

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

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

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

ANNUAL REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

**For the fiscal year ended April 30, 2006**

OR

TRANSITION REPORT UNDER 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.)

**c/o Viking Investments  
65 Broadway, Suite 888  
New York, NY**  
(Address of principal executive offices)

**10006**  
(Zip Code)

**Registrant's telephone number, including area code (212) 430-6548**

Securities registered pursuant to Section 12(b) of the Act:

Title of each class

Name of each exchange on which registered

None

None

Securities registered pursuant to Section 12(g) of the Act:

Common Stock, par value \$0.001  
(Title of class)

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 15(d) of the Act. Yes  
[X] No [ ]

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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

Accelerated filer

Non-accelerated filer

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

Aggregate market value of the voting stock held by non-affiliates: \$207,741.66, as based on last reported sales price of such stock. The voting stock held by non-affiliates on that date consisted of 3,462,361 shares of common stock.

**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 Sections 12, 13 or 15(d) of the 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 July 15, 2006, there were 13,355,181 shares of common stock, par value \$0.001, issued and outstanding.

**Documents Incorporated by Reference**

List hereunder the following documents if incorporated by reference and the Part of the Form 10-K (e.g., Part I, Part II, etc.) into which the document is incorporated: (1) Any annual report to security holders; (2) Any proxy or information statement; and (3) Any prospectus filed pursuant to rule 424(b) or (c) of the Securities Act of 1933. The listed documents should be clearly described for identification purposes (e.g., annual report to security holders for fiscal year ended December 24, 1980). None.

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## PART I

### Explanatory Note

Renhuang Pharmaceuticals, Inc. has restated its Annual Report on Form 10-K. This Annual Report is for the year ended April 30, 2006, and was originally filed with the Commission on Form 10-KSB on August 15, 2006. The purpose of this amendment is to correctly file this Annual Report on Form 10-K rather than on Form 10-KSB, 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-KSB. 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-K rather than on Form 10-KSB. References throughout this Annual Report are accurate as of the date originally filed. We have not undertaken to update all of the information in this Annual Report, but instead have only (i) updated those areas related to the restatements and (ii) changed the voice throughout this Annual Report from third-person to first-person. Please read all of our filings with the Commission in conjunction with this Annual Report.

This Annual 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 - BUSINESS

#### *Business Overview*

Up until March 3, 2006, we were a holding company that operated primarily through one active subsidiary, American Residential Funding, Inc., a Nevada Corporation (AMRES), which provided home financing through the brokerage of residential home loans.

#### *AMRES*

AMRES consistently provided the majority of our consolidated revenue. AMRES is primarily a loan broker that, through its loan agents, locates prospective borrowers from real estate brokers, home developers, and marketing to the general public. After taking a loan application, AMRES processes the loan package, including obtaining credit and appraisal reports. AMRES then presents the loan to one of approximately 400 approved lenders, who then approve the loan, draw loan documents, and fund the loan. AMRES receives a commission for each brokered loan, less what is paid to each agent.

The mortgage loans are generally "one-to-four-family" mortgage loans, which were permanent loans (as opposed to construction or land development loans) secured by mortgages on non-farm properties, including attached or detached single-family or second/vacation homes, one-to-four-family primary residences and condominiums or other attached dwelling units, including individual condominiums, row houses, townhouses and other separate dwelling units even when located in buildings containing five or more such units. Each mortgage loan may be secured by an

owner-occupied primary residence or second/vacation home, or by a non-owner occupied residence.

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We have marketed and sold our mortgage brokerage services primarily through a direct sales force of loan agents totaling between 20 and 40 persons from our previous office in Costa Mesa, California, as well as over 500 loan agents at branch locations.

We faced intense competition in the origination and brokering of our mortgage loans. Such competition came from banks, savings and loan associations and other entities, including real estate investment trusts. Many of our competitors had significantly more assets and greater financial resources than us.

#### *Environmental Matters*

We have not been required to perform any investigation or clean up activities, nor have we been subject to any environmental claims. There can be no assurance, however, that this will remain the case in the future.

#### *Trade Names and Service Marks*

We do not currently own any Trade Names, Trade Marks or Service Marks.

#### *Employees*

As of March 8, 2006, we do not have any employees.

#### *Historical Changes in Business Strategy and Changes in Control*

We were 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, and on January 2, 2002 to Renhuang Pharmaceuticals, Inc.

On April 11, 2006, we received written consents in lieu of a meeting of stockholders from holders of 9,892,820 shares representing approximately 74% of the 13,355,181 shares of the total issued and outstanding shares of our voting stock (the "Majority Stockholders") approving an amendment to our Articles of Incorporation to change our name to Renhuang Pharmaceutical, Inc.

On July 27, 2006, we effectuated the name change to Renhuang Pharmaceuticals, Inc.

#### *Recapitalization*

In November 1999, our outstanding common stock underwent a two-for-one forward split. Effective in April 2003, (a) our preferred stockholders exchanged their Series A and Series C preferred stock for newly created Series E and Series D preferred stock, respectively, (b) our President exchanged cancelled options and converted debt into common stock and newly created Series F preferred stock, and (c) our common stock underwent a one-for-twenty reverse stock split, resulting in a decrease in our outstanding common stock at the time from 99,350,000 shares to 4,967,500 shares.

On or about April 11, 2006, we received written consents in lieu of a meeting of stockholders from the Majority Stockholders approving the 1-for-30 reverse stock split of our Common Stock. On April 11, 2006, our Board of Directors approved the above-mentioned stock split, subject to stockholder approval and on August 11, 2006, the Board of Directors effectuated the reverse stock split.

*Discontinued operations*

On September 30, 2005, our Board of Directors approved, declared it advisable and in our best interests and directed that there be submitted to the holders of a majority of our voting stock for action by written consent the proposed sale of substantially all of our assets (the "Asset Sale"), including but not limited to, all of our ownership interest in AMRES, to AMRES Holding, LLC, a Nevada limited liability company ("AMRES Holding").

The purpose of the Asset Sale, in conjunction with the Securities Sale described below, was to promote the interests of our stockholders by selling unprofitable assets to prevent further losses and provide them with a reasonable exit from their equity holdings.

Vincent Rinehart ("Rinehart"), a shareholder and at the time, our sole officer and director, is the managing member of AMRES Holding and an officer and director of AMRES, and as such there may have existed a conflict of interest in the related-party transaction, which conflict of interest was waived by our Board of Directors and the majority of our voting stockholders.

*Securities Sale*

On September 19, 2005, our Board of Directors approved, declared it advisable and in our best interests and directed that there be submitted to the holders of a majority of our voting stock for action by written consent the proposed sale by AMRES Holding and Rinehart to Viking (the "Securities Sale"), of their entire ownership interests in us consisting of an aggregate of approximately 10,379,731 shares of common stock, par value \$0.001 and warrants to purchase a total of 3,450,000 shares of our common stock (collectively, the "Securities") in exchange for an aggregate purchase price of \$375,000 (the "Purchase Price"), of which \$150,000 was paid out as a dividend to approximately 3,026,688 shares and was equal to approximately \$0.0495 per share, and the balance to pay off company debt and liabilities, leaving us without assets and liabilities, as additional consideration in connection with the transactions contemplated by the Asset Sale. Approval of the Securities Sale by a majority of our stockholders was not required; nonetheless, effective on September 30, 2005, the Securities Sale was approved by written consent of a majority of our stockholders. Viking did not bear a related-party relationship to us or our management.

*Dividend*

We distributed \$150,000 of the Purchase Price as a cash dividend to our shareholders on or about March 15, 2006. The dividend was paid to approximately 3,026,688 shares and was equal to approximately \$0.0495 per share. The balance of the funds was used to resolve all of ours and AMRES' outstanding obligations prior to the consummation of the Securities Sale.

*Closing Date*

On March 3, 2006, the Closing Date, the transactions referred to above closed and we discontinued our operations.

We are currently devoting our efforts to locating merger or acquisition candidates. Our ability to continue as a going concern is dependent upon our ability to develop additional sources of capital, locate and complete a merger with or acquisition of another company, and ultimately, achieve profitable operations. The accompanying financial statements do not include any adjustments that might result from the outcome of these uncertainties.

## **ITEM 1A - RISK FACTORS**

On at least an annual basis, we are required to provide our shareholders with a statement of risk factors and other considerations for their review. These risk factors and other considerations include:

### ***We are a shell company as defined in Rule 12b-2 of the Act.***

We are a shell company (as defined in Rule 12b-2 of the Act) because we have no or nominal assets and no or nominal operations. We currently exist for the specific purpose of acquiring all or substantially all of the ownership of an existing business. These transactions are consummated by issuing or transferring large blocks of our equity shares to the principals of the business that is acquired. Any such issuance will involve significant dilution in the equity interest in us held by our pre-reorganization shareholders with the result that our pre-reorganization shareholders will have a substantially lower aggregate interest in our outstanding shares after giving effect to the reorganization. Prospective investors should be aware that privately-held companies oftentimes merge or reorganize with a public shell as a means of “going-public” without having to incur the time, expense and disclosure obligations normally associated with the going-public process. In the event we merge with a privately held company, investors will not have had the benefit of receiving disclosure of such company’s operations and financial condition prior to making their investment. Prospective investors should also be aware that our management, acting in compliance with our Bylaws and Nevada Corporation Law, may structure any reorganization with an operating business in a manner that will allow our Board of Directors to approve the selection of the operating business and all of the terms of the reorganization, including the appointment of the successor officers and directors, without the need or request for shareholder approval.

### ***We rely on our management to evaluate potential acquisition targets.***

We are dependent on our officers and directors’ personal abilities to evaluate business opportunities that may be presented in the future. Since management has not identified a proposed business or industry in which it will search for an acquisition target, it is unlikely that management will have any prior experience in the technical aspects of the industry or the business within that industry which may be acquired.

### ***A single shareholder owns the voting control of our company.***

Our majority shareholder, Viking Investments USA, Inc., presently owns approximately 74.07% of our outstanding Common Stock. Therefore, until such time as we acquire an operating business, our majority shareholder will have the power to elect all of our Board of Directors, amend our Certificate of Incorporation, and approve a merger, or consolidation with another company or sale of all or substantially all of our assets.

*Because we face intense competition, we may not be able to acquire a quality operating business.*

Numerous large, well-financed firms with large cash reserves are engaged in the acquisition of companies and businesses. We expect competition to be intense for available target businesses.

*There is a limited public trading market for our common stock.*

Our securities do not currently, and have not in the past, traded on any active or liquid public market. Thus, there is currently a limited market for our securities and there can be no assurance that an active trading market will develop or, if one develops, that it will continue. Even if an active trading market should develop, the market may not be sustainable. There are currently no plans, proposals, arrangements or understandings with any person with regard to the development of a trading market in any of our securities.

#### **ITEM 1B - UNRESOLVED STAFF COMMENTS**

This Item is not applicable to us as we are not an accelerated filer, a large accelerated filer, or a well-seasoned issuer; however, we have not received written comments from the Commission staff regarding our periodic or current reports under the Securities Exchange Act of 1934 within the last 180 days before the end of our last fiscal year.

#### **ITEM 2 - PROPERTIES**

Our principal place of business is in New York City, New York, where we are provided with offices at no cost by our majority shareholder, Viking Investments.

#### **ITEM 3 - LEGAL PROCEEDINGS**

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

#### **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.

**PART II****ITEM 5 - MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES***Market Information*

Our common stock is currently quoted on the OTC Bulletin Board of the National Association of Securities Dealers, Inc., under the symbol "AZAC." Our common stock is only traded on a limited or sporadic basis and should not be deemed to constitute an established public trading market. There is no assurance that there will be liquidity in the common stock.

The following table sets forth the high and low bid information for each quarter within the two most recent fiscal years, as provided by the NASDAQ Stock Markets, Inc. The information reflects prices between dealers, and does not include retail markup, markdown, or commission, and may not represent actual transactions.

Fiscal Year Ended April 30,	Period	Bid Prices	
		High	Low
2004	First Quarter	1.05	0.65
	Second Quarter	0.80	0.25
	Third Quarter	0.58	0.25
	Fourth Quarter	0.40	0.21
2005	First Quarter	0.28	0.115
	Second Quarter	0.17	0.06
	Third Quarter	0.12	0.06
	Fourth Quarter	0.13	0.05
2006	First Quarter	0.13	0.04
	Second Quarter	0.09	0.04
	Third Quarter	0.04	0.03
	Fourth Quarter	0.15	0.02
2007	First Quarter (through June 30, 2006)	0.07	0.04

The Securities Enforcement and Penny Stock Reform Act of 1990 requires additional disclosure relating to the market for penny stocks in connection with trades in any stock defined as a penny stock. The Commission has adopted regulations that generally define a penny stock to be any equity security that has a market price of less than \$5.00 per share, subject to a few exceptions that we do not meet. Unless an exception is available, the regulations require the delivery, prior to any transaction involving a penny stock, of a disclosure schedule explaining the penny stock market and the risks associated therewith.

*Holdings*

As of July 15, 2006, there were 13,355,181 shares of our common stock issued and outstanding held by 72 holders of record.



*Dividend Policy*

We distributed \$150,000, as further described above under Discontinued Operations, as a cash dividend to our shareholders on or about March 15, 2006. The dividend was paid to approximately 3,026,688 shares equal to approximately \$0.0495 per share.

We do not expect to pay any dividend in the foreseeable future. We intend to apply our earnings, if any, in expanding our operations and related activities. The payment of cash dividends on our common stock in the future will be at the discretion of the Board of Directors and will depend upon such factors as earnings levels, capital requirements, our financial condition and other factors deemed relevant by the Board of Directors.

