

FORM ADV PART 2A: Firm Brochure

Teng Yue Partners, L.P.

650 Fifth Avenue, Suite 3301
New York, NY 10019
(212) 583-7758

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This brochure (the “Brochure”) provides information about the qualifications and business practices of Teng Yue Partners, L.P. (“Teng Yue”). If you have any questions about the contents of this Brochure, please contact Jeffrey Pauker, Teng Yue’s Chief Compliance Officer (“CCO”), at (212) 583-7758. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

Registration of an investment adviser does not imply that Teng Yue or any of its principals or employees possess a particular level of skill or training in the investment advisory business or any other business.

Additional information about Teng Yue also is available on the SEC’s website at www.adviserinfo.sec.gov.

Item 2: Material Changes

We have no material changes to report since our initial filing in May 2013.

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Item 4: Advisory Business

Teng Yue Partners, L.P. (“**Teng Yue**”, the “**Adviser**”, the “**Firm**”, “**we**”, “**us**”, or “**our**”) was formed in February 2011. Tao Li is the founder and Managing Partner of the Firm. Teng Yue is a limited partnership organized under the laws of the State of Delaware.

Teng Yue is currently an investment adviser on a discretionary basis to a master-feeder structure of private pooled investment vehicles. Teng Yue Partners Fund, L.P. and Teng Yue Partners Offshore Fund, L.P. (the “**Feeder Funds**”) invest substantially all of their assets in Teng Yue Partners Master Fund, L.P. (the “**Master Fund**”). All Feeder Fund investments in securities are made from the Master Fund. Collectively, the Feeder Funds and the Master Fund are referred to as the “**Funds**,” “**Hedge Funds**,” “**Clients**,” or “**Client Accounts**.” In managing the Hedge Funds, Teng Yue pursues the Firm’s investment objectives by investing primarily in Chinese domestic focused equities.

Teng Yue provides advice to the Funds based on their specific investment objectives and strategies. Teng Yue does not tailor advisory services to the individual needs of investors in the Funds.

Teng Yue launched its fund operations in March 2011. The general partner of the Firm and the Master Fund is Teng Yue Partners GP, LLC, a Delaware limited liability company controlled by Tao Li.

As of December 31, 2013, Teng Yue managed US \$885,131,395 in regulatory assets under management (“RAUM”), on a discretionary basis.

Item 5: Fees and Compensation

The management fees paid to Teng Yue for advising Client Accounts are generally as follows:

- (i) if the aggregate net asset value of the Teng Yue Funds is less than or equal to \$200 million, 2.0% (annually, paid Quarterly in advance);
- (ii) if the aggregate net asset value of the Teng Yue Funds is greater than \$200 million but less than \$500 million, 1.75% (annually, paid Quarterly in advance); and
- (iii) if the aggregate net asset value of the Teng Yue Funds is equal to or greater than \$500 million, 1.5% (annually, paid Quarterly in advance).

Fees are deducted from the Hedge Funds by submitting a detailed invoice to the Fund Administrator. The invoice is then processed and approved by the Fund Administrator before being paid to the Firm at the discretion of the Fund Administrator.

In our sole discretion, we may waive all or any portion of the management fee or performance fee (as described in Item 6: Performance-Based Fees and Side-By-Side Management) with respect to an investor in the Hedge Funds.

Expenses

Teng Yue is responsible for and will pay all overhead expenses of an ordinary and recurring nature in connection with its services to the Hedge Funds such as rent, supplies, secretarial

expenses, stationary, charges for furniture and fixtures, employee insurance, payroll taxes and compensation of employees.

Each Hedge Fund will bear its own organizational and operating expenses including legal, accounting (including third party accounting services), audit, and other professional fees and expenses, research expenses, expenses of third-party valuation agents (if any), investment expenses such as commissions, custodial fees, bank service fees, expenses of third-party trading services, fees and expenses of the administrator and other expenses related to the purchase, sale, preservation or transmittal of the Feeder Funds' assets. The organizational and initial offering expenses of the Funds will either be expensed as incurred or, where permitted by applicable rules, amortized over a period not to exceed 60 months beginning at the commencement of the Master Fund's operations. Expenses that are paid or payable by the Master Fund generally are borne pro rata by the Feeder Funds. For a complete enumeration of the treatment of expenses, please refer to the operating fees and expenses section of each Fund's Confidential Private Placement Memorandum. For further details on the Firm's brokerage practices refer to Item 12 of this Brochure.

