

Mosaic Private Equity Fund (Limited Partnership)

Prospectus

Fund Manager

**Mosaic (Beijing) Investment Fund Management
Company Limited**

Dated 15th July 2011

Important Notice

GENERAL

This Prospectus is dated 15th July 2011.

The Offer of Units is being made only to persons receiving this Prospectus in The Peoples Republic of China who are Chinese residents. No action has been taken to register the securities or otherwise permit a public offering of the securities in any jurisdiction outside The Peoples Republic of China. The Offer is not to be made to any person to whom it would not be lawful to issue the Prospectus or to make the offer or in any jurisdiction where the laws of the jurisdiction would require the Prospectus to be registered or any other action to be taken by Mosaic (Beijing) Investment Fund Management Co. Limited (MBIF). The issuer of this Prospectus is the Fund Manager, Mosaic (Beijing) Investment Fund Management Co. Limited, on behalf of the Fund, Mosaic Private Equity Fund (Limited Partnership). No one is authorised to give any information or to make any representation in connection with the Offer which is not contained in this Prospectus. Any information or representation not contained in this Prospectus may not be relied on as having been authorised by the Fund Manager or its Directors.

Except as required by law, and only to the extent so required, neither the Fund Manager, the Fund, nor any other person warrants the future performance of the Fund, the return of capital, or any particular rate of return on any investment made pursuant to this Prospectus.

This Prospectus contains general information only. Nothing in it constitutes advice. Its purpose is to provide you with information to assist you in deciding whether or not to invest in the Fund. It does not take into account your particular needs, objectives, financial circumstances or investment preferences.

You should read this Prospectus in its entirety before deciding to apply for Units. If you have any questions about this Prospectus, or the desirability of, or the procedure for, investing in Mosaic Private Equity Fund, please contact the Fund Manager or consult your professional adviser without delay.

You can apply for units by completing the Application Form contained in this Prospectus.

CURRENCY AND TIME

All currency in this Prospectus is denominated in Chinese Yuan Renminbi unless otherwise stated. All times stated are Beijing time.

INFORMATION CONTAINED IN THIS PROSPECTUS CURRENT AT ISSUE

Unless otherwise stated, all information in this prospectus is current as at the date of this Prospectus. Information relating to the Fund may change from time to time. Information that is not materially adverse may be updated and made available to you or posted on the Fund Manager's website when available. In the event of a materially adverse change, the Fund Manager will issue a supplementary or replacement prospectus.

PRIVACY

The Application Form requires you to provide information that may be personal information.

Mosaic Private Equity Fund will collect, hold and use that personal information in order to process your Application, service your needs as an investor, provide services and facilities that you request and carry out appropriate administration.

You may request access to your personal information held by (or on behalf of) the Fund.
You can request access to your personal information by writing to the Fund Manager.

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Chairman's Letter

15th July 2011

Dear Investor

It gives me great pleasure to introduce Mosaic Private Equity Fund (Limited Partnership) (the "Fund") and invite you to become a unit holder in this exciting investment initiative.

The philosophy of the Fund is to primarily align its investment criteria with the direction being adopted in The Peoples Republic of China's 12th Five Year Plan and to provide benefits to the Chinese people. It should be stressed that this philosophy will be pursued subject to an overall profit objective.

The Fund will focus on the acquisition of interests in unlisted enterprises but with the aim of achieving the realisation of value for unit holders, in excess of stock market returns, through an innovative combination of long term ownership, sale, joint venture, and/or separate listing.

The Fund will seek to maximise returns by private equity investments but with a recognition that other investments (principally interest bearing securities) will be required during the process of identifying of initial and ongoing opportunities. In the main, the Fund will invest in and support unlisted enterprises which offer the prospect of high capital growth over the long-term (ranging from three to ten years) but in combination with appropriate strategies to lock in achieved growth in those investments.

The Fund expects a strong private equity deal flow through its associate, Business Plus Partners Limited, and its directors and executives. However, the Fund will be launched having already identified significant investment opportunities.

Our investment philosophy has been designed around the lessons learnt over many years by the Directors. As a result, The Fund, and its investments, will be managed by a hands-on board of directors with many years of experience. I am confident that, our experienced management team, with its corporate finance capability and access to a substantial experience base through Mosaic Associates, will deliver an outstanding funds management result.

This Prospectus contains detailed information about the Fund and the Offer. I encourage you to read it carefully before making your investment decision.

All involved in the Mosaic Private Equity Fund are extremely enthusiastic about the Fund and its prospects and we commend this opportunity to you.

Yours sincerely

Christopher Horn
Chairman

Key Information

IMPORTANT DATES Offer opens 15th July 2011
Once the offer is open it may be closed at anytime, without notice, by the Fund Manager.

THE OFFER 3,500,000,000 units at RMB1.00 each to raise RMB3,500,000,000.
The Fund Manager reserves the right to accept subscriptions in excess of this amount.

MINIMUM INVESTMENT RMB20,000,000 (and thereafter in multiples of RMB500,000)

OFFER PERIOD Once the offer is open it may be closed at anytime, without notice, by the Fund Manager.

MANAGER Mosaic (Beijing) Investment Fund Management Co. Limited

MANAGEMENT FEE 2.00% pa of the market value of the Fund, payable yearly in advance, as described in Section 7.

PERFORMANCE FEE Yearly performance fee payable to the Fund Manager on the valuation of the fund, as described in Section 7.

1.Chinese Private Equity Market

The strength of the Chinese economy and a robust Renminbi (“RMB”) against the US dollar has ensured strong activity in private equity investment in the Peoples Republic of China (“PRC”). Typically there have been two private equity deal types: offshore structures, and onshore structures.

In the past, investors generally entered into transactions through offshore deal structures, principally to overcome the limitations of RMB denominated investments and China’s restrictions on market entry.

Recent changes to the regulatory regime in China, high returns from domestic IPO’s, and various incentives offered by some local governments to attract private equity investors, have invigorated interest in the private equity industry and attracted local and foreign enterprises to establish onshore RMB denominated funds.

