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## **FORM 8-K**

**Orient Paper Inc. - ONP**

**Filed: June 30, 2009 (period: June 24, 2009)**

Report of unscheduled material events or corporate changes.

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the  
Securities Exchange Act of 1934

Date of report (Date of earliest event reported): June 24, 2009

**ORIENT PAPER, INC.**

(Exact Name of Registrant as Specified in Charter)

**Nevada**  
(State or Other Jurisdiction  
of Incorporation)

**000-52639**  
(Commission File Number)

**20-4158835**  
(IRS Employer  
Identification No.)

**Nansan Gongli, Nanhuan Road  
Xushui County, Baoding City  
Hebei Province, The People's Republic of China 072550**  
(Address of Principal Executive Offices)

Registrant's telephone number, including area code: **011 – (86) 312-8605508**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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### Item 1.01. Entry into a Material Definitive Agreement.

On June 25, 2009 (the "Closing Date"), Orient Paper, Inc., a Nevada corporation (the "Company" or "Orient Paper"), consummated a Purchase and Sale Agreement with Xushui District Dongfang Trading Limited Company ("Xushui Dongfang"), Barron Partners, LP, Fernando Liu and Golden1177 LP (Barron Partners, LP, Fernando Liu and Golden1177 LP collectively, the "Purchasers"). Under the terms of the agreement, Xushui Dongfang agreed to sell to the Purchasers an aggregate of 2,000,000 shares of the Company's common stock at \$.375 per share, for an aggregate purchase price of \$750,000. To facilitate payment and receipt of the purchase price, the Company agreed to pay or cause to be paid \$500,000 or the *Renminbi* (Chinese currency) equivalent to Xushui Dongfang, a company organized under the laws of the People's Republic of China (the "PRC"). In return, \$500,000 of the purchase price would be held in escrow for the benefit of the Company and used to pay the Company's current and past-due legal fees, investor relations expenses, and auditing fees of a Big 10 accounting firm to be appointed by the Company. As further inducement for Xushui Dongfang and the Purchasers to enter into the agreement, the Company agreed to certain undertakings, including the following:

- Execute certain management agreements between Baoding Shengde Paper Co., Ltd. ("Baoding Shengde") and Hebei Baoding Orient Paper Milling Company Limited ("HBOP") to ensure the Company's compliance with certain merger and acquisition regulations in the PRC.
  
- Appoint a Big 10 accounting firm as its independent auditor within six (6) months of the Closing Date
  
- Provided the Company is eligible, apply to list on the NYSE Amex within three (3) months of the Closing Date.
  
- Issue or cause to be issued to Sichenzia Ross Friedman Ference LLP 60,000 shares of common stock of the Company in part payment of present and past-due legal fees.
  
- Not effect or enter into or be in any agreement to effect any transaction involving a "Variable Rate Transaction" or an "MFN Transaction" (each as defined below) for a period of three (3) years from the Closing Date. The term "Variable Rate Transaction" shall mean a transaction in which the Company issues or sells (i) any debt or equity securities that are convertible into, exchangeable or exercisable for, or include the right to receive additional shares of common stock either (A) at a conversion, exercise or exchange rate or other price that is based upon and/or varies with the trading prices of or quotations for the shares of common stock at any time after the initial issuance of such debt or equity securities, or (B) with a conversion, exercise or exchange price that is subject to being reset at some future date after the initial issuance of such debt or equity security or upon the occurrence of specified or contingent events directly or indirectly related to the business of the Company or the market for the common stock. The term "MFN Transaction" shall mean a transaction in which the Company issues or sells any securities in a capital raising transaction or series of related transactions which grants to an investor the right to receive additional shares based upon future transactions of the Company on terms more favorable than those granted to such investor in such offering. Any Purchaser shall be entitled to obtain injunctive relief against the Company to preclude any such issuance, which remedy shall be in addition to any right to collect damages.
  
- Not cause to be cancelled all convertible debt in the Company on or prior to the Closing Date, and for a period of three (3) years from the Closing Date, the Company will not issue any convertible debt.

In connection with the purchase and sale agreement described above, the Company entered into an Escrow Agreement with Xushui Dongfang, the Purchasers, and Sichenzia Ross Friedman Ference LLP, as escrow agent, pursuant to which \$250,000 of the purchase price would be disbursed to Xushui Dongfang and \$500,000 would be held in escrow and disbursed in accordance with the above-mentioned terms.

On June 25, 2009 the Company made a payment in the amount of RMB \$3,416,550 (approximately \$500,000) to Xushui Dongfang and acquired the beneficial interest of the escrowed fund of \$500,000 as of the date of above payment.

As explained in more detail in Item 2.01 below, on June 24, 2009, the Company consummated a restructuring transaction pursuant to which it acquired all of the issued and outstanding shares of Shengde Holdings, Inc., a Nevada corporation. Shengde Holdings Inc. wholly owns Baoding Shengde, a wholly foreign-owned enterprise organized under the laws of the PRC. Baoding Shengde had entered into a number of contractual arrangements with HBOP, each of which is enforceable and valid in accordance with the laws of the PRC. As a result of the restructuring transaction, these contractual arrangements, explained in more detail in Item

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2.01 below, effectively realigned our control over HBOP, our operating entity, and preserved our ability to operate our business through HBOP.

#### **Item 2.01. Completion of Acquisition or Disposition of Assets.**

##### Corporate History

Prior to the closing of the transactions described in Item 1.01 above, Orient Paper was the holding company for HBOP, a producer and distributor of paper products in the PRC pursuant to the corporate structure outlined below.

On November 13, 2006, Dongfang Zhiye Holding Limited (“Dongfang Holding”) was formed as a holding corporation with no operations under the laws of the British Virgin Islands. On July 16, 2007, Dongfang Holding acquired all of the issued and outstanding stock and ownership of HBOP and placed such shares in trust with Zhenyong Liu, Xiaodong Liu, and Shuangxi Zhao pursuant to a trust agreement executed as of the same date. Under the terms of the trust agreement, Mr. Liu, Mr. Liu and Mr. Zhao (the original shareholders of HBOP) would exercise control over the disposition of Dongfang Holding’s shares in HBOP on Dongfang Holding’s behalf until Dongfang Holding successfully completed the change in registration of HBOP’s capital with the relevant PRC Administration of Industry and Commerce as the 100% owner of HBOP’s shares.

On October 29, 2007, the Company entered into an agreement and plan of merger with (i) the Company’s own wholly-owned subsidiary, CARZ Merger Sub, Inc., (ii) Dongfang Holding, and (iii) each of Dongfang Holding shareholders (Zhenyong Liu, Xiaodong Liu, Chen Li, Ning Liu, Jie Liu, Shenzhen Huayin Guaranty & Investment Company Limited, Top Good International Limited, Total Giant Group Limited, Total Shine Group Limited, Victory High Investment Limited, Think Big Trading Limited, Huge Step Enterprises Limited, and Sure Believe Enterprise Limited).

Pursuant to the agreement and plan of merger, Dongfang Holding merged with CARZ Merger Sub, Inc. via a share exchange, with Dongfang Holding as the surviving entity. In exchange for their shares in Dongfang Holding, the Dongfang Holding shareholders received an aggregate of 29,801,987 newly-issued shares of the Company’s common stock, \$.001 par value, which shares were distributed pro rata among the Dongfang Holding shareholders in accordance with their respective ownership interests in Dongfang Holding.

As a result of the merger transaction, Dongfang Holding became a wholly-owned subsidiary of Orient Paper, which, in turn, made Orient Paper the indirect owner of Dongfang Holding’s operating company subsidiary, HBOP. HBOP, the entity through which the Company operates its business, currently has no subsidiaries, either wholly- or partially-owned.

Due to Dongfang Holding’s inability, as the 100% owner of HBOP, to complete the registration of HBOP’s capital under its name within the proper time limits set forth under PRC law, it was not recorded as the registered owner of HBOP under PRC law. As such, Dongfang Holding’s ownership of HBOP was deemed to be held in trust by Zhenyong Liu, Xiaodong Liu, and Shuangxi Zhao. In connection with the consummation of the restructuring transactions below, Dongfang Holding directed its trustees to return its shares in HBOP to their original shareholders, and the HBOP shareholders entered into certain agreements with Baoding Shengde to transfer the control of HBOP over to Baoding Shengde.

##### Restructuring

Shengde Holdings Inc. was incorporated in the State of Nevada on February 25, 2009. On June 1, 2009, Shengde Holdings Inc. incorporated Baoding Shengde, a limited liability company organized under the laws of the PRC.

Because Baoding Shengde is a wholly-owned subsidiary of a foreign company, it is regarded as a wholly foreign-owned entity under PRC law.

Pursuant to certain management agreements executed between Baoding Shengde and HBOP, Baoding Shengde acts as the management company for HBOP, and HBOP conducts the principal operations of the business. The

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management agreements effectively transferred the preponderance of the economic benefits of HBOP over to Baoding Shengde, and Baoding Shengde assumed effective control and management over HBOP.

(i) Exclusive Technical Service and Business Consulting Agreement

The exclusive technical service and business consulting agreement, entered into by and between Baoding Shengde and HBOP, provides that Baoding Shengde shall provide exclusive technical, business and management consulting services to HBOP, in exchange for service fees including a fee equivalent to 80% of HBOP's total annual net profits. The agreement is terminable upon mutual written agreement.

(ii) Loan Agreement

The loan agreement, entered into by and between Baoding Shengde and Zhenyong Liu, Shuangxi Zhao, and Xiaodong Liu, the shareholders of HBOP, provides that Baoding Shengde will make a loan in the aggregate principal amount of \$10,000,000 to the shareholders of HBOP, each shareholder receiving a share of the loan proceeds proportional to its shareholding in HBOP, and in exchange each shareholder agreed to contribute all of its proceeds from the loan to the registered capital of HBOP in order to meet the registered capital requirements for HBOP.

The loan is repayable at the option of Baoding Shengde either in cash or by other means as to be decided by Baoding Shengde. The loan does not bear interest and has a term of 10 years. Prepayment is allowable, subject to written consent of Baoding Shengde.

Under the terms of the loan agreement, breaches of any term under any of the management agreements described in this section would constitute a breach under the loan agreement.

(iii) Call Option Agreement

The call option agreement, entered into by and between Baoding Shengde, HBOP and the shareholders of HBOP, provides that the shareholders of HBOP irrevocably grant to Baoding Shengde an option to purchase all or part of each shareholder's equity interest in HBOP. The exercise price for the options shall be RMB1 for each of the shareholders' equity interests, or if at any time there are PRC laws regulating the minimum price of such options, then to the extent permitted under PRC Law.

The call option agreement contains covenants from HBOP and its shareholders that they will refrain from taking certain actions without Baoding Shengde's consent that would materially affect HBOP's operations and asset value, including (i) supplementing or amending its articles of association or bylaws, (ii) changing HBOP's registered capital or shareholding structure, (iii) selling, transferring, mortgaging or disposing of any interests in HBOP's assets or income, or encumbering HBOP's assets or income in a way that would approve a security interest on such assets, (iv) incurring or guaranteeing any debts not incurred in its normal business operations, (v) entering into any material contract or urging HBOP management to dispose of any HBOP assets, unless it is within the company's normal business operations; (vi) providing any loan or guarantee to any third party; (vii) appointing or removing any management personnel or directors that can be changed upon HBOP shareholder approval; (viii) declaring or distributing any dividends to the stockholders.

The agreement will remain effective until Baoding Shengde or its designees have acquired 100% of the equity interests of HBOP underlying the options.

(iv) Share Pledge Agreement

The share pledge agreement entered into by and between Baoding Shengde, HBOP and the shareholders of HBOP, provides that the HBOP shareholders will pledge all of their equity interests in HBOP to Baoding Shengde as security for their obligations under the other management agreements described in this section. Specifically, Baoding Shengde is entitled to dispose of the pledged equity interests in the event that the

HBOP shareholders breach their obligations under the loan agreement or HBOP fails to pay the service fees to Baoding Shengde pursuant to the exclusive technical service and business consulting agreement.

The agreement contains promises from HBOP's shareholders that they will refrain from taking certain actions without Baoding Shengde's prior written consent, such as transferring or assigning their equity interests, or creating or permitting the creation of any pledges which may have an adverse effect on the rights or benefits of Baoding Shengde under the agreement. The HBOP shareholders also promise to comply with the laws and regulations relevant to the pledges under the agreement and to facilitate in good faith the protection of the ability of Baoding Shengde to exercise its rights under the agreement.

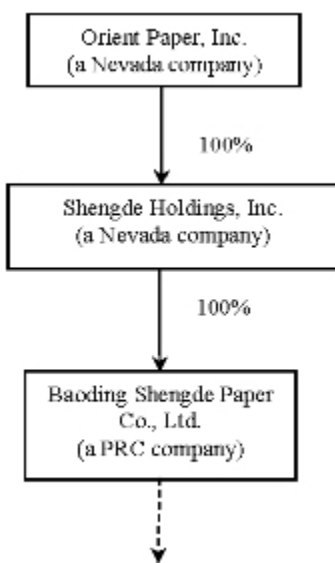
The terms of the share pledge agreement shall remain in effect until all the obligations under the other management agreements have been fulfilled, whether or not the terms of the other management agreements have expired.

(v) Proxy Agreement

The proxy agreement, entered into by and between Baoding Shengde, HBOP and the shareholders of HBOP, provides that the HBOP shareholders shall irrevocably entrust a designee of Baoding Shengde with such shareholder's voting rights and the right to represent such shareholder to exercise such shareholder's rights at any shareholder's meeting of HBOP or with respect to any shareholder action to be taken in accordance with the laws and HBOP's Articles of Association. The terms of the agreement are binding on the parties for as long as the HBOP shareholders continue to hold any equity interest in HBOP. An HBOP shareholder will cease to be a party to the agreement once it transfers its equity interests with the prior approval of Baoding Shengde.

On June 24, 2009, Zhao Tianqing, the sole shareholder of Shengde Holdings, assigned to Orient Paper, for good and valuable consideration, 100 shares representing 100% of the issued and outstanding shares of Shengde Holdings. As a result of this assignment and the restructuring transactions described above, Shengde Holdings Inc., Baoding Shengde, its wholly-owned subsidiary, and HBOP became directly and indirectly controlled by Orient Paper, and HBOP continued to function as the Company's operating entity.