**ITEM 6 - SELECTED FINANCIAL DATA****Renhuang  
Pharmaceuticals, Inc.**

For the year ended April 30, (in 000's)

	2006	2005	2004	2003	2002
Statement of Operations Data:					
Income (loss) from discontinued operations	879	(3,528)	(1,123)	736	(454)
Income (loss) from continuing operations	-	-	-	-	-
Net income (loss) from discontinued operations	877	(3,580)	(1,123)	902	(442)
Net income (loss) per common share from continuing operations	0	-	-	-	-
Net income (loss) per common share from discontinued operations	0.12	(0.73)	(0.24)	0.27	(0.25)
Net income (loss) per basic common share	0.12	(0.73)	(0.23)	0.32	(0.24)
Balance Sheet Data:					
Current assets	\$ 0	9,546	7,903	12,871	3,236
Total assets	0	9,777	8,269	13,343	3,775
Current liabilities	0	10,510	7,796	11,412	2,921
Total liabilities	0	10,510	7,796	11,412	3,330
Total stockholders' equity (deficit)	0	(732)	473	1,931	445

Total dividends per common  
share

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## **ITEM 7 - MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION**

### **Overview**

As of March 3, 2006, we discontinued our previous operations and we have not started any new operations. We are currently devoting our efforts to locating merger candidates. Our ability to continue as a going concern is dependent upon our ability to develop additional sources of capital, locate and complete a merger with another company, and ultimately, achieve profitable operations. The accompanying financial statements do not include any adjustments that might result from the outcome of these uncertainties.

The following discussion contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of many factors, including those set forth under "Risk Factors." The following discussion should be read together with our financial statements and the notes to those financial statements included elsewhere in this annual report.

Except for historical information, the materials contained in this Management's Discussion and Analysis are forward-looking (within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934) and involve a number of risks and uncertainties. These include our historical losses, the need to manage its growth, general economic downturns, intense competition in the financial services and mortgage banking industries, seasonality of quarterly results, and other risks detailed from time to time in our filings with the Securities and Exchange Commission.

Although forward-looking statements in this Annual Report reflect the good faith judgment of management, such statements can only be based on facts and factors currently known by us. Consequently, forward-looking statements are inherently subject to risks and uncertainties, actual results and outcomes may differ materially from the results and outcomes discussed in the forward-looking statements. Readers are urged to carefully review and consider the various disclosures made by us in this Annual Report, as an attempt to advise interested parties of the risks and factors that may affect our business, financial condition, and results of operations and prospects.

### *Income Taxes*

We recognize deferred tax assets and liabilities based on the differences between the financial statement carrying amounts and the tax bases of assets and liabilities. We review our deferred tax assets for recoverability and establish a valuation allowance based upon historical losses, projected future taxable income and the expected timing of the reversals of existing temporary differences. During the years ended April 30, 2006 and 2005, we estimated the allowance on net deferred tax assets to be one hundred percent (100%) of the net deferred tax assets.

## Results of Operations for the Twelve Months Ended April 30, 2006 Compared to the Twelve Months Ended April 30, 2005

### Introduction

On September 30, 2005, pursuant to the above-mentioned Asset Sale, our Board of Directors approved the proposed sale of substantially all of our assets, including but not limited to, all of our ownership interest in AMRES, to AMRES Holding, LLC, a Nevada limited liability company. The purpose of the Asset Sale, in conjunction with the Securities Sale described below, was to promote the interests of our stockholders by selling unprofitable assets to prevent further losses and provide them with a reasonable exit from their equity holdings. The Asset Sale transaction closed on March 3, 2006, and we discontinued our operations. Accordingly, our operations related to home financing through the brokerage of residential home loans are categorized in our financial statements as discontinued operations.

We are currently devoting our efforts to locating merger or acquisition candidates. Our ability to continue as a going concern is dependent upon our ability to develop additional sources of capital, locate and complete a merger with or acquisition of another company, and ultimately, achieve profitable operations. The accompanying financial statements do not include any adjustments that might result from the outcome of these uncertainties.

	Year Ended April 30, 2006	Year Ended April 30, 2005	Dollar Change	%Change
Income (loss) from discontinued operations	\$ 878,711	(3,528,137)	\$ 4,406,848	N/A
Income (loss) from continuing operations	-	-	-	N/A
Net income (loss) from discontinued operations	876,951	(3,579,642)	4,456,593	N/A

### Net Loss Available to Common Shareholders

There was a net income from discontinued operations for the year ended April 30, 2006 in the amount of \$876,951 or \$0.12 per share compared with a net loss available to common shareholders of \$3,579,642, or \$(0.73) per share for the year ended April 30, 2005. Our now discontinued operations involved providing home financing through the brokerage of residential home loans.

As we continued to experience a significant slow down in the refinance business, and to be unsuccessful in the business initiatives described above and to expand our sources of revenue, we took immediate actions and discontinued our operations as further described above.

### Liquidity and capital resources

Our cash balance is zero on hand as of April 30, 2006.

Net cash used in operating activities was \$1,316,840 for the twelve months ended April 30, 2006, compared to \$3,374,672 of cash provided by operating activities for the twelve months ended April 30, 2005.

Net cash used in investing activities was \$0 and \$8,181 for the twelve months ended April 30, 2006 and 2005, respectively. .

Net cash provided by financing activities was \$0.00 for the twelve months ended April 30, 2006, compared to net cash used in financing activities in the amount of \$2,495,168 for the twelve months ended April 30, 2005. The only contributor to the cash used in financing activities during year ended April 30, 2006 was payment of \$150,000 as a dividend.

As most business oriented entities, we are vulnerable to increases in interest rates.

### Contractual Obligations

Obligations	Total	Payments due by period			
		1 Year	1-3 Years	3-5 Years	5 Years
Long-Term Debt Obligations	-0-	-0-	-0-	-0-	-0-
Capital Lease Obligations	-0-	-0-	-0-	-0-	-0-
Operating Lease Obligations	-0-	-0-	-0-	-0-	-0-
Purchase Obligations	-0-	-0-	-0-	-0-	-0-
Other Long-Term Liabilities	-0-	-0-	-0-	-0-	-0-
Total Contractual Obligations	-0-	-0-	-0-	-0-	-0-

As a result of the Asset Sale and Securities Sale we did not have any contractual obligations as of April 30, 2006.

### ITEM 7A - 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 8 - FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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## **ITEM 9 - CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE**

On March 8, 2006, our board of directors approved the dismissal of Singer Lewak Greenbaum & Goldstein LLP as our independent auditor. Singer, Lewak, Greenbaum & Goldstein LLP's was our independent accountants for the fiscal year ending April 30, 2005 only and they opined on one year of financial statements, specifically, the year ending April 30, 2005.

Management of Renhuang Pharmaceuticals, Inc. has not had any disagreements with Singer Lewak Greenbaum & Goldstein LLP related to any matter of accounting principles or practices, financial statement disclosure or auditing scope or procedure. For the fiscal year ended April 30, 2005 and through Singer Lewak Greenbaum & Goldstein LLP dismissal on March 8, 2006, there has been no disagreement between the Company and Singer Lewak Greenbaum & Goldstein LLP on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which disagreement, if not resolved to the satisfaction of Singer Lewak Greenbaum & Goldstein LLP would have caused it to make a reference to the subject matter of the disagreement in connection with its reports.

In connection with their audit of our financial statements for the fiscal year ended April 30, 2005 and reviews of the interim periods preceding March 8, 2006, there have been no disagreements with Singer Lewak Greenbaum & Goldstein LLP on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which disagreements if not resolved to the satisfaction of Singer Lewak Greenbaum & Goldstein LLP would have caused them to make reference thereto in their report on the financial statements.

On March 8, 2006, we engaged Rotenberg & Co. LLP of Rochester, New York, as our new independent auditors.

## **ITEM 9A - CONTROLS AND PROCEDURES**

### *Evaluation of Disclosure Controls and Procedures*

We conducted an evaluation, with the participation of our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended, or the Exchange Act, as of January 31, 2006, to ensure that information required to be disclosed by us in the reports filed or submitted by us under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Securities Exchange Commission's rules and forms, including to ensure that information required to be disclosed by us in the reports filed or submitted by us under the Exchange Act is accumulated and communicated to our management, including our principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that as of January 31, 2006, our disclosure controls and procedures were not effective at the reasonable assurance level due to the material weaknesses described below.

In light of the material weaknesses described below, we performed additional analysis and other post-closing procedures to ensure our consolidated financial statements were prepared in accordance with generally accepted accounting principles. Accordingly, we believe that the consolidated financial statements included in this report fairly present, in all material respects, our financial condition, results of operations and cash flows for the periods presented.

A material weakness is a control deficiency (within the meaning of the Public Company Accounting Oversight Board (PCAOB) Auditing Standard No. 2) or combination of control deficiencies, that results in more than a remote likelihood that a material misstatement of the annual or interim financial statements will not be prevented or detected. Management has identified the following two material weaknesses which have caused management to conclude that, as of January 31, 2006, our disclosure controls and procedures were not effective at the reasonable assurance level:

We were unable to meet our requirements to timely file our Form 10-Q for the quarter ended July 31, 2005. Management evaluated the impact of our inability to timely file periodic reports with the Securities and Exchange Commission on our assessment of our disclosure controls and procedures and has concluded that the control deficiency that resulted in the inability to timely make these filings represented a material weakness.

We did not maintain a sufficient complement of finance and accounting personnel with adequate depth and skill in the application of generally accepted accounting principles. In addition, we did not maintain a sufficient complement of finance and accounting personnel to handle the matters necessary to timely file our Form 10-Q for the quarter ended July 31, 2005. Management evaluated the impact of our lack of sufficient finance and accounting personnel on our assessment of our disclosure controls and procedures and has concluded that the control deficiency that resulted in our lack of sufficient personnel represented a material weakness.

To address these material weaknesses, management performed additional analyses and other procedures to ensure that the financial statements included herein fairly present, in all material respects, our financial position, results of operations and cash flows for the periods presented.

#### *Remediation of Material Weaknesses*

To remediate the material weaknesses in our disclosure controls and procedures identified above, subsequent to April 30, 2005, in addition to working with our independent auditors, we retained a third-party consultant to advise us regarding our financial reporting process.

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

Except as noted above, there were no changes in our internal control over financial reporting, as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act, during our most recently completed fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

### **ITEM 9B - OTHER INFORMATION**

On September 19, 2005, we entered into a Common Stock Purchase Agreement whereby Rinehart and AMRES Holding agreed to sell a total combined amount of approximately 10,379,731 shares of our common stock and warrants to purchase a total of 3,450,000 shares of our common stock (the "Securities"), to Viking Investments USA, Inc., a Delaware corporation ("Viking"), on or about October 28, 2005, for an aggregate purchase price of \$375,000. Viking does not bear a related-party relationship to us or our management. The anticipated closing date was changed by agreement of the parties to December 30, 2005.

On September 23, 2005, we received a signed Securities Purchase Agreement dated September 16, 2005 from Peter and Irene Gauld (the "Gaulds"), by and between AMRES Holding and the Gaulds, whereby the Gaulds agreed to sell to AMRES Holding, on or about October 28, 2005, warrants to acquire 2,000,000 shares of our common stock in exchange for the total purchase price of \$10,000. The Gaulds do not bear a related-party relationship to us or our management. The anticipated closing date was changed by agreement of the parties to December 30, 2005.



On September 30, 2005, we entered into a Reorganization, Stock and Asset Purchase Agreement by and among us and AMRES, on the one hand, and Rinehart and AMRES Holding, on the other hand, whereby we agreed to sell substantially all of our assets to AMRES Holding, on or about November 8, 2005, including but not limited to all of our ownership interest in our subsidiary, AMRES, in exchange for (i) the termination by Rinehart, the managing member of AMRES Holding, of that certain Employment Agreement dated June 1, 2001, by and between Rinehart and us, including the waiver of \$500,000 in severance thereunder and (ii) the assumption by AMRES of all obligations under that certain real property lease by and between the Company and Fifth Street Properties-DS, LLC. In conjunction with the abovementioned exchange, the following transactions occurred: (i) the delivery by Rinehart of his entire ownership interest in us, consisting of 988,275 shares of common stock, and 18,800 shares of Series F Convertible Preferred Stock, to Viking; (ii) the delivery by AMRES to Viking of its ownership interest in us, consisting of 4,137,500 shares of our common stock; and (iii) delivery by AMRES Holding of warrants to acquire 250,000 shares of our common stock to Viking. The anticipated closing date was changed by agreement of the parties to December 30, 2005.

On September 30, 2005, AMRES Holding entered into a Stock Purchase Agreement with Cranshire Capital, L.P. (“Cranshire”), The dotCom Fund, LLC (“dotCom”), and Keyway Investments, Ltd. (“Keyway”) (each a “Seller” and collectively the “Sellers”), whereby the Sellers agreed to sell to AMRES Holding, on or about November 8, 2005, an aggregate of 3,043,945 shares of our common stock, 8,201.5 shares of our Series D Preferred stock, and warrants to purchase 750,000 shares of our common stock, in exchange for the total purchase price of \$125,000. The anticipated closing date was changed by agreement of the parties to December 30, 2005. The Sellers do not bear a related-party relationship to us or our management.

On March 3, 2006, these securities were all sold to Viking pursuant to the terms of Common Stock Purchase Agreement as reported in our Current Report on Form 8-K dated September 23, 2005.

**PART III****ITEM 10 - DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE***Directors and Executive Officers*

The following table sets forth the names and ages of our current directors and executive officers, the principal offices and positions held by each person, and the date such person became a director or executive officer. Our executive officers are elected annually by the Board of Directors. The directors serve one year terms until their successors are elected. The executive officers serve terms of one year or until their death, resignation or removal by the Board of Directors. Unless described below, there are no family relationships among any of the directors and officers.