RMB denominated private equity fund investment achieved US\$3 billion of closed deals in China in 2009, which outstripped foreign currency denominated funds and took eighty percent of the domestic merger and acquisition transactions. In the first half of 2010, twenty four RMB funds were set up, and of those, the operating funds raised US\$1.13 billion of capital.

In March 2010 China’s first foreign invested partnership to run an onshore RMB denominated fund was established in Shanghai. A foreign invested RMB denominated fund commonly refers to the fund raised by foreign private equity firms within China and abroad and investing, in the private equity of PRC enterprises (“RMB Fund”), through an onshore structure.

In addition to the above, there are other types of RMB funds operating in China:

- (i) “Industrial funds” mainly formed with the state fund and managed by the central and local government; and
- (ii) Domestic private equity investment funds purely funded and managed by domestic investors and fund managers in China.

Foreign-invested fund management enterprises may also set up onshore entities to manage RMB Funds to earn fees.

As a result of the above changes, Mosaic Partners Pty Limited, an independent corporate advisory firm founded and based in Sydney, Australia, sought to establish a locally based funds management company in China.

With assistance provided by its locally based associate, Business Plus Partners Limited, Mosaic (Beijing) Investment Fund Management Co. Limited (MBIF) has been established and is authorised to carry on a funds management business in China. MBIF will be responsible for setting up the private equity fund which is the subject of this Offer.

2. Philosophy of the Fund and Strategy for Investment

The philosophy of the Fund is to primarily align its investment criteria with the direction being adopted in The Peoples Republic of China's 12th Five Year Plan and to provide benefits to the Chinese people. However this philosophy will be pursued subject to an overall profit objective.

The Fund will focus on the acquisition of interests in unlisted enterprises but with the aim of achieving realisation of value for unit holders, in excess of stock market returns, through an innovative combination of long term ownership, sale, joint venture, and/or separate listing.

The Fund will seek to maximise returns by private equity investments but with a recognition that other investments (principally interest bearing securities) will be required while undertaking the process of identification of initial and ongoing opportunities. In the main, the Fund will invest in and support unlisted enterprises which offer the prospect of high capital growth over the long-term (ranging from three to ten years) but in combination with appropriate strategies to lock in achieved growth in those investments.

2.1 China's Five Year Plan

The goal of the Chinese regulators is for China to become a moderately prosperous country by 2020. The current five year period will be critical in meeting that goal. The goal of the 12th Five Year plan is to prevent China's growth from stalling. The Chinese People's Congress identifies 10 factors that threaten the continued development of the Chinese economy:

1. Resource constraints: energy and raw materials;
2. Mismatch in investment and imbalance in consumption;
3. Income disparity;
4. Weakness in capacity for domestic innovation;
5. Production structure is not rational: too much heavy industry, not enough service;
6. Agriculture foundation is thin and weak;
7. Urban/rural development is not coordinated;
8. Employment system is imbalanced;
9. Social contradictions are progressively more apparent;
10. Obstacles to scientific development continue to exist and are difficult to remove.

The idea is not to refine the current system, but to completely transform the current system in the brief period of five years. The focus of transformation is, "**From export led consumption to domestic led consumption**", and embodies a transition:

- From excessive reliance on exports to a balance between export, import and domestic consumption;
- From reliance on foreign technology to a reliance on domestic innovation;
- From reliance on "old" energy and materials and industries to a creation of a low-carbon /new-materials based economy.

In October 2010, China's State Council formerly announced its decision to target seven industries for focused development.

The government's goals for these industries include specified GDP targets, and an expressed intention to make China achieve world class status in these areas. The government intends to support the achievement of these objectives through various

measures including: tax concessions; subsidies; preferential pricing; and international co-operation in R&D and technology imports.

The industries are:

- 1) Energy saving and environmental protection;
- 2) New generation IT;
- 3) Bio-technology;
- 4) High-end equipment;
- 5) New energy;
- 6) New materials; and
- 7) New energy car.

Set out in Table 1 is information prepared by Bank of America Merrill Lynch Global Research showing these seven industries with an explanation of the key focus of each industry and sectors with attractive investment characteristics.

Table 1: The seven strategic industries

Industry	Key Focus	Sectors with attractive Investment characters
Energy Saving & environmental protection	Highly efficient energy saving equipments & products; Key technologies in resource recycling; Servicing of energy saving & environmental protection; Pollution control; Clean coal; Recycling of waste / used goods; Advanced environmental protection equipment & products; Sea water usage.	Substrate; Battery cycling; High-voltage inverter / Energy Management Contract (EMC); Coal bed methane (CBM).
New generation IT	Three network integration; The internet of things; Cloud computing; High-end software; High-end server; Virtual digital technology; New display technology; IPV4 core equipment	Cable operators; software
Bio-technology	Bio-medicines, chemical medicines, TCM, diagnostic reagents and new vaccines for major disease prevention & control; Advanced medical equipment & materials; Bio-breeding, green agriculture; Bio-production; Marine biology.	Cancer drug makers; Traditional Chinese medicine (TCM); Diagnosis, monitoring and treatment (DMT); bio-breeding.
Hi-end equipment	Regional aircraft, large aircraft and general-purpose aircraft; Aerospace, satellite and their applications; Track-based transportation equipment, including those for passenger train and metros; Offshore equipment; Digital flexible, integrated intelligent equipment.	Aircraft manufacturing; Satellite navigation; Equipment and parts for high-speed trains; Offshore engineering; Intelligent Manufacturing Equipment.

New energy	Next-generation nuclear power technology, nuclear power plants with advanced technology; Solar; Wind power equipment, wind power plants, smart grid and related systems that can accommodate new energy sources; Bio energy; Smart grid.	Nuclear; Forging; Wind; Smart Grid
New materials	Rare earth, high performance membrane, special-usage glass, functional porcelain, LED; High performance special steel, new alloy, and engineering plastics; High-performance fibers and composites; Nano, superconducting, intelligent materials.	Rare earth; Magnetic materials; Membrane bioreactor; High temperature filter, Carbon fiber composite; Aramid fiber composite; Superconducting materials.
New energy cars	Core technologies including those in battery, electric motor and electric control system; Plug-in hybrid car, electric car, Fuel cell.	Charging station; Lithium battery.

