



March 9, 2015

Dear Clients, Partners, and Friends,

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

	<u>Feb. 2014</u>	<u>Year-to-date</u>
Hong Kong Partners LP	2.6%	3.0%
Hang Seng Index	1.3%	5.2%
Hang Seng Small Cap Index	0.6%	-1.0%

Partners' NAV \$2.9175 after management fee, but before annual incentive fees of 15% on appreciation.

The Hong Kong market fretted in February over US Federal Reserve Chairman Yellen's comments/outlook and the Greek drama. After gaining in January, the blue chip Hang Seng Index barely moved (akin to watching a sail boat race in a dead calm). Small mid cap stocks stabilized after an exceptionally tumultuous December when the Shanghai/Hong Kong *through-train* began trading (see our [December](#) comments). As of this writing, our holdings of Hong Kong-listed companies, with growing businesses in China, are gaining in anticipation of strong financial results to be released later this month.

Our weighted average estimated earnings per share ratio is 6.9x, with exceptional (>20%) growth prospects this year. Our two year results since launching our systematic investing process has proved rewarding. Hong Kong Partners has gained net ~6% (after a ~12% write-down in March 2013) versus ~-5% for the Hang Seng small cap index. We continue to discover exceptional values utilizing our proprietary screening process, and focus our qualitative analysis in these cheap, high growth stocks selling at discounts to intrinsic values.

On a business note, all our Hong Kong Partners' limited partners have been mailed (from our Administrator's US offices) their year-end K1 tax reports. Please ask Joyce (joyce@south-ocean.com) to email to you duplicates should you need copies immediately.

Sincerely,

Brook McConnell
President

Email: brook@south-ocean.com Website: www.south-ocean.com
Hong Kong