

# INITIAL COMPANY INFORMATION AND DISCLOSURE STATEMENT



**California Grapes International, Inc.**  
**OTCPK: CAGR**



All information contained in this Information and Disclosure Statement has been compiled to fulfill the disclosure requirements of Rule 15c2-11(a)(5) promulgated under the Securities Exchange Act of 1934, as amended. The enumerated captions contained herein correspond to the sequential format as set forth in the Guidelines for Providing Adequate Current Public Information provided by OTC Markets, LLC.

**THIS STATEMENT HAS NOT BEEN FILED WITH THE SEC OR ANY OTHER REGULATORY AGENCY**

## Part “A” General Company Information

### Item I-a The Exact Name of the Issuer and its predecessors:

- **Since May 17<sup>th</sup>, 2011:** California Grapes International, Inc.
- **Since September 11<sup>th</sup>, 2008:** California Grapes International, Inc.
- **Name Change August 3<sup>rd</sup>, 2011:** China Food Services, Corp.
- **After June 1<sup>st</sup>, 2008:** Golden Dragon Holdings, Inc.
- **Before June 1<sup>st</sup>, 2008:** Diamond Powersports, Inc.
- **Since May 13<sup>th</sup>, 1992:** Diamond Racing, Inc.

### Item I-b The Exact Name of the Issuer Subsidiaries:

- **Since November 18<sup>th</sup>, 2007:** Golden Dragon Food & Beverage Import & Export Company of Hong Kong, LTD.
- **Since November 12<sup>th</sup>, 2008:** Beijing Jin Long Fei International Trading Co., LTD.

### Item II-a The Address of its Principal Executive Offices:

- **USA Office:** 2360 Corporate Circle Suite 400  
Henderson, NV 89074

### Item II-b The Address of its Principal Subsidiaries Offices:

- **Beijing Office:** Beijing Shi Chaoyang Qu, Liyuan Li Bei Jie 2  
Hao Yuan, Jin Di Ming Jing, D-1-607  
Beijing PRC 100022
- **Beijing Warehouse:** Ding Xin Zhuang (Opposite the Ding Xin Zhuang  
Primary School), Hei Zhuang Hu Town,  
haoyang District, Beijing 100121 China

### Item III-a The Jurisdiction and Date of Issuer's Incorporation:

- **Nevada Incorporation**  
**Since May 17<sup>th</sup>, 2011:** California Grapes International, Inc.
- **California Incorporation**  
**Inactive/Merged July 1<sup>st</sup>, 2011:** California Grapes International, Inc.
- **Since September 11<sup>th</sup>, 2008:** California Grapes International, Inc.

- **Florida Incorporation**  
**Inactive/Merged**  
**Name Change August 3<sup>rd</sup>, 2011:**  
**After June 1<sup>st</sup>, 2008:**  
**Before June 1<sup>st</sup>, 2008:**  
**Since May 13<sup>th</sup>, 1992:**
  - China Food Services, Corp.
  - China Food Services, Corp.
  - Golden Dragon Holdings, Inc.
  - Diamond Powersports, Inc.
  - Diamond Racing, Inc.

**Item III-b The Jurisdiction and Date of Issuer's Subsidiaries Incorporation:**

- **Hong Kong Corporation**  
**Since November 18<sup>th</sup>, 2007:** Golden Dragon Food & Beverage Import & Export Company of Hong Kong, LTD.
- **Peoples Republic of China**  
**"WOFE" Whole Owned**  
**Foreign Entity**  
**Since November 12<sup>th</sup>, 2008:** Beijing Jin Long Fei International Trading Co., LTD.

**Item III-C Additional Issuer and Issuer's Subsidiaries Incorporation Information:**

- The Issuer and or its subsidiaries have had no bankruptcies or receiverships
- SIC Code: 172 Grapes

## Part “B” Share Structure

### Item I The exact title and class of securities:

<b>Security Symbol:</b>	CAGR
<b>CUSIP Number:</b>	130266190
<b>ISIN Number:</b>	US1302661095
<b>Classes:</b>	Preferred Class “A” Preferred Class “B” Common

### Item II The Number of Shares Outstanding for each Class of Securities Authorized:

<b>Preferred Class “A” Authorized:</b>	300,000,000
<b>Preferred Class “A” Outstanding:</b>	200,000,000
<b>Preferred Class “B” Authorized:</b>	500,000,000
<b>Preferred Class “B” Outstanding:</b>	165,000,000
<b>Common Authorized:</b>	2,500,000,000
<b>Common Outstanding:</b>	530,147,957

### Item III Par or stated value and description of the security:

- **Preferred Class “A” Stock.** Three hundred million (300,000,000) shares of Preferred “A” Stock having a par value of \$0.001 per share, upon such terms and conditions as the Board of Directors may determine at the time of issuance, without further action of the shareholders being required. Such Preferred “A” Shares may or may not be: issued in series, or redeemable by the Company. Such Preferred “A” Shares are entitled to cumulative dividends. Such Preferred “A” Shares are convertible each into 15 shares of Common Stock (15 Common Shares to 1 Preferred Shares conversion rate). The holders of Preferred Shares are entitled to vote on all matters submitted to a vote of Shareholders. Other terms and conditions may be imposed at the time of issuance.
- **Preferred Class “B” Stock.** Five hundred million (500,000,000) shares of Preferred “B” Stock having a par value of \$0.001 per share upon such terms and conditions as the Board of Directors may determine at the time of issuance, without further action of the shareholders being required. Such Preferred “B” Shares may or may not be: issued in series, or redeemable by the Company. Such Preferred “B” Share is entitled to dividends. Such Preferred “B” Shares are convertible each into 5 shares of Common Stock (5 Common Shares to 1 Preferred Shares conversion rate). The holders of Preferred “B” Shares are entitled to one vote for each five 5 shares of Preferred “B” Shares on all matters submitted to a vote of Shareholders. Other terms and conditions may be imposed at the time of issuance. The holders of Preferred “B” Shares are entitled to one vote for each five 5 shares of Preferred “B” Shares on all matters submitted to a vote of Shareholders. Other terms and conditions may be imposed at the time of issuance.

- **SECTION 3. Common Stock.** Two billion five hundred million (2,500,000,000) shares of Common Stock having a par value of \$0.001 per share. Holders of Common Stock are entitled to receive ratably such dividends, if any, as may be declared by the Board of Directors out of funds legally available therefore, subject to any preferential dividend rights of outstanding Preferred Stock. The holders of Common Stock have no preemptive, no voting, subscription, redemption or conversion rights.

**Item IV The name address of the transfer agent:**

- Guardian Registrar & Transfer, Inc.  
7951 S.W. 6<sup>th</sup> Street Suite 216  
Plantation, FL 33324  
1-954-915-0105

Note: Guardian Registrar and Transfer, Inc. is a registered transfer agent with the Securities and Exchange Commission.

## **Part “C” Management and Control Structure**

### **Item I The Name of the Officers, Members of the Board of Directors as well as Control Persons:**

<b>Name</b>	<b>Title</b>	<b>Shares</b>	<b>Percentage</b>
Frank Yglesias	Chairman/EVP	Class “A” 70,000,000 Class “B” 57,015,000	35%
Jeff Crittenden	Secretary/CEO	Class “A” 56,000,000 Class “B” 45,612,000	28%
Jeffrey Wieser	Treasurer/EVP	Class “A” 44,000,000 Class “B” 35,838,000	22%
Brian Bumgarner	Vice-Chairman/CVO	Class “A” 30,000,000 Class “B” 24,435,000	15%

### **Item II Legal/Disciplinary History**

Please also identify whether any of the foregoing persons have, in the last five years, been the subject of:

1. A conviction in a criminal proceeding or named as a defendant in a pending criminal proceeding (excluding traffic violations and other minor offenses). None of the officers or control persons have been convicted or named as a defendant in any criminal proceeding.
2. The entry of an order, judgment, or decree, not subsequently reversed, suspended or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such person's involvement in any type of business, securities, commodities, or banking activities.
3. None of the officers or control persons have any orders, judgments or decrees that permanently or temporarily enjoined, barred, suspended or otherwise limited such person's involvement in any type of business, securities, commodities, or banking activities.
4. A finding or judgment by a court of competent jurisdiction (in a civil action), the SEC, or a state securities regulator of a violation of federal or state securities or commodities law, which finding or judgment has not been reversed, suspended, or vacated. None of the officers or control persons has a finding or judgment by a court of competent jurisdiction (in a civil action), the SEC, or a state securities regulator of a violation of federal or state securities or commodities law.
5. The entry of an order by a self-regulatory organization that permanently or temporarily barred, suspended or otherwise limited such person's involvement in any type of business or securities activities.
6. None of the Company's officers or directors has been the subject of an order by a self-regulatory organization that temporarily or permanently barred, suspended or otherwise limited such person's involvement in any type of business

or securities activities.

To the extent not otherwise disclosed, if any of the above shareholders are corporate shareholders, provide the disclosure requested in this item as to person(s) owning or controlling such corporate shareholders and the resident agents of the corporate shareholders.

**Item III Disclosure of Certain Relationships:**

To the extent not otherwise disclosed, describe any relationships existing among and between the issuer's officers, directors and shareholders. NONE

**Item IV Disclosure of Conflicts of Interest:**

To the extent not otherwise disclosed, describe all relationships and affiliations among and between the shareholders and the issuer, its predecessors, its present and prior officers and directors, and other shareholders. NONE

**Item V Board Members Business Address:**

Name	Title	Business Address
Frank Yglesias	Chairman/EVP	Beijing Shi Chaoyang Qu, Liyuan Li Bei Jie 2 Hao Yuan, Jin Di Ming Jing, D-1 607 Beijing PRC 100022
Jeff Crittenden	Secretary/CEO	2360 Corporate Circle Suite 400 Henderson, NV 89074
Jeffrey Wieser	Treasurer/EVP	2360 Corporate Circle Suite 400 Henderson, NV 89074
Brian Bumgarner	Vice-Chairman/CVO	2360 Corporate Circle Suite 400 Henderson, NV 89074

**Item VI Board Members Past 5 Years of Employment:**

**Frank Yglesias**

**California Grapes International, Inc.**

**2007 to present**

**EVP/Chairman/Founder**

Established the business, marketing, legal and account infrastructure for 3 companies from ground zero;

- First started by incorporating Golden Dragon Food & Beverage Import & Export Company of Hong Kong Ltd., the purpose of this company was to take advantage of the "CEPA" Closer Economical Partnership Agreement between Hong Kong and China, plus also the tax advantages in Hong Kong.
- In May of 2008, I negotiated the acquisition and acquired a publicly traded company called "Diamond Powersports, Inc." OTC: DPWS, we latter changed the corporate structure and named it "Golden Dragon Holdings, Inc." OTC: GDHI. The goal was to develop a vehicle to publicly raise capital by means of a Reg-D504. The US Company

also established manufacturing supply contracts with food distributors like “Goya Foods”, “Eden Foods”, Associated Grocers of Florida”, “Jump Beverages”.