Source: BofA Merrill Lynch Global Research

2.2 Fund Strategy

The Fund's structure will be predominately traditional private equity however consideration will be given to fund diversity where these provide an appropriate mix to support the private equity business. Consideration will be given to a small advisory business to help facilitate the deal flow.

In particular the Fund will target businesses that are lower profile, particularly "family owned" operations where we identify that there are potentially greater opportunities for improvement than exist in larger companies. It is, however well recognised that these are typically more difficult to negotiate and have a longer lead time to develop relationships.

2.3 Fund Investments

Within the target industries the Fund will identify specific investment opportunities. This process will, however, not be to the exclusion of significant opportunities identified outside this range of industries. The significant contact base of the directors of the Fund Manager will be invaluable in identifying appropriate investment opportunities for consideration by the Fund.

2.3 1 Authorised Activities

The following process will be adopted in relation to any identified opportunities:

- A briefing paper will be prepared setting out the core information on the opportunity, including a scope document and the costing for a comprehensive review and recommendation on whether to pursue the investment opportunity;
- The briefing paper will be submitted to an investment committee for an "in principle" approval to pursue the opportunity and endorsement of the scope document and approving the review costing;
- The review of the opportunity will then be conducted and will give rise to an **Investment Review and Recommendation Paper**;
- Where the review extends over more than one month, there will be monthly reports to the investment committee on the progress of the review;

- The detailed **Investment Review and Recommendation Paper** will be submitted to the investment committee for a decision on whether to proceed with the investment;
- The decision will be made based on the Funds investment return objectives;
- Where the amount of investment involves the commitment of funds less than RMB100 million the investment committee may approve the investment and the investment may proceed;
- Where the amount of investment involves the commitment of funds of more than RMB100 million the decision of the investment committee will be referred to the Board of the Fund Manager for approval to proceed;
- In any decision to invest, that approval may be made subject to any provisos or conditions.

2.3 2 Authorised Activities

The following types of investment and other activities will be permitted by the Fund:

- Direct equity investment – controlling interest, or substantial interest;
- Incorporation of an investment vehicle to acquire IP and/or business operations;
- Any type of reconstruction, reorganisation, or combination of companies or acquisitions;
- Joint investment with other Funds or investment organisations; and
- Borrowing for working capital or other purposes associated with conducting the business of the Fund.

2.3 3 Types of realisation strategies

The following types of realisation strategies will be permitted by the fund:

- IPO of investment companies;
- Sale of shares or constituent assets and liabilities;
- Joint venture agreements;
- Long Term investment;
- other appropriate strategies.

The progress towards realisation will be monitored.

2.3 4 Prohibited Investments by the Fund

The Fund is prohibited from participating in the following investments:

- Projects where the investment involves a commitment greater than 30% of the total Fund assets;
- Participating in investments where the liability is unlimited;
- Providing loans or guarantees unrelated to investments of the Fund;
- Investment in other unrelated private equity funds;
- Activities or enterprises prohibited by law.

2.3 5 Ongoing Management and Monitoring of Investments

The following elements will be included in the plan for the ongoing management and monitoring of investments:

- Representation on the Board of Investee entities;
- Submission of monthly management reports from the investee entities;

- Depending on the level and value of investments, submission of monthly or quarterly operating reports by the Fund's representative on the Board of the investee entity.

3. Fund Structure

3.1 Fund Name

The name of the fund is, Mosaic Private Equity Fund, a limited partnership operating as a registered investment fund (“the Fund”).

3.2 Registered Operating Location

The Fund is registered to operate in the Beijing Municipal District but is authorised to conduct business generally in the Peoples Republic of China.

3.3 Fund Structure

The fund is established as a limited partnership under the relevant legislation.

The Fund Manager, Mosaic (Beijing) Investment Fund Management Co. Limited will be the General Partner carrying on the business of the Fund.

Investors will be Limited Partners whose interest in the partnership will be proportional to the number of units held in the Fund.

The rights and responsibilities of the partners are determined by the relevant law and the partnership agreement.

3.4 Fund Size

The fund will consist of 3,500,000,000 units of RMB1.00 each totalling RMB3,500,000,000. Subscriptions must be for a minimum of RMB20,000,000 and thereafter in multiples of RMB500,000. The Fund Manager reserves the right to accept subscriptions in excess of this amount.

Subscriptions must be on the basis of the Application attached to this Prospectus.

3.5 Limitation on each Limited Partner’s share of the Fund

Each Limited Partner’s percentage interest in the Fund may not exceed 10% of the total units issued by the Fund.

3.6 Fund Operating Period

The Fund will operate on a continuous basis. The partners may by resolution of all the Partners wind up the fund.

3.7 Partner Investment Term

Subscriptions to the Fund will be for a minimum period of 5 years and may not be redeemed before the expiry of that period.

3.8 Fund Distributions

The method of distributing the net profit of the Fund is set out in section 4 of this Prospectus. In summary, after the distributable income of the Fund is determined, the entitlements of the Fund Manager as set out in section 7 will be a first distribution to the Fund Manager as the General Partner and the remainder of the distributable income will be allocated to the Limited Partners (and to the General Partner to the extent that it owns Units in the Fund) in proportion to the number of units held and the period during the income year that the units were held by the relevant Partner.

3.9 Revenue Taxing of the Funds Distributable Income

Under the relevant revenue law, the income of the Fund is not subject to income tax in the partnership. The allocation of income for each income year will be advised to all Partners who will be subject to tax according to their particular circumstances.

3.10 Funds Held by the Custodian Bank

The Fund Manager will appoint a bank to be the Custodian Bank to hold funds not invested in authorised investments. The first Custodian Bank will be selected from the following Banks:

Bank of China Limited
Industrial and Commercial Bank of China Limited
China Construction Bank Limited
Agricultural Bank of China Limited.

The Custodian Bank may be changed at the Fund Manager's discretion.

4. Fund Reporting and Distributions

4.1 Financial Year End

The financial year end of the Fund will be 31 December each year commencing with the period from the commencement of the Fund to 31 December 2011.

