

CHINA SELECT CAPITAL PARTNERS CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion and analysis is for three months ended September 30, 2010. This MD&A is as of November 29, 2010.

INTRODUCTION

This management's discussion and analysis ("MD&A") of the operating results and financial condition ("MD&A") of China Select Capital Partners Corp., formerly Orient Venture Capital II Inc. ("China Select" or the "Company") should be read in conjunction with China Select's interim consolidated financial statements and notes thereto as at and for three months ended September 30, 2010 and 2009. Accounting policies followed in the preparation of the annual consolidated financial statements are disclosed in Note 2 of the Notes to the interim consolidated financial statements for three months ended September 30, 2010 and 2009. See "Significant Accounting Policies" elsewhere in the MD&A. All financial data in this MD&A has been prepared in accordance with Canadian generally accepted accounting principles ("GAAP").

FORWARD-LOOKING STATEMENTS

A number of the matters discussed in this MD&A deal with potential future circumstances and developments and may constitute "forward-looking" statements. These forward-looking statements can generally be identified as such because of the context of the statements and often include words such as the Company "believes", "anticipates", "expects", "plans", "estimates" or words of a similar nature.

The forward-looking statements are based on current expectations and are subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include general and economic business conditions and regulatory risks. The impact of any one risk factor on a particular forward-looking statement is not determinable with certainty as such factors are interdependent upon other factors, and management's course of action would depend upon its assessment of the future, considering all information then available.

All subsequent forward-looking statements, whether written or oral, attributable to the Company or persons acting on its behalf are expressly qualified in their entirety by these cautionary statements. The Company assumes no obligation to update forward-looking statements should circumstances or management's estimates or opinions change.

DESCRIPTION OF THE BUSINESS

The company was incorporated under the Business Corporations Act (British Columbia) on September 12, 2007. On April 8, 2010, following completion of the Qualifying Transaction, the Company changed its name to China Select Capital Partners Corp.

On April 22, 2010, the Company received final approval of the Qualifying Transaction from TSX-V and commenced trading on the Exchange as a Tier 2 Investment Issuer with trading symbol "CH".

China Select is a Canadian-based private equity management firm focused on managing foreign investment in the private equity Renminbi ("RMB") fund industry in China. China Select invests in leading private and public companies whose businesses involve later-stage alternative energy, environmental technology or other selected sectors with strong intellectual property, exceptional management, high growth potential and an identified exit strategy either in China or North America. China Select's management team is composed of talented and experienced investment professionals combining an Asian background with Western education and extensive experience in investment banking, venture capital and venture fund management in Canada, China and the U.S.

OVERALL PERFORMANCE

The Company incurred net loss of \$584,723 (2009: net loss of \$16,240) for the three months ended September 30, 2010, and had an accumulated deficit of \$718,182 at September 30, 2010.

A summary of the significant events during the three months ended September 30, 2010 follows:

- The Company paid back a promissory note to Wang Wei in the amount of \$200,000 and interest of \$9,955.56 on July 12, 2010;
- The Company issued a loan on July 23, 2010 in the amount of US\$ 80,000 to Orient Venture Management Ltd. (Hong Kong) for its capital contribution to Orient Venture Capital Management (Suzhou) Co., Ltd.;
- Orient Venture Management Ltd. (Hong Kong) signed a share purchase agreement on July 29, 2010 to purchase 1,542,858 common shares of Asia Select Acquisition III Corp., a U.S. registered blank check company for US\$ 3.086;
- Orient Venture Management Ltd., (Hong Kong) completed a US\$ 75,000 capital contribution into Orient Venture Capital Management (Suzhou) Co., Ltd. on August 9, 2010;
- The Company's CFO, Jane Yue resigned on July 27, 2010 and was replaced by David Yoo as of August 10, 2010;
- The Company received a dividend from its investment in China Dongxiang in the amount of \$33,378.04 on September 20, 2010;
- The Company sold 410,333 shares in RX Exploration (RXE) for a realized gain of \$106,851.68 from September 17 through September 20, 2010;
- China Select opens a new office in Beijing, P.R. China on September 29, 2010;

As of September 30, 2010, China Select had a total of \$2,580,079 in five investments including \$250,000 in Synodon Inc., \$126,900 in RX Exploration Inc., \$2,000,000 in China Dongxiang (Group) Co. Ltd., \$200,000 in Board Suite Corp and \$3,179 (USD\$3,086) in Asia Select Acquisition III Corp.