- In November Of 2008, I established Beijing Jing Long Fei International Trading, Co. Ltd and “WOFE”, I am currently the authorized legal representative of the company. The company established contracts with small supermarkets in Beijing, “Jenny Lou’s”, “Lohao City”, “April Supermarkets”. The company created an in-house supply chain management system, to fulfill the needs of the 3PL company and the supermarkets.

**Acero Systems, Inc.  
President & C.O.O.**

**2000 to 2007**

Co-Founder of Acero Systems, Inc. a computer and structure cabling servicing company. Cash flow hit profitability in 8 months of operations and drove revenue for year end of 2004 to 1.4 million dollars in service sales. Developed the business strategy of the company which focused on a simple philosophy called “Can-Do Attitude”. The “Can-Do Attitude” created a culture of excellence and “no excuses” with our entire staff.

Landed key accounts with national and international companies:

- Lennar Homes
- City of Plantation
- Univision
- Del Monte Fresh Produce Company
- Oncology Radiation Associates
- Miami-Dade County Public Schools

Daily responsibilities included all areas of hiring and training of staff, accounting, logistics operations, customer service and sales.

During my tenure, the company grew from three owners/employees to 18 engineers, 6 cable techs, 3 sales agents and 1 office manager. With over a yearly payroll expense of \$1,000,000USD.

**Jeff Crittenden**

**CEO/Co-Founder California Grapes International, Inc.**

**2008 to present**

As a full time founding member of “CGI” I have established myself as the principal architect and chief strategist for the development and rollout of the first “Full-Service” wine export platform designed specifically for the exportation of California Wines. I have been involved with every aspect of the development of this multiyear build-out including the initial launch in 2009 of a direct sales force, office and warehouse targeting direct to venue sales in the Hong Kong market that established over 60 accounts in 10 months and generated over 250k in revenues in year 1. I have acquired a vast knowledge from both state and federal export agencies regarding documentation requirements, processes and import/export regulations that has provided a level of understanding that is critical in the running of a multinational wine export business. My strengths in business development and solution sales have allowed me to approach the unregulated international markets in a way not possible with domestic wine sales combining multiple profit centers under one umbrella of business.

**President/CEO, Pacific Estates Mortgage, Inc.**

**2003-2008**

I ran a residential mortgage company with over 40 employees and 4 offices in California. Specializing in partnerships with Brand Recognized real estate companies working with high-end home sales, we averaged over \$500 Million a year in funding. Responsibilities included all financial aspects of business including budgets, forecasting, payroll, expenses and dynamic compensation packages. Created all company policy and training materials and worked closely



with legal counsel on all contract development and enforcement matters. Established many different incentive programs and performance based contests to create strong team environment and positive employee relations. Recognized as top producer of mortgage originations in my first year. Experience with both the sale and purchase of distressed real estate and market valuations. Knowledge of and direct experience involving REO, short sale and foreclosure transactions.

**Jeffrey Wieser** **2010 to present**  
**Transportation/Logistics Consultant – Independent Contractor**

Working for multiple asset based carriers, coordinating their service offerings to the manufacturing and shipping public. Through hard work and persistence, I have helped each carrier that I represent to increase their market share and profitability. Working strictly on a commission basis has driven me to develop interpersonal communication skills and the tenacity and follow up required to secure new business on a consistent basis. I have specialized in transportation and logistics for the last 24 years and have gained intimate knowledge of truck, rail, ocean, and air shipping that will benefit CGI in our future growth. My sales background has allowed me to establish positive working relationships with many wineries throughout California that have interest in international distribution through CGI.

**VP of Sales – North American Transportation** **1994 to 2010**

Hired as a commission based sales representative in 1994, I established consistent sales growth and in 2000 was the top producing salesman for the company and was promoted to VP of Sales at that time. I continued to build sales volume and growth until leaving at the end of 2009.

**Brian Bumgarner** **2008 to Present**  
**California Grapes International, Inc**  
**Vice-Chairman of the Board / CVO**

With twenty years in the wine industry, my experience includes winery hospitality management, direct sales, distributor relations, territory management, vineyard and winery management, wine production, marketing, and export sales. I have an in-depth understanding of the wine industry from the vineyard to the bottle and of the wine market both domestically and abroad. I have brought my industry insight and experience to bear primarily in the portfolio development, winery relations and sales areas.

**Bumgarner Winery** **2005 to Present**  
**Owner/ Winemaker**

Starting in 2005 I began what is now Bumgarner Winery with the goal of being the premier producer of Cabernet Sauvignon and Tempranillo in the Sierra Foothills. This is a ground up operation which started with my first vineyard plantings in 2004 followed by my inaugural vintage made in 2005. Bumgarner Winery has come to be known for its consistent quality and innovation and stands out among the best wines of the Sierra Foothills region.

**ParaVi Vineyards** **2003 to 2009**  
**Winemaker**

Starting with the inaugural vintage in 2003 I have made the wines for ParaVi Vineyards which have achieved a near cult status in the Sierra Foothills region.

**C. G. di Arie Winery**

**2006 to 2008**

**Western Regional Sales Manager**

I managed sales in California, Arizona and Nevada for CG di Arie Winery working both independently and with their regional distribution companies. I expanded distribution in both on and off premise accounts and increased sales each year by working to expand placements in existing accounts and establishing many new accounts.

**Sogno Winery**

**2004 to 2006**

**Sales Manager**

I initiated and managed all the direct sales from the winery to both on and off premise accounts which went from zero to over 250 direct accounts in two years. I expanded distribution sales to three other states and managed these distributors and expanded distribution in those markets.

**Boeger Winery**

**1993 to 2004**

**Hospitality Mgr/ Sales Mgr/Winemaker Apprentice**

This is where I started in the wine business and had an eleven year apprenticeship in how to make wine and run a wine business from the ground up. At a small family winery one has to wear many hats and I was able to gain experience in many areas including winery hospitality management, direct sales, distributor relations, territory management, vineyard and winery management, wine production, marketing, and export sales

**Item VII Board Members Memberships & Affiliations:**

<b>Name</b>	<b>Title</b>	<b>Memberships &amp; Affiliations</b>
Frank Yglesias	Chairman/EVP	California Grapes International, Inc.
Jeff Crittenden	Secretary/CEO	California Grapes International, Inc.
Jeffrey Wieser	Treasurer/EVP	California Grapes International, Inc.
Brian Bumgarner	Vice-Chairman/CVO	California Grapes International, Inc.

**Item VIII Disclosure of Family Relationships:**

There are no family relationships existing among and between the issuer's officers, directors and shareholders; the shareholders and the issuer, its predecessors, its present and prior officers and directors, and other shareholders.

**Item IX Disclosure of Related Party Transactions:**

There are no related party transactions involving the issuer in which (i) the amount involved exceeds the lesser of \$50,000 or one percent of the average of the Issuer's total assets at year-end for its last three fiscal years and (ii) any related person had or will have a direct or indirect material interest.

**Item X Beneficial Owners:**

Provide a list of the name, address and shareholdings of all persons beneficially owning more than 5% of any class of the issuer's equity securities:

Fairhills Capital Off Shore, 245 Main Street, Suite 390 White Plains, N.Y. 10601 owns 6.62%.

## Part “D” Interim Financial Statement

The following unaudited financial statements for the fiscal yearend 2011, have been prepared in accordance to GAAP.

### Item I Consolidated Unaudited Balance Sheet:

#### CALIFORNIA GRAPES INTERNATIONAL, INC. & SUBSIDIARY UNAUDITED CONSOLIDATED BALANCE SHEET AS OF DECEMBER 31<sup>st</sup>, 2011

	ASSETS	
	12/31/2011	12/31/2010
<b>CURRENT ASSETS</b>		
USA Bank	\$2,132	(\$476)
Hong Kong Bank	\$1,000	\$0
China Bank	\$12,348	\$12,573
Other Cash & Cash Equivalents	\$189	\$581
<b>TOTAL CASH &amp; CASH EQUIVALENTS</b>	<b>\$15,669</b>	<b>\$12,873</b>
Accounts receivable	\$163,377	\$131,519
Inventories	\$302,906	\$166,050
<b>TOTAL CURRENT ASSETS</b>	<b>\$481,952</b>	<b>\$310,247</b>
<b>PROPERTY AND EQUIPMENT</b>	\$125,079	\$130,961
Accumulated Depreciation	(\$25,016)	(\$32,493)
<b>NON-CURRENT ASSETS</b>		
Loan to Beijing Sub	\$280,093	\$240,093
Investment in subsidiaries	\$15,000	\$15,000
<b>TOTAL ASSETS</b>	<b>\$877,123</b>	<b>\$673,003</b>

**LIABILITIES AND STOCKHOLDERS' EQUITY**

CURRENT LIABILITIES		
Accounts payable	\$280,225	\$82,538
Settlement payable	\$20,000	\$58,787
Salary payables	\$250,000	\$125,000
Investor's loan	\$43,000	\$20,000
Shareholder loan	\$0	\$0
<b>Total Current Liabilities</b>	<b>\$593,225</b>	<b>\$286,325</b>
<b>STOCKHOLDERS' DEFICIT</b>		
Preferred A stock 300,000,000 authorized: Issued and outstanding)	200,000,000	42,000,000
Preferred B stock 500,000,000 authorized: Issued and outstanding)	162,900,000	
Common stock Pre-Split/Merger 2010(\$.001 par value, 3,000,000,000 shares authorized: 2,853,835,442 shares issued and outstanding)		\$2,853,835
Common stock Post-Split(\$.001 par value, 2,500,000,000 shares authorized: 375,383,478 shares issued and outstanding)	\$375,383	
Additional Paid in Capital		\$301,971
Common Stock		
Retained Earnings		
Net Income	(\$91,485)	(\$100,307)
Accumulated Deficit		(\$2,566,849)
<b>Total Stockholders' Deficit</b>	<b>\$283,898</b>	<b>\$386,678</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT</b>	<b>\$877,123</b>	<b>\$673,003</b>

The accompanying notes are an integral part of the financial statements

Item II Consolidated Unaudited Statement of Operations:

**CALIFORNIA GRAPES INTERNATIONAL, INC. & SUBSIDIARY  
UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS  
AS OF DECEMBER 31<sup>st</sup>, 2011**

	12/31/2011	12/31/2010
SALES AND COST OF SALES:		
Sales	\$690,343	\$225,537
Cost of sales	(\$310,655)	(\$169,153)
GROSS PROFIT	<u>\$379,688</u>	<u>\$56,384</u>
OPERATING EXPENSES:		
Professional Fees	(\$39,508)	(\$50,164)
Government Fees	(\$6,800)	(\$3,511)
Advertising & Promotion	(\$19,500)	(\$24,347)
Bank Charges & Fees	(\$2,790)	(\$2,423)
Internet Services,	(\$4,537)	(\$4,687)
Meals & Entertainment	(\$15,945)	(\$6,672)
Office Supplies	(\$4,013)	(5,012)
Postage & Delivery	(\$1,062)	(\$3,051)
Printing & Reproduction	(\$1,736)	(\$3,146)
Office & Warehouse Rental	(\$77,700)	(\$61,030)
Logistics	(\$81,800)	(\$6,436)
Telephone	(\$8,674)	(\$8,846)
Utilities	(\$116)	(\$1,198)
Travel Expenses	(\$9,400)	(\$59,845)
Vehicle Maintenance	(\$631)	(\$3,358)
Vehicle Gas	(\$17,950)	(\$8,220)
Payroll & Payroll Expenses	(\$85,512)	(\$28,439)
Sales Commissions	(\$1,205)	(\$9,471)
Supermarket Entrance Fees	\$0	(\$8,955)
Insurance	(\$4,900)	(\$1,471)
Customs & CIQ Fees	(\$104,285)	(\$23,405)
Sales VAT	(\$3,680)	(\$1,296)
Dues & Subscriptions	(\$524)	(\$935)
Transportation	(\$1,982)	(\$994)
Parking & Tolls	(\$522)	(\$796)
Computer Hardware	(\$750)	\$0
Computer Software	(\$200)	\$0
Misc & Admin	(\$32,650)	(\$74)
OPERATING LOSS	<u>(\$528,372)</u>	<u>(\$327,782)</u>

NET LOSS	<u><u>(\$148,684)</u></u>	<u><u>(\$271,398)</u></u>
Net loss per common share basic & fully diluted	<u><u>**</u></u>	<u><u>**</u></u>
Weighted average common shares outstanding - basic and fully diluted	<u><u>375,383,478</u></u>	<u><u>2,853,835,442</u></u>

\*\* Less than \$.01

The accompanying notes are an integral part of the financial statements

**Item III Consolidated Unaudited Statement of Cash Flow:**

**CALIFORNIA GRAPES INTERNATIONAL, INC. & SUBSIDIARY  
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOW  
AS OF DECEMBER 31<sup>st</sup>, 2011**

	<b>12/31/2011</b>	<b>12/31/2010</b>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	(\$326,851)	(\$271,398)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	\$25,016	\$32,493
Stock issued to settle the debt		
(Increase) decrease in operating assets:		
Accounts receivable	(\$163,377)	\$(131,519)
Inventory	(\$302,906)	\$(166,050)
Due from shareholders		
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	<u>\$593,225</u>	<u>\$286,325</u>
<b>NET CASH (USED IN) OPERATING ACTIVITIES</b>	<u><b>(\$174,893)</b></u>	<u><b>(\$250,149)</b></u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
(Repayments) to stockholder loans		
Proceeds from private placement		<u>\$457,000</u>
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>		<u><b>\$457,000</b></u>
CASH AND CASH EQUIVALENTS:		
Beginning of period	<u>\$12,873</u>	<u>\$43,058</u>

End of period	<u>\$15,669</u>	<u>\$12,873</u>
SUPPLEMENTAL CASH FLOW INFORMATION:		
Cash paid during the quarter for interest	<u>0</u>	<u>0</u>
Non-cash investing and financing activities:		
Increase in note payable due to interest accrued	<u>0</u>	<u>0</u>
Common stock issued to settle the debt	<u>40,000,000</u>	<u>295,000,000</u>

The accompanying notes are an integral part of the financial statements

**Item IV Consolidated Unaudited Statement of Stockholders' Deficit:**

**CALIFORNIA GRAPES INTERNATIONAL, INC. & SUBSIDIARY UNAUDITED  
STATEMENT OF STOCKHOLDERS' (DEFICIT) AS OF DECEMBER 31st, 2011**



	Preferred A Stock, \$0.015 Par		Additional	Accumulated
	Number of	Amount	Paid-in	Deficit
	Shares		Capital	
Balances, March 31st, 2011 Pre-Split	100,000,000	\$1,500,000		
Balance, September 31st, 2011 Post-Split 1:10	200,000,000	\$3,000,000	\$0	\$0
Issuance of Preferred A Stock-Dec.,16th, 2011	0	\$0	\$0	\$0
Balance, December 31st, 2011	200,000,000	\$3,000,000	\$0	\$0

	Preferred B Stock, \$0.005 Par		Additional	Accumulated
	Number of	Amount	Paid-in	Deficit
	Shares		Capital	
Balances, March 31st, 2011 Pre-Split	0	\$0		
Balance, September 31st, 2011 Post-Split 1:10	162,900,000	\$814,500	\$0	\$0
Issuance of Preferred B Stock-Dec.,16th, 2011				
Balance, December 31st, 2011	162,900,000	\$814,500	\$0	\$0

	Common Stock, \$0.001 Par		Additional	Accumulated
	Number of	Amount	Paid-in	Deficit
	Shares		Capital	
Balances, March 31st, 2011 Pre-Split	3,753,834,775	\$3,753,835	(\$236,000)	(\$2,617,835)
Balance, September 31st, 2011 Post-Split 1:10	490,147,929	\$490,148	(\$23,600)	(\$466,548)
Issuance of Common Stock-Dec.,16th, 2011	40,000,000	\$40,000	(\$20,000)	(\$20,000)
Balance, December 31st, 2011	530,147,929	\$530,148	(\$43,600)	(\$486,548)

The accompanying notes are an integral part of the financial statements

## **Part “E” Management’s Discussion and Analysis of Financial Condition and Results of Operations**

### **Item I General:**

This discussion and analysis of financial position and results of operation is prepared as at December 31, 2011, and should be read in conjunction with the unaudited consolidated financial statements for the six months ended December 31, 2011, which have been prepared in accordance with US GAAP generally accepted accounting principles. All amounts are expressed in US dollars, unless otherwise indicated. Additional information related to the Company can be found on [www.cagrapes.com](http://www.cagrapes.com)

### **Item II Forward Looking Information:**

Statements contained in this document that are not historical facts are regarded as forward-looking statements. These statements may involve risk, uncertainties and other factors that could cause actual results to differ materially from those expressed or implied by such forward-looking statements. Certain statements made herein are forward-looking statements under the Private Litigation Reform Act of 1995. They include statements about expected future performance, the impact of strategic initiatives and Business Reviews, the ability to remain profitable, our ability to forecast and manage inventory levels, the effects of rising logistic costs, the success of our cost containment efforts, the continued success and benefits of our quality assurance, implementation, timing and anticipated benefits of acquisitions.

These statements are based on management's current expectations and estimates; actual results may differ materially, due in part to the risk factors discussed above. Redistribution facility and acquisition timing and results could be impacted by competitive conditions, labor issues and other matters. Industry growth may be affected by general economic conditions. CGI's ability to achieve anticipated sales volume and its long-term growth objectives, increase market shares, meet future cash requirements, and remain profitable could be affected by competitive price pressures, availability of supplies, work stoppages, success or failure of consolidated buying plan initiatives, successful integration of acquired companies, conditions in the economy, and the industry and internal factors such as the ability to control expenses.

### **Item III Nature of Business:**

California Grapes International, Inc. is your leader in international wine sales and distribution. The current business model of wine distribution and sales in the United States and abroad does not provide for an effective sale strategy beyond the direct sale of a wineries' tasting room. The biggest challenge is the absence of value being provided to the buyer.

California Grapes International, Inc. has developed the necessary plan to achieve this “Value Added” sales and distribution model. In looking to international markets for the deployment of this plan we have identified and developed the necessary marketing, operations and sales support mechanisms to help domestic wineries realize the opportunity of international sales.

We provide a sales platform that encompasses the efforts of:

- Direct Retail sales,
- Strategic Account sales
- Wholesale Distribution partners
- Comprehensive Marketing
- Wine Education

To accomplish this we have assembled a team with expertise in wine making, wine sales, international logistics, business development, distribution sales and product marketing. The strengths of our team will have California Grapes International, Inc. in five distinct international markets in the next 60 months and be number one in international sales of California wines. Our value goes far beyond the sales of wine and our model will become the benchmark of the wine industry.

There are many international distribution companies throughout the world but not one of them focuses on the California wine industry exclusively. Our focus on this industry along with our value added support would make California Grapes International, Inc. not only successful but also unique!

The China wine market has had an average annual growth rate of 17% by volume since 2003 and currently holds a retail value of approximately \$7.15 billion dollars. Euromonitor has projected that this market will increase a minimum of 12% annually over the next 5 years, reaching \$12.6 billion dollars. Wine has come to be seen as a status symbol and as a representation of wealth in China.

California Grapes Retail Store is a California specialty wine retail store designed and operated by California Grapes International, Inc. (CGI). CGI targets sales from distribution partners, direct to venue customers and retail consumers by offering the most comprehensive and diverse California Wine portfolio offered outside of the United States. The CGI environment will surely stand out from the current market providers in China; it can further be net-worked with major hotels, restaurants, supermarkets, wine institutes and other industries to offer a fully functional promotions, marketing and education platform. The objective is giving international consumers an affordable and sensory rich experience found in the traditional tasting rooms of California while creating a sophisticated offering and destination point associated exclusively with California wines.

CGI is driven by 3 major factors in the California Wine Industry; An abundance of supply and suppliers, a fractured and dysfunctional export sales process and a lack of efficient and effective sales means and organizations available in the

international market. CGI has addressed these issues starting with the source and establishing direct relationships with the wineries in building a detailed export database like nothing available today. From there we manage and procure all local and international logistics along with ensuring all required customs documentation and labeling are accurate and correct for customs clearance. Once the wines have reached their destination, CGI eliminates all unnecessary markups and variables as to what happens with the wine as is most often the case today. From this point CGI owns and controls the international operations as well. This allows for a level of value and consistency unmatched in the industry. CGI can ensure the successful presentation of every winery we work with and base international sales on the true value and quality of the wine. As our international sales efforts are fundamentally based on marketing, promotions and education of customers and consumers, our influence on the market directly engages with a B2C focus that currently does not exist and is reliant almost exclusively upon B2B price-point driven sales efforts.