The following diagram sets forth the current corporate structure of Orient Paper:



Hebei Baoding Orient Paper  
Milling Company Limited  
(a PRC company)

Completion of the PRC Restructuring

Baoding Shengde must receive its total registered capital of \$10 million in full by December 1, 2009, in order to maintain the validity of its business license and its certificate of approval to exist as a wholly foreign-owned entity in the PRC. This license and approval would become invalid and would be cancelled immediately if Baoding Shengde were to fail to make timely payment of its registered capital, in which case Orient Paper could cease to have any claim to control Baoding Shengde under PRC law. The Company anticipates that these steps will be completed in advance of that date.

**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits.

- 10.1 Purchase and Sale Agreement, dated June 24, 2009, by and among Orient Paper, Inc., Xushui Dongfang District Trading Limited Company, Barron Partners, LP, Fernando Liu and Golden1177 LP.
  - 10.2 Escrow Agreement, dated June 24, 2009, by and among Orient Paper, Inc., Xushui Dongfang District Trading Limited Company, Barron Partners, LP, Fernando Liu and Golden1177 LP, and Sichenzia Ross Friedman Ference LLP, as escrow agent.
  - 10.3 Exclusive Technical Service and Business Consulting Agreement, dated June 24, 2009, by and between HBOP and Baoding Shengde.
  - 10.4 Loan Agreement, dated June 24, 2009, by and between HBOP, Baoding Shengde, and the shareholders of HBOP.
  - 10.5 Call Option Agreement, dated June 24, 2009, by and between HBOP, Baoding Shengde, and the shareholders of HBOP.
  - 10.6 Share Pledge Agreement, dated June 24, 2009, by and between HBOP, Baoding Shengde, and the shareholders of HBOP.
  - 10.7 Proxy Agreement, dated June 24, 2009, by and between HBOP, Baoding Shengde, and the shareholders of HBOP.
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## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: June 30, 2009

ORIENT PAPER, INC.

By:

/s/ Zhenyong Liu

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Zhenyong Liu  
Chief Executive Officer

Date: June 24, 2009

Xushui District Dongfang Trading Limited Company  
Xushui District, Nanhe Shouying North Village, China  
Attention: Jianjun Li

**Re: Orient Paper, Inc.**

To whom-it-may-concern :

This letter, once fully executed and delivered, constitutes an agreement (the "Agreement") of Barron Partners, LP, Fernando Liu and Golden1177 LP (collectively, the "Purchasers" and individually, the "Purchaser") to purchase from Xushui District Dongfang Trading Limited Company ("Seller") an aggregate 2,000,000 shares of common stock in Orient Paper, Inc. ("Company") at \$.375 per share for an aggregate purchase price of \$750,000 (Seven Hundred and Fifty Thousand U.S. Dollars) (the "Purchase Price") and the Company.

**WHEREAS**, contemporaneous with the execution and delivery of this Agreement, the parties hereto are executing and delivering an Escrow Agreement, in the form attached hereto as **Exhibit "A"** (the "**Escrow Agreement**"), pursuant to which the parties shall establish an escrow account (the "Escrow Account") with Sichenzia Ross Friedman Ference LLP (the "Escrow Agent") and have agreed to deposit the Purchase Price, as hereinafter defined, into such Escrow Account.

The terms and conditions of this Agreement are as follows:

1. Sale of the Company's Common Stock Shares.

For a total consideration of \$750,000 (Seven Hundred and Fifty Thousand U.S. Dollars) (the "Purchase Price") Seller agrees to sell, and the Purchasers agree to purchase: 2,000,000 shares of common stock of the Orient Paper, Inc. (the "Shares") at \$.375 per share as follows:

- a. Following due execution of this Agreement, Purchasers shall deliver or cause to be delivered the Purchase Price to the Escrow Agent as follows:

Bank: Citibank  
Address: 666 Fifth Avenue, New York, NY  
ABA No.: 021000089  
SWIFT: CITIUS33  
Account: Sichenzia Ross Friedman Ference LLP Attorney Escrow Account for Orient Paper, Inc.  
Account No.: 92883436  
Reference: Orient Paper, Inc.

- b. If the Seller has not already done so, following due execution of this Agreement, Seller shall deliver the certificates representing the Shares, with all of the fees, instructions and signatures required to transfer the Shares to the Purchasers, to Sichenzia Ross Friedman Ference LLP, Orient Paper, Inc.'s attorneys.

c. The Escrow Agent shall notify the Seller within 3 business days of the Escrow Agent's receipt of the Purchase Price; immediately after which, the Seller will

i. instruct the Company's transfer agent to cancel the Seller's certificate representing the Shares and reissue the Shares in the names of the Purchasers and to the Purchasers as follows:

<u>Purchaser's Name and Tax ID</u>	<u>Amount of Shares to be Transferred</u>	<u>Mailing Address</u>
Barron Partners LP Tax ID 43-1981699	1,147,000	730 Fifth Avenue, 26th Floor New York, NY 10019
Fernando Liu	13,000	Room 302, Unit 18, 299 HuXin Road, MinHang District Shanghai 201101 China
Golden1177 LP 46-0521814	840,000	#500-1177 West Hastings Street, Vancouver BC V6E 2K3 Canada

ii. submit a Release Notice, as such term is defined in the Escrow Agreement, to the Escrow Agent. In particular, such Release Notice shall instruct Escrow Agent to wire only \$250,000 (Two Hundred and Fifty Thousand U.S. Dollars) of the Purchase Price to the Seller, \$70,000 (Seven Thousand U.S. Dollars) to Sichenzia Ross Friedman Ference, LLP for past and current legal fees with the remainder of the Purchase Price to be applied in accordance with Section 2 hereto.

iii. inform the Company of the receipt of the Purchase Price, whereupon the Company shall immediately pay or cause to be paid \$500,000 or the *Renminbi* (Chinese currency) equivalent of the same representing the remainder of the Purchase Price to the Seller.

d. The Closing of the transactions contemplated by this Agreement shall be deemed to have occurred upon the delivery of the certificates representing the Shares to the Purchasers.

## 2. Use of Purchase Price

The Company and the parties each, jointly and severally, agrees that the \$500,000 (Five Hundred Thousand U.S. Dollars) of Purchase Price held in the Escrow Account shall be reserved and applied to pay:

i. \$70,000 to Sichenzia Ross Friedman Ference LLP comprising \$25,000 for past legal fees owed by the Company, \$20,000 for current legal fees incurred in this transaction and \$25,000 fees that will be incurred by the Company for the listing of the Company on the NYSE Amex;

ii. audit fees of the Big 10 accounting firm to be appointed pursuant to Section 3iii below; and

iii. investor relations fees.

## 3. Company's Undertaking

The Company acknowledges that the transaction contemplated herein is beneficial to the Company and as a condition to and in consideration of the parties entering into this transaction, the receipt,

sufficiency and validity of which are hereby acknowledged by the Company, hereby undertakes to the Seller and the Purchasers that it shall:

- i. execute the relevant instrument(s) prior to Closing in order that the Company complies with *The Interim Regulation on Merger and Acquisition of Domestic Enterprises by Foreign Investors*, promulgated on August 8, 2006 and effective as of September 8, 2006;
- ii. make payment of \$500,000 or the *Renminbi* (Chinese currency) equivalent of the same representing the remainder of the Purchase Price to the Seller in accordance with Section 1c (iii) above;
- iii. appoint a Big 10 accounting firm as its independent auditor within six (6) months of the date of Closing;
- iv. provided the Company is eligible, apply to list on the NYSE Amex within three (3) months of the Closing;
- v. issue or cause to be issued to Sichenzia Ross Friedman Ference LLP 60,000 shares of common stock of the Company in part payment of its past legal fees;
- vi. not effect or enter into or be in any agreement to effect any transaction involving a “Variable Rate Transaction” or an “MFN Transaction” (each as defined below) for a period of three (3) years from Closing. The term “Variable Rate Transaction” shall mean a transaction in which the Company issues or sells (i) any debt or equity securities that are convertible into, exchangeable or exercisable for, or include the right to receive additional shares of common stock either (A) at a conversion, exercise or exchange rate or other price that is based upon and/or varies with the trading prices of or quotations for the shares of common stock at any time after the initial issuance of such debt or equity securities, or (B) with a conversion, exercise or exchange price that is subject to being reset at some future date after the initial issuance of such debt or equity security or upon the occurrence of specified or contingent events directly or indirectly related to the business of the Company or the market for the common stock. The term “MFN Transaction” shall mean a transaction in which the Company issues or sells any securities in a capital raising transaction or series of related transactions which grants to an investor the right to receive additional shares based upon future transactions of the Company on terms more favorable than those granted to such investor in such offering. Any Purchaser shall be entitled to obtain injunctive relief against the Company to preclude any such issuance, which remedy shall be in addition to any right to collect damages.
- vii. not cause to be cancelled all convertible debt in the Company on or prior to Closing and for a period of three (3) years from the Closing, the Company will not issue any convertible debt.

4. Seller’s Right of Recourse

Seller agrees that, provided Purchasers have fulfilled all their obligations in this Agreement, that its sole right of recourse for any failure by the Company to make payment as set forth above in Sections 1 c(iii) and 3(ii) shall be against the Company only and the Purchasers shall not be responsible or held liable for any breaches of the same.

5. Purchasers, jointly and severally, represent and warrant to Seller as follows:

- a. Each of the Purchasers has the full power and authority to enter into this Agreement and to carry out its obligations hereunder.
- b. This Agreement has been duly executed and delivered by Purchasers and creates a legal, valid and binding obligation of Purchasers, enforceable against Purchasers in accordance with its terms.
- c. The Purchasers are buying the Shares solely for their respective own account, for investment and not with a view to resale in connection with a distribution thereof.
- d. The Purchasers agree to hold harmless Seller from any losses Purchasers may sustain from any resale or disposition of the Shares.
- e. The execution and delivery of this Agreement and the consummation of the transactions contemplated herein will not conflict with or violate any law, regulation, court order,

judgment or decree applicable to Purchasers or any agreement to which Purchasers are a party, or, in the case of any such law, regulation, court order, judgment, decree or agreement, by which the property of Purchasers is bound or affected.

- f. The Purchasers are either a 1) corporation, partnership or limited liability company that is a Qualified Institutional Buyer (QIB), acting for its own account or for the account of other QIBs, that in the aggregate owns and invests on a discretionary basis at least \$100 Million in securities of issuers that are not its affiliates or 2) an "accredited investor" as that term is defined in Rule 501 promulgated under the Securities Act of 1933.
- g. Each of the Purchasers has a net worth and income such that the loss of his, her or its entire investment in the Shares will not adversely affect the Purchasers' financial condition, business or lifestyle.
- h. The Purchasers have such knowledge, business and investment experience that Purchasers are fully capable of understanding the merits and risks associated with an investment in the Shares.
- i. The representations made in this Agreement by Purchasers are deemed to be remade as of the Closing.
- j. The Purchasers agree that they share not sell the Shares whilst they are in possession of material nonpublic information.
- k. The Purchasers understand that Seller is relying upon the truth and accuracy of, and the Purchasers' compliance with, the representations, warranties, agreements, acknowledgments and understandings of the Purchaser set forth herein in order to determine the eligibility of the Purchasers to acquire the Shares and the Purchasers acknowledge that they are not relying on any representation or warranty by Seller except as expressly set forth in section 6.

6. Seller represents and warrants to the Purchasers as follows:

- a. Seller has the full power and authority to enter into this Agreement and to carry out its obligations hereunder.
- b. Seller is the beneficial and record owner of the Shares and has good and marketable (except for applicable securities law restrictions) title to the Shares, free and clear of all liens, claims, charges, security interests, and encumbrances of any kind or nature.
- c. This Agreement has been duly executed and delivered by Seller and is the legal, valid and binding obligation of Seller, enforceable against Seller in accordance with its terms.
- d. The Seller releases and forgoes claim to any and all profits and gains on the Shares incurred after the Closing.
- e. The execution and delivery of this Agreement and the consummation of the transactions contemplated herein will not conflict with or violate any law, regulation, court order, judgment or decree applicable to Seller or any agreement to which Seller is a party, or, in the case of any such law, regulation, court order, judgment, decree or agreement, by which the property of Seller is bound or affected.
- f. The representations made in this Agreement by Seller are deemed to be remade as of the Closing.
- g. The Seller is not in possession of any material nonpublic information regarding the Company.
- h. The Seller understands that Purchasers are relying upon the truth and accuracy of, and the Seller's compliance with, the representations, warranties, agreements, acknowledgments and understandings of the Seller set forth herein and the Seller acknowledges that it is not relying on any representation or warranty by Purchasers except as expressly set forth in section 5.

7. Company represents and warrants as follows:

- a. Company has the full power and authority to enter into this Agreement and to carry out its obligations hereunder.

- b. This Agreement has been duly executed and delivered by Company and creates a legal, valid and binding obligation of Company, enforceable against Company in accordance with its terms.
  - c. The execution and delivery of this Agreement and the consummation of the transactions contemplated herein will not conflict with or violate any law, regulation, court order, judgment or decree applicable to Company or any agreement to which Company is a party, or, in the case of any such law, regulation, court order, judgment, decree or agreement, by which the property of Company is bound or affected.
8. Each of the Purchasers and Seller agrees as follows:
- a. Seller shall hold Purchasers harmless for any commission and/or fees agreed to be paid by Seller to any broker, finder or other person or entity acting or purporting to act in a similar capacity and Purchasers shall hold Seller harmless for any commission and/or fees agreed to be paid by Purchasers to any broker, finder or other person or entity acting or purporting to act in a similar capacity.
  - b. To furnish to the other such additional information regarding themselves and the Company as the other shall reasonably request prior to closing and which may be obtained without any unreasonable hardship or expense in connection with the consummation of the transactions contemplated in this Agreement.
  - c. To do all things reasonably necessary or convenient before or after the closing, and without further consideration, to consummate the transactions contemplated herein.
9. Indemnification by the Purchasers: Each of the Purchasers, jointly and severally, agrees to indemnify, defend and hold harmless Seller against and in respect of any loss, damage, deficiency, cost or expense (including without limitation reasonable attorneys' fees) resulting from any breach by such Purchasers of any of the representations, warranties, covenants or agreements of such Purchasers contained in this Agreement.
10. Indemnification by the Seller: Seller agrees to indemnify, defend and hold harmless the Purchasers against and in respect of any loss, damage, deficiency, cost or expense (including without limitation reasonable attorneys' fees) resulting from any breach by Seller of any of the representations, warranties, covenants or agreements of Seller contained in this Agreement.
11. Jurisdiction and Venue; Choice of Law; Waiver of Jury Trial; Attorneys Fees : The sole and exclusive jurisdiction and venue for any action or proceeding arising from or relating to this Agreement shall be the federal and state courts located in the City and County of New York, State of New York, and all parties hereto consent to the jurisdiction of such courts. This Agreement shall be deemed to have been executed and delivered within the State of New York, and any disputes arising from or relating to this Agreement shall be governed by the laws of the State of New York. All parties hereto agree that they irrevocably waive their right to a trial by jury in any action or proceeding arising from or relating to this Agreement. If any action or proceeding is brought by any party arising from or relating to this Agreement or in any appeal therefrom, it is agreed that the prevailing party shall be entitled to reasonable attorneys fees to be fixed by the arbitrator, trial court, and/or appellate court if such party substantially prevails on all the issues in dispute. All questions as to the interpretation and effect of this Agreement shall be determined under the laws of the State of New York.
12. Survival: The representations and warranties contained herein shall survive the closing date for a period of one (1) year.
13. Notice: Any notices required or permitted to be given under the terms of this Agreement shall be sent by certified or registered mail (return receipt requested) or delivered personally or by courier (including a recognized overnight delivery service) or by facsimile and shall be effective five days after being placed in the mail, if mailed by regular United States mail, or upon receipt, if delivered

personally or by courier (including a recognized overnight delivery service) or by facsimile, in each case addressed to a Party.

