number of Shares that such Placee has agreed to acquire; (ii) the aggregate amount that such Placee will be required to pay for such Shares; and (iii) settlement instructions to pay the Company or the Joint Bookrunners (as the case may be). The terms of this Part X (*Terms and Conditions of any Placing*) will be deemed to be incorporated into that Contract Note or Placing Confirmation;
- (m) settlement of transactions in the Shares following the relevant Admission will take place in CREST but (i) the Company or the Joint Bookrunners (as the case may be) reserves the right in their absolute discretion to require settlement in certificated form if, in its opinion, delivery or settlement is not possible or practicable within the CREST system within the timescales previously notified to the Placee (whether orally, in the Contract Note or Placing Confirmation, in the Placing Letter or otherwise) or would not be consistent with the regulatory requirements in any Placee's jurisdiction and (ii) the Company reserves the right to require that any Shares acquired by persons in the United States or US Persons be issued in registered and certificated form and that such Shares may not be transferred into CREST or any other paperless system without the prior approval of the Company and that in such case the Company reserves the right to grant such approval only if such person seeks to transfer the Shares and (if requested) delivers to the Company a written certification in form and substance satisfactory to the Company;

- (n) it makes the representations, warranties, undertakings, agreements and acknowledgements given by prospective investors that are set out in this Prospectus and the Placing Letter (if any), including (unless otherwise expressly agreed with the Company) those set out in the section entitled “Overseas Persons and Restricted Territories” in Part VII (*The Initial Placing Arrangements and the Placing Programme*) of this Prospectus;
- (o) it: (i) is entitled to subscribe for the Shares under the laws of all relevant jurisdictions; (ii) has fully observed the laws of all relevant jurisdictions; (iii) has the requisite capacity and authority and is entitled to enter into and perform its obligations as a subscriber for Shares and will honour such obligations; and (iv) has obtained all necessary consents and authorities to enable it to enter into the transactions contemplated hereby and to perform its obligations in relation thereto;
- (p) if it is within the United Kingdom, it is: (i) a person who falls within Articles 49(2)(a) to (d), 19(1) or 19(5) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 or it is a person to whom the Shares may otherwise lawfully be offered under such Order or, if it is receiving the offer in circumstances under which the laws or regulations of a jurisdiction other than the United Kingdom would apply, it is a person to whom the Shares may be lawfully offered under that other jurisdiction’s laws and regulations; or (ii) a person who is a “professional client” or an “eligible counterparty” within the meaning of Chapter 3 of the FCA’s Conduct of Business Sourcebook;
- (q) if it is a resident in an EEA Member State, (i) it is a qualified investor within the meaning of Article 2 given in the EU Prospectus Regulation and (ii) is a person to whom the Shares may lawfully be marketed under the EU AIFM Directive or under the applicable implementing legislation or regulations (if any) of that EEA Member State;
- (r) if it has a registered address or is otherwise resident or domiciled in Hong Kong, it is a “professional investor” as defined in the SFO and any rules made under that Ordinance;
- (s) in the case of any Shares acquired by a Placee as a financial intermediary within the EEA as that term is used in the EU Prospectus Regulation or within the United Kingdom as that term is used in the UK Prospectus Regulation (as applicable): (i) the Shares acquired by it in the Initial Placing or relevant Subsequent Placing have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any EEA Member State or the United Kingdom other than qualified investors, as that term is defined in the EU Prospectus Regulation or the UK Prospectus Regulation (as applicable), or in circumstances in which the prior consent of the Company or the Joint Bookrunners (as the case may be) has been given to the offer or resale; or (ii) where Shares have been acquired by it on behalf of persons in any EEA Member State or the United Kingdom other than qualified investors, the offer of those Shares to it is not treated under the EU Prospectus Regulation or the UK Prospectus Regulation (as applicable) as having been made to such persons;
- (t) if it is outside the United Kingdom, neither this Prospectus nor any other offering, marketing or other material in connection with the Initial Placing or relevant Subsequent Placing or the Shares (for the purposes of this Part X (*Terms and Conditions of any Placing*), each a “**Placing Document**”) constitutes an invitation, offer or promotion to, or arrangement with, it or any person whom it is procuring to subscribe for Shares pursuant to the Initial Placing or relevant Subsequent Placing unless, in the relevant territory, such offer, invitation or other course of conduct could lawfully be made to it or such person and such documents or materials could lawfully be provided to it or such person and Shares could lawfully be distributed to and subscribed and held by it or such person without compliance with any unfulfilled approval, registration or other regulatory or legal requirements;
- (u) it does not have a registered address in and is not a citizen, resident or national of, any jurisdiction in which it is unlawful to make or accept an offer of the Shares and it is not acting on a non-discretionary basis for any such person;

- (v) if it is a natural person, such person is not under the age of majority (18 years of age in the United Kingdom) on the date of its agreement to subscribe for: (i) Ordinary Shares under the Initial Placing; or (ii) Ordinary Shares and/or C Shares under any Subsequent Placing and will not be any such person on the date of acceptance of any such agreement to subscribe for: (i) Ordinary Shares under the Initial Placing; or (ii) Ordinary Shares and/or C Shares under any Subsequent Placing;
- (w) (i) it has communicated or caused to be communicated and will communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) relating to the Shares only in circumstances in which section 21(1) of the FSMA does not require approval of the communication by an authorised person; and (ii) agrees that no Placing Document is being issued by any Joint Bookrunner in its capacity as an authorised person under section 21 of the FSMA and the Placing Documents may not therefore be subject to the controls which would apply if the Placing Documents were made or approved as financial promotions by an authorised person;
- (x) it is aware of and acknowledges that it is required to comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Initial Placing or relevant Subsequent Placing in, from or otherwise involving, the United Kingdom;
- (y) it is aware of the obligations regarding insider dealing in the Criminal Justice Act 1993, UK MAR, the Proceeds of Crime Act 2002, the Company Securities (Insider Dealing) (Bailiwick of Guernsey) Law, 1996 (as amended) and the Financial Services Business (Enforcement Powers) (Bailiwick of Guernsey) Law, 2020 (as amended) and confirms that it has and will continue to comply with those obligations;
- (z) no action has been taken or will be taken in any jurisdiction that would permit a public offering of the Shares or possession of this Prospectus (and any supplementary prospectus published by the Company prior to the Final Closing Date), in any country or jurisdiction where action for that purpose is required;
- (aa) it acknowledges that the Shares have not been registered or otherwise qualified, and will not be registered or otherwise qualified, for offer and sale nor will a prospectus be cleared or approved in respect of any of the Shares under the securities laws of any Restricted Territory and, subject to certain exceptions, may not be offered, sold, taken up, renounced or delivered or transferred, directly or indirectly, into or within any Restricted Territory or in any country or jurisdiction where any action for that purpose is required;
- (bb) if it is a pension fund or investment company, its acquisition of the Shares is in full compliance with applicable laws and regulations;
- (cc) it acknowledges that none of the Joint Bookrunners nor any of their affiliates, nor any person acting on any Joint Bookrunner's behalf is making any recommendations to it or advising it regarding the suitability of any transactions it may enter into in connection with the Initial Placing or relevant Subsequent Placing or providing any advice in relation to the Initial Placing or relevant Subsequent Placing and its participation in the Initial Placing or relevant Subsequent Placing is on the basis that it is not and will not be a client of any Joint Bookrunner or any of their respective affiliates and that each of the Joint Bookrunner and their respective affiliates have no duties or responsibilities to it for providing the protections afforded to its clients or for providing advice in relation to the Initial Placing or relevant Subsequent Placing nor in respect of any representations, warranties, undertakings or indemnities otherwise required to be given by it in connection with its application under the Initial Placing or relevant Subsequent Placing nor, if applicable, in respect of any representations, warranties, undertakings or indemnities contained in any Placing Letter;
- (dd) save in the event of fraud on the part of a Joint Bookrunner, none of the Joint Bookrunners, their respective ultimate holding companies, nor any direct or indirect subsidiary undertakings of such holding companies, nor any of their respective directors, members, partners, officers and employees will be responsible or liable to a Placee or any of its clients for any matter arising out of Deutsche Bank's role as Sponsor, Global Co-ordinator and Bookrunner or each other Joint Bookrunner's role

