

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

MARK HENNING, ROMAN ZARETSKI, AND
CHRISTIAN STILLMARK, INDIVIDUALLY
AND ON BEHALF OF ALL OTHERS SIMILARLY SITUATED,

No. CV 10-5887-R (AJWx)

Plaintiffs,

CLASS ACTION

v.

ORIENT PAPER, INC.; ZHENYONG LIU; WINSTON C. YEN;
DAHONG ZHOU; JING HAO; DREW BERNSTEIN; DAVIS
ACCOUNTING GROUP, P.C., and EDWIN REECE DAVIS

NOTICE OF PENDENCY AND
SETTLEMENT OF CLASS ACTION
Hon. Manuel L. Real

Defendants.

IF YOU PURCHASED OR OTHERWISE ACQUIRED THE COMMON STOCK (“STOCK”) OF ORIENT PAPER, INC. (“ORIENT PAPER” OR THE “COMPANY”) DURING THE PERIOD FROM MARCH 27, 2009 THROUGH AND INCLUDING AUGUST 13, 2010, YOU COULD GET A PAYMENT FROM A CLASS ACTION SETTLEMENT (THE “SETTLEMENT”).

Under law, a federal court has authorized this notice.

- If approved by the Court, the settlement will provide \$2,000,000, plus interest (the “Settlement Amount”), to pay claims of investors who purchased Orient Paper Stock during the period from March 27, 2009 through and including August 13, 2010 (the “Class Period”).
- The Settlement represents an average recovery of \$0.157 per share of Orient Paper Stock for the 12,744,829 million shares outstanding as of August 13, 2010, the end of the Class Period. A share may have been traded more than once during the Class Period. This estimate solely reflects the average recovery per outstanding share of Orient Paper Stock. The indicated average recovery per share will be the total average recovery for all purchasers of that share. This is not an estimate of the actual recovery per share you should expect. Your actual recovery will depend on the aggregate losses of all Class Members, the date(s) you purchased and sold Orient Paper Stock, and the total number and amount of claims filed.
- Attorneys for the Lead Plaintiff (“Class Counsel”) intend to ask the Court to award them fees of \$500,000 or twenty-five percent (25%) of the Settlement Amount, reimbursement of litigation expenses of no more than \$230,000, and an award to the Lead Plaintiffs not to exceed \$10,000. Collectively, the attorneys’ fees and expenses are estimated to average \$0.058 per share of Orient Paper Stock. If approved by the Court, these amounts will be paid from the Settlement Fund.
- The approximate recovery, after deduction of attorneys’ fees and expenses approved by the Court, is an average of \$0.099 per share of Orient Paper Stock. This estimate is based on the assumptions set forth in the preceding paragraph. Your actual recovery, if any, will vary depending on your purchase price and sales price, and the number and amount of claims filed.
- The Settlement resolves the lawsuit concerning whether Orient Paper and its officers and directors made false and misleading statements, in violation of federal securities laws, based upon the allegations set forth in the Consolidated Second Amended Complaint, including that: (1) Orient Paper should have disclosed that its largest supplier was allegedly a related party; (2) Orient Paper allegedly overstated its revenues by 25-50%; and (3) Orient Paper allegedly knowingly employed an unlicensed auditor. Defendants Orient Paper, Zhenyong Liu, Winston C. Yen, Dahong Zhou, Jing Hao, and Drew Bernstein (collectively, the “Orient Paper Defendants”) deny all allegations of misconduct.
- Your legal rights will be affected whether you act or do not act. If you do not act, you may permanently forfeit your right to recover on this claim. Therefore, you should read this notice carefully.

YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT

SUBMIT A CLAIM FORM NO LATER THAN JANUARY 30, 2013	The only way to get a payment.
EXCLUDE YOURSELF NO LATER THAN JANUARY 14, 2013	Get no payment. This is the only option that allows you to be part of any other lawsuit against the Orient Paper Defendants about the legal claims in this case.
OBJECT NO LATER THAN JANUARY 22, 2013	Write to the Court about why you do not like the settlement.
GO TO A HEARING ON FEBRUARY 11, 2013	Speak in Court about the fairness of the settlement.
DO NOTHING	Get no payment. Give up rights.