14. Counterparts: This Agreement may be executed by facsimile or scanned document via email in two or more counterparts, each of which shall be deemed an original and together shall constitute one and the same Agreement.
15. Parties in Interest: This Agreement may not be transferred, assigned, pledged or hypothecated by any party hereto, other than by operation of law. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and permitted assigns.

[Signature page follows]

IN WITNESS WHEREOF, this Agreement is executed the day and year first above written.

SIGNATORY FOR THE PURCHASER

The undersigned, as of this 24th day of June, 2009, executes and delivers this Agreement on behalf of Purchaser:

/s/ Andrew Barron Worden

BY: Andrew Barron Worden

Title: Managing Partner  
Barron Partners, LP

PURCHASER ENTITY:

Name Shares should be registered to: Barron Partners, LP

Address: 730 5<sup>th</sup> Avenue, 25<sup>th</sup> floor

City, State Zip: New York, NY

No. of Shares: 1,147,000

Tax ID: 43-1981699

PURCHASER ENTITY:

/s/ Fernando Liu

BY: Fernando Liu

Address: Room 302, Unit 18, 299 HuXin Road, MinHang District Shanghai 201101 China

No. of Shares: 13,000

EIN:

/s/ Alex Lau

BY: Alex Lau

Title:

PURCHASER ENTITY:

Name Shares should be registered to: Golden1177 LP

Address: #500-1177 West Hastings Street, Vancouver BC V6E 2K3 Canada

No. of Shares: 840,000

EIN:

SELLER:

Agreed to and accepted as of this 24th day of June, 2009

BY: /s/ Jianjun Li

Xushui District Dongfang Trading Limited Company

Name : Jianjun Li

Title: Chairman and General Manager

THE COMPANY:

Agreed to and accepted as of this 24th day of June, 2009

BY: /s/ Zhenyong Liu

Orient Paper Inc.

Name : Zhenyong Liu

Title: Chief Executive Officer

**Exhibit A**  
(Recital)

**Form of Escrow Agreement**

## **ESCROW AGREEMENT**

This Agreement, dated as of June 24, 2009 (this "Agreement"), is entered into by and among Orient Paper, Inc., a Nevada corporation (the "Company"), Xushui District Dongfang Trading Limited Company, a company incorporated under the laws of the People's Republic of China ("Seller"), Barron Partners, LP, Fernando Liu and Golden1177 LP ("Purchasers") and Sichenzia Ross Friedman Ference LLP (the "Escrow Agent"). The Company, the Seller and the Purchasers shall collectively be referred to as the "Escrowing Parties". The principal address of each party hereto is set forth on Exhibit A.

### **WITNESSETH:**

**WHEREAS**, Purchasers, Seller and Company have entered into an agreement (the "Stock Purchase Agreement") whereby Seller has agreed to sell and Purchasers have agreed to purchase an aggregate 2,000,000 shares of common stock in the Company for a total consideration of \$750,000 ("Purchase Price");

**WHEREAS**, Purchasers, Seller and Company desire to deposit the Purchase Price received by the Seller from the Purchasers in the sale transaction under the Stock Purchase Agreement (the "Escrowed Funds") with the Escrow Agent, to be held and disbursed by the Escrow Agent pursuant to this Agreement and the Stock Purchase Agreement; and

**WHEREAS**, Escrow Agent is willing to hold the Escrowed Funds in escrow subject to the terms and conditions of this Agreement.

NOW, THEREFORE, in consideration of the mutual promises herein contained and intending to be legally bound, the parties hereby agree as follows:

Unless otherwise defined, all terms used herein shall bear the same meaning as set forth in the Stock Purchase Agreement.

1. Appointment of Escrow Agent. The Company, each Purchaser and Seller hereby appoint Escrow Agent as escrow agent in accordance with the terms and conditions set forth herein and the Escrow Agent hereby accepts such appointment.

2. Delivery of the Escrowed Funds.

a. The Purchasers will deliver or cause to be delivered the Escrowed Funds to the Escrow Agent as follows:

Bank: Citibank  
Address: 666 Fifth Avenue, New York, NY  
ABA No.: 021000089  
SWIFT: CITIUS33  
Account: Sichenzia Ross Friedman Ference LLP Attorney Escrow Account for Orient Paper, Inc.  
Account No.: 92883436  
Reference: Orient Paper, Inc.

b. The Escrowed Funds shall be forwarded to the Escrow Agent by wire transfer, together with the written account of purchase (the "Purchase") in the form attached hereto as Exhibit B (the "Purchaser Information"). The Escrowed Funds to be wired shall be wired to the account set forth in Section 2(a) above and the Purchase shall be faxed or emailed to the Escrow Agent in accordance with the information provided on Exhibit A.

c. Simultaneously with each deposit, each Purchaser shall provide the Escrow Agent with the Purchaser Information, including the name, address and taxpayer identification number of each Purchaser and of the aggregate principal amount of Securities purchased by the Purchaser.

d. In the event a wire transfer is received by the Escrow Agent and the Escrow Agent has not received Purchaser Information, the Escrow Agent shall notify the Purchaser. If the Escrow Agent does not receive the Purchaser Information by such Purchaser prior to close of business on the fifth (5<sup>th</sup>) business day (days other than a Saturday or Sunday or other day on which the Escrow Agent is not open for business in the State of New York) after notifying the Purchaser of receipt of said wire, the Escrow Agent shall return the funds to the Purchaser.

3. Escrow Agent to Hold and Disburse Escrowed Funds. The Escrow Agent will hold and disburse the Escrowed Funds received by it pursuant to the terms of this Agreement, as follows:

a. At such time that the Purchase Price is deposited and upon receipt of instructions from the Company in substantially the form of Exhibit C hereto, following the consummation of the sale transaction, the Escrow Agent shall release an aggregate of Seventy Thousand Dollars (\$70,000) (the "Initial Disbursements") of the Escrowed Funds in the manner specified in Exhibit C. In the event that the Purchase Price is not deposited, the Escrow Agent shall continue to hold the Escrowed Funds, pending receipt of instructions from the Company.

b. Following the release of the Initial Disbursements, the balance of the Escrowed Funds shall remain in the Escrow Account and shall only be released by the Escrow Agent upon the Escrow Agent's receipt of written notice from the Company, in the form of Exhibit D hereto for the payment of legal, auditing, and investor relations expenses incurred by the Company.

c. In the event this Agreement, the Escrowed Funds, or the Escrow Agent becomes the subject of litigation, or if the Escrow Agent shall desire to do so for any other reason, each of the Company, the Seller, and the Purchasers authorizes the Escrow Agent, at its option, to deposit the Escrowed Funds with the clerk of the court in which the litigation is pending, or a court of competent jurisdiction if no litigation is pending, and thereupon the Escrow Agent shall be fully relieved and discharged of any further responsibility with regard thereto. Each of the Company, the Seller, and the Purchasers further authorizes the Escrow Agent, if it receives conflicting claims to any of the Escrowed Funds, is threatened with litigation or if the Escrow Agent shall desire to do so for any other reason, to interplead all interested parties in any court of competent jurisdiction and to deposit the Escrowed Funds with the clerk of that court and thereupon the Escrow Agent shall be fully relieved and discharged of any further responsibility hereunder to the parties from which they were received.

4. Exculpation and Indemnification of Escrow Agent.

a. The Escrow Agent shall have no duties or responsibilities other than those expressly set forth herein. The Escrow Agent shall have no duty to enforce any obligation of any person to make any payment or delivery, or to direct or cause any payment or delivery to be made, or to enforce any obligation of any person to perform any other act. The Escrow Agent shall be under no liability to the other parties hereto or anyone else, by reason of any failure, on the part of any party hereto or any maker, guarantor, endorser or other signatory of a document or any other person, to perform such person's obligations under any such document. Except for amendments to this Agreement referenced below, and except for written instructions given to the Escrow Agent by the Company relating to the Escrowed Funds, the Escrow Agent shall not be obligated to recognize any agreement between or among any of the Escrowing Parties, notwithstanding that references hereto may be made herein and whether or not it has knowledge thereof.

b. The Escrow Agent shall not be liable to the Company, Seller or Purchasers or to anyone else for any action taken or omitted by it, or any action suffered by it to be taken or omitted, in good faith and acting upon any order, notice, demand, certificate, opinion or advice of counsel (including counsel chosen by the Escrow Agent), statement, instrument, report, or other paper or document (not only as to its due execution and the validity and effectiveness of its provisions, but also as to the truth and acceptability of any information therein contained), which is believed by the Escrow Agent to be genuine and to be signed or presented by the proper person or persons. The Escrow Agent shall not be bound by any of the terms thereof, unless evidenced by written notice delivered to the Escrow Agent signed by the proper party or parties and, if the duties or rights of the Escrow Agent are affected, unless it shall give its prior written consent thereto.

c. The Escrow Agent shall not be responsible for the sufficiency or accuracy of the form, or of the execution, validity, value or genuineness of, any document or property received, held or delivered to it hereunder, or of any signature or endorsement thereon, or for any lack of endorsement thereon, or for any description therein; nor shall the Escrow Agent be responsible or liable to the Company, Seller or Purchasers or to anyone else in any respect on account of the identity, authority or rights, of the person executing or delivering or purporting to execute or deliver any document or property or this Agreement. The Escrow Agent shall have no responsibility with respect to the use or application of the Escrowed Funds pursuant to the provisions hereof.

d. The Escrow Agent shall have the right to assume, in the absence of written notice to the contrary from the proper person or persons, that a fact or an event, by reason of which an action would or might be taken by the Escrow Agent, does not exist or has not occurred, without incurring liability to the Company, Seller or Purchasers or to anyone else for any action taken or omitted to be taken or omitted, in good faith and in the exercise of its own best judgment, in reliance upon such assumption.

e. To the extent that the Escrow Agent becomes liable for the payment of taxes, including withholding taxes, in respect of income derived from the investment of the Escrowed Funds, or any payment made hereunder, the Escrow Agent may pay such taxes; and the Escrow Agent may withhold from any payment of the Escrowed Funds such amount as the Escrow Agent estimates to be sufficient to provide for the payment of such taxes not yet paid, and may use the sum withheld for that purpose. The Escrow Agent shall be indemnified and held harmless against any liability for taxes and for any penalties in respect of taxes, on such investment income or payments in the manner provided in Section 4(f).

f. The Escrow Agent will be indemnified and held harmless by the Company from and against all expenses, including all counsel fees and disbursements, or loss suffered by the Escrow Agent in connection with any action, suit or proceedings involving any claim, or in connection with any claim or demand, which in any way, directly or indirectly, arises out of or relates to this Agreement, the services of the Escrow Agent hereunder, except for claims relating to gross negligence by Escrow Agent or breach of this Agreement by the Escrow Agent, or the monies or other property held by it hereunder. Promptly after the receipt of the Escrow Agent of notice of any demand or claim or the commencement of any action, suit or proceeding, the Escrow Agent shall, if a claim in respect thereof is to be made against the Company, notify each of them thereof in writing, but the failure by the Escrow Agent to give such notice shall not relieve any such party from any liability which the Company may have to the Escrow Agent hereunder. Notwithstanding any obligation to make payments and deliveries hereunder, the Escrow Agent may retain and hold for such time as it deems necessary such amount of monies or property as it shall, from time to time, in its sole discretion, seem sufficient to indemnify itself for any such loss or expense and for any amounts due it under Section 7.

g. For purposes hereof, the term "expense or loss" shall include all amounts paid or payable to satisfy any claim, demand or liability, or in settlement of any claim, demand, action, suit or proceeding settled with the express written consent of the Escrow Agent, and all costs and expenses, including, but not limited to, counsel fees and disbursements, paid or incurred in investigating or defending against any such claim, demand, action, suit or proceeding.

#### 5. Termination of Agreement and Resignation of Escrow Agent

a. This Agreement shall terminate upon disbursement of all of the Escrowed Funds, provided that the rights of the Escrow Agent and the obligations of the Company, the Seller, and the Purchasers under Section 4 shall survive the termination hereof.

b. The Escrow Agent may resign at any time and be discharged from its duties as Escrow Agent hereunder by giving the Company at least five (5) business days written notice thereof (the "Notice Period"). As soon as practicable after its resignation, the Escrow Agent shall, if it receives notice from the Escrowing Parties within the Notice Period, turn over to a successor escrow agent appointed by the Company all Escrowed Funds (less such amount as the Escrow Agent is entitled to retain pursuant to Section 7) upon presentation of the document appointing the new escrow agent and its acceptance thereof. If no new agent is so appointed within the Notice

Period, the Escrow Agent shall return the Escrowed Funds to the parties from which they were received without interest or deduction.

6. Form of Payments by Escrow Agent

a. Any payments of the Escrowed Funds by the Escrow Agent pursuant to the terms of this Agreement shall be made by wire transfer unless directed to be made by check by the Escrowing Parties.

b. All amounts referred to herein are expressed in United States Dollars and all payments by the Escrow Agent shall be made in such dollars.

7. Compensation. Escrow Agent shall be entitled to the following compensation from the Company:

a. Fees: The Escrowing Parties shall pay a processing fee of \$500 to the Escrow Agent for each disbursement made subsequent to the Closing and the Initial Disbursements.

b. Interest: The Escrowed Funds shall be held in a non-interest bearing escrow account.

