

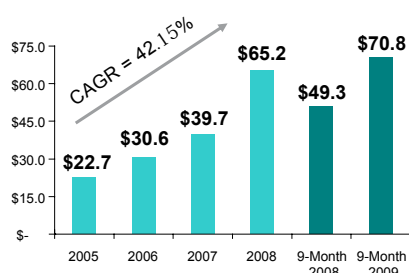
# Orient Paper Inc. (ANEX - ONP)

Price (01/12/2010):	\$14.79
52-week range:	\$0.20 - \$14.79
Diluted Shares Outstanding (11/06/09):	\$14.6 million
Market Cap:	\$215.6 million
Revenue (ttm):	\$86.6 million
Net Income (ttm):	\$12.3 million
Diluted EPS (ttm):	\$1.08
P/E (ttm):	13.7 times

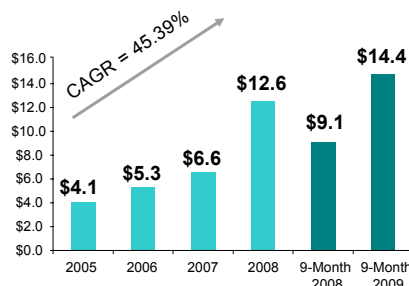


**ONP**  
TICKER SYMBOL  
Listed on the OTCBB

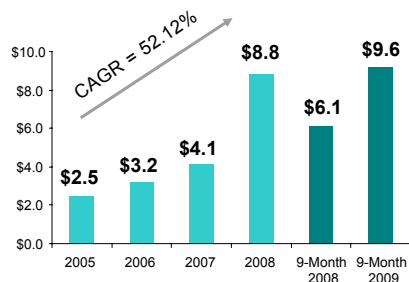
## Revenues (\$ Millions)



## Gross Profit (\$ Millions)



## Net Income (\$ Millions)



**COMPANY DESCRIPTION** - Orient Paper Inc. (AMEX: ONP) ("Orient Paper") ("the Company") is one of the leading and rapidly growing paper companies in Hebei Province, China. The Company, through its wholly owned subsidiaries, Shengde Holdings, Inc. and Baoding Shengde Paper Co., Ltd., controls and operates Hebei Baoding Orient Paper Milling Co., Ltd ("HBOP"). Established in 1996, the Company initially directed its efforts on manufacturing corrugated paper at one manufacturing facility. Today, the Company serves over 130 packaging producers and printing companies with a diverse product offering, including corrugated paper, high-grade offset paper, medium-grade offset paper, and writing paper.

## INVESTMENT HIGHLIGHTS

**Rapidly growing and profitable paper manufacturer located in China's printing hub** - Revenue for full year 2008 was up 64.2% at \$65.2 million from \$39.7 million in 2007. Orient Paper reported gross profit growth of 90.1% for the same period with gross margin increase to 19.3% in 2008 from 16.6% in 2007. Net income was up 116.0% in 2008 at \$8.8 million compared with \$4.1 million in 2007. For the first nine months of 2009, the Company reported revenue \$70.8 million, an increase of 43.5%. Gross profit for the first nine months of 2009 was \$14.4 million, up 58.8% from gross profit of \$9.1 million in the comparable period a year ago. Net income was \$9.6 million, up 57.8% from \$6.1 million in the first nine months of 2008. The Company's location near major printers in Beijing and Tianjin provides Orient Paper with competitive advantages in terms of lower transportation costs, greater inventory control, and product turnover efficiency.

**Well-established customer base** - Orient Paper has more than 100 corporate customers serving high/mid-end markets that consume approximately 15,000 tons of paper daily. The Company employs over 15 customer service-driven marketing professionals who maintain long-term customer relationships and build loyalty. The Company's target customer base is also located in close proximity in the greater-Beijing region, which is one of the largest paper-consumption metropolitan areas in China. The number of total customers reached more than 140 in the first nine months of 2009.