The Global Wine Trade represents a huge opportunity for California Wine with currently a less than 6% penetration rate. With an export revenue of over 1 Billion dollars, over 80% of that figure is accounted for in just Canada and the UK. CGI has chosen China to initially focus on as the world's largest populace nation. China has an Imported Bottled Wine market estimated at 377 Million in 2009. This represents 15% of the overall wine market in China and wines from California share less than 5% of the imported wine sector and less than 1% in the entire China market. Wineries attempting to understand the complications of the China import process and limited to engaging with an inconsistent distribution structure are two main reasons that California has been challenged in this market. As full-service wine sales, marketing, promotions, education and distribution provider in China, CGI can offer solutions to California wineries in one of the strongest growing economies and fastest emerging wine markets in the world.

CGI expects to profit from retail consumption and sales, memberships, Internet sales, private events, direct to venue placements and specific channels of distribution. We project each store at over \$500,000USD annual sales with 30% average profit. Start-up cost including licenses, permits, and inventory is \$150,000USD per location; running cash requirement for the first year is calculated at \$150,000USD per store. We expect to break-even by the 8<sup>th</sup> month in business and minimum 500% increase in bottom line within 3 years. CGI will launch its 1<sup>st</sup> store in Beijing by end of mid 2011 and a minimum of 7 stores within 3 years in business.

Start-up cost and operating expenses are the two main cash exposures in event of not enough sales to support cash-flow. Operating expenses are accumulated on a monthly basis and may be reduced along the way. The actual out of pocket cash is the start-up cost including furniture and equipment which may be liquidated approximately 25%~30% value if store(s) cease to operate.

Our mid-term goal is to have 10 stores by end of the 5<sup>th</sup> year in business and bring the company value to over 5-million dollars. Our long-term goal will involve

studies on value per-store versus market potential upon future appraisals. We believe the structure of this foundation will result in large sales performance and brings interest to investors and buyers locally and internationally.

CGI's California wineries are anxious to participate in this plan by supplying sample inventory for market research and consumer feedback. California Wineries receive a tremendous amount of international sales inquiries on a monthly basis. CGI will be developing and implementing a service based model for the wine industry to respond to and qualify these inquiries. Today, over 90% of these inquiries go unanswered as the typical winery has no effective resource to provide a sale of less than a container shipment (even if it is only a partial container) for these potential customers. In working closely with the various Grape Grower and Winery associations, CGI will be able to fulfill on these partial sales by providing the sales qualification, management and consolidation service not available today. This strengthens our position in the wine industry and provides a point of structure in an otherwise very fragmented and highly protective environment. This plan provides profit for all parties and we are committed to benefit everyone involved.

China is one of the largest economic nations and will continue to grow for at least another 10 years. Further, earnings in this plan are expected to increase significantly. The study is done on a worst-case scenario basis but, the stronger Chinese Yuan (RMB) will also significantly contribute to the bottom line. As the benefits have been well documented and the methods well defined, the advantage of generating international revenues provides for many opportunities to maximize revenue and profit realization. As the opportunity being presented by CGI is truly global in nature, the expansion beyond China into other emerging economies will allow for CGI to establish very dynamic financial strengths not available to a traditional USA bound corporation. Effectively managing currency exchange could easily provide an additional 2-3% in the bottom line for CGI.

➤ **California Grapes Retail Store**

An increasing number of western life-styles are found through out major cities in China. With rapid economic growth and an increase of earnings per capita, China's spending habits have turned from traditionally conservative to more luxurious in life-style, especially in the group between 25~50 years of age.

Social status represents a very important part of the life-style in China. From friendly-gatherings to business meetings, places like coffee shops and authentic beverage hangout spots are filled with consumers from opening until end of business hours.

California Grapes Retail Store (CGI) provides consumers a place to enjoy and experience a typical California Winery tasting room atmosphere away from their day-to-day life in China. Different from the earsplitting shops and hangout spots (which are very common in China), customers will be able to enjoy a conversation without having to raise their voices or just having a moment to themselves with a glass of world-class California wine. CGI is envisioned by CGI

to bringing “California Winery” experience to China without having to travel to California.

➤ **CGI Store**

Every retail store will have storefront podium at the entrance filled with selections of California wines, a bar for tastings, common area with tables, sofa and chairs, and VIP rooms for CGI members and functions. All employees in the store are trained with extensive knowledge of California Wine production, regional characteristics, labels carried, winery and winemaker details, traditional tasting and food pairing notes and a solid understanding of the fundamental “Old World” vs. “New World” wine differences. This is also a great moment to educate China consumers on California wines and other wine-related information.

Tasting events will be scheduled on a regular basis for VIP customers including purchasing and decision makers from local restaurants/hotels, CGI wine club members, strategic social clubs, news/media personnel and key distribution partners to continually expose the broad array of CGI's winery representations including new arrivals, promotional offerings or featured varietals. As CGI establishes strong relations with our winery partners, we also have the ability to have direct winery representatives come to Beijing and host special events at both our customers key restaurant/hotel venues as well as retail locations. Winemaker Dinners and functions will be planned for on a quarterly basis due to the marketing and promotions efforts put behind them. The store is available for hire to hold private and business events and with a minimum cover-charge, VIP rooms are available for members to greet or host their guests. Live music such as piano, guitar or strings is optional and will be evaluated on overall effect and consumer feedback.

CGI will also provide for consumer and corporate level “wine appreciation” courses. These courses will be provided for a fee and will provide “Certificates of Completion” for the participants. As the international business community values wine knowledge and appreciation as a fundamental business requirement, this business segment is largely subserviced and by putting the efforts into both consumer and corporate training, CGI will be building long term customers of California Wine.

In addition to offering California wine knowledge and information, CGI can provide California wine tours package by networking with China and California travel agencies and tourism boards to provide complete packages. CGI also has specific winery partners that can offer accommodations directly onsite at the winery for key personnel, VIPs, strategic partners and top customers.

➤ **CGI Direct Sales**

CGI Direct Sales Representatives will target all local bars, restaurants, hotels, and institutes with a traditional wine sales effort. The foundation of the CGI Retail Store will provide for a cross-promotional offering that will allow the traditional sales methods a greater “Value” proposition and selling selection than available today. The ability for the Direct Sales Reps to schedule appointments at the CGI

Retail Store with the respective wine buyers at the accounts being targeted provides for a sales presentation to be very customized and far in excess of the traditional 6 wine bottle bag limitations. This will ensure a much greater rate of sales success and penetration into the venue's wine list and sell-through rates. The CGI Direct Sales approach is based on marketing and promotions and positions each placement as a potential ROI to each venue. With the dynamic marketing and promotions programs developed by CGI, it requires our sales representatives to change the traditional wine sales approach into a solution-selling scenario. With venue specific "by the glass", menu item pairings, drink cards and retail based venue discounts the direct sales staff will be able to show definitive results to the specific venues on our ability to drive business to their locations. By becoming a driving force in directing consumers to the venues CGI will also be able to directly influence restaurant customers to visit and purchase additional wines at the CGI Retail Stores by way of "Red Envelope" discounts. The CGI cycle of business will directly influence traffic to our retail store and to our restaurant customers. This scenario is not available in the USA as the regulations of 3-tier distribution prevent the ability to fully cross promote alcohol sales.

➤ **Events, Promotions, and Group Purchase**

Each month, CGI will have promotional events to solicit direct consumers and CGI Wine Club members. Seasonally, large organizations, including government agencies, will purchase volumes of quality California Wines in the traditional giving of gifts. With manufacturing networks, CGI can package and tailor-make wine gift-sets for buyers to meet their occasion's specific needs. The seasons are usually, Chinese New Year, Golden Week, Moon Festival, National Independence Day, and company anniversaries. The "seasonal purchase" market for California Wine is a substantial upside. The current market position enjoyed by the French Wines means that the gift givers are looking for something new, unique and of substantial value. California Wine is the product that will fill this need and CGI will be the supplier.

➤ **Internet Sales**

The Internet is a total different market and requires separate study and planning. For the time being, CGI is considering label specifics for Internet sales by working through a third-party Internet store such as:

- Yihaodian
- Allibaba
- 360buy
- Tobao

➤ **Geographic Study**

CGI headquarters and the 1<sup>st</sup> protocol store will be located in the capital city, Beijing.

Additional stores will be located in other regions below:

<u>Region</u>	<u>1<sup>st</sup> Selection</u>
---------------	---------------------------------

Northern	Beijing (Prototype)
Eastern	Shanghai
Southern	Guangzhou
SAR	Hong Kong
SAR	Macao
South-Western	Chengdu

City selection is based on each population, GDP, and Per Capital Disposable Income.

➤ **Competition and SWOT Analysis**

Store competitors will be local bars and wine shops. CGI has the advantage in atmosphere and product selections that set us apart from the existing competitors. With the ability to manage cost from winery to consumer, CGI is able to offer extremely competitive pricing unlike current market competitors' trading method and typical 200-300% mark-ups.

Distribution, Group Purchases, and Internet Sales competitors are the local and national wine distributors. CGI is at equal opportunities with these organizations and will have the distinct advantage of being the California Wine distribution specialist in the market. CGI will attract clients for distribution of all sizes and sell-through channels.

China wine market is divided by Domestic, Old-World (i.e. French, Italian, Spanish), and New-World (i.e. Australia, Argentina, Chilean and USA) wines. Large distributors like ASC and Montrose offer selections from all over the world with very limited USA products while most local distributors are only able to offer limited regions and brands that will most likely not include USA produced wine. CGI takes advantage of being a California Wine specialty store/distributor and is expect to out-perform all local distribution with "direct from winery" resources. We expect buyers to inquire with CGI when they are looking to buy California Wines and if they decide to buy directly from a California Winery, CGI expects to have that business referred back to us. The nature of our end-to-end solution is designed to capture most international business very effectively.

**Strengths**

CGI is a California Wine specialty store that will focus on the "Business to Consumer" approach for marketing, promotions and educational sales activities. CGI will represent the largest complete selection of California Wines outside of the USA. This is the first and only specialty wine chain store in China with oversight and engagement level directly from the winery in California to the consumers in China. CGI becomes the virtual extension of the tasting rooms in California that will offer an in-depth experience and combination of education and social environment built into the same location.

**Weaknesses**

This is a new concept without histories to study and reference with. California Wineries may not be willing to support export sales. Involved logistics



requirements and lengthy shipping times will demand precise inventory control and management systems.