8. Notices. All notices, demands, consents, requests, instructions and other communications to be given or delivered or permitted under or by reason of the provisions of this Agreement or in connection with the transactions contemplated hereby shall be in writing and shall be deemed to be delivered and received by the intended recipient as follows: (i) if personally delivered, on the business day of such delivery (as evidenced by the receipt of the personal delivery service), (ii) if mailed certified or registered mail return receipt requested, two (2) business days after being mailed, (iii) if delivered by overnight courier (with all charges having been prepaid), on the business day of such delivery (as evidenced by the receipt of the overnight courier service of recognized standing), or (iv) if delivered by facsimile transmission, on the business day of such delivery if sent by 6:00 p.m. in the time zone of the recipient, or if sent after that time, on the next succeeding business day (as evidenced by the printed confirmation of delivery generated by the sending party's telecopier machine). If any notice, demand, consent, request, instruction or other communication cannot be delivered because of a changed address of which no notice was given (in accordance with this Section 8), or the refusal to accept same, the notice, demand, consent, request, instruction or other communication shall be deemed received on the second business day the notice is sent (as evidenced by a sworn affidavit of the sender). All such notices, demands, consents, requests, instructions and other communications will be sent to addresses or facsimile numbers as applicable set forth on Exhibit A hereto.

9. Further Assurances. From time to time on and after the date hereof, the Company, the Seller and each of the Purchasers, if applicable, shall deliver or cause to be delivered to the Escrow Agent such further documents and instruments and shall do and cause to be done such further acts as the Escrow Agent shall reasonably request (it being understood that the Escrow Agent shall have no obligation to make any such request) to carry out more effectively the provisions and purposes of this Agreement, to evidence compliance herewith or to assure itself that it is protected in acting hereunder.

10. Consent to Service of Process. The Company, the Seller, and each Purchaser hereby irrevocably consents to the jurisdiction of the courts of the State of New York and of any Federal court located in such state in connection with any action, suit or proceedings arising out of or relating to this Agreement or any action taken or omitted hereunder, and waives personal service of any summons, complaint or other process and agrees that the service thereof may be made by certified or registered mail directed to it at the address listed on Exhibit A hereto.

11. Miscellaneous.

a. This Agreement shall be construed without regard to any presumption or other rule requiring construction against the party causing such instrument to be drafted. The terms "hereby," "hereof," "hereunder," and any similar terms, as used in this Agreement, refer to the Escrow Agreement in its entirety and not only to the particular portion of this Agreement where the term is used. The word "person" shall mean any natural person, partnership, corporation, government and any other form of business of legal entity. All words or terms used in this

Agreement, regardless of the number or gender in which they were used, shall be deemed to include any other number and any other gender as the context may require. This Agreement shall not be admissible in evidence to construe the provisions of any prior agreement.

b. This Agreement and the rights and obligations hereunder of the Company, the Seller and Purchasers may not be assigned. This Agreement and the rights and obligations hereunder of the Escrow Agent may be assigned by the Escrow Agent, with the prior consent of the Escrowing Parties. This Agreement shall be binding upon and inure to the benefit of each party's respective successors, heirs and permitted assigns. No other person shall acquire or have any rights under or by virtue of this Agreement. This Agreement may not be changed orally or modified, amended or supplemented without an express written agreement executed by the Escrow Agent, the Company, the Seller, and the Purchasers. This Agreement is intended to be for the sole benefit of the parties hereto and their respective successors, heirs and permitted assigns, and none of the provisions of this Agreement are intended to be, nor shall they be construed to be, for the benefit of any third person.

c. This Agreement shall be governed by, and construed in accordance with, the internal laws of the State of New York. The representations and warranties contained in this Agreement shall survive the execution and delivery hereof and any investigations made by any party. The headings in this Agreement are for purposes of reference only and shall not limit or otherwise affect any of the terms thereof.

12. Execution of Counterparts. This Agreement may be executed in a number of counterparts, by facsimile, each of which shall be deemed to be an original as of those whose signature appears thereon, and all of which shall together constitute one and the same instrument. This Agreement shall become binding when one or more of the counterparts hereof, individually or taken together, are signed by all the parties.

IN WITNESS WHEREOF, the parties hereto have executed this Escrow Agreement as of date first written above.

**ORIENT PAPER, INC.**

By: /s/ Zhenyong Liu  
Name: Zhenyong Liu  
Title: Chief Executive Officer

**XUSHUI DISTRICT DONGFANG TRADING LIMITED COMPANY**

By: /s/ Jianjun Li  
Name: Jianjun Li  
Title: Chairman and General Manager

**SICHENZIA ROSS FRIEDMAN FERENCE LLP**

By: /s/ Gregory Sichenzia  
Name: Gregory Sichenzia  
Title: Partner

**PURCHASERS**

Barron Partners, LP

By: /s/ Andrew Worden  
Name: Andrew Worden  
Title: Managing Partner

By: /s/ Fernando Liu  
Name: Fernando Liu

Golden1177 LP

By: /s/ Alex Lau



**EXHIBIT A**

**PARTIES TO AGREEMENT**

**Sichenzia Ross Friedman Ference LLP**

61 Broadway, 32<sup>nd</sup> Floor  
New York, New York 10001  
Attention: Gregory Sichenzia, Esq.  
Tel No.: (212) 212-9700  
Fax No.: (212) 212-9725

**Orient Paper, Inc.**

Nansan Gongli, Nanhuan Road, Xushui County  
Baoding City, Hebei Province, The People's Republic of China 072550  
Attention: Zhenyong Liu  
Tel No.: (86) 312-860-5508  
Fax No.: (86) 312-860-5530

**Xushui Dongfang Trading Limited Company**

Xushui District, Nanhe Shouying North Village, China  
Attention: Jianjun Li  
Tel. No.: (86) 312-869-8210  
Fax No.: (86) 312-869-8210

**Purchasers**

**Name of Purchaser: Barron Partners LP**

Address: 730 Fifth Avenue, 26th Floor New York, NY 10019  
Attention: Andrew Worden  
Tel: 212-359-0208 or 212-359-0204  
Email: achain@barronpartners.com/rbaum@barronpartners.com

**Name of Purchaser: Fernando Liu**

Address: Room 302, Unit 18, 299 HuXin Road, MinHang District Shanghai 201101 China  
Attention: Fernando Liu  
Tel: 861-376-1347367  
Email: fol@barronpartners.com

**Name of Purchaser: Golden1177 LP**

Address: #500-1177 West Hastings Street, Vancouver BC V6E 2K3 Canada  
Attention: Alex Lau  
Tel: 604-374-1070  
Email: alau@goldenproperties.ca

**EXHIBIT B**

**PURCHASER INFORMATION**

Name of Purchaser

\_\_\_\_\_

Address of Purchaser

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Amount of Securities Purchased (US\$)

\_\_\_\_\_

Purchase Amount Submitted Herewith

\_\_\_\_\_

Taxpayer ID Number/  
Social Security Number

\_\_\_\_\_

**EXHIBIT C**

**DISBURSEMENT REQUEST**

Pursuant to that certain Escrow Agreement dated effective as of June 24, 2009, among Orient Paper, Inc., Xushui District Dongfang Trading Limited Company, Barron Partners, LP, Fernando Liu and Golden1177 LP and Sichenzia Ross Friedman Ference LLP, as escrow agent, Barron Partners and the Company hereby request disbursement of funds in the amount and manner described below from account number 92883436, styled Sichenzia Ross Friedman Ference LLP Attorney Escrow Account.

Please disburse to: \_\_\_\_\_

Amount to disburse: \_\_\_\_\_

Form of distribution: \_\_\_\_\_

Payee:

Name: \_\_\_\_\_

Address: \_\_\_\_\_

City/State: \_\_\_\_\_

Zip: \_\_\_\_\_

Please disburse to: \_\_\_\_\_

Amount to disburse: \_\_\_\_\_

Form of distribution: \_\_\_\_\_

Payee:

Name: \_\_\_\_\_

Address: \_\_\_\_\_

City/State: \_\_\_\_\_

Zip: \_\_\_\_\_

ORIENT PAPER, INC.

Date: \_\_\_\_\_

By: \_\_\_\_\_

Name:

Title:

**EXHIBIT D**

**DISBURSEMENT REQUEST**

Pursuant to that certain Escrow Agreement dated effective as of June 24, 2009, among Orient Paper, Inc., Xushui District Dongfang Trading Limited Company, Barron Partners, LP, Fernando Liu and Golden1177 LP and Sichenzia Ross Friedman Ference LLP, as escrow agent, Barron Partners and the Company hereby request disbursement of funds in the amount and manner described below from account number 92883436, styled Sichenzia Ross Friedman Ference LLP Attorney Escrow Account.

Please disburse to: \_\_\_\_\_

Amount to disburse: \_\_\_\_\_

Form of distribution: \_\_\_\_\_

Payee:

Name: \_\_\_\_\_

Address: \_\_\_\_\_

City/State: \_\_\_\_\_

Zip: \_\_\_\_\_

Please disburse to: \_\_\_\_\_

Amount to disburse: \_\_\_\_\_

Form of distribution: \_\_\_\_\_

Payee:

Name: \_\_\_\_\_

Address: \_\_\_\_\_

City/State: \_\_\_\_\_

Zip: \_\_\_\_\_

ORIENT PAPER, INC.

Date: \_\_\_\_\_

By: \_\_\_\_\_

Name:

Title:

## **Exclusive Technical Service and Business Consulting Agreement**

This Exclusive Technical Service and Business Consulting Agreement (the "Agreement") is entered into by and between the following two parties on June 24, 2009:

- (1) Hebei Baoding Orient Paper Milling Co., Ltd (the "Party A")  
Address: Wuji Village, Xushui County Hebei Province, China
  
- (2) Baoding Shengde Paper Co., Ltd (the "Party B")  
Address: Nanwaihuan Road, Xushui County, Hebei Province, China

### **Preface**

Whereas Party A is a limited company legally registered and existing in P.R.C with the main business scope: Production of Writing Paper, Corrugated Paper and Packaging Paper, Wholesaling and retailing of Pulp; Operations of exporting for own products and technology and importing for raw and auxiliary materials, machinery and equipment, spare parts and technology which enterprise needs. But excluding the operations limited by the State and the importing and exporting of products and technology prohibited by the State

Party B is a wholly foreign-owned limited company legally registered and existing in P.R.C, with the main business scope of processing and selling of paper products such as Blueprint Paper, Digital Photographic Paper, Copy Paper, Lusterless Paper and Information Recording Paper.

Party A need Part B provides technical service and technical consulting related to Party A's business (see the definition below) and Party B agrees to provide the aforesaid service.

Through friendly negotiation, the two parties enter into the terms of the agreement as follows:

### **Article 1 Definitions**

- 1.1 Unless otherwise provided in this Agreement, the following terms shall have the following meanings:

**Business of Party A** means all business operated and developed by Party A.

**Service** means the service exclusively provided by Party B to Party A related to the business of Party A, including but not limited to:

- (1) technical support related to the business of Party A;
- (2) business consulting related to the business activities of Party A;
- (3) business consulting service related to corporate management;
- (4) other related technical services and consulting services supplied upon the request of Party A from time to time.

**Annual Business Plan** means annual business development plan and budget report of Party A for next calendar year made by Party A with the assistance of Party B before Nov. 30 of each year.

**Service Fees** means all the fees Party A shall pay to Party B for the service provided according to Article 3 of this Agreement.

**Equipment** means any or all the equipment purchased by Party B from time to time for the purpose of providing Party A with service.

**Techniques Related to Business**

means any or all the techniques related to the business of Party A and developed on the basis of the service provided under this Agreement.

**Client Information** has the same meaning as the one stipulated by Article 6.1 under this Agreement.

**Confidential Information** has the same meaning as the one stipulated by Article 6.2 under this Agreement.

**Breach Party** has the same meaning as the one stipulated by Article 11.1 under this Agreement.

**Breach** has the same meaning as the one stipulated by Article 11.1 under this Agreement.

**This Party's Rights** has the same meaning as the one stipulated by Article 13.5 under this Agreement.

1.2 To invoke any laws and regulations (the "Laws") under this Agreement means:

- (1) to invoke at the same time the content of the amendments, adjustments, complements and revisions of the Laws no matter it comes into effect before or after the conclusion of this Agreement, and
- (2) to invoke at the same time other decisions, notices and rules made or taking effect according to the Laws.

1.3 Unless there is other stipulation in the context of this Agreement, all the articles, paragraphs and subparagraphs mean the corresponding content under this Agreement.

## **Article 2 Service**

2.1 Party B shall provide Party A with service under this Agreement since the date of this Agreement and continue to provide the service during the term of the agreement stipulated by Article 8.1 of this agreement.

2.2 Party B shall equip itself with all kinds of equipment reasonably needed for providing services and purchase lease or obtain new equipment to meet the need to provide satisfactory service.

2.3 Party B shall provide Party A with good business consulting service (including but not limited to corporate management) to assure the fine operation of Party A.

2.4 Party B shall timely provide service to Party A and communicate with Party A the information related to the business and/or clients of Party A.

## **Article 3 Service Fees**

3.1 Party A agrees to pay the fees for the service provided by Party B according to Article 2 of this Agreement, including:

Sales service fees equivalent to 80% of the total annual net profit of Party A

3.2 Party A shall transfer all the service fees to the bank account designated by Party B according to the provisions of this Article. In case Party B changes its bank account, it shall notify Party A the change seven 7 Working Days in advance.

#### **Article 4 Obligations of Party A**

4.1 The service supplied by Party B under this Agreement is exclusive. During the term of this Agreement, Party A shall not without prior written consent of Party B, enter into any other agreements with a third party to hire the third party to provide service the same as or similar to that provided by Party B.

4.2 Party A shall provide Party B with the final copy of the annual business plan for next year before November 30th of each year, to facilitate Party B to make related service plan and add equipment and technical service power needed. In case Party A requires Party B to add new equipment beyond the aforesaid plan, Party A shall negotiate with Party B fifteen (15) days in advance to enter into mutual agreements.

4.3 To facilitate Party B to provide service, Party A shall provide Party B with related materials truly and timely upon Party B's request.

4.4 Party A shall pay Party B the service fees timely and fully based on the provisions of Article 3 of this Agreement.

4.5 Party A shall sustain its good reputation, explore the business actively and take every effort to maximum the benefits.

4.6 To promote the business of Party A, both parties agree that Party A may upon Party B's request and entrust research and develop techniques needed for Party B' service provided under this agreement. Party A has to accept the offer of the aforesaid entrust. The ownership of rights and interests of the foresaid technical fruits shall be decided by the provisions of Article 5 of this Agreement.

