

IN THE GRAND COURT OF THE CAYMAN ISLANDS
FINANCIAL SERVICES DIVISION

FSD NO: 0137

IN THE MATTER OF sections 124 and 129 of the Companies Law (2010 Revision)

AND IN THE MATTER OF Taiwan Special Opportunities Fund III (In Voluntary Liquidation)



To the Grand Court

The humble petition of Russell Smith, the voluntary liquidator of Taiwan Special Opportunities Fund III (In Voluntary Liquidation) (the "**Fund**"), shows that:

- 1 The Fund was incorporated on 9 December 1999 as a closed-ended investment fund. The Fund's investment manager, AsiaVest Partners, TCW/YFY Ltd. ("**AsiaVest**"), is also the sole voting shareholder of the Fund.
- 2 The Fund automatically went into liquidation pursuant to its Articles of Association on 9 December 2009. As at the date of commencement of the liquidation, the Fund's directors comprised all of the members of the board of AsiaVest (the "**AsiaVest Directors**") and a number of representatives of investors (the "**Investor Directors**").
- 3 The directors of the Fund did not appreciate that the Fund had gone into formal liquidation and did not comply with the formalities required by the Companies Law (the "**Law**") and Companies Winding Up Rules ("**CWR**"), including the requirement to provide a declaration of solvency in the prescribed form signed by all of the Fund's directors. Moreover, no liquidator was appointed to the Fund at that time. In the event, through its directors and investment manager, the Fund liquidated its investments and, having satisfied all creditors, returned the Fund's capital to its shareholders. The factual background is explained in more detail in the Affidavit of Mr TJ Huang sworn in support of this Petition.
- 4 Upon the AsiaVest Directors discovering that the requirements of the Law and CWR had not been complied with, they took steps to ensure that such matters were corrected so that the

Fund could be properly dissolved. On 11 July 2011 the Fund appointed Russell Smith, a licensed insolvency practitioner, as voluntary liquidator to the Fund (the "**Liquidator**"), with his consent.


- 5 Notwithstanding section 124 of the Law, the Liquidator, having conducted a review of the books and records of the Fund and advertised for proofs of debt, is satisfied that the Fund has no liabilities and that its only assets are approximately US\$10,000 in cash and the benefit of an indemnity from AsiaVest in respect of its liquidation expenses. The Liquidator therefore respectfully submits that court supervision is not appropriate in this case, since it would add a layer of unnecessary expense to the liquidation as a result of the procedural and other obligations it would impose on the Liquidator.

Your Petitioner humbly prays that:-

- 6 Pursuant to section 124 and/or 129 of the Law, the Court directs and approves that the liquidation of the Fund be permitted to continue as a voluntary liquidation without an order for Court supervision.
- 7 Alternatively, the liquidation of the Fund be subject to the supervision of the Court, but that the requirement for a liquidation committee be dispensed with.
- 8 The costs of this application be costs in the liquidation of the Fund.
- 9 Such other orders or directions as the Court sees fit.

AND your Petitioner will ever pray etc.

DATED this 2nd day of August 2011


Maples and Calder

This Petition is not intended to be served.

This Petition was presented by Maples and Calder, attorneys for the Petitioner, whose address for service is PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. (Ref: MJC/MCK/274129-02/21552163).