OUTLOOK

At September 30, 2010, China Select had \$1,423,500 in cash and cash equivalents.

China Select will continue with its disciplined approach of finding investments that fit its investment criteria and provide the potential for superior risk-adjusted returns. China Select will also continue to assist our investee companies in developing and executing their strategies and enhancing their value propositions. China Select is encouraged by the resilience of the investee companies, and believe that they have positioned themselves to prosper as their industries consolidate and recover from the recession.

In addition, China Select will focus on successfully closing its funding of the Orient Fund in due course with committed capital from China's leading Fund-of-Funds, the Suzhou Ventures Group and other prospective limited partner investors whom the Company has had extensive discussions and due diligence over the past fiscal quarter. The Company's objective is to be positioned as a leading fund manager in Chinese-focused private equity RMB funds.

SUMMARY OF QUARTERLY RESULTS (unaudited)

| | 1st Quarter Ended September 30, 2010 | 4th Quarter Ended June 30, 2010 | 3 rd Quarter Ended March 31, 2010 | 2 nd Quarter Ended December 31, 2009 | 1st Quarter Ended September 30, 2009 | 4th Quarter Ended June 30, 2009 | 3rd Quarter Ended March 31, 2009 | 2nd Quarter Ended December 31, 2008 |
|---|--|---|--|---|--|---|--|---|
| Dividend Income | \$ 33,378 | \$52,146 | \$ Nil | \$ Nil | \$ Nil | \$ Nil | \$ Nil | \$ Nil |
| Unrealized loss on investments | \$ 500,687 | 560,910 | \$ Nil | \$ Nil | \$ Nil | \$ Nil | \$ Nil | \$ Nil |
| Net Income (Loss) for the period | (584,723) | 251,994 | (105,369) | (67,401) | (16,240) | (37,077) | (8,745) | (43,569) |
| Income (Loss) per Common Share – basic and fully diluted | (0.02) | 0.02 | (0.05) | (0.01) | (0.00) | (0.01) | (0.00) | (0.01) |

Administration and other expenses for the first quarter ended September 30, 2010 were \$228,328 compared with \$16,240 for the same time period last year.

LIQUIDITY AND CAPITAL RESOURCES

At September 30, 2010, the Company had a net working capital of \$4,027,699 compared with \$4,612,422 at June 30, 2010 with \$1,423,500 in cash compared with \$1,602,213 at June 30, 2010 and \$2,640,297 in investments compared with \$3,260,904 at June 30, 2010. Net cash outflow for the first quarter ended September 30, 2010 was \$178,714 compared to \$45,451 for the same period ended September 30, 2009. Most of the value of the portfolio of investments is comprised of shares and warrants of publicly traded companies offering greater liquidity than investments in private companies. The Company holds significant positions in several public companies and their average trading volumes determine the individual liquidities of the investments. As a whole, the Management believes its working capital is more than sufficient to meet the Company's ongoing overhead and investment requirements. Should much larger investments be undertaken, additional financings may be required to expand the Company's portfolio of investments beyond the Company's internal ability to finance investment growth.

As of September 30, 2010, the Company had 28,410,000 common shares issued and outstanding. Total outstanding stock options were 760,000. Current outstanding stock options are exercisable at a weighted average price of \$0.14 per share. Total outstanding warrants were 7,246,500 at a weighted average exercise price of \$0.46 per share.

OFF BALANCE SHEET ARRANGEMENTS

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

INCOME STATEMENT HIGHLIGHTS

Net loss for the first quarter ended September 30, 2010, was \$584,723 compared with a net loss of \$16,240 for the first quarter ended September 30, 2009, and an accumulated deficit of \$718,182 compared with \$212,683 for the same time period in 2009.

The net corporate investment loss for the first quarter ended September 30, 2010 comprised mainly of unrealized losses on corporate investments of \$500,687 due to a fair value drop in two of its three public company investments. As of September 30, 2010 the fair value of the Company's total investments was \$2,640,297 compared with a cost basis of \$2,580,079.

Dividend income from the company's investment in China Dongxiang (Group) Co., Ltd for the the first quarter ended September 30, 2010 was \$33,378, compared with \$nil for the same time period last year.