4.2 Yearly Financial Statements

Financial statements will be prepared each year and circulated to the General and Limited Partners.

4.2.1 Composition of the circulated yearly financial statements

The yearly financial statements will consist of:

- Balance Sheet;
- Profit and Loss;
- Calculation of Distributable Income;
- Valuation of Fund investments and a valuation of the Fund;
- Listing of General and Limited Partners;
- For the relevant Partner:
 - The allocated share of Distributable Income;
 - The allocated share of the proposed cash distribution;
 - The number of units held by that Partner.

4.2.2 Basis of Preparation of Financial Statements

The financial statements will be prepared based on normally accepted accounting principles using PRC Accounting Standards.

4.2.3 Timing of the Distribution of Financial statements

The annual financial statements will be distributed to all Partners by 31 March of the year subsequent to the date of the end of the previous financial year. The Fund Manager may extend the date for distribution of the financial statements by up to an additional 60 days by giving written notice to all Partners prior to the 31 March deadline.

4.3 Quarterly Financial Reporting

The Fund Manager will determine an appropriate package of financial information for distribution to all Partners on a quarterly basis.

4.4 Distributions

All of the net income of the Fund will be distributed to the Partners each year.

4.4.1 Allocation of Distributable Income to Partners

To the extent that the Fund Manager has earned Management Fees during the year, in accordance with section 7.2 of this Prospectus, that amount will be a first allocation of distributable income for the year and is payable in accordance with section 7.2 as a cash distribution.

The distributable income remaining after the allocation of management fees, in accordance with the previous paragraph, will be allocated to Limited Partners, and to the General partner to the extent that it owns Units in the Fund, in proportion to the units held during the year and the period of time those units were held during the year.

4.4.2 Cash Distributions at the end of the financial year

The Fund Manager will endeavour to pay all of the distributable income in cash each year but, at its sole discretion, may reduce the amount distributable in cash but that reduction will be calculated on a pro rata basis across all units held by General and Limited Partners. Cash payments in accordance with this section will be paid after 14 days, but within 30 days, of the distribution of the annual financial information.

4.4.3 Interim Cash Distributions

At the end of each quarter the Fund Manager will determine the amount, if any, to be paid by way of an advance against the cash distributions to be made at the end of the financial year referred to in section 4.4.2.

4.5 Web site

The Fund Manager will maintain a web site for the information of Limited Partners. Regular updates on the Fund's investment activities will be published on the site.

5. Redemption or Transfer of a Partner's Interest in the Fund

Each General Partner and Limited Partner may apply to the Fund Manager to redeem, in whole or in part, units representing the relevant Partner's interest in the Fund. Such application may be made after an initial investment period of five (5) years for the units proposed to be redeemed.

5.1 Redemption process

Redemptions are subject to the availability of liquidity in the Fund.

5.1.1 Notice of redemption by a Partner

A Partner wishing to redeem its partnership interest in the Fund, in full or in part, will provide a notice (Redemption Notice) to the Fund Manager setting out the following information:

- The name and address of the Partner and any identifying reference assigned to the Partner by the Fund Manager;
- The number of units of one RMB which the Partner wishes to withdraw if a part withdrawal (in this case the amount must be in multiples of RMB500,000) or confirmation of withdrawal of all balances with the Fund;
- The name and reference numbers of the bank account where the funds are to be deposited;
- Bank accounts must be in the same name as the Limited Partner and payments will not be made to third parties.

5.1.2 Notice by the Fund Manager to the Partner

Within seven days of receiving the Redemption Notice the Fund Manager will provide the Partner with a notice of the value which is proposed to be paid to the Partner in respect of the requested withdrawal. The amount advised will be at the sole discretion of the Fund Manager but generally will be in accordance with the following guidelines:

- The amount will be calculated on the basis of the value of each unit as determined at the previous financial year end;
- In the event that the amount to be withdrawn is less than 75 per cent of the total holding of the Partner the amount repaid will be the amount calculated above;
- In the event that the amount to be withdrawn is more than 75 per cent of the total holding of the Partner the amount repaid will be 75 per cent of the amount notified above by the Fund Manager;
- In the event that the financial year has concluded but the financial statements have not been completed the Fund Manager will make its best estimate of the value of each unit and use that amount to determine the amount of the payment referred to above;
- At the end of the financial year in which the withdrawal occurred and when the final value of each unit has been determined the Partner will be paid an amount equal to the pro rata value of the withdrawn units from the date of the previous balance date to the date of payment of the withdrawal, less any interim cash distributions made by the Fund manager in respect of the withdrawn units, in accordance with section 4.4.3.
- The Fund Manager may, at its absolute discretion, make any payments in respect of the withdrawn units in excess of the amounts calculated above if it believes it is equitable to do so.

5.1.3 Payment of Redemptions

Within seven days of having provided the notice in section 5.1.2 above the Fund Manager will make the relevant payment as directed in the original notice provided by the Partner in accordance with section 5.1.1.

Any adjustment payable at the end of the financial year in accordance with section 5.1.2 will be paid in accordance with the Fund's normal year end distribution payment programme.

5.2 Restrictions on the Transfer of a Partner's Interest in the Partnership

Except as set forth below, no Limited Partner shall sell, assign, transfer, encumber, or otherwise dispose of any interest in the Partnership without the written consent of the General Partner.

5.2.1 Offer to Purchase a Limited Partners Interest in the Partnership

In the event a Limited Partner receives a bona fide offer for the purchase of all or a part of its interest in the Partnership, the Limited Partner shall either refuse the offer or give the General Partner written notice setting out full details of the offer, which notice shall, among other things, specify the name of the offeror, the number of units in the Partnership covered by the offer, terms of payment, including whether the offer is for cash or credit, and, if on credit, the time and interest rate, as well as any and all other consideration being received or paid in connection with the proposed transaction, as well as any and all other terms, conditions, and details of the offer.

5.2.2 General Partner Option to Purchase

Upon receipt of the notice with respect to the offer, the General Partner shall have the exclusive right and option, exercisable at any time during the period of thirty (30) days from the date of the notice, to purchase the interest in the Partnership covered by the offer at the same price and on the same terms and conditions of the offer as set out in the notice.

