PUHUI WEALTH INVESTMENT MANAGMENT CO., LTD. AND SUBSIDIARIES

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Consolidated financial statements

FRIEDMAN LLP®

ACCOUNTANTS AND ADVISORS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of
Puhui Wealth Investment Management Co., Ltd.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Puhui Wealth Investment Management Co., Ltd. and its subsidiaries (collectively, the "Company") as of June 30, 2018 and 2017, and the related consolidated statements of income and comprehensive income, changes in shareholders' equity (deficiency), and cash flows for each of the three years in the period ended June 30, 2018, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of June 30, 2018 and 2017, and the results of its operations and its cash flows for each of the three years in the period ended June 30, 2018, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. 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, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statement. We believe that our audits provide a reasonable basis for our opinion.

/s/ Friedman LLP

We have served as the Company's auditor since 2017.

New York, New York
October 29, 2018

PUHUI WEALTH INVESTMENT MANAGEMENT CO., LTD AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

ASSETS

	June 30, 2018	June 30, 2017
ASSETS		
CURRENT ASSETS		
Cash	$ 4,809,040	$ 322,518
Short-term investments	1,101,317	-
Accounts receivables	1,673,764	356,448
Accounts receivables – related parties	1,051,718	-
Other receivables	206,831	311,897
Prepaid expenses	681,899	125,144
Deferred offering costs	700,094	-
Total current assets	10,224,663	1,116,007
PROPERTY AND EQUIPMENT, NET	135,682	83,921
OTHER ASSETS		
Deferred tax assets	782,911	620,265
Total other assets	782,911	620,265
Total assets	$ 11,143,256	$ 1,820,193
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Customer deposits	$ 250,529	$ -
Other payables and accrued liabilities	677,215	122,188
Other payables - related parties	196,300	368,765
Deferred revenues	303,637	-
Taxes payable	356,440	41,416
Current portion of long-term debt	302,001	-
Total current liabilities	2,086,122	532,369
LONG-TERM DEBT	1,208,003	-
Total liabilities	3,294,125	532,369
COMMITMENTS AND CONTINGENCIES		
SHAREHOLDERS' EQUITY		
Preferred shares, $0.001 par value, 1,000,000 shares authorized, 0 shares issued and outstanding as of June 30, 2018 and 2017*	-	-
Ordinary shares, $0.001 par value, 49,000,000 shares authorized, 10,000,000 shares issued and outstanding as of June 30, 2018 and 2017*	10,000	10,000
Additional paid-in capital	14,613,119	8,491,241
Accumulated deficit	(6,764,155)	(7,239,501)
Accumulated other comprehensive income (loss)	(7,320)	26,084
Total shareholders' equity attributable to controlling shareholders	7,851,644	1,287,824
Noncontrolling interest	(2,513)	-
Total shareholders' equity	7,849,131	1,287,824
Total liabilities and shareholders' equity	$ 11,143,256	$ 1,820,193

* given effect to 10-for-1 forward stock split and re-designation of preferred shares on May 18, 2018

The accompanying notes are an integral part of these consolidated financial statements.

PUHUI WEALTH INVESTMENT MANAGEMENT CO., LTD AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

	For the Years Ended June 30,		
	2018	2017	2016
REVENUES			
Revenues	$ 2,808,346	$ 1,510,181	$ 71,804
Revenues - related parties	1,351,515	5,174,464	14,491,366
Sales taxes	(20,680)	(35,109)	(95,233)
Total revenues	4,139,181	6,649,536	14,467,937
OPERATING EXPENSES			
Cost of revenues	(367,548)	(82,076)	-
Selling expenses	(1,500,572)	(3,533,367)	(11,826,919)
General and administrative expenses	(1,888,310)	(1,860,962)	(1,989,468)
Impairment loss	(78,984)	-	-
Total operating expenses	(3,835,414)	(5,476,405)	(13,816,387)
INCOME FROM OPERATIONS	303,767	1,173,131	651,550
OTHER INCOME (EXPENSE)			
Interest income	11,526	1,091	2,865
Other finance expenses	(128,112)	(564)	(274)
Other income (expenses), net	86,966	(41,001)	10,427
Total other income (expense), net	(29,620)	(40,474)	13,018
INCOME BEFORE INCOME TAXES	274,147	1,132,657	664,568
PROVISION FOR INCOME TAXES			
Current	298,935	-	-
Deferred	(150,615)	175,435	209,923
Total income tax provision	148,320	175,435	209,923
NET INCOME	125,827	957,222	454,645
Less: Net loss attributable to noncontrolling interest	(349,519)	-	-
NET INCOME ATTRIBUTABLE TO PUHUI WEALTH	$ 475,346	$ 957,222	$ 454,645
NET INCOME	$ 125,827	$ 957,222	$ 454,645
OTHER COMPREHENSIVE INCOME (LOSS)			
Foreign currency translation adjustment	(34,199)	14,645	(13,634)
COMPREHENSIVE INCOME	$ 91,628	$ 971,867	$ 441,011
Less: Comprehensive loss attributable to noncontrolling interest	(350,314)	-	-
COMPREHENSIVE INCOME ATTRIBUTABLE TO PUHUI WELATH	$ 441,942	$ 971,867	$ 441,011
WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES			
Basic and diluted *	10,000,000	10,000,000	10,000,000
EARNINGS PER SHARE			
Basic and diluted *	$ 0.05	$ 0.096	$ 0.045

*given effect to 10-for-1 forward stock split and re-designation of preferred shares on May 18, 2018

The accompanying notes are an integral part of these consolidated financial statements.

PUHUI WEALTH INVESTMENT MANAGEMENT CO., LTD AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)

	Preferred Shares		Ordinary Shares		Additional paid-in	Retained earnings (accumulated deficit)	Accumulated other comprehensive	Noncontrolling	
	Shares*	Par Value	Shares*	Par Value	capital	Unrestricted	income (loss)	interest	Total
BALANCE, June 30, 2015	-	-	10,000,000	$ 10,000	$ 8,056,610	$ (8,651,368)	$ 25,073	$ -	(559,685)
Net income for the year	-	-	-	-	-	454,645	-	-	454,645
Foreign currency translation loss	-	-	-	-	-	-	(13,634)	-	(13,634)
BALANCE, June 30, 2016	-	-	10,000,000	10,000	8,056,610	(8,196,723)	11,439	-	(118,674)
Net income for the year	-	-	-	-	-	957,222	-	-	957,222
Capital contribution	-	-	-	-	434,631	-	-	-	434,631
Foreign currency translation gain	-	-	-	-	-	-	14,645	-	14,645
BALANCE, June 30, 2017	-	-	10,000,000	$ 10,000	$ 8,491,241	$ (7,239,501)	$ 26,084	$ -	1,287,824
Capital contribution from controlling shareholders	-	-	-	-	3,957,752	-	-	-	3,957,752
Capital contribution from noncontrolling shareholders	-	-	-	-	2,164,126	-	-	347,801	2,511,927
Net income (loss) for the year	-	-	-	-	-	475,346	-	(349,519)	125,827
Foreign currency translation loss	-	-	-	-	-	-	(33,404)	(795)	(34,199)
BALANCE, June 30, 2018	-	-	10,000,000	$ 10,000	$14,613,119	$ (6,764,155)	$ (7,320)	$ (2,513)	$7,849,131

*given effect to 10-for-1 forward stock split and re-designation of preferred shares on May 18, 2018

The accompanying notes are an integral part of these consolidated financial statements.

PUHUI WEALTH INVESTMENT MANAGEMENT CO., LTD AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Years Ended June 30, 2018	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	$ 125,827	$ 957,222	$ 454,645
Adjustments to reconcile net income to net cash (used in) provided by operating activities:			
Depreciation of property and equipment	78,514	93,403	110,683
Loss on disposal of property and equipment	280	62,556	5,565
Impairment loss on equity securities	78,984	-	-
Deferred tax provision (benefits)	(150,615)	175,435	209,923
Change in operating assets and liabilities			
Accounts receivables	(1,332,431)	(354,868)	-
Accounts receivables – related parties	(1,070,648)	-	-
Other receivables	114,479	194,237	(51,662)
Prepaid expenses	(139,496)	67,652	(135,682)
Customer deposit received	968,426	-	-
Other payables and accrued liabilities	177,776	(325,688)	(211,112)
Other payables – related parities	199,834	-	-
Deferred revenue	309,102	-	-
Taxes payable	319,696	(44,115)	4,396
Net cash provided by (used in) operating activities	(320,272)	825,834	386,756
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of short-term investments	(1,913,794)	-	-
Purchase of property and equipment	(132,998)	(8,270)	(175,045)
Proceeds from sale of property and equipment	3,536	38,707	963
Net cash provided by (used in) investing activities	(2,043,256)	30,437	(174,082)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Payment of deferred offering costs	(712,696)	-	-
Payment of acquisition deposit	(424,263)	-	-
Capital contribution from shareholders	6,469,679	434,631	-
Short-term advances made to related parties	-	(1,366,925)	(693,374)
Repayment of short-term advances from related parties	-	367,130	-
Proceeds from long-term debt	1,537,184	-	-
Net cash provided (used in) financing activities	6,869,904	(565,164)	(693,374)
EFFECT OF EXCHANGE RATE ON CASH	(19,854)	6,731	(19,435)
INCREASE (DECREASE) IN CASH	4,486,522	297,838	(500,135)
CASH, beginning of year	322,518	24,680	524,815
CASH, end of year	$ 4,809,040	$ 322,518	$ 24,680
SUPPLEMENTAL CASH FLOW INFORMATION:			
Cash paid for income tax	$ 27,722	$ -	-
Cash paid for interest	$ -	$ -	-
NON-CASH TRANSACTIONS OF INVESTING ACTIVITIES:			
Fair value adjustment offsetting customer deposits with short-term investment	$ 713,568	$ -	-

The accompanying notes are an integral part of these consolidated financial statements.

Note 1 – Nature of business and organization

Puhui Wealth Investment Management Co., Ltd. ("Puhui Cayman" or the "Company") is a limited company incorporated on November 30, 2017 under the laws of the Cayman Islands.

PCZ Limited ("Puhui BVI") is a wholly-owned subsidiary of Puhui Cayman established under the laws of the British Virgin Islands on December 6, 2017. HZF (HK) Limited ("Puhui HK") is a wholly-owned subsidiary of Puhui BVI established in Hong Kong on December 18, 2017. Beijing Rucong Enterprise Management and Advisory Co., Ltd.("Rucong") or ("Puhui WFOE") is a wholly-owned subsidiary of Puhui HK established on January 30, 2018 under the laws of the People's Republic of China ("PRC" or "China").

The Company, through its variable interest entity ("VIE"), Puhui Wealth Investment Management (Beijing) Co. Ltd. ("Puhui Beijing"), and subsidiaries and VIE, are engaged in providing investment advisory services and private equity fund management to high-net-worth individuals and enterprises in China.

From its inception on September 24, 2013 to October 2016, Puhui Beijing mainly marketed and promoted wealth investment products of its then parent company, Finup Co. Ltd. (previously known as Puhui Finance Wealth Management Co., Ltd.) or "Finup", to retail investors and earned commissions based on a percentage of the qualified products its clients purchased. Finup is primarily engaged in internet financial services, including peer-to-peer, or P2P, lending business in China. The Company's business highly relied on Finup, and the commissions from Finup and one of the other former shareholders, Shanghai Fengsui Investment Management Co., Ltd ("Shanghai Fengsui") accounted for substantially all of the Company's operation prior to October 2016.