Administration and other expenses for the first quarter ended September 30, 2010 were \$228,328 compared with \$16,240 for the same time period last year.

Increase in administration and other expenses was mainly attributable to the Company's focus on marketing and fundraising for Orient Venture (China) Capital Investment Company ("Orient Fund"), a foreign-invested private equity fund in China that will provide growth capital to businesses which will benefit from sustainable macroeconomic growth trends in China, with strong intellectual property, exceptional management and high growth potential. In particular, the Fund will target companies that capitalize on the (a) growth in domestic spending and consumption, (b) continued trend towards urbanization and (c) sustainable development in cleantech and renewable energy in China. The Suzhou Ventures Group Co., Ltd. (SVG) has committed to become the Orient Fund's lead investor with a commitment of 30% of the total registered capital of up to US\$100 million.

The Orient Fund's primary emphasis will be to attempt to generate capital gains through its equity investments in such portfolio companies. The Orient Fund will likely enter into minority investments (maximum of up to 25% ownership) in such portfolio companies. However, a material portion of the Fund's investments at any given time may include a component of interest or dividends, which will provide it with current yield, in addition to the potential for capital appreciation.

As defined by the People's Republic of China (the "PRC") Administration of Foreign-Invested Venture Investment Enterprises Provisions (the "FIVCE Provisions"), the Fund will be organized as a Non-Legal Person Venture Investment Enterprise or Unincorporated Entity as a PRC domestic JV RMB fund. As this entity will be organized solely for investment purposes, it will be entitled to be treated as a non-taxable domestic entity.

The following are some of the recent developments affecting foreign-invested investment funds:

- Foreign-invested onshore management entities and onshore private equity investment entities can now be established in Tianjin, Suzhou, Shanghai, Beijing and other major localities on a more streamlined basis. In addition, foreign-invested investment vehicles now have access to the high-tech and new-tech industrial sectors, as well as other traditionally protected sectors, which were previously unavailable;
- As early as June 2009, the governments of the Pudong New Area in Shanghai and Suzhou announced pilot programs integrating foreign-invested private equity firms into the local investment community for the first time, which may lead to eventual conferring of national treatment to the foreign-invested private equity firms in such cities if such pilot programs are approved by China's central government;
- Various local authorities recently confirmed that foreign fund managers may establish an entity similar to a limited partnership in North America (i.e., the unincorporated cooperative joint venture (JV));
- The Ministry of Commerce ("MOFCOM") recently delegated significant powers for approving a FIVCE of less than US\$100 million of investment capital to the provincial level counterparts of MOFCOM, which effectively decentralized the process by which foreign investment vehicles receive regulatory approval; and
- The official launch of a new structure for foreign investment, the foreign-invested partnership ("FIP"), took effect on March 1, 2010 and the Chinese media have already reported on the registration of China's first FIP RMB Fund (Carlyle/Fosun).

The recent promulgation of central and local regulations that are more favorable to foreign-invested investment funds was driven by China's policy to encourage the onshore establishment of equity investment enterprises to invest in onshore companies with high-tech elements or growth potential. China Select believes that both the central and local authorities in China have incentive to continue to accommodate fund terms and structures that are customary in the western countries.

The Orient Fund will be managed by Orient Venture (Suzhou) Capital Management Ltd., an investment management company incorporated in Suzhou, China of which the Company is the sole shareholder. The Company will continue to support and sponsor the marketing and fundraising efforts and will be reimbursed for its expenses and fees incurred thus far once the fundraising has closed and the fund manager is generating its own management fees.

BALANCE SHEET HIGHLIGHTS

ASSETS

Total assets at September 30, 2010 were \$4,117,712, a decrease of \$796,228 from \$4,913,940 at June 30, 2010. Total liabilities at September 30, 2010 were \$90,013 as compared to \$301,518 at June 30, 2010. As of September 30, 2010 China Select has \$1,423,500 in cash and cash equivalents.

As is typical of a private equity management firm, China Select's main asset is its portfolio of corporate investments. Corporate investments totaled \$2,580,079 at September 30, 2010 and held a fair value of \$2,640,297. The increase in fair value is comprised primarily of:

- \$250,000 investment in Synodon Inc. valued at \$309,211
- \$126,900 investment in RX Exploration Inc. valued at \$543,615
- \$2,000,000 investment in China Dongxiang (Group) Co., Ltd. valued at \$1,584,291
- \$200,000 investment in Board Suite Corp. valued at \$200,000
- \$3,179 (USD\$3,086) investment in Asian Select Acquisition III Corp valued at \$3,179

A discussion of the activity in each corporate investment held at September 30, 2010 is as follows:

Synodon Inc.