### **Opportunity**

There is a huge market opportunity for California wines in China. Despite the RMB value increase, the accumulation of direct CGI Retail chain-stores will double or triple the return in a matter of few years. Increased supply inventories of California Wine will provide more motivated winery partners looking for international revenues. As California is the 4<sup>th</sup> largest producer of wine in the world, very little international market penetration outside of Canada and Europe which accounts for over 80% of the California Wine exports today. Today, California exports just over 1 Billion in both bulk and bottled wine. Inquiries for CGI Retail shops have already been discussed with potential partners in Brazil, Columbia, Singapore and West Africa. CGI has also discussed business opportunities in the Philippians, Australia and Taiwan with potential distribution partners.

### **Threats**

One of the biggest potential threats is employee qualification. CGI store employees are expected to professionally greet and interact with customers. The overall customer service candidates in China are still known as air-headed and may be a potential threat to the day-to-day customer service. This threat however, can be minimized by study each employee's characteristics at time of interview and by going through a training program before attending customers. CGI could further minimize local employee challenges by having qualified California Sales Expertise available for international deployment of long-term engagements (2 or more months at a time per location).

#### ➤ **Organization**

CGI is headquartered Nevada, USA with two subsidiaries one in Hong Kong and a WOFE "Whole Owned Foreign Entity" in Beijing, China.

#### ➤ **Legal Requirements**

CGI's China Subsidiary carries all the necessary, permits and legal requirements to import, distribute and sell at the retail level any Wine, Beer and Spirits.

#### ➤ **Inventory**

CGI inventory is supported by the California wineries and is provided with guarantee of quality. Due to the nature of wine being a living product, certain imperfections and flaws can occur during the production process. As most of the wines being represented by CGI utilize natural cork enclosures, a certain failure rate of less than 2% is expected causing the wine to become unsellable. Winery policy is to credit defective products on future orders when this situation arises. The process of shipping wine by ocean freight will include CGI, on every shipment, to try and negotiate directly at time of loading preferred placement on the ship. Our success in this process will allow for CGI to ship in "dry" vs. "refrigerated" containers during certain times of the year. CGI will then employ the use of thermo blankets and temperature recorders to ensure integrity of our

shipment and satisfy the insurance providers. This process reduces logistics costs for ocean cargo by up to \$3000 USD per container.

Each CGI Retail Store will carry a target of 200+ Wineries and a minimum of 2 (12 bottle) cases per label at all times. These in-store inventories are placed in a temperature controlled storage room and can be accessed only by store management or designated staff. A daily inventory report is logged to ensure sufficient supplies for upcoming businesses and complete accounting reconciliation for direct feedback to with each winery being represented. This inventory control system will be automated in the future as discussions with software provider are ongoing with our unique set of requirements. CGI is currently looking for an opportunity to become a showcase/testimonial account for an inventory and logistics software provider.

Inventory for distribution will be kept in Beijing, China as the order patterns of our distribution partners' demand. As distribution products are primarily exclusive to each unique distributor, all new orders will be procured from the winery at time of solidified, confirmed and paid orders. Samples for potential distributors will be kept in inventory in Beijing China and will specifically selected for distribution and will not conflict with the offerings being made through Retail or Direct sales efforts to ensure any adverse brand activity does not affect the potential salability of CGI wines. A weekly inventory report is logged to ensure sufficient supplies for upcoming businesses and complete accounting reconciliation for direct feedback to each winery.

#### Pricing

CGI will present different prices for Distribution, Direct to Venue, and In-store Retail and consumption. We foresee to carry 60% under retail \$25USD a bottle, 25% between retail \$30-\$50USD) a bottle, and 15% retail over \$60+USD a bottle.

Below study will identify each ideal ex-factory pricing. The study involves USD currency.

- Delivery from winery to consolidation hub, estimate at \$150 every 50 cases
- Documentation processing fee \$100 per label
- Each 20-foot container loads 980 cases (or 11,760 bottles). The cost of logistics from consolidation hub to China with marine insurance is estimated at \$3,800 (refrigerated container)
- China customs entry and CIQB (China Inspection and Quarantine Bureau) fees \$500 per container
- China customs duty VAT and consumption taxes equals 54% of Performa Invoice
- China domestic transportation from port to logistics hub \$500 per container
- China domestic trucking from logistics hub to same region cities \$10 per case
- For every 1,000 cases, cost per bottle to ship from winery to China logistics hub is \$0.70

#### ➤ The market Low-end

Retail pricing is sold at approximately \$14 a bottle. Most of these low-end pricing wines are domestic production; some are labeled as import wines but bottled in China. These China-bottled import wines are usually blended with domestic juice and sold through private distribution channels.

➤ **The market Mid-tier**

Pricing is the most competitive market; a wide range of different regions are found in this market, retail \$20 to \$45 a bottle. French, usually known as the most expensive wines in China, has recently entered the mid-tier market with wine being retailed at around \$20 a bottle.

➤ **The market High-end**

Retail is very popular in the prestige group of wine drinkers and several group purchasers, especially in the government agencies. "The pricier the better" concept is within all Chinese and works very well as an opportunity to up-scale individual's social status.

The market responds quickly to new-world wines, i.e. Australia, New Zealand, Chile, and the USA, especially California wines. Enquiries for California wines are increasing and are predicted to be "hot item" in the new-world wine market.

➤ **Supplier Inventory Program**

As CGI continues to develop a uniform industry standard for export sales, we will be promoting and encouraging several policies that will benefit CGI. As the sales volume can allow for a consistent order being placed with the respective wineries, these policies will become mandated for expansion into other CGI markets. The policies are as follows:

- 1) Sample Policy – Currently there is no standard and can range from a 1 free in 5 cases purchased to a 1 in 10 scenario. CGI will be looking to establish a 2 in 10 standard. This will allow for a 16.6% standard to base promotions and marketing efforts on in the international sales.
- 2) International Labeling – Some wineries today will provide export labels for free and some will require a fee of up to \$1.00 per bottle. CGI will be working with the wineries in establishing a free "labeling for export" requirement upon us providing the completed, translated and verified label images to be done before the wine is shipped from their warehouse. For those wineries that do not have the "in-house" capacity, a potential credit for this requirement will be another possibility.
- 3) Domestic Consolidation – Some wineries will send, at their own expense, the order to our consolidation point and some will not. This fee that CGI incurs will be negotiated and become standard for the wineries being shipped in our orders to have their wine delivered or picked up at their own expense to our consolidator.
- 4) Export Pricing – As the standard Ex-Factory pricing is 50% of CA retail, this is a substantial place to start with the CGI procurement price. We do have several wineries that will extend even deeper discounts that are only available for export sales. These have been realized as low as 25% of retail

cost. With the "cost of sale" domestically increasing on a consistent basis, CGI know that once we have a regular ordering pattern established that we will be able to negotiate better than a 50% standard for export sales.

Our goal is to create CGI into a platform for all California wineries to extend their market into China and enjoy profit more than trading goods here in the states. By standardizing our engagement with these few policies, both the wineries and CGI will be more profitable.

➤ **Evaluations**

**Worst Case Scenario**

This plan is organized on a "worst case scenario" basis. We have calculated all causes of potential failures to avoid financial loss.

Should sales performance not meet projection numbers by end of 1<sup>st</sup> business year, we will seize the operation and take a loss on freight cost, China duty plus taxes, start-up investment, 12 months of operating expenditure, and cash reserve, total estimated figure is \$315,000. Of this figure, we expect to recover \$15,000 from the start-up expenditure plus 30% of the gross profit at about \$70,000, and \$30,000 cash, total of \$115,000, taking a \$200,000 loss.

We will liquidate inventory at ex-factory value so wineries does not experience financial loss or we will return the inventory to wineries at our own expense. Again, failure is not likely to happen but we are prepared for the worst case scenario.

**Best Case Scenario**

CGI projects to open protocol store in Beijing by end of year 2011. We expect to achieve projected results in time with this very conservative projection.

Upon achieving the result, we plan to open two more stores starting second year of business and expect a 400% increase in bottom line by end of second year; two more stores at beginning of third year in business and project another 200% bottom line increase by the third year.

➤ **Market Study**

This market summary was formulated on the Global Agricultural Information Network Report of August 19, 2009 by the USDA Foreign Agricultural Service and years of observation in business practice with China. The statistics and indexes are cross-referenced with information posted at the National Bureau of Statistics of China, the China Customs Import Statistics, and the China Wine Info websites.

➤ **Market Situation**

Since the year 2003, the market has experienced an average annual growth rate (AAGR) of 17% by volume and currently holds a retail value of \$7.15 billion dollars. Over the same time period, China's imported wine volume base has grown by an approximately of 37%, holding a current customs value of \$381

million (WTA). Imports comprise 18% of the market volume, but are poised to gain further market share as domestic production remains in development. Euromonitor and the International Wine and Spirit Record (IWSR) projected that this market will continue to grow with a minimum of 12% annual increases over the next five years.

➤ **Domestic Production**

Local production companies have well-established distribution and marketing channels with widely recognized brands. Many domestic brands lack quality but are inexpensive. Local wines remain the highest contenders for market share, though they have been unsuccessful in capturing the perceived class and allure of the foreign wine.

China's domestic wine has been under scrutiny for years by oenologists' worldwide who have questioned its poor quality and unregulated production. Some critics and wine enthusiasts proclaimed Chinese wine was nothing more than "sugar water with some food coloring, alcohol, and grape juice".

Some domestic producers blend in both imported wine and pure alcohol during production and label it "domestics wine". Some domestic producers justify the practices by claiming it caters to consumer tastes. However, the National Grape Wine Standard of January 2008 was supposed to eliminate poor quality wines from entering the market through the enforcement of the 2005 standard, GB15037. Though imported wine is subject to these standards, in the domestic market enforcement is inconsistent.