## Article 5 Intellectual Rights

- 5.1 The intellectual property rights of the products created during the process of providing service by Party B belong to Party B.
- 5.2 Whereas the operation of the business of Party A relies on the service provided by Party B under this Agreement Party A agrees to make the following arrangements regarding the business-related techniques developed from Party B's service:
- (1) If the business-related technique is developed by Party A through its further development upon the entrust of Party B, or it is developed corporately by both parties, then the ownership and related rights to apply for patent all belong to Party B.
  - (2) If the business-related technique is independently developed by Party A, the ownership of the business-related technique may belong to Party A under the following circumstances: (A) Party A shall timely notify the details of the related technique to Party B and provide Party B with the related materials required by Party B; (B) If Party A is going to license or transfer the related technique, Party B may, without the conflicts with Chinese compulsory law regulations, enjoy the priority to purchase the related technique or be licensed to use the technique exclusively, or Party B may use the related technique to the same extent that Party A specifically transfer to or license others (however, Party B has the right to decide whether or not to accept the offer of the transfer or the license); Party A may, upon Party B's waiver of the priority to purchase the ownership of the related technique and the exclusive right to use the related technique, transfer or license the related technique to a third party with conditions offered no better than that offered to Party B (including but not limited to the transfer price or license fee), and shall guaranty the third party will fully abide by and perform the duties and obligations of Party A under this Agreement. (C) With the exception of the situations in Article 5.2(B), Party B enjoys the right to purchase the related technique within the term stipulated by Article 8.1 of this Agreement; At the appointed time, Party A shall, without the conflict with the Chinese compulsory law regulations, accept Party B's foresaid offer with price of RMB 1.00 or other lowest prices allowed by the concurrent laws.
- 5.3 If Party B is licensed to use the business-related technique exclusively according to Article 5.2, the foresaid license shall be carry out according the following provisions in this paragraph:
- (1) The term of the license shall no shorter than ten (10) years (counting from the effective date of the related license agreement);

- (2) The scope of the rights licensed shall be defined as wide as possible;
  - (3) Within the term and the scope of the license, no other party (including Party A) except Party B may in any way use or license others to use the related technique;
  - (4) Without the breach of Article 5.2, Party A enjoys the right to independently decide to license any other third party to use the related technique.
  - (5) After the expiration of the license, Party B may resume the license and Party A has to agree. At the appointed time the provisions of the license shall be sustained unless Party B confirms the adjustments.
- 5.4 Despite the provisions of Article 5.3, the patent application of any related technique described by the foresaid subparagraph shall be carried out according to the following provisions:
- (1) If Party A is going to apply for patent of any related technique described by the foresaid subparagraph, it shall obtain prior written approval from Party B.
  - (2) Party A may apply for patent of any business-related technique independently or transfer such right to a third party only upon the waiver of such rights of Party B. Before Party A transfer such right of applying for patent to a third party, Party A shall guaranty that the third party will fully abide by and perform the duties and obligations of Party A under this Agreement; Meanwhile, the conditions (including but not limited to the transfer price) Party A offers to the third party shall not be better than that Party A offers to Party B.
  - (3) Within the term of this Agreement, Party B may at any time require Party A to apply for the patent of the foresaid business-related technique and decide independently whether or not to purchase such patent application right. As long as Party B makes such requirement, Party A shall, without the conflicts with Chinese compulsory law regulations, transfer the foresaid patent application right to Party B with the price of RMB 1.00 or other lowest prices allowed by the concurrent laws; After the transfer to the foresaid patent application right of the business-related technique to Party B and the actual application for and authorization of the foresaid patent, Party B will legally become the owner the foresaid patent rights.
- 5.5 Upon Party B's written request, Party A shall, without the conflicts of Chinese compulsory legal law regulations, transfer all business-related trademark rights, internet domain name, patent rights and know-how owned by or may be owned in the future by Party A to Party B with the price of RMB 1.00 or other lowest prices allowed by the concurrent laws.

5.6 Both parties promise to each other that it will compensate any and all economic losses caused by its infringement of any other third party's intellectual rights (including but not limited to publish rights, trademark rights, patent rights and know-how).

#### **Article 6 Confidentiality**

6.1 Within the term of this Agreement, all the client information and other related materials (the "Client Information") related to the business of Party A and the service provided by Party B belong to both parties.

6.2 Both parties shall keep strict confidential each party's business secrets, proprietary information, Client Information and related materials owned by both parties and any nonpublic information of each party (collectively the "Confidential Information"). Unless there is prior written approval from the other party or disclosure requirements from the legal regulations or IPO procedures, the reception party shall not disclose the Confidential Information or any part of the Confidential Information to a third party; The reception party shall not directly or indirectly utilize the Confidential Information or any part of the Confidential Information, unless with the purpose of performing this Agreement.

6.3 The limitation stipulated shall not apply to:

- (a) Any information that the reception party has been proved by written materials to know previously;
- (b) Any information coming into the public field without the reception party's fault or known by the public resulted by other reasons;
- (c) Any information the reception party obtains through other legal channels thereafter .

6.4 The reception party may disclose the Confidential Information to its employees, agencies and experts hired and guaranty the foresaid people to abide by this Agreement keep the Confidential information in secrecy and only use the foresaid Confidential Information with the purpose of performing this Agreement.

#### **Article 7 Promises and Warranties**

- 7.1 Party A shall promise and warranty that Party A is currently not and will not be in the future constrained from or limited to performing all or part of the liabilities under this Agreement by any other agreements, contracts, promises and arrangement of rights or obligations.

#### **Article 8 Terms of Agreement**

- 8.1 Both parties hereby agree that this Agreement be executed upon two parties' formal signature and will keep effective without time limitation unless both parties' written agreement to terminate it in advance.
- 8.2 Article 6 and Article 11 of this Agreement shall survive if the Agreement is terminated.

#### **Article 9 Remedy**

Party A shall fully compensate Party B's losses that are caused by or may be caused by Party B's act of supplying service including but not limited to any losses caused by legal suits, recovery, arbitration, claims and administrative investigation and penalties with the exceptions of the losses caused by Party B's intentional misconduct or gross negligence.

#### **Article 10 Notice**

- 10.1 Any communications between parties pursuant to this Agreement including notice, requirement, offer and other correspondence shall be delivered in written form.
- 10.2 In the case of transmission by facsimile, the transmission shall be deemed delivered upon delivery; In case of delivering face to face, the transmission shall be deemed delivered upon delivery; all notices or communications sent by registered mail shall be deemed delivered five (5) Business Days from the time of posting.

## Article 11 Breach of Agreement

- 11.1 Both Parties agree and confirm that if any party (the “Breaching Party”) materially breach any terms of this Agreement or unable to perform any obligation under this Agreement, it will constitute a “Breach” act. Other party (the “Observant Party”) may ask for remedy measures in reasonable time. If the Breaching Party does not perform any remedy measures in the reasonable time required by the Observant Party or within 10 days after the written notice of the Observant Party, the Observant Party may choose one of the following remedy ways then 1 if the Breach Party is Party A, Party B may terminate this Agreement and require full compensation from the Breach Party; or require Party A ’s compulsory performance of the liabilities under this Agreement as well as the full compensation from Party A unknown character 2 if the Breach Party is Party B, Party A may require Party B’s compulsory performance of the liabilities under this Agreement as well as the full compensation from Party B.
- 11.2 Both parties agree and confirm that Party A shall under no circumstances terminate this agreement with whatever reasons.
- 11.3 The rights and remedies designated by this Agreement are accumulative, and do not exclude other rights or remedies under laws and regulations.
- 11.4 Article 11 shall survive after the Agreement is ceased or terminated, regardless of other Articles under this agreement.

## Article 12 Force Majeure

The force majeure under this agreement means earthquake, typhoon, flood, fire, war, computer virus, design leaks of implemental software, hacker attacks on internet, changes of policies and laws and other situations which cannot be foreseen, avoided or overcame. The party which might not perform this agreement fully or timely as a result of the direct influence caused by the force majeure, shall immediately notify by fax the other party and provide within 30 days the other party the details of the force majeure and the certificate documents proving the reasons that it is unable to perform this agreement or the performance of this agreement will be delayed. The foresaid certificate documents shall be issued by the notarization institutions located in the area where the force majeure takes place. The two parties shall, based on the extent of the influence the force majeure imposes on the performance of this contract, negotiate whether the obligations under this agreement should be partly exempted or postponed. Both parties are exempted from the compensation liability for the economic losses caused by the force majeure.

### Article 13 Miscellaneous

- 13.1 This Agreement shall be executed in two (2) original copies in Chinese and is hold respectively by each Party.
- 13.2 The conclusion execution, validity, interpretation, performance, amendment and termination of this Agreement are governed by the laws of PRC.
- 13.3 The Parties shall strive to settle any dispute, conflicts, or compensation claims arising from the interpretation or performance (including any issue relating to the existence, validity and termination) in connection with this Agreement through friendly consultation. In case no settlement can be reached within thirty (30) day after one party ask for the settlement, each party can submit such matter to China International Economic and Trade Arbitration Commission (the "CIETAC") in accordance with its rules. The arbitration award shall be final and conclusive and binding upon the Parties.
- 13.4 Any right, power or remedy granted to a party by one term of this agreement does not exclude the party from any right, power or remedy granted by other terms or laws and regulations. And one party's performance of its right, power and remedy does not exclude the party from performing other right, power and remedy.
- 13.5 No failure or delay by any Party in exercising any right or remedy provided by law or under this Agreement shall impair such right or remedy or operate or be construed as a waiver or variation of it or preclude its exercise at any subsequent time and no single or partial exercise of any such right or remedy shall preclude any other or further exercise of it or the exercise of any other right or remedy.
- 13.6 The headings are for convenience and under no circumstances the headings shall affect the interpretation of the articles of the agreement.
- 13.7 This Agreement is severable. If any Article of this Agreement is judged as invalid or non-enforceable according to relevant PRC Laws, such Article shall be deemed invalid only within the applicable area of the PRC Laws, and without affecting other Articles hereof in any way.
- 13.8 The Parties may amend and supply this Agreement with a written agreement. The amendment and supplement duly executed by the Parties shall be a part of this Agreement and shall have the same legal effect as this Agreement.

13.9 Without prior written approval of one party, the other party can not transfer, pledge or assign any right, benefit or obligation under this agreement.

13.10 This agreement is binding to all the parties herein and their respective lawful successors and assignees.

IN WITNESS THEREOF the Parties hereto have caused this Agreement to be duly executed on their behalf by a duly authorized representative as of the date first set above in Baoding.

The parties hereby sign as the following:

Hebei Baoding Orient Paper Milling Co., Ltd

seal

Signature /s/ Liu Zhenyong

Name Liu Zhenyong

Legal Representative/Authorized Representative

Baoding Shengde Paper Co., Ltd

seal

Signature /s/ Liu Zhenyong

Name Liu Zhenyong

Legal Representative/Authorized Representative

## LOAN AGREEMENT

This Loan Agreement (the "Agreement") is entered into in Baoding as of June 24, 2009 by the following parties.

**Party A:** Baoding Shengde Paper Co., Ltd

Registration Address: Nanwaihuan Road, Xushui County, Hebei Province, China

**Party B:** Liu Zhenyong

ID:13062519630822311X

Address:Liuzhuang, Cuizhuang Town, Xushui County, Hebei Province

**Party C:** Zhao Shuangxi

ID:13242319640606005X

Address:Hujaying, Liucun Town, Xushui County, Hebei Province

**Party D:** Liu Xiaodong

ID:132423197408117114

Address:#113, No 268, Chaoyang South Avenue, Xinshi District, Baoding City, Hebei Province

Party B, C and D(collectively the "the Borrowers") are the citizens of the PRC. Party A, B, C and D are referred to as "each party" and "parties" collectively.

### WHEREAS,

1: Party B, C and D borrow fund amounting to USD 10,000,000 from Party A to contribute to the equity interests of Hebei Baoding Orient Paper Milling Co., Ltd (hereafter refers to as Orient Paper) incorporated in Baoding according to PRC laws and regulations, with the registration address of Wuji Village, Xushui County, Hebei Province, China

2: Parties hereby agree the following:

### Article 1 Definition

1.1 In the agreement:

“**Loan**” means the fund in RMB Party A lends to the borrowers as of June 2009;

“**Fund**” means the money not yet paid back under this agreement;

“**Date**” means the date of this agreement;

“**PRC**” means the People’s Republic of China, which, for the purposes of this Agreement, shall exclude the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan;

“**Notice of payment**” shall have the meanings ascribed to them in article 4.1 of this agreement.

1.2 Terms in this agreement means the following:

“**Article**” shall be to articles of, and schedules to, this Agreement, provided otherwise indicated;

“**Tax**” or “**Taxation**” means any and all applicable tax or taxes (including, but not limited to, any value added tax, sales tax, income tax, or business tax, stamp or other duty, levy, impost, charge, fee, deduction, penalty or withholding imposed, levied, collected or assessed);

“**Lender and Borrower**” include the successors and assignees designated for the interests of each party.

1.3 References to this Agreement or any other contract shall be construed as including this Agreement or the relevant contract as it may be amended, varied or notated from time to time.

1.4 Headings shall not affect the construction of this Agreement.

1.5 unless otherwise stated, plural forms of a word in this agreement means the same as single forms.

## **Article 2 Loan**

2.1 Shengde Paper shall transfer the fund amounting to USD 10,000,000 to the Borrower within ninety(90) days as of the date of the Agreement; and has used this fund to fulfill the contribution of the registered capital of Orient Paper.

2.2 All parties confirm that fund provided by Shengde Paper includes actual payment by Shengde Paper and payment through a third party designated by Shengde Paper

### **Article 3 Interests**

All parties agree and confirm that this loan is an interest-free loan.

### **Article 4 Payback**

- 4.1 The Lender has the absolute freedom to deliver the Notice of Payment to ask for payback all or part of the loan within the term of the loan and ahead of thirty (30) days.
- 4.2 The term of the loan under this agreement starts from June 24, 2009, and lasts ten (10) years. (Hereby referred to as “the term of the loan”). During the term of the loan, the borrower cannot pay back the loan without written consent of the lender. The lender can pay back the loan before it is due according to article 4 of this agreement.
- 4.3 After the deadline designated in the Notice of Payment passes by, the Lender shall pay back the loan by means of cash or other means decided by board resolution in accordance with the articles of association and applicable laws and regulations.

### **Article 5 Tax**

Tax related to this agreement is shouldered by Party A.

### **Article 6 Remedies**

The borrower hereby warrants that in case of any breach of any obligations under this agreement, the lender shall claim all costs and expenses incurred with recovery activities, fees, claims, costs, detriments, requirements, expenses, liabilities, losses and procedures incurred directly or indirectly as a result of or in connection with the breach of any obligation.

### **Article 7 Account and certificate of debt**

Each party shall maintain the account record of the fund lent and paid. During the legal activity and procedures incurred by the agreement, those records are the preliminary evidence of the existence of obligations and amount.

