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

April 6, 2015

Dear Clients, Partners, and Friends,

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

	Mar. 2015	Year-to-date
Hong Kong Partners LP *	7.5%	10.8%
Hang Seng Index **	0.3%	5.5%
Hang Seng Small Cap Index	3.8%	4.2%

Partnersô NAV $3.1364 after management fee, but before annual incentive fees of 15% on appreciation.

"A business with a good definite plan will always be underrated in a world where people see the future as random." *Zero to One*, by Peter Thiel (PayPal founder), p.80

Note: Due to Easter and Ching Ming (grave-sweeping) holidays, this letter was delayed and written prior to the rally in Hong Kong's stock market.

As we concluded in our December, year-end letter to clients, low stock valuations were likely to be only temporary. Our small/mid cap, high quality stocks of companies listed in Hong Kong, with earnings benefitting from operations in China, rose sharply during the earnings report season in March.

Better than expected earnings announcements propelled depressed share prices higher during the month. But even after this surge, our weighted average portfolio sells at single digit price/earnings levels on greater than 20% expected average growth this year.

This yearôs out-performance is gratifying. We adhere to a value-oriented investment approach, embedded in the belief that despite the market's sometimes short-term illogicality, over time, prices trend towards intrinsic value. We are rewarded only when we remain vigilant, performing rigorous, on the ground (here in Hong Kong), fundamental research and analysis.

Since the launch of our systematic, intrinsic-value investment program more than two years ago, results have bettered our expectations:

Period 12/31/2012 through 3/31/2015*

Hong Kong Partners LP (after March 2013 write-downs)	+25%
Hang Seng Index	+9.9%

Hang Seng Small Cap Index	+8.1%

Our concentrated portfolios are benefitting from growth in China. For instance, we own 4 holdings (24.8% of total portfolio value) related to the telecom sector.

Our largest holding- PC/smartphone casing manufacturer Tongda Group (698 HK ï market cap US$840 million) reported that second half 2014 revenue grew 39%, net profits gained 46% and full-year EPS grew 26%, beating estimates. Surging demand for metal smartphone casings (for Xiaomi, Lenovo and Huawei) has ramped up operations faster than expected for its new Xiamen plant. The next two yearôs growth prospects look assuring and debt-free Tongda sells at just 9.8 times this yearôs expected earnings (similar, smaller companies listed in Shenzhen, sell at 80-100 times trailing earnings).

Leading patch cable manufacturer, China Fiber Optic (code 3777 HK - market cap US$460 million) saw earnings grow 28% last year, culminating five years of consecutive net income growth (patch cord cables are found at the back-end of data server modules). China will add more than 200 million 4G-telecom-network users this year and will build more than 600,000 new base stations across the country to expand coverage. The build-out of 4G installations will drive China Fiberôs earnings over the next several years. Debt-free China Fiber Optic sells at 4.7 times this yearôs expected earnings.

Our other two holdings: Asiaôs leading electronics distributor VST (code 856HK ï market cap US$548 million) sells iPhones (among its many products) in China and TCL Communications (code 2618 ï market cap, US$1.25 billion), is Chinaôs largest manufacturer and exporter of low to mid-priced cell phones, under the óAlcatelô brand name. VST sells at 6.2 times this yearôs expected earnings and TCL Comm sells at 7.2 times.

Hong Kongôs undervalued stock market should benefit from some significant reforms just announced in the PRC. Beijing approved Chinaôs five trillion yuan (US$800 billion) mutual fund industry to buy into Hong Kongôs stock market via the Shanghai-Hong Kong stock market connect (through-train). Dual listed China shares, in Shanghai (A shares) and Hong Kong (H-shares) trade at noteworthy differences (the average A-share trades at a 35% premium over the dual-listed Hong Kong shares).

The through-train scheme was further widened under Chinaôs continued reform liberalization programs, to include Shenzhen; Chinaôs ñNew Economyò stock market, which is anticipated to begin later this year. Shenzhen-traded shares include biotech, healthcare and technology companies. Importantly, this expansion includes a widening of the eligible shares allowed to be bought and owned by Chinese citizens in the Hong Kong market, including small/mid cap stocks. Hong Kong smaller capitalized stocks trade at even greater discounts than similar stocks in China, especially Shenzhen. Since the once dominant, sole investment vehicle for Chinese citizens (the once red-hot property market) in China is at all-time highs, the only other investment avenue, Chinaôs stock market, still sells at 40% *below* all-time highs (set in 2007). Stock speculators in China are betting the bull market in stocks, which began last July, is only in its early stages.

Shanghaiôs stock market, which is dominated by retail investors, trades 10 times the daily volume of Hong Kongôs exchange.

Trading advances in Hong Kong are to be expected this year. Under this optimistic outlook, we plan to remain fully invested in quality smaller cap companies listed in Hong Kong. As of this writing, the blue chip Hang Seng Index is nearing 7-year highs (but still trades ~24% below all-time highs).

Sincerely,

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Hong Kong

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*- Past performance, as the regulators insist we emphasize, is no guarantee of future performance.

*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.