

# **ORIENT VENTURE CAPITAL II INC.**

**Management's Discussion and Analysis  
Second Quarter Ended December 31, 2009  
(Expressed in Canadian Dollars)**

## **Date of Report: January 25, 2010**

The following Management discussion and analysis (“MD&A”) should be read in conjunction with interim financial statements of Orient Venture Capital II Inc. (the “Company”) for the six months ended December 31, 2009 and 2008, the Company’s audited financial statements for the year ended June 30, 2009 and related notes attached thereto, which are prepared in accordance with Canadian generally accepted accounting principles (“GAAP”). All amounts are stated in Canadian dollars unless otherwise indicated.

## **Forward-Looking Information**

*Certain information included in this discussion may constitute forward-looking statements. Forward-looking statements generally can be identified by the use of forward-looking terminology such as “may”, “will”, “expect”, “intend”, “estimate”, “anticipate”, “believe”, or “continue” or the negative thereof or variations thereon or similar terminology. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by management are inherently subject to significant business, economic and competitive uncertainties and contingencies. There can be no assurance that such statements will prove to be accurate and actual results and future events could differ materially from those anticipated in such statements. The Company disclaims any obligation or intention to update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise, except required by law.*

## **Description of Business**

The Company was incorporated on September 12, 2007 under the *Business Corporations Act* (British Columbia) and is classified as a Capital Pool Corporation (“CPC”) as defined in Policy 2.4 of the TSX Venture Exchange (the “Exchange”). The Company’s principal purpose is to identify and evaluate business and assets with a view to completing a “Qualifying Transaction” (as defined in Policy 2.4) (“QT”) within twenty four months from the date of listing of the Company’s shares on the Exchange. The Company completed its initial public offering (“IPO”) on February 27, 2008, and its shares were listed and commenced trading on the Exchange on March 5, 2008, under the symbol “OVV.P”.

The QT must be approved by the Exchange, and in the case of a Non Arms Length Qualifying Transaction shareholder approval must be obtained in

accordance with the CPC policy. The Company has not conducted commercial operations other than activities toward completing a QT.

All financial information in this MD&A is prepared in accordance with Canadian generally accepted accounting principles (“GAAP”) and all dollar amounts are expressed in Canadian dollars unless otherwise indicated.

The Company has not commenced operations and thereof, no segmented information is available.

### Results of Operations

As the Company is a CPC, revenues are limited to interest earned on cash held with a financial institution. All expenses incurred relate to its incorporation, listing on the Exchange as a Capital Pool Corporation and pursuit of a Qualifying Transaction.

The Company incurred a loss of \$67,401 for the three months and a loss of \$83,641 for the six months ended on December 31, 2009.

### Summary of Unaudited Quarterly Information

The following table sets out selected unaudited quarterly financial information of the Company and is derived from unaudited financial statements prepared by management. The Company’s interim financial statements are prepared in accordance with Canadian GAAP.

	2 <sup>nd</sup> Quarter Ended December 31, 2009	1 <sup>st</sup> Quarter Ended September 30, 2009	4 <sup>th</sup> Quarter Ended June 30, 2009	3 <sup>rd</sup> Quarter Ended March 31, 2009	2 <sup>nd</sup> Quarter Ended December 21, 2008	1 <sup>st</sup> Quarter Ended September 30, 2008	4 <sup>th</sup> Quarter Ended June 30, 2008	3 <sup>rd</sup> Quarter Ended March 31, 2008
Revenue	\$ Nil	\$ Nil	\$ Nil	\$ Nil	\$ Nil	\$ Nil	\$ Nil	\$ Nil
Loss for the period	(67,401)	(16,240)	(37,077)	(8,745)	(43,569)	(5,583)	(47,953)	(40,241)
Loss per Common Share – basic and fully diluted	(0.01)	(0.00)	(0.01)	(0.00)	(0.01)	(0.00)	(0.01)	(0.01)

## **Capital Resources and Liquidity**

The Company does not currently hold an interest in any other business nor does it have an interest in any capital assets. The Company's activities have been funded through equity financing and short-term loan and the Company expects it will continue to be able to utilize this source of financing until it develops cash flow from future operations.

The financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future.

There can be no assurance that the Company will be successful in its endeavors. If funds are not available or other sources of finance can not be obtained, then the Company will be forced to curtail its activities to a level for which funding is available and can be obtained.

As of December 31, 2009, the Company had a net working capital of \$100,478 with \$288,608 in cash.