as bookrunner or otherwise in connection with the Initial Placing or any Subsequent Placing and that where any such responsibility or liability nevertheless arises as a matter of law the Placee and, if relevant, its clients will immediately waive any claim against any of such persons which the Placee or any of its clients may have in respect thereof;

- (ee) it acknowledges that where it is subscribing for Shares for one or more managed, discretionary or advisory accounts, it is authorised in writing for each such account: (i) to subscribe for the Shares for each such account; (ii) to make on each such account's behalf the representations, warranties and agreements set out in this Prospectus and any supplementary prospectus published by the Company prior to Initial Admission or any Subsequent Admission (as the case may be); and (iii) to receive on behalf of each such account any documentation relating to the Initial Placing or relevant Subsequent Placing in the form provided by the Company and/or the Joint Bookrunners. It agrees that the provision of this paragraph will survive any resale of the Shares by or on behalf of any such account;
- (ff) it irrevocably appoints any director of the Company and any director or duly authorised employee or agent of the Joint Bookrunners to be its agent and on its behalf (without any obligation or duty to do so), to sign, execute and deliver any documents and do all acts, matters and things as may be necessary for, or incidental to, its subscription for all or any of the Shares for which it has given a commitment under the Initial Placing or relevant Subsequent Placing, in the event of its own failure to do so;
- (gg) it accepts that if the Initial Placing and/or any Subsequent Placing does not proceed or the applicable conditions to the Sponsor and Placing Agreement are not satisfied or the Shares for which valid applications are received and accepted are not admitted to listing on the premium listing category of the Official List or to trading on the premium segment of the Main Market for any reason whatsoever then none of the Company, the AIFM, the Investment Manager or the Joint Bookrunners or any of their respective affiliates, nor persons controlling, controlled by or under common control with any of them nor any of their respective employees, agents, officers, members, stockholders, partners or representatives, will have any liability whatsoever to it or any other person;
- (hh) in connection with its participation in the Initial Placing or relevant Subsequent Placing it has observed all relevant legislation and regulations, in particular (but without limitation) those relating to money laundering and terrorist financing under the Criminal Justice (Proceeds of Crime) (Bailiwick of Guernsey) Law 1999 (as amended and replaced from time to time), the UK Proceeds of Crime Act 2002, the UK Terrorism Act 2000 and the UK Money Laundering Regulations 2017 (for the purposes of this Part X (*Terms and Conditions of any Placing*) of this Prospectus, together the “**Money Laundering Rules**”) and that its application is only made on the basis that it accepts full responsibility for any requirement to verify the identity of its clients and other persons in respect of whom it has applied. In addition, it warrants that it is a person: (i) subject to the Money Laundering Rules in force in the United Kingdom; or (ii) subject to the Money Laundering Directive (2005/60/EC of the European Parliament and of the EC Council of 26 October 2005 on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing) (the “**EU Money Laundering Directive**”), together with any regulations and guidance notes issued pursuant thereto; or (iii) subject to Guernsey AML Requirements, or (iv) acting in the course of a business in relation to which an overseas regulatory authority exercises regulatory functions and is based or incorporated in, or formed under the law of, a country in which there are in force provisions at least equivalent to those required by the EU Money Laundering Directive and Guernsey Law;
- (ii) it acknowledges that due to anti-money laundering and the countering of terrorist financing requirements, the Joint Bookrunners and the Company may require proof of identity and verification of the source of the payment before the application for Shares under the Initial Placing or relevant Subsequent Placing can be processed and that, in the event of delay or failure by the applicant to produce any information required for verification purposes, the Joint Bookrunners and/or the Company may refuse to accept the application and the subscription moneys relating thereto. It holds harmless and will indemnify the Joint Bookrunners and the Company against any liability, loss or cost ensuing due to the failure to process such application, if such information as has been required has not been provided by it or has not been provided on a timely basis;

- (jj) it is aware of, has complied with and will at all times comply with its obligations in connection with money laundering under the Money Laundering Rules;
- (kk) it acknowledges and agrees that information provided by it to the Company or the Registrar will be stored on the Registrar's computer system and manually. It acknowledges and agrees that for the purposes of the DP Legislation and other relevant data protection legislation which may be applicable, the Registrar is required to specify the purposes for which it will hold personal data. The Registrar will only use such information for the purposes set out below (collectively, the "**Purposes**"), being to:
  - (i) process its personal data (including sensitive personal data) as required by or in connection with its holding of Shares, including processing personal data in connection with credit and money laundering checks on it;
  - (ii) communicate with it as necessary in connection with its affairs and generally in connection with its holding of Shares;
  - (iii) provide personal data to such third parties as the Registrar may consider necessary in connection with its affairs and generally in connection with its holding of Shares or as the DP Legislation may require, including to third parties outside the UK, Guernsey and the EEA;
  - (iv) without limitation, provide such personal data to the Company, the AIFM, the Investment Manager and each of their respective associates for processing, notwithstanding that any such party may be outside the UK, Guernsey and the EEA; and
  - (v) process its personal data for the Registrar's internal administration;
- (ll) in providing the Registrar with information, it hereby represents and warrants to the Registrar that it has obtained the consent of any data subject to the Registrar and their respective associates holding and using their personal data for the Purposes (including the explicit consent of the data subjects for the processing of any sensitive personal data for the Purposes set out in paragraph (jj) above). For the purposes of this Prospectus, "data subject", "personal data" and "sensitive personal data" will have the meanings attributed to them in the relevant DP Legislation;
- (mm) the Joint Bookrunners and the Company (and any agent on their behalf) are entitled to exercise any of their rights under the Sponsor and Placing Agreement or any other right in their absolute discretion without any liability whatsoever to them (or any agent acting on their behalf);
- (nn) the representations, undertakings and warranties contained in this Prospectus are irrevocable. It acknowledges that the Joint Bookrunners, the Company, the AIFM, the Investment Manager and their respective affiliates will rely upon the truth and accuracy of the foregoing representations and warranties and it agrees that if any of the representations or warranties made or deemed to have been made by its subscription for Ordinary Shares and/or C Shares are no longer accurate, it will promptly notify the Joint Bookrunners and the Company;
- (oo) where it or any person acting on behalf of it is dealing with the Company or the Joint Bookrunners (as the case may be), any money held in an account with the Company or the Joint Bookrunners (as the case may be) on behalf of it and/or any person acting on behalf of it will not be treated as client money within the meaning of the relevant rules and regulations of the FCA which therefore will not require the Company or the Joint Bookrunners (as the case may be) to segregate such money, as that money will be held by the Company or the Joint Bookrunners (as the case may be) under a banking relationship and not as trustee;
- (pp) any of its clients, whether or not identified to the Company or the Joint Bookrunners (as the case may be), will remain its sole responsibility and will not become clients of the Company or the Joint Bookrunners (as the case may be) for the purposes of the rules of the FCA or for the purposes of any statutory or regulatory provision;