At September 30, 2010, China Select owned 1,111,112 common shares and 555,556 common redeemable warrants.

China Select invested \$250,000 for 1,111,112 units at a price of \$0.225 per unit. The units are comprised of one Class A common share and one half of a Class A common share purchasing warrant. Each warrant will entitle the holder to purchase one additional Class A common share at a price of \$0.3375 per share for a period of two years from the date of issue. The Warrants will have an accelerated exercise provision under which, if the volume weighted average closing price of the Shares, as traded on the TSX Venture Exchange, equals or exceeds \$1.05 per Share for a period of 10 trading days, then the warrants must be exercised or will expire 30 calendar days after notice of such event is mailed to the warrant-holders.

The fair value of \$309,211 at September 30, 2010 compares to a cost of \$250,000.

RX Exploration Inc.

At September 30, 2010, China Select owned 423,000 common shares and 833,334 common redeemable warrants.

In prior fiscal year ended on June 30, 2010, China Select invested \$250,000 for 833,334 units at a price of \$0.30 per unit. Each RX Unit is comprised of one previously common share of RX (a "RX Share") and one warrant (a "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, subject to acceleration.

In September 2010, the Company sold 410,334 shares and recorded a capital gain of \$106,852.

The fair value of the remaining shares was \$543,615 at September 30, 2010 compares to a cost of \$126,900.

China Dongxiang (Group) Co., Ltd.

At September 30, 2010, China Select owned 2,676,902 common shares.

China Select entered into an agreement with Mr. Yiliang Chen pursuant to which Mr. Chen agreed 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.

The fair value of \$1,584,291 at September 30, 2010 compares to a cost of \$2,000,000.

BoardSuite Corp.

At September 30, 2010 China Select owned 400,000 common shares and 400,000 common redeemable warrants.

During fiscal 2010, China Select purchased 400,000 units ("BoardSuite Units") at a price of \$0.50 per BoardSuite Unit for an aggregate investment of \$200,000. Each BoardSuite Unit is comprised of one previously unissued Class A common share of BoardSuite (a "BoardSuite Share") and one warrant (a "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.

The fair value of \$200,000 at September 30, 2010 compares to a cost of \$200,000.

Asia Select Acquisition III Corp.

On July 29, 2010, Orient Venture Management Ltd. (Hong Kong), a fully owned subsidiary of the Company purchased 1,542,858 common shares of Asia Select Acquisition III Corp., a U.S. registered blank check company for \$3,179 (US\$ 3,086).

The Company is currently devoting its efforts to locating appropriate merger candidates. The Company's ability to continue as a going concern is dependent upon its ability to develop additional sources of capital, locate and complete a merger with another company, and ultimately achieve profitable operations.

TRANSACTIONS WITH RELATED PARTIES

During the three months ended September 30, 2010 and 2009, the Company had the following related party transactions and balances:

- (a) For the three months ended September 30, 2010, the Company paid its directors a total of \$2,400 (2009: nil).
- (b) For the three months ended September 30, 2010, the Company paid \$36,960 (2009: nil) for consulting services, within which is the 12% HST \$3,960 (2009: nil) to a company controlled by the President.
- (c) For the three months ended September 30, 2010 the Company paid \$6,378 (2009: nil) to a director for consulting fees.
- (d) On June 11, 2010, the Company loaned US\$33,086 (CAD\$34,072) to a company controlled by the President. The loan bears no interest and is payable on or before the earlier of (1) June 17, 2017 or (2) when the company controlled by the President completes a business combination. On July 29, 2010, the Company signed a Share Purchase Agreement with this company to exchange USD\$3,086 (CAD\$3,179) of such loan for 1,542,858 common shares of the company controlled by the President, par value USD 0.0001 per share).

