

CHINA PHARMA HOLDINGS, INC.  
Form 10-K/A  
June 24, 2009

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549**

**Form 10-K/A**

**(Amendment No.2)**

**x ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended: December 31, 2007

**o TRANSITION REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number: 000-29523

**China Pharma Holdings, Inc.**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction  
incorporation or organization)

**73-1564807**

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

**2nd Floor, No. 17, Jinpan Road, Haikou, Hainan Province, China 570216**

(Address of principal executive offices, including Zip Code)

**0086-898-66811730 (China)**

(Registrant's telephone number)

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

Securities registered under Section 12(g) of the Exchange Act:

**Common stock, \$0.001 par value**

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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 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.

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

Large accelerated filer   
Non-accelerated filer

Accelerated filer   
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

The issuer's revenue for the fiscal year ended December 31, 2007 was \$33,186,324.

The number of shares and aggregate market value of common stock held by non-affiliates as of the last business day of the registrant's most recently completed second fiscal quarter was 16,524,921 and \$33,380,340.42, respectively. Shares of common stock held by any executive officer or director of the issuer and any person who beneficially owns 5% or more of the outstanding common stock have been excluded from this computation because such persons may be deemed to be affiliates. This determination of affiliate status is not a conclusive determination for other purpose.

As of March 26, 2008, there were 37,278,938 shares of Common Stock issued and outstanding.

**DOCUMENT INCORPORATED BY REFERENCE:** None.

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## **EXPLANATORY NOTE**

The registrant is filing this Amendment No. 2 on Form 10-K/A (the "Amendment No.2") to amend the annual report on Form 10-KSB for the fiscal year ended December 31, 2007, as amended by Amendment No.1 on Form 10-KSB/A filed with the SEC on March 12, 2009 (the "Amendment No. 1"), to amend Item 8A of Form 10-KSB (Item 9A of this Amendment No. 2) "Controls and Procedures" as it relates to disclosure controls and procedures.

In addition, we are also including a currently-dated Sarbanes Oxley Act Section 302 and Section 906 certifications of the Chief Executive Officer and Chief Financial Officer that are attached to this Amendment No.2 as Exhibits 31.1, 31.2, 32.1 and 32.2.

Except as set forth below, this Amendment No. 2 does not modify, amend or update in any way any other items or disclosure in the Form 10-KSB and Amendment No. 1. This Amendment No. 2 continues to speak as of the date of the original Form 10-KSB and other than as specifically reflected in this Amendment No. 2 does not reflect events occurring after the filing of the original Form 10-KSB and the Amendment No. 1.

## **Part II**

### **Item 9A - Controls and Procedures**

#### **Disclosure Control and Procedures**

We maintain disclosure controls and procedures designed to ensure that information required to be disclosed in our filings under the Securities Exchange Act of 1934 is (1) recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms and (2) accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

As required by Rule 13a-15 under the Exchange Act, as of the end of the fiscal year covered by this Annual Report on Form 10-K, we have carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures. This evaluation was carried out under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective at December 31, 2007.

There have been no changes in our internal controls over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the fourth quarter of fiscal 2007 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

#### **Management's Report on Internal Control over Financial Reporting**

Our 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 Securities Exchange Act.

Our management under the supervision of the Chief Executive Officer and the Chief Financial Officer has conducted an evaluation of our internal control over financial reporting as of December 31, 2007. In making its assessment, management used the criteria described in Internal Control Integrated Framework, issued by the Committee of Sponsoring Organizations of the Treadway Commission, or COSO. Based on our evaluation under the framework in Internal Control Integrated Framework, management concluded that our internal control over financial reporting was not effective as of December 31, 2007.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those responsible for oversight of the company's financial reporting. The following significant deficiencies have been identified and included in our management's assessment as of December 31, 2007:

1) We did not engage an Audit Committee to oversee the effectiveness of the system of internal control in every process. An effective Board of Directors and Audit Committee and other corporate governance functions will play an extremely important oversight role in the internal control system. If there is no Audit Committee or the Audit Committee does not function comprehensively and proactively, there might be reasonable possibility that the significant internal control deficiencies cannot be detected or prevented.