INQUIRIES

Please do not contact the Court regarding this notice. All inquiries concerning this Notice, the Proof of Claim form, or any other questions by Class members should be directed to:

Orient Paper, Inc. Litigation
c/o Strategic Claims Services
600 N. Jackson St., Ste. 3
Media, PA 19063
Tel.: 866-274-4004
Fax: 610-565-7985
info@strategicclaims.net

or

THE ROSEN LAW FIRM, P.A.
355 South Grand Avenue, Suite 2450
Los Angeles, CA 90071
Tel.: 213-785-2610
Fax: 213-226-4684
info@rosenlegal.com

COMMON QUESTIONS AND ANSWERS CONCERNING THE SETTLEMENT

1. Why did I get this Notice?

You or someone in your family may have acquired Orient Paper Stock during the Class Period.

2. What is this lawsuit about?

The case is known as *Henning v. Orient Paper, Inc.*, Case No. 10-CV-5887-R (AJWx) (the "Litigation"), and the Court in charge of the case is the United States District Court for the Central District of California.

The Class Action involves whether the Orient Paper Defendants violated the federal securities laws because the Company allegedly made false and misleading statements to the investing public as set out in the complaint, including that: (1) Orient Paper should have disclosed that its largest supplier was allegedly a related party; (2) Orient Paper allegedly overstated its revenues by 25-50%; and (3) Orient Paper allegedly knowingly employed an unlicensed auditor. The Orient Paper Defendants deny they did anything wrong. The Settlement resolves all of the claims in the Class Action against the Orient Paper Defendants. The Settlement does not resolve claims against the Davis Accounting Group, P.C.

3. Why is this a class action?

In a class action, one or more persons and/or entities, called Lead Plaintiffs, sue on behalf of all persons and/or entities who have similar claims. All of these persons and/or entities are referred to collectively as a Class, and these individual persons and/or entities are known as Class Members. One court resolves all of the issues for all Class Members, except for those Class Members who exclude themselves from the Class.

4. Why is there a Settlement?

Lead Plaintiffs and the Orient Paper Defendants do not agree regarding the merits of Lead Plaintiffs' allegations with respect to liability or the average amount of damages per share that would be recoverable if Lead Plaintiff were to prevail at trial on each claim. The issues on which the Lead Plaintiff and the Orient Paper Defendants disagree include: (1) whether the Orient Paper Defendants made false and misleading statements; (2) whether the Orient Paper Defendants made these statements with the intent to defraud the investing public; (3) whether the statements were the cause of the Class Members' alleged damages; and (4) the amount of damages, if any, suffered by the Class Members.

This matter has not gone to trial and the Court has not decided in favor of either Lead Plaintiff or the Orient Paper Defendants. Instead, Lead Plaintiffs and the Orient Paper Defendants have agreed to settle the Class Action. The Lead Plaintiffs and Class Counsel believe the settlement is best for all Class Members because of the risks associated with continued litigation and the nature of the defenses raised by the Orient Paper Defendants. Even if Plaintiffs win at trial, and also withstand the Orient Paper Defendants' inevitable challenge on appeal, Plaintiffs might not be able to collect some, or all, of the judgment.

5. How do I know if I am part of the Class settlement?

To be a Class Member, you must have purchased or otherwise acquired Orient Paper Stock during the period from March 27, 2009 through and including August 13, 2010.

6. Are there exceptions to being included?

Yes. Excluded from the Class are the Orient Paper Defendants, and all former officers and directors of Orient Paper, and the members of such excluded persons' immediate families, legal representatives, heirs, predecessors, successors, and assigns, and any entity in which any excluded person has or had a controlling interest,

and any persons who have separately filed actions against one or more of the Orient Paper Defendants, based in whole or in part on any claim arising out of or relating to any of the alleged acts, omissions, misrepresentations, facts, events, matters, transactions, or occurrences referred to in the Litigation or otherwise alleged, asserted, or contended in the Litigation. Also, if you exclude yourself from the Class, as described below, you are not a part of the Class.

7. What does the Settlement provide?

a. What is the Settlement Fund?

The proposed Settlement calls for the Orient Paper Defendants to create a Settlement Fund (the “Settlement Fund”) in the amount of \$2,000,000. The Settlement is subject to Court approval. Also, subject to the Court’s approval, a portion of the Settlement Fund will be used to pay Lead Plaintiffs’ attorneys’ fees and reasonable litigation expenses and any award to Lead Plaintiffs. A portion of the Settlement Fund also will be used to pay taxes due on interest earned by the Settlement Fund, if necessary, and any notice and claims administration expenses permitted by the Court. After the foregoing deductions from the Settlement Fund have been made, the amount remaining (the “Net Settlement Fund”) will be distributed to Class Members who submit valid claims.

b. What can you expect to receive under the proposed Settlement?

