

RENHUANG PHARMACEUTICALS INC  
Form 10-Q/A  
February 28, 2007

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

**First Amended  
Form 10-Q/A**

(Mark One)

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

**For the quarterly period ended July 31, 2006**

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: O-24512**

**RENHUANG PHARMACEUTICALS, INC.**  
(Exact name of registrant as specified in its charter)

**Nevada**  
(State or other jurisdiction of  
incorporation or organization)

**88-1273503**  
(I.R.S. Employer  
Identification No.)

**No. 281, Taiping Road, Taiping District,  
Harbin, Heilongjiang Province, 150050, P. R. China**  
(Address of principal executive offices)

**Registrant's telephone number, including area code 86-451-5762-0378**

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 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

Accelerated filer

Non-accelerated filer

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

**Applicable only to issuers 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 Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes  No

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**Applicable only to corporate issuers:**

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date. As of September 13, 2006, there were 34,999,601 shares of common stock, par value \$0.001, issued and outstanding.

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**Renhuang Pharmaceuticals, Inc.**

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## **PART I - FINANCIAL INFORMATION**

Renhuang Pharmaceuticals, Inc. has restated its Quarterly Report on Form 10-Q. This Quarterly Report is for the quarter ended July 31, 2006, and was originally filed with the Commission on Form 10-QSB on September 18, 2006. The purpose of this amendment is to correctly file this Quarterly Report on Form 10-Q rather than as a 10-QSB, since, under Reg. § 228.10 of Regulation S-B, a reporting company that is not a small business company must meet the definition of a small business issuer at the end of two consecutive fiscal years before it will be considered a small business issuer for purposes of using Form 10-QSB. We have not met the definition of a small business issuer at the end of two consecutive fiscal years because we have not had revenues of less than \$25,000,000 at the end of two consecutive fiscal years. Consequently, we must file this Annual Report on Form 10-Q rather than on Form 10-QSB. References throughout this Quarterly Report are accurate as of the date originally filed. We have not undertaken to update all of the information in this Quarterly Report, but instead have only (i) added the additional Item numbers and information required for a non-small business issuer filing a Quarterly Report on Form 10-Q; (ii) revised the Unaudited Proforma Condensed Consolidated Statement of Income contained in Note 7 to the financial statements in order to reduce our revenue and selling expenses as the commission/rebate expenses should be net off against the revenue, rather than being reported as selling expenses and included in the revenue respectively; and (ii) changed the voice throughout this Quarterly Report from third-person to first-person. Please read all of our filings with the Commission in conjunction with this Quarterly Report.

This Quarterly Report includes forward-looking statements within the meaning of the Securities Exchange Act of 1934 (the "Exchange Act"). These statements are based on management's beliefs and assumptions, and on information currently available to management. Forward-looking statements include the information concerning possible or assumed future results of operations of the Company set forth under the heading "Management's Discussion and Analysis of Financial Condition or Plan of Operation." Forward-looking statements also include statements in which words such as "expect," "anticipate," "intend," "plan," "believe," "estimate," "consider" or similar expressions are used.

Forward-looking statements are not guarantees of future performance. They involve risks, uncertainties and assumptions. The Company's future results and shareholder values may differ materially from those expressed in these forward-looking statements. Readers are cautioned not to put undue reliance on any forward-looking statements.

### **ITEM 1 Financial Statements**

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**Balance Sheet**  
**RENHUANG PHARMACEUTICALS, INC**

**CONDENSED CONSOLIDATED BALANCE SHEETS**  
**(Unaudited)**

	<b>July 31, 2006</b>	<b>April 30, 2006</b>
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ —	\$ —
<b>Totals</b>	<b>\$ —</b>	<b>\$ —</b>
<b>LIABILITIES AND STOCKHOLDERS' DEFICIENCY</b>		
<b>Current liabilities:</b>		
Advance from stockholders	—	—
<b>Total liabilities</b>	<b>—</b>	<b>—</b>
<b>Commitments and contingencies</b>		
<b>Stockholders' deficiency:</b>		
Preferred stock - no par value; 2,500,000 shares authorized; none issued or outstanding	—	—
Common stock - \$.001 par value; 100,000,000 shares authorized; 13,355,181 shares issued and outstanding	13,355	13,355
Additional paid-in capital	17,375,011	17,375,011
Deficit accumulated during the development stage	(17,388,366)	(17,388,366)
<b>Total stockholders' deficiency</b>	<b>0.00</b>	<b>0.00</b>
<b>Totals</b>	<b>\$ —</b>	<b>\$ —</b>