Starting from October 2016, as a result of the change of regulations in China concerning how the investment products are marketed between related parties, Puhui Beijing restructured its business to focus on providing financial products and advisory services of its own to high-net-worth clients and has also developed an in-house asset management business through its wholly owned subsidiaries, Qingdao Puhui Zhuoyue Investment management Co., Ltd. ("Qingdao Puhui"), Shanghai Pucai Investment Management Co., Ltd. ("Shanghai Pucai"), Shanghai Ruyue Enterprise Management Consulting Co., Ltd. ("Shanghai Ruyue") and Beijing Pusheng Management Consulting Co., Ltd ("Beijing Pusheng"). The Company's headquarters are located in Beijing, China. All of the Company's business activities are carried out by Puhui Beijing and its wholly owned subsidiaries.

On January 30, 2018, Puhui Cayman completed a reorganization of entities under common control of its five shareholders, who collectively owned a majority of the equity interests of Puhui Cayman prior to the reorganization. Puhui Cayman, Puhui BVI, and Puhui HK were established as the holding companies of Puhui WFOE. Puhui WFOE is the primary beneficiary of Puhui Beijing and its subsidiaries, and all of these entities included in Puhui Cayman are under common control which results in the consolidation of Puhui Beijing and subsidiaries which have been accounted for as a reorganization of entities under common control at carrying value. The financial statements are prepared on the basis as if the reorganization became effective as of the beginning of the first period presented in the accompanying consolidated financial statements of Puhui Cayman.

The accompanying consolidated financial statements include the activities of the Company and each of the following entities:

Name	Background	Ownership
Subsidiaries		
Puhui BVI	● A British Virgin Islands company ● Incorporated on December 6, 2017	100%
Puhui HK	● A Hong Kong company ● Incorporated on December 18, 2017	100% owned by Puhui BVI
Puhui WFOE	● A PRC limited liability company and a deemed wholly foreign owned enterprise ("WFOE") ● Incorporated on January 30, 2018 ● Registered capital of $10 million, to be fully funded by January 2040	100% owned by Puhui HK

VIE and subsidiaries of VIE

Puhui Beijing **	● A PRC limited liability company ● Incorporated on September 24, 2013 ● Registered capital of $8,501,241 (RMB 53, 000,000)	VIE of Puhui WFOE
Qingdao Puhui *	● A PRC limited liability company ● The Company's wholly owned subsidiary ● Incorporated on October 29, 2015 ● Registered capital of $781,115 (RMB 5,000,000)	100% owned by Puhui Beijing
Shanghai Pucai	● A PRC limited liability company ● The Company's wholly owned subsidiary ● Incorporated on July 8, 2014 ● Registered capital of $818,170 (RMB 5,000,000)	100% owned by Puhui Beijing
Beijing Pusheng	● A PRC limited liability company ● The Company's wholly owned subsidiary ● Incorporated on March 19, 2018 ● Registered capital of $1,579,255 (RMB 10,000,000) to be fully funded by January 1, 2040	100% owned by Puhui Beijing
Shanghai Ruyue	● A PRC limited liability company ● The Company's wholly owned subsidiary ● Incorporated on April 27, 2017 ● Registered capital of $1,449,260 (RMB 10,000,000) to be fully funded by March 29, 2037	100% owned by Puhui Beijing
Beijing Haidai Puhui Information Consulting Co. Ltd. ("Beijing Haidai")	● A PRC limited liability company ● Incorporated on May 30, 2018 ● Registered capital of $15,634,038 (RMB 100,000,000) to be fully funded by December 31, 2040	57% owned by Puhui Beijing
Beijing Ruyue Haipeng Management Consulting Co., Ltd. ("Beijing Haipeng")	● A PRC limited liability company ● Incorporated on June 23, 2017 ● Registered capital of $243,697 (RMB 1,666,666) to be fully funded by January 1, 2040	60% owned by Shanghai Ruyue
Shanghai Hengshi Business Consulting Co., Ltd. ("Shanghai Hengshi")	● A PRC limited liability company ● Incorporated on July 21, 2017 ● Registered capital of $49,244 (RMB 333,333) of which $19,698 (RMB 133,333) to be fully funded by May 21, 2030 and $29,546 (RMB 200,000) to be fully funded by April 21, 2037	60% owned by Shanghai Ruyue
Shanghai Shengshi Enterprise Management Consulting Co., Ltd. ("Shanghai Shengshi")	● A PRC limited liability company ● Incorporated on August 15, 2017 ● Registered capital of $249,576 (RMB 1,666,666) to be fully funded by August 14, 2037	60% owned by Shanghai Ruyue

Beijing Puhui Shanying Management Consulting Co., Ltd. ("Beijing Shanying")	● A PRC limited liability company ● Incorporated on September 5, 2017 ● Registered capital of $76,311 (RMB 500,000) to be fully funded by January 1, 2040	60% owned by Shanghai Ruyue
Beijing Ruyue Jiahe Management Consulting Co., Ltd. ("Beijing Jiahe")	● A PRC limited liability company ● Incorporated on July 14, 2017 ● Registered capital of $343,962 (RMB 2,333,333) to be fully funded by January 1, 2040	60% owned by Shanghai Ruyue
Beijing Zhangpuji Management Consulting Co., Ltd. ("Beijing Zhangpuji")	● A PRC limited liability company ● Incorporated on September 15, 2017 ● Registered capital of $30,564 (RMB 200,000) to be fully funded by January 1, 2040	50% owned by Shanghai Ruyue
Beijing Fenghui Management Consulting Co., Ltd. ("Beijing Fenghui")	● A PRC limited liability company ● Incorporated on October 23, 2017 ● Registered capital of $75,326 (RMB 500,000) to be fully funded by January 1, 2040	51% owned by Beijing Jiahe
Beijing Lingsheng Chuangyuan Management Consulting Co., Ltd. ("Beijing Lingsheng")	● A PRC limited liability company ● Incorporated on January 22, 2018 ● Registered capital of $78,059 (RMB 500,000) to be fully funded by January 1, 2040	51% owned by Beijing Jiahe
Suzhou Shanghui Management Consulting Co., Ltd. ("Suzhou Shanghui")	● A PRC limited liability company ● Incorporated on March 13, 2018 ● Registered capital of $79,076(RMB 500,000) to be fully funded by February 28, 2048	70% owned by Beijing Fenghui
Beijing Puhui Ruihe Management Consulting Co., Ltd. ("Puhui Ruihe")	● A PRC limited partnership ● Incorporated on June 26, 2018 ● Registered capital of $75,996 (RMB 500,000) to be fully funded by January 1, 2040	70% owned by Beijing Lingsheng

*Qingdao Puhui is a general partner in ten limited partnerships it set up with registered capital of RMB1.0 million. The purpose of these limited partnerships is to raise capital from investors and transform these limited partnerships into investment funds for fund management business. Upon establishment, Qingdao Puhui is deemed to be the primary beneficiary thus consolidates these limited partnerships as it acts as the only general partner and one Vice President of the Company acts as the only limited partner. Once investors have been admitted as the new partners with agreed capital injection, these limited partners will file their status with the PRC authority in accordance with the rules and regulations on investment funds in China, and therefore obtain the qualification to officially start business as an investment fund in China. Upon filing of the investment fund status, the Company reassesses its interests in these limited partnerships and determines if it would continue to consolidate or deconsolidate these limited partnerships in accordance with the requirements ASU 2015-02. As of June 30, 2018, two out of the ten limited partnerships have been filed as investment funds and are in operations, including Beijing Ruying Consulting Center (LP) and Xinyu Jiji. Both limited partnerships are not consolidated in the Company's consolidated financial statements. The other eight limited partnerships has no activities as of June 30, 2018 other than initial set up fees incurred. See Note 2 for consolidation policies.

** Puhui Beijing is a general partner in two limited partnerships, Beijing Jiongheng Management Consulting Center (Limited Partnership) ("Beijing Jiongheng") and Beijing Jiongying Management Consulting Center (Limited Partnership) ("Beijing Jiongying"). By following similar evaluation as above, these two limited partnerships are considered as VIEs of Puhui Beijing. There has been no activity for these two partnerships as of June 30, 2018.

Contractual Arrangements

In the PRC, investment activities by foreign investors are principally governed by the Guidance Catalog of Industries for Foreign Investment, or the Catalog, which was promulgated and is amended from time to time by the PRC Ministry of Commerce, or MOFCOM, and the PRC National Development and Reform Commission, or NDRC. The Catalog divides industries into three categories: encouraged, restricted and prohibited. Industries not listed in the Catalog are generally open to foreign investment unless specifically restricted by other PRC regulations. However, the provision of market surveys business by foreign-invested enterprises is currently restricted. Since the Company and Puhui WFOE (its PRC subsidiary) are both considered as foreign investors or foreign invested enterprises under PRC law, the Company conducts the majority of its activities in PRC through its consolidated VIE, Puhui Beijing, in order to comply with the aforementioned regulations. As such, Puhui Beijing is controlled through contractual arrangements in lieu of direct equity ownership by the Company or any of its subsidiaries.

Such contractual arrangements are a series of five agreements (collectively the "Contractual Arrangements") including a Technical Consultation and Services Agreement, a Business Cooperation Agreement, an Equity Option Agreements, a Pledge Agreement, and a Voting Rights Proxy and Financial Supporting Agreement. These contractual agreements obligate Puhui WFOE to absorb a majority of the risk of loss from Puhui Beijing's activities and entitle Puhui WFOE to receive a majority of their residual returns. In essence, Puhui WFOE has gained effective control over Puhui Beijing. Therefore, the Company believes that Puhui Beijing should be considered as a Variable Interest Entity ("VIE") under the Statement of Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 810 "Consolidation". Accordingly, the accounts of Puhui Beijing are consolidated with those of Puhui WFOE and ultimately are consolidated into those of Puhui Cayman.

The significant terms of the Contractual Arrangements are as follows:

Technical Consultation and Services Agreement

Pursuant to the exclusive technical consultation and services agreement and the exclusive business cooperation agreement between Puhui WFOE and Puhui Beijing, Puhui WFOE is engaged as exclusive provider of management consulting services to Puhui Beijing in the area of fund management, human resources, technology and intellectual property rights. For such services, Puhui Beijing agrees to pay service fees such as an annual fee in amounts equal to 90.2077% of Puhui Beijing's net income and also has the obligation to absorb 90.2077% of Puhui Beijing's losses.

The technical consultation and services agreement remains in effect for 20 years from the date when the agreement was signed. The technical consultation and services agreement can be extended only if Puhui WFOE gives its written consent of extension of the agreement before the expiration of the agreement and Puhui Beijing shall agree to the extension without reserve.

Business Cooperation Agreement

Pursuant to the business cooperation agreement between Puhui WFOE and Puhui Beijing, Puhui WFOE has the exclusive right to provide Puhui Beijing with technical support, business support and related consulting services including but not limited to technical services, business consultations, equipment or property leasing, marketing consultancy, system integration, product research and development, and system maintenance. In exchange, Puhui WFOE is entitled to a service fee that equals 90.2077% of the net income of Puhui Beijing determined under U.S. GAAP. The service fees may be adjusted based on the services rendered by Puhui WFOE in that specific month and the operational needs of Puhui Beijing.

