

SOU 300 GROUP HOLDING COMPANY

QUARTERLY REPORT

QUARTERLY PERIOD ENDING
September 30, 2016

1) Name of the issuer

SOU300 Group Holding Company

2) Address of the issuer's principal executive offices

Company Headquarters

Address: 1645 Village Center Circle, Suite 170, Las Vegas, NV 89134, Clark County.

Phone: 844-216-8597

Email: cs@soug.us

Website(s): www.soug.us

IR Contact

Name: CHU PEK KUN

Address: 1645 Village Center Circle, Suite 170, Las Vegas, NV 89134, Clark County.

Phone: 844-216-8597

Email: cs@soug.us

Website(s): www.soug.us

3) Security Information

Trading Symbol: SOUG

Exact title and class of securities outstanding: Common Shares

CUSIP: 784666208

Par or Stated Value: \$0.001

Total shares authorized: 1,050,000,000 as of: September 30, 2016

Total shares outstanding: 1,046,550,007 as of: September 30, 2016

Transfer Agent

Name: VStock Transfer, LLC

Address: 18 Lafayette Place
Woodmere, New York 11598

Phone: (212)-828-8436

Is the Transfer Agent registered under the Exchange Act?* Yes: ☒ No: ☐

On April 13, 2015, the Company implemented a reverse share split on a two to one ratio, pursuant to which 2,020,000,006 issued and outstanding shares of common stock were combined into 1,010,000,007 shares of common stock.

As of September 30, 2016, there are 320,081,254 unrestricted common shares.

4) Issuance History

SOU300 Group Holding Company (“SOU300” or the “Company”) is a Nevada corporation incorporated on June 24, 2010, and is quoted on the OTC Pink Market (“OTC Market”). Upon incorporation, the Company had 100,000,000 authorized common shares and 10,000,000 authorized preferred shares, with \$0.001 par value per share.

On June 25, 2010, the Company issued 20,000,006 shares of common stock, \$0.001 par value per share, to fifty (50) non-U.S. persons (the “2010 Issuance”). The issuance was made pursuant to an exemption from registration pursuant to Regulation S under the Securities Act of 1933, as amended (the “Securities Act”).

On May 23, 2013, the Company increased the number of the authorized common shares from 100,000,000 to 2,100,000,000. On June 5, 2013, the Company issued 2,000,000,000 shares of common shares to 671 persons (among which, 48 are original shareholders and 623 are new shareholders) (the “2013 Issuance”). The issuance to non US persons was made pursuant to an exemption from registration pursuant to Regulation S under the Securities Act. The issuance to the one shareholder who is a US citizen was made pursuant to an exemption from registration provided in Section 4(a)(2) of the Securities Act of 1933, as amended.

The share certificates of SOU300 issued in the 2010 Issuance and 2013 Issuance to non US persons contain a legend stating:

“THE SECURITIES ARE BEING OFFERED TO INVESTORS WHO ARE NOT U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT OF 1933, AS AMENDED (“SECURITIES ACT”)) AND WITHOUT REGISTRATION WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT IN RELIANCE UPON REGULATION S PROMULGATED UNDER THE SECURITIES ACT.”

“TRANSFER OF THESE SECURITIES IS PROHIBITED, EXCEPT IN ACCORDANCE WITH THE PROVISIONS OF REGULATION S, PURSUANT TO REGISTRATION UNDER THE SECURITIES ACT, OR PURSUANT TO AVAILABLE EXEMPTION FROM REGISTRATION. HEDGING TRANSACTIONS MAY NOT BE CONDUCTED UNLESS IN COMPLIANCE WITH THE SECURITIES ACT.”