Name	Age	Position(s)
Shaoming Li	44	Chairman of the Board of Directors, President and Chief Executive Officer
Leo L. Wang	38	Director, Chief Financial Officer
Fanrong Meng	34	Director
Dianjun Pi	55	Director

Mr. Li Shaoming has served as the Chairman of the Board of Directors since founding Harbin Renhuang Pharmaceutical Co. Ltd in 1996. Mr. Li has more than 20 years experience from the pharmaceutical and finance industry. From 1984 to 1996, Mr. Li served as Vice Chairman of Shenzhen Health Pharmaceutical Co. Ltd, a company dedicated to drug research, production, and sales. Mr. Li is a professor at Harbin Business University and Northeastern Agriculture University. Mr. Li also served as Vice Chairman of Heilongjiang Provincial Chinese Traditional Medicine Association and Heilongjiang Provincial Medicine Association. Mr. Li Shaoming graduated from Central University of Finance and Economics in Beijing, China with a bachelor degree in finance.

Dr. Leo Wang has served as the Chief Financial Officer of Harbin Renhuang Pharmaceutical Co. Ltd since 2006. An expert on international business, finance and investment, Dr. Wang pioneered the study of foreign investments and multinational companies in China before the current wave of international business flows into China. Prior to Dr. Wang's current position, he worked in investment management at a New York hedge fund that invested for senior executives of Citigroup Morgan Stanley, UBS and the Federal Reserve. He also developed investment strategies at Fleet Boston Financial Corporation (Bank of America), and provided strategy consulting for Raytheon Company. Previously, he was an Assistant Professor of Economics at the University of Copenhagen in Denmark, and an Economic Advisor to the Ministry of Finance in Norway. Dr. Wang holds an M.B.A. in Finance and Management from MIT and a Ph.D. in Economics from the University of Oslo. He was also a National Science Foundation Scholar at Harvard University.

Mr. Fanrong Meng has served as the Chief Executive Officer of Harbin Venture Capital Ltd. since 2001. Mr. Meng has more than 15 years investment experience in China. In 1997, he participated in the successful Initial Public Listing of Asiapower Investment in Singapore. Mr. Meng also has participated in various international investment banking transactions with private and publicly listed companies. Mr. Meng Fanrong graduated from Xiamen University with a master degree in Finance.

Mr. Pi Dianjun has served as the Chief Operation Officer of Harbin Renhuang Pharmaceutical Co. Ltd since 2003, including responsibilities for the human resource department, information management, the center of management, and the office of the president in Renhuang. From 1992 to 2001, Mr. Pi served as the Chief Operation Officer of China Resource Breweries Limited, Harbin Office; from 2002 to 2004, Mr. Pi served as Vice Chairman of Kuihua Pharmaceutical Co. Ltd. Mr. Pi Dianjun graduated from Heilongjiang University.



To our knowledge, none of the directors presently serve as directors of public corporations other than Renhuang Pharmaceuticals, Inc.

*Board Meetings and Committees*

During the fiscal year ended April 30, 2006, the Board of Directors met on numerous occasions and took written action on numerous other occasions. All the members of the Board attended the meetings. The written actions were by unanimous consent.

On April 1, 2006, Mr. Shaoming and Mr. Zuoliang Wang of our Board of Directors formed an Audit Committee. During the fiscal year ended April 30, 2006, the Audit Committee met on one occasion. In accordance with a written charter adopted by the Company's Board of Directors, the Audit Committee assists the Board of Directors in fulfilling its responsibility for oversight of the quality and integrity of the Company's financial reporting process, including the system of internal controls. In connection with the audit of our financial statements for the fiscal year ended April 30, 2006, the Audit Committee (i) reviewed and discussed the audited financial statements with management, (ii) discussed with the independent auditors the matters required to be discussed by SAS 61, (iii) received the written disclosures and the letter from the independent accountants required by Independence Standards Board Standard No. 1, (iv) discussed with the independent accountant the independent accountant's independence, and (v) made appropriate recommendations to our Board of Directors concerning inclusion of the audited financial statements in our annual report on Form 10-K.

*Code of Ethics*

We have not adopted a written code of ethics, primarily because we believe and understand that our officers and directors adhere to and follow ethical standards without the necessity of a written policy.

*Compensation Committee*

On April 1, 2006, Mr. Shaoming and Mr. Zuoliang Wang of our Board of Directors formed an Audit Committee. During the fiscal year ended April 30, 2006, the Audit Committee met on one occasion.

**ITEM 11 - EXECUTIVE COMPENSATION**

*Executive Officers and Directors*

On June 1, 2001, we entered into an Employment Agreement with Rinehart. Under the terms of the agreement, we were to pay to Rinehart a salary equal to \$275,000 per year, subject to an annual increase of 10% commencing January 1, 2002, plus an automobile allowance of \$1,200 per month and other benefits, including life insurance. The agreement was for a term of 5 years and provided for a severance payment in the amount of \$500,000 and immediate vesting of all stock options in the event his employment was terminated for any reason, including cause. Rinehart's Employment Agreement was ratified by the shareholders of the Company at our 2001 Annual Shareholders Meeting. Following Rinehart's resignation on March 3, 2006, the employment agreement was terminated, including the \$500,000 waiver without any further obligation from either us or Rinehart.

*2003 Omnibus Securities Plan*

On February 28, 2003, our Board of Directors approved the Renhuang Pharmaceuticals, Inc. 2003 Omnibus Securities Plan, which was approved by our shareholders on April 11, 2003. The Plan offers selected employees, directors, and consultants an opportunity to acquire our common stock, and serves to encourage such persons to remain employed by us and to attract new employees. The plan allowed for the award of stock and options, up to 750,000 shares (after giving effect to the 1-for-20 reverse stock split effective April 21, 2003) of our common stock. On May 1 of each year, the number of shares in the 2003 Securities Plan should automatically be adjusted to an amount equal to ten percent (10%) of our outstanding stock on April 30 of the immediately preceding year. As of April 30, 2006, there are no options or other financial instruments outstanding under the 2003 Omnibus Securities Plan.

We do not pay our current officers and directors any compensation for their services.

*Board Compensation*

There are currently no agreements with any of the directors, or director nominees for compensation, and the Company does not anticipate paying any compensation. Our Directors are entitled to reimbursement for their travel expenses. We do not pay additional amounts for committee participation or special assignments of the Board of Directors.

**ITEM 12 - SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS**

The following table sets forth, as of July 15, 2006, certain information with respect to our equity securities owned of record or beneficially by (i) each Officer and Director; (ii) each person who owns beneficially more than 5% of each class of our outstanding equity securities; and (iii) all Directors and Executive Officers as a group.

## COMMON STOCK

Title of Class	Name and Address of Beneficial Owner	Amount and nature of Beneficial Ownership	Percent of Class
Common Stock	Viking Investments USA, Inc. 65 Broadway, Suite 888 New York, NY 10006	9,892,820	74.07%
Common Stock	Li Shaoming	0	0%
Common Stock	Leo L. Wang	0	0%
Common Stock	Pi Dianjun	0	0%
All officers and directors		0	0%

## ITEM 13 - CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

### *Convertible note*

On October 11, 2004, we issued a secured convertible note payable totaling \$125,000 to AMRES Holding, a related party partially owned and controlled by Mr. Vince Rinehart, our then Chief Executive Officer. The note was secured by substantially all of AMRES' assets. Interest on this note was payable quarterly beginning on January 1, 2005 at 12% per annum. Pursuant to its terms, the note matured on October 11, 2006. The was convertible into our common stock at 75% of the average closing bid price for the five days preceding the date of the conversion notice. As additional consideration, we issued a warrant to AMRES Holding to purchase 250,000 shares of our common stock at \$0.10 per share. The warrant was exercisable at any time between the closing date and a date which was five years from the closing date. We allocated the proceeds of the note to the note and warrants based on their relative fair values, resulted in a discount related to the warrant of \$10,175. The discount was amortized over the life of the note. As the conversion feature of the note at the time of issuance was beneficial to the holder, we recorded a discount on the note of \$57,413. The discount was amortized over the term of the note as interest expense. During the quarter ended July 31, 2005, the note was fully repaid, and the unamortized discount of \$17,185 was immediately charged to interest expense.

On January 18, 2005, we issued a convertible note payable to a private investor totaling \$55,000. We received proceeds, net of all costs and fees, in the amount of \$47,980. Interest on this note is payable monthly at 10% per annum, and the note matures on June 15, 2005. The note is convertible into shares of AMRES common stock at 50% of the bid price of AMRES common stock as reported on the Pink Sheet Market for the three trading days immediately preceding the date of the conversion notice. As the conversion feature of the note at the time of issuance was beneficial to the holder, we recorded a discount on the note of \$55,000. The discount is being amortized over the term of the note as interest expense. During the year ended April 30, 2005, \$17,500 of this convertible note payable was converted into 2,000,000 shares of AMRES common stock. The unamortized discount amount of \$7,621 at the time of conversion was immediately charged to interest expense. The convertible note payable matured on June 15, 2005 and the discount was fully amortized on the same day.

### *Sale and disposition of assets to related party*

On December 28, 2005, a Warranty bill of Sale was executed which sold certain AMRES assets to AMRES Holding, a limited liability company partially owned by Vincent Rinehart, our then Chief Executive Officer. The sale resulted in a total loss of \$110,611 to AMRES. The following described chattels and personal properties were included in the sale: 1.) Wells Fargo Bank Savings Account #690-6530787 as of 12-19-05 in the sum of \$125,000.00 pledged as a collateral for Surety Bonds issued by The Hartford Insurance Company, VA; 2)166,667 shares of stock in M-GAB Development Corp and 166,667 warrant securities as fully described in warrant purchase agreement dated March 8, 2004, all of which have been fully assigned to Mr. Rinehart from Renhuang Pharmaceuticals, Inc.; 3) complete Nortel Phone system, including all software, numbers and hardware, and which AMRES Holding agrees to assume the lease/purchase contract associated with said system; 4) all websites and URL's owned by AMRES including but not limited to loancomp.com; amres.net; americanresidentialfunding.com; amresdirect.com/net/biz; Fhafunding.com; losangeleshomeloans.com; lasvegashomeloan.com; residentialfunding.com; redcarpetmortgage.com 5) any and all copyright or trademarks seller owns or claims title to, including but not limited to AMRES, American Residential Funding, the "eagle/home in red/white/blue" image, as well as all trademarks rights associated with same; 6) all lawsuits wherein American Residential funding, Inc. is the Plaintiff, including but not limited to: various small claims against Shuler, Rothwell, Qayed, Harding, Henderson, and civil suits against Herrera, Winters, Oreste.

Rinehart, is the managing member of AMRES Holding and an officer and director of AMRES, and as such there may have existed a conflict of interest in the related-party transaction, which conflict of interest was waived by the Board of Directors and the majority of our voting stockholders.

On March 3, 2006, in exchange for substantially all of our assets, including but not limited to, all of our ownership interest in AMRES, (i) Rinehart delivered a majority of his ownership interest in us, consisting of 831,375 shares of common stock and 1,880,000 shares of our common stock acquired upon the conversion of 18,800 shares of Series F Convertible Preferred Stock, to Viking. Rinehart kept 156,900 shares of our common stock; (ii) Rinehart terminated that certain Employment Agreement dated June 1, 2001; (iii) AMRES assumed all obligations under that certain real property lease by and between us and Fifth Street Properties-DS, LLC; (iv) AMRES delivered to Viking its ownership interest in us, consisting of 4,137,500 shares of our common stock; and (v) AMRES Holding delivered warrants to acquire 250,000 shares of our common stock to Viking. In consideration for the above, Viking paid to \$375,000 of which \$150,000 was paid as a cash dividend to our shareholders on or about May 1, 2006 to approximately 3,026,688 shares and was equal to approximately \$0.0495 per share. The balance of the funds was used to resolve all of ours and AMRES' outstanding obligations prior to the consummation of the Securities Sale.

Rinehart is the managing member of AMRES Holding and an officer and director of AMRES. Viking does not bear a related-party relationship to us or our management. The consideration given or received for the assets was determined by arm's length negotiations between all the parties involved.

#### *Completion of Acquisition or Disposition of Assets*

On March 3, 2006, we completed the disposition of substantially all of our assets, including but not limited to, all of our ownership interest in our subsidiary, AMRES to AMRES Holding, under control of Rinehart. Effective on September 30, 2005, the disposition was approved by written consent of a majority of our stockholders.

In exchange for substantially all of our assets, including but not limited to, all of our ownership interest in AMRES, (i) Rinehart delivered a majority of his ownership interest in us, consisting of 831,375 shares of common stock and 1,880,000 shares of our common stock acquired upon the conversion of 18,800 shares of Series F Convertible Preferred Stock, to Viking. Rinehart kept 156,900 shares of our common stock; (ii) Rinehart terminated that certain Employment Agreement dated June 1, 2001 (iii) AMRES assumed all obligations under that certain real property lease by and between us and Fifth Street Properties-DS, LLC; (iv) AMRES delivered to Viking its ownership interest in us, consisting of 4,137,500 shares of our common stock; and (v) AMRES Holding delivered warrants to acquire 250,000 shares of our common stock to Viking.

Rinehart is the managing member of AMRES Holding and an officer and director of AMRES, and as such there may have existed a conflict of interest in the related-party transaction, which conflict of interest was waived by or Board of Directors and the majority of our voting stockholders. Viking does not bear a related-party relationship to us or our management.

The consideration given or received for the assets was determined by arm's length negotiations between all the parties involved.