SEE ACCOMPANYING NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

**RENHUANG PHARMACEUTICALS, INC**

**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
(Unaudited)

	Three Months Ended July 31, 2006
Operating expenses:	
General and administrative	\$ 0.00
Totals	0.00
Net loss	\$ 0.00
Net loss per share	\$ 0.00
Weighted-average common shares outstanding - basic	0.00

SEE ACCOMPANYING NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

**RENHUANG PHARMACEUTICALS, INC**

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
THREE MONTHS ENDED JULY 31, 2006**

	Three Months Ended July 31, 2006
Operating activities:	
Net loss	\$ 0.00
Net cash used in operating activities	
Financing activities:	
Net proceeds from issuance of common stock	0.00
Advances from stockholders	0.00
Net cash provided by financing activities	0.00
Net decrease in cash and cash equivalents	0.00
Cash and cash equivalents, beginning of period	0.00
Cash and cash equivalents, end of period	\$ 0.00

SEE ACCOMPANYING NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



**RENHUANG PHARMACEUTICALS, INC.**  
**(A Nevada Corporation)**  
**Condensed Notes to Unaudited Financial Statements**  
**July 31, 2006**

**NOTE 1. BUSINESS DESCRIPTION**

Renhuang Pharmaceuticals, Inc., (“Renhuang”) or the (“Company”) was incorporated in the State of Nevada on August 18, 1988 as Solutions, Incorporated. Since that time, we have undergone a series of name changes as follows: Suarro Communications, Inc., e-Net Corporation, e-Net Financial Corp., e-Net.Com Corporation, e-Net Financial.Com Corporation, Anza Capital, Inc. and finally on July 28, 2006 we changed our name to Renhuang Pharmaceuticals, Inc.

On March 3, 2006 the Company discontinued its operations as disclosed in our Current Report 8 K/A dated and filed with the Commission on March 15, 2006, incorporated herein by reference.

On September 7, 2006 the Company acquired Harbin Renhuang Pharmaceutical Company Limited, a Corporation incorporated under the laws of the British Virgin Island on January 18, 2006, (“BVI”) including its 100% owned and only subsidiary, Harbin Renhuang Pharmaceutical Co. Ltd., incorporated under the laws of the Peoples Republic of China on February 15, 2006 (“Renhuang China”) in exchange for issuing 29,750,000 shares of the Company's common stock, par value \$0.001 per share (the "Common Stock") to the BVI's stockholders, representing 85% of the Company's capital stock on a fully diluted basis after taking into account the contemplated transaction. This transaction is referred to throughout this report as the “Merger”.

Upon closing of the Merger, BVI became a wholly owned subsidiary of the Company. After giving effect to the Merger, the Company has 34,999,601 shares issued and outstanding and the former stockholders of BVI own approximately 85% of the issued and outstanding Common Stock of the Company. Accordingly, the Merger represents a change in control of the Company.

Shares of the Company's Common Stock are trading on the NASD-Over the Counter (OTC) Bulletin Board Market under the symbol RHGP.

For accounting purposes, the Merger has been accounted for as a reverse acquisition with the shell as the accounting acquiree and Renhuang China as the accounting acquirer. Upon effectiveness of the Merger, Renhuang China's business plan became the business plan of the Company.

The Merger agreement was filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on August 29, 2006 and is incorporated herein by reference. The foregoing description of the Merger and the transactions contemplated thereby do not purport to be complete and are qualified in their entireties to the Merger agreement.

On August 31, 2006, the Company's Board of Directors approved the Merger.

Unless otherwise provided in this current report, all references in this current report to “we”, “us”, “our company”, “our”, or the “Company” refer to the combined Renhuang Pharmaceuticals, Inc. entity.