The share certificates of SOU300 issued in the 2013 Issuance to a US Holder contain a legend stating:

“THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED. THEY MAY NOT BE SOLD, OFFERED FOR SALE, PLEDGED OR HYPOTHECATED IN THE ABSENCE OF A REGISTRATION STATEMENT IN EFFECT WITH RESPECT TO THE

SECURITIES UNDER SUCH ACT OR AN OPINION OF COUNSEL SATISFACTORY TO THE COMPANY THAT SUCH REGISTRATION IS NOT REQUIRED OR UNLESS SOLD PURSUANT TO AN EXEMPTION TO SUCH ACT.”

As a result of the 2010 Issuance and 2013 Issuance accumulatively involving more than 200 specified shareholders for the Company’s securities, it is deemed a public offering under the Securities Law of the PRC and subject to various mandatory legal and administrative requirements, including reporting to the China Securities Regulatory Commission (the “CSRC”) for examination and approval. The Company failed to go through any of the above-mentioned procedures for the 2013 Issuance. Pursuant to the Securities Law of the PRC, where an entity, without approval of the statutory authority, publicly issues securities shall be ordered to cease such issuing and return the funds thus raised (if any), plus the bank deposit interest for the same period, and shall be fined not less than one percent but not more than five percent of the amount of the illegally raised funds; the company incorporated through public issuance of securities without approval shall be banned by the authority. The person directly in charge and the other persons directly responsible shall be given a warning and, in addition, be fined not less than \$4,619 (RMB30,000) but not more than \$46,188 (RMB300,000) each.

On April 13, 2015, the Company implemented a reverse share split on a two to one ratio, pursuant to which 2,020,000,006 issued and outstanding shares of common stocks were combined into 1,010,000,007 shares of common stock.

On June 30, 2015, the Company entered into a series acquisition agreement with each shareholder of YishuiLihua Oil Co., Ltd. (“YSLH”), Shanghai Minnan Wood Co., Ltd. (“Minnan Wood”), PutianHuanqiu Wood Co., Ltd (“Putian Wood”) and Runjet Trading Co., Limited (“RUNJET”), pursuant to which, the Company shall issue: (i) 6,000,000 shares of common stock to Mr. Zhang Fuli, shareholder of YSLH, (ii) 987,000 and 63,000 shares of common stock respectively to Ms. Ye Sulan and Mr. Ye Dehong, shareholders of Minnan Wood, (iii) 2,000,000 and 500,000 shares of common stock respectively to Mr. Wu Jianhua and Mr. Wu Jianping, shareholders of Putian Wood, and (iv) 27,000,000 shares of common stock to Mr. Tu Xiaojun, shareholder of RUNJET, as purchase price for such acquisitions. As of December 31, 2015, the shares have been issued accordingly.

As of September 30, 2016, there were 681 record owners of our common stock and no record owner of our preferred stock.

5) Financial Statements

The Company's unaudited financial statements for the quarterly period ended September 30, 2016 and related footnotes are incorporated herein by reference as part of this 2016 Quarterly Report and are filed under separate cover.

6) The Issuer's Business, Products and Services

Fiscal Year End

The end of the fiscal year of the Company is December 31.

SIC

SIC-Industry Classification 7370-Services-Computer Programming, Data Processing, etc.

Corporate History and Structure

SOU300 Group Holding Company (“SOU300” or the “Company”) is a Nevada corporation incorporated on June 24, 2010, and is quoted on the OTC Market.

On August 21, 2014, the Company acquired SOU300 GROUP HLDG CO. LIMITED (“SOU300 HK”), a holding company established by Mr. Hung, Hai-Chuan under Hong Kong laws, subsequent to which, SOU300 HK become a wholly-owned subsidiary of the Company. On July 11, 2014, SOU300 HK established a wholly foreign owned enterprise, QuanSou 300 (Beijing) Technology Co., Ltd. (“SOU300 WFOE”) in Haidian District, Beijing, PRC. On August 1, 2014, SOU300 WFOE has entered into certain VIE Agreements with Beijing Jiexunhuatai Technology Limited Co., Ltd. (“JXHT”), including Exclusive Technology Consultancy and Service Agreement, Power of Attorney, Option Agreement, Share Pledge Agreement and Business Operation Agreement. The VIE Agreements described above were terminated on July 1, 2016, subsequent to which JXHT is no longer a consolidated group member of the Company.