If the General Partner decides to exercise the option, the General Partner shall give written notification of this decision to the Limited Partner desiring to sell, and the sale and purchase shall be closed within thirty (30) days thereafter.

5.2.3 Limited Partners Option to Purchase

If the General Partner does not elect to exercise the option, the General Partner shall notify in writing the other members of the Limited Partnership regarding the terms of the offer. Should any individual Limited Partner or group of Limited Partners decide to exercise the option of purchase, notification of this decision shall be given in writing to the General Partner to be transmitted in writing to the selling Limited Partner within the same period provided above for notification of a General Partner's exercise of the option, and the sale and purchase shall be closed within thirty (30) days thereafter.

If none of the Limited Partners elects to exercise this option, the selling Limited Partner shall be so notified in writing by the General Partner and shall be free to sell the interest in the Partnership covered by the offer. The sale, if permitted, shall be made strictly upon the terms and conditions and to the person described in the required notice.

Neither the General Partner nor the Partnership shall be required to state the tax consequences to a Limited Partner or to a Limited Partner's assignee arising from the assignment of a Limited Partnership interest.

5.2.4 Assignee to be a substituted Limited Partner

Any Assignment made to anyone not already a Partner shall be effective to give the assignee the right to become a substituted Limited Partner and from that time shall be bound by the Partnership agreement.

The Partnership shall continue with the same basis and capital amount for the assignee as was attributable to the former owner who assigned the Limited Partnership interest.

5.2.5 General Partners rights to deal in its interest in the Partnership

The General Partner may sell, assign, or otherwise deal with its interest in the Partnership as a General Partner.

Any units owned by the General Partner are subject to the same restrictions on sale as apply to a Limited Partner.

5.3 Excessive Redemptions

Where the Fund Manager determines that redemption requests are at a level such that the payment of those redemptions may impact: the reasonable value of the Fund; the interests of other Partners; or the orderly realisation of the Fund, the Fund Manager may impose a moratorium on redemptions.

As funds become available to satisfy the Redemption Notices received from Partners the Fund Manager will notify the relevant Partners and allocate the available funds amongst the relevant Partners on a pro rata basis, based on date of receipt of the Redemption Notice, until the relevant Redemption Notices have been satisfied.

6 Fund Manager

The Fund Manager is Mosaic (Beijing) Investment Fund Management Company Limited a company incorporated in Beijing.

6.1 Authorisation to Conduct Funds Management Business

The company is incorporated in Beijing and is approved by the relevant authorities to act as a manager of private equity funds.

6.2 Wholly owned by a Foreign Company

The company is wholly owned by Mosaic Partners Pty Limited which is an independent corporate advisory firm founded and based in Sydney Australia. The company has applied for and been granted authorisation to set up a wholly owned company incorporated in Beijing to conduct the management of private equity funds.

6.3 Fund Manager Expertise

Our investment philosophy has been designed around the lessons learnt over many years by the Directors. As a result, the Fund, and its investments, will be managed by a hands-on board of directors with many years of experience. The management team, with its corporate finance and funds management capability and access to a substantial experience base through Mosaic Associates, will deliver an outstanding Funds Management result.

The Mosaic team is highly experienced in identifying and understanding the dynamics of an enterprise. Our strategy involves undertaking detailed analysis on business performance, financial measures, balance sheet structure and strategic direction. As an outcome of the review and financial analysis process, Mosaic is able to identify future value drivers, and growth opportunities which deliver higher value appreciation.

The founders of Mosaic Partners have established a unique network, Mosaic Associates, encompassing Partners and Senior Personnel from the top investment banks, accounting, law firms and industry in Australia. All chosen professionals are not only leaders within their chosen field but have extensive business experience, each with a minimum of 25 years.

The range of expertise encompassed by Mosaic Associates includes:

- Funds Management and due diligence;
- Corporate Finance;
- International Law;
- Audit / Multi Asset Class Due Diligence;
- Report Preparation / Compliance in accordance with International Accounting Standards;
- Public Company Board Representation.

This unique model allows Mosaic to bring to bear on each investment opportunity a robust, experienced and dedicated team across all disciplines and asset classes.

6.4 The Fund Manager's Commitment

Mosaic Partners will use best practice in designing and setting up the required structure of Mosaic Beijing to deliver all of the key services and deliverables set out in this Prospectus.

7. Fund Expenses and Management Fees

7.1 Fund Expenses

The Fund Manager will be entitled to claim the following expenses from the assets of the Fund:

- Management Fees – refer below;
- Management Performance Fees – refer below;
- Custodian Fees – refer below;
- Costs and charges associated with the issue and transfer of owner's documentation, general administration costs associated with the reporting to investors and calling appropriated meetings;
- Professional costs associated with the conduct of the Fund including accounting, audit, legal and other related professional services;
- Other expenses identified in the Fund documentation;
- Other expenses as determined by the relevant Government legislation;
- Costs associated with the long term ownership, sale, Joint Venture and/or separate listing of assets of the Fund;
- All other costs in connection with, or incidental to, the running of the Fund.

In respect of reimbursement of any expenses owed to the Fund Manager, the Fund Manager will send a notice of the amounts payable to the Fund Manager on the first business day of the next month and, subject to receiving any required documentary evidence required by the Custodian, the Fund Custodian will pay the amount to the Fund Manager within five (5) business days of receiving that notice.