- (e) On November 26, 2009, the Company borrowed \$200,000 from a member of the Company's investment committee. The promissory note bears 8% interest and is payable at the earlier of (1) November 26, 2010 or (2) at the time of closing of an equity financing during the terms of the promissory note agreement, where the Company issues shares of its common stock for cash consideration. The loan principal (\$200,000) and interest (\$9,955.56) were repaid on July 12, 2010.
- (f) Included in accounts payable and accrued liabilities as at June 30, 2010 is \$4,500 (2009: nil) owed to a director for unpaid consulting fees. This amount was paid on July 09, 2010.
- (g) During the three months ended September 30, 2010, the Company received Management fee income of \$3,139 (2009: \$Nil) from companies controlled by the President.

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.

ADOPTION OF NEW ACCOUNTING POLICIES

a) Accounting policies implemented effective July 1, 2009

i. Financial Instruments - Disclosures

During the year, the CICA amended Section 3862, Financial Instruments – Disclosures, to include additional disclosure requirements about fair market value measurements for financial instruments and liquidity risk disclosures. These amendments require a three-level hierarchy that reflects the significance of the inputs used in making the fair value measurements. Fair values of assets and liabilities included in Level 1 are determined by reference to quoted prices in active markets for identical assets and liabilities. Assets and liabilities in Level 2 include valuations using inputs other than quoted prices for which all significant outputs are observable, either directly or indirectly. Level 3 valuations are based on inputs that are unobservable and significant to the overall fair value measurement. The required disclosures outlined in this standard are included in Note 10.

ii. Financial Instruments – Recognition and Measurement

During the year, the CICA amended Section 3855 to bring greater consistency between Canadian GAAP, IFRS and US GAAP regarding the timing of impairment recognition for debt instruments. The amendments allow more debt instruments to be classified as loans and receivables. In addition, the amendments require reversal of previously recognized impairment losses on available-for-sale financial assets in specified circumstances and require that loans and receivables that an entity intends to sell immediately or in the near term be classified as held for trading. The transitional provisions are complex and are accompanied by disclosure requirements to explain any reclassifications made on adopting the amendments.

b) Recent Accounting Pronouncements

i. Equity

In August 2009, the CICA issued certain amendments to Section 3251 — Equity. The amendments apply to entities that have adopted Section 1602 — Non-controlling interests. The amendments require separate presentation on the statements of operations and comprehensive income of income attributable to owners of the Company and those attributable to non-controlling interests. The amendments also require that non-controlling interests be presented separately as a component of equity. The future adoption of this standard is not expected to have an impact on the financial statements.

ii. Business Combinations

In January 2009, the CICA issued Section 1582 "Business Combinations" to replace Section 1581. Prospective application of the standard is effective January 1, 2011, with early adoption permitted. This new standard effectively harmonizes the business combinations standard under Canadian GAAP with International Financial Reporting Standards ("IFRS"). The new standard revises guidance on the determination of the carrying amount of the assets acquired and liabilities assumed, goodwill and accounting for non-controlling interests at the time of a business combination. The CICA concurrently issued Section 1601 "Consolidated Financial Statements" and Section 1602 "Non-Controlling Interests," which replace Section 1600 "Consolidated Financial Statements." Section 1601 provides revised guidance on the preparation of consolidated financial statements and Section 1602 addresses accounting for non-controlling interests in consolidated financial statements subsequent to a business combination. These standards are effective January 1, 2011, unless they are early adopted at the same time as Section 1582 "Business Combinations." The adoption of these standards is not expected to have a material effect on the Company's financial statements.

iii. Comprehensive Revaluation of Assets and Liabilities

In August 2009, Section 1625 Comprehensive Revaluation of Assets and Liabilities was issued for consistency with new Section 1582 Business Combinations. The amendments apply prospectively to comprehensive revaluations of assets and liabilities occurring in fiscal years beginning on or after January 1, 2011. The adoption of this section is not expected to have a material impact on the financial statements.

iv. IFRS

In February 2008, the CICA confirmed that public companies will be required to prepare interim and annual financial statements under IFRS for fiscal years beginning on or after January 1, 2011. This will result in the Company reporting under IFRS starting with the interim period ending September 30, 2011, with restatement for comparative purposes of amounts reported under Canadian GAAP. The Company expects the transition to IFRS to impact accounting policies and financing reporting but has not yet quantified the extent of this impact.