On April 13, 2015, the Company implemented a reverse share split on a two to one ratio, pursuant to which 2,020,000,006 issued and outstanding shares of common stock were combined into 1,010,000,007 shares of common stock.

On June 30, 2015, the Company entered into a series of acquisition agreements with each shareholder of YishuiLihua Oil Co., Ltd. (“YSLH”), Shanghai Minnan Wood Co., Ltd. (“Minnan Wood”), Putian Huanqiu Wood Co., Ltd. (“Putian Wood”) and Runjet Trading Co., Limited (“RUNJET”), pursuant to which, the Company shall issue: (i) 6,000,000 shares of common stock to Mr. Zhang Fuli, shareholder of YSLH, (ii) 987,000 and 63,000 shares of common stock respectively to Ms. Ye Sulan and Mr. Ye Dehong, shareholders of Minnan Wood, (iii) 2,000,000 and 500,000 shares of common stock respectively to Mr. Wu Jianhua and Mr. Wu Jianping, shareholders of Putian Wood, and (iv) 27,000,000 shares of common stock to Mr. Tu Xiaojun, shareholder of RUNJET (together with YSLH, Minnan Wood, Putian Wood referred to as the “Acquired Companies”), as purchase price for such acquisitions. As of December 1, 2015 the shares have been issued accordingly. The acquisitions were effected through the use of variable interest agreements (“VIE”) pursuant to which SOU300 WFOE has executed effective control over the acquired companies through these contractual arrangements. The details of the VIE agreements are described in the quarterly report for the quarter ended June 30, 2015 filed with the OTC Disclosure and News Service on August 28, 2015 and incorporated herein by reference:

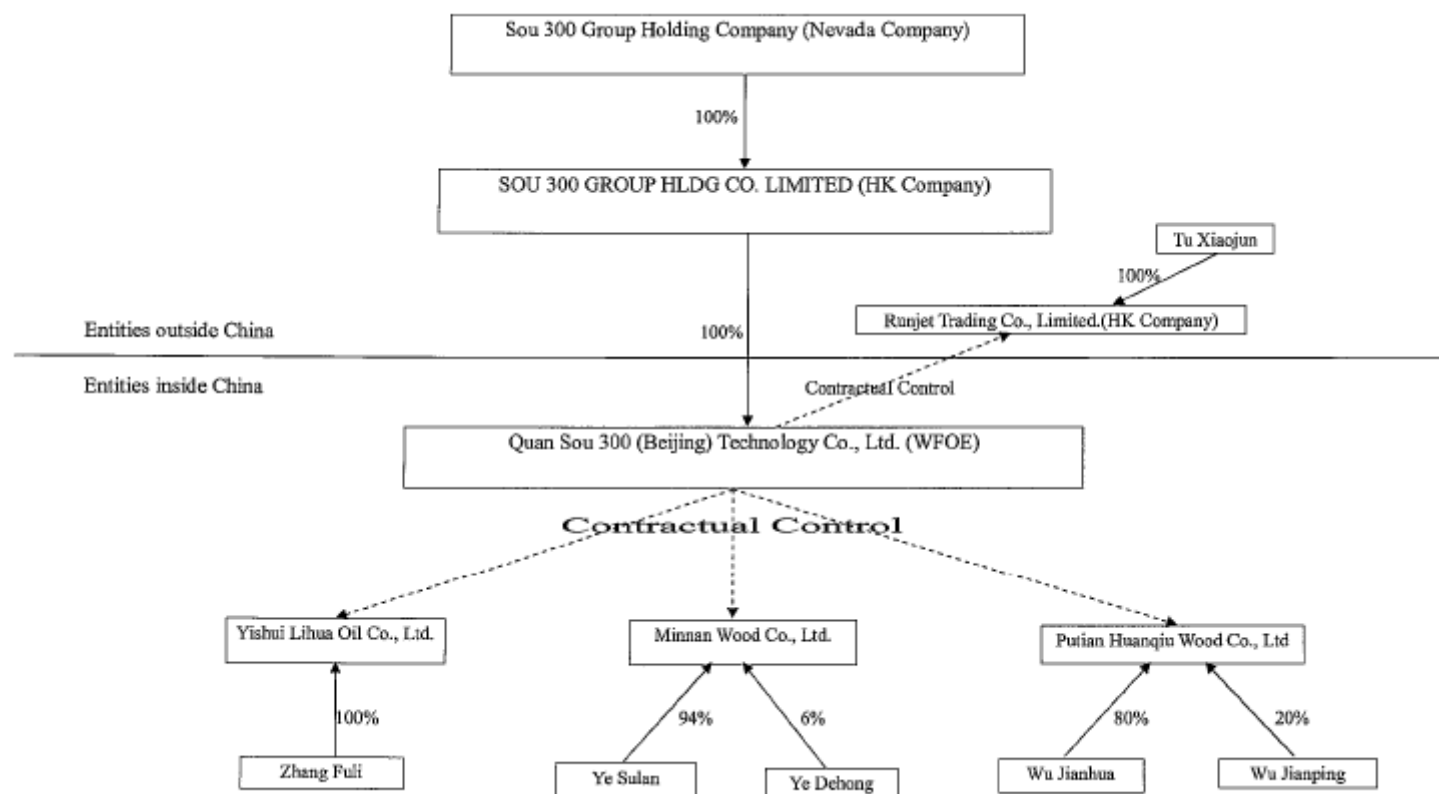
On June 30, 2015, SOU300 WFOE, each of the Acquired Companies and its shareholder/shareholders entered into a series of agreements known as variable interest agreements (the “VIE Agreements”) pursuant to which SOU300 WFOE has executed effective control over each of the Acquired Companies through these contractual arrangements. The VIE Agreements included:

- (1) An Exclusive Technology Consultancy and Service Agreement through which SOU300 WFOE is appointed the exclusive services provider to provide each of the Acquired Companies with complete technical support, business support and related consulting services (as described in the agreement) in exchange for 90% of the net profits (as defined in the agreement) of each of the Acquired Companies. The agreement does not provide that SOU300 WFOE is responsible for the debts of each of the Acquired Companies. The term of the Technology Consultancy and Service Agreement began on June 30, 2015 and lasts for five years, unless earlier terminated as provided in the agreement;
- (2) Power of Attorney under which the shareholder/shareholders of each of the Acquired Companies have vested his/their collective voting control over each of the Acquired Companies to SOU300 WFOE;
- (3) an Option Agreement under which the shareholder/shareholders of each of the Acquired Companies have granted to SOU300 WFOE the irrevocable right and option to acquire all of their equity interests in each of the Acquired Companies, subject to applicable PRC laws and regulations. The term of the Option Agreement began on June 30 2015 and lasts for five years;
- (4) a Share Pledge Agreement under which the shareholder/shareholders of each of the Acquired Companies have pledged all of his/their equity interests in each of the Acquired Companies to SOU300 WFOE to guarantee each of the Acquired Companies’ performance of its obligations under the Exclusive Technology Consultancy and Service Agreement; and
- (5) a Business Operation Agreement under which SOU300 WFOE provides guidance and instructions on each of the Acquired Companies’ daily operations and financial affairs. SOU300 WFOE has the right to appoint senior executives of each of the Acquired Companies. The shareholders of each of the Acquired Companies must appoint the candidates recommended by SOU300 WFOE as their representatives on each of the Acquired Companies’ board of directors. The term of the Business Operation Agreement began on June 30, 2015, and lasts for five years, but may be renewed at SOU300 WFOE’s election.