### **Article 8 Confidentiality**

- 8.1 The borrower shall not discuss with any third party, other than for the purpose of performing the obligations under this agreement, (i) the existence, nature or terms of the negotiations and this Agreement; (ii) the lender's trade secrets, proprietary business information, client information known to the borrower during the construction and performance of this agreement and (iii) Shengde Paper's trade secrets, proprietary business information, client information known to the borrower as the shareholder of Orient Paper (the "Confidential Information") without the express written permission of the Lender.
- 8.2 The Borrower shall return to the Lender, destroy by other proper means, upon the expiration of the agreement and request of the Lender all documents, materials or software and cease to use any of the Confidential Information.
- 8.3 Article 8 shall survive after the agreement is ceased or terminated.

### **Article 9 Notice**

- 9.1 All notices or communications among the Parties, including without limitation, all offers, documents, or notices under this Agreement, shall be in writing.
- 9.2 In the case of transmission by facsimile, the transmission shall be deemed delivered upon delivery. In the case of face-by-face delivery, the transmission shall be deemed delivered upon delivery. All notices or communications sent by mail shall be deemed delivered five (5) Business Days from the time of posting.

### **Article 10 Breach of Agreement**

- 10.1 The following facts constitute the breach of the agreement:
- (1) The Borrower breaches any term under Proxy Agreement, Share Pledge Agreement or Call Option Agreement signed by the Borrower and the Lender and other related parties on June 24 , 2009; or
  - (2) The Borrower breaches any term under Exclusive Technology and Business Consulting Service Agreement on June 24 , 2009.
- 10.2 Article 10 shall survive after the agreement is ceased or terminated.

## Article 11 Miscellaneous

- 11.1 This Agreement shall be executed in four(4) original copies in Chinese and is hold respectively by Party A, B, C and D and each original copy has the same legal effect.
- 11.2 The execution, validity, interpretation, performance, amendment, termination and the dispute resolution of this agreement are governed by the laws of PRC.
- 11.3 The Parties shall strive to settle any dispute, conflicts, or compensation claims arising from the interpretation or performance (including any issue relating to the existence, validity and termination) in connection with this Agreement through friendly consultation. In case no settlement can be reached within thirty (30) day after one party ask for the settlement, each party can submit such matter to China International Economic and Trade Arbitration Commission (the "CIETAC") in accordance with its rules. The arbitration award shall be final and conclusive and binding upon the Parties.
- 11.4 Any right, power or remedy granted to a party by one term of this agreement does not exclude the party from any right, power or remedy granted by other terms or laws and regulations. And one party's performance of its right, power and remedy does not exclude the party from performing other right, power and remedy.
- 11.5 No failure or delay by any Party in exercising any right or remedy provided by law or under this Agreement shall impair such right or remedy or operate or be construed as a waiver or variation of it or preclude its exercise at any subsequent time and no single or partial exercise of any such right or remedy shall preclude any other or further exercise of it or the exercise of any other right or remedy.
- 11.6 The headings are for convenience and under no circumstances; the headings shall affect the interpretation of the articles of the agreement.
- 11.7 This Agreement is severable. If any clause of this Agreement is judged as invalid or non-enforceable according to relevant PRC Laws, such clause shall be deemed invalid only within the applicable area of the PRC Laws, and without affecting other clauses hereof in any way.
- 11.8 The Parties may amend and supply this Agreement with a written agreement.

The amendment and supplement duly executed by the Parties shall be a part of this Agreement and shall have the same legal effect as this Agreement.

11.9 Without prior written approval of Party A, the Borrowers can not transfer, pledge or assign any right, benefit or obligation under this agreement. Party A can transfer, pledge or assign any right benefit or obligation under this agreement upon notice of the other parties.

11.10 This agreement is binding to all the parties herein and their respective lawful successors and assignees.

[No text below]

[Signature Page]

**Party A:** Baoding Shengde Paper Co., Ltd  
(seal)

Signature: /s/ Liu Zhenyong

Name: Liu Zhenyong

Legal Representative/Authorized Representative

**Party B: Liu Zhenyong**

Signature: /s/ Liu Zhenyong

**Party C: Zhao Shuangxi**

Signature: /s/ Zhao Shuangxi

**Party D: Liu Xiaodong**

Signature: /s/ Liu Xiaodong

**June 24, 2009**

Baoding Shengde Paper Co., Ltd

**And**

Liu Zhenyong

Zhao Shuangxi

Liu Xiaodong

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**of**

Hebei Baoding Orient Paper Milling Co., Ltd

**Call Option Agreement**

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## Call Option Agreement

This Call Option Agreement (the "Agreement") is made by the following parties in Baoding, the People's Republic of China ("China"), on June 24, 2009.

1. **Liu Zhenyong**  
ID:13062519630822311X  
Address:Liuzhuang, Cuizhuang Town, Xushui County, Baoding City, China
  
2. **Zhao Shuangxi**  
ID:13242319640606005X  
Address:Huijiaying, Liucun Town, Xushui County, Baoding City, China
  
3. **Liu Xiaodong**  
ID:132423197408117114  
Address:#113, No 268, Chaoyang South Avenue, Xinshi District, Baoding City, China

(Hereinafter referred to as the "The existing shareholders" or "shareholders")

AND

4. Hebei Baoding Orient Paper Milling Co., Ltd, a liability limited company incorporated in Baoding whose registered offices are located at Wuji Village, Xushui County, Hebei Province, China

Orient Paper and the existing shareholders are hereinafter collectively referred to as the "PARTIES" and individually as a "PARTY")

Herein:

(1) The existing shareholders are the shareholders of Hebei Baoding Orient Paper Milling Co., Ltd ( a liability limited company incorporated under the laws of the People's Republic of China (PRC), whose registered offices are located at Wuji Village, Xushui County, Hebei Province, China ,hereinafter referred as "Orient Paper")

(2) The existing shareholders have intention to transfer their stocks to Baoding Shengde Paper Co., Ltd, respectively under doing not break Chinese laws, Shengde Paper has intention to accept the exchange.

(3) In order to carry out the exchange of the ownership of the stocks, the existing shareholders hereby irrevocably grants to Shengde Paper an option to purchase, to the extent permitted under PRC Law, according to the call option, the existing shareholders shall transfer the Call Option (as defined below) to Shengde Paper or its designated entity or person upon its requirement.

**NOW, THEREFORE**, the Parties to this Agreement hereby agree as follows:

#### **Article 1 Definitions**

Terms used in this Agreement shall have the meanings set forth below:

<b>“PRC Laws and Regulations”:</b>	Means the currently effective laws, administrative regulations, local regulations, explanations and other binding legal documents.
<b>“Call Option”:</b>	Means equity interests each shareholder has in Orient Paper’s registered capital and all the equity interests in Orient Paper in total.
<b>“Orient Paper’s Registered Capital”:</b>	Means at the date of this Agreement, Orient Paper’s registered capital (RMB 75,030,000), including any enlarged registered capital after future capital increase.
<b>“Exercise of Options”:</b>	Means when Shengde Paper exercises its options, it has the right to ask the shareholders transfer Orient Paper’s shares wholly or partly to Shengde Paper or its designated entity or natural person. The specific amount shall be freely decided by Shengde Paper according to PRC laws and its business concerns.
<b>“Exercise Price”:</b>	Each time when Shengde Paper exercise the option, Shengde Paper shall pay consideration to shareholders. The exercise price of Shengde Paper or its designated entity or natural person is RMB 1 Yuan. If at that time there are any

regulatory PRC laws regulating the minimum price, the minimum price regulated by PRC laws shall be the exercise price.

**“Certificates”:** Means Orient Paper’s approval, permission, registration, including but not limited to Business License, Tax Registration and other related certificates required by PRC laws for its effective and legal operation.

**“Orient Paper’s Assets”:** Means all tangible and intangible assets owned or authorized by Orient Paper to use during the term of this Agreement, including but not limited to trade mark, copy right, patent, technology, domain name, software use right and other intellectual property.

**“Principal Agreement”:** Means agreements Orient Paper enters into and has material effect on Orient Paper’s business and assets, including but not limit to Exclusive Technology and Business Consulting Service Agreement.

**“Loan Agreement”:** Means the Loan Agreement signed by Shareholders and ShengDe Paper.

## **Article 2 Grant Rights**

Shareholder (“Transferor”) hereby irrevocably grants to Shengde Paper an option to purchase or cause any designated person (“Designated Persons”) to purchase, to the extent permitted under PRC Law, according to the steps determined by Shengde Paper.

## **Article 3 Exercise of Option**

3.1 Shengde Paper has the full power without limitation to decide the specific time, amount and numbers of exercise as long as the conditions are in accordance with PRC laws.

3.2 At the time of exercise, Shengde Paper and/or the Designated Persons can hold all of Orient Paper’s shares under PRC laws, Shengde Paper is entitled to exercise all the options; If at the time of exercise, Shengde Paper and/or the Designated Persons can hold part of Orient Paper’s shares under PRC laws,

Shengde Paper is entitled to exercise the option within the upper limit regulated by PRC laws. Under the latter situation, Shengde Paper is entitled to further exercise the option in accordance with PRC laws until all the option has been exercised.

- 3.3 Each time Shengde Paper exercises its option, it can purchase the transferred equity interests itself or designate third persons to purchase all or part of the transferred equity interests.
- 3.4 According to the stipulations of PRC laws and regulation, Shengde Paper and/or the Designated Persons may exercise Option by issuing a written notice (the "Notice") to the Transferor and specifying the equity interest purchased from Transferor (the "Purchased Equity Interest") and the manner of purchase. (Please refer to Appendix II for the format). The shareholders shall transfer the equity interests wholly or partly to Shengde Paper and/or the Designated Persons upon receipt of the Notice.
- 3.5 In each time the performance of the Option:
- (1) The Transferor shall ask Orient Paper to convene the shareholders' meeting. During the meeting, the resolution, in which Transferor transfers Equity Interest to Shengde Paper and/or the Designated Persons, shall be made;
  - (2) The Transferor shall, upon the terms and conditions of this Agreement and the Notice related to the Purchased Equity Interest, enter into Equity Interest Transfer Agreement with Shengde Paper and/or the Designated Persons (as applicable); ;
  - (3) The related parties shall execute all other requisite contracts, agreements or documents, obtain all requisite approval and consent of the government, conduct all necessary actions, without any security interest, transfer the valid ownership of the Purchased Equity Interest to Shengde Paper and/or the Designated Persons, and cause Shengde Paper and/or the Designated Persons to be the registered owner of the Purchased Equity Interest. In this Clause and this Agreement, "Security Interest" means the ensure, mortgage, pledge, the right or interest of the third party, any purchase right of equity interest, right of acquisition, right of first refusal, right of set-off, ownership detainment or other security arrangements. But it does not include any security interest subject to the Equity Pledge Agreement.

#### Article 4 Representations and Warranties

4.1 As of the execution date of this Agreement and every transferring date, the Shareholder hereby represents and warrants collectively and respectively as follows:

4.1.1 It has the power and ability to enter into this Agreement, and any equity interest transferring Agreement (“Transferring Agreement”, respectively) having it as a party, for every single transfer of the Purchased Equity Interest according to this Agreement;

4.1.2 It has the power and ability to deliver this Agreement, and any equity interest transferring Agreement (“Transferring Agreement”, respectively) having it as a party, for every single transfer of the Purchased Equity Interest according to this Agreement, and to perform its obligations under this Agreement and any Transferring Agreement. Upon execution, this Agreement and the Transferring Agreements having it as a party constitute a legal, valid and binding obligation of it enforceable against it in accordance with its terms;

4.1.3 At the date of this Agreement, it is the owner of the option. Except for the rights designated by this Agreement, It does not set any security interest on the Option, including liens, pledge, claims, guaranties and other limitations from third party;

4.1.4 At the date of this Agreement, Orient Paper has all the certificates necessary to its operation. Orient Paper has full right and qualification to operate [Production of Writing Paper, Corrugated Paper and Packaging Paper, Wholesaling and retailing of Pulp; Operations of exporting for own products and technology and importing for raw and auxiliary materials ,machinery and equipment, spare parts and technology which enterprise needs. But excluding the operations limited by the State and the importing and exporting of products and technology prohibited by the State] business within the territory of China. No litigation, arbitration or administrative procedure relevant to the equity interest and assets of Orient Paper or the corporation is in the process, to be settled or potentially take place;

4.2 Shengde Paper represents and warrants as the following:

4.2.1 Shengde Paper is a limited company registered in accordance with PRC laws. It has the power and ability to enter into, deliver and perform this Agreement;

4.2.2 ShengdePaper has performed all the necessary internal authorization procedures within the company. It owns full rights and authorization to enter into and perform the documents related to the transaction;

## Article 5 Promises of Shareholders and Orient Paper

As of the execution date of this Agreement and every transferring date, the Shareholder and Orient Paper hereby promises collectively and respectively as follows:

- 5.1 According to fair finance and business standard and tradition, to maintain the existence of the corporation, prudently and effectively operate business and deal with works during the term of the Agreement;
- 5.2 Without prior written consent by Shengde Paper during the term of the Agreement,
  - 5.2.1 not, upon the execution of this Agreement, to sale, transfer, mortgage or dispose, in any other form, any asset, legitimate or beneficial interest of business or income of Orient Paper or to approve any other security interest set on it;
  - 5.2.2 not, in any form, to increase or decrease registered capital of the Orient Paper, or to change the structure of the registered capital in any other forms;
  - 5.2.3 Not, dispose or urge the management of Orient Paper dispose any of the Orient Paper's assets (except that it is in the due course of operation;)
  - 5.2.4 Not to enter into any material Agreement with Orient Paper, other than the Agreement in the process of normal business;
  - 5.2.5 Not, appoint or remove any Orient Paper's managing director, directors of the board (if applicable), supervisors or other management personnel that shall be appointed and removed by the Shareholders.
  - 5.2.6 Not, declare distribution or actually distribute any distributable profits, interests, or dividends;
  - 5.2.7 Ensure Orient Paper's going concern without being terminated, liquidated or dissolution;
  - 5.2.8 Not, in any form, to supplement, change or renew the Articles of Association of Orient Paper.
- 5.3 To normally operate all business to maintain the asset value of Orient Paper,

without make any action or nonfeasance that sufficiently affects its operation and asset value during the term of the Agreement.

#### **Article 6 Confidentiality**

6.1 The Shareholder shall not discuss with any third party, other than for the purpose of performing the obligations under this agreement, (i)the existence, nature or terms of the negotiations and this Agreement; (ii)the Shengde Paper's trade secrets, proprietary business information, client information known to the Shareholder during the construction and performance of this agreement and (iii) trade secrets, proprietary business information, client information known to the Shareholder as the shareholder of Orient Paper,(the "Confidential Information") without the express written permission of Shengde Paper.