The Business Cooperation Agreement shall remain effective unless it is terminated or is compelled to terminate under applicable PRC laws and regulations. Puhui WFOE may terminate this Business Cooperation Agreement at any time by giving 30 days' prior written notice to Puhui Beijing.

Equity Option Agreements

Pursuant to the exclusive equity option agreement between the shareholders who collectively owned 90.2077% of Puhui Beijing (the "Participating Shareholders") and Puhui WFOE, the Participating Shareholders jointly and severally grant Puhui WFOE an option to purchase their equity interests in Puhui Beijing. The purchase price shall be the lowest price then permitted under applicable PRC laws. If the purchase price is greater than the registered capital of Puhui Beijing, the Participating Shareholders of Puhui Beijing are required to immediately return any amount in excess of the registered capital to Puhui WFOE or its designee of Puhui WFOE. Puhui WOFE may exercise such option at any time until it has acquired all equity interests of Puhui Beijing, and freely transfer the option to any third party. The agreement will terminate at the date on which all of the Participating Shareholders' equity interests of Puhui Beijing has been transferred to Puhui WFOE or its designee.

Pledge Agreements

Pursuant to the equity pledge agreement between the Participating Shareholders and Puhui WFOE, such Participating shareholders pledge 90.2077% of their equity interests in Puhui Beijing to Puhui WFOE as collateral to secure the obligations of Puhui Beijing under the exclusive consulting services and operating agreement. The Participating Shareholders may not transfer or assign transfer or assign the pledged equity interests, or incur or allow any encumbrance that would jeopardize Puhui WFOE's interests, without Puhui WFOE's prior approval. In the event of default, Puhui WFOE as the pledgee will be entitled to certain rights and entitlements, including the priority in receiving payments by the evaluation or proceeds from the auction or sale of whole or part of the pledged equity interests of Puhui Beijing. The agreement will terminate at the date the Participating Shareholders have transferred all of their pledged equity interests pursuant to the equity option agreement.

Voting Rights Proxy and Financial Supporting Agreements

Pursuant to the voting rights proxy and financial supporting agreement between the Participating Shareholders and Puhui WFOE, the Participating Shareholders have given Puhui WFOE an irrevocable proxy to act on their behalf on all matters pertaining to Puhui Beijing and to exercise all of their rights as shareholders of Puhui Beijing, including the right to attend shareholders meeting, to exercise voting rights and to transfer all or a part of their equity interests in Puhui Beijing. In consideration of such granted rights, Puhui WFOE agrees to provide the necessary financial support to Puhui Beijing whether or not Puhui Beijing incurs loss, and agrees not to request repayment if Puhui Beijing is unable to do so. The agreement shall remain in effect for 20 years from the date when the agreement was signed.

Note 2 – Summary of significant accounting policies

Basis of presentation

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") and pursuant to the rules and regulations of the Securities Exchange Commission ("SEC").

Principles of consolidation

The consolidated financial statements include the accounts of the Company, its subsidiaries and their VIEs. All intercompany transactions and balances are eliminated in consolidation.

A subsidiary is an entity in which the Company, directly or indirectly, controls more than one half of the voting power or has the power to: govern the financial and operating policies; appoint or remove the majority of the members of the board of directors; cast a majority of votes at the meeting of the board of directors.

U.S. GAAP provides guidance on the identification of VIE and financial reporting for entities over which control is achieved through means other than voting interests. The Company evaluates each of its interests in an entity to determine whether or not the investee is a VIE and, if so, whether the Company is the primary beneficiary of such VIE. In determining whether the Company is the primary beneficiary, the Company considers if the Company (1) has power to direct the activities that most significantly affects the economic performance of the VIE, and (2) receives the economic benefits of the VIE that could be significant to the VIE. If deemed the primary beneficiary, the Company consolidates the VIE. The Company has determined that Puhui Beijing is a VIE subject to consolidation and Puhui Cayman is the primary beneficiary.

In February 2015, the FASB issued Accounting Standards Update ("ASU") 2015-02, "Amendments to the Consolidation Analysis". The guidance amends the current consolidation guidance and ends the deferral granted to investment companies from applying the VIE guidance. The revised consolidation guidance, among other things, (i) modifies the evaluation of whether limited partnerships and similar legal entities are VIEs, (ii) eliminated the presumption that a general partner should consolidate a limited partnership, and (iii) modifies the consolidation analysis of reporting entities that are involved with VIEs through fee arrangements and related party relationships.

Under ASU 2015-02, the service fees the Company earns, including carried interest earned in the capacity of general partner or fund manager, are commensurate with the level of effort required to provide such services and are at arm's length and therefore are not deemed as variable interests.

The Company evaluates its variable interest in each of the limited partnerships upon establishment, and re-evaluates its variable interest in these limited partnerships after funds are received from new limited partners and the investment funds are officially formed in accordance with the rules and regulations in China.

To evaluate whether the investment funds in the legal form of limited partnerships the Company managed as general partner are VIEs or not, the Company firstly assessed whether a simple majority or lower threshold of limited partnership interests, excluding interests held by the general partner, parties under common control of the general partner, or parties acting on behalf of the general partner, have substantive kick-out rights or participating rights. If such rights exist, the limited partnership is not deemed as a VIE and no further analysis will be performed. If it's assessed to be a VIE, the Company further assesses whether there is any interest that may constitute a variable interest.

Beijing Ruying Consulting Center (LP) ("Beijing Ruying") was set up in November 2017 as an investment fund for asset management purpose. It received capital contributions of RMB33,600,000 (approximately $5.16 million) from 20 limited partners. The limited partners do not have kick out rights nor participating rights. We did not make any capital contribution. As the general partner, we have the authority to make investment decisions mainly to develop, manage and market financial products for Beijing Ruying which are the most significant activities that most impact the economic performance of Beijing Ruying. The management fees are compensation for the asset management services the Company provided to Beijing Ruiying and the management fee rate is comparable to fees that fund managers receive in the asset management industry in China. Consequently, the management fees are considered to be commensurate with the level of effort required to provide those services. The Company is not deemed a primary beneficiary as the general partner is not obligated to absorb losses or receive benefits of the VIE that could potentially be significant to the entity and therefore Beijing Ruying in not consolidated.

Xinyu Jiji Investment Center (LP) ("Xinyu Jiji") was incorporated on September 8, 2017 with registered capital of $1,677,699 (RMB 11,000,000). Upon establishment, it was considered the Company's VIE thus was consolidated by the Company since Qingdao Puhui is a general partner in Xinyu Jiji Investment Center (LP) and Beijing Puhui has invested approximately $1 million which accounted for 63.6% of the total interests in the fund making the Company the primary beneficiary of Xinyu Jiji. Starting from January 8, 2018, Xinyu Jiji has admitted more limited partners thus reducing the Company's ownership in the fund to around 8.3%. Two other limited partners collectively owned more than 33% and the rest of the 15 limited partners owned the remaining 58.7% of the fund. The Company reevaluated the VIE model and concluded the Company is not a primary beneficiary after Xinyu Jiji has admitted more limited partners as of January 8, 2018. As a result, Xinyu Jiji was deconsolidated by the Company since January 8, 2018. Loss from disposal of the VIE is not material to the consolidated financial statements for the year ended June 30, 2018.

Use of estimates and assumptions

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as of the date of the consolidated financial statements and the reported amounts of revenues and expenses during the periods presented. Significant accounting estimates reflected in the Company's consolidated financial statements include, but are not limited to, allowance for doubtful accounts, the useful lives of Property, Plant and Equipment, recoverability of long-lived assets, provision for income taxes, and valuation allowance of deferred tax assets. Actual results could differ from these estimates.

Foreign currency translation and transaction

The reporting currency of the Company is the U.S. dollar. The Company in China conducts its businesses in the local currency, Renminbi (RMB), as its functional currency. Assets and liabilities are translated at the unified exchange rate as quoted by the People's Bank of China at the end of the period. The statement of income accounts are translated at the average translation rates and the equity accounts are translated at historical rates. Translation adjustments resulting from this process are included in accumulated other comprehensive income (loss). Transaction gains and losses that arise from exchange rate fluctuations on transactions denominated in a currency other than the functional currency are included in the results of operations as incurred.

Translation adjustments included in accumulated other comprehensive loss amounted to $7,320 and accumulated other comprehensive income amounted to $26,084 as of June 30, 2018 and 2017, respectively. The balance sheet amounts, with the exception of shareholders' equity at June 30, 2018 and 2017 were translated at 6.62 RMB and 6.78 RMB to $1.00, respectively. The shareholders' equity accounts were stated at their historical rates. The average translation rates applied to statement of income accounts for the years ended June 30, 2018, 2017 and 2016 were 6.51 RMB, 6.81 RMB and 6.44 RMB, respectively. Cash flows are also translated at average translation rates for the periods, therefore, amounts reported on the statement of cash flows will not necessarily agree with changes in the corresponding balances on the consolidated balance sheets.

Revenue recognition

Revenue is recognized when all of the following have occurred: (i) persuasive evidence of an arrangement exists, (ii) delivery has occurred or services have been rendered, (iii) the price is fixed or determinable, and (iv) the ability to collect is reasonably assured.

The Company derives revenue primarily from one-time commissions and recurring service fees paid by product providers for whom the Company distributes financial products, as well as subscription fees and recurring management fees paid by funds that the Company manages.

The Company recognizes revenues when there is persuasive evidence of an arrangement, service has been rendered, the sales price is fixed or determinable and collectability is reasonably assured. Revenues are recorded, net of sales related taxes and surcharges.

Deferred revenues are recognized when payments are received in advance of revenue is earned.

Multiple Element Arrangements

The Company enters into multiple element arrangements when a product provider engages it to provide both wealth management distribution and recurring services. The Company also provides both fund formation services and fund management services to funds that it serves as general partner or fund manager.

The Company allocates arrangement consideration in multiple-deliverable revenue arrangements at the inception of an arrangement to all deliverables based on the relative selling price in accordance with the selling price hierarchy, which includes: (i) vendor-specific objective evidence ("VSOE") if available;

(ii) third-party evidence ("TPE") if VSOE is not available; and (iii) best estimate of selling price ("BESP") if neither VSOE nor TPE is available.

VSOE. The Company determines VSOE based on its established pricing for the specific service when sold separately. In determining VSOE, the Company requires that a substantial majority of the selling prices for these services fall within a reasonably narrow pricing range.

TPE. When VSOE cannot be established for deliverables in multiple element arrangements, the Company applies judgment with respect to whether it can establish a selling price based on TPE. TPE is determined based on competitor prices for similar deliverables when sold separately. Generally, the Company's products and services contain certain level of differentiation such that the comparable pricing of services with similar functionality cannot be obtained. Furthermore, the Company is unable to reliably determine what similar competitor services' selling prices are on a stand-alone basis. As a result, the Company has not been able to establish selling price based on TPE.

BESP. When it is unable to establish selling price using VSOE or TPE, the Company uses BESP in its allocation of arrangement consideration. The objective of BESP is to determine the price at which the Company would transact a sale if the service were sold on a stand-alone basis. The Company determines BESP for deliverables by considering multiple factors including, but not limited to, prices it charged for similar offerings, market conditions, specification of the services rendered and pricing practices.