- (qq) it accepts that the allocation of Shares will be determined by the Company in consultation with the Joint Bookrunners and that the Company in consultation with the Joint Bookrunners may scale down any commitments for this purpose on such basis as determined (which may not be the same for each Placee);
- (rr) it authorises the Company or the Joint Bookrunners (as the case may be) to deduct from the total amount subscribed under the Initial Placing or relevant Subsequent Placing the commission (if any) (calculated at the rate agreed with the Company) payable on the number of Shares allocated to it under Initial Placing or relevant Subsequent Placing;
- (ss) time will be of the essence as regards its obligations to settle payment for the Shares and to comply with its other obligations under the Initial Placing or Subsequent Placing in question;
- (tt) in the event that a supplementary prospectus is required to be produced pursuant to Article 23 of the UK Prospectus Regulation (as amended by the UK Prospectus Amendment Regulations 2019) and in the event that it chooses to exercise any right of withdrawal pursuant to Article 23 of the UK Prospectus Regulation (as amended by the UK Prospectus Amendment Regulations 2019), such Placee will immediately re-subscribe for the Shares previously comprising its commitment under the Initial Placing or relevant Subsequent Placing;
- (uu) the commitment to subscribe for Shares on the terms set out in this Part X (*Terms and Conditions of any Placing*) and, as applicable, in the Contract Note or Placing Confirmation and the Placing Letter (if any) will continue notwithstanding any amendment that may in the future be made to the terms of the Initial Placing or Subsequent Placing and that it will have no right to be consulted or require that its consent be obtained with respect to the Company's conduct of the Initial Placing or Subsequent Placing; and
- (vv) if it is acting as a "distributor" (for the purposes of the relevant product governance requirements pursuant to the FCA PROD3 Rules):
  - (i) it acknowledges that the Target Market Assessment undertaken by the Joint Bookrunners does not constitute: (a) an assessment of suitability or appropriateness for the purposes of the UK MiFID Laws and EU MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Shares, and each distributor is responsible for undertaking its own target market assessment in respect of the Shares and determining appropriate distribution channels;
  - (ii) notwithstanding any Target Market Assessment undertaken by the Joint Bookrunners, it confirms that it has satisfied itself as to the appropriate knowledge, experience, financial situation, risk tolerance and objectives and needs of the investors to whom it plans to distribute the Shares and that it has considered the compatibility of the risk/reward profile of such Shares with the end target market;
  - (iii) it acknowledges that the price of the Shares issued pursuant to the Initial Placing or any Subsequent Placing may decline and investors could lose all or part of their investment; the Shares offer no guaranteed income and no capital protection; and an investment in the Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom; and
  - (iv) it agrees that, if so requested by the Joint Bookrunners, it will provide aggregated summary information on sales of Shares under PROD 3.3.30R and information on the reviews carried out under PROD 3.3.26R to PROD 3.3.28R.



## **5. SUPPLY AND DISCLOSURE OF INFORMATION**

If the Joint Bookrunners, the Company, the AIFM, the Investment Manager, the Registrar or any of their agents request any information about a Placee's agreement to subscribe for Shares under the Initial Placing or relevant Subsequent Placing, such Placee must promptly disclose it to them and ensure that such information is complete and accurate in all respects.

## **6. DATA PROTECTION**

- 6.1 Each prospective investor acknowledges and agrees that it has read the Privacy Notice.
- 6.2 For the purposes of this section, the Privacy Notice and other sections of this document, "data controller", "data processor", "data subject", "personal data", "processing", "sensitive personal data" and "special category data" will have the meanings attributed to them in the DP Legislation and the term "process" will be construed accordingly.
- 6.3 Information provided by any prospective investor to the Company or the Registrar will be stored both on the Administrator's and the Registrar's computer system and manually. It acknowledges and agrees that for the purposes of the DP Legislation the Company and the Registrar are each required to specify the purposes for which they will hold personal data.
- 6.4 Each of the Company and its service providers will:
  - (a) be responsible for and control any personal data which it processes in relation to investors or arising out of the matters described in this document;
  - (b) comply with the DP Legislation and any other data protection legislation applicable to the collection and processing of the personal data; and
  - (c) take appropriate technical and organisational measures against unauthorised or unlawful processing of personal data and against accidental loss or destruction of, or damage to, the personal data.
- 6.5 Where personal data is shared by the Placee with the Company or its agents pursuant to this document, the Placee will ensure that there is no prohibition or restriction which would:
  - (a) prevent or restrict it from disclosing or transferring the personal data to the relevant recipient;
  - (b) prevent or restrict the Company or its agents from disclosing or transferring the personal data to relevant third parties and any of its (or their) employees, agents, delegates and subcontractors (including to jurisdictions outside of the UK, Guernsey or the EEA, including the United States), in order to provide the services or services ancillary thereto; or
  - (c) prevent or restrict the Company and any of its (or their), employees, agents, delegates and subcontractors, from processing the personal data as specified in the Privacy Notice and/or in this document.
- 6.6 If the Placee passes personal data of any of its or its Affiliates' employees, representatives, beneficial owners, agents and subcontractors to the Company or its agents, the Placee warrants that it has provided adequate notice to such employees, representatives, beneficial owners, agents and subcontractors including the detail set out in this section 6 and the Privacy Notice and as required by the DP Legislation relating to the processing by the Company or its agents as applicable of such personal data and to the transfer of such personal data outside Guernsey, the UK or the EEA.
- 6.7 If the Placee passes personal data of any of its shareholders, investors or clients to the Company or its agents the Placee warrants that it will provide the Privacy Notice or equivalent wording to such shareholders, investors or clients.

- 6.8 The investor will also ensure that it has obtained any necessary consents from any of its or its Affiliates', representatives, employees, beneficial owners, agents or subcontractors in order for the Company, the Registrar or their respective agents to carry out AML Checks (as defined in the Privacy Notice).
- 6.9 In providing the Company, the Registrar and the Joint Bookrunners with information each Placee hereby represents and warrants to the Company, the Registrar and the Joint Bookrunners that it has obtained any necessary consents of any data subject whose data it has provided to the Company and the Registrar and their respective associates holding and using their personal data as set out in the Privacy Notice (including, where required, the explicit consent of the data subjects for the processing of any sensitive personal data as set out in the Privacy Notice) and will make the Privacy Notice, for which the Company and the Registrar will process the data, available to all data subjects whose personal data may be shared by it for this purpose.
- 6.10 The Company and the Registrar are each data controllers for the purpose of the DP Legislation and the parties all agree and acknowledge that neither of the Company nor the Registrar is or will be a data processor for any of the others or a joint data controller with any of the others and they will each comply with their obligations under the DP Legislation and the Placee will do nothing that puts the Company or the Registrar in breach of their respective obligations. The Administrator is a data processor for the purpose of the DP Legislation and the parties all agree and acknowledge this.