## ITEM 14 - PRINCIPAL ACCOUNTING FEES AND SERVICES

### *Audit Fees*

During the fiscal years ended April 30, 2006 and 2005, Singer Lewak Greenbaum & Goldstein LLP billed us \$109,352.25, and Rotenberg billed us \$0.00, respectively, in fees for professional services for the audit of our annual financial statements and review of financial statements included in our Form 10-Q's, as applicable.

### *Audit - Related Fees*

During the fiscal years ended April 30, 2006 and 2005, Singer Lewak Greenbaum & Goldstein LLP billed us \$0.00, relating to procedures performed in connection with proxy and registration information filed with the SEC. There were no amounts billed related to any assurance and related services related to the performance of the audit or review of our financial statements.

### *Tax Fees*

During the fiscal years ended April 30, 2006 and 2005, Singer Lewak Greenbaum & Goldstein LLP billed us \$0.00, and Rotenberg & Co. LLP billed us zero, respectively, for professional services for tax preparation.

### *All Other Fees*

During the fiscal years ended April 30, 2006 and 2005, Singer Lewak Greenbaum & Goldstein LLP and Rotenberg & Co. LLP did not bill us for any other fees.

Of the fees described above for the fiscal year ended April 30, 2005, 100% were approved by the Board of Directors of the Company as there was not an Audit Committee in place at the time of the approvals. Of the fees described above for the fiscal year ended April 30, 2004, 100% were approved by the Audit Committee. The Audit Committee's pre-approval policies and procedures were detailed as to the particular service and the audit committee was informed of each service and such policies and procedures did not include the delegation of the audit committees responsibilities.

**PART IV****ITEM 15 - EXHIBITS, FINANCIAL STATEMENT SCHEDULES****(a)(1) Financial Statements**

The following financial statements are filed as part of this report:

Report of Independent Certified Public Accountants	F-1
Consolidated Balance Sheet as of April 30, 2006 and 2005	F-2
Consolidated Statement of Operations for the fiscal year ended April 30, 2006 and 2005	F-3
Statement of Changes in Stockholders' Equity for the fiscal ended April 30, 2006 and 2005	F-4
Consolidated Statements of Cash Flows for the fiscal years ended April 30, 2006 and 2005	F-12
Notes to Financial Statements	F-14

**(a)(2) Financial Statement Schedules**

We do not have any financial statement schedules required to be supplied under this Item.

**(a)(3) Exhibits**

Refer to (b) below.

**(b) Exhibits**

- 3.1 (1) Restated Articles of Incorporation, as filed with the Nevada Secretary of State on April 21, 2003.
- 3.2 Amendment to Articles of Incorporation, as filed with the Nevada Secretary of State on July 28, 2006.
- 3.3 (1) Second Restated Bylaws
- 10.1 (2) Common Stock Purchase Agreement dated September 19, 2005.
- 10.2 (2) Securities Purchase Agreement dated September 16, 2005.
- 10.3 (3) Reorganization, Stock and Asset Purchase Agreement dated September 30, 2005.

- 10.4 (3) Stock Purchase Agreement dated September 30, 2005.
- 10.5 (4) Securities Purchase Agreement dated September 16, 2005.
- 23.1 Consent of Rotenberg & Co., LLP
- 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 from our Current Report on Form 8-K filed with the Commission on September 23, 2005.
- (3) Incorporated by reference from our Current Report on Form 8-K filed with the Commission on October 3, 2005.
- (4) Incorporated by reference from our Current Report on Form 8-K filed with the Commission on October 14, 2005.

### SIGNATURES

In accordance with Section 13 or 15(d) 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

By: /s/ Li Shaoming  
Li Shaoming  
Chairman, President and  
Chief Executive Officer

Dated: February 27, 2007

By: /s/ Zuoliang Wang  
Zuoliang Wang  
Interim Chief Financial 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.

Dated: February 27, 2007

/s/ Andy Wu  
By: Andy Wu, Director

Dated: February 27, 2007

/s/ Fanrong Meng  
By: Fanrong Meng, Director

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Financial Statements and Report of  
Independent Certified Public Accountants  
RENHUANG PHARMACEUTICALS, INC.

April 30, 2006 and 2005

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors  
and Stockholders  
Renhuang Pharmaceuticals, Inc. (formerly Anza Capital, Inc.)  
Nevada

We have audited the accompanying consolidated balance sheet of Renhuang Pharmaceuticals, Inc. (formerly Anza Capital, Inc.) as of April 30, 2006, and the related consolidated statements of operations, changes in stockholders' equity (deficit), and cash flows for the year ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audit provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of April 30, 2006, and the results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The accompanying consolidated financial statements have been prepared assuming Renhuang Pharmaceuticals, Inc. (formerly Anza Capital, Inc.) will continue as a going concern. As discussed in Note 1 to the consolidated financial statements, the Company is currently devoting its efforts to locating merger or acquisition candidates. The Company's ability to continue as a going concern is dependent upon its ability to develop additional sources of capital, locate and complete a merger with or acquisition of another company, and ultimately, achieve profitable operations. The consolidated financial statements do not include any adjustments that might result from the outcome of these uncertainties.

/s/ Rotenberg & Co., LLP

Rotenberg & Co., LLP  
Rochester, New York  
August 9, 2006

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**RENHUANG PHARMACEUTICALS, INC. (formerly Anza Capital Inc.) AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**

	April 30, 2006	April 30, 2005
<b>ASSETS</b>		
Current assets -Discontinued Operations:		
Cash and cash equivalents (Note 2)	\$ --	\$ 1,316,840
Commissions and accounts receivable	--	1,234,658
Marketable securities, subject to rescission	--	1,090,000
Loans held for sale, net (Note 3)	--	5,886,950
Prepays and other current assets	--	18,102
Total current assets-Discontinued Operation	--	9,546,550
Property and equipment, net (Note 4)-Discontinued Operations	--	183,792
Other assets-Discontinued Operations	--	47,334
Total assets-Discontinued Operations	\$ --	\$ 9,777,676
<b>LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)</b>		
Current liabilities-Discontinued Operations:		
Accounts payable	\$ --	\$ 80,845
Accrued liabilities (Note 7)	--	1,593,562
Unsecured line of credit	--	75,000
Warehouse line of credit (Note 6)	--	5,778,298
Commissions payable	--	2,091,129
Other current liabilities	--	26,918
Notes Payable, net of discount of \$51,141 (Note 8)	--	56,094
Redeemable securities, net of discount of \$281,322	--	808,678
Total current liabilities-Discontinued Operations	\$ --	\$ 10,510,524
Minority Interest	--	--
Stockholders' equity (deficit) (Note 12):		
Preferred stock, 2,500,000 shares authorized:		
Series D convertible preferred stock, no par value; liquidation value of \$126.81 per share; 15,000 shares authorized; nil and 8,201.5 shares outstanding as of April 30, 2006 and 2005 respectively	--	1,040,222
Series F convertible preferred stock, no par value; liquidation value of \$16.675 per share; 25,000 shares authorized, nil and 18,800 shares issued and outstanding as of April 30, 2006 and 2005 respectively.	--	313,490
Common stock, \$0.001 par value; 100,000,000 shares authorized; 13,355,181 and 10,486,398 shares issued at April 30, 2006 and 2005, respectively, and 13,355,181 and 6,315,998 shares outstanding as of April 30, 2006 and 2005, respectively	13,355	6,316
Additional paid-in capital	17,375,011	16,022,441
Accumulated deficit	(17,388,366)	(18,115,317)
Total stockholders' equity (deficit)	\$ --	(732,848)
Total liabilities and stockholders' equity (deficit)	\$ --	\$ 9,777,676

See accompanying notes to these consolidated financial statements

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**RENHUANG PHARMACEUTICALS, INC. (formerly Anza Capital Inc.) AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**

	April 30, 2006	Year Ended April 30, 2005	April 30, 2004
Income(loss) from discontinued operations (Note 10)	\$ 878,711	\$ (3,528,137)	\$ (1,122,663)
Net income (loss), before minority interest in losses of consolidated subsidiary	\$ 878,711	\$ (3,528,137)	\$ (1,122,663)
Minority interest in losses of consolidated subsidiary	--	75,245	-
Net income (loss)	878,711	(3,452,892)	(1,122,663)
Preferred stock dividends	(1,760)	(126,750)	--
Net income (loss) available to common shareholders	876,951	(3,579,642)	(1,122,663)
<b>Earnings (loss) per common share:</b>			
<b>Basic:</b>			
Weighted average number of common shares	7,443,029	4,885,038	4,866,681
Net income (loss) per common share from discontinued operations	0.12	\$ (0.73)	\$ (0.23)
Net income (loss) per basic common share	0.12	\$ (0.73)	\$ (0.23)
<b>Diluted:</b>			
Weighted average number of common shares	4,866,681	4,866,681	4,866,681
Net income per common share from discontinued operations	0.18	\$ (0.74)	\$ (0.23)
Net income (loss) per diluted common share	0.18	\$ (0.74)	\$ (0.23)

See accompanying notes to these consolidated financial statements

RENHUANG PHARMACEUTICALS, INC. (formerly Anza Capital Inc.) AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)  
FOR THE YEARS ENDED APRIL 30, 2004, 2005 AND 2006

	A Preferred		C Preferred		D Preferred	
	Shares	Amount	Shares	Amount	Shares	Amount
Balances, April 30, 2003	--	\$ --	--	\$ --	8,201.5	\$ 1,040,222
Shares issued to employees and directors						
Shares issued to consultants						
Amortization of deferred compensation						
Conversion of Series C convertible preferred						
Repurchase of Series A convertible preferred						
Restructuring of Series A convertible preferred into Series E convertible preferred						
Restructuring of Series C convertible preferred into Series D convertible preferred						
Value of warrants ascribed to Series D convertible preferred						
Restructuring of AMRES holding note						
Issuance of Laguna settlement shares						
Cancellation of Laguna warrants						
Net income						
Balances, April 30, 2004	--	\$ --	--	\$ --	8,201.5	\$ 1,040,222



RENHUANG PHARMACEUTICALS, INC. (formerly Anza Capital Inc.) AND SUBSIDIARIES  
 CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)  
 FOR THE YEARS ENDED APRIL 30, 2004, 2005 AND 2006

	A Preferred		C Preferred		D Preferred	
	Shares	Amount	Shares	Amount	Shares	Amount
Dividends - Series D convertible preferred						
Dividends - Series F convertible preferred						
Issuance of dividends shares declared in 2004 - Series D						
Issuance of dividends shares declared in 2004 - Series F						
Issuance of common stock as consulting expense						
Issuance of AMRES shares to consultants						
Reclassification of minority interest portion of AMRES equity from the issuance of shares to minority interests						
Issuance of stock for cash						
Issuance of stock as compensation expense						
Issuance of warrants with Series G preferred stock						
Issuance of warrants as consulting expense						
Issuance of warrants with convertible debt						
Beneficial conversion feature on convertible debts						
Beneficial conversion feature on issuance of Series G preferred stock						

Conversion of AMRES debt  
to equity, net gain of  
\$110,398

Net loss attributable to  
common shareholders

Balances as of April 30,  
2005

--	\$	--	--	\$	--	8,201.5	\$	1,040,222
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RENHUANG PHARMACEUTICALS, INC. (formerly Anza Capital Inc.) AND SUBSIDIARIES  
 CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)  
 FOR THE YEARS ENDED APRIL 30, 2004, 2005 AND 2006 (CON'T)

	A Preferred		C Preferred		D Preferred	
	Shares	Amount	Shares	Amount	Shares	Amount
Dividends - Series F convertible preferred						
Cancellation of shares per legal settlement						
Conversion of Series D convertible preferred	--	--	--	--	(8,201.5)	(\$1,040,222)
Conversion of Series F convertible preferred						
Sale of shares of company held by subsidiary (AMRES)						
Net gain attributable to common shareholders						
Common stock - Dividends declared and paid						
Balances as of April 30, 2006	--	\$ --	--	\$ --	--	\$ --

See accompanying notes to these consolidated financial statements

RENHUANG PHARMACEUTICALS, INC. (formerly Anza Capital Inc.) AND SUBSIDIARIES  
 CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)  
 FOR THE YEARS ENDED APRIL 30, 2004, 2005 AND 2006 (CON'T)

	E Preferred		F Preferred		Common Stock	
	Shares	Amount	Shares	Amount	Shares	Amount
Balances, April 30, 2003	217,278	\$ 217,278	18,800	\$ 313,490	4,829,896	\$ 4,830
Shares issued to employees and directors						
Repurchase of Series E convertible preferred	(92,278)	(92,278)	--	--	--	--
Shares issued to Consultant	--	--	--	--	40,000	40
Conversion of Series C convertible preferred						
Liquidation of Series E convertible preferred through exchange of interest on secured notes receivable	(125,000)	(125,000)	--	--	--	--
Restructuring of Series A convertible preferred into Series E convertible preferred						
Restructuring of Series C convertible preferred into Series D convertible preferred						
Value of warrants ascribed to Series D convertible preferred						
Restructuring of AMRES holding note						
Issuance of Laguna settlement shares						
Cancellation of Laguna warrants						
Net income						

Balances as of April 30, 2004	--	\$	--	18,800	\$	313,490	4,869,896	\$	4,870
Dividends - Series D convertible preferred							825,552		825
Dividends - Series F convertible preferred							131,600		132
Issuance of dividend shares declared in 2004 - Series D							224,386		224

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RENHUANG PHARMACEUTICALS, INC. (formerly Anza Capital Inc.) AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)  
FOR THE YEARS ENDED APRIL 30, 2004, 2005 AND 2006 (CON'T)