The Company has vendor specific objective evidence of fair value for its wealth management distribution services and fund formation services as it provides such services on a stand-alone basis. The Company has not sold its recurring services or fund management fees on a stand-alone basis. However, the recurring fund management fee or recurring service fee the Company charges is consistent with the fee at which the Company would transact if the recurring services were sold regularly on a stand-alone basis. As such, the Company believes the fee it charges represents their best estimate of the selling price for its recurring services and other services. The Company allocates arrangement consideration based on fair value, which is equivalent to the fees charged for each of the respective units of accounting, as described above. Revenue for the respective units of accounting is also recognized in the same manner as described above.

One-time commissions

The Company enters into financial advisory service agreements with product providers, which specifies the key terms and conditions of the arrangement. Such agreements do not include rights of return, credits or discounts, rebates, price protection or other similar privileges. Upon establishment of a financial product, the Company earns a one-time commission from product providers, calculated as a percentage of the value of the financial products purchased by its clients. The Company defines the "establishment of a financial product" for its revenue recognition purpose as the time when both of the following two criteria are met: (1) the Company's client has entered into a purchase or subscription contract with the relevant product provider and, if required, the client has transferred a deposit to an escrow account designated by the product provider and (2) the product provider has issued a formal notice to confirm the establishment of financial product or loan issuance. Revenue is recorded upon the establishment of the financial product, when the provision of service concludes and the fee becomes fixed and determinable, assuming all other revenue recognition criteria have been met, and there are no future obligations or contingencies.

Subscription fees

A one-time subscription fee is charged on funds that the Company manages as stipulated in the fund agreement for fund formation services the Company provides and for distribution of products. These subscription fees are computed as a percentage of the investment received in the funds and recognized upon the establishment of the funds.

Recurring service fees

Recurring service fee arises from on-going services provided to product providers after the distribution of financial product including investment relationship maintenance and coordination and product reports distribution. It is calculated as a percentage of either the contribution received or daily asset value of investments in the financial products purchased by the Company's clients, calculated from the establishment date of the financial product. As the Company provides these services throughout the contract term, revenue is recognized over the contract term, assuming all other revenue recognition criteria have been met. Recurring service agreements do not include rights of return, credits or discounts, rebates, price protection or other similar privileges.

Recurring management fees

Recurring management fee arises from the fund management services provided to funds the Company manages. Management fees are computed as a percentage of the investment received in a fund per annum or a percentage of daily asset value and are recognized as earned over the specified contract period. Management fee received in advance of the specified contract period are recorded as deferred revenues. Management fees received in advance of the specified contract period are recorded as deferred revenues.

Performance-based income

In a typical arrangement in which the Company serves as fund manager, the Company is entitled to a performance-based fee or carried interest based on the extent by which the fund's investment performance exceeds a certain threshold at the end of the contract term. Such performance-based fee is typically calculated and distributed at the end of the contract term when the cumulative return of the fund can be determined, and is not subject to clawback provisions. The Company does not record any performance-based income until the end of the contract term.

Other service fees

Other service fee refers to revenue generated from consulting services provided to peers in asset management industry as well as recruiting services provided to companies that are looking for qualified candidates. Service fees are negotiated on a case by case basis, and are specified in agreements before services are provided. Revenue is recognized upon completion of the services and when collectability is reasonably assured.

Sales taxes: One-time commissions, recurring service fees, recurring management fees, and other service fees that are earned and received in the PRC are subject to a Chinese value-added tax ("VAT") at a rate of 3% to 6% of the gross proceeds or at a rate approved by the Chinese local government. One-time commissions, recurring service fees, recurring management fees, and other service fees that are earned and received in the PRC are also subject to various miscellaneous sales taxes at a rate of 7% of the VAT.

Cash

Cash consists of demand deposits placed with banks which are unrestricted as to withdrawal and use.

Accounts receivables

Accounts receivables represented accounts due from the Company's product providers. An allowance for doubtful accounts may be established and recorded based on management's assessment of potential losses based on the credit history and relationships with the customers. Management reviews its receivables on a regular basis to determine if the bad debt allowance is adequate, and adjusts the allowance when necessary. Delinquent account balances are written-off against allowance for doubtful accounts after management has determined that the likelihood of collection is not probable. No allowance was required as of June 30, 2018 and 2017.

Short-term investments

The Company invests in debt securities and equity securities and accounts for the investments based on the nature of the products invested and the Company's intent and ability to hold the investments to maturity.

The Company accounts for investments in debt securities as held-to-maturity when it has both the positive intent and ability to hold them until maturity. Investments that are bought and held principally for the purpose of selling them in the near term are classified as trading securities and are reported at fair value with changes in fair value recognized in earnings. Investments that do not meet the criteria of held-to-maturity or trading securities are classified as available-for-sale, and are reported at fair value with changes in fair value deferred in other comprehensive income.

The Company records investments in equity securities at their fair value. Whereas readily determinable fair value is not available, the Company measures the investment by using the investment cost minus any impairment, if necessary. Gains or losses are realized when such investments are sold. If the Company has influence in the private equity funds as in a general partner in a limited partnership, equity method is used where investments are recorded at fair value.

The Company reviews its investments, for other-than-temporary impairment based on the specific identification method and considers available quantitative and qualitative evidence in evaluating potential impairment. If the cost of an investment exceeds the investment's fair value, the Company considers, among other factors, general market conditions, government economic plans, the duration and the extent to which the fair value of the investment is less than cost and the Company's intent and ability to hold the investment to determine whether another-than-temporary impairment has occurred.

If the investment's fair value is less than the cost of an investment and the Company determines the impairment to be other-than-temporary, the Company recognizes an impairment loss based on the fair value of the investment. The Company recorded impairment charges of $78,984, $0 and $0 for the years ended June 30, 2018, 2017 and 2016, respectively.

Investment in affiliates

Affiliated companies are entities over which the Company does not have control. The Company accounts for equity investments in entities over which it has significant influence but does not own a majority voting interest or otherwise control using the equity method. Under this method, the Company's share of profits or losses of affiliated companies is recognized in the statements of operations. The Company generally considers an ownership interest of 20% or higher to represent significant influence. The Company accounts for the investments in entities over which it has neither control nor significant influence, and no readily determinable fair value is available, using the investment cost minus any impairment, if necessary.

The Company also considers whether it has control over the funds that it serves as general partner or fund manager, and the Company also hold equity interest in those funds to the extent the risk and return is deemed acceptable.

Equity interest of more than 3-5% has generally been viewed as more than minor so that may imply significant influence. These funds are not consolidated by the Company based on the facts that the Company is not the primary beneficiary of these funds, or substantive kick-out rights exist which are exercisable by a simple-majority of non-related limited partners of these funds to dissolve (liquidate) the funds or remove the Company as the general partner of the funds without cause. The equity method of accounting is accordingly used for investments by the Company in these funds.

Other receivables

Other receivables include non-trade related, such as employee advances, rental and other deposits. An allowance for doubtful accounts is established and recorded based on managements' assessment of potential losses based on the credit history and relationships with the parties. Management reviews its receivables on a regular basis to determine if the bad debt allowance is adequate, and adjusts the allowance when necessary. Delinquent account balances are written-off against allowance for doubtful accounts after management has determined that the likelihood of collection is not probable. No allowance was required as of June 30, 2018 and 2017.

Prepaid expenses

Prepaid expenses represented advance payments made to its vendors for certain services such as refundable deposit, consulting, communication, rent, and property management fee.

Property and equipment, net

Property and equipment are stated at cost less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets with a 0% - 5% residual value. The estimated useful lives are as follows:

	Useful Life
Office equipment and furnishing	3-5 years
Leasehold improvements	Shorter of the remaining lease terms or estimated useful lives

The cost and related accumulated depreciation of assets sold or otherwise retired are eliminated from the accounts and any gain or loss is included in the consolidated statements of income and comprehensive income (loss). Expenditures for maintenance and repairs are charged to earnings as incurred, while additions, renewals and betterments, which are expected to extend the useful life of assets, are capitalized. The Company also re-evaluates the periods of depreciation to determine whether subsequent events and circumstances warrant revised estimates of useful lives.

Impairment for long-lived assets

Long-lived assets, including property and equipment with finite lives are reviewed for impairment whenever events or changes in circumstances (such as a significant adverse change to market conditions that will impact the future use of the assets) indicate that the carrying value of an asset may not be recoverable. The Company assesses the recoverability of the assets based on the undiscounted future cash flows the assets are expected to generate and recognize an impairment loss when estimated discounted future cash flows expected to result from the use of the asset plus net proceeds expected from disposition of the asset, if any, are less than the carrying value of the asset. If an impairment is identified, the Company would reduce the carrying amount of the asset to its estimated fair value based on a discounted cash flows approach or, when available and appropriate, to comparable market values. As of June 30, 2018, 2017 and 2016, no impairment of long-lived assets was recognized.

Customer deposits

Customer deposits represent the funds received from preferred investors to be invested in targeted financial products. These funds will be returned to investors with the contracted investment returns from the financial products upon maturity or exit of the investments. Pursuant to agreements with clients, the client pays an 1.5% service fee to the Company. If the total return of the investment is lower than 10%, clients will receive all proceed from liquidation of the investment. If the total return of the investment is higher than 10% upon liquidation of the investment, the Company is entitled to a contingent fee of 40% of the proceeds exceeding 10% of total return on investment. The Company is not obligated to provide any specific return. Any subsequent change in fair value of the investment held for on behalf of the customers will be attributable to the investors and adjusted through customer deposit.

Noncontrolling Interests

Noncontrolling interest consists of an aggregate of 9.7923% of the equity interests of Puhui Beijing and subsidiaries held by Beijing Synergetic and 40% interest of Beijing Haipeng, Beijing Jiahe, Shanghai Hengshi, Shanghai Shengshi, Shanghai Shangying and 43% interest of Beijing Haidai held by other investors. Excess of contribution received from noncontrolling shareholders over carrying value of the entity is recorded in additional paid in capital. The noncontrolling interests are presented in the consolidated balance sheets, separately from equity attributable to the shareholders of the Company. Noncontrolling interests in the results of the Company are presented on the face of the consolidated statement of operations as an allocation of the total income or loss for the year between non-controlling interest holders and the shareholders of the Company.

Noncontrolling interest consist of the following:

	June 30, 2018	June 30, 2017
Beijing Synergetic	$ 376,681	$ -
Beijing Haipeng	(71,624)	-
Beijing Jiahe	(142,493)	-
Shanghai Hengshi	(20,978)	-
Shanghai Shengshi	(113,631)	-
Beijing Shanying	(26,418)	-
Beijing Haidai	(4,050)	-
Total noncontrolling interest	(2,513)	-

Operating lease

The Company leases offices and dormitories under operating lease agreements. Certain lease agreements contain scheduled rent increases, tenant improvement allowances or free rent clauses during the term of the lease which are recorded as deferred rent liabilities. Deferred rent liabilities represent the cumulative amount charged to operations under these leases in excess of the amounts paid. Rent expense is amortized on a straight-line basis to operating expense over the applicable lease term.