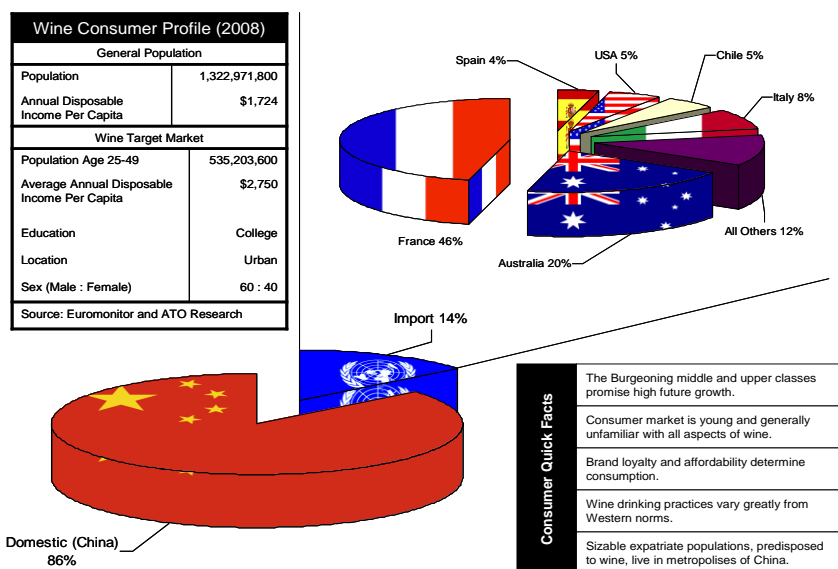
➤ **Import Market**

The blending and unregulated production methods of China's past have left the quality market niche wide open. Since 2003, foreign wine imports to China have grown 274% in total volume; 464% since 2001. In contrast, during the same five-year period, since 2003, the total market has grown by 91%. Import growth has hovered close to the actual volume added to the total market, significantly surpassing it in 2006 and 2008. This reveals that either new consumers are more likely to buy imported wines, or existing consumers are buying more or trading up to a foreign brand. Either situation bodes well for the future of the import market.

China's demand for wine has attracted exporters around the world. In the last 9 years, over 70 countries have tried entering this market. In 2008, just over 50 countries exported wine to China, the decline showing that the market is not for everyone. France is the import leader controlling 39% of the market's value, followed by Australia's 20%. Though the United States has experienced tremendous total growth this decade, in value by 912% and volume by 618%, we are still no more than 6% in the imported wines' sector. This illustrates the point that the United States, much like the rest of the world, has found it difficult to keep up with French or Australian wine export growth to China. The United States maintains a trade surplus with China in the agricultural sector and U.S. products are highly regarded as both safe and the best in quality. However, the United States is not recognized as a quality wine producer, or a wine producer at all in some cases, by the Chinese consumer. Recognition of the United States as a

major wine producer is the biggest obstacle for U.S. wine exporters to China.

Of the \$381 million import market, \$276 million was sold in bottled form in 2008, with France the leader in this as well, controlling 46% of the market's value. Chart 1 shows current market shares, in terms of value, for imported bottled wine. A point that is even more telling of France's dominance is that over the past 3 to 4 years, while all other top countries aside from Argentina have lost market share, France has gained, in terms of value, for both the bottled and overall market. The bottled market is presenting itself as an area of comparative advantage for U.S. wine. The United States is ranked fourth place in the imported bottled market. This in contrast to positions as low as seventh in terms of bulk wine volume.



➤ **Consumption Recap**

The diverse groups of consumers can be categorized as below:

**Wine Connoisseur**

- Small percentage of the Chinese population
- Between 40~60 years of age
- Deeply influenced by the western drinking and cuisine culture
- Very particular in their drinking criteria
- Has great purchasing power

**Wine Enthusiasts**

- 3<sup>rd</sup> largest consumer group
- Between 25~35 years of age
- Attracted by western cultures but is exposed to limited wine information
- Prefer easy-to-drink style wines, balanced acid/tannin level, creative and informative packaging with affordable prices

**Traditional-Alcohol turned wine drinkers**

- 2<sup>nd</sup> largest consumer group
- Between 40-50 years of age
- Consumes Baijiu, changing to wines due to various reasons, i.e. fashion and health issues
- Wine may not be the best choice to this group but is a “must drink” in their social environment
- Particular taste in sweets, low in acid and tannic
- Diverse purchasing power

**Indifferent Drinkers**

- The largest group
- Between 25~55 years of age
- Used to low cost traditional alcohol
- Taste preference is the same with traditional-alcohol turned wine drinkers
- Careless in varieties and appellations
- Price and taste are the major concern
- Low purchasing power

**➤ Non-Drinkers**

Non-Drinkers are rare in the Chinese culture. Under age children or elder women may fall into this group, but very small in numbers.

**➤ Marketplaces/Supermarkets**

Similar to the western supermarket arrangement, there are sections for wine display, separated by domestic and import wines. Wines found at this place are averagely in low-to-mid pricing range, below 200 RMB a bottle. Supermarkets can be found at all major and 2nd tier cities.

**➤ Specialty Stores/Wine Shops**

These stores carry import products, food products, and name brand products. Wines in these stores are averaging in mid-to-high pricing range, 100 RMB and above. These stores can be found mostly in major cities.

There is a fast growing trend of wine shops in major cities. Consumers can wine tastes and purchase bottles up to a cases of wines from these shops. The overall retail price in wine shops are lower with certain purchase quantity, i.e. 1 case of 12 bottles wine.

**➤ Restaurants and Hotels**

Sizable restaurants provide private rooms, each seat about 10~15 people. Consumption is either by glass or by bottle(s); using a room of 10 people for example, with Chinese style entertainment, consumption can be over 20 bottles a night. Price range is 100~400 RMB a bottle.

**➤ Nightclubs**

Chinese businessmen spend up to 5 nights a week entertaining customers,

guests, or out of town visitors and always end up being at a Chinese nightclub (aka hostess club). The club size may be an entire floor in some local hotels or up to a 6-floor building in major cities. These clubs are styled in private room entertainment; each club is equipped with 10~200 private rooms, size varies from 5~30 people capacity a room. The club structure often doubles or triples the consumption volume, general price range is 200~600 RMB a bottle.

➤ **Government or Group Purchase**

District governments or large corporations work through their individual connections to purchase large quantity of wines and either use as gift, entertain their guests or use for their private gatherings. Price points are either low or high priced wines. These types of buyers especially love to purchase "Reserved" or "Limited" wines to show off their authority and status.

➤ **Growth Potential**

Members of the National People's Congress in their general assembly meeting trumpeted the health benefits of grape wine consumption over traditional grains-based wine, Baijiu. The effects of such a stance have been amplified due to a flurry of food safety scandals and growing health concerns.

China's unparalleled economic growth of 9.9% GDP per year, over the past decade, is providing new income to consumers and giving them the opportunity to purchase new products to pair with their newfound higher standard of living. In China, wine is a symbol of wealth and living well, and is purchased to solidify the burgeoning middle class's arrival to affluence.

Since China established its currency (RMB), it has pegged its value to the US dollar at various set points, until 2005 when China partially lifted restrictions allowing the currency to adhere to a floating exchange rate. Since then, its value has appreciated by 21% against the dollar, furthering the population's ability to purchase higher quantities of luxury imported products such as wine.

In the gift giving culture of China, alcohol has traditionally been a staple but usually in the form of harder liquors. Fueled by wine's prestigious image, it is increasingly becoming a common gift to friends, family, and business associates. Evidence of this can be found in the high sales spike around the Chinese Lunar New Year, typically in January or February.

China has a combination of alcohol tradition and value conception especially when hosting guests and gift-giving. Chinese have a culture of "respects" that is associated with alcohol, drinking style is always "bottoms-up" even with wines. The Chinese "value conception" is based on the belief that imported products are the best and consumers often make decisions by the concept of "import value" over the "product value".

Wine has become high-fashion and represents a "rich" image. A small amount of wine connoisseur in China selects product upon tasting preferences, rest of market falls on value conception and image carrying or blindly follow the market trend.



California-style is becoming the next import wine trend. This may be a result of currency factor or talks of USA wines amongst China consumers. Regardless the reasons, California style fans are growing with limited supplies flow around China.

**Item IV List of Outside Providers:**

USA Corporate Attorney  
Whitley LLP Attorneys at Law  
11767 Katy Freeway Suite 425  
Houston, TX, 77079  
United States  
Mr. Samuel Whitley

USA Corporate Accountant  
Jerry Jones, CPA  
A Professional Corporation 1495 Ridgeview Dr., Ste 115  
Reno, NV 89519  
(775) 828-0767 • Fax: (775) 348-9518

China Corporate Attorney  
Beijing Century Law Firm  
Room 512, Tai Peng Tower, No. 10, Zhong Guan Cun Er Jie,  
Haidian District, Beijing  
Mr. Wang Ming  
13911878175

China Corporate Accountant  
Beijing Influence World Registration Attorneys  
Room 905, Hao Cheng Center, No. 6, Zuo Jia Zhuang Zhong Jie,  
Chaoyang District, Beijing  
Mr. Chu Xinbo  
13811620053

**Item VI The Nature and Extent of the Issuer's Facilities**

CGI leases an office and a warehouse located in Beijing, China. Both of the facilities are in fair condition. The office is leased monthly for \$1,429.50 per month and the warehouse is leased monthly for \$3,811.80 per month.

## **Part “F” Legal Proceedings**

The Company is not a party in any material legal proceedings or administrative actions at this time.

## **Part “G” Defaults Upon Senior Securities**

The Company has not been in default of any senior securities.

## Part “H” Issuer’s Certifications

We the Board of Directors of California Grapes International, Inc. Incorporated in the State of Nevada, Certify that:

1. The Board of Directors has reviewed the Company’s Information and Disclosure Statement submitted to the OTC Market.
2. Based on the Board’s 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 the Board’s knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respect the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.



Jeff Crittenden  
CEO/Secretary

## **Part “I” Exhibits**

### **Item 1 Material Contracts**

Exhibit I Leases

Exhibit II Peoples Republic of China Corporate Licenses

Exhibit III Employment Contracts

### **Item 2 Articles of Incorporation**

Exhibit IV Articles of Incorporation


### **Item 3 Purchases of Equity Securities by the Issuer and Affiliated Purchasers**

None

## **Exhibit I Leases**

## Exhibit IV Articles of Incorporation

**STATE OF NEVADA**



**OFFICE OF THE  
SECRETARY OF STATE**

**ROSS MILLER**  
*Secretary of State*

**SCOTT W. ANDERSON**  
*Deputy Secretary  
for Commercial Recordings*

**Commercial Recordings Division**  
202 N. Carson Street  
Carson City, NV 89701-4069  
Telephone (775) 684-5708  
Fax (775) 684-7138

**WHITLEY LLP ATTORNEYS AT LAW**

**Job: C20110812-0054**  
August 12, 2011

**Special Handling Instructions:**  
EMAILED 08/12/11 - RSS

**Charges**

Description	Document Number	Filing Date/Time	Qty	Price	Amount
Merge In	20110594230-07	8/11/2011 3:49:50 PM	1	\$1,400.00	\$1,400.00
24 Hour Expedite	20110594230-07	8/11/2011 3:49:50 PM	1	\$125.00	\$125.00
<b>Total</b>					<b>\$1,525.00</b>

**Payments**

Type	Description	Amount
Credit	001364 11081201397787	\$1,525.00
<b>Total</b>		<b>\$1,525.00</b>

Credit Balance: \$0.00

**Job Contents:**  
File Stamped Copy(s): 1

**WHITLEY LLP ATTORNEYS AT LAW**



ROSS MILLER  
Secretary of State  
204 North Carson Street, Suite 1  
Carson City, Nevada 89701-4520  
(775) 684-5708  
Website: www.nvsos.gov

**Articles of Merger**  
(PURSUANT TO NRS 92A.200)  
**Page 2**

USE BLACK INK ONLY - DO NOT HIGHLIGHT

ABOVE SPACE IS FOR OFFICE USE ONLY

2) Forwarding address where copies of process may be sent by the Secretary of State of Nevada (if a foreign entity is the survivor in the merger - NRS 92A.190):

Attn:

City:

3) Choose one:

The undersigned declares that a plan of merger has been adopted by each constituent entity (NRS 92A.200).