7.2 Management Fees

The calculation of Management Fees will be on the following basis:

- The Fund will pay an annual fee calculated as 2 percentage points of the Fund;
- The fee will be payable 12 months in advance based on the market value of the Fund as at the previous balance date of the Fund;
- In the first year the fee will be calculated based on the balance of funds held at the inception of the Fund at the specified rate but pro rata to the next balance date;
- The fee paid will be adjusted at the end of each month after the balance date by comparing a calculation of the relevant percentage in this clause multiplied by the average funds held during the month and divided by 12 with an amount calculated by dividing the total fee paid in advance by 12;
- The fees payable will also be adjusted to the extent that the valuation of the Fund as at the end of the previous financial year is not available when the Management Fees are being calculated or adjusted in accordance with this section;
- In the first year that the Fund operates the relevant comparison for the purpose of the previous calculation will be with an amount calculated by dividing the total fee paid in advance by the number of months or part thereof of a month to the next balance date;

- In respect of the fee payable 12 months in advance the Fund Manager will send a notice of the fee payable to the Fund Custodian on the first business day of the new financial year and, subject to receiving any required documentary evidence required by the Custodian, the Fund Custodian will pay the amount to the Fund Manager within 5 business days of receiving that notice;
- In respect of the monthly adjusted fee the Fund Manager will send a notice of the fee payable to the Fund Custodian on the first business day of the next month and, subject to receiving any required documentary evidence required by the Custodian, the Fund Custodian will pay the amount to the Fund Manager within five (5) business days of receiving that notice;
- If the monthly adjusted fee calculation results in an amount to be refunded by the Fund Manager the Fund Manager will refund the amount within five (5) business days of the commencement of the month;
- Fees are payable after deducting any applicable government taxes;
- An increase in the level of Management Fees payable to the Fund Manager requires the approval of the Limited Partners by an extraordinary resolution.

7.3 Fund Management Performance Fees

In addition to the fees set out in section 7.2, the Fund Manager will be entitled to receive additional Fees, based on the performance of the Fund, on the following basis:

- As at the annual balance date the independent valuation of the Fund, adjusted in accordance with this clause, will be compared with the amount calculated in accordance with this clause at the previous balance date and to the extent that the calculated amount has increased the amount of that increase will be used in determining the Performance Fees payable to the Fund Manager;
- Before the amount of the increase is determined the following adjustments will be made to the amount so calculated:
 - Payments to (add) or by (deduct) any Partner of the Fund;
 - Any reduction in the calculated value of the Fund in a previous year not previously deducted in making this calculation for a prior year;
 - Such other adjustments as it is equitable to make in all the circumstances;
- Once the increase has been determined in accordance with this clause the amount of the Performance Fee will be determined by applying the percentages set out below to the amount of the increase:

Amount of Increase	Performance Fee
< 8%	0%
9 to 20%	20%
21 to 30%	30%
>31%	40%

- The Fund Manager will send a notice of the fee payable to the Fund Custodian on 31st March following the financial year to which the Performance Fees relate and, subject to receiving any required documentary evidence required by the Custodian, the Fund Custodian will pay the amount to the Fund Manager within five (5) business days of receiving that notice, provided the financial statements of the Fund have been signed;
- In the event that the financial statements of the prior year are signed after 31 March of the subsequent year the Fund Custodian will pay the amount to the Fund Manager within five (5) business days of the signing of the financial statements;
- Fees are payable after deducting any applicable government taxes;
- An increase in the level of Performance Fees payable to the Fund Manager requires the approval of the Limited Partners by an extraordinary resolution.

7.4 Custodian Fees and Expenses

The calculation of Custodian Fees will be on the following basis:

- The Fund will pay a Custodian Fee calculated as an agreed percentage of the funds and/or assets directly under the control of, and subject to administration by, the Custodian;
- The fee will be payable monthly;
- The fee paid will be a calculation of the relevant percentage in this clause by the Average amount of funds and/or assets directly under the control of, and subject to administration by, the Custodian during the month;
- In respect of the monthly fee the Fund Manager will send a notice of the fee payable to the Fund Custodian on the first business day of the next month and, subject to receiving any required documentary evidence required by the Custodian, the Fund Custodian may deduct the amount of the Custodian Fee for the month from the Fund;
- Other authorised or listed expenses may be deducted from the Fund by the Custodian five (5) business days after having given to the Fund Manager notice of its intention to deduct the expenses;
- Fees are payable after deducting any applicable government taxes;
- An increase in the level of Fees payable to the Custodian requires the approval of the Fund Manager.

8 Risk Factors

There are a number of factors, both specific to the Fund and of a general nature, which may affect the future operating and financial performance of the Fund and the value of an investment in the Fund. Some of these factors can be mitigated by appropriate commercial action. However, many are outside the control of the Fund, are dependent on the policies adopted and approaches taken by regulatory authorities or otherwise cannot be mitigated. This section describes some of the risks associated with an investment in the Fund.

Before deciding to invest in the Fund, prospective investors should consider carefully the following factors, as well as the other information contained in this Prospectus and, if they consider it appropriate, take advice from their professional advisors.

Investors are strongly advised to regard any investment in the Fund as a long term proposition and to be aware that, as with any equity investment, substantial fluctuations in the value of their investment may occur. The major risk factors as determined by the Fund Manager are set out below. They are a summary and should not be regarded as exhaustive.

8.1 General Risk Factors

General factors which may have a significant impact on the future performance of the Fund with respect to its profitability and its underlying value include:

(a) Macroeconomic factors

The performance and value of The Fund's investments and the performance and value of the Fund may be affected by general economic conditions, including movements in:

- Foreign exchange rates;
- Commodity prices;
- Interest rates;
- Tax rates; and
- Economic indicators such as inflation and economic growth.

(b) Volatility in equity markets

As the Fund will be using equity markets to realise some of its investments, the performance and value of the Fund's investments and the performance and value of the Fund may be affected by volatility in domestic and international equity markets.

(c) International factors

The value of the investments may be affected by:

- political, legal and economic instability;
- foreign exchange movements which may affect the value of foreign assets or foreign earnings; and
- the impact of the global security situation and possible terrorist disturbances.

(d) Changes in regulatory environment

The performance and value of the Fund, the Fund's investments and, consequently, the performance of the Fund may be affected by general political and regulatory conditions. Governmental policy changes may affect the value or performance of the Fund or its investments. Such regulatory changes may include any amendments which may occur to the taxation of partnership income, dividends and capital gains.

8.2 Specific Risk Factors

Specific factors which may have a significant adverse impact on the future performance of the Fund include:

(a) Fund investment risks

The value and performance of the Fund is reliant on the performance and value of its investments. The success of the Fund's investment strategies may be affected by the:

- performance of the specific entities in which the Fund invests;
- level of dividend, or other distributions, paid by the companies in which the Fund invests;
- market liquidity of the unlisted securities in which the Fund invests. Unlisted investments in particular are generally illiquid and the Fund may be hindered in its ability to realise such investments in a timely manner.