Income taxes

The Company accounts for income taxes in accordance with U.S. GAAP. Under the asset and liability method as required by this accounting standard, the recognition of deferred income tax liabilities and assets is for the expected future tax consequences of temporary differences between the income tax basis and financial reporting basis of assets and liabilities. Provision for income taxes consists of taxes currently due plus deferred taxes.

The charge for taxation is based on the results for the fiscal year as adjusted for items, which are non-assessable or disallowed. It is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred taxes is accounted for using the asset and liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the consolidated financial statements and the corresponding tax basis used in the computation of assessable tax profit. In principle, deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilized. Deferred tax is calculated using tax rates that are expected to apply to the period when the asset is realized or the liability is settled. Deferred tax is charged or credited in the income statement, except when it is related to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Current income taxes are provided for in accordance with the laws of the relevant taxing authorities.

An uncertain tax position is recognized as a benefit only if it is “more likely than not” that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the “more likely than not” test, no tax benefit is recorded. Penalties and interest incurred related to underpayment of income tax are classified as income tax expense in the period incurred. No significant penalties or interest relating to income taxes have been incurred during the years ended June 30, 2018, 2017 and 2016. As of June 30, 2018, the Company’s income tax returns filed for December 31, 2017, 2016 and 2015 are subject to examination by applicable taxing authorities.

Fair value measurement

The accounting standard regarding fair value of financial instruments and related fair value measurements defines financial instruments and requires disclosure of the fair value of financial instruments held by the Company. The Company applies fair value accounting for all financial assets and liabilities and non-financial assets and liabilities that are recognized or disclosed at fair value in the financial statements. The Company considers the carrying amount of cash, accounts receivable, other receivables, short term held-to maturity investments, other payable and accrued liabilities, based on the short-term maturity of these instruments to approximate their fair values because of their short-term nature.

The accounting standards define fair value, establish a three-level valuation hierarchy for disclosures of fair value measurement and enhance disclosure requirements for fair value measures. The three levels are defined as follow:

● Level 1 inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.
● Level 2 inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the assets or liability, either directly or indirectly, for substantially the full term of the financial instruments.
● Level 3 inputs to the valuation methodology are unobservable and significant to the fair value.

Commitments and contingencies

In the normal course of business, the Company is subject to contingencies, including legal proceedings and claims arising out of the business that relate to a wide range of matters, such as government investigations and tax matters. The Company recognizes a liability for such contingency if it determines it is probable that a loss has occurred and a reasonable estimate of the loss can be made. The Company may consider many factors in making these assessments including historical and the specific facts and circumstances of each matter.

Earnings per share

Basic earnings (loss) per share are computed by dividing income (loss) available to common stockholders by the weighted average common shares outstanding during the period. Diluted earnings per share takes into account the potential dilution that could occur if securities or other contracts to issue common stock were exercised and converted into common stock. As of June 30, 2018, there was no diluted shares.

Defined contribution plan

The full-time employees of the Company are entitled to staff welfare benefits including medical care, housing fund, pension benefits, unemployment insurance and other welfare, which are government mandated defined contribution plans. The Company is required to accrue for these benefits based on certain percentages of the employees' respective salaries, subject to certain ceilings, in accordance with the relevant PRC regulations, and make cash contributions to the state-sponsored plans out of the amounts accrued. Total expenses for the plans were $393,242, $614,923 and $1,687,725 for the years ended June 30, 2018, 2017 and 2016, respectively.

Recently issued accounting pronouncements

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, "Revenue from Contracts with Customers (Topic 606)" ("ASU 2014-09"). ASU 2014-09 requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. ASU 2014-09 will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective and permits the use of either the retrospective or cumulative effect transition method. The guidance also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts. In August 2015, the FASB issued ASU No. 2015-14, "Deferral of the Effective Date" ("ASU 2015-14"), which defers the effective date for ASU 2014-09 by one year. For public entities, the guidance in ASU 2014-09 will be effective for annual reporting periods beginning after December 15, 2018 (including interim reporting periods within those periods), which means it will be effective for the Company's fiscal year beginning August 1, 2018. In March 2016, the FASB issued ASU No. 2016-08, "Principal versus Agent Considerations (Reporting Revenue versus Net)" ("ASU 2016-08"), which clarifies the implementation guidance on principal versus agent considerations in the new revenue recognition standard. In April 2016, the FASB issued ASU No. 2016-10, "Identifying Performance Obligations and Licensing" ("ASU 2016-10"), which reduces the complexity when applying the guidance for identifying performance obligations and improves the operability and understandability of the license implementation guidance. In May 2016, the FASB issued ASU No. 2016-12 "Narrow-Scope Improvements and Practical Expedients" ("ASU 2016-12"), which amends the guidance on transition, collectability, noncash consideration and the presentation of sales and other similar taxes. In December 2016, the FASB further issued ASU 2016-20, "Technical Corrections and Improvements to Topic 606, Revenue from Contracts with Customers" ("ASU 2016-20"), which makes minor corrections or minor improvements to the Codification that are not expected to have a significant effect on current accounting practice or create a significant administrative cost to most entities. The amendments are intended to address implementation and provide additional practical expedients to reduce the cost and complexity of applying the new revenue standard. These amendments have the same effective date as the new revenue standard. Preliminarily, the Company plans to adopt Topic 606 in the first quarter of its fiscal 2019 using cumulative effect transition method, and is continuing to evaluate the impact of its pending adoption of Topic 606 will have on its financial statements. The Company believes that its current revenue recognition policies are generally consistent with the new revenue recognition standards set forth in ASU 2014-09. Potential adjustments to input measures are not expected to be pervasive to the majority of the Company's contracts. While no significant impact is expected upon adoption of the new guidance, the Company will not be able to make that determination until the time of adoption based upon outstanding contracts at that time.

In November 2015, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2015-17, *Income Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes*, to simplify the presentation of deferred income taxes. The update requires that deferred tax liabilities and assets be classified as noncurrent in a classified statement of financial position. The update applies to all entities that present a classified statement of financial position. For public business entities, the ASU is effective for consolidated financial statements issued for annual periods beginning after December 15, 2016, and interim periods within those annual periods. Earlier application is permitted as of the beginning of an interim or annual reporting period. The Company has elected to adopt the ASU, and its effects are reflected in the Company's consolidated financial statements.

In January 2016, the FASB issued ASU 2016-01, *Financial Instruments – Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities*, to enhance the reporting model for financial instruments to provide users of financial statements with more decision-useful information. The update requires equity investments (except those accounted for under the equity method or those that result in consolidation of the investee) to be measured at fair value with changes in fair value recognized in net income. It eliminated the requirement for public entities to disclose the method(s) and significant assumptions used to estimate the fair value that is require to be disclosed for financial instruments measured at amortized cost on the balance sheet. In February 2018, the FASB issued a separate update for technical corrections and improvements related to Update 2016-01 to increase stakeholders' awareness of the amendments and to expedite the improvements. For public entities, the ASU is effective for the fiscal years beginning after December 15, 2017, including interim periods within those fiscal years beginning after June 15, 2018. The Company plans to adopt ASU 2016-01 in the first quarter of its fiscal 2019. Management does not believe the adoption of this ASU would have a material effect on the Company's consolidated financial statements.

In February 2016, the Financial Accounting Standard Board (FASB) issued Accounting Standards Update (ASU) 2016-02*, Amendments to the ASC 842 Leases*. This update requires lessee to recognize the assets and liability (the lease liability) arising from operating leases on the balance sheet for the lease term. When measuring assets and liabilities arising from a lease, a lessee (and a lessor) should include payments to be made in optional periods only if the lessee is reasonably certain to exercise an option to extend the lease or not to exercise an option to terminate the lease. Within twelve months or less lease term, a lessee is permitted to make an accounting policy election not to recognize lease assets and liabilities. If a lessee makes this election, it should recognize lease expense on a straight-line basis over the lease term. In transition, this update will be effective for public entities for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. Management is evaluating the effect, if any, on the Company's consolidated financial statements.

In August 2016, the FASB issued Accounting Standards Update (ASU) No. 2016-15, Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments, to address diversity in how certain cash receipts and cash payments are presented and classified in the statement of cash flows. The amendments provide guidance on the following eight specific cash flow issues: (1) Debt Prepayment or Debt Extinguishment Costs; (2) Settlement of Zero-Coupon Debt Instruments or Other Debt Instruments with Coupon Interest Rates That Are Insignificant in Relation to the Effective Interest Rate of the Borrowing; (3) Contingent Consideration Payments Made after a Business Combination; (4) Proceeds from the Settlement of Insurance Claims; (5) Proceeds from the Settlement of Corporate-Owned Life Insurance Policies, including Bank-Owned; (6) Life Insurance Policies; (7) Distributions Received from Equity Method Investees; (8) Beneficial Interests in Securitization Transactions; and Separately Identifiable Cash Flows and Application of the Predominance Principle. The amendments are effective for public business entities for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. Early adoption is permitted, including adoption in an interim period. The amendments should be applied using a retrospective transition method to each period presented. If it is impracticable to apply the amendments retrospectively for some of the issues, the amendments for those issues would be applied prospectively as of the earliest date practicable. Management does not believe the adoption of this ASU would have a material effect on the Company's consolidated financial statements.

In October 2016, the FASB issued ASU No. 2016-17, Consolidation (Topic 810): Interests held through related parties that are under common control. The amendments in this ASU require that the reporting entity, in determining whether it satisfies the second characteristic of a primary beneficiary, to include all of its direct variable interests in a VIE and, on a proportionate basis, its indirect variable interests in a VIE held through related parties, including related parties that are under common control with the reporting entity. The amendments are effective for public business entities for fiscal years beginning after December 15, 2016, including interim periods within those fiscal years. For all other entities, the amendments in this ASU are effective for fiscal years beginning after December 15, 2016, and interim periods within fiscal years beginning after December 15, 2017. Early adoption is permitted, including adoption in an interim period. Management does not believe the adoption of this ASU would have a material effect on the Company's consolidated financial statements.

In September 2017, the FASB issued ASU 2017-13, Revenue Recognition (Topic 605), revenue from Contracts with Customers (Topic 606), Leases (Topic 840), and Leases (Topic 842). This Accounting Standards Update adds SEC paragraphs pursuant to an SEC Staff Announcement made at the July 20, 2017 Emerging Issues Task Force meeting. The Company is currently evaluating the effect, if any, on the Company's consolidated financial statements.

In November 2017, the FASB issued ASU 2017-14, Income Statement-Reporting Comprehensive Income (Topic 220), Revenue Recognition (Topic 605), and Revenue from Contracts with Customers (Topic 606). This Accounting Standards Update supersedes various SEC paragraphs and amends an SEC paragraphs pursuant to the issuance of Staff Accounting Bulletin No. 116 and SEC Release No.33-10403. The Company does not believe the adoption of this ASU would have a material effect on the Company's consolidated financial statements.