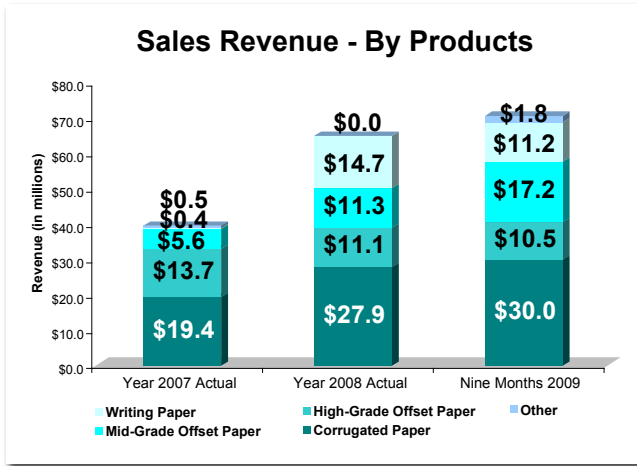
**Eco-Friendly Producer with Stable Supply of Recycled Paper** - 70% of Orient Paper's raw materials are eco-friendly recycled paper, which is one of the major cost advantages for the Company. The Company is one of the few major paper manufacturers to obtain pollution discharge permit in Hebei Province, which allows its operations to be in compliance with the environmental protection regulations. Orient Paper's close proximity to Beijing and Tianjin, the major printing hubs of China, provides ease of access to primary raw materials and results in lower transportation costs in comparison to its major competitors. The Company maintains strong strategic relationship with its long term suppliers by entering into long term supply contracts to ensure reliable and predictable supply of raw materials.

**Rapid growth of China's paper industry** - According to the China Paper Association, from 2000-2008, paper production increased by 161.64% and consumption increased 121.96%. Annual growth rates of China's production and consumption of paper are 12.78% and 10.48%, respectively, presenting a significant market opportunity to leading paper manufacturers in the PRC.

**Strong focus on technology and market-oriented R&D capability** - Orient Paper maintains a strong focus on technological advancement. The Company employs top professionals for continued

research and development to develop solutions that reduce energy consumption, improve quality and increase operational efficiency. Orient Paper's cooperative relationships with several well-respected research institutions including the State Association of Light Industry, Shanghai Paper Processing Association, Research Institute of Beijing, Zhongtian Paper Group, and the Department of Technical Physics at Beijing University will sustain the innovation process.

**Evolving product portfolio** - Orient Paper offers a broad range of paper products to best serve the customers' needs. In recent years, the Company has focused its efforts on four main products which account for a majority of the Company's revenue: corrugated paper, high-grade offset paper, medium-grade offset paper and its newest offering, writing paper. Introduced in 2008, writing paper has grown to account for 23% of the product mix, displacing lower-margin products such as teaboard and pulp.



## ■ MARKET OPPORTUNITY

Despite government efforts to consolidate the industry, which began in 1996, China's paper industry is still a fragmented industry with a great number of smaller and inefficient producers. This provides a good opportunity for strategic acquisitions. According to the China Paper Association, there are more than 3,500 paper manufacturers in China, most of which are small scale and inefficient producers.

### Industry Drivers - Strong market demand and increasing paper consumption in China

According to the China Paper Association, China is expected to become the world's largest paper making and consumption market by 2015. In 2008, China's paper production reached 79.80 million tons, an increase of 8.57% from 2007. China's consumption was 79.35 million tons, increased by 8.85% which surpassed the production growth rate of 8.57%. Consumption is estimated to grow at an annual growth rate of more than 10 percent. Production of paper products is expected to reach 91.4 million tons in 2009 and over 100 million tons in 2010.

## ■ GROWTH STRATEGY

**Capacity Expansion:** Orient Paper, Inc. aims to grow organically through production capacity expansion and strategic acquisitions. The Company plans to capitalize on the available market opportunity by rapidly expanding its production capacity and market share.

**New Products:** The Company's product development team is constantly striving towards developing new high-end products. A diversified product portfolio which includes unique, high-margin products such as digital photographic paper will help the Company upgrade in the industry value chain. The Company entered into an asset purchase agreement to gain ownership of all assets owned by Hebei Shuangxing Paper Co., Ltd., including two coating production lines of digital photo paper. The Company plans to commence operations using the newly acquired equipment in the first quarter of 2010, following completion of maintenance and integration. Orient Paper expects the digital photo paper segment to generate high gross profit margin and substantial net income for fiscal year 2010.

**New Markets:** Orient Paper is working diligently to increase brand awareness of its products, develop long-term customer loyalty, and develop increased focus on sales of high margin, high growth products. As a U.S. publicly traded company, Orient Paper is better positioned than most of its domestic competitors in collaborating with the U.S. paper making industry in terms of introducing the newest and the most cutting-edge types of paper products into the Chinese market.