2) We did not maintain effective controls internal audit function due to the lack of qualified internal auditors who are familiar with internal audit and US GAAP, and we did not implement adequate and proper supervisory review to ensure that the significant internal control deficiencies can be detected or prevented.

3) We did not maintain effective controls over the financial reporting processes due to an insufficient complement of internal personnel with a level of accounting knowledge, experience and training in the application of U.S. GAAP commensurate with our financial requirements. For example, we did not maintain effective controls over accounting for deferred taxes under U.S. GAAP.

Our management believes that these internal control deficiencies result in a material weakness. This material weakness had not been fully remedied by December 31, 2007. Never the less, based upon a number of factors, including our plan for remediation (as described below) and other procedures designed to assist us in ensuring the reliability of our financial statements, our management believes that the consolidated financial statements included in the Annual Report on Form 10-KSB fairly state, in all material respects, our financial condition, results of operations and cash flows for the periods presented in conformity with generally accepted accounting principles in the United States of America.

To remediate the significant internal control deficiencies described above in "Management's Report on Internal Control over Financial Reporting", we have implemented or plan to implement the measures described below, and will continue to evaluate and may in the future implement additional measures.

We have planned remediation measures of hiring and training of personnel which are intended to generally address these significant deficiencies by ensuring that we will have sufficient personnel with knowledge, experience and training in the application of U.S. GAAP commensurate with our financial reporting requirements. These measures include the following:

1) We appointed 3 independent directors, on February 1, 2008, to establish an effective Audit Committee, together with setting up the relevant procedures and working plans;

2) We will continue to hire external U.S. accountant at the beginning of 2008 with relevant accounting experience, skills and knowledge in the preparation of financial statements under the requirements of U.S. GAAP and financial reporting disclosure under the requirement of SEC rules; We also plan to train up our staff internally;

3) We plan to hire an internal auditor to implement the internal audit function, and plan to train our accounting personnel in the application of U.S. GAAP commensurate with our financial reporting requirements;

4) We plan to improve our written policies and procedures, as well as amend and supplement the existing code of conduct to ensure the compliance with Section 406 of Sarbanes-Oxley Act; and

5) We retained and intend to continue to retain the services of outside counselors to advise us on the SEC disclosure requirements.

We believe that we are taking the steps necessary for remediation of the significant deficiencies identified above, and we will continue to monitor the effectiveness of these steps and to make any changes that our management deems appropriate.

The management's assessment of internal controls over financial reporting was not subject to auditor attestation as of December, 31 2007 pursuant to temporary rules of the Securities and Exchange Commission. Accordingly, this Annual Report does not include an attestation report by our independent registered public accounting firm regarding internal control over financial reporting.

### **Changes in Internal Controls over Financial Reporting**

There were no changes in our internal controls over financial reporting during the fourth quarter of fiscal 2007 that have materially affected, or are reasonably likely to materially affect our internal control over financial reporting.

## **art IV**

### **Item 15 - Exhibits and Financial Statement Schedules**

Exhibit No.	Description
2.1	Securities Exchange Agreement by and among Onny Investment Limited dated October 19, 2005. (3)
3.1	Memorandum and Articles of Association. (4)
3.2	Articles of Association of Helpson Medical & Biotechnology Co., Ltd. (3)
3.3	Amended and Restated Bylaws (incorporated by reference to our report on Form PRE 14C filed on June 27, 2008)
10.1	Stock Purchase Agreement by and among Halter Financial Group Inc. dated May 11, 2005 filed on May 11, 2005. (1)
10.2	Subscription Agreement by and among Onny Investment Limited stockholders. (3)
10.3	Employment Contract between Helpson and Zhilin Li dated July 1, 2005. (5)
10.4	Employment Contract between Helpson and Xinhua Wu dated July 1, 2005. (5)
10.5	Employment Contract between Helpson and Jian Yang dated July 1, 2005 (5)
10.6	Subscription and Registration Rights Agreement among China Pharma Holdings, Inc. and 17 investors (6)
10.7	Form of Warrant (6)