**NOTE 2. BASIS OF PRESENTATION:**

The accompanying unaudited condensed financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America, ("US GAAP"), pursuant to the rules and regulations of the Securities and Exchange Commission, (the "Commission") for interim financial information. Accordingly, the financial statements do not include all information and footnotes required by US GAAP for complete annual financial statements. In the opinion of management, the accompanying unaudited condensed financial statements reflect all adjustments, consisting of only normal recurring adjustments, considered necessary for a fair presentation. Interim operating results are not necessarily indicative of results that may be expected for the fiscal year ending April 30, 2007 or for any subsequent period. These statements should be read in conjunction with the audited financial statements for Renhuang Pharmaceuticals, Inc. and the notes thereto for the year ended April 30, 2006 included in Form 10-KSB filed with the Commission on August 15, 2006, incorporated herein by reference.

**NOTE 3. LIQUIDITY AND CAPITAL RESOURCES**

The Company reported zero revenue for the three months ended July 31, 2006. However, after discontinuing our operations on March 8, 2006, as reported elsewhere in this Current Report, and in our Current 8 K/A Report filed with the Commission on March 8, 2006, incorporated herein by reference, the Company has as of September 7, 2006 finalized its acquisition of Renhuang China and the Company believes its internal generated cash flow will be sufficient for the next twelve months. For the three months ended July 31, 2006, our acquired subsidiary generated \$5,919,510 in revenue and a net profit of \$2,622,015.

**NOTE 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Use of estimates**

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect reported amounts of assets and liabilities as of the date of the balance sheet and reported amounts of expenses for the periods presented. Accordingly, actual results could differ from those estimates.

**Net profit per share**

The Company reported zero revenue for the three months ended July 31, 2006. However, our subsidiary, Renhuang China, acquired on September 7, 2006 as referred to elsewhere in this Current Report, and in our 8 K Current Report dated September 11, 2006, incorporated herein by reference, generated a net profit of \$2,622,015 for the same period, which equals \$0.0749 per share on a pro forma basis based upon the Company's actual issued and outstanding shares of 34,999,601 as of the date of the filing of this Current Report.

**Principles of consolidation**

The accompanying Consolidated Financial Statements include the accounts of Renhuang Pharmaceuticals, Inc. only.

**NOTE 5. BASIS OF PRESENTATION:**

The accompanying unaudited interim financial statements reflect all adjustments of a normal and recurring nature which are, in the opinion of management, necessary to present fairly the financial position, results of operations and cash flows of the Company for the interim period presented. The results of operations for this period are not necessarily comparable to, or indicative of, results of any other interim period or for the fiscal year taken as a whole.

**NOTE 6. RECENT PRONOUNCEMENT**

None.

**NOTE 7. SUBSEQUENT EVENT**

**Acquisition of Harbin Renhuang Pharmaceutical Co., Ltd. (Renhuang China)** On September 7, 2006 the Company acquired Harbin Renhuang Pharmaceutical Company Limited, a corporation incorporated under the laws of the British Virgin Island, on January 18th, 2006 (the "BVI") including its 100% owned and only subsidiary, Harbin Renhuang Pharmaceutical Co. Ltd., incorporated under the laws of the Peoples Republic of China on February 15, 2006 ("Renhuang China") in exchange for issuing 29,750,000 shares of the Company's common stock, par value \$0.001 per share (the "Common Stock") to BVI's stockholders, representing 85% of the Company's capital stock on a fully diluted basis after taking into account the contemplated transaction. Upon effectiveness of the Merger, Renhuang China's business plan became the business plan of the Company.

Upon closing, BVI became a wholly owned subsidiary of the Company and the former stockholders of BVI own approximately 85% of the issued and outstanding Common Stock of the Company.

For accounting purposes, the Merger has been accounted for as a reverse acquisition with the shell as the accounting acquiree and Renhuang China as the accounting acquirer.

The Merger agreement was filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the Commission on August 29, 2006 and is incorporated herein by reference. The foregoing description of the Merger and the transactions contemplated thereby do not purport to be complete and are qualified in their entirety to the Merger agreement.

**PRO FORMA  
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR RENHUANG PHARMACEUTICALS, INC.  
INCORPORATED UNDER THE LAWS OF NEVADA**

**AS OF JULY 31, 2006**

The following un-audited pro forma condensed consolidated financial statements combine the historical balance sheets of Harbin Renhuang Pharmaceutical Co., Ltd., incorporated in the People's Republic of China, ("Renhuang China") with the historical balance sheet of Renhuang Pharmaceuticals, Inc., ("Renhuang") at July 31, 2006, and their respective income statements for the three months ended July 31, 2006, giving effect to the reverse merger between Renhuang China and Renhuang as if the merger had taken place on November 1, 2003.