Your share of the Net Settlement Fund will or may depend on: (i) the number of claims filed; (ii) the dates you purchased and sold Orient Paper Stock; (iii) the prices of your purchases and sales; (iv) the amount of administrative costs, including the costs of notice; and (v) the amount awarded by the Court to Lead Plaintiff and Class Counsel for attorneys’ fees, costs, and expenses.

The compensable loss per share (“Recognized Loss”) of each Authorized Claimant shall be calculated according to the following formula:

- I. For each share of Orient Paper common stock purchased or otherwise acquired between March 27, 2009 and August 12, 2010 that an Authorized Claimant continued to hold as of the close of trading on November 10, 2010, the

“Recognized Claim” shall be equal to the lesser of:

- A. The Estimated Inflation on the date of purchase of the Orient Paper common stock as set forth in the following table (“Table A”); or

TABLE A

<u>Date purchased</u>	<u>Inflation</u>
3/27/2009-6/28/2010	\$3.27
6/29/2010	\$2.43
6/30/2010	\$1.95
7/1/2010-8/12/2010	\$0.38
8/13/2010	\$0

- B. The price paid less \$4.81.

- II. For each share of Orient Paper common stock purchased or otherwise acquired between March 27, 2009 and August 12, 2010 and sold between August 13, 2010 and November 9, 2010, inclusive, the “Recognized Claim” shall be equal to the lesser of:

- A. The Estimated Inflation on the date of purchase of the Orient Paper common stock as set forth in Table A;
- B. The price paid less the price received; or
- C. The price paid less the price in Table B, attached as Exhibit 1 to this Notice.

- III. For each share of Orient Paper common stock purchased or otherwise acquired between March 27, 2009 and August 12, 2010 and sold at the close of trading on August 12, 2010, the Recognized Claim shall be equal to the lesser of:

- A. The difference between (x) the Estimated Inflation on the date of purchase of the share of Orient Paper common stock and (y) the Estimated Inflation on the date of sale of the share of Orient Paper common stock (as shown on Table A); or
- B. The difference between (x) the purchase price paid and (y) the proceeds received on sale.

IV. For each share of Orient Paper common stock purchased or otherwise acquired on August 13, 2010, and sold on August 13, 2010, the Recognized Claim is the lesser of:

- A. The price paid less \$4.33; or
- B. \$.19.

V. For shares of Orient Paper purchased on August 13, 2010, and sold after August 13, 2010, the Recognized Claim is zero.

c. Are there any further limitations on the amount I may receive?

- i) To the extent there are sufficient funds in the Net Settlement Fund, each Class Member with a Recognized Loss that satisfies the requirements approved by the Court (“Authorized Claimant”) will receive an amount equal to the Authorized Claimant’s Recognized Loss described above. If, however, the amount in the Net Settlement Fund is not sufficient to permit payment of the total Recognized Loss of each Authorized Claimant, then each Authorized Claimant shall be paid the percentage of the Net Settlement Fund that each Authorized Claimant’s Recognized Loss bears to the total of the Recognized Losses of all Authorized Claimants.
- ii) For Class members who conducted multiple transactions in Orient Paper Stock during the Class Period, the earliest subsequent sale shall be matched first against those shares in the Claimant’s opening position on the first day of the Class Period, and then matched chronologically thereafter against each purchase made during the Class Period.
- iii) Transactions during the Class Period resulting in a gain shall be netted against the Class Members transactions resulting in a loss to arrive at the Recognized Loss.
- iv) Any Class members whose collective transactions in Orient Paper Stock during the Class Period resulted in a net gain shall not be entitled to share in the Net Settlement Fund.
- v) The purchase and sales prices exclude any brokerage commissions, transfer taxes or other fees.
- vi) The covering purchase of a short sale is not an eligible purchase. Gifts and transfers are not eligible purchases.

8. How can I get a payment?

To qualify for a payment, you must send in a form entitled “Proof of Claim and Release” form. This claim form is attached to this Notice. You may also obtain a claim form on the Internet at www.strategicclaims.net. Read the instructions carefully, fill out the form, sign it in the location indicated, and mail the claim form together with all documentation requested in the form, postmarked no later than January 30, 2013, to:

Orient Paper, Inc. Litigation
c/o Strategic Claims Services
600 N. Jackson St., Ste. 3
Media, PA 19063
Tel.: 866-274-4004
Fax: 610-565-7985
info@strategicclaims.net

The Claims Administrator will process your claim and determine whether you are an “Authorized Claimant.”