In February 2018, the FASB issued ASU 2018-02, Income Statement - Reporting Comprehensive Income (Topic 220): Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income. The amendments in this Update affect any entity that is required to apply the provisions of Topic 220, Income Statement – Reporting Comprehensive Income, and has items of other comprehensive income for which the related tax effects are presented in other comprehensive income as required by GAAP. The amendments in this Update are effective for all entities for fiscal years beginning after December 15, 2018, and interim periods within those fiscal years. Early adoption of the amendments in this Update is permitted, including adoption in any interim period, (1) for public business entities for reporting periods for which financial statements have not yet been issued and (2) for all other entities for reporting periods for which financial statements have not yet been made available for issuance. The amendments in this Update should be applied either in the period of adoption or retrospectively to each period (or periods) in which the effect of the change in the U.S. federal corporate income tax rate in the Tax Cuts and Jobs Act is recognized. The Company does not believe the adoption of this ASU would have a material effect on the Company's consolidated financial statements.\

In June 2018, the FASB issued ASU 2018-07 – Compensation – Stock Compensation (Topic 718): Improvements to Nonemployee Share-Based Payment Accounting, which to include share-based payment transactions for acquiring goods and services from non-nonemployees, which nonemployee share-based payment awards within the scope of Topic 718 are measured at grant-date fair value of the equity instruments that an entity is obligated to issue when the good has been delivered or the service has been rendered and any other conditions necessary to earn the right to benefit from the instruments have been satisfied. The definition of the term grant date is amended to generally state the date at which a grantor and a grantee reach a mutual understanding of the key terms and conditions of a share based payment award. The amendments are effective for public business entities for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. For all other entities, the amendments in this ASU are effective for fiscal years beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020. Management does not believe the adoption of this ASU would have a material effect on the Company's consolidated financial statements.

The Company does not believe other recently issued but not yet effective accounting standards, if currently adopted, would have a material effect on the Company's consolidated balance sheets, statements of income and comprehensive income and statements of cash flows.

Note 3 – Variable interest entity

On January 30, 2018, Puhui WFOE entered into Contractual Arrangements with Puhui Beijing and its Participating Shareholders. The significant terms of these Contractual Arrangements are summarized in "Note 1 - Nature of business and organization" above. As a result, the Company classifies Puhui Beijing as a VIE. Puhui Qingdao is the general partner in ten limited partnerships and consolidated nine partnerships as disclosed in Note 1.

A VIE is an entity that has either a total equity investment that is insufficient to permit the entity to finance its activities without additional subordinated financial support, or whose equity investors lack the characteristics of a controlling financial interest, such as through voting rights, right to receive the expected residual returns of the entity or obligation to absorb the expected losses of the entity. The variable interest holder, if any, that has a controlling financial interest in a VIE is deemed to be the primary beneficiary and must consolidate the VIE. Puhui WFOE is deemed to have a controlling financial interest and be the primary beneficiary of Puhui Beijing because it has both of the following characteristics:

(1) The power to direct activities at Puhui Beijing that most significantly impact such entity's economic performance, and

(2) The obligation to absorb losses of, and the right to receive benefits from Puhui Beijing that could potentially be significant to such entity.

Pursuant to the Contractual Arrangements, Puhui Beijing pays service fees equal to 90.2077% of its net income to Puhui WFOE. At the same time, Puhui WFOE is obligated to absorb 90.2077% of Puhui Beijing's losses. The Contractual Arrangements are designed so that Puhui Beijing operates for the benefit of Puhui WFOE and ultimately, the Company.

Accordingly, the accounts of Puhui Beijing are consolidated in the accompanying financial statements pursuant to ASC 810-10, Consolidation. In addition, their financial positions and results of operations are included in the Company's financial statements.

The carrying amount of the VIE's consolidated assets and liabilities are as follows:

	June 30, 2018	June 30, 2017
Current assets	$ 10,224,663	$ 1,116,007
Property and equipment, net	135,682	83,921
Other noncurrent assets	782,911	620,265
Total assets	$ 11,143,256	$ 1,820,193

	June 30, 2018	June 30, 2017
Current liabilities:		
Customer deposits	$ 250,529	$ -
Other payables and accrued liabilities	677,215	122,188
Due to related party	196,300	368,765
Due to Puhui Cayman	3,915,964	-
Deferred revenues	303,637	-
Taxes payable	356,440	41,416
Current portion of long-term debt	302,001	-
Long-term debt	1,208,003	-
Total liabilities	$ 7,210,089	$ 532,369

The summarized operating results of the VIEs are as follows:

	For the year ended June 30, 2018	For the year ended June 30, 2017	For the year ended June 30, 2016
Operating revenues	$ 4,139,181	$ 6,649,536	$ 14,467,937
Income from operations	303,767	1,173,131	651,550
Net income	$ 125,827	$ 957,222	$ 454,645

Note 4 – Short-term investments and fair value measurement

Short-term investments consist of the following:

	June 30, 2018	June 30, 2017
Available for sale securities(1)	$ 278,365	$ -
Investments at cost (2)	445,451	-
Equity investment (3)	377,501	
Total investments	$ 1,101,317	$ -

Fair value disclosure:

	June 30, 2018	June 30, 2018 Fair Value Level 1	Level 2	Level 3
Available for sale securities	278,365	278,365	-	-

There is no transfer between the levels for the periods presented.

(1) As of June 30, 2018, Puhui Beijing invested in a SSLJ.com Limited's convertible note in the amount of RMB 7 million, which is equivalent to $1,057,003, of which, approximately $105,700 was invested by Puhui Beijing and approximately $951,303 was invested on behalf of and funded by investors. The notes are automatically convertible to the note issuer's common stock upon its successful listing on NASDAQ. Puhui Beijing is not obligated to provide any specific return on the investment. The issuer's registration statement for its initial public offering was approved by the U.S. Securities and Exchange Commission and the issuer's shares have commenced trading on NASDAQ on February 5, 2018 (SSLJ.com Ltd Tickler SSLJ). The Company received 213,642 shares of common stock valued at $5 per share on February 8, 2018, of which the fair value totaled the principal of the convertible note. Due to SSLJ.com was reported negative market news in July 2018, its stock price has subsequently been declining for months. Management concluded the price decline was significant and other than temporary, accordingly, recorded impairment of $778,638 against the investment cost as at June 30, 2018, among which $78,984 were recorded as impairment loss, $700,773 were recorded against customer deposits, and $1,119 were caused by exchange rate difference.

(2) As June 30, 2018, the fund completed its registration with the Asset Management Association of China on May 25, 2018 and is in the process of finalizing the investment terms with product providers. The Company also invested a total of $445,451 in three U.S. publicly listed companies, two of which are publicly traded on Nasdaq in July and August 2018. The third one is still at funding stage, the cost approximates fair value as of June 30, 2018.

(3) As of June 30, 2018, the Company invested in a private equity fund which is not publicly traded in the amount of $377,501. The Company accounted for the private equity fund using the equity method since the Company is the general partner and owns around 8.3% of the fund after the fund completed the second funding stage and was established on May 25, 2018, thus the Company has significant influence. The underlying assets of the fund will be invested in the medical and life sciences industry.

Note 5 – Other receivables

Other receivables consist of the following:

	June 30, 2018	June 30, 2017
Security deposits	$ 206,054	$ 302,161
Employee advances	777	9,736
Total other receivables	$ 206,831	$ 311,897

Note 6 – Prepaid expenses

Prepaid expenses consist of the following:

	June 30, 2018	June 30, 2017
Consulting fees	$ 144,286	$ 104,773
Rent	89,566	10,440
Housing provident fund	14,175	-
Refundable deposit (1)	416,761	-
Others	17,111	9,931
Total prepaid expenses	$ 681,899	$ 125,144

(1) On April 12, 2018, the Company entered into a Memorandum of Understanding with a Hong Kong based financial services company. Pursuant to the Memorandum of Understanding, the Company has initiated due diligence to determine whether or not to proceed to enter into a binding agreement to acquire such company. The Company has made an approximately $420,000 refundable down payment to date. In the event that the Company determines to proceed with the acquisition, the Company expects to use cash currently available on our balance sheet to consummate the transaction. The total cost of such acquisition would amount to HKD26,600,000 (approximately $3.4 million).

Note 7 – Property and equipment, net

Property and equipment consist of the following:

	June 30, 2018	June 30, 2017
Office equipment and furniture	$ 284,422	$ 298,220
Leasehold improvements	110,466	-
Less: accumulated depreciation and amortization	(259,206)	(214,299)
Total	$ 135,682	$ 83,921

Depreciation and amortization expense for the years ended June 30, 2018, 2017 and 2016 amounted to $78,514, $93,403 and $110,683, respectively. The Company disposed of fixed assets with a basis of $3,748, $101,714 and $6,332 in the years ended June 30, 2018, 2017 and 2016 and incurred a loss from disposal in the amount of $280, $62,556 and $5,565, respectively.

Note 8 – Other payables and accrued liabilities

Other payables and accrued liabilities consist of the following:

	June 30, 2018	June 30, 2017
Salary	$ 127,128	$ 82,435
Professional fees	-	35,903
Childbirth insurance	20,138	-
Interest	120,635	-
Rent	31,813	3,850
Advances from former shareholder (1)	377,501	-
Total	$ 677,215	$ 122,188

(1) The advances are provided by former shareholder, Shanghai Fengshui. The fund is bearing no interest and due on demand. Since Shanghai Fengshui quited its investment in the Company in August 2017, the amount was reclassified from due to related parties to other payables. As of June 30, 2018, Shanghai Fengshui did not request repayment of the fund.

Note 9 - Long term debt

In November 2017, Puhui Beijing entered into two loan agreements for a total amount of $1,510,004 with two individuals, which mature in November 2020. The interest rate is 13.5% per annum. Twenty percent of the principal is due in one year from the loan origination date.

Interest expense for the years ended June 30, 2018, 2017 and 2016 amounted to $122,806, $0 and $0, respectively. The interest is paid annually according to the loan agreements thus no interest payment has been made as of June 30, 2018.

Note 10 – Taxes

Income tax

Cayman Islands and BVI

Under the current laws of the Cayman Islands and BVI, the Company is not subject to tax on income or capital gain. Additionally, upon payments of dividends to the shareholders, no withholding tax will be imposed.

Hong Kong

Under the current Hong Kong Inland Revenue Ordinance, our subsidiary established in Hong Kong is subject to 16.5% income tax on taxable income generated from operations in Hong Kong. In addition, payments of dividends from our Hong Kong subsidiary to us are not subject to any Hong Kong withholding tax. The Company did not generate any revenue from operations in Hong Kong since its inception, and therefore is not subject to any income taxes in Hong Kong.

PRC

Under the Income Tax Laws of the PRC, the Company's VIE and the subsidiaries of the VIE are subject to income tax at a rate of 25%.

The Company's income tax benefit (expense) is as follows:

	For the years ended June 30,		
	2018	2017	2016
Current			
China	$ 298,935	$ -	$ -
Deferred			
China	(150,615)	175,435	209,923
Total income tax expense	$ 148,320	$ 175,435	$ 209,923

The following table reconciles China statutory rates to the Company's effective tax rate:

	For the years ended June 30,		
	2018	2017	2016
China income tax rate	25.0%	25.0%	25.0%
Effect of permanent difference	9.6%	3.1%	5.5%
Change in valuation allowance	19.5%	(12.6)%	1.1%
Effective tax rate	54.1%	15.5%	31.6%

Deferred tax assets - China

The Company's Chinese VIE and subsidiaries incurred operating losses of $8,918,079 in the period from its inception in December 31, 2013 to June 30, 2015, resulting in $2,244,188 of deferred tax assets from the operating losses.