While the Company is a CPC, no more than 30% of the gross proceeds from the sales of securities issued by the Company may be used for general and administrative purposes (including IPO related expenses) with the balance to be available for specified expenses in connection with the identification and evaluation of assets or businesses in connection with initiating and completing a Qualifying Transaction. The Company estimates that its monthly permitted general and administrative expenses going forward until the completion of a QT, as ultimately anticipated, will be less than \$10,000 per month on average, offset to some extent by interest income.

## **Off-Balance Sheet Arrangements**

The Company does not have any off balance sheet arrangements requiring disclosure.

## **Related Party Transactions**

During the year, the Company paid office assistant service charges to a company controlled by a director in the amount of \$2,400 (2009 - \$400).

The transactions with related parties are in the normal course of operations and have been measured at the exchange amount, which is the amount of consideration established and agreed by the related parties.

There were no standard compensation arrangements, or other arrangements in addition to or in lieu of standard arrangements, under which the directors of the Company were compensated for service in their capacity as directors (including any additional amounts payable for committee participation or special assignments), or for services as consultants or experts.

## **Proposed Transactions**

On October 26, 2009, the Company announced a share exchange agreement dated October 23, 2009 with Mr. Yiliang Chen pursuant to which Mr. Chen agrees to exchange 2,676,902 shares of China Dongxiang (Group) Co. Ltd. ("Dongxiang") in exchange for 10,000,000 of the Company's shares at a deemed value of \$0.20 per share. Dongxiang is a leading international sportswear brand enterprise based in China and is primarily engaged in the design, development, marketing and wholesale of branded sportswear.

On December 24, 2009, the Company announced a subscription agreement (the "Hawthorne Agreement") with Hawthorne Gold Corp. ("Hawthorne"). The Company agreed to purchase 714,285 common shares of Hawthorne ("Hawthorne Shares") at a price of \$0.35 per Hawthorne Share for an aggregate investment of \$250,000 ("Hawthorne Investment"). Hawthorne is a Canadian-based gold exploration and development company with key properties located in British Columbia, Canada.

On December 24, 2009, the Company also announced a subscription agreement (the "BoardSuite Agreement") with BoardSuite Corp. ("BoardSuite"). The Company agreed to purchase 400,000 units ("BoardSuite Units") at a price of \$0.50 per BoardSuite Unit for an aggregate investment of \$200,000 ("BoardSuite Investment"). Each BoardSuite Unit is comprised of one Class A common share of BoardSuite ("BoardSuite Share") and one warrant ("BoardSuite Warrant"), each whole BoardSuite Warrant entitling the Company, on exercise, to acquire one BoardSuite Share at a price of \$1.00 per BoardSuite Share for a period of two years. BoardSuite operates a secure and easy-to-access online board portal – The BoardSuite which organizes and manages critical board related information and tasks.

On December 24, 2009, the Company announced another subscription agreement (the “RX Agreement”) with RX Exploration Inc. (“RX”). The Company agreed to purchase units (“RX Units”) at a price of \$0.30 per RX Unit for an aggregate investment of \$250,000 (“RX Investment”). Each RX Units is comprised of one common share of RX (“RX Share”) and one warrant (“RX Warrant”), each whole RX Warrant entitling the Company, on exercise, to acquire one RX Share at a price of \$0.40 per RX Share for a period of two years. In the event that the RX Investment is not completed by January 25, 2010, the price per RX Unit will be equal to the higher of: (i) \$0.30 per RX Unit; and (ii) the market price of the RX Shares at that time less a discount of 25%, and the exercise price for each RX Warrant shall be an amount equal to 133% of the RX Unit price. RX is a gold exploration company whose strategy is to re-examine gold projects within North America that have reached advanced exploration, underground development or past gold production.

On December 24, 2009, the Company announced additional subscription agreement (the “Synodon Agreement”) with Synodon Inc. (“Synodon”). The Company agreed to purchase units (“Synodon Units”) at a price equal to the volume-weighted average trading price of common share of Synodon (“Synodon Share”) for a ten-day period ending two days prior to closing of the Qualifying Transaction, less a discount of 25% or such other maximum discount as allowed by the TSX-V policies, for an aggregate investment of \$250,000 (“Synodon Investment”). Each Synodon Units is comprised of one common share of Synodon (“Synodon Share”) and one-half warrant (“Synodon Warrant”), each whole Synodon Warrant entitling the Company, on exercise, to acquire one Synodon Share at a price equal to 150% of the Synodon Unit price for a period of two years. Synodon is an Edmonton based technology company which provides gas emissions monitoring and quantification service to a variety of industries, including hydrocarbon (oil and gas), environmental, agricultural and for a variety of gases including methane, ethane and ammonia.