## 7. MISCELLANEOUS

- 7.1 The rights and remedies of the Joint Bookrunners, the Company and the Investment Manager and the AIFM under these terms and conditions are in addition to any rights and remedies which would otherwise be available to each of them and the exercise or partial exercise of one will not prevent the exercise of others.
- 7.2 On application, if a Placee is a discretionary fund manager, that Placee may be asked to disclose in writing or orally the jurisdiction in which its funds are managed or owned. All documents provided in connection with the Initial Placing or any Subsequent Placing will be sent at the Placee's risk. They may be returned by post to such Placee at the address notified by such Placee.
- 7.3 Each Placee agrees to be bound by the Articles (as amended) once the Shares which the Placee has agreed to subscribe for pursuant to the Initial Placing and/or any Subsequent Placing have been acquired by the Placee. The contract to subscribe for: (i) Ordinary Shares under the Initial Placing; or (ii) Ordinary Shares and/or C Shares under any Subsequent Placing, or any non-contractual obligations arising under or in connection with the relevant Placing, and the appointments and authorities mentioned in this Prospectus and all disputes and claims arising out of or in connection with its subject matter or formation (including non-contractual disputes or claims), will be governed by, and construed in accordance with, the laws of England and Wales. For the exclusive benefit of the Joint Bookrunners and the Company, each Placee irrevocably submits to the jurisdiction of the courts of England and Wales and waives any objection to proceedings in any such court on the ground of venue or on the ground that proceedings have been brought in an inconvenient forum. This does not prevent an action being taken against a Placee in any other jurisdiction.
- 7.4 In the case of a joint agreement to subscribe for: (i) Ordinary Shares under the Initial Placing; or (ii) Ordinary Shares and/or C Shares under any Subsequent Placing, references to a "Placee" in these terms and conditions are to each of the Placees who are a party to that joint agreement and their liability is joint and several.
- 7.5 The Joint Bookrunners and the Company expressly reserve the right to modify the Initial Placing and/or any Subsequent Placing (including, without limitation, the timetable and settlement) at any time before allocations are determined.

The Initial Placing and each Subsequent Placing are each subject to the satisfaction of the conditions contained in the Sponsor and Placing Agreement (which include but are not limited to those set out in sections 2 and 3 of Part VII (*The Initial Placing Arrangements and the Placing Programme*) of this Prospectus) and such agreement not having been terminated. The Global Co-ordinator and the Company

have the right to waive or not to waive any such conditions (save for Admission of the relevant Shares) or terms and will exercise that right without recourse or reference to Placees. Further details of the terms of the Sponsor and Placing Agreement are contained in section 11.1 of Part IX (*Additional Information on the Company*) of this Prospectus.

## PART XI DEFINITIONS

<b>“Administrator”</b>	JTC Fund Solutions (Guernsey) Limited
<b>“Admission”</b>	the admission of Shares issued pursuant to a Placing to listing on the premium listing category of the Official List and to trading on the premium segment of the Main Market
<b>“Adjusted Net Asset Value”</b>	the Net Asset Value of the Company less all amounts in respect of which Welkin receives a management or similar fee from an underlying Welkin Fund
<b>“Administration and Secretarial Agreement”</b>	the agreement dated on or around the date of this Prospectus between the Company and JTC Funds Solutions (Guernsey) Limited (in its capacity as Secretary and Administrator) summarised in section 11 of Part IX ( <i>Additional Information on the Company</i> ) of this Prospectus
<b>“Affiliate”</b>	an affiliate of, or person affiliated with, a specified person, including a person that directly, or indirectly through one or more intermediate holding companies, controls or is controlled by, or is under common control with, the person specified
<b>“AIC”</b>	the Association of Investment Companies
<b>“AIC Code”</b>	the AIC Code of Corporate Governance, as revised or updated from time to time
<b>“AIFM”</b>	the Company’s alternative investment fund manager, which will be JTC Global AIFM Solutions Limited, for the purposes of the EU AIFM Directive or the UK AIFMD Laws (as applicable)
<b>“AIFM Agreement”</b>	the agreement dated on or around the date of this Prospectus, between the Company and the AIFM summarised in section 11 of Part IX ( <i>Additional Information on the Company</i> ) of this Prospectus
<b>“AIFM Indemnified Person”</b>	has the meaning given in section 11.2(e) of Part IX ( <i>Additional Information on the Company</i> ) of this Prospectus
<b>“AGM” or “Annual General Meeting”</b>	annual general meeting
<b>“Allocation Committee”</b>	the Welkin allocation committee as established pursuant to the Allocation Policy
<b>“Allocation Policy”</b>	Welkin’s policy relating to the allocation of investment opportunities amongst its clients
<b>“Articles”</b>	the articles of incorporation of the Company from time to time
<b>“Associate”</b>	in relation to the Investment Manager only, any company which is its subsidiary undertaking or parent undertaking or a fellow subsidiary undertaking of the parent undertaking, any company whose directors are accustomed to act in accordance with the Investment Manager’s directions or instruction or any other fund or other similar vehicle managed by the Investment Manager or its Affiliates

“ <b>Audit and Risk Committee</b> ”	the committee of this name established by the Board and having the duties described in the section entitled “Audit and Risk Committee” in Part VI ( <i>Directors, Management and Administration</i> ) of this Prospectus
“ <b>Board</b> ”	the board of Directors of the Company, including any duly constituted committee thereof
“ <b>Business Day</b> ”	a day (excluding Saturdays and Sundays or public holidays in England and Guernsey) on which banks generally are open for business in London and Guernsey for the transaction of normal business
“ <b>C Shareholder</b> ”	a holder of C Shares
“ <b>C Shares</b> ”	redeemable ordinary shares of no par value in the capital of the Company issued as “C Shares” of such class (denominated in such currency) as the Directors may determine in accordance with the Articles and having such rights and being subject to such restrictions as are contained in the Articles and which will convert into Ordinary Shares in accordance with the terms of the Articles
“ <b>Calculation Date</b> ”	31 December in each year (or, in the event that the Investment Management and Distribution Agreement is terminated or the Company is wound-up, the date of such termination or winding-up)
“ <b>Cash and Cash Equivalents</b> ”	has the meaning given in section 2 of Part I ( <i>Information on the Company</i> ) of this Prospectus
“ <b>certificated</b> ” or “ <b>in certificated form</b> ”	not in uncertificated form
“ <b>Chair</b> ”	the chair of the Board
“ <b>China</b> ”	the People’s Republic of China
“ <b>Chinese Companies</b> ”	Investee Companies primarily based, or having or pursuing operations in, China
“ <b>Closing Non-Welkin Fund Net Asset Value</b> ”	means the Non-Welkin Fund Net Asset Value as at the last day of a Profit Allocation Period, adjusted by:  <b>adding back</b> (i) the total net Distributions (if any) (whether paid, or declared but not yet paid) in respect of the Ordinary Shares during the Profit Allocation Period; (ii) the aggregate cost of repurchasing or redeeming Ordinary Shares during the Profit Allocation Period; (iii) the aggregate amounts contributed to Welkin Funds in respect of the Ordinary Shares during the Profit Allocation Period and (iv) any accrual for the Profit Allocation for the current Profit Allocation Period reflected in the Net Asset Value; and