(b) Key person risk

The value and performance of the Fund may be affected by the key individuals identified in this prospectus individually or collectively not being available and the Manager may not be able to source another team with sufficient expertise to provide investment management services of a similar quality or at all.

(c) Manager risk

The value and performance of the Fund may be affected by the ability of the Fund Manager to maintain its ability to continue to meet the conditions required by the Peoples Republic of China or the Beijing Municipality.

Should the Fund Manager be unavailable to provide investment management services at a point in the future, for any reason, the value and performance of the Fund and its investments may be affected by the ability to find suitable replacements.

(d) Technological change

The value and performance of the Fund may be affected by technological change which may cause an investee entity's product to be obsolete before it has been fully exploited commercially.

(e) Interest rate risk

The value and performance of the Fund may be affected by changes in the level of interest rates because the companies in which the Fund may invest may often have a high level of debt.

(f) Risks associated with private equity investments

The value and performance of the Fund may be affected by:

- the availability of suitable investments, particularly having regard to increased competition in the private equity market;
- the Portfolio being less diversified than some listed investment companies;
- unlisted investments being illiquid and the inability of the Fund to realise such investments in a timely manner;

- investment in private equity, particularly start up and early stage investments, potentially being of a higher risk than other asset classes and some investments possibly failing; and
- the Fund's investments in private equity being diluted by the raising of additional funds by an investee entity.

(g) Payments of distributions

The value and performance of the Fund may be affected by its ability to pay distributions. The ability of the Fund to pay distributions is dependent on a number of issues, the most important of which are the Fund's cash flow, and profit. These may be affected by:

- the dividend and distribution policies of the entities in which the Fund invests;
- other sources of income, if any, such as interest, and other fees; and
- the level of expenses incurred in administering the Fund.

(h) Insufficient funds raised

The ability of the Fund to invest and carry out its stated aims may be affected by the level of subscriptions to the Fund received by the time the Fund Manager closes the offer.

9. How to Invest

9.1 When to Apply

The Offer is due to open at 9:00am (Beijing time) on 15 July 2011 and will remain open until closed by the Fund Manager.

The Fund Manager may close the Offer early, extend the Closing Date or withdraw the Offer without prior notice. Applicants for Units under the Offer are encouraged to submit the relevant Application Forms as soon as possible after the Offer opens.

9.2 How to Apply

You should complete the Application Form attached to the copy of this Prospectus, in accordance with the instructions set out on the Application Form.

9.3 Lodging Application Forms

Applications may only be made, and will only be accepted, on the Application Form attached to or accompanying the copy of this Prospectus.

The completed Application Form must be accompanied by a cheque, in RMB, for the value of Units applied for. All cheques must be made payable to 'The Custodian Bank – Mosaic Private Equity Fund' and crossed 'Not Negotiable'.

In the alternative arrangements may be made to lodge the funds electronically directly to the Custodian Bank.

Completed Application Forms and cheque(s) must be returned by mailing to, or by hand delivery to:

Mosaic Private Equity Fund
Mosaic (Beijing) Investment Fund Management Company Limited
BEIJING

By returning an Application Form, the Applicant acknowledges that he, she or it has read this Prospectus.

Investors with queries on how to complete the Application Form or who require a copy of the Prospectus can contact Mosaic (Beijing) Investment Fund Management Company Limited.

If you have any other questions about how to invest in Mosaic Private Equity Fund, you should contact the Fund Manager, or your professional adviser.

9.4 Minimum Application

Applications must be for a minimum of 20,000,000 Units (RMB 20,000,000) and thereafter in multiples of 500,000 Units (RMB500,000).

9.5 Brokerage and Other Taxes

No brokerage or other taxes are payable by Applicants on the issue of Units.

10. Additional Information

10.1 General Meetings and Notices

The Fund Manager may convene a general meeting of the Partnership whenever it thinks fit and the Partners may requisition the holding of a general meeting on delivery of a notice in writing to the Fund Manager by 10 per cent or more of the total units on issue. Notice of every annual general meeting or general meeting must be given to all Partners.

10.2 Fund Manager's Indemnity

The Fund must indemnify the Fund Manager and all its present and past officers against:

- any liability incurred in acting as a Director, Secretary, or, officer of the Fund Manager other than a liability owed to the Fund.

To the extent permitted by law, the Fund must maintain and pay all premiums for an insurance policy which insures the Fund Manager and each Director and officer against liability for acts or omissions in his capacity as a Director or officer of the Fund Manager.

10.3 Alteration to the Partnership Agreement

The Partnership Agreement can only be amended by a special resolution passed by at least 75% of votes of all Partners.

10.4 Expenses of the Offer

The expenses of the Offer, including costs of preparing and issuing this Prospectus, accounting, tax, legal and experts' reports fees, issue management costs, and printing and postage expenses have been borne by the Fund Manager who will seek reimbursement in accordance with section 7 of this Prospectus.

10.5 Consents

The Custodian Bank, before the issue of this Prospectus, will be required to provide its written consent to act in that capacity.

10.6 Governing Law

This Prospectus, the Offer and the contracts formed on Acceptance of Applications are governed by the law applicable in the Peoples Republic of China. Each Applicant submits to the exclusive jurisdiction of the courts of the Peoples Republic of China.

Signing instructions: Please note:

An application by a company must be signed on behalf of the company by a person(s) duly authorised for that purpose and the company chop applied.

- 1 Ideally all joint holders should sign. However, if this is not possible then the signature of the one joint holder is acceptable.
- 2 If this Application Form is signed under a power of attorney, the relevant power of attorney must be submitted with this Application Form for noting and return.

12 Corporate Directory

Christopher Horn | CA Fellow (Aust.) | B Com (Acc) | Chairman & Director

Christopher graduated from the University of New South Wales (Aust.) with a Bachelor of Commerce (with Merit) majoring in Accounting. He is also a Fellow of the Institute of Chartered Accountants in Australia with in excess of 40 years business experience.