6.2 The Shareholder shall return to the Shengde Paper, destroy by other proper means, upon the expiration of the agreement and request of the Shengde Paper all documents, materials or software and cease to use any of the Confidential Information.

6.3 Article 6 shall survive after the agreement is ceased or terminated.

#### **Article 7 Term of Agreement**

7.1 This Agreement has been duly executed by the parties' authorized representatives and terminates until all the call option under this Agreement has been transferred to Shengde Paper or its designated entities or natural persons.

#### **Article 8 Notice**

8.1 Any communications among parties of this Agreement, including notice, requirement and offer shall be delivered in written form.

8.2 In the case of transmission by facsimile, the transmission shall be deemed delivered upon delivery; In case of delivering face to face, the transmission shall be deemed delivered upon delivery; all notices or communications sent by registered mail shall be deemed delivered five (5) Business Days from the time of posting.

#### **Article 9 Breach of Agreement**

9.1 The Parties agree and confirm that if any party (the "Breaching Party")

materially breach any terms of this Agreement or unable to perform any obligation under this Agreement, it will constitute a “Breach” act. Shengde Paper (the “Observant Party”) shall ask for remedy measures in reasonable time. If the Breaching Party does not perform any remedy measures in the reasonable time required by the Observant Party or within 10 days after the written notice of the Observant Party, then (1) if the shareholders or Orient Paper is the breaching party, Shengde Paper can terminate this Agreement and ask for remedies; (2) if Shengde Paper is the breaching party, the observant party shall ask for remedies, but cannot terminate the Agreement.

9.2 The Parties agree and confirm that the Shareholders cannot terminate this agreement under any circumstances and for any reason.

9.3 The rights and remedies designated by this Agreement are accumulative, and do not exclude other rights or remedies under laws and regulations.

9.4 Article 9 shall survive after the agreement is ceased or terminated.

#### **Article 10 Miscellaneous**

10.1 This Agreement shall be executed in four (4) original copies in Chinese and is hold respectively by each Party, and each original copy has the same legal effect.

10.2 The execution, validity, interpretation, performance, amendment, termination and the dispute resolution of this agreement are governed by the laws of PRC

10.3 The Parties shall strive to settle any dispute, conflicts, or compensation claims arising from the interpretation or performance (including any issue relating to the existence, validity and termination) in connection with this Agreement through friendly consultation. In case no settlement can be reached within thirty (30) day after one party ask for the settlement, each party can submit such matter to China International Economic and Trade Arbitration Commission (the “CIETAC”) in accordance with its rules. The arbitration award shall be final and conclusive and binding upon the Parties.

10.4 Any right, power or remedy granted to a party by one term of this agreement does not exclude the party from any right, power or remedy granted by other terms or laws and regulations. And one party’s performance of its right, power and remedy does not exclude the party from performing other right, power and remedy.

10.5 No failure or delay by any Party in exercising any right or remedy provided

by law or under this Agreement shall impair such right or remedy or operate or be construed as a waiver or variation of it or preclude its exercise at any subsequent time and no single or partial exercise of any such right or remedy shall preclude any other or further exercise of it or the exercise of any other right or remedy.

- 10.6 The headings are for convenience and under no circumstances; the headings shall affect the interpretation of the articles of the agreement.
- 10.7 This Agreement is severable. If any clause of this Agreement is judged as invalid or non-enforceable according to relevant PRC Laws, such clause shall be deemed invalid only within the applicable area of the PRC Laws, and without affecting other clauses hereof in any way.
- 10.8 The Parties may amend and supply this Agreement with a written agreement. The amendment and supplement duly executed by the Parties shall be a part of this Agreement and shall have the same legal effect as this Agreement.
- 10.9 Without prior written approval of Shengde Paper, the Shareholders can not transfer, pledge or assign any right, benefit or obligation under this agreement. Shengde Paper can transfer, pledge or assign any right benefit or obligation under this agreement upon notice of the other parties.
- 10.10 This agreement is binding to all the parties herein and their respective lawful successors and assignees.

The parties hereby sign as the following:

**Liu Zhenyong**

Signature: /s/ Liu Zhenyong \_\_\_\_\_

**Zhao Shuangxi**

Signature: /s/ Zhao Shuangxi \_\_\_\_\_

**Liu Xiaodong**

Signature: /s/ Liu Xiaodong \_\_\_\_\_

Hebei Baoding Orient Paper Milling Co., Ltd  
(seal)

Signature: /s/ Liu Zhenyong \_\_\_\_\_

Name:Liu Zhenyong

Legal Representative/Authorized Representative

**Current Situation of Hebei Baoding Orient Paper Milling Co., Ltd**

Name: Hebei Baoding Orient Paper Milling Co., Ltd

Registered Address: Wuji Village, Xushui County, Hebei Province, China

Registered: RMB 75,030,000Yuan

Legal Representative: Liu Zhenyong

Share Structure:

<b>Shareholde</b>	<b>Capital Contribution:RMB:</b>	<b>Percentage</b>
Liu Zhenyong	69970000	93.26%
Zhao Shuangxi	100000	0.13%
Liu Xiaodong	4960000	6.61%

**Format of Notice**

To:[Name of the Shareholders]

Whereas our Company has entered into a Call Option Agreement on June 24, 2009, which designated that under circumstances permitted by PRC laws and regulations, upon our requirement, you shall transfer your equity interests in Wuji, XuShui County, BaoDing City, China (Orient Paper) to our Company or any third person designated by our Company.

Hereby, we issue the Notice of the following:

Our Company hereby exercises the option under the Call Option Agreement and requires you to transfer [ ] % of equity interests of Orient Paper, you hold to the Company or [ ](designated person). Please immediately transfer the equity interests above mentioned to the Company or [ ](designated person) according to Call Option Agreement upon receipt of this Notice.

Baoding Shengde Paper Co., Ltd

(seal)

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

Legal Representative/Authorized Representative

## SHARE PLEDGE AGREEMENT

This Share Pledge Agreement (hereinafter “this Agreement”) is entered into in Baoding on the day of June 24 , 2009 by the following parties:

Party A:Baoding Shengde Paper Co. Ltd(hereafter referred to as“Pledgee”)  
Address:Nanwaihuan Road, Xushui County, Hebei Province, China

Party B:(hereafter referred to as “Pledgor”)

**Liu Zhenyong**  
ID:13062519630822311X  
Address:Liuzhuang, Cuizhuang Town, Xushui County, Hebei Province

**Zhao Shuangxi**  
ID:13242319640606005X  
Address:Hujiaying, Liucun Town, Xushui County, Hebei Province

**Liu Xiaodong**  
ID:132423197408117114  
Address:#113, No 268, Chaoyang South Avenue, Xinshi District, Baoding City, Hebei Province

**Party C:**Hebei Baoding Orient Paper Milling Co., Ltd  
Address:Wuji Village, Xushui County,Hebei Province, China

### Whereas:

1. The Party A, the Pledgee, is a wholly-owned foreign enterprise registered in Baoding the People’s Republic of China (hereinafter “PRC”)
2. Party C is a enterprise registered in accordance with the laws and regulations of PRC.
3. The Pledgors, are the citizens of PRC. The Pledgors own respectively 93.26% , 0.13% and

6.61% of the equity interest in Party C

4. Party A, B and C executed a “Exclusive Technology and Business Consulting Service Agreement” (hereinafter “Exclusive Technology and Business Consulting Service Agreement” or “Service Agreement”), Call Option Agreement, Loan Agreement and Proxy Agreement on June 24, 2009.
5. In order to ensure that Pledgors will perform their obligations under the Service Agreement and the Pledgee can normally collect the Technology Consulting Service Fee from Party C, the Pledgors agree to pledge all their equity interest in Party C as a security for the performance of the obligation under Call Option Agreement, Proxy Agreement and payment of the Technology Consulting Service Fee under the Exclusive Technology and Business Consulting Service Agreement”As a result of the foregoing, Party A and Party B reach this Share Pledge Agreement.

NOW THEREFORE, the Pledgee and the Pledgors through mutual negotiations hereby enter into this Agreement based upon the following terms:

**1. Definition**

Unless otherwise provided in this Agreement, the following terms shall have the following meanings:

- 1.1 “Pledge”: refers to the full content of Article 2 hereunder.
- 1.2 “Equity Interest”: refers to all the equity interest in Party C legally held by the Pledgors.
- 1.3 “Principal Agreement”: refers to the Exclusive Technology and Business Consulting Service Agreement” Call Option Agreement, Loan Agreement and the Proxy Agreement.
- 1.4 “Event of Default”: refers to any event in accordance with Article 7 hereunder.
- 1.5 “Notice of Default”: refers to the notice of default issued by the Pledgee in

accordance with this Agreement.

## 2. Pledge

2.1 The Pledgors agree to pledge their equity interest in Party C to the Pledgee as a security for their obligations under the Principal Agreement.

2.2 The scope of Pledge under this Agreement refers to all costs(including legal costs) , payment Party C and/or the Pledgors shall pay the Pledgee, losses, interests, penalty, compensation, and expenses to realize the debt, and obligations of Party C and/or the Pledgor to the Pledgee under the circumstances that the agreement is wholly or in part invalid due to any reasons.

2.3 Pledge under this Agreement refers to the rights owned by the Pledgee, who shall be entitled to a priority in receiving payment by the evaluation or proceeds from the auction or sale of the equity interest pledged by the Pledgors to the Pledgee.

2.4 Without other written consent of the Pledgee, Pledge shall take effect until the obligations under the Principal Agreements will have been fulfilled. If Party C or the Pledgor cannot fulfill all or part of the obligations under the Principal Agreements at the time the term of those agreements expires, the Pledgee shall be still entitled to the pledge under this Agreement, until all the above said obligations has been fulfilled.

## 3. Effectiveness and Term

3.1 The agreement is effective as of the date first set forth above.

3.2 During the term of the Pledge, the Pledgee shall be entitled to dispose of the pledged assets in accordance with this Agreement in the event that Pledgors do not perform their obligation under the Loan Agreement and Pledgor fails to pay exclusive technology consulting service fee in accordance with the Exclusive Technology and Business Consulting Service Agreement.

## 4. Physical Possession of the Documents

- 4.1 During the term of Pledge under this Agreement, the Pledgors shall deliver the physical possession of the Name List of Shareholder of Party C to the Pledgee within sixty days as of the date of conclusion of this Agreement.
- 4.2 If any information on the certificate of pledge has changed, the Pledgor and the Pledgee shall revise the information on the certificate within 5 days as of the date of this Agreement.
- 4.3 The Pledgee shall be entitled to collect the dividends for the equity interest.

**5. Representation and Warranty of Pledgors**

The Pledgor represents and warrants as the following, and confirms that the Pledgee signs and performs this Agreement depending on the following representations and warranties:

- 5.1 The Pledgors are the legal owners of the equity interest pledged.
- 5.2 The Pledgors do not pledge the equity interest or the equity interest is not encumbered to any other person except for the Pledgee.

**6. Promises of Pledgors**

- 6.1 During the effective term of this Agreement, the Pledgors promise to the Pledgee for its benefit that the Pledgors shall:
  - 6.1.1 Not transfer or assign the equity interest, create or permit to create any pledges which may have an adverse effect on the rights or benefits of the Pledgee without prior written consent from the Pledgee;
  - 6.1.2 Comply with and implement laws and regulations with respect to the pledge of rights; present to the Pledgee the notices, orders or suggestions with respect to the Pledge issued or made by the competent authority within five days upon receiving such notices, orders or suggestions; and comply with such notices, orders or suggestions; or object to the foregoing matters at the reasonable request of the Pledgee or with consent from the Pledgee;

6.1.3 Timely notify the Pledgee of any events or any received notices which may affect the Pledgor's equity interest or any part of its right, and any events or any received notices which may change the Pledgor's any warranty and obligation under this Agreement or affect the Pledgor's performance of its obligations under this Agreement.

6.2 The Pledgors agree that the Pledgee's right to the Pledge obtained from this Agreement shall not be suspended or inhibited by any legal procedure launched by the Pledgor or any successors of the Pledgor or any person authorized by the Pledgor or any such other person.

6.3 The Pledgors promise to the Pledgee that in order to protect or perfect the security for the payment of the Loan and the Service Fee, the Pledgors shall execute in good faith and cause other parties who have interests in the pledge to execute all the title certificates, contracts, and perform actions and cause other parties who have interests to take action, as required by the Pledgee; and make access to exercise the rights and authorization vested in the Pledgee under this Agreement.

6.4 The Pledgors promise to the Pledgee that they will comply with and perform all the guarantees, covenants, warranties, representations and conditions for the benefits of the Pledgee. The Pledgors shall compensate all the losses suffered by the Pledgee for the reasons that the Pledgors do not perform or fully perform their guarantees, covenants, warranties, representations and conditions.

## 7. Event Of Default

7.1 The following events shall be regarded as the events of default:

7.1.1 Party C, its successors and assignees fail to make full payment as scheduled under Principal Agreement;

7.1.2 The Pledgor makes any material misleading or mistaken representations or warranties under Article 5 and 6 herein, and/or the Pledgor breaches any warranties under Article 5 and 6 herein;

7.1.3 The Pledgor breaches the term or condition herein;

7.1.4 Except that in 6.1.1, the Pledgor waives the pledged equity interest or transfers or assigns the pledged equity interest without prior written consent from the Pledgee;

7.2 The Pledgor shall immediately give a written notice to the Pledgee if the Pledgor is aware of or find that any event under Article 7.1 herein or any event that may result in the foregoing events has happened or is going on.

7.3 Unless the event of default under Article 7.1 herein has been solved to the Pledgee's satisfaction, the Pledgee, at any time when the event of default happens or thereafter, may give a written notice of default to the Pledgor and require the Pledgor to immediately make full payment of the loan and the outstanding service fees under the Service Agreement and other payables or exercise the Pledge right in accordance with Article 8 herein.

## 8. Exercise of the Pledge

8.1 The Pledgor shall not transfer or assign the equity interest without prior written approval from the Pledgee prior to the full repayment of Principal Agreements (whichever date last occurs).

8.2 The Pledgee shall give a notice of default to the Pledgor when the Pledgee exercises the right of pledge according to 7.3 of this Agreement.

8.3 Subject to Article 8.2, the Pledgee may exercise the right of pledge at any time when the Pledgee gives a notice of default in accordance with Article 7.3 or thereafter.