	<b>deducting</b> (i) the aggregate issue price of all Ordinary Shares issued, and the aggregate net asset value of any Ordinary Shares arising from the conversion of C Shares, during the relevant Profit Allocation Period; and (ii) aggregate amounts distributed by Welkin Funds to the Company, or the realisation proceeds received by the Company in respect of disposing of interests in Welkin Funds, in each case in respect of the Ordinary Shares, during the relevant Profit Allocation Period
<b>“CLSA”</b>	CLSA Limited
<b>“Common Reporting Standard” or “CRS”</b>	the global standard for the automatic exchange of financial information between tax authorities developed by the OECD
<b>“Companies Law”</b>	the Companies (Guernsey) Law, 2008, as amended
<b>“Company”</b>	Welkin China Private Equity Limited, incorporated in Guernsey on 19 May 2022 with registered number 70660, whose registered office is Ground Floor, Dorey Court, Admiral Park, St. Peter Port, Guernsey, GY1 2HT
<b>“Company Placing”</b>	a placing by the Company directly, as principal, of: (i) Ordinary Shares, pursuant to the Initial Placing; and (ii) Ordinary Shares and/or C Shares under the Placing Programme, each as described in this Prospectus, subject to the terms and conditions set out in this Prospectus
<b>“Contract Note”</b>	has the meaning given in section 4(c) of Part X ( <i>Terms and Conditions of any Placing</i> ) of this Prospectus
<b>“Conversion”</b>	has the meaning given in section 6.2(e)(A) of Part IX ( <i>Additional Information on the Company</i> ) of this Prospectus
<b>“Conversion Calculation Date”</b>	has the meaning given in section 6.2(e)(A) of Part IX ( <i>Additional Information on the Company</i> ) of this Prospectus
<b>“Conversion Ratio”</b>	has the meaning given in section 6.2(e)(A) of Part IX ( <i>Additional Information on the Company</i> ) of this Prospectus
<b>“Cornerstone Investor”</b>	means an investor which has entered into a Cornerstone Investor Commitment Agreement with the Investment Manager
<b>“Cornerstone Investor Commitment Agreements”</b>	the agreements dated on or around the date of this Prospectus between the Investment Manager and the Cornerstone Investors summarised in section 11 of Part IX ( <i>Additional Information on the Company</i> ) of this Prospectus
<b>“CREST”</b>	the relevant system as defined in the CREST Regulations in respect of which Euroclear UK & International Limited is the operator (as defined in the CREST Regulations), in accordance with which securities may be held in uncertificated form
<b>“CREST Account”</b>	an account in CREST
<b>“CREST Regulations”</b>	the UK Uncertificated Securities Regulations 2001 (SI No. 2001/3755), as amended
<b>“Deutsche Bank”</b>	Deutsche Bank AG (London Branch)

<b>“Directors”</b>	the directors of the Company
<b>“Direct Investments”</b>	direct primary or secondary investments identified by the Investment Manager as a result of the process that it undertakes in its private equity activities and may include co-investment opportunities alongside Managed Funds
<b>“Disclosure Guidance and Transparency Rules”</b>	the UK disclosure guidance and transparency rules made by the FCA under Part VI of FSMA
<b>“Distributions”</b>	a dividend or a distribution during and for the purposes of the Company’s winding up (but no other type of distribution)
<b>“DP Law”</b>	the Data Protection (Bailiwick of Guernsey) Law 2017, as amended
<b>“DP Legislation”</b>	the applicable data protection legislation (including the UK GDPR, the EU GDPR and the DP Law) and regulatory requirements in the United Kingdom and/or the EEA, as appropriate
<b>“EEA”</b>	the European Economic Area
<b>“EEA Member State”</b>	each member state of the EEA from time to time
<b>“ERISA”</b>	the US Employee Retirement Income Security Act of 1974, as amended, and the applicable regulations thereunder
<b>“EU”</b>	the European Union
<b>“EU AIFM Delegated Regulation”</b>	the Commission Delegated Regulation (EU) No 231/2013 of 19 December 2012 supplementing Directive 2011/61/EU of the European Parliament and of the Council with regard to exemptions, general operating conditions, depositaries, leverage, transparency and supervision
<b>“EU AIFM Directive”</b>	Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers and amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) No 1060/2009 and (EU) No 1095/2010 and the EU AIFM Delegated Regulation
<b>“EU GDPR”</b>	Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data and repealing Directive 95/46/EC, as amended
<b>“EU Market Abuse Regulation”</b>	Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse and repealing the Directive of the European Parliament and of the Council of 28 January 2003 and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC

<b>“EU MiFID II”</b>	Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (“ <b>MiFID</b> ”) and Regulation (EU) No 600/2014 of the European Parliament and the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No 648/2012 (“ <b>MiFIR</b> ”) and together with MiFID, “ <b>MiFID II</b> ”)
<b>“EU Money Laundering Directive”</b>	Directive 2005/60/EC of the European Parliament and of the Council of 26 October 2005 on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing)
<b>“EU PRIIPs Regulation”</b>	Regulation (EU) No 1286/2014 of the European Parliament and of the Council of 26 November 2014 on key information documents for packaged retail and insurance-based investment products (PRIIPs) and its implementing and delegated acts
<b>“EU Prospectus Regulation”</b>	Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market and repealing Directive 2003/71/EC
<b>“EU UCITS Directive”</b>	Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities, as amended
<b>“Fair Value”</b>	the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date
<b>“FCA” or “Financial Conduct Authority”</b>	the Financial Conduct Authority of the United Kingdom
<b>“FCA PROD3 Rules”</b>	the FCA’s PROD3 Rules on product governance within the FCA Handbook
<b>“FCA Rules”</b>	the rules and guidance set out in the FCA Handbook of Rules and Guidance from time to time
<b>“Final Closing Date”</b>	the earliest of (i) 6 September 2023; (ii) the date on which all of the Shares available for issue under the Placing Programme have been issued; and (iii) such other date as may be agreed between Deutsche Bank and the Company (such agreed date to be announced by way of an RIS announcement)
<b>“finnCap”</b>	finnCap Limited
<b>“FSMA”</b>	the UK Financial Services and Markets Act 2000, as amended
<b>“GDP”</b>	gross domestic product
<b>“GFSC”</b>	Guernsey Financial Services Commission
<b>“Global Co-ordinator”</b>	Deutsche Bank, acting in its capacity as sole global co-ordinator in relation to the Initial Placing and Placing Programme on behalf of itself and as agent for the other Joint Bookrunners