Christopher began his career with KPMG working in various disciplines including Assurance / Advisory before being appointed a partner in 1979. After working overseas he returned to KPMG in Australia and fulfilled many roles as a Partner including business investigations and heading up the KPMG Management Consulting Practice in New South Wales. In 1993 Christopher was appointed to the NSW Management Committee and served on the National Management Committee as CFO of KPMG (Aust) until his retirement from the firm in 2001.

In 2001 Christopher was headhunted to join a National Australian Law Firm as the COO.

More recently Christopher has set up his own business consultancy and is currently involved in advising a number of ventures, most prominent of these is the operation of LATAM Telecommunications companies located in Brazil and Chile.

Matthew Hegarty | BEc & LLB | Director

Matthew graduated from Macquarie University (Sydney) with a Bachelor of Economics and Bachelor of Laws degrees.

Matthew began his career as a lawyer initially at Blackstone Chambers in Sydney focusing on a variety of aspects of commercial law and in 2003 he joined the Commonwealth Bank of Australia working in Corporate Finance specialising in structured finance and working on complex transactions for large Australian and multi-national corporations.

In 2005 Matthew joined Global Value Investors Limited as a Senior Analyst and Portfolio Manager for foreign exchange and derivatives. He is also responsible for identifying opportunities for equity investments in global markets.

Additionally Matthew is a director of Gulf and Western Capital Pty Limited which is a private hedge fund focused on investing in global markets.

Specific Assignments:

- Arranging and structuring various complex transactions for major corporate clients including; Qantas Airways Limited, BHP Billiton Limited, Telstra Corporation Limited, News Corporation Limited and the Victorian State Government.
- Part of the core management team at Global Value Investors Limited managing global portfolios of managed funds of approximately AUD \$850Million.

Jason Horn | CA (Aust.) | BCom (Acc & Fin) | Director

Jason graduated from the University of Wollongong (Sydney) with a Bachelor of Commerce majoring in Finance & Accounting. He is also a qualified member of the Institute of Chartered Accountants (Aust)

Jason has extensive experience within the Banking & Finance sector having begun his career in 2001 with the Ernst & Young (Aust.) Property Transactions Group.

In 2004 he joined American Express (Aust.) and in 2007 relocated with American Express to the UK to focus on Strategic Partnerships, specialising within emerging market acquisition & deal financing.

Jason joined the Royal Bank of Scotland Investment Bank (UK) in 2009 as a leading liquidity & short-term investment advisor focused on global financial institutions clients.

As an aside Jason has extensive online business experience as the Co-founder and Director of the venture capital backed 'shortcuthome.com' an online property rental website recently launched in the UK.

Specific Assignments:

- Arranging and establishing in excess of £1Billion (during 2008 / 2009 banking crisis) in stable funding for the Royal Bank of Scotland from within the Financial Institutions market.
- Initiated and concluded equity placement Investments and franchise agreements with a number of prominent banks within Iceland, Uzbekistan, Mongolia, Albania and Russia. Combined these deals delivered in excess of USD \$1Billion of NPV value over 5 years and in excess of USD \$50Million in upfront investment Fees to American Express.

Initiated and closed the American Express network business sale of its Central European Business to First Data Investments (a subsidiary business owned by 'KKR' Kohlberg Kravis & Roberts) for a substantial but undisclosed Fee.

Henry Hu | Director

Henry graduated from the University of Hong Kong in 1970 with a BSc (Eng) Degree in Mechanical Engineering and as a Chartered Engineer. Henry began his toy manufacturing career soon after graduation working for several major international toy manufacturing companies including Mattel HK, Marx Toys HK, and the Universal/Matchbox Group. He later founded Wah Shing Toys Consolidated Group which was listed on the Hong Kong stock exchange in 1987. He was also appointed to the role of Chairman and CEO of Zindart Industrial Co Ltd in which he tripled revenues within three years and brought the company to list on the Nasdaq exchange in early 1997.

Henry consolidated Grand Toys International and re-listed the Company on the Nasdaq exchange in 2004 acting in the capacity of both Chairman and CEO. Henry served on several independent boards of Nasdaq listed companies and as the Audit Committee Chairman of Radica Games Limited at the time of the dawn of the Sarbanes-Oxley regime.

He is currently a shareholder of UK based Pedigree Group and the principal of Business Plus Consultants Limited (which he founded in the early 1990s). Business Plus Consultants has advised firms regarding the Blue Cat 3000 Quiz Licensing, McKids of

McDonald Restaurants in China, Coca-Cola Stores franchising in China as well as advising several international firms regarding strategic planning and implementation programs.

Wang Jianjuan | Director

Wang Jianjuan graduated in 1982 with a BA economics degree from the Northeast University of Finance and Economics in the People's Republic of China ('PRC'). After graduation he worked for the China Council for the Promotion of International Trade ('CCPIT') in Beijing. In 1988 he attained his MBA Degree from Durham University Business School in the United Kingdom. From 1989 to 1999 he worked for China Resources Group in Hong Kong. In 1999 he joined Shenzhen Xingtuo Industry and Trading Company as its General Manager. In 2003 he was appointed as General Manager of China Hualu Electronic Import & Export Corp in Shenzhen. Since 2006 he has founded his own trading company based in Hong Kong.

Jason Hu | Director

Jason graduated from the University of New South Wales in 1997 with a B.Sc. (Info. Sys.) degree and began his career as a technical analyst programmer with State Street Bank. Upon gaining his Master of Commerce degree in Information Systems Management, in 1999, he advanced his IT career with companies such as Logica CMG on application projects in Sydney and Melbourne.

In 2002, Jason returned to Hong Kong joining Excel Master Limited, a China based die-cast manufacturing company. Over 6 years, Jason spent time in all aspects of the business from Technology/ERP enablement, to manufacturing process effectiveness and production planning. He was also responsible for new customer development.

Jason returned to the financial sector in 2007 with Standard Chartered Bank. He was responsible for project management and process improvement work with a principal focus on sales and service effectiveness and performance. In 2009 he joined The Royal Bank of Scotland specialising in Financial Control and with responsibility for Balance Sheet reporting.