June 11, 2018

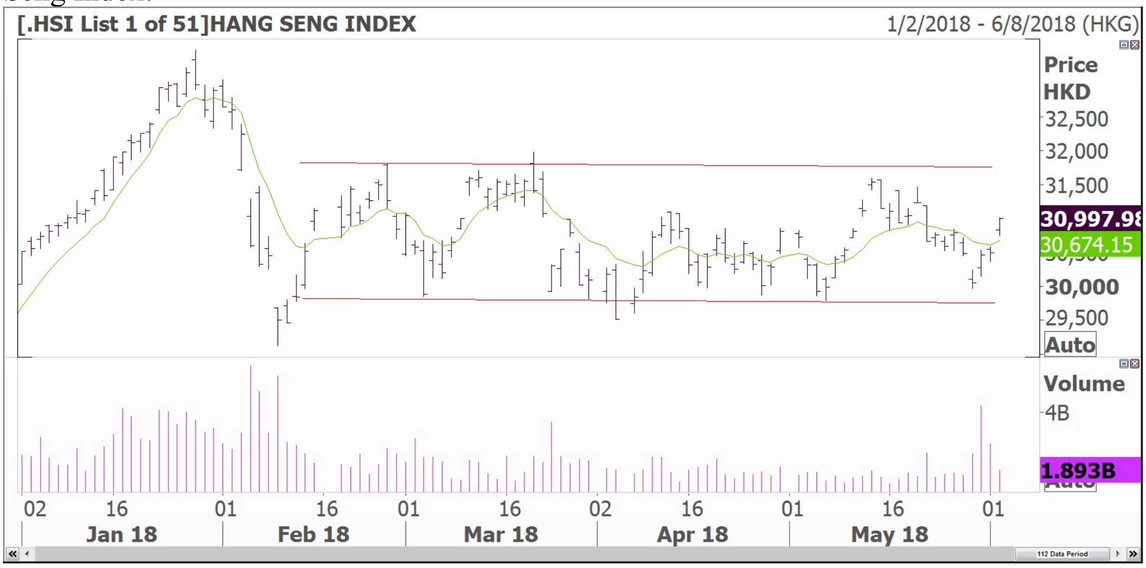
Dear Clients, Partners, and Friends,

The results for South Ocean Management's Delaware LP, Hong Kong Partners' L.P., before incentive fees, were as follows:

	May 2018	Year-to-date
Hong Kong Partners LP	2.0%	-2.8%
Hang Seng Index	-1.1%	1.8%
Hang Seng Small Cap Index	3.5%	10.8%
MSCI HK Small Cap Index	-2.5%	-5.4%

Partners' NAV $3.1394 after management fee and provisions, but before annual incentive fees of 15% on appreciation.

Trade wars and lower trading volumes were issues that weighed on Hong Kong stocks in May. In fact, since January, there has been generally sideways movement in the Hang Seng Index:



Though the month of May has historically had a 'Sell in May and Go Away' propensity (which was absent this year), we made few changes in our China-geared holdings of small/mid cap, Hong Kong-listed stocks over this range-bound trading period. More stocks are becoming better priced in this corrective process. We are finding more undervalued, fundamentally strong names from our proprietary Banquet System screen to analyze and follow today.

More than 230 large Chinese stocks will join MSCI global and regional indexes starting on June 1. Estimates of up to US$1 trillion in new money will be invested through the "Stock Connect" schemes that link the offshore Hong Kong market with the Shanghai and Shenzhen exchanges. These new, foreign institutional investors are likely to prod listed

Chinese companies into better corporate governance. The hopeful result would be a more robust market for international and domestic investors alike.

The US$2.6 trillion blue chip Hang Seng Index sells at 12.2 x trailing earnings and 11.9 x this year's estimated earnings. Our holdings sell at a weighted average of 9.4 x trailing earnings, 7.2 x this year's estimates.

Sincerely,

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