	E Preferred		F Preferred		Common Stock	
	Shares	Amount	Shares	Amount	Shares	Amount
Issuance of dividend shares declared in 2004 - Series F	--	--	--	--	164,500	165
Issuance of common stock as consulting expense	--	--	--	--	100,000	100
Issuance of AMRES shares to consultants						
Reclassification of minority interest portion of AMRES equity from the issuance of shares to minority interests						
Issuance of stock for cash						
Issuance of stock as compensation expense						
Issuance of warrants with Series G preferred stock						
Issuance of warrants as consulting expense						
Issuance of warrants with convertible debt						
Beneficial conversion feature on convertible debt						
Beneficial conversion feature on issuance of Series G preferred stock						
Conversion of AMRES debt to equity, net gain of \$110,398						
Net loss attributable to common shareholders						
Balances as of April 30, 2005	--	--	18,800	\$ 313,490	6,315,934	\$ 6,316



RENHUANG PHARMACEUTICALS, INC. (formerly Anza Capital Inc.) AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)  
FOR THE YEARS ENDED APRIL 30, 2004, 2005 AND 2006 (CON'T)

	E Preferred		F Preferred		Common Stock	
	Shares	Amount	Shares	Amount	Shares	Amount
Dividends - Series F convertible preferred	--	--	--	--	32,900	33
Cancellation of shares per legal settlement	--	--	--	--	(51,250)	(51)
Conversion of Series D convertible preferred	--	--	--	--	1,040,033	1,040
Conversion of Series F convertible preferred	--	--	(18,800)	(313,490)	1,880,000	1,880
Sale of shares of company held by subsidiary (AMRES)	--	--	--	--	4,137,500	4,137
Net gain attributable to common shareholders						
Common stock - Dividends declared and paid						
Balances as of April 30, 2006	--	\$ --	--	\$ --	13,355,181	\$ 13,355

See accompanying notes to these consolidated financial statements

RENHUANG PHARMACEUTICALS, INC. (formerly Anza Capital Inc.) AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)  
FOR THE YEARS ENDED APRIL 30, 2004, 2005 AND 2006 (CON'T)

	Additional Paid-in Capital	Deferred Compensation	Accumulated Deficit	Total
Balances, April 30, 2003	\$ 13,639,114	\$ --	\$ (13,283,923)	\$ 1,931,011
Repurchase of Series E convertible preferred				(92,278)
Shares Issued to Consultant	11,160	--	--	11,200
Dividends - Series E convertible preferred	--	--	(20,201)	(20,201)
Dividends - Series F convertible preferred	--	--	(108,888)	(108,888)
Liquidation of Series E convertible preferred through exchange of interest on secured notes receivable	--	--	--	(125,000)
Net loss			(1,122,663)	(1,122,663)
Balances as of April 30, 2004	\$ 13,650,274	\$ --	\$ (14,535,675)	\$ 473,181
Dividends - Series D convertible preferred	71,978	--	(72,803)	--
Dividends - Series F convertible preferred	12,600	--	(12,732)	--
Issuance of dividend shares declared in 2004 - Series D	62,604	--	--	62,828
Issuance of dividend shares declared in 2004 - Series F	45,895	--	--	46,060
Issuance of common stock as consulting expense	703,780	--	--	703,780
Issuance of AMRES shares to consultants	900,000	--	--	900,000
Reclassification of minority interest portion of AMRES equity from the issuance of shares to minority interests	(75,245)	--	--	(75,245)

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Issuance of stock for cash	19,500	--	--	19,500
Issuance of stock as compensation expense	7,000	--	--	7,000
Issuance of warrants with Series G preferred stock	96,718	--	(12,374)	84,344
Issuance of warrants as consulting expense	39,427	--	--	39,427
Issuance of warrants with convertible debt	10,175	--	--	10,175
Beneficial conversion feature on convertible debt	240,412	--	--	240,412
Beneficial conversion feature on issuance of Series G preferred stock	225,821	--	(28,841)	196,980
Conversion of AMRES debt to equity, net gain of \$110,398	11,602	--	--	11,602

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RENHUANG PHARMACEUTICALS, INC. (formerly Anza Capital Inc.) AND SUBSIDIARIES  
 CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)  
 FOR THE YEARS ENDED APRIL 30, 2004, 2005 AND 2006 (CON'T)

	Additional Paid-in Capital	Deferred Compensation	Accumulated Deficit	Total
Net loss attributable to common shareholders	--	--	(3,452,892)	(3,452,892)
Balances as of April 30, 2005	\$ 16,022,441	\$ --	\$ (18,115,317)	\$ (732,848)
Dividends - Series F convertible preferred	1,727	--	(1,760)	--
Cancellation of shares per legal settlement	51	--	--	--
Conversion of Series D convertible preferred	311,610	--	--	--
Conversion of Series F convertible preferred	1,039,182	--	--	--
Sale of shares of company held by subsidiary (AMRES)	--	--	--	4,137
Net gain attributable to common shareholders	--	--	878,711	878,711
Common stock - Dividends declared and paid	--	--	(150,000)	(150,000)
Balances as of April 30, 2006	\$ 17,375,011	\$ --	\$ (17,388,366)	\$ --

See accompanying notes to these consolidated financial statements.

RENHUANG PHARMACEUTICALS, INC. (formerly Anza Capital Inc.) AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Twelve Months Ended April 30, 2006	Twelve Months Ended April 30, 2005	Twelve Months Ended April 30, 2004
Cash flows from operating activities:			
Net income (loss) from continuing operations	\$ --	\$ --	\$ --
Net income (loss) from discontinued operations	876,951	(3,579,642)	(1,122,663)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Stock-based consulting fees	--	1,643,207	--
Stock-based compensation	--	7,000	11,200
Provision for losses on brokered loans	--	--	--
Loss on disposal of assets	--	--	45,409
Impairment of goodwill	--	--	195,247
Gain on settlement of obligations	--	--	--
Gain on conversion of AMRES notes payable	--	(110,398)	--
Depreciation	--	68,541	90,185
Minority interest in losses of consolidated subsidiary	--	(75,245)	--
Amortization of discounts on convertible notes payable	--	189,272	--
Amortization of deferred stock compensation	--	--	--
Interest and beneficial conversion related charges	--	136,926	--
Accrued interest and accretion on notes	--	4,620	--
Disposition of assets and assumption of liabilities on discontinued operations	(2,193,791)	--	--
Changes in Assets/Liabilities:			
Increase (decrease) in other current liabilities	--	--	(75,601)
Increase (decrease) in commissions payable	--	(828,136)	231,753
Increase in accrued liabilities	--	669,749	339,242
Increase in accrued interest expense	--	--	--
Decrease in other current assets	--	74,410	--
Decrease (increase) in prepaid and other current assets	--	1,796	56,850
Decrease (increase) in loans held for sale, net	--	(2,236,039)	3,950,712
Decrease (increase) in commissions and accounts receivable	--	793,574	484,509
(Decrease) increase in accounts payable	--	(134,307)	(462,800)
Net cash provided by (used in) operating activities	(1,316,840)	(3,374,672)	3,744,043
Cash flows from investing activities:			
Acquisitions of property and equipment	--	(8,181)	(126,023)
Issuance of secured note receivable	--	--	(200,000)
Proceeds from sale of portion of secured note receivable	--	--	50,000
Other assets	--	--	(73,867)

Net cash used in investing activities	--	(8,181)	(349,890)
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RENHUANG PHARMACEUTICALS, INC. (formerly Anza Capital Inc.) AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS (CON'T)

	Twelve Months Ended April 30, 2006	Twelve Months Ended April 30, 2005	Twelve Months Ended April 30, 2004
Cash flows from financing activities:			
Borrowings from (repayments of) unsecured line of credit	--	75,000	--
(Repayments) advances on warehouse line of credit, net	--	2,171,433	(3,907,344)
Payments on notes payable and capital leases	--	(78,765)	74,534
Proceeds from convertible notes payable	--	308,000	--
Proceeds from shareholders for dividend payments	150,000	--	--
Common shares-dividend declared and paid	(150,000)	--	--
Issuance of stocks	--	19,500	--
Repurchase of Series E convertible preferred stock	--	--	(92,278)
Dividends on Series E convertible preferred stock	--	--	(20,199)
Net cash provided by (used in) financing activities	--	2,495,168	(3,945,287)
Net increase (decrease) in cash and cash equivalents	(1,316,840)	(887,685)	(551,134)
Cash and cash equivalents at beginning of period	1,316,840	2,204,525	2,755,659
Cash and cash equivalents at end of period	\$ --	\$ 1,316,840	\$ 2,204,525
Non-cash financing activities:			
Exchange of Series E convertible preferred stock for interest in secured note receivable	--	--	125,000
Settlement of debt with issuance of common stock	--	--	--
Conversion of Series C convertible preferred stock to common stock	--	--	--
Exchange of Series A convertible preferred stock to Series E convertible preferred stock	--	--	--
Exchange of Series C convertible preferred to Series D convertible preferred, common stock and accrued dividends	--	--	--
Warrants issued for bridge financing, debt conversions, marketable securities, subject to rescission	--	--	--
Conversion of AMRES notes payable to equity	--	11,602	--
Supplemental cash flow information:	--	66,504	37,155

Cash paid for interest

Income taxes were not significant during the periods presented

See accompanying notes to these consolidated financial statements

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RENHUANG PHARMACEUTICALS, INC. (formerly Anza Capital Inc.) AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**NOTE 1 - GENERAL**

RENHUANG PHARMACEUTICALS, INC. (“RENHUANG” or the “Company”), a Nevada corporation, was originally incorporated on August 18, 1988, under the name of Solutions, Inc. Subsequently, its name was changed to Suarro Communications, Inc. on August 16, 1996, on February 12, 1999, May 12, 1999, January 18, 2000, and on February 2, 2000 the entity changed its name to e-Net Corporation, e-Net Financial Corporation, e-Net.Com Corporation and e-Net Financial.Com Corporation, respectively. On January 2, 2002, the entity changed its name to RENHUANG PHARMACEUTICALS, INC. and again on July 28, 2006 to Renhuang Pharmaceuticals, Inc.

Recapitalization

Effective in April 2003, (a) our preferred stockholders exchanged their Series A and Series C preferred stock for newly created Series E and Series D preferred stock, respectively, (b) our President exchanged cancelled options and converted debt into common stock and newly created Series F preferred stock, and (c) our common stock underwent a one-for-twenty reverse stock split, resulting in a decrease in our outstanding common stock from 99,350,000 shares to 4,829,896 shares.

On or about April 11, 2006, the Company received written consents in lieu of a meeting of Stockholders from holders of 9,892,820 shares representing approximately 74% of the 13,355,181 shares of the total issued and outstanding shares of voting stock of the Company (the “Majority Stockholders”) approving the 1-for-30 reverse stock split of our Common Stock. On April 11, 2006, the Board of Directors of the Company approved the above-mentioned stock split, subject to Stockholder approval and on August 11, 2006, the Board of Directors effectuated the stock split reversal.

Discontinued Operations

On September 30, 2005, the Board of Directors of the Company approved, declared it advisable and in the Company’s best interests and directed that there be submitted to the holders of a majority of the Company’s voting stock for action by written consent the proposed sale of substantially all of the Company’s assets, including but not limited to all of the Company’s ownership interest in AMRES to AMRES Holding.

The purpose of the Asset Sale, in conjunction with the Securities Sale described below, is to promote the interests of the Company’s stockholders by selling unprofitable assets to prevent further losses and provide them with a reasonable exit from their equity holdings in the Company.

Vincent Rinehart, a shareholder and at the time, the sole officer and director of the Company, is the managing member of AMRES Holding and an officer and director of AMRES, and as such there may have existed a conflict of interest in the related-party transaction, which conflict of interest was waived by the Board of Directors and the majority of the voting stockholders of the Company.

On September 19, 2005, we entered into a Common Stock Purchase Agreement whereby Vince Rinehart, a shareholder and our sole officer and director (“Rinehart”) and AMRES Holding, LLC, a Nevada limited liability company under control of Rinehart (“AMRES Holding”) will sell a total combined amount of approximately 10,379,731 shares of our common stock and warrants to purchase a total of 3,450,000 shares of our common stock (the “Securities”), to Viking Investments USA, Inc., a Delaware corporation (“Viking”), on or about October 28, 2005, for an aggregate purchase price of \$375,000. Viking does not bear a related-party relationship to RENHUANG or its management. The anticipated closing date was changed by agreement of the parties to December 30, 2005.



RENHUANG PHARMACEUTICALS, INC. (formerly Anza Capital Inc.) AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

On September 23, 2005, we received a signed Securities Purchase Agreement dated September 16, 2005 from Peter and Irene Gauld (the "Gaulds"), by and between AMRES Holding and the Gaulds, whereby the Gaulds will sell to AMRES Holding, on or about October 28, 2005, warrants to acquire 2,000,000 shares of common stock of RENHUANG in exchange for the total purchase price of \$10,000. The Gaulds do not bear a related-party relationship to RENHUANG or its management. The anticipated closing date has been changed by agreement of the parties to December 30, 2005.

Stock and Asset Purchase Agreement

On September 30, 2005, we entered into a Reorganization, Stock and Asset Purchase Agreement by and among RENHUANG and AMRES, on the one hand, and Rinehart and AMRES Holding, on the other hand, whereby we will sell substantially all of our assets to AMRES Holding, on or about November 8, 2005, including but not limited to all of our ownership interest in our subsidiary, AMRES, in exchange for (i) the termination by Rinehart, the managing member of AMRES Holding, of that certain Employment Agreement dated June 1, 2001, by and between Rinehart and the Company, including the waiver of \$500,000 in severance thereunder and (ii) the assumption by AMRES of all obligations under that certain real property lease by and between the Company and Fifth Street Properties-DS, LLC. In conjunction with the abovementioned exchange, the following transactions will occur: (i) the delivery by Rinehart, a shareholder and the sole officer and director of the Company, of his entire ownership interest in the Company, consisting of 988,275 shares of common stock, and 18,800 shares of Series F Convertible Preferred Stock, to Viking; (ii) the delivery by AMRES to Viking of its ownership interest in the Company, consisting of 4,137,500 shares of Company common stock; and (iii) delivery by AMRES Holding of warrants to acquire 250,000 shares of the Company's common stock to Viking. The anticipated closing date was changed by agreement of the parties to December 30, 2005.