As a holding company with no business other than holding equity interest of our operating subsidiary, SOU300 WFOE, we rely principally on dividends to be paid by SOU300 WFOE. SOU300 WFOE, being the exclusive service provider to YSLH, Minnan Wood, Putian Wood and RUNJET, relies on the service fees to which it is

entitled from YSLH, Minnan Wood, Putian Wood and RUNJET. Pursuant to the respective Exclusive Technology Consultancy and Service Agreement between SOU300 WFOE and YSLH, Minnan Wood, Putian Wood and RUNJET, SOU300 WFOE has the right to collect 90% of the net profits of YSLH, Minnan Wood, Putian Wood and RUNJET.

The following flow chart illustrates our Company's organizational structure subsequent to the acquisitions described above:



Products and Services

Unless context indicates otherwise, reference to the “Company” throughout this report refers to SOU300 and its subsidiaries.

SOU300 is a Nevada corporation incorporated on June 24, 2010. The Company intends to seek investment opportunities in various industries, such as information and technology, culture and entertainment, clean energy, medical health, consumer retailing as well as high-end manufacturing.

Acquisitions of Enterprises in Traditional Industries

YSLH

On June 30, 2015, the Company, SOU300 WFOE, YSLH and Mr. Zhang Fuli entered into an acquisition agreement, pursuant to which, the Company shall issue 6,000,000 shares to Mr. Zhang Fuli in exchange for its acquisition of effective control of the 100% equity interests in YSLH subject to terms and conditions under the acquisition agreement, through the execution of YSLH VIE Agreements (as defined below) among SOU300 WFOE, YSLH and Mr. Zhang Fuli.

YSLH was founded in Shandong province, PRC on March 11, 2008. YSLH mainly engages in selling certain oil products in PRC, including peanut oil, soybean oil, salad oil, aqueous coating. Products of YSLH are mainly sold in Henan, Shandong, Jiangsu, Shanghai, Guangzhou, Anhui and other regions of PRC. The conducting of these businesses above mainly requires food circulation license, which YSLH has not obtained as to the time of this filing.

Minnan Wood

On June 30, 2015, the Company, SOU300 WFOE, Minnan Wood, Ms. Ye Sulan and Mr. Ye Dehong, respectively holding 94% and 6% of stock equity in Minnan Wood, entered into an acquisition agreement, pursuant to which, the Company shall issue 987,000 shares to Ms. Ye Sulan and 63,000 shares to Mr. Ye Dehong in exchange for its acquisition of effective control of the 100% equity interests in Minnan Wood subject to terms and conditions under the acquisition agreement, through the execution of Minnan Wood VIE Agreements (as defined above) among SOU300 WFOE, Minnan Wood, Ms. Ye Sulan and Mr. Ye Dehong.

Minnan Wood was founded in Shanghai City, PRC on December 9, 1998. Minnan Wood mainly engages in importing quality log from Africa, Southeast Asia, South America, North America and Russia, with main varieties including but not limited to Merbau, Africa ebony, Africa safflower pear, Indonesia saltree, Russian larch and Africa Moabi red cherry. In addition, Minnan Wood provides processing and drying services for products purchased from Minnan Wood. Products of Minnan Wood are mainly sold in Jiangsu province.

Putian Wood

On June 30, 2015, the Company, SOU300 WFOE, Putian Wood, Mr. Wu Jianhua and Mr. Wu Jianping, respectively holding 80% and 20% of stock equity in Putian Wood, entered into an acquisition agreement, pursuant to which, the Company shall issue 2,000,000 shares to Mr. Wu Jianhua and 500,000 shares to Mr. Wu Jianping in exchange for its acquisition of effective control of the 100% equity interests in Putian Wood subject to terms and conditions under the acquisition agreement, through the execution of Putian Wood VIE Agreements (as defined above) among SOU300 WFOE, Putian Wood, Mr. Wu Jianhua and Mr. Wu Jianping.