The undersigned declares that a plan of merger has been adopted by the parent domestic entity (NRS 92A.180).

4) Owner's approval (NRS 92A.200) (options a, b or c must be used, as applicable, for each entity):

If there are more than four merging entities, check box and attach an 8 1/2" x 11" blank sheet containing the required information for each additional entity from the appropriate section of article four.

(a) Owner's approval was not required from

Name of merging entity, if applicable

Name of merging entity, if applicable

Name of merging entity, if applicable

Name of merging entity, if applicable

and, or;

CALIFORNIA GRAPES INTERNATIONAL, INC.

Name of surviving entity, if applicable

This form must be accompanied by appropriate fees.

Nevada Secretary of State 92A Merger Page 2  
Revised: 10-25-10





ROSS MILLER  
Secretary of State  
204 North Carson Street, Suite 1  
Carson City, Nevada 89701-4520  
(775) 684-5708  
Website: www.nvsos.gov

**Articles of Merger**  
(PURSUANT TO NRS 92A.200)  
Page 3

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(b) The plan was approved by the required consent of the owners of \*:

CHINA FOOD SERVICES, CORP.

Name of merging entity, if applicable

Name of merging entity, if applicable

Name of merging entity, if applicable

Name of merging entity, if applicable

and, or,

Name of surviving entity, if applicable

\* Unless otherwise provided in the certificate of trust or governing instrument of a business trust, a merger must be approved by all the trustees and beneficial owners of each business trust that is a constituent entity in the merger.

This form must be accompanied by appropriate fees.

Nevada Secretary of State 92A Merger Page 3  
Revised: 10-25-10



ROSS MILLER  
Secretary of State  
204 North Carson Street, Suite 1  
Carson City, Nevada 89701-4520  
(775) 684-5708  
Website: [www.nvsos.gov](http://www.nvsos.gov)

**Articles of Merger**  
(PURSUANT TO NRS 92A.200)  
**Page 4**

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(c) Approval of plan of merger for Nevada non-profit corporation (NRS 92A.160):

The plan of merger has been approved by the directors of the corporation and by each public officer or other person whose approval of the plan of merger is required by the articles of incorporation of the domestic corporation.

\_\_\_\_\_  
Name of merging entity, if applicable

\_\_\_\_\_  
Name of merging entity, if applicable

\_\_\_\_\_  
Name of merging entity, if applicable

\_\_\_\_\_  
Name of merging entity, if applicable

and, or,

\_\_\_\_\_  
Name of surviving entity, if applicable

*This form must be accompanied by appropriate fees.*

Nevada Secretary of State 92A Merger Page 4  
Revised: 10-25-10



ROSS MILLER  
Secretary of State  
204 North Carson Street, Suite 1  
Carson City, Nevada 89701-4520  
(775) 684-5708  
Website: www.nvsos.gov

**Articles of Merger**  
(PURSUANT TO NRS 92A.200)  
**Page 5**

USE BLACK INK ONLY - DO NOT HIGHLIGHT

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**5) Amendments, if any, to the articles or certificate of the surviving entity. Provide article numbers, if available. (NRS 92A.200)\*:**

SEE ATTACHED EXHIBIT, WHICH IS INCORPORATED BY REFERENCE.

**6) Location of Plan of Merger (check a or b):**

(a) The entire plan of merger is attached;

or,

(b) The entire plan of merger is on file at the registered office of the surviving corporation, limited-liability company or business trust, or at the records office address if a limited partnership, or other place of business of the surviving entity (NRS 92A.200).

**7) Effective date (optional)\*\*:**

\* Amended and restated articles may be attached as an exhibit or integrated into the articles of merger. Please entitle them "Restated" or "Amended and Restated," accordingly. The form to accompany restated articles prescribed by the secretary of state must accompany the amended and/or restated articles. Pursuant to NRS 92A.180 (merger of subsidiary into parent - Nevada parent owning 90% or more of subsidiary), the articles of merger may not contain amendments to the constituent documents of the surviving entity except that the name of the surviving entity may be changed.

\*\* A merger takes effect upon filing the articles of merger or upon a later date as specified in the articles, which must not be more than 90 days after the articles are filed (NRS 92A.240).

This form must be accompanied by appropriate fees.

Nevada Secretary of State 92A Merger Page 5  
Revised: 10-25-10



ROSS MILLER  
Secretary of State  
204 North Carson Street, Suite 1  
Carson City, Nevada 89701-4520  
(775) 684-5708  
Website: www.nvsos.gov

**Articles of Merger**  
(PURSUANT TO NRS 92A.200)  
**Page 6**

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8) Signatures - Must be signed by: An officer of each Nevada corporation; All general partners of each Nevada limited partnership; All general partners of each Nevada limited-liability limited partnership; A manager of each Nevada limited-liability company with managers or one member if there are no managers; A trustee of each Nevada business trust (NRS 92A.230)\*

If there are more than four merging entities, check box and attach an 8 1/2" x 11" blank sheet containing the required information for each additional entity from article eight.

CALIFORNIA GRAPES INTERNATIONAL, INC.

Name of merging entity  
**X** [Signature] CHIEF EXECUTIVE OFFICER 8/11/2011  
Signature Title Date

CHINA FOOD SERVICES, CORP.

Name of merging entity  
**X** [Signature] CHIEF EXECUTIVE OFFICER 8/11/2011  
Signature Title Date

Name of merging entity  
**X** \_\_\_\_\_ CHIEF EXECUTIVE OFFICER \_\_\_\_\_  
Signature Title Date

Name of merging entity  
**X** \_\_\_\_\_ CHIEF EXECUTIVE OFFICER \_\_\_\_\_  
Signature Title Date

and,  
CALIFORNIA GRAPES INTERNATIONAL, INC.

Name of surviving entity  
**X** [Signature] CHIEF EXECUTIVE OFFICER 8/11/2011  
Signature Title Date

\* The articles of merger must be signed by each foreign constituent entity in the manner provided by the law governing it (NRS 92A.230). Additional signature blocks may be added to this page or as an attachment, as needed.

**IMPORTANT:** Failure to include any of the above information and submit with the proper fees may cause this filing to be rejected.

This form must be accompanied by appropriate fees.

Nevada Secretary of State 92A Merger Page 6  
Revised: 10-25-10

**AMENDED AND RESTATED ARTICLES OF INCORPORATION  
OF  
CALIFORNIA GRAPES INTERNATIONAL, INC.**

**ARTICLE I  
Name**

The name of the corporation is California Grapes International, Inc. (herein the "Corporation").

**ARTICLE II  
Registered Office and Agent**

The address of the Corporation's registered office in the State of Nevada is 2360 Corporate Circle – S, Henderson, Nevada 89074-7722. The name of the Corporation's registered agent at such address is Incorp Services, Inc.

**ARTICLE III  
Powers**

The purpose for which the Corporation is organized is to transact all lawful business for which corporations may be incorporated pursuant to the laws of the State of Nevada. The Corporation shall have all the powers of a corporation organized under the Nevada Revised Statutes.

**ARTICLE IV  
Term**

The Corporation is to have perpetual existence.

**ARTICLE V  
Capital Stock**

A. Number and Designation. The authorized capital stock of the Corporation shall be 2,500,000,000 shares of Common Stock ("Common Stock") and 300,000,000 shares of Preferred Stock ("Preferred Stock"). A description of the different classes and series of the Corporation's capital stock, and a statement of the number, voting powers, designations, preferences, limitations, restrictions and relative rights of the shares of each class and series of the capital stock are as follows.

B. Common Stock. Holders of Common Stock are entitled to receive ratably such dividends, if any, as may be declared by the Board of Directors out of funds legally available therefor, subject to any preferential dividend rights of outstanding shares of Preferred Stock. The holders of Common Stock have no preemptive, voting, subscription, redemption or conversion rights. The Common Stock shall have a par value of \$0.001 per share.

In the event of any liquidation, dissolution or winding up of the Corporation, after there shall have been paid, or declared and set aside for payment, to the holders of the outstanding shares of any class having preference over the Common Stock in any such event, the full preferential amounts to which they are respectively entitled, the holders of the Common Stock and of any class or series of stock entitled to participate therewith, in whole or in part, as to distribution of assets shall be entitled, after payment or provision for payment of all debts and liabilities of the Corporation, to receive the remaining assets of the Corporation available for distribution, in cash or in kind.

Each share of Common Stock shall have the same relative powers, preferences and rights as, and shall be identical in all respects with, all other shares of Common Stock of the Corporation.

**C. Class A Preferred Stock.** Of the Preferred Stock, there are hereby designated 200,000,000 shares as Class A Preferred Stock. The Class A Preferred Stock shall have a par value of \$0.001. Holders of the Class A Preferred Stock are entitled to receive ratably such dividends, if any, as may be declared by the Board of Directors out of funds legally available therefor, subject to any preferential dividend rights of any other series of Preferred Stock. Any dividends declared but unpaid shall cumulate. Each share of Class A Preferred Stock is convertible into fifty (50) shares of Common Stock. The holders of Class A Preferred Stock are entitled to one (1) vote per share on all matters submitted to a vote of stockholders.

In the event of any liquidation, dissolution or winding up of the Corporation, after there shall have been paid, or declared and set aside for payment, to the holders of the outstanding shares of any class or series of stock having preference over the Class A Preferred Stock in any such event, the full preferential amounts to which they are respectively entitled, the holders of the Class A Preferred Stock and of any class or series of stock entitled to participate therewith, in whole or in part, as to distribution of assets shall be entitled, after payment or provision for payment of all debts and liabilities of the Corporation, to receive the remaining assets of the Corporation available for distribution, in cash or in kind.