Because Renhuang China's owners as a group retained or received the larger portion of the voting rights in the combined entity and Renhuang China's senior management represents a majority of the senior management of the combined entity, Renhuang China was considered the acquirer for accounting purposes and we will account for the exchange transaction as a re-capitalization of Renhuang China.

We provide the following information to aid you in your analysis of the financial aspects of the reverse merger, referred to elsewhere in this Current 8 K Report as the Merger. We derived this information for Renhuang from its unaudited financial statements for the period ended July 31, 2006. We derived this information for Renhuang China from its unaudited but reviewed financial statements for the three months ended July 31, 2006.

The unaudited pro forma condensed consolidated financial statements should be read in conjunction with the separate historical financial statements of Renhuang China, appearing elsewhere herein, and the historical financial statements of Renhuang, as filed and included in our Current Form 10-KSB for the annual periods ended April 30, 2006.

The fiscal year end of Renhuang China and Renhuang is October 31 and April 30, respectively.

The un-audited pro forma condensed consolidated financial information is for illustrative purposes only. The companies may have performed differently had they always been combined. You should not rely on the pro forma condensed consolidated financial information as being indicative of the historical results that would have been achieved had the companies always been combined or the future results that the combined company will experience after the Merger.

**RENHUANG PHARMACEUTICALS, INC.**  
**UNAUDITED PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET**  
**AS OF JULY 31, 2006 (In USD)**

	July 31, 2006			
	Renhuang China (a)	Renhuang (b)	Pro Forma Adjustments (c)	Pro Forma Consolidated Balance
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$ 2,227,048			\$ 2,227,048
Trade receivables, net of provisions	3,774,835			3,774,835
Inventory	1,433,249			14,33,249
Other receivable, not of provisions	39,011			39,011
<b>TOTAL CURRENT ASSETS</b>	<b>7,474,143</b>			<b>7,474,143</b>
<b>PROPERTY, PLANT AND EQUIPMENT, NET</b>				
	2,614,751			2,614,751
<b>TOTAL ASSETS</b>	<b>\$ 10,088,894</b>	<b>\$ —</b>		<b>\$ 10,088,894</b>

	July 31, 2006			Pro Forma Consolidated
	Renhuang China (a)	Renhuang (b)	Pro Forma Adjustments (c)	Balance
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable and accruals				
- Due to related parties	414,959			414,959
- Due to third parties	415,191			415,191
Other payable				
- Due to related parties	131,641			131,641
- Due to third parties	234,027			234,027
Dividend payable				
<b>TOTAL CURRENT LIABILITIES</b>	<b>1,195,868</b>			<b>1,195,868</b>
<b>TOTAL LIABILITIES</b>	<b>1,195,868</b>		—	<b>1,195,868</b>
<b>SHAREHOLDERS' EQUITY</b>				
Common stock		13,355	21,645	35,000
Additional paid-in-capital	6,271,008	17,375,011	(21,645)	23,624,374
Reserves	393,305			393,305
Retained earnings (Deficit)	2,228,713			2,228,713
Accumulated other comprehensive income (deficit)		(17,388,366)		(17,388,366)
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>8,893,026</b>		—	<b>8,893,026</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>\$ 10,088,894</b>	<b>\$</b>	<b>—\$</b>	<b>—\$ 10,088,894</b>

**RENHUANG PHARMACEUTICALS, INC.**  
**UNAUDITED PRO FORMA CONDENSED CONSOLIDATED INCOME STATEMENT**  
**THREE MONTHS ENDED JULY 31, 2006 (In USD)**

Three months ended July 31, 2006

	Renhuang China (a)	Renhuang (b)	Pro Forma Adjustments (c)	Pro Forma Consolidated Balance
SALES	\$ 5,413,888		\$	\$ 5,413,888
COST OF SALES	(2,402,354)			(2,402,354)
GROSS PROFIT/(LOSS)	3,011,534			3,011,534
SELLING AND DISTRIBUTION EXPENSES	(88,010)			(88,010)
GENERAL AND ADMINISTRATIVE EXPENSES	(306,489)			(306,489)
INCOME FROM OPERATIONS	2,617,035	—		2,617,035
FINANCE (COSTS) INCOME	4,980			4,980
INCOME BEFORE INCOME TAXES	2,622,015		—	2,622,015
INCOME TAXES		—		—
NET INCOME/(LOSS) ATTRIBUTABLE TO SHAREHOLDERS	\$ 2,622,015	\$	— \$	\$ 2,622,015
NET INCOME PER SHARE				0.0749
SHARES OUTSTANDING				34,999,601