<b>“Gross Asset Value”</b>	the value of all assets of the Company, being the sum of all investments held in the portfolio together with any Cash and Cash Equivalents, determined in accordance with the Company’s valuation policy, applicable accounting standards and the Articles
<b>“Gross Initial Placing Proceeds”</b>	the gross proceeds of the Initial Placing, being the number of Ordinary Shares issued in connection with Initial Admission (including all Ordinary Shares issued pursuant to the Initial Portfolio Acquisition Agreement) multiplied by the Initial Placing Price
<b>“Gross Subsequent Placing Proceeds”</b>	the gross proceeds of any Subsequent Placing, being the number of Shares issued under the relevant Subsequent Placing multiplied by the applicable Placing Price
<b>“Group”</b>	the Company and its Affiliates from time to time
<b>“Growth Investments”</b>	has the meaning given to it in Section 2 Part I ( <i>Information on the Company</i> ) of the Prospectus
<b>“Guernsey AML Requirements”</b>	the Criminal Justice (Proceeds of Crime) (Bailiwick of Guernsey) Law 1999 (as amended and replaced from time to time), ordinances, rules and regulations made thereunder, and the GFSC’s Handbook on Countering Financial Crime and Terrorist Financing (as amended, supplemented and/or replaced from time to time)
<b>“Huatai”</b>	Huatai Financial Holdings (Hong Kong) Limited
<b>“Hurdle Amount”</b>	has the meaning given in section 9 of Part VI ( <i>Directors, Management and Administration</i> ) of this Prospectus
<b>“HMRC”</b>	HM Revenue & Customs
<b>“IFRS”</b>	UK-adopted International Accounting Standards, in conformity with the requirements of the Companies Act 2006
<b>“IMF”</b>	means the International Monetary Fund
<b>“Initial Admission”</b>	Admission of the Ordinary Shares for the first time to listing on the premium listing category of the Official List and to trading on the premium segment of the Main Market
<b>“Initial Expenses”</b>	the commissions, costs and expenses of the Company that are necessary for the establishment of the Company, the Initial Placing and Initial Admission
<b>“Initial Placing Price”</b>	US\$1.00 per Ordinary Share
<b>“Initial Placing”</b>	the placing of Ordinary Shares to be issued in connection with Initial Admission (including all Ordinary Shares issued pursuant to the Initial Portfolio Acquisition Agreement)
<b>“Initial Portfolio”</b>	has the meaning given in Part V ( <i>Valuation Opinion Letter</i> ) of this Prospectus

<b>“Initial Portfolio Acquisition Agreement”</b>	the agreement dated on or around the date of this Prospectus between the Company, the Welkin Affiliate and the Investment Manager governing the acquisition of the Initial Portfolio as described in section 11.6 of Part IX (Additional Information on the Company) of this Prospectus
<b>“Initial Term”</b>	has the meaning given in section 11.1(a) of Part IX ( <i>Additional Information on the Company</i> ) of this Prospectus
<b>“Investee Company”</b>	a Public Investee Company or a Private Investee Company
<b>“Investment Committee”</b>	the investment committee established by the Investment Manager to oversee management of the Company’s portfolio
<b>“Investment Company Act”</b>	the US Investment Company Act of 1940, as amended
<b>“Investment Management and Distribution Agreement”</b>	the agreement dated on or around the date of this Prospectus between the Company, the AIFM and the Investment Manager summarised in section 11.1(a) of Part IX ( <i>Additional Information on the Company</i> ) of this Prospectus)
<b>“Investment Manager”</b>	Welkin Capital Management (Asia) Limited
<b>“Investment Manager Indemnified Person”</b>	has the meaning given in section 11.3(l) of Part IX ( <i>Additional Information on the Company</i> ) of this Prospectus
<b>“IPEV Guidelines”</b>	The International Private Equity and Venture Capital Valuation guidelines
<b>“IRR”</b>	internal rate of return
<b>“ISA”</b>	an individual savings account approved in the UK by HMRC
<b>“ISIN”</b>	International Securities Identification Number
<b>“Joint Bookrunner Placing”</b>	a placing by the Joint Bookrunners on behalf of the Company of: (i) Ordinary Shares, pursuant to the Initial Placing; and (ii) Ordinary Shares and/or C Shares under the Placing Programme, each as described in this Prospectus, subject to the terms and conditions set out in this Prospectus
<b>“Joint Bookrunners”</b>	Deutsche Bank, CLSA, Huatai and finnCap
<b>“LEI”</b>	legal entity identifier
<b>“Listing Rules”</b>	the listing rules made by the FCA under Part VI of FSMA
<b>“Lock-up Agreement”</b>	the agreement dated on, or prior to, the date of Initial Admission, between the Company and the Welkin Affiliate summarised in section 11 of Part IX (Additional Information on the Company) of this Prospectus
<b>“London Stock Exchange”</b>	London Stock Exchange plc
<b>“Long Stop Date”</b>	31 December 2022
<b>“Main Market”</b>	London Stock Exchange’s main market for listed securities

<b>“Managed Funds”</b>	Welkin Funds and Third-Party Managed Funds
<b>“Management Engagement Committee”</b>	the committee of this name established by the Board and having the duties described in the section entitled “Management Engagement Committee” in Part VI (Directors, Management and Administration) of this Prospectus
<b>“Management Fee”</b>	has the meaning given in the section entitled “Management Fee” of Part VI ( <i>Directors, Management and Administration</i> ) of this Prospectus
<b>“Minimum Gross Initial Placing Proceeds”</b>	the minimum Gross Initial Placing Proceeds required for the Initial Placing to proceed, being US\$150 million
<b>“Minimum Net Initial Placing Proceeds”</b>	the minimum Net Initial Placing Proceeds required for the Initial Placing to proceed, being US\$147 million
<b>“Money Laundering Rules”</b>	has the meaning given in section 4(hh) of Part X (Terms and Conditions of any Placing) of this Prospectus
<b>“NAV” or “Net Asset Value”</b>	the value of all assets of the Company attributable to the Ordinary Shares or any tranche of C Shares, as the case may be, less liabilities of the Company attributable to the Ordinary Shares or relevant tranche of C Shares, as the case may be (including provisions for such liabilities) determined in accordance with the Company’s accounting policies, applicable accounting standards and the Articles
<b>“NAV per C Share” or “Net Asset Value per C Share”</b>	in relation to each tranche of C Shares, the Net Asset Value attributable to that tranche of C Shares in issue divided by the number of C Shares of that class in issue (excluding any C Shares of that class held in treasury) at the relevant time and expressed in US Dollars
<b>“NAV per Ordinary Share” or “Net Asset Value per Ordinary Share”</b>	the Net Asset Value attributable to the Ordinary Shares in issue divided by the number of Ordinary Shares in issue (excluding any Ordinary Shares held in treasury) at the relevant time and expressed in US Dollars
<b>“NAV per Share” or “Net Asset Value per Share”</b>	NAV per Ordinary Share or NAV per C Share or both, in each case as the context may require
<b>“Net Initial Placing Proceeds”</b>	the net proceeds of the Initial Placing, being the Gross Initial Placing Proceeds less the Initial Expenses
<b>“Net Subsequent Placing Proceeds”</b>	the net proceeds of any Subsequent Placing, being the Gross Issue Proceeds less the Subsequent Expenses of such Subsequent Placing
<b>“Nil Rate Amount”</b>	has the meaning given in section 3.2 of Part VIII ( <i>Taxation</i> ) of this Prospectus
<b>“NMPIs”</b>	has the meaning given in section 19 of Part IX.
<b>“Nomination and Remuneration Committee”</b>	the committee of this name established by the Board and having the duties described in the section entitled “Nomination and Remuneration Committee” in Part VI ( <i>Directors, Management and Administration</i> ) of this Prospectus