9. What am I giving up to get a payment or stay in the Class?

Unless you exclude yourself, you will remain in the Class. That means that if the Settlement is approved, you and all Class Members will release (agreeing never to sue, continue to sue, or be part of any other lawsuit) all claims against the Orient Paper Defendants, any of their current, former, or future parents, subsidiaries, affiliates, partners, joint venturers, officers, directors, principals, shareholders, members, agents (acting in their capacity as agents), employees, attorneys, trustees, insurers, reinsurers, advisors, accountants, associates, and/or any other individual or entity in which any Orient Paper Defendant has a controlling interest or which is or was related to or affiliated with any of the Orient Paper Defendants, and the current, former, and future legal representatives, heirs, successors in interest, or assigns of the Orient Paper Defendants (“Released Parties”) in connection with your acquisition of Orient Paper Stock during the Class Period, except that you do not release the Released Parties from any claim or action to enforce the Settlement. It also means that all of the Court’s orders will apply to you and legally bind you. If you sign the claim form, you are agreeing to a “Release of Claims,” which will bar you from ever filing a lawsuit against any Released Party to recover losses from the acquisition or sale

of Orient Paper Stock during the Class Period, except to enforce the Settlement. That means you will accept a share in the Net Settlement Fund as sole compensation for any losses you have suffered in the acquisition and sale of Orient Paper Stock during the Class Period.

10. How do I get out of the Settlement?

If you do not want to receive a payment from this Settlement, and you want to keep any right you may have to sue or continue to sue the Orient Paper Defendants on your own based on the legal claims raised in this Class Action, then you must take steps to get out of the Settlement. This is called excluding yourself from – or “opting out” of – the Settlement. To exclude yourself from the Settlement, you must mail a letter stating you want to be excluded as a Class Member from *Henning v. Orient Paper, Inc*, Case No. 10-CV-5887-R (AJWx). Be sure to include your name, address, telephone number and your signature, along with an accurate list of all of your purchases and sales of Orient Paper Stock during the Class Period, including the date, number of shares and price of the shares purchased or sold. You must mail your exclusion request to be received no later than January 14, 2013, to:

Orient Paper, Inc. Litigation
c/o Strategic Claims Services
600 N. Jackson St., Ste. 3
Media, PA 19063
Tel.: 866-274-4004
Fax: 610-565-7985
info@strategicclaims.net

You cannot exclude yourself by telephone or by e-mail. If you ask to be excluded, you will not receive a settlement payment, and you cannot object to the Settlement. If you ask to be excluded, you will not be legally bound by anything that happens in this Class Action.

11. If I do not exclude myself, can I sue the Orient Paper Defendants for the same thing later?

No. Unless you exclude yourself, you give up any right to sue the Orient Paper Defendants for the claims that this Settlement resolves. If you have a pending lawsuit, speak to your lawyer in that case immediately, since you may have to exclude yourself from this Class to continue your own lawsuit.

12. Do I have a lawyer in this case?

The Court appointed The Rosen Law Firm, P.A. to represent you and the other Class Members. These lawyers are called Lead Plaintiff’s Counsel or Class Counsel. If you want to be represented by your own lawyer, you may hire one at your own expense.

13. How will the lawyers be paid?

Class Counsel have expended considerable time litigating this action on a contingent fee basis, and have paid for the expenses of the litigation themselves and have not been paid attorneys’ fees in advance of this Settlement. Class Counsel have done so with the expectation that if they are successful in recovering money for the Class, they will receive attorneys’ fees and be reimbursed for their litigation expenses from the Settlement Fund, as is customary in this type of litigation. Class Counsel will not receive attorneys’ fees or be reimbursed for their litigation expenses except from the Settlement Fund. Therefore, Class Counsel will file a motion asking the Court at the Settlement Hearing to make an award of attorneys’ fees in an amount not to exceed \$500,000, for reimbursement of reasonable litigation expenses not to exceed \$ 230,000, and an award to the Lead Plaintiffs in an amount not to exceed \$10,000. The Court may award less than these amounts. Any amounts awarded by the Court will come out of the Settlement Fund.