Series D Preferred Stock and Common Stock Transaction

On September 30, 2005, AMRES Holding entered into a Stock Purchase Agreement with Cranshire Capital, L.P. ("Cranshire"), The dotCom Fund, LLC ("dotCom"), and Keyway Investments, Ltd. ("Keyway") (each a "Seller" and collectively the "Sellers"), whereby the Sellers will sell to AMRES Holding, on or about November 8, 2005, an aggregate of 3,043,945 shares of our common stock, 8,201.5 shares of our Series D Preferred stock, and warrants to purchase 750,000 shares of our common stock, in exchange for the total purchase price of \$125,000. The anticipated closing date was changed by agreement of the parties to December 30, 2005. The Sellers do not bear a related-party relationship to RENHUANG or its management.

On March 3, 2006, these securities were all sold to Viking pursuant to the terms of Common Stock Purchase Agreement as reported in our Current Report on Form 8-K dated September 23, 2005.

Securities Sale

On September 19, 2005, the Board of Directors of the Company approved, declared it advisable and in the Company's best interests and directed that there be submitted to the holders of a majority of the Company's voting stock for action by written consent the proposed sale by AMRES Holding and Rinehart to Viking of their entire ownership interests in the Company consisting of an aggregate of approximately 10,379,731 shares of common stock, par value \$0.001 and warrants to purchase a total of 3,450,000 shares of the Company's common stock (collectively, the "Securities") in exchange for an aggregate purchase price of \$375,000 (the "Purchase Price"), of which \$150,000 was paid out as a

dividend to approximately 3,026,688 shares and was equal to approximately \$0.0495 per share, and the balance to pay off to pay off company debt and liabilities, leaving the Company without assets and liabilities, as additional consideration in connection with the transactions contemplated by the Asset Sale. Approval of the Securities Sale by a majority of the company's stockholders was not required; nonetheless, effective on September 30, 2005, the Securities Sale was approved by written consent of a majority of the Company's stockholders. Viking does not bear a related-party relationship to the Company or its management.

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RENHUANG PHARMACEUTICALS, INC. (formerly Anza Capital Inc.) AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Dividend

The Company distributed \$150,000 of the Purchase Price as a cash dividend to the Company shareholders on or about March 15, 2006. The dividend was paid to approximately 3,026,688 shares and was equal to approximately \$0.0495 per share. The balance of the funds was used to resolve all outstanding obligations of the Company and AMRES prior to the consummation of the Securities Sale (the "Closing").

Closing Date

On March 3, 2006, the Closing Date, the transactions referred to above closed and we discontinued our operations.

Going Concern

The Company is currently devoting its efforts to locating merger or acquisition candidates. The Company's ability to continue as a going concern is dependent upon its ability to develop additional sources of capital, locate and complete a merger with or acquisition of another company, and ultimately, achieve profitable operations. The accompanying financial statements do not include any adjustments that might result from the outcome of these uncertainties.

**NOTE 2 - BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of Presentation and Going Concern Considerations

The accompanying consolidated financial statements have been prepared removing the remaining subsidiary which was AMRES as of March 3, 2006.

Significant Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates made by management relate to provisions for loss on loans brokered, which enter into default immediately after closing, loans held for sale, litigation loss provisions, and allowances for deferred tax assets.

Revenue Recognition

RENHUANG did not have any revenues during the year. The expense of the parent company was paid by intercompany transfers of funds from its subsidiary, AMRES, which was removed from RENHUANG as of March 3, 2006.

RENHUANG PHARMACEUTICALS, INC. (formerly Anza Capital Inc.) AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Cash and Cash Equivalents

RENHUANG considers all liquid investments with an original maturity of 90 days or less to be cash equivalents. Balances in bank accounts may, from time to time, exceed federally insured limits.

RENHUANG did not have any cash balance as of April 30, 2006.

Property and Equipment

Property and equipment are recorded at cost. Significant renewals and betterments, which extend the life of the related assets, are capitalized. Maintenance and repairs are charged to expense as incurred. Property and equipment are depreciated using the straight-line method over the estimated useful lives of the related assets, ranging from three to seven years. Assets, which have a separable life, are depreciated over the life of those assets. At the time of retirement or other disposition of property and equipment, the cost and accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected in operations. There were no property and equipment on the books of RENHUANG as of April 30, 2006.

Valuation of Long-Lived and Intangible Assets

The recoverability of these assets requires considerable judgment and is evaluated on an annual basis or more frequently if events or circumstances indicate that the assets may be impaired. As it relates to goodwill and indefinite life intangible assets, we apply the impairment rules in accordance with SFAS No. 142. As required by SFAS No. 142, the recoverability of these assets is subject to a fair value assessment, which includes several significant judgments regarding financial projections and comparable market values. As it relates to definite life intangible assets, we apply the impairment rules as required by SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" which also requires significant judgment and assumptions related to the expected future cash flows attributable to the intangible asset. The impact of modifying any of these assumptions can have a significant impact on the estimate of fair value and, thus, the recoverability of the asset.

Income Taxes

RENHUANG accounts for income taxes under the provisions of SFAS No. 109, "Accounting for Income Taxes," whereby deferred tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between bases used for financial reporting and income tax reporting purposes. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. A valuation allowance is provided for certain deferred tax assets if it is more likely than not that RENHUANG will not realize tax assets through future operations.

Fair Value of Financial Instruments

Statement of Financial Accounting Standards No. 107, "Disclosures About Fair Value of Financial Instruments", requires disclosure of fair value information about financial instruments, whether or not recognized in the balance sheet. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. In that regard, the derived fair value estimates cannot be substantiated by comparison to independent markets and, in many cases, could not be realized in immediate settlement of the instruments. Statement No. 107 excludes certain financial instruments and all non-financial instruments from its

disclosure requirements. Accordingly, the aggregate fair value amounts presented do not represent the underlying value of the Company.

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RENHUANG PHARMACEUTICALS, INC. (formerly Anza Capital Inc.) AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The following methods and assumptions were used by RENHUANG in estimating fair values of financial instruments as disclosed herein:

Earnings Per Common Share

RENHUANG presents basic earnings per share (“EPS”) and diluted EPS on the face of all statements of operations. Basic EPS is computed as net income (loss) divided by the weighted average number of common shares outstanding for the period. Diluted EPS reflects the potential dilution that could occur from common shares issuable through stock options, warrants, and other convertible securities. Dilutive securities including the Series D Convertible Preferred Stock and the Series F Convertible Preferred Stock were not included in the computations of loss per share for the twelve months ended April 30, 2005 and 2004 since their effects are anti-dilutive. As of April 30, 2003, dilutive shares related to the Series D preferred amounted to 1,040,222, while dilutive shares relating to the Series F and Series E preferred amounted to 1,880,000 and 434,556, respectively. All of the Preferred stocks were converted to Common Stock as of March 3, 2006.

Recently Issued Accounting Statements

The FASB has issued SFAS No. 148 “Accounting for Stock-Based Compensation - Transition and Disclosures”. SFAS No. 148 amends SFAS No. 123, “Accounting for Stock-Based Compensation”, to provide alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. In addition, SFAS No. 148 amends the disclosure requirements of SFAS No. 123 to require prominent disclosures in both annual and interim financial statements about the method of accounting for stock-based employee compensation and the effect of the method used on reported results. The Company has adopted the disclosure requirements of SFAS No. 148. The Company has no stock-based compensation.

In December 2004, the FASB issued SFAS No. 123R, “Share-Based Payment, an Amendment of SFAS No. 123.” SFAS No. 123R requires companies to recognize in the statement of operations the grant-date fair value of stock options and other equity-based compensation issued to employees. The Company has no stock-based compensation.

In December 2004, the FASB issued SFAS No. 153, “Exchanges of Non-monetary Assets.” The Statement is an amendment of APB Opinion No. 29. SFAS No. 153 eliminates the exception for non-monetary exchanges of similar productive assets and replaces it with a general exception for exchanges of non-monetary assets that do not have commercial substance. The adoption of SFAS No. 153 has no impact on the Company’s financial statements.

In May 2005, The FASB issued Statement No. 154, “Accounting Changes and Error Corrections”, a replacement of APB Opinion 20, “Accounting Changes” and FASB Statement No. 3, “Reporting Accounting Changes in Interim Financial Statements”. This statement changes the requirements for the accounting for and reporting of a change in accounting principle. APB Opinion 20 previously required that most voluntary changes in accounting principles be recognized by including in net income of the period of the change the cumulative effect of changing to the new accounting principal. FASB Statement No. 154 requires retrospective application to prior periods’ financial statements of changes in accounting principle, unless it is impracticable to determine either the period specific effects or the cumulative effect of the change. This statement is effective for accounting changes and corrections of errors made in fiscal periods that begin after December 15, 2005. Management does not anticipate this statement will impact the Company’s consolidated financial position or consolidated results of operations and cash flows.

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In February 2006, the FASB issued Statement No. 155, "Accounting for Certain Hybrid Financial Instruments", an amendment of FASB Statement No.133, "Accounting for Derivative Instruments and Hedging Activities" and FASB Statement No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities." This Statement permits fair value re measurement for any hybrid financial instrument that contains an embedded derivative that otherwise would require bifurcation; clarifies which interest-only strips and principal-only strips are not subject to the requirements of Statement No. 133, establishes a requirement to evaluate interests in securitized financial assets to identify interests that are freestanding derivatives or that are hybrid financial instruments that contain an embedded derivative requiring bifurcation; clarifies that concentrations of credit risk in the form of subordination are not embedded derivatives and amends Statement 140 to eliminate the prohibition on a qualifying special-purpose entity from holding a derivative financial instrument that pertains to a beneficial interest other than another derivative financial instrument. Management does not anticipate this Statement will impact the Company's consolidated financial position or consolidated results of operations and cash flows.

In March 2006, the FASB issued Statement No. 156, "Accounting for Servicing of Financial Assets", an amendment of FASB Statement No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities." This Statement amends Statement No. 140 with respect to the accounting for separately recognized servicing assets and servicing liabilities. Management does not anticipate this Statement will impact the Company's consolidated financial position or consolidated results of operations and cash flows.

### **NOTE 3 - COMMITMENTS AND CONTINGENCIES**

#### Capital Leases

As of April 30, 2006 and 2005, RENHUANG had no significant capital leases outstanding.

#### Operating Leases

RENHUANG was leasing its corporate office located in Costa Mesa, California, under a non-cancelable operating lease arrangement, which expires in June of 2008. These leases were transferred to AMRES as of March 3, 2006.

### **NOTE 4 - STOCKHOLDERS' EQUITY**

#### Preferred Stock

On February 28, 2003, the board of directors of RENHUANG approved an amendment to RENHUANG's Articles of Incorporation to increase the authorized preferred stock from 1,000,000 shares to 2,500,000 shares, par value \$0.001 per share, the rights, privileges, and preferences of which would be determined by the board of directors, in their sole discretion, from time to time. The preferred stock may be divided into and issued in one or more series. On March 5, 2003, the proposal was approved by written consent of a majority of RENHUANG's stockholders; and became effective after RENHUANG's annual shareholders meeting on April 11, 2003.

Effective in April 2003, (a) our preferred stockholders exchanged their Series A and Series C preferred stock for newly created Series E and Series D preferred stock, respectively, (b) our President exchanged cancelled options and converted debt into common stock and newly created Series F preferred stock, and (c) our common stock underwent a one-for-twenty reverse stock split, resulting in a decrease in our outstanding common stock from 99,350,000 shares to 4,967,500 shares.



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Series A / Series E Convertible Preferred Stock

During the years ended April 30 2002 and 2003, RENHUANG repurchased 13,180 and 52,266 shares of Series A Convertible Preferred for \$6,590 and \$26,132 respectively. Also during the twelve months ended April 30, 2003, RENHUANG declared and distributed \$21,995 of dividends relating to the Series A Convertible Preferred Stock.

On February 28, 2003, the Company entered into an agreement, whereby the holders agreed to exchange 434,554 shares of Series A Convertible Preferred Stock for total of 217,278 shares of newly created Series E Convertible Preferred Stock. The effective date of the exchange was April 21, 2003. The Series A Convertible Preferred Stock had a liquidation value of \$0.50 per share, or \$217,278, which equates to the liquidation value of the Series E Convertible Preferred Stock of \$1.00 per share, or \$217,278 total. As such, RENHUANG did not incur any financial impact related to the exchange.

During the twelve months ended April 30, 2004, the Company repurchased 92,278 shares of Series E Convertible Preferred stock for \$92,278. In addition, the Company declared and distributed \$20,201 of dividends relating to the Series E Preferred Stock. In addition, the company executed an exchange agreement with the holders of the Series E Convertible Preferred such that the Company exchanged an asset worth \$125,000 as satisfaction of all outstanding amounts due to Series E Convertible Preferred holders. No gain or loss was recognized on the exchange. As of April 30, 2004, there are no shares of Series E Preferred Stock outstanding.

Each share of Series E Convertible Preferred Stock (after giving effect to the 1-for-20 reverse stock split) (i) has a liquidation preference (after the Series D Convertible Preferred Stock) equal to \$1.00 per share, (ii) is entitled to a monthly, non-cumulative dividend equal to 12% per annum, payable in cash, and (iii) may be converted, only upon the mutual written consent of the holder and RENHUANG, into common stock at the average of the closing bid price for the last ten days prior to the conversion date. The Series E Convertible Preferred Stock does not have any voting rights. In April of 2004, we executed an exchange agreement with the Series E Convertible Preferred Stock holders such that all outstanding principal and dividends were liquidated in exchange for an asset owned by the Company. No gain or loss was recognized on the exchange.