<b>“Non-Qualified Holder”</b>	any person: (i) whose ownership of shares may cause the Company’s assets to be deemed “plan assets” for the purposes of US Employment Retirement Income Security Act of 1974, as amended from time to time, and the applicable regulations thereunder (ERISA) or the United States Internal Revenue Code of 1986 (the US Tax Code); (ii) whose ownership of shares may cause the Company to be required to register as an “investment company” under the Investment Company Act or to lose an exemption or a status thereunder to which it might otherwise be entitled (including because the holder of shares is not a “qualified purchaser” as defined in the Investment Company Act); (iii) whose ownership of shares may cause the shares to be required to be registered or cause the Company to be required to file reports under the US Securities Exchange Act of 1934, as amended (the Exchange Act) or any similar legislation; (iv) whose ownership of shares may cause the Company to be a “controlled foreign corporation” for the purposes of the US Tax Code, or may cause the Company to suffer any pecuniary disadvantage (including any excise tax, penalties or liabilities under ERISA or the US Tax Code); (v) whose ownership of shares may cause the Company to cease to be considered a “foreign private issuer” for the purposes of the Securities Act or the Exchange Act; or (vi) whose ownership of shares would or might result in the Company not being able to satisfy its obligations under the Common Reporting Standard developed by the Organisation for Economic Co-Operation and Development or such similar reporting obligations on account of, inter alia, non-compliance by such person with any information request made by the Company
<b>“Non-Welkin Fund Net Asset Value”</b>	the NAV of the Ordinary Shares, excluding the aggregate value of investments in Welkin Funds
<b>“NURS”</b>	a non-UCITS retail scheme, being a fund authorised by the FCA that is neither a UCITS scheme nor a qualified investor scheme
<b>“OECD”</b>	the Organisation for Economic Co-operation and Development
<b>“Official List”</b>	the list maintained by the FCA pursuant to Part VI of FSMA
<b>“Opening Non-Welkin Fund Net Asset Value”</b>	the Non-Welkin Fund Net Asset Value as at the beginning of a Profit Allocation Period
<b>“Ordinary Shareholder”</b>	a holder of Ordinary Shares
<b>“Ordinary Shares”</b>	redeemable ordinary shares of no par value in the capital of the Company issued and designated as “Ordinary Shares” of such class (denominated in such currency) as the Directors may determine in accordance with the Articles and having such rights and being subject to such restrictions as are contained in the Articles
<b>“Overseas Persons”</b>	persons who are resident in, or who are citizens of, or who have registered addresses in, territories other than the UK
<b>“PDMR”</b>	persons discharging managerial responsibilities (as defined in the UK Market Abuse Regulation)

<b>“PFIC”</b>	a “passive foreign investment company” for US federal tax purposes
<b>“Placee”</b>	a person subscribing for Shares under any Placing
<b>“Placing”</b>	a Joint Bookrunner Placing and/or a Company Placing, pursuant to the Initial Placing or a Subsequent Placing, described in this Prospectus, on the terms and subject to the conditions set out in the Sponsor and Placing Agreement and Part VII ( <i>The Initial Placing Arrangements and the Placing Programme</i> ) and Part X ( <i>Terms and Conditions of Placing</i> ) of this Prospectus
<b>“Placing Confirmation”</b>	has the meaning given in section 4 of Part X ( <i>Terms and Conditions of any Placing</i> ) of this Prospectus
<b>“Placing Document”</b>	has the meaning given in section 4 of Part X ( <i>Terms and Conditions of any Placing</i> ) of this Prospectus
<b>“Placing Letter”</b>	has the meaning given in section 1 of Part X ( <i>Terms and Conditions of any Placing</i> ) of this Prospectus
<b>“Placing Price”</b>	the price per Share at which Ordinary Shares or C Shares are issued pursuant to a Subsequent Placing
<b>“Placing Programme”</b>	the proposed programme of Placings to be carried out by the Company or the Joint Bookrunners (as the case may be), commencing with the Initial Placing and closing on the Final Closing Date
<b>“Private Investee Companies”</b>	a business, established in any legal form, in which the Company invests and which is not listed or admitted to trading on any public stock exchange
<b>“Profit Allocation”</b>	an allocation connected with the performance of the Company to be allocated to the Profit Allocation Share Class Fund in such amounts and at such times as shall be determined by the Board in accordance with the Articles
<b>“Profit Allocation Period”</b>	each period ending on a Calculation Date and beginning on the date of Initial Admission or, if later, the day immediately following the Calculation Date at the end of the most recent Profit Allocation Period in respect of which a Profit Allocation Amount has been allocated to the Profit Allocation Share Class Fund
<b>“Profit Allocation Shares”</b>	Redeemable profit allocation shares of no par value in the capital of the Company and having the rights set out in the Articles
<b>“Profit Allocation Share Class Fund”</b>	a class fund for the Profit Allocation Shares to which the Profit Allocation will be allocated
<b>“Prospectus”</b>	this document
<b>“Prospectus Regulation Rules”</b>	the prospectus regulation rules made by the FCA under Part VI of FSMA
<b>“Public Investee Companies”</b>	a business, established in any legal form, in which the Company invests and which is listed or admitted to trading on at least one public stock exchange

<b>“Purposes”</b>	has the meaning given in section 4 of Part X ( <i>Terms and Conditions of any Placing</i> ) of this Prospectus
<b>“Register”</b>	the register of members of the Company
<b>“Registrar”</b>	JTC Registrars Limited
<b>“Registrar and Receiving Agent Services Agreement”</b>	the agreement dated on or around the date of this Prospectus between the Company and JTC Registrars Limited summarised in section 11 of Part IX ( <i>Additional Information on the Company</i> ) of this Prospectus
<b>“Regulation S”</b>	Regulation S under the Securities Act
<b>“Regulatory Information Service” or “RIS”</b>	a service authorised by the FCA to release regulatory announcements to the London Stock Exchange
<b>“Relevant Exchange Rate”</b>	the Sterling, Euros, Swiss Francs (or such other currency as the Directors may permit) to US Dollar spot exchange rate published by Bloomberg at (i) with respect the Initial Placing, 5:00 p.m. on 27 September 2022 (or such other date or time as the Company may determine and notify to investors via a Regulatory Information Service announcement); or (ii) with respect to any Subsequent Placing, the date or time as the Company may determine and notify to investors, to be notified by the Company via a Regulatory Information Service announcement prior to Initial Admission
<b>“Reporting Accountant”</b>	BDO LLP
<b>“Restricted Territory”</b>	Australia, Canada, Japan, New Zealand or the Republic of South Africa
<b>“SDRT”</b>	UK stamp duty reserve tax
<b>“SEC”</b>	the US Securities and Exchange Commission
<b>“Securities Act”</b>	the US Securities Act of 1933, as amended
<b>“SEDOL”</b>	The Stock Exchange Daily Official List
<b>“Service Standard”</b>	has the meaning given in section 11.1(a) of Part IX ( <i>Additional Information on the Company</i> ) of this Prospectus
<b>“SFC”</b>	the Securities & Futures Commission of Hong Kong
<b>“SFC’s Fund Manager Code of Conduct”</b>	the third edition of the SFC’s fund manager code of conduct published on November 2018 pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong
<b>“Shareholder”</b>	a holder of Shares
<b>“Shares”</b>	Ordinary Shares and/or C Shares or both, as the context may require