8.4 The Pledgee is entitled to a priority in receiving payment by the evaluation or proceeds from the auction or sale of whole or part of the equity interest pledged herein in accordance with legal procedure until the unpaid Service Fees under the Service Agreement, the outstanding debt and all other payables of Pledgors under Loan Agreement are repaid.

8.5 The Pledgor shall not hinder the Pledgee from exercising the right of pledge in accordance with this Agreement and shall give necessary assistance so that the Pledgee could realize his Pledge.

**9. Assignment**

- 9.1 The Pledgor shall not donate or transfer its rights and obligations herein without prior consent from the Pledgee.
- 9.2 The Pledgee may transfer or assign his all or any rights and obligations under the Service Agreement to any individual specified by it (natural person or legal entity) at any time. In this case, the assignee shall enjoy and undertake the same rights and obligations herein of the Pledgee as if the assignee is a party hereto. When the Pledgee transfers or assigns the rights and obligations under the Service Agreement, and such transfer shall only be subject to a written notice serviced to Pledgors, and at the request of the Pledgee, the Pledgors shall execute the relevant agreements and/or documents with respect to such transfer or assignment.
- 9.3 After the Pledgee's change resulting from the transfer or assignment, the new parties to the pledge shall execute a new pledge contract.

**10. Miscellaneous**

- 10.1 This Agreement shall be executed in five (5) original copies in Chinese and is hold respectively by each Party, and each original copy has the same legal effect.
- 10.2 The execution, validity, interpretation, performance, amendment, termination and the dispute resolution of this agreement are governed by the laws of PRC
- 10.3 The Parties shall strive to settle any dispute, conflicts, or compensation claims arising from the interpretation or performance (including any issue relating to the existence, validity and termination) in connection with this Agreement through friendly consultation. In case no settlement can be reached within thirty (30) day after one party ask for the settlement, each party can submit such matter to China International Economic and Trade Arbitration Commission (the "CIETAC") in accordance with its rules. The arbitration award shall be final and conclusive and binding upon the Parties.
- 10.4 Any right, power or remedy granted to a party by one term of this agreement does not exclude the party from any right, power or remedy granted by other terms or

laws and regulations. And one party's performance of its right, power and remedy does not exclude the party from performing other right, power and remedy.

- 10.5 No failure or delay by any Party in exercising any right or remedy provided by law or under this Agreement shall impair such right or remedy or operate or be construed as a waiver or variation of it or preclude its exercise at any subsequent time and no single or partial exercise of any such right or remedy shall preclude any other or further exercise of it or the exercise of any other right or remedy.
- 10.6 The headings are for convenience and under no circumstances; the headings shall affect the interpretation of the articles of the agreement.
- 10.7 This Agreement is severable. If any clause of this Agreement is judged as invalid or non-enforceable according to relevant PRC Laws, such clause shall be deemed invalid only within the applicable area of the PRC Laws, and without affecting other clauses hereof in any way.
- 10.8 The Parties may amend and supply this Agreement with a written agreement. The amendment and supplement duly executed by the Parties shall be a part of this Agreement and shall have the same legal effect as this Agreement.
- 10.9 Without prior written approval of one party, the other party can not transfer, pledge or assign any right, benefit or obligation under this agreement. Party A can transfer, pledge or assign any right benefit or obligation under this agreement upon notice of the other parties.
- 10.10 This agreement is binding to all the parties herein and their respective lawful successors and assignees.

The parties hereby sign as the following:

Baoding Shengde Paper Co., Ltd  
(seal)

Signature: /s/ Liu Zhenyong \_\_\_\_\_

Name:Liu Zhenyong

Legal Representative/Authorized Representative

**Liu Zhenyong**

Signature: /s/ Liu Zhenyong \_\_\_\_\_

**Zhao Shuangxi**

Signature: /s/ Zhao Shuangxi \_\_\_\_\_

**Liu Xiaodong**

Signature: /s/ Liu Xiaodong \_\_\_\_\_

Hebei Baoding Orient Paper Milling Co., Ltd  
(seal)

Signature: /s/ Liu Zhenyong \_\_\_\_\_

Name:Liu Zhenyong

Legal Representative/Authorized Representative

**Appendix**  
**Name List of Shareholder of Party C**

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Hebei Baoding Orient Paper Milling Co., Ltd  
Name List of Shareholder  
[As of June 24 , 2009]

Shareholder	Capital Contribution (RMB)	Percentage	Certificate No	Note
Liu Zhenyong	69970000	93.26%		
Zhao Shuangxi	100000	0.13%		
Liu Xiaodong	4960000	6.61%		

Seal:

Legal Representative:Liu Zhenyong

Date:June 24, 2009

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**June 24, 2009**

Baoding Shengde Paper Co., Ltd

**And**

Liu Zhenyong

Zhao Shuangxi

Liu Xiaodong

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**of**

Hebei Baoding Orient Paper Milling Co., Ltd

**Proxy Agreement**

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## Proxy Agreement

This Proxy Agreement (the "Agreement") is entered into as June 24, 2009 between the following parties in Baoding

1. **Baoding Shengde Paper Co. Ltd(referred to as Shengde Paper)**  
Registered Address: Nanwaihuan Road, Xushui County, Hebei Province, China
2. **Hebei Baoding Orient Paper Milling Co., Ltd** referred as Orient Paper  
Registered Address: Wuji Village, Xushui County, Hebei Province, China
3. **Liu Zhenyong**  
ID:13062519630822311X  
Address:Liuzhuang, Cuizhuang Town, Xushui County, Hebei Province
4. **Zhao Shuangxi**  
ID:13242319640606005X  
Address:Hujiaying, Liucun Town, Xushui County, Hebei Province
5. **Liu Xiaodong**  
ID:132423197408117114  
Address:#113, No 268, Chaoyang South Avenue, Xinshi District, Baoding City, Hebei Province

(Liu Zhenyong, Zhao Shuangxi and Liu Xiaodong hereby are together referred to as "Shareholder or Shareholders".)

Whereas:

1. Liu Zhenyong, Zhao Shuangxi and Liu Xiaodong established Orient Paper and own the equity interests of Orient Paper.
2. Orient Paper is willing unlimitedly entrust the person designated by Shengde Paper with the shareholder's voting right at the shareholder's meeting of Orient Paper.

**NOW THEREFORE**, the parties agree as follows:

### Article I Entrust of Voting Rights

- 1.1 Shareholders hereby agree to irrevocably entrust the person designated by Shengde Paper with his shareholder's voting rights and other shareholder's right for representing him to exercise such rights at the shareholder's meeting of Orient Paper in accordance with the laws and its Article of Association as the following (hereafter referred to as "Entrusted Rights"):
- (1) Representative of the shareholders must attend Orient Paper's shareholder's meeting;
  - (2) Representing to act shareholders' voting rights in shareholder's meetings;
- (3) Call on for temporary shareholders' meetings;
- (4) Act other voting rights in accordance with articles of association of Orient Paper (including other voting rights of shareholders in the restated articles of association).
- 1.2 Each shareholder will shoulder relevant responsibilities for any legal consequences by the acts of Shengde Paper to perform the Entrusted Rights.
- 1.3 Shareholders hereby agree that Shengde Paper can perform the above Entrusted Rights without consent of the shareholders. However, Shengde Paper shall notify each shareholder immediately after resolutions are reached.

#### **Article 2 Knowledge**

- 2.1 In order to realize the Entrusted Rights, Shengde Paper is entitled to learn about any information related to Orient Paper's operation, business, client, accounting, and employees, and review related materials. Orient Paper shall use all its best endeavors to cooperate.

#### **Article 3 Performance of Entrusted Rights**

- 3.1 Under necessary circumstances, Shengde Paper can designate a person (one or several) within its Company who accepts the entrustment authorized by Shengde Paper, and this person shall represent to exercise his shareholder's voting rights and shareholder's rights pursuant to this Agreement.
- 3.2 Shareholders shall offer full assistance to help Shengde Paper act its entrusted rights, including signing shareholders' resolution and other related legal documents concerning Orient Paper decided by Shengde Paper, such as documents to meet governmental requirements for approval and registration).
- 3.3 If in any time within the term of the Agreement, the entrusted rights cannot be realized by any reason excluding the breach of agreement by the shareholders and Orient Paper, each party shall impel a similar replacement, and sign amendments to

revise or adjust the terms and conditions of this Agreement to assure the realization of the purpose of this Agreement.

#### **Article 4 Obligation and Remedies**

- 4.1 The parties hereby agree that Shengde Paper shall not be asked for any remedy or obligation under the terms of this Agreement.
- 4.2 The shareholders and Orient Paper agree to remedy any losses of Shengde Paper incurred under the terms of this Agreement and prevent it from damages, including but not limited to losses related to laws suits, arbitrations, claims, governmental administrative searches, penalties, provided that such losses are due to Shengde Paper intentional act or serious negligence.

#### **Article 5 Representations and Warranties**

- 5.1 The shareholders jointly and severally represent and warrant as the following
- 5.1.1 Each of them has the legal right and full power and authority to enter into and perform this Agreement, which when executed will constitute valid and binding obligations in accordance with their respective terms.
- 5.1.2 Each of them has been authorized with full power to sign and perform this Agreement.. The agreement has been duly signed and delivered by them. The Agreement construes legal binding obligations for each of them and can be executed in accordance with the terms and conditions of this Agreement.
- 5.1.3 On the date of this Agreement, Each of them is Orient Paper's lawful shareholder. Except for the rights designated by this Agreement, No other third party will ask for the Entrusted rights. According to this Agreement, Shengde Paper can act its Entrusted rights fully and completely according to the effective articles of associations of Orient Paper.
- 5.2 Shengde Paper and Orient Paper jointly and severally represent and warrant as the following:

5.2.1 Each of them has the legal right and full power and authority to enter into and perform this Agreement, which when executed will constitute valid and binding obligations in accordance with their respective terms.

5.2.2 Each of them has been authorized with full power to sign and perform this Agreement.

5.3 Each Shareholder represents and warrants as the following:

5.3.1 On the date of this Agreement, Shareholders are Orient Paper's lawful shareholders. Except for the rights designated by this Agreement, No other third party will ask for the Entrusted rights. According to this Agreement, Shengde Paper can act its Entrusted rights fully and completely according to the effective articles of associations of Orient Paper.

#### **Article 6 Term of This Agreement**

6.1 This Agreement has been duly executed by the parties' authorized representatives. The parties hereby acknowledge that if either of the shareholders holds the equity interests of Orient Paper, the other person shall continue to perform this Agreement without time limit.

6.2 If any shareholder transfers its equity interest in Orient Paper with advance consent of Shengde Paper, it will cease to be a party of this Agreement, while the obligation and commitment of the other shareholder shall not be negatively affected.

#### **Article 7 Notice**

7.1 Any communications among parties of this Agreement, including notice, requirement and offer shall be delivered in written form.

7.2 In the case of transmission by facsimile, the transmission shall be deemed delivered upon delivery; In case of delivering face to face, the transmission shall be deemed delivered upon delivery; all notices or communications sent by registered mail shall be deemed delivered five (5) Business Days from the time of posting.

#### **Article 8 Breach of Agreement**

- 8.1 The Parties agree and confirm that if any party (the “Breaching Party”) materially breach any terms of this Agreement or unable to perform any obligation under this Agreement, it will constitute a “Breach” act. Other party (the “Observant Party”) shall ask for remedy measures in reasonable time. If the Breaching Party does not perform any remedy measures in the reasonable time required by the Observant Party or within 10 days after the written notice of the Observant Party, then (1) if the shareholders or Orient Paper is the breaching party, Shengde Paper can terminate this Agreement and ask for remedies; (2) if Shengde Paper is the breaching party, the observant party shall ask for remedies, but cannot terminate the Agreement.
- 8.2 The rights and remedies designated by this Agreement are accumulative, and do not exclude other rights or remedies under laws and regulations.
- 8.3 Article 8 shall survive after the agreement is ceased or terminated.

#### **Article 9 Miscellaneous**

- 9.1 This Agreement shall be executed in five (5) original copies in Chinese and is hold respectively by each Party, and each original copy has the same legal effect.
- 9.2 The execution, validity, interpretation, performance, amendment, termination and the dispute resolution of this agreement are governed by the laws of PRC
- 9.3 The Parties shall strive to settle any dispute, conflicts, or compensation claims arising from the interpretation or performance (including any issue relating to the existence, validity and termination) in connection with this Agreement through friendly consultation. In case no settlement can be reached within thirty (30) day after one party ask for the settlement, each party can submit such matter to China International Economic and Trade Arbitration Commission (the “CIETAC”) in accordance with its rules. The arbitration award shall be final and conclusive and binding upon the Parties.
- 9.4 Any right, power or remedy granted to a party by one term of this agreement does not exclude the party from any right, power or remedy granted by other terms or laws and regulations. And one party’s performance of its right, power and remedy does not exclude the party from performing other right, power and remedy.
- 9.5 No failure or delay by any Party in exercising any right or remedy provided by law or under this Agreement shall impair such right or remedy or operate or be construed as a waiver or variation of it or preclude its exercise at any subsequent

time and no single or partial exercise of any such right or remedy shall preclude any other or further exercise of it or the exercise of any other right or remedy.

- 9.6 The headings are for convenience and under no circumstances; the headings shall affect the interpretation of the articles of the agreement.
- 9.7 This Agreement is severable. If any clause of this Agreement is judged as invalid or non-enforceable according to relevant PRC Laws, such clause shall be deemed invalid only within the applicable area of the PRC Laws, and without affecting other clauses hereof in any way.
- 9.8 The Parties may amend and supply this Agreement with a written agreement. The amendment and supplement duly executed by the Parties shall be a part of this Agreement and shall have the same legal effect as this Agreement.
- 9.9 Without prior written approval of one party , the other party can not transfer, pledge or assign any right, benefit or obligation under this agreement.
- 9.10 This agreement is binding to all the parties herein and their respective lawful successors and assignees.

The parties hereby sign as the following:

Baoding Shengde Paper Co., Ltd  
(seal)

Signature: /s/ Liu Zhenyong \_\_\_\_\_

Name: Liu Zhenyong

Legal Representative/Authorized Representative

Hebei Baoding Orient Paper Milling Co., Ltd  
(seal)

Signature: /s/ Liu Zhenyong \_\_\_\_\_

Name: Liu Zhenyong

Legal Representative/Authorized Representative

Liu Zhenyong

Signature: /s/ Liu Zhenyong \_\_\_\_\_

Zhao Shuangxi

Signature: /s/ Zhao Shuangxi \_\_\_\_\_

Liu Xiaodong

Signature: /s/ Liu Xiaodong \_\_\_\_\_