Combined with technological advancement and vibrant market demand, Orient Paper's well planned growth strategy will complement industry drivers for significant expansion in the near future.

## MANAGEMENT TEAM

### Zhenyong Liu - Chairman of the Board and CEO

Chairman of the Board and CEO of Orient Paper Inc since 1996. Mr. Liu first became an entrepreneur in 1990 and prior to founding the Company ran several successful businesses. In 2005, Mr. Liu was elected as a Representative from Hebei Province in the National People's Congress. Mr. Liu graduated from the Department of Economics and Management of Hebei University of Economics and Trade and the EMBA program of Guanghua Management School in Beijing University.

### Winston Yen - Chief Financial Officer

Joined Orient Paper Inc. as Chief Financial Officer in May 2009. Before joining the Company, he worked in the public accounting industry in the Los Angeles area since 1994 and as a partner in local accounting firms since 2001. Prior to 2001, he worked as a manager and senior supervisor at several national firms, including CBIZ and Moss Adams, LLP. Mr. Yen is a licensed CPA in the state of California and received his Master's degree in Accounting Science from the University of Illinois at Urbana-Champaign in 1994.

### Fulai Huang - General Engineer

Became the General Engineer since 1999 and received certification on environment monitoring in Baoding. From 1990 to 1998, Mr. Huang was with Beijing First Paper Mill, where he became the Deputy Director of Technology. Mr. Huang graduated from Tianjin University of Technology with a major in paper production in 1987.

### Youtong Pan - Technical Manager

Mr. Youtong Pan joined the technology department of HBOP in 2004. He started his career in 1978 with Shijiazhuang Paper Factory. In 1981, he accepted the position as a Workshop Director at Baoding Welfare Mill and in 2002, Mr. Pan became the Production Director of Baoding Mancheng Mill. Mr. Pan graduated from Tianjin University in 1976 with a major in paper production.

### Yong Zhang - Director of Research and Development

Joined HBOP in 2003 and was in charge of the research and development department. From 1985 to 2000, Mr. Zhang was with Beijing First Paper Mill, where he was the Chief Manager of the Beijing Zhongtian Paper Group and was responsible for research and development of new technology. Mr. Zhang graduated from the Beijing Institute of Light Industry in 1985.



## ■ SELECTED FINANCIAL DATA

Income Statement Highlights	Nine months ended September 30,		Year Ended December 31,	
	2009	2008	2008	2007
Revenues:				
Sales, net	70,786,472	49,337,596	65,203,992	39,707,431
Gross Profit	56,355,360	40,248,329	12,560,201	6,608,556
Income from Operations	13,464,874	8,434,378	12,232,376	6,465,444
Net Income	9,586,856	6,074,299	8,774,415	4,061,815
Basic and Diluted Earning per Share	0.84	0.57	0.20	0.10
Weighted Average Number of Shares Outstanding - Diluted	11,424,749	10,600,132	43,079,583	40,101,987

	As of September 30, 2009	As of December 31, 2008	As of December 31, 2007
Current Assets:			
Cash and cash equivalents	11,542,958	3,234,419	622,661
Restricted cash	260,158		
Accounts receivable	2,781,415	1,425,899	1,113,406
Inventories	7,069,798	2,821,063	400,689
Total current assets	21,713,497	7,481,381	2,136,756
Total Assets	64,281,784	52,822,062	36,730,288
Total current liabilities	10,552,997	8,647,176	9,993,382
Total liabilities	16,605,693	18,732,906	13,217,199
Total stockholders' equity	47,676,091	34,089,156	23,513,089
Total Liabilities and Stockholders' Equity	64,281,784	52,822,062	36,730,288

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### Business Risks and Forward-Looking Statements

Readers are advised that this information is intended for the use of investment professionals. Anyone interested in obtaining information on the Company should contact Orient Paper, Inc. (ONP) or CCG, as set forth above, to receive the Company's most recent financial reports. This Profile of ONP was developed by the Company and is intended solely for informational purposes and is not to be construed as an offer to sell or the solicitation of an offer to buy the Company's stock. This profile is based upon information available to the public, as well as other information from sources which management believes to be reliable, but is not guaranteed by ONP as being accurate nor does it purport to be complete. Opinions expressed herein are those of management as of the date of publication and are subject to change without notice.