Series C / Series D Convertible Preferred Stock

On May 14, 2002 and again on November 17, 2002, holders of Series C Convertible Preferred Stock converted 1,059 shares of Series C Convertible Preferred Stock into 286,426 shares of RENHUANG's restricted common stock. The number of shares received upon conversion was determined based on the conversion discount specified in the agreement of 17.5%, taking into account the dividends which were due on the Series C Convertible Preferred shares. The beneficial conversion feature embedded in the Series C Convertible Preferred was originally charged to RENHUANG's accumulated deficit. No expense was associated with the transaction. Series C Convertible Preferred stock dividends totaling \$17,050 were charged to RENHUANG's accumulated deficit during the twelve months ended April 30, 2003.

On February 28, 2003, the Company entered into an agreement to exchanged 16,403 shares of Series C Convertible Preferred Stock for (i) 1,675,000 shares of common stock, (ii) 8,203 shares of newly created Series D Convertible Preferred Stock, and (iii) warrants to acquire 750,000 shares of common stock under the 2003 Stock Option Plan, exercisable ratably over a period of five years, with each one-third at an exercise price of \$0.50, \$0.75, and \$0.90 per share, respectively. The effective date of the exchange of the common stock was February 28, 2003, and the effective date of the exchange of Series C for Series D and warrants on April 21, 2003. On the date of the agreement, the value of the Series C Preferred Stock, plus accrued dividends, was determined to be \$1,977,426. The total shares of common

stock were valued at \$871,001 based on the fair market value of the shares as of February 28, 2003, less a 10% discount for transferability restrictions. The Series D Convertible Preferred Stock has a liquidation value of \$1,040,222 and the warrants were attributed a value of \$39,346 using the Black Scholes option pricing model. The value of the Series D Convertible Preferred Stock and the warrants differ from the value of the previously outstanding Series C Convertible Preferred Stock by \$6,643. The Company charged the difference to interest expense during the year ended April 30, 2003.

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Each share of Series D Convertible Preferred Stock (assuming the 1-for-20 reverse stock split is effected) (i) has a liquidation preference equal to \$126.81 per share, (ii) is entitled to receive a quarterly non-cumulative dividend equal to 7% per annum, which may be paid in cash or in common stock at the discretion of RENHUANG based on the average of the closing bid price for the last ten trading days of the applicable quarter, (iii) may be converted, after February 28, 2004, into 126.81 shares of Company common stock at the option of the holder, and (iv) is entitled to 126.81 votes on all matters submitted to the shareholders for approval.

On April 30, 2004, we declared the issuance of a total of 224,386 shares of our common stock valued at \$62,828 as payment of accrued dividends through the declaration date. The amount is included in accrued liabilities on the accompanying consolidated balance sheet as of April 30, 2004, as the shares were issued subsequent to year end.

Series F Convertible Preferred Stock

See Note 10 for discussion of transaction issuing 18,800 shares of Series F convertible preferred stock. Each share of Series F Convertible Preferred Stock (after giving effect to the 1-for-20 reverse stock split) (i) has a liquidation preference (after the Series D Convertible Preferred Stock and Series E Convertible Preferred Stock) equal to \$16.675 per share, (ii) is entitled to a quarterly, non-cumulative dividend of 1.75 shares of Company common stock, which may be paid in cash at RENHUANG's discretion based on the average of the closing bid price for the last ten trading days of the applicable quarter, (iii) may be converted, after February 28, 2004, into 100 shares of Company's common stock at the option of the holder, and (iv) is entitled to 100 votes on all matters submitted to the shareholders for approval.

On April 30, 2004, we declared the issuance of a total of 164,500 shares of our common stock fairly valued at \$46,060 as payment of accrued dividends through the declaration date. The amount is located in accrued liabilities on the accompanying balance sheet as of April 30, 2004, as the shares have were issued subsequent to year end. On March 3, 2006 preferred stocks were converted into common stocks.

Common Stock

On February 28, 2003, the board of directors approved, subject to stockholder approval, an amendment to RENHUANG's Articles of Incorporation to effectuate a one (1) for twenty (20) reverse stock split of RENHUANG's issued and outstanding common stock. On March 5, 2003, the proposal was approved by written consent of a majority of RENHUANG's stockholders; and became effective after RENHUANG's annual shareholders meeting on April 11, 2003. The effects of the reverse stock split have been retroactively applied to all periods presented.

**RENHUANG PHARMACEUTICALS, INC. (formerly Anza Capital Inc.) AND SUBSIDIARIES**  
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From time to time, RENHUANG's board of directors authorizes the issuance of common stock. RENHUANG values shares of common stock based on the closing ask price of the securities on the date the directors approve such issuance. In the event RENHUANG issues common stock subject to transferability restrictions under Rule 144 of the Exchange Act of 1933, RENHUANG discounts the closing ask prices by 10% to value its common stock transactions.

In June of 2001, RENHUANG issued 20,000 shares of its restricted common stock both as payment of a \$14,482 liability due an outside consultant and as a "buy-out" of the remaining guaranteed contract for this consultant who was providing legal services to RENHUANG. In connection with this transaction, RENHUANG charged operations \$43,118 for the difference between the carrying value of the liability and the value of the common stock.

On July 2, 2001, RENHUANG issued 16,250 shares of its restricted common stock valued at \$57,038 as a partial satisfaction of a loan payable due an unrelated party. The original amount of the loan, including interest payable was \$150,000. RENHUANG continues to repay the note in monthly of payments together with interest at 0% per annum of \$4,320 through May 2, 2002. As of April 30, 2002, \$4,320 remained due on the loan and was paid off during the year ended April 30, 2003.

At various dates from May 1, 2001 through April 30, 2002, RENHUANG issued 275,000 shares of common stock, valued at \$645,550 to various consultants of which \$624,717 are included in general and administrative expenses in the accompanying consolidated statements of operations and the remaining balance of \$20,833 recorded as deferred compensation

On November 4, 2002, RENHUANG issued 152,500 shares to consultants and legal counsel for services rendered prior to October 31, 2002, valued at \$85,400. The value of the shares was recorded in the accompanying financial consolidated statements as consulting expense for the year ended April 30, 2003.

Further, on November 4, 2002, RENHUANG issued 199,000 shares to current employees and directors for services rendered prior to October 31, 2002. The shares were valued at \$84,330 and were recorded as compensation expense for the year ended April 30, 2003.

Shares issued for services during the twelve months ended April 30, 2003, are summarized as follows:

	Year Ended April 30, 2003	
	Costs Incurred	Shares Issued
Incentives - Employees and Directors	\$ 84,330	199,000
Consulting - Legal	85,400	152,500
<b>Total</b>	<b>\$ 169,730</b>	<b>351,500</b>

On February 28, 2003, RENHUANG PHARMACEUTICALS, INC. and Vincent Rinehart entered into an agreement, whereby Rinehart agreed to (i) cancel options to acquire 125,000 shares of common stock and (ii) convert an aggregate of \$433,489 in principal and interest under a promissory note into (y) 300,000 shares of common stock and (z) 18,800 shares of newly created Series F Convertible Preferred Stock. The value attributed to the 300,000 shares of common stock was \$162,000 based on the fair market value of the stock as of the exchange date less a 10% discount. The value attributed to the Series F Convertible Preferred Stock is \$313,490 based on 18,800 shares at a liquidation value of \$16.675 per share. The value of the Series F Convertible Preferred Stock and the common stock differ from the amount of the note payable by \$42,001, which was charged to interest expense during the year ended April 30, 2003.



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In April of 2004, the Company issued 40,000 shares to a consultant for sales and marketing services rendered to AMRES. The shares were valued at \$11,200.

Stock Options and Warrants

*2003 Securities Plan*

On February 28, 2003, the Board of directors of RENHUANG approved, declared it advisable and in RENHUANG's best interests, and directed that there be submitted to the holders of a majority of RENHUANG's voting stock for action by written consent the RENHUANG PHARMACEUTICALS, INC. 2003 Omnibus Securities Plan (the "2003 Securities Plan"). On March 5, 2003, the proposal was approved by written consent of a majority of RENHUANG's stockholders; and became effective after RENHUANG's annual shareholders meeting on April 11, 2003.

The 2003 Securities Plan authorizes the granting of the following types of stock-based awards (each, an "Award"):

- stock options (including incentive stock options and non-qualified stock options);
  - restricted stock awards;
  - unrestricted stock awards; and
  - performance stock awards.

A total of 750,000 shares of common stock are reserved for issuance under the 2003 Securities Plan. Additional annual increases in shares available cannot exceed 10% of the outstanding common stock. In the event the Company issues stock options or warrants, each Award shall specify the date when options or warrants are to become exercisable. To the extent required by applicable law, stock options or warrants shall become exercisable no less rapidly than the rate of 20% per year for each of the first five years from the date of grant. Subject to the preceding sentence, the exercisability of any stock options or warrants shall be determined by the compensation committee in its sole discretion. Forfeitures pursuant to the terms under which such shares were issued, will again become available for the grant of further awards. No stock option may be exercised after the expiration of ten years from the date of grant (or five years in the case of incentive stock options granted to certain employees owning more than 10% of the outstanding voting stock). Pursuant to the 2003 Securities Plan, the aggregate fair market value of the common stock for which one or more incentive stock options granted to any participant may for the first time become exercisable as incentive stock options under the federal tax laws during any one calendar year shall not exceed \$100,000. Subsequent to April 30 2004, the board authorized a resolution to increase the amount of shares reserved for issuance under the 2003 Securities Plan to 936,746 shares.

**RENHUANG PHARMACEUTICALS, INC. (formerly Anza Capital Inc.) AND SUBSIDIARIES**  
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Stock-option activity during the years ended April 30, 2002, 2003 and 2004 is as follows:

Options issued to employees:

	Options	Range of Exercise Prices	Weighted Average Exercise Price	Weighted Average Fair Value of Options Granted
Outstanding, April 30, 2001	--	--	--	--
Granted	275,000	\$ 0.10-3.40	\$ 2.00	\$ 1.40
Canceled	(100,000)	\$ 3.40	\$ 3.40	\$ 2.40
Exercised	--	--	--	--
Outstanding, April 30, 2002	175,000	\$ 0.10-1.60	\$ 1.20	\$ 1.00
Granted	--	--	--	--
Canceled	(175,000)	\$ 0.10-1.60	\$ 1.20	\$ 1.00
Exercised	--	--	--	--
Outstanding April 30, 2003 and 2004	--	--	--	--

As of April 30, 2004 and 2003, there were no outstanding employee options.

Had compensation cost for the Company's employee stock options been accounted for using the fair value method of accounting described by SFAS No. 123 (see Note 3), the Company's reported net loss of \$442,713 and net loss per share of \$0.24 for the year ended April 30, 2002, would have been increased to a pro forma loss of \$579,783 and \$0.40 per share, respectively. In fiscal 2002, options granted to employees are estimated on the date of grant using the Black-Scholes option-pricing model with the following assumptions: no dividend yield, volatility of 83%, a risk-free interest rate of 3.25%, and an expected option life of five years. There were no grants made in 2004 and 2003; therefore, no pro forma effects are applicable.

On February 28, 2003, warrants to purchase 750,000 shares of common stock were granted which vest and are exercisable, over a period of five years. These warrants are in connection with the conversion of Series C convertible preferred stock into Series D convertible preferred stock as discussed in Note 12. One-third each have an exercise price of \$0.50, \$0.75, and \$0.90 per share, respectively and expire 10 years from the grant date.

RENHUANG PHARMACEUTICALS, INC. (formerly Anza Capital Inc.) AND SUBSIDIARIES  
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Warrants issued to  
non-employees:

	Warrants	Range of Exercise Prices	Weighted Average Exercise Price	Weighted Average Fair Value of Options Granted
Outstanding, April 30, 2001	24,234	\$ 60.00-134.60	\$ 83.20	\$ 57.00
Granted	50,000	3.40	2.00	2.40
Canceled	(50,000)	3.40	3.40	2.40
Exercised	--	--	--	--
Outstanding, April 30, 2002	24,234	\$ 60.00 134.60	\$ 83.20	\$ 57.00
Granted	750,000	0.50-0.90	0.72	0.05
Canceled	(24,234)	\$ 60.00-134.60	83.20	57.00
Exercised	--	--	--	--
Outstanding April 30, 2003 and 2004	750,000	\$ 0.50-0.90	\$ 0.72	\$ 0.05

The warrants issued in February 2003 were attributed a value of \$39,346 using the Black Scholes option pricing model. The closing stock price and the date of grant of the warrants was \$0.60 per share. The option life assumed is five years, risk-free interest rate of 2.5%, and an expected volatility of 15%. Management determined the measurement date to be February 28, 2003, since consent of a majority of the shareholders was obtained on that date. Warrants to purchase 750,000 shares which are outstanding are exercisable ratably over a five-year period. As of April 30, 2004 and 2003, 150,000 and zero warrants were exercisable, respectively. As of April 30, 2004 and 2003, the remaining contractual life on the warrants is 8.83 and 9.83 years, respectively.

#### Preferred Stock of Subsidiary

AMRES authorized 1,250,000 shares of Series A Preferred Stock on July 18, 2003. The Series A preferred stock is no par value and accrues dividends at a rate of 10% per annum. There are no voting, liquidation, redemption or conversion rights associated with the Series A Preferred Stock. On December 23, 2003, AMRES amended the terms of the Series A Preferred Stock so that it has a face value of \$4.00 per share, pays a 3% quarterly cumulative cash dividend, and has a liquidation preference.