**CONDENSED NOTES TO UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 1 - REVERSE MERGER**

In consideration for 29,750,000 shares of Renhuang, representing 85% of Renhuang's total issued and outstanding shares after giving effect to the Merger, Renhuang acquired - through a Share Exchange Agreement dated on August 28, 2006 - all of the issued and outstanding share capital of Harbin Renhuang Pharmaceutical Company Limited, incorporated in the British Virgin Island, ("BVI"), whose only assets are the total and issued outstanding shares of Renhuang China as further described in our current Form 8K dated and filed with the Securities and Exchange Commission on August 29, 2006, incorporated herein by reference.

**NOTE 2 - PRO FORMA ADJUSTMENTS**

Balance Sheets - as of July 31, 2006

- (a) Derived from the balance sheets of Renhuang China as of July 31, 2006
- (b) Derived from the balance sheet of Renhuang as of July, 31, 2006
- (c) Adjustments relating to the share exchange agreement and the acquisition of Renhuang China by Renhuang, including:
  - A. To adjust for the exchange of Renhuang China shares for 29.75 million newly issued shares of Renhuang
  - B. After the reverse merger, the Company has 34,999,601 shares common stock outstanding (\$35,000 par value), allocated as follows:
    - 29,750,000 shares issued to former owners of Renhuang China
    - 445,240 retained by former owners of Renhuang
    - 4,804,361 shares issued to Viking Investments as investment banking fees

Statement of Income - For the three months ended July 31, 2006

- (a) Derived from the statement of income of Renhuang China for the three months ended July 31, 2006
- (b) Derived from the statement of income of Renhuang for the three months ended July 31, 2006

**NOTE 3 - REVISIONS TO UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

These unaudited pro forma condensed consolidated financial statements have been revised in order to reduce our revenue and selling expenses due to the fact that the commission/rebate expenses should be net off against the revenue, rather than being reported as selling expenses and included in the revenue respectively.

As a result the sales, gross profit (loss), and selling and distribution expenses originally reported in these pro forma financial statements for the three months ended July 31, 2006 have been revised as follows:

	<b>As Revised</b>		<b>As Originally Reported</b>	
	<b>Renhuang China</b>	<b>Pro Forma Consolidated Balance</b>	<b>Renhuang China</b>	<b>Pro Forma Consolidated Balance</b>
Sales	\$ 5,413,888	\$ 5,413,888	\$ 5,919,510	\$ 5,919,510
Gross Profit/(Loss)	3,011,534	3,011,534	3,517,156	3,517,156
Selling and Distribution Expenses	(88,010)	(88,010)	(593,632)	(593,632)



## **ITEM 2 Managements Discussion and Analysis of Financial Condition and Results of Operations.**

### **Overview**

The following discussion of the financial condition and results of operation of Renhuang Pharmaceuticals, Inc. should be read in conjunction with the financial statements and the notes to those statements included in this Quarterly Report on Form 10-Q. This discussion includes forward-looking statements that involve risk and uncertainties. As a result of many factors, actual results may differ materially from those anticipated in the forward-looking statements.

On September 7, 2006, we acquired 100% of the issued and outstanding shares of Harbin Renhuang Pharmaceutical Company Limited, a corporation incorporated under the laws of the British Virgin Island, (“BVI”), whose only asset was its wholly-owned subsidiary, Harbin Renhuang Pharmaceutical Co. Ltd., incorporated under the laws of the Peoples Republic of China (“Renhuang China”), which mainly focused on the research, production and sales of traditional Chinese and Western medical and bio-pharmaceutical products in China. This transaction is referred to throughout this report as the “Merger.”