According to Chinese tax regulations, net operating losses can be carried forward to offset operating income for the next five years. Significant components of deferred tax assets were as follows:

	June 30, 2018	June 30, 2017
Net operating losses	$ 1,685,498	$ 1,543,718
Deferred revenues	75,909	-
Impairment loss	19,391	-
Total deferred tax assets	$ 1,780,798	$ 1,543,718
Valuation allowance	(997,887)	(923,453)
Deferred tax assets, net	$ 782,911	$ 620,265

The following table summarizes the changes in deferred tax assets:

	June 30, 2018	June 30, 2017
Deferred tax assets – beginning balance	$ 1,543,718	$ 1,902,877
NOL recognized (utilized)	103,056	(318,356)
Temporary differences addition	100,117	-
Exchange rate difference	33,907	(40,803)
Total deferred tax assets	$ 1,780,798	$ 1,543,718
Valuation allowance	(997,887)	(923,453)
Deferred tax assets, net	$ 782,911	$ 620,265

The Company evaluated the recoverable amounts of deferred tax assets, and provided a valuation allowance to the extent that future taxable profits will be available against which the net operating loss and temporary difference can be utilized. The Company considers both positive and negative factors when assessing the future realization of the deferred tax assets and applied weigh to the relative impact of the evidences to the extent it could be objectively verified.

The Company's NOL resides with different tax reporting entities. Management has provided 100% allowances for those NOL incurred by all its PRC VIE and subsidiaries except for Puhui Beijing because these entities either had historical losses or were in set up stage thus are not probable to generate adequate taxable income in next five years. Puhui Beijing incurred NOL of $8.6 million resulting in $2.2 million of deferred tax assets as of June 30, 2015. It started to make profits and utilize the NOL carryforwards in the fiscal year of 2016 and 2017. Management has provided partial allowances for Puhui Beijing's NOL to the extent that the NOL will be utilized to offset future taxable income. At June 30, 2018, after the valuation allowance, Puhui Beijing has net operating loss carryforwards for income tax purposes of $2.5 million which are available to offset future taxable income through 2020, resulting in $782,911 of deferred tax assets.

Puhui Beijing's tax year is based on calendar year from January 1 to December 31. It has generated pre-tax income (net of permanent differences) since both fiscal year and tax year of 2016. Puhui Beijing also generated pre-tax income for tax year of 2017 from January 1, 2017 to December 31, 2017 and utilized a portion of the NOL carryforwards. Puhui Beijing generated taxable income to realize portion of its NOL for tax year 2018 (which is based on calendar year) with the remaining NOL to be realized in 2019-2020. As such management believes current level of valuation allowance is sufficient for the Company's deferred tax assets.

As such, the Company believes Puhui Beijing's continuing utilization of NOL and internal forecast of future taxable income based on existing products outweighs the negative evidences of decrease in revenue and net income for the year ended June 30, 2018. The Company subsequently re-evaluated the valuation allowance for deferred tax assets by PRC entity annually, and made any additions or reversals based the results of the re-evaluation.

The following table summarizes the changes in valuation allowance for deferred tax assets:

	June 30, 2018	June 30, 2017
Beginning balance	$ 923,453	$ 1,089,284
Additions	358,140	258,408
Reversals	(305,582)	(401,329)
Exchange difference	21,876	(22,910)
Ending balance	997,887	923,453

Taxes payable consisted of the following:

	June 30, 2018	June 30, 2017
VAT taxes payable	$ 62,366	$ 26,662
Income taxes payable	266,417	-
Other taxes payable	27,657	14,754
Totals	$ 356,440	$ 41,416

Note 11 – Concentration of risk

Credit risk

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist primarily of cash. As of June 30, 2018 and 2017, $4,809,040 and $322,518 were deposited in banks located in the PRC, respectively.

Customer concentration risk

For the year ended June 30, 2018, four customers accounted for 17.2%, 15.7%, 13.7% and 13.0% of the Company's revenues. For the year ended June 30, 2017, one customer accounted for 66% of the Company's revenues. For the year ended June 30, 2016, one customer accounted for 99.5% of the Company's revenues.

Note 12 – Segment reporting

ASC 280, "Segment Reporting", establishes standards for reporting information about operating segments on a basis consistent with the Company's internal organizational structure as well as information about geographical areas, business segments and major customers in financial statements for details on the Company's business segments.

The Company uses the management approach to determine reportable operating segments. The management approach considers the internal organization and reporting used by the Company's chief operating decision maker ("CODM") for making decisions, allocating resources and assessing performance. The Company's CODM has been identified as the CEO, who reviews consolidated results when making decisions about allocating resources and assessing performance of the Company.

Based on the management's assessment, the Company determined that it has only one operating segment and therefore one reportable segment as defined by ASC 280, which is value-added wealth management services.

The following table presents revenue by major service categories (from third parties and related parties) for the years ended June 30, 2018, 2017 and 2016, respectively:

	June 30, 2018	June 30, 2017	June 30, 2016
Investment advisory	$ 4,020,791	$ 6,591,971	$ 14,563,170
Fund management	139,070	92,674	-
Sales taxes	(20,680)	(35,109)	(95,233)
Total revenues	$ 4,139,181	$ 6,649,536	$ 14,467,937

All of the Company's revenue are derived from, and its assets are located in the PRC.

Note 13 – Related party transaction

Accounts receivables – related party consisted of the following:

	Relationship	June 30, 2018	June 30, 2017
Beijing Dongfang Puzhong Consulting Center (Limited Partnership)	Shareholder of Puhui Beijing	$ 372,216	$ -
Beijing Dongfang Henghui Consulting Center (Limited Partnership)	Shareholder of Puhui Beijing	679,502	-
Total		$ 1,051,718	$ -

These accounts receivables will be collected by the end of October 2018.

Other payables – related party consisted of the following:

	Relationship	June 30, 2018	June 30, 2017
Ru Peng Limited	Shareholders of Puhui Cayman	$ 196,300	$ -
Shanghai Fengsui Investment Management Co., Ltd	Former shareholder	-	368,765
Total		$ 196,300	$ 368,765

Revenues – related party consisted of the following:

		For the years ended June 30,	
	Relationship	2018	2017
Finup Co., Ltd.	Former shareholder	$ -	$ 4,414,124
Shanghai Fengsui Investment Management Co., Ltd.	Former Shareholder	-	332,886
Huzhou Meiyu Investment and Management Limited Partnership	Under common control of Shanghai Fengsui	-	427,454
Beijing Dongfang Henghui Consulting Center (Limited Partnership)	Shareholder of Puhui Beijing	652,578	-
Beijing Dongfang Puzhong Consulting Center (Limited Partnership)	Shareholder of Puhui Beijing	357,468	-
Beijing Synergetic SIFT Asset Management Co. Ltd.	Minority shareholder of Puhui Beijing	171,555	-
Xinyu Jiji Investment Center (Limited Partnership)	Company's investee under equity method	169,914	-
Total		$ 1,351,515	$ 5,174,464

Note 14 – Equity

Capital contribution

For the year ended June 30, 2016, Puhui Beijing received $0 of capital contributions from controlling interest shareholders. For the year ended June 30, 2017, Puhui Beijing received $434,631 of capital contributions from controlling interest shareholders. For the year ended June 30, 2018, the Company received $3,957,752 and $2,511,927 of capital contributions from controlling and non-controlling interest shareholders, respectively.

Ordinary shares issuances

On November 30, 2017, 10,000,000 ordinary shares of the Company were issued to the Participating Shareholders in connection with the restructuring of the Company. The financial statements are prepared on the basis as if the reorganization became effective as of the beginning of the first period presented in the accompanying consolidated financial statements.

On May 18, 2018, the Company's Board of Directors approved a 10-for-1 forward stock split. Upon completion of the split, 1,000,000 authorized but unissued ordinary shares are re-designated as preferred shares with par value of $0.001. All shares and per share amounts in the consolidated financial statements have been retroactively restated to reflect the stock split and re-designation of shares.

Restricted net assets

The Company's ability to pay dividends is primarily dependent on the Company receiving distributions of funds from its subsidiary. Relevant PRC statutory laws and regulations permit payments of dividends by Puhui WFOE, Puhui Beijing and its fully owned subsidiaries only out of its retained earnings, if any, as determined in accordance with PRC accounting standards and regulations. The results of operations reflected in the accompanying consolidated financial statements prepared in accordance with U.S. GAAP differ from those reflected in the statutory financial statements of Puhui WFOE, Puhui Beijing and its wholly owned subsidiaries.

Puhui WFOE, Puhui Beijing and its wholly owned subsidiaries are required to set aside at least 10% of their after-tax profits each year, if any, to fund certain statutory reserve funds until such reserve funds reach 50% of its registered capital. In addition, Puhui WFOE, Puhui Beijing and its wholly owned subsidiaries may allocate a portion of its after-tax profits based on PRC accounting standards to enterprise expansion fund and staff bonus and welfare fund at its discretion. The statutory reserve funds and the discretionary funds are not distributable as cash dividends. Remittance of dividends by a wholly foreign-owned company out of China is subject to examination by the banks designated by State Administration of Foreign Exchange.

As of June 30, 2018 and 2017, no statutory reserve has been attributed by Puhui WFOE, Puhui Beijing and its wholly owned subsidiaries.

As a result of the foregoing restrictions, Puhui WFOE, Puhui Beijing and its wholly owned subsidiaries are restricted in their ability to transfer their net assets to the Company. Foreign exchange and other regulation in the PRC may further restrict Puhui WFOE, Puhui Beijing and its wholly owned subsidiaries from transferring funds to the Company in the form of dividends, loans and advances. As of June 30, 2018 and 2017, amounts restricted are the net assets of Puhui WFOE, Puhui Beijing and its wholly owned subsidiaries, which amounted to $7,849,131 and $1,287,824, respectively.

Employee Stock Compensation

The Puhui Wealth Investment Management Co., Ltd. 2018 Equity Incentive Plan ("Incentive Plan") was approved by the board of directors on June 15, 2018 by unanimous written consent. The Incentive Plan, which will be administered by the Compensation Committee of our Board of Directors, allows for awards up to a maximum of 1,500,000 restricted ordinary shares. Under the Incentive Plan, the Compensation Committee may grant ordinary shares to directors, officers, managers, employees, consultants and advisors of our company or our affiliates; provided, that the Compensation Committee may not grant to any one person in any one calendar year awards for more than 150,000 ordinary share in the aggregate. No shares have been granted as of the date of this report.

Note 15 – Commitments and contingencies

Contingencies

From time to time, the Company may be subject to certain legal proceedings, claims and disputes that arise in the ordinary course of business. Although the outcomes of these legal proceedings cannot be predicted, the Company does not believe these actions, in the aggregate, will have a material adverse impact on its financial position, results of operations or liquidity. As of June 30, 2018, the Company was not aware of any litigations or lawsuits against them.

Commitments

On April 12, 2018, the Company entered into a Memorandum of Understanding with a Hong Kong based financial services company. Pursuant to the Memorandum of Understanding, the Company has initiated due diligence to determine whether or not to proceed to enter into a binding agreement to acquire such company. The Company has made an approximately $420,000 refundable down payment to date. In the event that the Company determines to proceed with the acquisition, the Company expects to use cash currently available on our balance sheet to consummate the transaction. The total cost of such acquisition would amount to HKD26,600,000 (approximately $3.4 million).