Taken together, the share exchange agreement with Mr. Yiliang Chen relating to China Dongxiang (Group) Co. Ltd., the Hawthorne Investment, the BoardSuite Investment, the RX Investment, and the Synodon Investment will constitute the Company’s Qualifying Transaction in accordance with the policies of the TSX-V.

Completion of the acquisitions is subject to a number of conditions, including but not limited to, definitive agreements entered, and approval of the Exchange. The acquisitions will not close until conditional approvals are obtained from the Exchange. There can be no assurance that the acquisitions will be completed as proposed or at all.

Upon completion of the Qualifying Transaction, the Company will change its name to “China Select Capital Partners Corp.” and will be listed as a Tier 2 Investment Issuer on the TSX-V focused on investing in private or public companies.

## Financial Instruments and Other Instruments

During the six months period ended December 31, 2009, the Company's financial instruments consist of cash, deposit, GST receivable, accounts payable, accrued liabilities and short-term loan. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments and that the fair values of these financial instruments approximate their carrying values.

## Outstanding Share Data

The following table summarizes the Company's outstanding share data as of the date of this Management Discussion and Analysis:

	Common Shares	
	Outstanding	Amount
Seed shares	2,600,000	\$130,000
IPO shares	3,000,000	300,000
Private placements	-	-
Share issuance costs	-	(124,434)
Total	5,600,000	\$306,556

2,000,000 shares are subject to an escrow agreement and will be released from escrow in stages upon completion of the Company's QT and every six months thereafter.

As of December 31, 2009, the total outstanding and exercisable options and warrants are listed below:

	Number of Shares	Exercise Price	Expiry Period
Stock options granted to directors and officers	560,000	\$0.10	March 4, 2013
Warrant granted to agent	300,000	\$0.20	March 4, 2010

## **Risk and Uncertainties**

Financial risks include commodity prices, interest rates the Canadian/US dollar exchange rate, all of which are beyond the Company's control.

As of the date hereof, the Company has not completed a Qualifying Transaction pursuant to the policies of the Exchange, and there can be no assurance the Company will be able to complete a Qualifying Transaction within the time period permitted or at all.

Any Qualifying Transaction will be subject to the Exchange acceptance and may be subject to shareholder approval.

The Company does not believe it is subject to any significant credit risk although cash is held with a major financial institution.

## **Disclosure Controls and Procedures**

The Company's Chief Financial Officer and Chief Executive Officer (the "Certifying Officers" are responsible for establishing and maintaining disclosure controls and procedures ("the procedures") which provide reasonable assurance that information required to be disclosed by the Company under provincial securities legislation (the "Required Filings") is reported within the time periods specified. Without limitation, the Procedures are designed to ensure that material information relating to the Company is accumulated and communicated to management, including its Certifying Officers, as appropriate to allow for timely decisions regarding the Required Filings.

The Certifying Officers evaluate the effectiveness of the Company's Procedures on a regular basis throughout the year and have concluded that the Procedures in place as of the end of the period covered by the Required Filings are effective in providing reasonable assurance that material information relating to the Company is accumulated and communicated to management and reported within the time periods specified.

There were no changes to the Company's internal control or in other factors that could materially affect these controls during the most recent quarter ended December 31, 2009, including any significant deficiencies or material weakness of internal controls that would require corrective action.

Following the strategic plan for the direction of accounting standards in Canada adopted by CICA Accounting Standards Board ("AcSB") in January 2006, accounting standards in Canada for public companies will converge with International Financial Reporting Standards ("IFRS") by the end of fiscal year of

2011. The Company will finish assessment of the impact of convergence of Canadian GAAP and IFRS by March 31, 2010 and prepare a detailed conversion plan in the fourth quarter of fiscal 2010 and thereafter begin execution to this plan. It is currently not possible to fully determine the impact of conversion to IFRS on the financial statements and any potential business impacts, as our diagnostic phase is not complete and as accounting standards and related interpretations continues to change.

### **Approval**

The Board of Directors of Orient Venture Capital II Inc. has approved the disclosure contained in this MD&A. A copy of this MD&A will be provided to anyone who requests it and can be obtained along with additional information, on the SEDAR website at [www.sedar.com](http://www.sedar.com).