14. How do I tell the Court that I do not like the Settlement?

You can tell the Court you do not agree with the Settlement, any part of the Settlement, or Class Counsel’s motion for attorneys’ fees, and that you think the Court should not approve the Settlement, by mailing a letter stating that you object to the Settlement in the matter of *Henning v. Orient Paper, Inc*, Case No. 10-CV-5887-R (AJWx). Be sure to include your name, address, telephone number, your signature, a list of your purchases and sales of Orient Paper Stock in order to show your membership in the Class, including the date, number of shares and price of the shares purchased or sold and all of the reasons you object to the Settlement. Be sure to mail the objections to the three different places listed below, to be received no later than January 22, 2013, so the Court will consider your views:

Clerk of the Court
United States District Court
Central District of California
—Western Division
312 N. Spring Street
Los Angeles, CA 90012

Laurence M. Rosen, Esq.
THE ROSEN LAW FIRM, P.A.
355 South Grand Avenue
Suite 2450
Los Angeles, CA 90071
Lead Counsel

Robert Weber, Esq.
DLA PIPER (US) LLP
2000 Avenue of the Stars
Suite 400, North Tower
Los Angeles, CA, 90067
Counsel for the Orient Paper Defendants

Attendance at the Final Settlement Hearing is not necessary but persons wishing to be heard orally in opposition to the Settlement, the Plan of Allocation, and/or the application for Attorneys' Fees and Expenses are required to indicate in their objection that they intend to appear at the Final Settlement Hearing and identify any witnesses they may call to testify or exhibits they intend to introduce into evidence at the Final Settlement Hearing.

15. What is the difference between objecting and requesting exclusion?

Objecting is simply telling the Court you do not like something about the Settlement. You can object only if you stay in the Class. Requesting exclusion is telling the Court you do not want to be part of the Class and Settlement. If you exclude yourself, you cannot object to the Settlement because it no longer concerns you. If you stay in the Class and object, but your objection is overruled, you will not be allowed a second opportunity to exclude yourself.

16. When and where will the Court decide whether to approve the Settlement?

The Court will hold a Settlement Hearing on February 11, 2013, at 10:00 a.m., at the United States District Court for the Central District of California, 312 N. Spring Street, Los Angeles, CA 90012.

At this hearing, the Court will consider whether the Settlement is fair, reasonable, and adequate and whether to approve the Settlement. If there are objections, the Court will consider them, and the Court will listen to people who have asked to speak at the hearing. The Court may also decide how much to pay Class Counsel for attorneys' fees and expenses.

17. Do I have to come to the hearing?

No. Class Counsel will answer any questions the Court may have. However, you are welcome to attend at your own expense. If you send an objection, you do not have to come to Court to talk about it. As long as you mail your written objection on time, the Court will consider it.

18. What happens if I do nothing at all?

If you do nothing, you will not receive a payment from the Settlement. However, unless you exclude yourself, you will not be able to start a lawsuit, continue with a lawsuit, or be part of any other lawsuit against the Orient Paper Defendants about the claims made in this case ever again.

DATED: NOVEMBER 16, 2012.

BY ORDER OF THE UNITED STATES DISTRICT COURT
FOR THE CENTRAL DISTRICT OF CALIFORNIA

EXHIBIT 1

TABLE B							
Date	Amount	Date	Amount	Date	Amount	Date	Amount
8/13/10	4.33	9/7/10	4.55	9/29/10	4.43	10/21/10	4.48
8/16/10	4.52	9/8/10	4.55	9/30/10	4.42	10/22/10	4.49
8/17/10	4.63	9/9/10	4.54	10/1/10	4.42	10/25/10	4.50
8/18/10	4.78	9/10/10	4.53	10/4/10	4.42	10/26/10	4.52
8/19/10	4.85	9/13/10	4.52	10/5/10	4.41	10/27/10	4.54
8/20/10	4.87	9/14/10	4.50	10/6/10	4.41	10/28/10	4.55
8/23/10	4.85	9/15/10	4.49	10/7/10	4.41	10/29/10	4.57
8/24/10	4.81	9/16/10	4.48	10/8/10	4.41	11/1/10	4.58
8/25/10	4.77	9/17/10	4.47	10/11/10	4.42	11/2/10	4.60
8/26/10	4.74	9/20/10	4.46	10/12/10	4.43	11/3/10	4.62
8/27/10	4.70	9/21/10	4.45	10/13/10	4.44	11/4/10	4.66
8/30/10	4.66	9/22/10	4.44	10/14/10	4.45	11/5/10	4.69
8/31/10	4.62	9/23/10	4.43	10/15/10	4.46	11/8/10	4.74
9/1/10	4.59	9/24/10	4.43	10/18/10	4.47	11/9/10	4.78
9/2/10	4.57	9/27/10	4.43	10/19/10	4.47	11/10/10	4.81
9/3/10	4.56	9/28/10	4.43	10/20/10	4.47		