On May 1, 2006, Harbin Renhuang Pharmaceutical Stock Co. Ltd. (“Old Renhuang”) transferred the majority of its operating assets, except buildings, account receivables, inventories and other assets with zero or insignificant value to Renhuang China. The principal business activities of Renhuang China remained unchanged. On March 3, 2006, Renhuang Medicine for Animals Co. Ltd., a company controlled by Mr. Li Shaoming, invested 25 million RMB (approximately US \$3.3 million) in cash in Renhuang China.

The products are distributed through more than 60 sales offices with more than 2,000 commission-based sales people. Upon the effectiveness of the Merger, we adopted the business of Renhuang China, which we intend to continue as our sole line of business.

Upon closing of the Merger, BVI and Renhuang China became our wholly-owned subsidiary. The former stockholders of BVI currently own approximately 85% of our issued and outstanding common stock.

Since we intend to operate our sole line of business through Renhuang China, the analysis of the pro forma financial statements for the quarterly period ended July 31, 2006 is from the operations of Renhuang China.

### **Reverse Merger**

Our acquisition of BVI and its wholly-owned subsidiary, Renhuang China, was accounted for as a reverse merger, because, after giving effect to the share exchanges, the former stockholders of BVI hold a majority of our outstanding common stock on a voting and fully diluted basis. As a result of the share exchanges, Renhuang China was deemed to be the acquirer for accounting purposes. Accordingly, the financial statements presented are those of Renhuang China for all periods prior to our acquisition of BVI on September 7, 2006, and the financial statements of the consolidated companies from the acquisition date forward.

### **Results of Operations**

We did not conduct operations during the quarter ended July 31, 2006. Our plan of operation for the year ending April 30, 2007 is to implement Renhuang China’s business strategy, which as discussed above involves the research, production and sales of traditional Chinese and Western medical and bio-pharmaceutical products in China.

### **Off-Balance Sheet Arrangements**

We do not have any “off-balance sheet arrangements,” as that term is defined by SEC regulations.

### **ITEM 3 Quantitative and Qualitative Disclosures About Market Risk**

Our primary financial instruments are cash in banks and money market instruments. We do not believe that these instruments are subject to material potential near-term losses in future earnings from reasonably possible near-term changes in market rates or prices. We do not have derivative financial instruments for speculative or trading purposes. We are not currently exposed to any material currency exchange risk.

### **ITEM 4 Controls and Procedures**

#### **Evaluation of disclosure controls and procedures**

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our reports filed pursuant to the Securities Exchange Act of 1934, as amended (the “Exchange Act”), is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules, regulations and related forms, and that such information is accumulated and communicated to our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure.

As of the end of the period covered by this quarterly report, we carried out an evaluation, under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures. Based on this evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures were effective.

#### **Changes in internal controls**

During the quarter ended July 31, 2006, there has been no change in our internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

## **PART II - OTHER INFORMATION**

### **ITEM 1 Legal Proceedings**

We are not a party to, or threatened by any litigation or procedures.

### **ITEM 1A Risk Factors**

There are no material changes to the risk factors in our most recent First Amended Annual Report on Form 10-K/A for the fiscal year ended April 30, 2006.

### **ITEM 2 Unregistered Sales of Equity Securities and Use of Proceeds**

There have been no events that are required to be reported under this Item.

### **ITEM 3 Defaults Upon Senior Securities**

There have been no events that are required to be reported under this Item.

### **ITEM 4 Submission of Matters to a Vote of Security Holders**

There have been no events that are required to be reported under this Item.

### **ITEM 5 Other Information**

*Harbin Renhuang Pharmaceutical, Co., Ltd. (Renhuang China) Merger with Renhuang Pharmaceuticals, Inc.*

On September 7, 2006, pursuant to the Merger, we acquired BVI, including its wholly-owned and only subsidiary. Upon effectiveness of the Merger, our business was abandoned and the business plan of Renhuang China was adopted. The transaction was therefore accounted for as a reverse acquisition with BVI as the accounting acquirer and us as the accounting acquiree. On August 31, 2006, our Board of Directors approved the transaction.

We disclosed these events in our Current Report on Form 8-K, filed with the Commission on September 11, 2006, incorporating in such filing the audited financial statements of Renhuang China for the years ended October 31, 2005 and 2004, unaudited financials for the period November 1, 2005 to April 30, 2006, and condensed consolidated unaudited pro forma financial statements for the years ended October 31, 2005 and 2004.