Fees and expenses for other Client Accounts will be disclosed in the appropriate governing documents.

Item 6: Performance-Based Fees and Side-By-Side Management

The General Partner is entitled to an annual performance-based profit allocation at the end of each calendar year, generally equal to twenty percent (20%) of the Funds' net profits, subject to a "loss recovery account."

The existence of a performance based fee may create an incentive to cause us to make investments in the Funds that are more speculative than would otherwise be the case in the absence of such performance based return. However, we believe this incentive is mitigated by the personal investment by our principal in the Funds and the fact that losses will reduce the Funds' performance and, thus their returns as well.

We currently make all investments in the Master Fund, however if we have additional Client Accounts in the future our allocation policy provides that transactions and investment opportunities shall be handled on a fair and equitable basis over time. Performance based fees may create an incentive to favor higher fee paying accounts over other accounts in the allocation of investment opportunities. In order to address this potential future conflict, we have adopted an allocation policy and implemented procedures designed to prevent this conflict from arising. Any investment opportunity would generally be allocated pro-rata based on each Client Account's size using the average price, with possible exceptions; during efforts to rebalance or tax manage.

Item 7: Types of Clients

The Firm's clients are the Funds. To invest in the Funds, we generally require a minimum investment of \$5,000,000 although we reserve the discretion to accept less. We may in the future advise additional privately pooled investment vehicles or separately managed account clients.

Item 8: Methods of Analysis, Investment Strategies and Risk of Loss

Investment Strategy

The Firm seeks to achieve significant capital appreciation over the long-term with reduced market risk primarily through a combination of long and short Asia-focused equity investments. The Firm targets non-correlated returns. The Hedge Funds' investment strategy is driven by rigorous fundamental research, company analysis, disciplined investing, and a long-term focus.

The Hedge Funds are generally concentrated in globally listed investments in domestic industries within China, which may include financial services, telecom, internet, media, consumer/retail, healthcare, real estate, and utilities. The Firm expects that the investment strategy will expand over time to include other Asian markets, beginning with Japanese and Korean markets. The investment strategy will generate a portfolio that is relatively concentrated.

While the Fund will set no strict parameters for the balance of long and short positions in the portfolio, we expect that under normal market conditions the Funds net exposure (total long exposure minus total short exposure) will generally range from -25% to 50%, with gross exposure (total long exposure plus total short exposure) generally ranging from 150% to 200%. Under normal market conditions, the portfolio typically will have about 30-40 long positions and about 30-40 short positions ranging from 1% to 10% of equity. The Fund may, however, under certain circumstances invest a larger portion of its equity in a single position.

While the Funds invest primarily in accordance with the methodology discussed above, we maintain broad and flexible investment authority. For instance, from time to time the Fund may make an investment that is subject to legal or contractual restrictions on transferability, unable to be fairly valued, or otherwise not readily marketable without impairing the value of such investment. To the extent that the General Partner determines that such circumstances apply to an investment, at the time of investment, the General Partner may designate such investment as a "Special Situation Investment". Special Situation Investments may be held either directly by the Fund or transferred so that they are held indirectly, outside the Fund, through Alternative Investment Vehicles.

Risk of Loss Factors

Investing in securities involves risk of loss that investors should be prepared to bear. The following list of risk factors does not purport to be a complete enumeration or explanation of the risks involved in an investment in the Funds. Please review each Fund's Confidential Private Placement Memorandum for a more detailed description of the risks of loss before deciding to invest in a Fund.

Equity Securities

Certain equity-related instruments may be subject to various types of risk including market risk, liquidity risk, counterparty credit risk, legal risk and operations risk. In addition, equity-related instruments can involve significant economic leverage and may, in some cases, involve significant risks of loss.