Putian Wood was founded in Fujian Province, PRC on March 7, 2006. Putian Wood mainly engages in selling and processing spruce, hemlock spruce, cypress and Douglas fir imported from North Africa, Korean pine, larch and toothed oak imported from Russia, New Zealand pine and related tree species imported from Southeast Asia. Products of Putian Wood are mainly sold in Eastern China. Putian Wood has the self-determination right of import and export within its business scope.

RUNJET

On June 30, 2015, the Company, SOU300 WFOE, RUNJET and Mr. Tu Xiaojun, the sole shareholder of RUNJET entered into an acquisition agreement, pursuant to which, the Company issued 27,000,000 shares to Mr. Tu Xiaojun in exchange for its acquisition of effective control of the 100% equity interests in RUNJET subject to terms and conditions under the acquisition agreement, through the execution of RUNJET VIE Agreements (as defined above) among SOU300 WFOE, RUNJET and Mr. Tu Xiaojun.

RUNJET was founded in Hong Kong Special Administrative Region on February 7, 2012. RUNJET mainly engages in providing comprehensive supply chain services for both domestic and offshore clients including but not limited to international logistics, quick clearance, domestic distribution, financial support, storage in Shenzhen and Hong Kong and order management. Such services cover various fields such as electronic products, communication products, car devices, security protection and internet devices. RUNJET plans to expand to the fast-moving consumer goods, for example food, mother and baby, daily products and so on.

Intellectual Property

To protect our intellectual property, we rely on a combination of trademark, patent and trade secret laws as well as confidentiality agreements with contractors and others. SOU300 WFOE currently holds the following patents:

- (1) Invention of a Research and Registration Method of Key Words Based On Mobile Network, with Patent Number of ZL 2010 1 0201443.9, Certificate Number of 1135015 and a 20-year validity from June 17, 2010 to June 16, 2030;
- (2) Invention of Information Feedback System and Method Based On Broadband Network Information Terminal Message, with Patent Number of ZL 2010 1

0246633.2, Certificate Number of 1124081 and a 20-year validity from August 6, 2010 to August 5, 2030;

- (3) Utility Model of Self-identification Remote Mobile Phone Based On Triple Play, with Patent Number of ZL 2010 2 0531452.X, Certificate Number of 1725285 and a 10-year validity from September 16, 2010 to September 15, 2020;
- (4) Utility Model of Broadband Network Mobile Phone Obtaining Three-dimensional Images, with Patent Number of ZL 2010 2 0554082.1, Certificate Number of 1766263 and a 10-year validity from October 9, 2010 to October 8, 2020;
- (5) Utility Model of Bar Code Identification Network Mobile Phone, with Patent Number of ZL 2010 2 0547955.6, Certificate Number of 1922011 and a 10-year validity from September 29, 2010 to September 28, 2020;
- (6) Utility Model of a Public Transportation Positioning System Based On Broadband Mobile Phone, with Patent Number of ZL 2011 2 0368624.0, Certificate Number of 2230059 and a 10-year validity from October 5, 2011 to October 4, 2021; and
- (7) Invention of Searching Method of Accurate Queries Based on IP Address of Mobile Terminal, with Patent Number of ZL 2011 1 0135999.7, Certificate Number of 1474816 and a 20-year validity from May 25, 2011 to May 24, 2031.

7) Facilities

SOU300 WFOE's office is located at Room 2013, Floor 2, Armed Police Printing Factory, Malianwa North Road 128, Haidian District, Beijing, with 269 square feet (25 square meters) of office space. The lease was between Beijing ChenguangJiye Property Management and Consultancy Co., Ltd. and SOU300 WFOE, for an original term of one year commencing from April 16, 2014 to April 15, 2015 with an annual rent of \$3,079 (RMB20,000). On April 14, 2015, the lease was extended from April 16, 2014 to April 15, 2016 with the same terms as the original lease. On May 5, 2016, the lease was renewed from April 16, 2016 to April 15, 2017 with an annual rent of \$621 (RMB4,000).