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- 10.8 Supply Contract entered into between Hainan Helpson Medicine and Biotechnology Co. Ltd. and Sichuan Chengxin Pharmaceutical Company (7)
- 10.9 Supply Contract entered into between Hainan Helpson Medicine and Biotechnology Co. Ltd. and Anhui Fuyang Xinte Pharmaceutical Company (7)
- 10.10 Supply Contract entered into between Hainan Helpson Medicine and Biotechnology Co. Ltd. and Anhui Fuyang Xinte Pharmaceutical Company (7)
- 10.11 Sales Contract entered into between Hainan Helpson Medicine and Biotechnology Co. Ltd. and Hainan Xinglin Medicine Company (7)
- 10.12 Lease Agreement entered into between Hainan Helpson Medical and Biotechnology Co., Ltd. and Hainan Zhongfu Going-abroad Personnel Service Center, and Housing Rent Adjustment Notice (8)
- 16.1 Letter regarding Change in the Certified Accountant dated August 15 , 2005. (2)
- 21 Subsidiaries of China Pharma Holdings, Inc. filed on October 20, 2005. (4)
- 31.1\* Certification of Chief Executive Officer pursuant to Rule 13a-14 and Rule 15d-14(a) of the Exchange Act.
- 31.2\* Certification of Chief Financial Officer pursuant to Rule 13a-14 and Rule 15d-14(a) of the Exchange Act.
- 32.1\* Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 32.2\* Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

\*Filed herewithin

- (1) Previously filed as an exhibit to our report on Form 8-K (Commission File Number: 000-29523) filed with the Commission on May 11, 2005.
- (2) Previously filed as an exhibit to our report on Form 8-K (Commission File Number: 000-29523) filed with the Commission on August 18, 2005.
- (3) Previously filed as an exhibit to our report on Form SB-2 (Commission File Number: 333-129161) filed with the Commission on October 20, 2005.
- (4) Previously filed as an exhibit to our report on Form SB-2 (Commission File Number: 333-129161) filed with the Commission on December 23, 2005.
- (5) Previously filed as an exhibit to our report on Form 10-QSB (Commission File Number: 000-29523) filed with the Commission on November 16, 2006.
- (6) Previously filed as an exhibit to our report on Form 8-K (Commission File Number: 000-29523) filed with the Commission on February 6, 2007.
- (7) Previously filed as exhibits to our report on Form 10-KSB (Commission File Number: 000-29523 ) filed with the Commission on March 31, 2009.
- (8) Previously filed as an exhibit to our report on Form 10-KSB/A (Commission File Number: 000-29523 ) filed with the Commission on March 12, 2009.





**SIGNATURES**

In accordance with Section 13 or 15(d) of the Securities Act of 1933, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereto duly authorized.

**China Pharma Holdings, Inc.**

Dated: June 24, 2009

By: /s/ Zhilin Li  
Zhilin Li,  
Director, Chief Executive Officer, and President

In accordance with the Securities Exchange Act of 1934, as amended, this report has been signed below by the following persons on behalf of registrant and in the capacities and on the date as indicated.

Dated: June 24, 2009

By: /s/ Zhilin Li  
Zhilin Li,  
Director, Chief Executive Officer, and President

Dated: June 24, 2009

By: /s/ Frank Waung  
Frank Waung  
Chief Financial Officer

Dated: June 24, 2009

By: /s/ Gene Michael  
Bennett  
Gene Michael Bennett,  
Director

Dated: June 24, 2009

By: /s/ Yingwen Zhang  
Yingwen Zhang,  
Director

Dated: June 24, 2009

By: /s/ Baowen Dong  
Baowen Dong,  
Director