Derivatives

We may use various derivative instruments as a direct investment or for hedging purposes for certain Clients. Such instruments may be volatile, speculative and subject to wide fluctuations in market value resulting in potential losses to our Clients. The parties with which we enter into such derivatives are banks, broker-dealers and other financial institutions.

Use of derivative instruments presents various risks, including the following:

Liquidity – Derivative instruments may not be liquid in all circumstances. We may not be able to close out a position at its fair value.

Leverage – Trading in derivative instruments can result in leverage, which may magnify the gains and losses experienced by our Clients and could cause the value of our Clients' accounts to be subject to wider fluctuations, than would be the case, if derivative instruments were not used.

Over-the-Counter-Trading – Certain derivatives are not traded on an exchange. Such instruments are bilateral contacts with price and other terms negotiated between the buyer and seller. These contracts are not subject to the same type of government regulation as exchange traded instruments. Many of the protections afforded to participants in a regulated environment may not be available in connection with such transactions. The risk of nonperformance by the obligor on such an instrument may be greater and the liquidity of such investment may be less than in the case of an exchange-traded instrument.

Non-U.S. Securities

Considerations associated with investing in securities of non-U.S. governments and companies, and options thereon, include changes in exchange rates and exchange control regulations, political and social instability, expropriation, imposition of foreign taxes, less liquid markets and less available information than is generally the case in the United States, higher transaction costs, foreign government restrictions, less government supervision of exchanges, brokers and issuers, greater risks associated with counterparties and settlement, difficulty in enforcing contractual obligations, lack of uniform accounting and auditing standards and greater price volatility.

Leverage & Interest Rates

We may utilize leverage (in the form of borrowed funds, short sales or derivative instruments), on a moderate and selective basis, in order to increase investment positions or to make additional investments. Risk of loss and the magnitude of possible losses and gains are generally increased by the use of leverage. Fluctuations in the market value of the Funds' portfolio will have a greater effect relative to the Funds' capital than would be the case in the absence of leverage. Adverse market fluctuations may require the untimely liquidation of one or more investment positions in order to satisfy margin calls or other lender or counterparty requirements. Although leverage is expected to be moderate relative to portfolio exposure, there will be no fixed restrictions on the level of the Funds' margin borrowings or other forms of leverage, other than any applicable regulatory limits. Accordingly, the amount of leverage or borrowings the Funds may have outstanding at any time could be substantial relative to its capital. Additionally, interest costs of borrowings will be an expense of the Funds and therefore both borrowing levels and fluctuations in interest rates may affect the operating results of the Funds.

Short Selling

Short selling inherently involves certain risks. Selling securities short creates the risk of losing an amount greater than the initial investment in a relatively short period of time and the theoretically unlimited risk of an increase in the market price of the securities sold short. Short selling can also involve significant borrowing and other costs which can reduce the profit or create losses in particular positions. Short selling of securities that are difficult to borrow may involve additional costs and risks.

Short positions may not necessarily be correlated to long positions in a manner that successfully hedges against loss. Accordingly, losses in a Client Account's long positions may not necessarily be offset by gains in its short positions, and vice versa. It is possible that the Clients could experience losses on both its long and short positions. Although we intend to apply a variety of policies, including broad diversification and careful monitoring, to limit losses in short positions, there can be no assurance that such losses will not occur or will be limited in amount.

Item 9: Disciplinary Information

Neither we nor any of our management personnel are subject to or have in the past been subject to any criminal or civil action in any domestic or foreign court, and neither we nor any of our management personnel have been subject to any administrative proceedings before the SEC or any other state, federal or foreign financial regulatory authority.

Item 10: Other Financial Industry Activities and Affiliations

Tao Li is the primary owner and manager of Teng Yue Partners GP, LLC, the general partner of the Hedge Funds.

Service Providers may be Investors

Certain third parties that may provide significant services to the General Partner, the Investment Manager and/or the Funds may, from time to time, also be investors in the Funds (such service providers, the "Investor Service Providers"). As such, the General Partner and/or the Investment Manager, as applicable, may be subject to conflicts of interest relating to their selection of any Investor Service Provider on behalf of the Funds. The General Partner and/or the Investment Manager, as applicable, generally manage such conflicts of interest by (i) seeking to select Investor Service Providers based on the level and quality of the services they provide to the Funds and (ii) making such decisions independent of an Investor Service Provider's decision to invest in a Teng Yue Fund.

Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Code of Ethics & Personal Trading

Pursuant to Rule 204A-1 of the Advisers Act, we have adopted a Code of Ethics and Employee Investment Policy that establish various procedures with respect to investment transactions in accounts in which employees of Teng Yue or related persons have a beneficial interest or accounts over which an employee has investment discretion.

The foundation of the Code of Ethics is based on the underlying principles that:

- Employees must at all times place the interests of the Clients first;
- Employees must make sure that all personal securities transactions are conducted consistent with the Employee Investment Policy; and
- Employees should not take inappropriate advantage of their position at Teng Yue.

All employees are required to follow the Employee Investment Policy and therefore must pre-clear all personal equity trades with Tao Li and deliver duplicate account statements to Tao Li. Both Tao Li and the CCO review the duplicate account statements. It is the policy of Teng Yue that Tao Li does not trade nor maintain any covered accounts as outlined in the Employee Investment Policy.

Teng Yue and its employees may not trade for Clients or themselves in securities of a company while in possession of material non-public information or disclose such information to any person not permitted to receive it. By reason of its investment activities, the Firm may have access to material non-public information and therefore be restricted from entering into transactions. The Firm has adopted policies and procedures reasonably designed to prevent trading on material non-public information.

Our Code of Ethics and Employee Investment Policy are available to clients upon request.

Item 12: Brokerage Practices

As an adviser and a fiduciary to our Clients, our Clients' interests must always be placed first and foremost, and our trading practices and procedures prohibit unfair trading practices and seek to disclose and avoid any actual or potential conflicts of interests or resolve such conflicts in the Client Account's favor. We have adopted the following policies and practices to meet our fiduciary responsibilities and to insure our trading practices are fair to all Client Accounts and that no Client Account is advantaged or disadvantaged over any other.

Best Execution

As a fiduciary, we have an obligation, among other things, to seek best execution of the Clients' transactions. Best execution is determined on a trade-by-trade basis, and should result in the best qualitative execution, not necessarily the lowest possible commission cost. When selecting a counter-party, we consider relevant factors that we deem reasonable under the circumstances. Some of the factors include, but are not limited to, the responsiveness of the broker for prompt and reliable executions, as well as the financial responsibility and integrity of the broker, services as a prime broker or capital introduction capabilities, value of research provided, if any and competitiveness of the transaction costs. In certain circumstances, however, we will not be able to select a counter-party due to a limited universe of dealers that are in a position to offer investments we are currently interested in. In some cases the offering dealer is the only execution for such transaction and therefore is the best execution for that trade.

Aggregation of Orders

Currently, all trades are executed in the Master Fund so we do not have allocation between multiple client accounts. In the event we advise and trade in additional Client Accounts, it is our intention that we will aggregate trade orders for the Client Account in order to achieve more efficient execution or to provide for equitable treatment among the Client Accounts.

The Client Accounts participating in aggregated trades will be allocated securities based on a pro-rata basis at the average price achieved for such trades.

Trade Allocation

Any investment decisions that affect more than one account may require us to acquire or dispose of the same security for more than one Client Account at the same time. Our policy is to equitably allocate, buy and sell executions among Clients when feasible and appropriate over time.

Trade allocations shall be determined on pro-rata basis according to the amount of assets in each Client Account subject to any modification and provided that the trade is appropriate and permitted for each account that will participate in that transaction. Allocation methods may be modified when strict adherence to the usual allocation is impractical or leads to inefficient or undesirable results.

Trade Errors

On occasion we may experience errors with respect to trades made on behalf of the Client Accounts. Trade errors can result from a variety of situations, including for example, when the wrong security is purchased or sold, when the correct security is purchased or sold but for the wrong account, when the wrong amount is purchased or sold or when a misallocation among the Funds occurs. We endeavor to detect trade errors prior to settlement and correct them in an expeditious manner.

