



June 13, 2014

Dear Clients, Partners, and Friends,

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

	<u>May 2014</u>	<u>Year</u>
Hong Kong Partners LP	4.8 %	6.3%
Hang Seng Index	4.3%	-1.0%
Hang Seng Small Cap Index	0.8%	-8.1%

Partners' NAV \$3.0302 after management fee, but before annual incentive fees of 15% on appreciation.

A short-sale covering rally pushed large cap stocks higher in Hong Kong last month as the PRC pledged (again) to push ahead with (longer-term) capital market reforms.

During the month, we made no changes to our fully invested portfolios of small/mid cap holdings (the adage, "Sell in May, and go away," when stocks are this cheap in Hong Kong today?).

Overall trading volumes remained muted last month as traders and investors, lacking conviction, focused on shorter term factors.

And due to this emphasis, the Hang Seng Index has merely meandered year-to-date;



With our strategy rooted in a longer term investment time horizon, month to month fluctuations bare minor relevance to our total, year over year performance targets (we seek 20% annual returns with our investments).

Utilizing our proprietary value software screen, we focus on owning undervalued shares of high growth companies benefiting from operations in China (and not overpaying for that growth).

Sincerely,

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