TRANSITION TO IFRS

The Company expects its first financial statements to be presented in accordance with IFRS will be for the three- month period ended September 30, 2011, which includes presentation of its comparative results for the same period in 2010 under IFRS. In order to prepare for the changeover to IFRS, the Company is in the process of developing an IFRS conversion plan comprised of various phases as follows:

Preliminary Planning and Scoping – This phase involves development of an internal diagnostic review designed to understand, identify and assess the overall effort required to produce financial information under IFRS. The review will include high level consideration of the impacts of IFRS on the Company's consolidated financial statements, internal control over financial reporting and information systems. Based on management's preliminary review and current Company processes, minimal impact is expected on information systems. The IFRS diagnostic review includes a high level impact assessment of IFRS, as relevant to the Company. This initial assessment will identify standards of high or medium priority to the Company. The Company will assess any such changes required as a component of its detailed Impact Assessment phase and update its IFRS conversion plan as appropriate.

Detailed Impact Assessment - This phase involves detailed review of IFRS relevant to the Company and identification of all differences between existing Canadian GAAP and IFRS that may or will result in accounting and/or disclosure differences in the Company's consolidated financial statements, along with quantification of impact on key line items and disclosures. The phase includes identification, evaluation and selection of accounting policies necessary for the Company's conversion to IFRS. The Company will complete a detailed review of IFRS relevant to the Company and identification of key differences. The Company expects to complete this phase in through the remainder of fiscal 2011.

Implementation - This phase will embed the required changes for conversion to IFRS into the underlying financial close and reporting process and business process. This will include finalization and approval of accounting policy changes, collection of financial information necessary to prepare IFRS compliant financial statements, implementation of additional internal controls, and preparation and approval of completed IFRS financial statements. The IFRS changeover is expected to impact the presentation and/or valuations of balances and transactions in the Company's quarterly and annual financial statements and related notes effective July 1, 2011, however continued progress on the IFRS conversion plan is necessary before the Company is able to describe or quantify those effects.

SHARE CAPITAL

Authorized

Unlimited common shares, without par value. Unlimited non-voting, non-participating, non-cumulative preferred shares without par value issuable in series,

(a) Issued and Outstanding as of the Report Data

| | Number of Shares | Amount |
|----------------------------|---------------------|-------------|
| Balance September 30, 2010 | 28,410,000 | \$3,647,519 |

FINANCIAL INSTRUMENTS

Classification

Financial instruments of a company are classified into one of five categories: "Held-for-trading", "Held-to-maturity", "Loans and receivables", "Available-for-sale" Financial assets and "Other financial liabilities". All financial instruments are measured at fair value except for loans and receivables and other financial liabilities which are measured at amortized cost. Subsequent measurement and accounting for changes in the value of these instruments will depend on their initial classification as follows: a) "Held-for trading" financial assets are measured at fair value with changes in fair value recognized in the statement of operations, and b) "Available-for-sale" financial instruments are measured at fair value with changes in fair value recorded in other comprehensive income until the change in value is realized or the instrument is derecognized or permanently impaired.

The Company has classified its cash and cash equivalents as "Held-for-trading". The accounting method for the Company's investments under AcG-18 is consistent with a classification as "held-for-trading", as investments are accounted for at fair value with changes in fair value recognized in the statement of operations. Amounts due from related parties are classified as "Loans and receivables" and are initially measured at amortized cost with a subsequent measurement reduction for an allowance for doubtful accounts or a provision for impairment. Accounts payable, amounts due to related parties and promissory notes are classified as "Other financial liabilities".

(b) Fair value

The Company has determined the fair value of its financial instruments as follows:

The carrying values of cash and cash equivalents, amounts due from related parties, amounts due to related parties, promissory notes and accounts payable in the consolidated balance sheets approximate their fair values due to the short-term nature of these instruments.

Investments are carried at fair value in accordance with the Company's accounting policies.

As at September 30, 2010, the financial instruments measured at fair value on the Company's balance sheet were classified as follows:

| | Level 1 | Level 2 | Level 3 | Total |
|-------------|-------------|-----------|---------|-------------|
| Assets | | | | |
| Cash | \$1,423,500 | - | - | \$1,423,500 |
| Investments | \$2,437,117 | \$203,179 | - | \$2,640,297 |

(c) Risk management

The Company is or may be subject to certain risks including interest rate risk, currency risk, credit risk and market risk. Risk management strategies may expose the Company to further gains or losses, but serve to stabilize future cash flows, reduce the volatility of operating results and increase overall financial strength.