The SEC has stated a general view that an adviser has a fiduciary duty to place trades accurately. Accordingly, we generally will reimburse losses suffered by a Client as a result of a trade error caused by the Firm as a result of gross negligence, willful misconduct or fraud. In addition, we will not correct a trade error made for one Client by causing the other Client to buy or sell the securities. We also will not directly or indirectly use soft dollars to correct trade errors.

Soft Dollar Policy

We do not currently utilize soft dollar benefits. Soft dollar benefits include research and related services furnished by brokers including written information and analyses (including specific market, financial and economic studies and forecasts), statistics and pricing services, discussions with research personnel and similar services used in the investment and trading process in return for the investment manager paying a broker a commission in excess of that which another broker might have charged for effecting the same transaction, in recognition of the value of such services or facilities provided by the broker. To the extent we should decide to enter into soft dollar transactions, we will effect such transactions in compliance with the safe harbor provided by Section 28(e) of the U.S. Securities Exchange Act of 1934, as amended.

Item 13: Review of Accounts

Review of Accounts

The Portfolio Manager and the CFO review and reconcile Fund portfolios on a daily basis to assure conformity with investment objectives and guidelines.

We engage in active management and frequent transactions for the Funds and, accordingly, review our transactions, positions and cash balances on a daily basis.

We have also engaged an independent administrator to prepare monthly unaudited reports reviewing each Fund's performance for the month. Audited financial statements are prepared by an independent auditor and are distributed to investors in the Funds on an annual basis.

Reporting

As soon as practicable after the end of each year, we will distribute an audited financial report for each Fund with respect to the previous fiscal year to all investors within 120 days of year-end. Reporting with respect to other Client Accounts will be in accordance with the appropriate governing documents.

Item 14: Client Referrals and Other Compensation

Although we do not currently utilize third parties for capital raising purposes, it is possible that in the future we may pay third parties a fee or compensation for the referral of an investor or a client to us. Any marketing fee or commission in connection with any investor referral activities, including ongoing payments, will be paid solely by Teng Yue and not by the Funds or the referred investor. Any solicitor, underwriter, brokers, dealers or finders engaged by Teng Yue to assist in the offering of interests in the Funds will be registered as a broker-dealer.

Please see Item 12 for information on Teng Yue's receipt of certain research or other products or services from broker dealers through soft dollar arrangements.

Item 15: Custody

While it is Teng Yue's practice not to accept or maintain physical possession of any of our Funds' assets (and our Funds' assets are in the custody of one or more prime brokers and or banks), we are deemed to have custody of their assets under Rule 206(4)-2 of the Advisers Act because we have the authority to access Funds and deduct fees and expenses from Funds' accounts.

In order to comply with Rule 206(4)-2, we utilize the services of a bank or qualified custodian (as defined under Rule 206(4)-2) to hold all assets of our Funds, except those assets that are not capable of being held by a custodian. We also confirm that the qualified custodian maintains these assets in accounts bearing the Fund's name that contain only assets of the Fund.

While Rule 206(4)-2 generally requires an investment adviser to provide for a qualified custodian to send account statements to all of its Clients whose assets the custodian holds at least quarterly, we are not subject to such requirement because our Funds are subject to audit at least annually by an independent auditor that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board. We generally distribute audited financial statements to all investors in the Funds within 120 days of the end of the fiscal year of the Funds.

Item 16: Investment Discretion

As previously noted, we have full discretionary authority to manage the Funds, including authority to make decisions with respect to which securities are bought and sold, the amount and price of those securities, the brokers or dealers to be used for a particular transaction, and the commissions paid. These terms are set out in the governing documents for each Fund.

Item 17: Voting Client Securities

We have general authority to vote proxies for the Funds. We adhere to our proxy voting policies and procedures that are designed to ensure that, such proxies are voted in the best interest of the Fund on a case-by-case basis. The investors in the Funds may not directly vote proxies. Teng Yue votes proxies as it deems necessary or appropriate, on a case-by-case basis.

Upon request, we will provide clients with a copy of our proxy voting policies and procedures.

Item 18: Financial Information

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about their financial condition. Teng Yue has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.