YSLH Real Property and Lease

YSLH's office which is self-owned by YSLH is located at Xujiahu Economic Development Zone, Yishui County, Shandong Province. The area of YSLH is 100,000 square meters, among which, the area of buildings is 55,340 square meters. Buildings

of YSLH mainly include a comprehensive office building, a large-scale workshop, a raw materials warehouse and a large-scale storehouse for finished products.

Real Property and Lease of Minnan Wood

Minnan Wood's business office and processing facility is located at No. 28, Chentai Road, Baoshan District, Shanghai, PRC, with an area of 10,700 square meters. The term of the current lease is 5 years commencing from September 30, 2014 to September 30, 2019 with a monthly rent of \$19,630 (RMB127,500).

Real Property and Lease of Putian Wood

Putian Wood's business office is located at Hushi Industrial Park, Xiuyu District, Putian City, Fujian Province, PRC, with an area of 600 square meters. The lease is between Putian Wood and an affiliate, PutianAshi Wood Co., Ltd., and as a consequence of such relationship, the lease shall be valid for an indefinite term for free.

Main processing place of Putian Wood is located at LuheHuadong International Wood Market, Huangjing Town, Taicang City, Jiangsu Province, PRC, with an area of approximately 13,333.4 square meters, including 8,000 square meters of workshop. The lease is between Putian Wood and Huadong International Wood Market, for an original term of 3 years commencing from December 26, 2008 to December 26, 2011 with a monthly rent of \$6,928 (RMB45,000). The lease can be renewed annually and has extended from December 26, 2011 to June 30, 2016 while the rent has not changed so far. The lease has been renewed from June 30, 2016 to June 29, 2019.

RUNJET Real Property and Lease

RUNJET's business office is located at Suite 1008, Prosperity Millennia Plaza, 663 King's Road, Hong Kong, with an area of 100 square meters. The lease is between RUNJET and Office Links Asia Limited, for an original term of 3 year commencing from January 1, 2014 to December 31, 2016 with a monthly rent of \$3,079(RMB20,000).

8) Officers, Directors, and Control Persons

Original Officers and Directors

Ms. CHU PEK KUN joined SOU 300 in 2016 and serves as the sole director, president, CEO and CFO. Ms. CHU was born in 1970. Ms. CHU served as a director of Golden Dragon Group Co., Ltd. (the “Group”) from September 2006 to March 2015, which operates in many industries, including, but not limited to, sales of household electrical appliances and digital products, energy development, real estate investment and management, research, development and production of technological products, travelling entertainment, and restaurant management.

9) Third Party Providers

Legal Counsel

Name: Ryan J. Nail

Firm: Nail Law Group

Address: P.O. Box 29316

San Francisco, CA 94129

Phone: (415) 488-5581

Email: rnail@naillawgroup.com

Accountant or Auditor

Name: HO IM CHIO

Address: 1645 Village Center Circle, Suite 170, Las Vegas, NV 89134, Clark County.

Phone: 844-216-8597

Email: cs@soug.us

Investor Relations Consultant: None

Other Advisor: None.

10) Issuer Certification

Certification of Chief Executive Officer

I, CHU PEK KUN certify that:

1. I have reviewed this 2016 quarterly report of Sou 300 Group Holding Company.
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

Date: November 21, 2016

/s/ CHU PEK KUN

CHU PEK KUN

Chief Executive Officer
(Principal Executive Officer)

Certification of Chief Financial Officer

I, CHU PEK KUN, certify that:

1. I have reviewed this 2016 quarterly report of Sou 300 Group Holding Company.
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

Date: November 21, ,2016 /s/ CHU PEK KUN

CHU PEK KUN

Chief Financial Officer
(Principal Accounting Officer)
