SOUTH OCEAN 南海管理有限公司
MANAGEMENT, LTD.
HONG KONG

July 14, 2011

Dear Clients, Partners, and Friends,

The results for South Ocean Managementôs Delaware LP, Kong Partnersô L.P., before incentive fees, were as follows:

	Jun 2011	Year-to-Date
Hong Kong Partners LP *	- 6.5%	- 10.3 %
Hang Seng Index **	- 6.3%	- 3.6 %
BNP Peregrine Greater China Index	- 3.9 %	- 0.9 %
MSCI HK Small Cap Index	- 4.0 %	- 3.7 %

Partnersô NAV for Jun 3.1363 after management fee, but before annual incentive fees of 15% on appreciation.

We started this month, July, with a bang: a nearly 6% gain in our portfolios of small/mid capitalized holdings of China-geared, Hong Kong-listed shares. These gains were after a particularly rough trading environment last month, worldwide, due to the Greek financial crisis drama.

The sudden collapse in confidence in Chinese companies (see last month's client letter) added anxiety to Hong Kong's markets and, according to Bloomberg, China stocks traded in Hong Kong fell the most in the world in June. There has been broad erosion in confidence over fate of the world's major economies, and this has affected China investments. With China, the second biggest economy, there has been this growing sense it is due for a setback. China had been the bright spot amid the world gloom and its prospects seemed murkier to investors.

Shares of our specialty plastics paint coatings group, Schramm Holding 0955.HK, more than doubled the first trading day in July after AkzoNobel AKZO.AS, the world's largest paint firm, made a friendly buy-out offer, at a 160% premium. AkzoNobel agreed to buy Schramm for 142 million euros, to tap into fast-growing emerging markets of China. The offer price of HK$78.70 per Schramm share represented a premium of about 163 percent over the closing price of HK$29.90 per share when shares were suspended on June 14th.

Notably, as the MSCI China Index fell 10 percent from the end of April through June as bearish bets climbed to record levels, this premium value set by a strategic investor for a China-related stock listed in Hong Kong is in stark contrast to how short term traders, especially bearish hedge funds, view this sector today.

We believe we have an advantage by having our base of operations in Hong Kong, following mainland China corporate activities, especially when these activities are a bit miss-understood by prevailing perceptions. Importantly, we can (and we do) 'drop by' our holdings' offices here for a coffee on any given day for an update. Not easy to do if we had our offices half way around the world.

We continue to seek investment values in the heavily discounted small and mid cap sectors of Hong Kong today. The cheapness on all China related equities is providing an investment opportunity for our new found cash from our 9% Schramm position. The all cash proceeds of the buyout offer will be deployed in shares of companies doing business in China, at a reduced concession today.

Our website is under renovation presently, so please contact myself or Joyce Yip at joyce@south-ocean.com if you need any updates.

Sincerely,

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President
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*Hong Kong Partners LP risk disclaimer:

- Hong Kong Partners LP (The “Fund”) primarily invests in the Hong Kong equity market with a Greater China focus.
- The Fund invests in China-related companies which involve certain risks not typically associated with investment in more developed markets, such as greater political, tax, economic, foreign exchange, liquidity and regulatory risks.
- The Fund is also subject to concentration risk due to its concentration in Hong Kong, particularly China-related companies. The value of the Fund can be extremely volatile and could go down substantially within a short period of time. It is possible that a substantial value of your investment could be lost.
- You should not make investment decision on the basis of this material alone. Please read the explanatory private placement memorandum for details and risk factors.

**Index Descriptions: The Hang Seng Indexes are a widely recognized capitalization-weighted indexes that measures the performance of the three largest-capitalization sectors of the Hong Kong stock market in descending order. The Hang Seng Index measures the largest 52 market capitalized listed companies in Hong Kong’s stock market. The Hang Seng Mid Cap Index represents the next 193 largest capitalized listed companies, the Hang Seng Small Cap Index represents the next 187 largest capitalized listed companies in Hong Kong.

The MSCI HK Small Cap Index is a free float-adjusted market cap weighted index designed to measure the performance of small cap equity securities in the bottom 15% of equity market capitalization in Hong Kong. With 69 constituents, the index represents approximately 14% of the free float-adjusted market capitalization of the Hong Kong equity universe.

The Hong Kong Partners LP (HKP) is benchmark agnostic and its corresponding portfolio may have significant noncorrelation to any index. The portfolios may invest in all sectors (within and/or on other stock markets) and the composition of securities in the portfolio may change periodically depending on market conditions at the time. Securities in the portfolio will not match those in any index.

Index returns are generally provided as an overall market indicator. You cannot invest directly in an index. Although reinvestment of dividend and interest payments is assumed, no expenses are netted against an index’s returns. Index performance information was furnished by sources deemed reliable and is believed to be accurate, however, no warranty or representation is made as to the accuracy thereof and the information is subject to correction.

Before investing you should carefully consider the Partnership’s investment objectives, risks, charges and expenses. This and other information are in the prospectus, a copy for Accredited Investors may be obtained by inquiring to info@south-ocean.com. Please read the prospectus carefully before you invest.

The principal risks of investing in HKP: Equity Securities Risk. The value of the equity securities the Fund holds may fall due to general market and economic conditions. Foreign Securities Risk. Investments in the securities of foreign issuers involve risks beyond those associated with investments in U.S. securities. Industrials Sector Risk. Companies in the industrials sector may be adversely affected by changes in government regulation, world events, economic conditions, environmental damages, product liability claims and exchange rates. Consumer Discretionary Risk. Companies in this sector may be adversely impacted by changes in domestic/international economies, exchange/interest rates, social trends and consumer preferences. Information Technology Sector Risk. Information technology companies face intense competition, both domestically and internationally, which may have an adverse effect on profit margins. Detailed information regarding the specific risks of Hong Kong Partners LP can be found in the prospectus. Additional risks of investing in HKP include equity, market, management and non-diversification risks, as well as fluctuations in market value and NAV. An investment in a private limited partnership is subject to risks and you can lose money on your investment in the limited partnership.

There can be no assurance that HKP will achieve its investment objective. The LP’s portfolio is more volatile than broad market averages. Shares of HKP cannot be bought or sold publicly, there is no active market in the Units and there are restrictions imposed on Limited Partnership unit transfers. Partnership redemptions are handled by Authorized Administrators of the Partnership.