Our unaudited pro forma financial statements for the quarterly period ended July 31, 2006 is included under Note 7, Subsequent Event, to our financial statements and are incorporated herein by reference.

*Departure of Directors or Principal Officers; Election of Directors; Appointment of Principal Officers*

Effective September 12, 2006, our Board of Directors appointed Ms. Edith Kong to our Board of Directors and as our Chief Financial Officer and Mr. Leo Wang resigned as a Director and our Chief Financial Officer.

Ms. Kong, has extensive experience in the investment banking and healthcare industry. She worked for Allegiance Capital in New York, where she was involved in diverse Mergers and Acquisition transactions. She also worked for Roberts Mitani Partner, a New York based investment bank with life sciences focuses, where she was responsible for performing valuation and transaction analysis for sell-side mandates. She was also engaged in private equity placement for several medical devices firms. Before her work in investment banking, Ms. Kong worked as a sell-side equity research analyst for Investology Research, which was top-ranked as one of the best performing independent research firms by Business Week. She was responsible for the pharmaceutical sector and covered middle cap firms. In addition, Ms. Kong has extensive and valuable experience in the biotech sector and clinical medicine. She spent years on scientific research in the Human Genome Project and M.D. Anderson Cancer Center. Ms. Kong also completed her residency training after medical school.

Ms. Kong has solid education and training in medical, science and business. She received a Medical Doctor degree from Hunan Medical University in China. She earned a MS degree from New Mexico Tech, with a Specialization in Biochemistry. Ms. Kong also holds a MBA degree from New York University, Stern School of Business, with majors in Finance and Accounting.

*Correction of Current Report on Form 8-K Disclosure*

On September 11, 2006, we erroneously disclosed in our Current Report on Form 8-K, Item 16, Subsequent Event, that on February 15, 2006, Harbin Renhuang Pharmaceutical Co., Ltd. (“New Renhuang”) incorporated in the Peoples Republic of China, effective as of May 1, 2006, commenced operations and continued the operations unchanged of Renhuang Pharmaceutical Stock Co., Ltd. (“Old Renhuang”). The correct disclosure is as follows: Harbin Renhuang Pharmaceutical Stock Co. Ltd. was incorporated in 1996 in the Peoples Republic of China (“Old Renhuang”). Harbin Renhuang Pharmaceutical Co. Ltd. was incorporated in February 2006 in the Peoples Republic of China (“Renhuang China”). On March 3, 2006, Renhuang Medicine for Animals, a company controlled by Mr. Li Shaoming, invested 25 million RMB (\$3.3 million) in cash in Renhuang China. On March 3, 2006, Old Renhuang transferred the majority of its operating assets, except buildings, and other with zero or insignificant value to Renhuang China. The principal business activities of Renhuang China remained unchanged.

On September 11, 2006, the Company erroneously disclosed in its Current Report on Form 8-K, under “**RENHUANG PHARMACEUTICALS, INC. UNAUDITED PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET AS AT APRIL 30, 2006**” that its pro forma additional paid-in-capital was US \$38,131,193. The correct amount is US \$28,465,271.

**ITEM 6 Exhibits**

(a) Exhibits

- 3.1 (1) Restated Articles of Incorporation, as filed with the Nevada Secretary of State on April 21, 2003
  - 3.2 (2) Amendment to Articles of Incorporation, as filed with the Nevada Secretary of State on July 28, 2006
  - 3.3 (1) Second Restated Bylaws
  - 31.1 Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer
  - 31.2 Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer
  - 32.1 Chief Executive Officer Certification Pursuant to 18 USC, Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
  - 32.2 Chief Financial Officer Certification Pursuant to 18 USC, Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- (1) Incorporated by reference to our Current Report on Form 8-K dated April 21, 2003, filed with the Commission on April 22, 2003.
- (2) Incorporated by reference to our First Annual Report on Form 10-K/A for the fiscal year ended April 30, 2006 dated February 22, 2007, filed with the Commission on February 22, 2007.

**SIGNATURES**

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

**Renhuang Pharmaceuticals, Inc.**

Dated: February 27, 2007

/s/ Li Shaoming

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By: Li Shaoming  
President and  
Chief Executive Officer

Dated: February 27, 2007

/s/ Zuoliang Wang

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By: Zuoliang Wang  
Interim Chief Financial Officer