The Company has entered into operating lease agreements for seven office units and two residential units. The Company has a lease agreement for one office unit in Beijing which will expire on November 30, 2018, with monthly payment including property management fees of approximately $23,000. The Company has a lease agreement for one residential unit in Beijing which will expire on October 25, 2018, with monthly payment of approximately $1,000. The Company has a lease agreement for an office unit in Shanghai that will expire on October 31, 2019, with a monthly payment including property management fees of approximately of $12,000. The Company has lease agreements for two office units in Beijing and Qingdao that will expire on November 30, 2019 and February 5, 2020, with monthly payments including property management fees of approximately $10,000 and $3,000, respectively. The Company has a lease agreement for an office in Beijing that will expire on February 29, 2020, with monthly payment including property management fees of approximately $10,000. The Company has lease agreements for an office and a residential unit in Suzhou that will expire on March 15, 2019 and February 28, 2019, with monthly payment of approximately $2,000 and $1,000, respectively. The Company has a lease agreement for one office unit in Beijing which will expire on July 31, 2020, with monthly payment including property management fees of approximately of $16,000.

Total operating lease expenses for the years ended June 30, 2018, 2017 and 2016 were approximately $572,000, $1,179,000, and $1,774,690, respectively. The Company's commitments for minimum lease payment under these operating leases with a term of one year or more are as follow:

Twelve months ending June 30,	Minimum lease payment
2019	$ 775,339
2020	432,930
2021	17,837
Total minimum payments required	$ 1,226,106

Note 16 - Subsequent events

For purpose of preparing these consolidated financial statements, the Company considered events through October 29, 2018, which is the date the consolidated financial statements were available for issuance. Except for those disclosed above, there were no material subsequent events that required recognition or additional disclosure in these consolidated financial statements.

Minimum Offering: $8,000,000		**(1,333,334 Ordinary Shares)**
Maximum Offering: $12,000,000		**(2,000,000 Ordinary Shares)**
Maximum Offering with Over-Subscription:	**$13,800,000**	**(2,300,000 Ordinary Shares)**

Puhui Wealth Investment Management Co., Ltd.

Until , 2018 all dealers that effect transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the dealers' obligation to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

Joseph Stone Capital, LLC

The date of this prospectus is November, 2018

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 6. Indemnification of Directors and Officers

We are a Cayman Islands company. Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Cayman Islands courts to be contrary to public policy, such as to provide indemnification against civil fraud or the consequences of committing a crime. Our articles of association provide for indemnification of our officers and directors for any liability incurred in their capacities as such, except through their own willful negligence or default.

In so far as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers or persons controlling us pursuant to the foregoing provisions, we have been informed that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

ITEM 7. Recent Sales of Unregistered Securities

During the past three years, we issued and sold the securities described below without registering the securities under the Securities Act. None of these transactions involved any underwriters' underwriting discounts or commissions, or any public offering. We believe that each of the following issuances to private placement investors was exempt from registration under the Securities Act in reliance on Regulation S under the Securities Act or pursuant to Section 4(a)(2) of the Securities Act regarding transactions not involving any public offering.

On November 30, 2017, we issued an aggregate of 10,000,000 ordinary shares to nine (9) entities as inducement for the shareholders of Puhui Beijing to cause Puhui Beijing to enter into a series of VIE agreements with us, including 6,024,490 shares to Zhe Ji, our Chief Executive Officer and Chairman.

ITEM 8. Exhibits and Financial Statement Schedules

(a). Exhibits

The following exhibits are filed as part of this registration statement:

Exhibit No.	Description
1.1*	Form of Underwriting Agreement
3.1*	Memorandum and Articles of Association
3.2*	Form of Amended and Restated Memorandum and Articles of Association
4.1*	Form of Underwriter's Warrant
5.1*	Opinion of Ogier as to the legality of the shares
5.2*	Opinion of Allbright Law Offices
5.3*	Opinion of Ellenoff Grossman & Schole LLP as to the legality of the underwriter's warrants
8.1*	Opinion of Ellenoff Grossman & Schole LLP regarding certain U.S. tax matters
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10.2*	Business Cooperation Agreement between Beijing Rucong Enterprise Management Advisory Co., Ltd. and Puhui Wealth Investment Management (Beijing) Co., Ltd. dated January 30, 2018
10.3*	Form of Equity Pledge Agreement among Beijing Rucong Enterprise Management Advisory Co., Ltd., Puhui Wealth Investment Management (Beijing) Co., Ltd., Beijing Dongfang Henghui Consulting Center (Limited Partnership), Beijing Dongfang Puzhong Consulting Center (Limited Partnership), Beijing Huicai Hengyun Consulting Center (Limited Partnership), Xizang Rongshun Consulting Partnership Enterprise (Limited Partnership) and Banyan Capital (Shenzhen) Investment Center (Limited Partnership)
10.4*	Form of Equity Option Agreement among Beijing Rucong Enterprise Management Advisory Co., Ltd., Puhui Wealth Investment Management (Beijing) Co., Ltd., Beijing DongfangHenghui Consulting Center (Limited Partnership), Beijing Dongfang Puzhong Consulting Center (Limited Partnership), Beijing Huicai Hengyun Consulting Center (Limited Partnership), Xizang Rongshun Consulting Partnership Enterprise (Limited Partnership) and Banyan Capital (Shenzhen) Investment Center (Limited Partnership)
10.5*	Form of Voting Rights Proxy and Finance Supporting Agreement among Beijing Rucong Enterprise Management Advisory Co., Ltd., Puhui Wealth Investment Management (Beijing) Co., Ltd., Beijing DongfangHenghui Consulting Center (Limited Partnership), Beijing Dongfang Puzhong Consulting Center (Limited Partnership), Beijing Huicai Hengyun Consulting Center (Limited Partnership), Xizang Rongshun Consulting Partnership Enterprise (Limited Partnership) and Banyan Capital (Shenzhen) Investment Center (Limited Partnership)
10.6*	Office Lease Agreement between Beijing Oriental Plaza and Puhui Wealth Investment Management (Beijing) Co., Ltd. dated November 11, 2016
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10.12*	Form of Subscription Agreement
10.13*	Form of Escrow Agreement between Puhui Wealth Investment Management Co., Ltd.
10.14*	Form of Lock-up Agreement for Officers, Directors and 10% Shareholders
10.15*	Form of Lock-up Agreement for Less than 10% Shareholders.
10.16*	Puhui Wealth Investment Management Co., Ltd. 2018 Equity Incentive Plan
21.1*	List of subsidiaries of the Registrant
23.1**	Consent of Friedman, LLP
23.2*	Consent of Ogier (included in Exhibit 5.1)
23.3*	Consent of Allbright Law Offices (included in Exhibit 5.2)
23.4*	Consent of Ellenoff Grossman & Schole LLP (included in Exhibit 5.3)
23.5*	Consent of Beijing Heading Century Consulting Co., Ltd.
24.1*	Power of Attorney (included on the signature page of this Registration Statement)
99.1*	Registrant's Application for Waiver of Requirements of Form 20-F, Item 8.A.4.

* Previously filed.

** Filed herewith.

ITEM 9. Undertakings

The undersigned registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

i. To include any prospectus required by Section 10(a)(3) of the Securities Act;

ii. To reflect in the prospectus any facts or events arising after the effective date of the registration statement(or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20% change in the maximum aggregate offering price set forth in the “Calculation of Registration Fee” table in the effective Registration Statement;

iii. To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement.

(2) That, for the purpose of determining any liability under the Securities Act, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof;

(3) To file a post-effective amendment to the registration statement to include any financial statements required by Item 8.A. of Form 20-F (17 CFR 249.220f) at the start of any delayed offering or throughout a continuous offering. Financial statements and information otherwise required by Section 10(a)(3) of the Act need not be furnished, *provided*, that the registrant includes in the prospectus, by means of a post-effective amendment, financial statements required pursuant to this paragraph and other information necessary to ensure that all other information in the prospectus is at least as current as the date of those financial statements.

(4) That, for purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b) (1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(5) For the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(6) File a post-effective amendment to remove from registration any of the securities that remain unsold at the end of the offering.

(7) That, for the purpose of determining liability under the Securities Act to any purchaser:

Each prospectus filed by the Registrant pursuant to Rule 424(b) as part of a registration statement relating to an offering, other than registration statements relying on Rule 430B or other than prospectuses filed in reliance on Rule 430A, shall be deemed to be part of and included in the registration statement as of the date it is first used after effectiveness. Provided, however, that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such first use, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such date of first use.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the small business issuer pursuant to the foregoing provisions, or otherwise, the small business issuer has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the small business issuer of expenses incurred or paid by a director, officer or controlling person of the small business issuer in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the small business issuer will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

(8) That, for the purpose of determining liability of the registrant under the Securities Act to any purchaser in the initial distribution of the securities:

The undersigned registrant undertakes that in a primary offering of securities of the undersigned registrant pursuant to this registration statement, regardless of the placement method used to sell the securities to the purchaser, if the securities are offered or sold to such purchaser by means of any of the following communications, the undersigned registrant will be a seller to the purchaser and will be considered to offer or sell such securities to such purchaser:

(i) Any preliminary prospectus or prospectus of the undersigned registrant relating to the offering required to be filed pursuant to Rule 424 (§230.424 of this chapter).

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the Registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the city of Beijing, China, on October 29, 2018.

Puhui Wealth Investment Management Co., Ltd.

/s/ Zhe Ji
Zhe Ji
Chief Executive Officer
(principal executive officer)

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
/s Zhe Ji Zhe Ji	Chief Executive Officer (Principal executive officer)	October 29, 2018
/s/ Yan Long Yan Long	Chief Financial Officer (Principal financial officer and principal accounting officer)	October 29, 2018
/s/ Zhi Su* Zhi Su	Director	October 29, 2018
/s/ Wei Fan* Wei Fan	Director	October 29, 2018
/s/ Qingbin Meng* Qingbin Meng	Director	October 29, 2018
*By: /s/ Zhe Ji Zhe Ji Attorney-in-Fact		October 29, 2018

Pursuant to the requirements of the Securities Act of 1933, as amended, the undersigned, the duly authorized representative in the United States of Puhui Wealth Investment Management Co., Ltd. has signed this registration statement on the 29th of October, 2018.

/s/ Giselle Manon

Name: Giselle Manon
Title: Service of Process Officer
Law Debenture Corporate Services Inc.

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* Previously filed.

** Filed herewith.

Exhibit 23.1

FRIEDMAN LLP®

ACCOUNTANTS AND ADVISORS

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the use in this Post-Effective Amendment No.1 to the Registration Statement on Form F-1 of Puhui Wealth Investment Management Co., Ltd. and its subsidiaries of our report dated October 29, 2018 with respect to the consolidated balance sheets of Puhui Wealth Investment Co., Ltd. and its subsidiaries as of June 30, 2018 and 2017, and the related consolidated statements of income and comprehensive income (loss), changes in shareholders' equity (deficiency) and cash flows for each of the years in the three-year period ended June 30, 2018, included in this Registration Statement. We also consent to the reference to our firm under the heading "Experts" in the Prospectus.

/s/ Friedman LLP

New York, New York
October 29, 2018

1700 Broadway, New York, NY 10019 p 212.842.7000 f 212.842.7001 friedmanllp.com