

LIU ZHENYONG

Form 4

July 08, 2011

FORM 4**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

Check this box
if no longer
subject to
Section 16.
Form 4 or
Form 5
obligations
may continue.
See Instruction
1(b).

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF
SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934,
Section 17(a) of the Public Utility Holding Company Act of 1935 or Section
30(h) of the Investment Company Act of 1940

OMB APPROVAL

OMB
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(Print or Type Responses)

1. Name and Address of Reporting Person *
LIU ZHENYONG

(Last) (First) (Middle)

**C/O ORIENT PAPER,
INC., SCIENCE PARK, JULI
ROAD**

(Street)

**BAODING CITY, HEBEI
PROVINCE, F4 072550**

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading
Symbol

Orient Paper Inc. [ONP]

3. Date of Earliest Transaction
(Month/Day/Year)

06/30/2011

4. If Amendment, Date Original
Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to
Issuer

(Check all applicable)

☒ Director ☒ 10% Owner
☒ Officer (give title below) ☐ Other (specify
below)

Chief Executive Officer

6. Individual or Joint/Group Filing(Check
Applicable Line)
☒ Form filed by One Reporting Person
☐ Form filed by More than One Reporting
Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Ownership (Instr. 4)
Common stock <u>(1)</u>	08/31/2009		J	1,204,341 <u>(1)</u>	(A) or (D) A \$ 0.8303 <u>(1)</u>	5,115,852 <u>(1)</u>	D
Common stock <u>(2)</u> <u>(3)</u>	06/30/2011		J	51,011	D \$ 0	5,064,841	D

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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information contained in this form are not
required to respond unless the form**

SEC 1474
(9-02)

displays a currently valid OMB control number.

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)	8. Price of Derivative Security (Instr. 5)	9. Number of Derivative Securities Beneficially Owned Following Reported Transaction (Instr. 10)
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares

Reporting Owners

Reporting Owner Name / Address	Director	10% Owner	Officer	Other
LIU ZHENYONG C/O ORIENT PAPER, INC. SCIENCE PARK, JULI ROAD BAODING CITY, HEBEI PROVINCE, F4 072550	X	X	Chief Executive Officer	

Signatures

/s/Zhenyong Liu

07/08/2011

**Signature of
Reporting Person

Date

Explanation of Responses:

* If the form is filed by more than one reporting person, see Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

- (1) On August 31, 2009, Orient Paper, Inc. (the "Company"), the Company's Chief Executive Officer, Zhenyong Liu ("the Reporting Person") and the Company's subsidiary, Hebei Baoding Orient Paper Milling Company Limited ("HBOP") entered into a Debt Assignment and Assumption Agreement (the "Agreement"). Pursuant to the Agreement, the Company agreed to assume \$4,000,000 of the total aggregate debt of approximately \$6,131,761 (the "Debt") owed by HBOP to the Reporting Person to henceforth be the principal debtor to the Reporting Person for the Debt. On August 31, 2009, the Company repaid the Debt to the Reporting Person by converting the Debt into equity of the Company at \$0.83033 per share. Accordingly, the Company issued to the Reporting Person a total of 4,817,362 restricted shares of common stock of the Company. On a post reverse split basis, the number of shares issued pursuant to the Agreement is adjusted to 1,204,341.
- (2) On October 7, 2009, the Company entered into a Securities Purchase Agreement with Access America Fund, LP, Renaissance US Growth Investment Trust Plc, RENN Global Entrepreneurs Funds, Inc., Premier RENN Entrepreneurial Fund Limited, Pope Investments II, LLC and Steve Mazur (collectively, the "Investors") to sell to them an aggregate of 2,083,333 reverse-split adjusted shares of common stock, par value \$0.001 of the Company ("Common Stock") for an aggregate purchase price of approximately \$5,000,000 (the "Financing"). As

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an inducement for the Investors to enter into the Financing, the Reporting Person placed certain of his shares of Common Stock of the Company (the "Escrow Shares") into escrow for the benefit of the Investors in the event the Company fails to achieve certain financial performance thresholds for the 12-month periods ended December 31, 2009 and December 31, 2010 pursuant to a Make Good Securities Escrow Agreement dated October 7, 2009.

The Company missed its financial performance threshold for 2010 (the "2010 Performance Threshold") and after consultation with the Investors, the parties compromised on the number of Escrow Shares to be delivered from the Principal Shareholder to the Investors as compensation for missing the 2010 Performance Threshold. On June 30, 2011, the Company entered into a Make Good Securities Escrow

- (3) Supplement Agreement ("Supplement Agreement") with the Reporting Person, the Investors and Sichenzia Ross Friedman Ference LLP as the Escrow Agent, which provides, inter alia, for the delivery to the Investors of 51,011 Escrow Shares as full and final settlement and restitution for the Company's failure to meet the 2010 Performance Threshold. Accordingly, the Reporting Person transferred 51,011 shares of Common Stock to the Investors.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

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