<b>“Sponsor and Placing Agreement”</b>	the agreement dated on or around the date of this Prospectus between the Company, the Investment Manager, the Directors and the Joint Bookrunners summarized in section 11.1 of Part IX ( <i>Additional Information on the Company</i> ) of this Prospectus
<b>“Sterling”, “£” or “GBP”</b>	pounds sterling, the lawful currency of the UK
<b>“Subscriber Share”</b>	the one Ordinary Share issued to the Investment Manager upon incorporation of the Company
<b>“Subsequent Admission”</b>	Admission of new Shares issued pursuant to a Subsequent Placing
<b>“Subsequent Expenses”</b>	has the meaning given in section 3.2 of Part VII ( <i>The Initial Placing Arrangements and the Placing Programme</i> ) of this Prospectus
<b>“Subsequent Placing”</b>	any Placing of Shares pursuant to the Placing Programme, excluding (for the avoidance of doubt) the Initial Placing
<b>“Sustainability Risk”</b>	an environmental, social or governance event or condition that the AIFM and Investment Manager currently considers could have a material negative impact on the value of one or more investments in the Company’s portfolio
<b>“Tactical Investments”</b>	has the meaning given to it in Section 2 Part I ( <i>Information on the Company</i> ) of the Prospectus
<b>“Takeover Code”</b>	the City Code on Takeovers and Mergers
<b>“Target Market Assessment”</b>	has the meaning given in the subsection entitled “Target Market Assessment” in the section entitled “Important Notices” of this Prospectus
<b>“Third-Party Managed Funds”</b>	collective investment vehicles in which the Company may invest which are managed or advised by third-party managers (and not by Welkin or its Affiliates)
<b>“Track Record”</b>	has the meaning given in the section entitled “Important note regarding performance data” of the Part entitled “Important Information” of this Prospectus
<b>“UCITS scheme”</b>	an authorised fund authorised by the FCA in accordance with the UK UCITS Laws or an equivalent entity established in accordance with the EU UCITS Directive
<b>“UK” or “United Kingdom”</b>	the United Kingdom of Great Britain and Northern Ireland
<b>“UK AIFMD Laws”</b>	(i) the Alternative Investment Fund Managers Regulations 2013 (SI 2013/1773) and any other implementing measure which operated to transpose the EU AIFM Directive into UK law before 31 January 2020 (as amended from time to time); and  (ii) the UK versions of the EU AIFM Delegated Regulation and any other delegated regulations in respect of the EU AIFM Directive, each being part of UK law by virtue of the European Union (Withdrawal) Act 2018, as further amended and supplemented from time to time

<b>“UK Corporate Governance Code”</b>	the United Kingdom Corporate Governance Code as published by the UK Financial Reporting Council, as amended
<b>“UK GDPR”</b>	the UK version of the EU GDPR which is part of UK law by virtue of the European Union (Withdrawal) Act 2018, as amended and supplemented from time to time
<b>“UK MAR”</b>	the UK version of the EU Market Abuse Regulation which is part of UK law by virtue of the European Union (Withdrawal) Act 2018, as amended and supplemented from time to time
<b>“UK MiFID Laws”</b>	<p>(i) the Financial Services and Markets Act 2000 (Markets in Financial Instruments) Regulations 2017 (SI 2017/701), The Data Reporting Services Regulations 2017 (SI 2017/699) and the Financial Services and Markets Act 2000 (Regulated Activities) (Amendment) Order 2017 (SI 2017/488) and any other implementing measure which operated to transpose the EU MiFID II into UK law before 31 January 2020 (as amended and supplemented from time to time); and</p> <p>(ii) the UK version of Regulation (EU) No 600/2014 of the European Parliament, which is part of UK law by virtue of the European Union (Withdrawal) Act 2018, as amended and supplemented from time to time</p>
<b>“UK MiFID Org Regulation”</b>	the UK version of Commission Delegated Regulation (EU) 2017/565 of 25 April 2016, which is part of UK law by virtue of the European Union (Withdrawal) Act 2018, as amended and supplemented from time to time
<b>“UK Money Laundering Regulations 2017”</b>	the UK Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (SI 2017/692) as amended and supplemented from time to time
<b>“UK PRIIPs Laws”</b>	the UK version of the EU PRIIPs Regulation (1286/2014) which is part of UK law by virtue of the European Union (Withdrawal) Act 2018, as amended and supplemented from time to time
<b>“UK Prospectus Amendment Regulations 2019”</b>	the Prospectus (Amendment etc.) (EU Exit) Regulations (SI 2019/1234)
<b>“UK Prospectus Regulation”</b>	the UK version of the EU Prospectus Regulation (2017/1129) which is part of UK law by virtue of the European Union (Withdrawal) Act 2018, as amended and supplemented from time to time (including by the UK Prospectus Amendment Regulations 2019)
<b>“UK UCITS Laws”</b>	<p>(i) the Undertakings for Collective Investment in Transferable Securities Regulations 2011 (SI 2011/1613) and any other implementing measure which operated to transpose the EU UCITS Directive into UK law before 31 January 2020 (as amended and supplemented from time to time); and</p> <p>(ii) the UK versions of EU Regulation 583/2010 and EU Regulation 584/2010, each being part of UK law by virtue of the European Union (Withdrawal) Act 2018, as amended and supplemented from time to time</p>



<b>“uncertificated” or “uncertificated form”</b>	a Share recorded on the Register as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST
<b>“Underlying Portfolio Companies”</b>	has the meaning given to it in Part III ( <i>Initial Portfolio</i> ) of the Prospectus
<b>“United States” or “US”</b>	the United States of America, its territories and possessions, any state of the United States and the District of Columbia
<b>“US Dollars” or “US\$” or “USD”</b>	United States dollars, the lawful currency of the United States
<b>“US Person”</b>	a “U.S. person” as defined under Regulation S and references to “US Persons” will be construed accordingly
<b>“US Plan Assets Regulations”</b>	the regulations promulgated by the US Department of Labor at 29 CFR 2510.3-101, as modified under section 3(42) of ERISA
<b>“US Tax Code”</b>	the US Internal Revenue Code of 1986, as amended
<b>“Valuation Opinion”</b>	the opinion provided by the Reporting Accountant as reproduced at Part V ( <i>Valuation Opinion</i> ) of this Prospectus
<b>“Welkin” or “Welkin Capital Management”</b>	Welkin Capital Management (Asia) Limited
<b>“Welkin Affiliate”</b>	Welkin Principal Investments Limited
<b>“Welkin Funds”</b>	current and future collective investment vehicles (other than the Company) which are blind pool funds with multiple and diverse investors and portfolio assets managed by or on behalf of Welkin or its Affiliates, including (without limitation) Welkin Fund II
<b>“Welkin Fund II”</b>	Welkin Capital Partners II, L.P.
<b>“Valuation Committee”</b>	Welkin’s valuation committee