Individual risks are discussed as follows:

Interest rate risk

The Company has loans receivable and, therefore, may be subject to interest rate risk. Management believes the interest amounts are immaterial given the size of the loans outstanding and the current low global interest rate environment.

Foreign Currency risk

The Company has foreign investments and subsidiaries and is therefore subject to currency risk. Management believes these investment and transaction amounts are not significant and there are no material foreign currency commitments. The currency risk is therefore manageable and not significant. The Company does not currently use any derivative instruments to reduce its exposure to fluctuations in foreign currency exchange rates.

Credit risk

Credit risk is the risk associated with the inability of a third party to fulfill its payment obligations. The Company is exposed to the risk that third parties that owe money or securities in connection with services provided, or for other purposes, will default on their underlying obligations.

Credit risk from accounts receivable and loans receivable encompasses the default risk of the customers. Prior to accepting any service engagement or providing any loan, the Company assesses future recoverability by examining the entities' financial conditions, properties and assets, business development activities and management. The Company manages its exposure to credit risk by reviewing the outstanding balances on an ongoing basis, monitoring the amount attributable to each customer and the length of time taken for amounts to be settled. Where necessary, Management takes appropriate action to follow up on those balances considered overdue.

The Company is also exposed, in the normal course of business, to credit risk from the sale of its investments and on amounts due from related parties. The maximum exposure to losses arising from amounts due from related parties and related party loans receivable are equal to their carrying amounts. For three months ended September 30, 2010, the Company has not incurred any impairment loss of bad debts.

Liquidity risk

Liquidity risk is the risk that the Company will have insufficient cash resources to meet its financial obligations as they become due. The Company's liquidity and operating results may be adversely affected if the Company does not have access to the capital markets, whether as a result of a downturn

in general market conditions or related to matters specific to the Company, or if the value of the Company's investments decline, resulting in lower proceeds and/or losses on disposition. The Company generates cash flows primarily from the disposition of its investments and from its financing activities. The Company's investments focus on late-stage alternative energy, natural resources or environmental technology or other selected sectors with high growth potential that may be strategically positioned in the greater China market. These investments can at times be relatively illiquid, and if the Company decides to dispose of certain securities, it may not be able to do so at favorable prices at that time, or at all. Overall, the Company has sufficient marketable securities which are freely tradable and relatively liquid to fund its obligations as they become due under normal operating conditions such that, in the absence of overall market disruptions or exceptional circumstances, liquidity risk can be minimized.

Market Risk

Market risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will significantly fluctuate due to changes in market prices. The value of the financial instruments can be affected by changes in interest rates, foreign exchange rates and equity and commodity prices. The Company is exposed to market risk in trading its investments and unfavorable market conditions could result in dispositions of investments at less than favorable prices. The Company manages market risk by having a portfolio which is not singularly exposed to any one issuer or class of issuers.

The Company's investments are primarily concentrated in greater China related markets, which results in exposure to higher volatility than broader market investments and indexes. The Company's investments are accounted for at estimated fair values and are sensitive to changes in market bid prices, such that changes in market prices result in a proportionate change in the carrying value of the Company's investments. A 10% change in the fair value of the Company's investments at September 30, 2010 would have approximately around a \$264,030 impact on net income.

Concentration Risk

The Company is subject to concentration risk due to the nature of the Company's operations as an investment and fund management company and the number of investments held in the portfolio. The Company's investments are primarily concentrated in greater China related markets. As a result, the investment portfolio is directly exposed to the risks associated with economic conditions in that area. Additionally, as at September 30, 2010, approximately 70% of the fair value of the Company's investment portfolio consisted of investments in one company.

The Company has established an investment committee to monitor its investment portfolio on an ongoing basis and to review the status of its investments in accordance with the investment policy.

SUBSEQUENT EVENTS

- (a) On October 19, 2010, Keith Attoe informed the Company of his resignation as a director.
- (b) On November 5, 2010, the Company exercised 833,334 share purchase warrants in RX Exploration at \$0.40 per common share.

ADDITIONAL INFORMATION

Additional information related to the Company is available for viewing on SEDAR at www.sedar.com or by contacting the Company's head office at #300-1055 West Hastings Street, Vancouver, B.C., Canada V6E 2E9.

ON BEHALF OF THE BOARD,

CHINA SELECT CAPITAL PARTNERS CORP.