On July 18, 2003, the Company entered into a Securities Exchange Agreement with AMRES and Sutter Holding Company, Inc. ("Sutter").

On December 18, 2003, the parties to the Agreement entered into a Mutual Rescission of Securities Exchange Agreement whereby they agreed to rescind the transactions contemplated by the Agreement in their entirety, and all parties returned all consideration. The Company returned to Sutter the 66,496 shares of Sutter common stock, Sutter returned to AMRES the 1,000,000 shares of Series A preferred stock, and Sutter returned to RENHUANG the Warrants.

On December 23, 2003, the AMRES amended the terms of its unissued Series A preferred stock. Under the amendment the Series A preferred stock is non-redeemable with no par value and accrues dividends at a rate of 3%,

per annum, payable quarterly. In addition, the dividends are cumulative and the holders of the Series A preferred stock have priority to all distributions. There are no voting, redemption or conversion rights associated with the Series A preferred stock.

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RENHUANG PHARMACEUTICALS, INC. (formerly Anza Capital Inc.) AND SUBSIDIARIES  
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On December 23, 2003, AMRES issued 500,000 shares of Series A Preferred Stock for 4,000,000 shares of restricted common stock of RENHUANG. On July 28, 2004, the agreement was modified and the AMRES returned 2,400,000 shares of RENHUANG's common stock to RENHUANG. The subsequent transaction was accounted for retroactively to the original agreement date on December 23, 2003. At April 30, 2004, AMRES held a total of 1,737,500 shares of RENHUANG common stock. AMRES accounts for these shares as an investment in a related entity. For purposes of consolidation, however, this transaction was eliminated.

**NOTE 5 - NON-RECURRING EXPENSES**

On or about June 27, 2002, RENHUANG entered into a settlement agreement and general mutual release with Laguna Pacific (the "Laguna Settlement"). As consideration under the Laguna Settlement, RENHUANG repaid the \$225,000 note, plus \$9,000 in accrued interest, and the note was cancelled.

Subsequent to the Laguna Settlement, a dispute arose regarding whether or not the Laguna Settlement included and consequently canceled the warrants. On October 25, 2002, the board of directors authorized the issuance of 150,000 shares of RENHUANG's common stock upon exercise of the Laguna warrant. The stock was valued at the fair market value on the date the settlement was executed of \$0.40 per share, less a 10% reduction based on the Rule 144 restriction. The value of the 150,000 shares issued to Laguna was determined to be \$54,000. The value of the warrant immediately prior to the settlement was determined to be equal to the original relative value of the warrant, since no economic changes impacted the value of the warrant since the date of issuance. During the twelve months ended April 30, 2003, management recorded a gain on the settlement as other income in the amount of \$78,543.

During the twelve months ended April 30, 2002, RENHUANG had capital lease obligations in default totaling \$91,585 that were settled for \$35,800. The remaining balance was recognized as a gain on settlement of debt of \$56,185.

On January 17, 2002, AMRES purchased a note payable by RENHUANG in the amount of \$103,404 and accrued interest totaling \$6,291 for consideration of \$40,000. In consolidation the note payable is eliminated and RENHUANG recognized a gain from the settlement of debt of \$69,695.

On May 27, 1999, RENHUANG entered into an agreement with an investment banker to seek debt financing through public or private offerings or debt or equity securities and in seeking merger and acquisition candidates. In April 2000, the parties agreed to amend the agreement to eliminate the fee based on a percentage of the consideration of a transaction, and to grant the investment banker 10,000 shares of the Common Stock and to cancel the options to purchase 10,000 shares. On August 7, 2001, RENHUANG agreed to settle a dispute over the terms of the amendment by canceling the 10,000 shares in exchange for 75,000 shares of RENHUANG's restricted common stock. RENHUANG valued the additional 65,000 shares at \$3.40 each and charged operations a total of \$221,000 as a non-recurring settlement loss.

RENHUANG entered into a global settlement agreement with several parties, which resulted in a total non-recurring loss of \$61,494. See Note 17 for more on this agreement.

**NOTE 6 - INCOME TAXES**

At April 30, 2004, RENHUANG had net operating loss carry-forwards for federal and state income tax purposes totaling approximately \$8.0 million and \$4.0 million, respectively, which for federal reporting purposes, begin to expire in 2011 and fully expire in 2023. For state purposes, the net operating loss carry-forwards begin to expire in

2005 and fully expire in 2010. The utilization of these net operating losses may be substantially limited by the occurrence of certain events, including changes in ownership. The net deferred tax assets at April 30, 2004 and 2003, before considering the effects of RENHUANG's valuation allowance amounted to approximately \$5.1 million and \$4.4 million, respectively. RENHUANG provided an allowance for substantially all its net deferred tax assets since they are unlikely to be realized through future operations. The valuation allowance for net deferred tax assets increased approximately \$711,000 and \$1.3 million during the years ended April 30, 2004 and 2003, respectively. RENHUANG's provision for income taxes differs from the benefit that would have been recorded, assuming the federal rate of 34%, due to the valuation allowance for net deferred tax assets.

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**NOTE 7 - SECURED NOTE RECEIVABLE**

On November 7, 2003, the Company loaned \$200,000 to an individual for a property purchase. The loan is secured by a first trust deed on the property. The borrower is required to make interest only payments, at 7.5% per annum, and the entire loan is due on December 1, 2008. During the year, a related investor, and a direct relative of the Chief Executive Officer of the Company, purchased a portion of the loan for \$50,000, leaving the amount owed to the Company at \$150,000. In addition, prior to the end of the fiscal year, the Company executed an exchange agreement with the Series E convertible preferred stock holders whereby the Company exchanged \$125,000 of the secured note receivable for all outstanding principal and interest owed the Series E convertible preferred stock holders. There was no gain or loss recorded on the sale of the loan.

**NOTE 8 - GLOBAL SETTLEMENT**

To settle all outstanding disputes among all the parties, on June 26, 2001, RENHUANG entered into a settlement agreement with EMB, AMRES Holding LLC, Vincent Rinehart, and Williams de Broe (the "Global Settlement"). As part of the Global Settlement:

I. RENHUANG issued to EMB 75,000 shares of restricted common stock as consideration for EMB's waiver of its registration rights for 375,000 shares of RENHUANG common stock already held by EMB. The shares were valued at \$0.14 per share based on a 10% discount from the closing price on the date of the agreement. RENHUANG issued to EMB a promissory note in the principle amount of \$103,404, which represents the reduced amount due to EMB by RENHUANG under a promissory note previously issued in connection with the AMRES acquisition, after giving effect to a principal reduction offset for amounts owed by EMB to WdB, but which were satisfied by RENHUANG and a note issued by RENHUANG to AMRES Holdings LLC to settle an acquisition obligation of EMB (see below). The note bears an interest at the rate of 10% per annum and is convertible into common stock of RENHUANG. See Note 13 for further discussion of this note.

II. RENHUANG issued to Williams de Broe ("WdB") 150,000 shares of restricted common stock valued at \$459,000 as consideration for WdB's release of all claims against RENHUANG arising under the purported guarantee of EMB's obligation to WdB by RENHUANG. The parties agreed that the amount be credited as additional consideration to the EMB notes payable.

III. EMB acknowledges its obligations to pay all outstanding leases covering equipment and/or furniture now in the possession of RENHUANG as contemplated by the agreement.

IV. EMB assigned rights of a portion of RENHUANG's note payable totaling \$485,446 to AMRES Holdings LLC, owned by Vince Rinehart. The note bears interest at 10% per annum. This note is convertible into shares of common stock based on 90% of the closing stock price on the date of the conversion. RENHUANG assigned a value of approximately \$60,681 to the beneficial conversion feature imbedded in this note. As part of the restructuring, the Company converted outstanding balance of the note plus accrued interest into 300,000 shares of RENHUANG's enforced. On January 17, 2002, EMB sold this note to AMRES for \$40,000.

**RENHUANG PHARMACEUTICALS, INC. (formerly Anza Capital Inc.) AND SUBSIDIARIES**  
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The following reflects the reduction of the note payable to EMB as follows:

Note payable	\$ 1,055,000
V. common stock plus 18,800 shares of Series F convertible preferred. As such, as of April 30, 2003, there is no principal or interest outstanding relating to this note.	160,856
EMB forgave principal and interest totaling \$168,006. The balance of \$103,404 convertible notes was issued, bearing interest at 10% per annum. The note had a mandatory conversion into RENHUANG's common stock on December 15, 2001, which was never Accrued interest	
Total due to EMB prior to settlement Less"	1,215,856
Value of 150,000 shares to WdB	(459,000)
Payable to AMRES Holdings LLC	(485,446)
Debt and interest relief	(168,006)
Balance due to EMB after settlement	\$ 103,404

The following reflects the non-recurring charge to operations associated with the Global Settlement:

Value of 75,000 shares to EMB	\$ 229,500
Debt and interest relief	(168,006)
Total non-recurring loss	\$ 61,494

**NOTE 9 - LEGAL**

The Company is not a party to any litigation or proceedings, and there is no pending or threatening litigation or proceedings against the Company.

**NOTE 10 - CHANGE OF CONTROL AND DISPOSITION OF ASSETS**

On September 19, 2005, the Company entered into a Common Stock Purchase Agreement whereby Vince Rinehart, a shareholder and at the time, the Company's sole officer and director ("Rinehart") and AMRES Holding, LLC, a Nevada limited liability company under control of Rinehart ("AMRES Holding") would sell a total combined amount of approximately 10,379,731 shares of the Company's common stock and warrants to purchase a total of 3,450,000 shares of the Company's common stock (the "Securities"), to an unrelated third party, Viking Investments USA, Inc., a Delaware corporation ("Viking"), for an aggregate purchase price of \$375,000. The anticipated closing date was changed by agreement of the parties to December 30, 2005.

RENHUANG PHARMACEUTICALS, INC. (formerly Anza Capital Inc.) AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

On September 23, 2005, the Company received a signed Securities Purchase Agreement dated September 16, 2005 from Peter and Irene Gaud (the "Gaulds"), by and between AMRES Holding and the Gaulds, whereby the Gaulds will sell to AMRES Holding, on or about October 28, 2005, warrants to acquire 2,000,000 shares of common stock of Renhuang in exchange for the total purchase price of \$10,000. The Gaulds do not bear a related-party relationship to Renhuang or its management.

On September 30, 2005, the Company entered into a Reorganization, Stock and Asset Purchase Agreement by and among Renhuang and AMRES, on the one hand, and Rinehart and AMRES Holding, on the other hand, whereby Renhuang would sell substantially all of our assets to AMRES Holding, on or about November 8, 2005, including but not limited to all of Renhuang's ownership interest in our subsidiary, AMRES, in exchange for (i) the termination by Rinehart, the managing member of AMRES Holding, of that certain Employment Agreement dated June 1, 2001, by and between Rinehart and the Company, including the waiver of \$500,000 in severance thereunder and (ii) the assumption by AMRES of all obligations under that certain real property lease by and between the Company and Fifth Street Properties-DS, LLC. In conjunction with the abovementioned exchange, the following transactions would occur: (i) the delivery by Rinehart, a shareholder and the sole officer and director of the Company, of his entire ownership interest in the Company, consisting of 988,275 shares of common stock, and 18,800 shares of Series F Convertible Preferred Stock, to Viking; (ii) the delivery by AMRES to Viking of its ownership interest in the Company, consisting of 4,137,500 shares of Company common stock; and (iii) delivery by AMRES Holding of warrants to acquire 250,000 shares of the Company's common stock to Viking.

On September 30, 2005, AMRES Holding entered into a Stock Purchase Agreement with Cranshire Capital, L.P. ("Cranshire"), The dotCom Fund, LLC ("dotCom"), and Keyway Investments, Ltd. ("Keyway") (each a "Seller" and collectively the "Sellers"), whereby the Sellers will sell to AMRES Holding, on or about November 8, 2005, an aggregate of 3,043,945 shares of Renhuang's common stock, 8,201.5 shares of Renhuang's Series D Preferred stock, and warrants to purchase 750,000 shares of Renhuang's common stock, in exchange for the total purchase price of \$125,000. The anticipated closing date was changed by agreement of the parties to December 30, 2005. The Sellers do not bear a related-party relationship to Renhuang or its management. These securities should all be sold to Viking pursuant to the terms of Common Stock Purchase Agreement as reported in the Company's Current Report on Form 8-K dated September 23, 2005.

On March 3, 2006, all the transactions referred to above occurred.

**NOTE 11 - SUBSEQUENT EVENT**

On or about April 11, 2006, the Company received written consents in lieu of a meeting of Stockholders from holders of 9,892,820 shares representing approximately 74% of the 13,355,181 shares of the total issued and outstanding shares of voting stock of the Company (the "Majority Stockholders") approving the following amendments to the Company's Articles of Incorporation (the "Amendment"): (i) changed the name of the Company to "Renhuang Pharmaceuticals, Inc."; and (ii) completed a 1-for-30 reverse stock split of our Common Stock.

On April 11, 2006, the Board of Directors of the Company approved the Above-mentioned actions, subject to Stockholder approval. According to Nev. Rev. Stat. 78.390, a majority of the outstanding shares of voting capital stock entitled to vote on the matter is required in order to amend the Company's Articles of incorporation. According to Nev. Rev. Stat. 78.2055, a majority of the outstanding shares of voting capital stock entitled to vote on the matter is required in order to decrease the number of issued and outstanding shares resulting from a reverse stock split.

On July 28, 2006 the Company changed its name to Renhuang Pharmaceuticals, Inc. and on August 11, 2006, the Board of Directors effectuated the stock split reversal.

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