

Edgar Filing: Orient Paper Inc. - Form 10-K/A

Orient Paper Inc.
Form 10-K/A
October 17, 2008

FORM 10-K/A

(Amendment No.2)

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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

For the fiscal year ended _____

Transition Report under Section 13 of 15(d) of the Securities Exchange Act of 1934

For the transition period from March 1, 2007 to December 31, 2007

Commission file number: 000-52639

ORIENT PAPER INC.

(Name of small business issuer in its charter)

Nevada

20-4158835

(State or other jurisdiction of
incorporation or organization)

(I.R.S. Employer Identification No.)

Science Park, Xushui Town
Baoding City, Hebei Province,
People's Republic of China

072550

(Address of principal executive offices)

(Zip code)

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

Securities registered under Section 12(b) of the Exchange Act: None

Securities registered under Section 12(g) of the Exchange Act: Common Stock, par value \$0.001 per share

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (ss. 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer
Non-accelerated filer (Do not check if a smaller reporting company)
Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of the last business day of the registrant's most recently completed second fiscal quarter.

As of June 30, 2007, the aggregate market value of the common stock of the registrant held by non-affiliates (excluding shares held by directors, officers and other holding more than 5% of the outstanding shares of the class) was less than \$2,000,000, based upon the bid price of \$0.50 as reported on the OTC Bulletin Board at June 29, 2007.

APPLICABLE ONLY TO REGISTRANTS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PRECEDING FIVE YEARS:

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Section 12, 13 or 15 of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.

Yes No

(APPLICABLE ONLY TO CORPORATE REGISTRANTS)

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date. As of March 24, 2008, the registrant had outstanding 40,101,987 shares of common stock.

DOCUMENTS INCORPORATED BY REFERENCE: None

Explanatory Note

Orient Paper Inc. (the "Company") is filing this Form 10-K/A ("Amendment No. 2") to amend, in its entirety, "Item 9A. Controls and Procedures" previously included in the Company's Transition Report on Form 10-K for the fiscal year ended December 31, 2007, filed on March 31, 2008 (as amended by its Form 10-K/A, filed on April 15, 2008) (as amended, the "Original Filing"). In addition, the cover page is revised to reflect that the period covered is the transition period March 1, 2007 to December 31, 2007, as otherwise disclosed and reflected in the Original Filing. This Amendment No. 2 contains new certifications by its principal executive officer and principal financial officer, filed as exhibits 31.1, 31.2, 32.1 and 32.2. Except for the information included in and amended by this Amendment No. 2, the Original Filing continues to describe conditions as of the date of the Original Filing, as amended, and the remaining disclosures contained therein have not been updated to reflect any events that may have occurred thereafter.

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Item 9A. Controls and Procedures.

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles based on policies and procedures that are intended to:

1. Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the Company's assets;
2. Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures are made only in accordance with authorizations of management and directors; and
3. Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of assets that could have a material effect on the Company's financial statements.

In addition, the policies and procedures implemented by management (including physical safeguards) should be well defined and documented such that the proper classification, summarization, and financial reporting of relevant and material transactions involving company resources can be achieved.

Due to inherent limitations, internal control over financial reporting may not prevent or detect all misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

On October 29, 2007, the Company acquired Dongfang Holding, then a privately held company, and Hebei Paper, its operating subsidiary in China and also a privately held company. Following such acquisition, the Company's management began its evaluation and assessment of the effectiveness of disclosure controls and procedures and internal control over financial reporting.

Based upon the Company's assessment of its internal controls over financial reporting as of December 31, 2007, management concluded that such controls were not effective as they were not designed to facilitate the external financial reporting required of a publicly held company under the Sarbanes-Oxley Act of 2002. Moreover, because Hebei Paper's accounting records were historically maintained using accounting principles generally accepted in the People's Republic of China, its personnel may not be fully familiar with accounting principles generally accepted in the United States of America.

In addition, the Company is required to further amend this Item 9A. Controls and Procedures by disclosing that, due to the requirement to amend its Annual Report on Form 10-K/A with respect to the ineffectiveness of internal control over financial reporting, the Company's disclosure controls and procedures are likewise not effective as of December 31, 2007.

Accordingly, to ensure the reliability of the Company's future financial reports, the Company's management has recommended changes be adopted in respect of each deficiency uncovered and intends to implement such changes as soon as practicable. The Company's management has determined to continue to evaluate and assess the financial reporting system inherited from Hebei Paper into a

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fully-integrated financial and operating control system for the Company and its operations during the fiscal year ending December 31, 2008, and the Company's internal control procedures to the extent affected thereby, and, as necessary, to hire the requisite professional support to facilitate the timely preparation of complete and accurate financial reports in accordance with generally accepted accounting principles.

Among other things, the Company anticipates upgrading financial controls and procedures in operating subsidiaries and to evaluate and enhance, where necessary, financial reporting personnel, in order to ensure that information that is required to be disclosed in periodic filings under the Exchange Act is accumulated and communicated to management; in order to allow timely decisions regarding required disclosure; and in order to ensure that all transactions are recorded, accumulated and processed to permit the preparation of financial statements in accordance with generally accepted accounting principles to allow compliance with reporting obligations under the Exchange Act. In making its assessment, the Company's management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control-Integrated Framework.

PART IV

Item 15. Exhibits.

Exhibit No.	Description
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31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification pursuant to 18 U.S.C. 1350, adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, by Chief Executive Officer
32.2	Certification pursuant to 18 U.S.C. 1350, adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, by Chief Financial Officer

SIGNATURES

In accordance with Section 13 or 15(d) of the Exchange Act, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

ORIENT PAPER INC.

Date: October 8, 2008

By: /s/ Zhenyong Liu

Zhenyong Liu, Chief Executive Officer

In accordance with the Exchange Act, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

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Signature -----	Date ----
/s/ Zhenyong Liu ----- Zhenyong Liu, Chief Executive Officer (principal executive officer), Chairman, and Director	October 8, 2008
/s/ Jing Hao ----- Jing Hao, Chief Financial Officer (principal financial and accounting officer)	October 8, 2008
/s/ Dahong Zhou ----- Dahong Zhou, Secretary	October 8, 2008
/s/ Xiaodong Liu ----- Xiaodong Liu, Director	October 8, 2008
/s/ Fuzeng Liu ----- Fuzeng Liu, Director	October 8, 2008
/s/ Chen Li ----- Chen Li, Director	October 8, 2008

INDEX TO EXHIBITS

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