**D. Class B Preferred Stock.** Of the Preferred Stock, there are hereby designated 100,000,000 shares as Class B Preferred Stock. Holders of the Class B Preferred Stock are entitled to receive ratably such dividends, if any, as may be declared by the Board of Directors out of funds legally available therefor, subject to any preferential dividend rights of any other series of Preferred Stock. Any dividends declared but unpaid shall cumulate. The Class B Preferred Stock shall have a par value of \$0.001. The holders of the Class B Preferred Stock shall be entitled to dividends. Each share of Class B Preferred Stock is convertible into five (5) shares of Common Stock. Each holder of Class B Preferred Stock is entitled to one vote for each 5 shares of Class B Preferred Stock on all matters submitted to a vote of stockholders.

In the event of any liquidation, dissolution or winding up of the Corporation, after there shall have been paid, or declared and set aside for payment, to the holders of the outstanding shares of any class or series of stock having preference over the Class B Preferred Stock in any such event, the full preferential amounts to which they are respectively entitled, the holders of the Class B Preferred Stock and of any class or series of stock entitled to participate therewith, in whole or in part, as to distribution of assets shall be entitled, after payment or provision for payment of all debts and liabilities of the Corporation, to receive the remaining assets of the Corporation available for distribution, in cash or in kind.

**E. Additional Classes or Series of Stock.** The Board of Directors is hereby expressly vested with authority to create and designate additional classes or series of stock, and fix and determine the voting powers, designations, preferences, limitations, restrictions and relative rights of such additional class or series of stock before the issuance of any shares of that class or series. The Board of Directors shall determine the number of shares constituting each class and series of stock and each class and series shall have a distinguishing designation.

#### **ARTICLE VI** **Directors**

The business and affairs of the Corporation shall be managed by or under the direction of the Board of Directors, which shall consist of not fewer than one (1) and nor more than nine (9) directors, the exact number to be determined and increased or decreased from time to time by resolution adopted by the Board of Directors, providing that the number of directors shall not be reduced to less than one (1).

#### **ARTICLE VII** **Indemnification**

Any person who was or is a party or is threatened to be made a party to any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative (whether or not by or in the right of the Corporation) by reason of the fact that he is or was a director, officer, incorporator, employee, or

agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, incorporator, employee, partner, trustee, or agent of another Corporation, partnership, joint venture, trust, or other enterprise (including an employee benefit plan), shall be entitled to be indemnified by the Corporation to the full extent then permitted by law against expenses (including counsel fees and disbursements), judgments, fines (including excise taxes assessed on a person with respect to an employee benefit plan), and amounts paid in settlement incurred by him in connection with such action, suit, or proceeding. Such right of indemnification shall inure whether or not the claim asserted is based on matters which antedate the adoption of this Article VII. Such right of indemnification shall continue as to a person who has ceased to be a director, officer, incorporator, employee, partner, trustee, or agent and shall inure to the benefit of the heirs and personal representatives of such a person. The indemnification provided by this Article VII shall not be deemed exclusive of any other rights which may be provided now or in the future under any provision currently in effect or hereafter adopted of the bylaws, by any agreement, by vote of stockholders, by resolution of disinterested directors, by provisions of law, or otherwise.

#### ARTICLE VIII Statutory Elections

A. Election not to be Governed by NRS 78.378 to 78.3793 Inclusive. The Corporation hereby elects not to be governed by, and to otherwise opt out of, the provisions of NRS 78.378 to 78.3793, inclusive, relating to acquisition of a controlling interest in the Corporation.

B. Election not to be Governed by NRS 78.411 to 78.444 Inclusive. The Corporation hereby elects not to be governed by, and to otherwise opt out of, the provisions of NRS 78.411 to 78.444, inclusive, relating to combinations with interested stockholders.

#### ARTICLE IX Stock Split

A. Background. These amended articles of incorporation are filed in connection with the plan of merger entered into between the Company and China Food Services, Corp, a Florida corporation (the "Predecessor"). Pursuant to such merger, the stockholders of the Predecessor shall be issued one share of the same class of stock of the Corporation as each stockholder held in stock of the Predecessor before the merger.

B. Reverse Stock Split. Immediately after the issuance of the shares described in Article IX(A) above, the Corporation shall implement a reverse stock split whereby (i) each holder of Common Stock shall receive one (1) share of Common Stock for every ten (10) shares of Common Stock held by such stockholder; and (ii) each holder of Class A Preferred Stock shall receive one (1) share of Class A Preferred Stock for every ten (10) shares of Common Stock held by such stockholder.

STATE OF NEVADA

**ROSS MILLER**  
Secretary of State



**Commercial Recordings Division**  
202 N. Carson Street  
Carson City, NV 89701-4069  
Telephone (775) 684-5708  
Fax (775) 684-7138

**SCOTT W. ANDERSON**  
Deputy Secretary  
for Commercial Recordings

OFFICE OF THE  
SECRETARY OF STATE

KARLA VAZQUEZ  
INCPOR SERVICES, INC.  
2360 CORPORATE CIRCLE STE 400  
HENDERSON, NV 89074-7722

Job: C20111102-1538  
November 7, 2011

**Special Handling Instructions:**  
Email out 11-7-2011 amendment. Ras

**Charges**

Description	Document Number	Filing Date/Time	Qty	Price	Amount
Amendment	20110787486-74	10/31/2011 7:09:20 AM	1	\$275.00	\$275.00
<b>Total</b>					<b>\$275.00</b>

**Payments**

Type	Description	Amount
Credit	019653111110714367312	\$100.00
Transfer	Transfer from 750915	\$175.00
<b>Total</b>		<b>\$275.00</b>

**Credit Balance: \$0.00**

**Job Contents:**  
File Stamped Copy(s): 1

KARLA VAZQUEZ  
INCPOR SERVICES, INC.  
2360 CORPORATE CIRCLE STE 400  
HENDERSON, NV 89074-7722





ROSS MILLER  
Secretary of State  
204 North Carson Street, Suite 1  
Carson City, Nevada 89701-4299  
(775) 684 5708  
Website: secretaryofstate.biz

**Certificate of Amendment**  
(PURSUANT TO NRS 78.385 and 78.390)

Filed in the office of  Ross Miller Secretary of State State of Nevada	Document Number <b>20110787486-74</b> Filing Date and Time <b>10/31/2011 7:09 AM</b> Entity Number <b>E0282702011-1</b>
--	--

Important: Read attached instructions before completing form.

ABOVE SPACE IS FOR OFFICE USE ONLY

**Certificate of Amendment to Articles of Incorporation  
For Nevada Profit Corporations**

(Pursuant to NRS 78.385 and 78.390 - After Issuance of Stock)

1. Name of corporation:

California Grapes International, Inc. (E0282702011-1)

2. The articles have been amended as follows (provide article numbers, if available):

Article #3 states the stock is:  
Par Share count: 2,500,000,000.00 Par Share Value: .001  
Par Share count: 300,000,000. Par Share Value: .001

Article #3 has been amended to:  
Par Share count: 2,500,000,000.00 Par Share Value: .001  
Par Share count: 800,000,000. Par Share Value: .001

3. The vote by which the stockholders holding shares in the corporation entitling them to exercise at least a majority of the voting power, or such greater proportion of the voting power as may be required in the case of a vote by classes or series, or as may be required by the provisions of the articles of incorporation have voted in favor of the amendment is: 100% - Unanimous

4. Effective date of filing (optional): 10/7/11

5. Officer Signature (required):   
JEFFREY CRITTENDEN, CEO

\*If any proposed amendment would alter or change any preference or any relative or other right given to any class or series of outstanding shares, then the amendment must be approved by the vote, in addition to the affirmative vote otherwise required, of the holders of shares representing a majority of the voting power of each class or series affected by the amendment regardless of limitations or restrictions on the voting power thereof.

**IMPORTANT:** Failure to include any of the above information and submit the proper fees may cause this filing to be rejected.

This form must be accompanied by appropriate fees. See attached fee schedule.

Nevada Secretary of State 487 78.385 Amended 2003  
Revised on: 11/03/04

## Exhibit II Peoples Republic of China Corporate Licenses



注册号: 110000450072176

成立日期: 2008年11月12日

登记机关

2010年12月02日

编号: NQ 1080184

名称 北京金龙飞国际贸易有限公司

住所 北京市朝阳区西坝河北里16号1层109室

法定代表人 弗福儒 (FRANK YGLESIAS BERTHEAU)

注册资本 人民币10万元

实收资本 人民币10万元

公司类型 有限责任公司(台港澳法人独资)

经营范围 许可经营项目: 批发(非实物方式)预包装食品。

一般经营项目: 从事定型包装食品、饮料的佣金代理(拍卖除外)业务; 货物进出口; 提供食品饮料产品的相关咨询服务(上述涉及配额许可证、国营贸易、专项规定管理的商品按照国家有关规定办理)。

股东(发起人) 香港金龙食品饮料进出口有限公司

营业期限 自 2008年11月12日

至 2028年11月11日



Nº 0456171



中华人民共和国台港澳侨投资企业

批准证书

CERTIFICATE OF APPROVAL

FOR ESTABLISHMENT OF ENTERPRISES WITH INVESTMENT OF TAIWAN, HONGKONG, MACAO AND OVERSEAS CHINESE IN THE PEOPLE'S REPUBLIC OF CHINA

批准号 商外资 京 2008 20462 号  
APPROVAL NUMBER

进出口企业代码 110068195137X  
CODE FOR IMPORT AND EXPORT ENTERPRISE

批准日期 二〇〇八  
DATE OF APPROVAL

发证日期 二〇一〇  
DATE OF ISSUE

发证序号 1100062855



企业名称 NAME OF ENTERPRISE	中文 CHINESE	北京金龙飞国际贸易有限公司	
	英文 ENGLISH		
企业地址 ADDRESS	北京市朝阳区西坝河北里10号圣杰商务楼109室		
企业类型 TYPE OF BUSINESS	外资企业	经营年限 DURATION OF OPERATION	贰拾年
	投资总额 TOTAL INVESTMENT		
注册资 本 REGISTERED CAPITAL		拾万元人民币	
经营范围 BUSINESS SCOPE			
从事食品饮料的批发、佣金代理（拍卖除外）业务，货物进出口，提供食品饮料产品的相关咨询服务。（上述涉及配额许可证、国营贸易、专项规定管理的商品按照国家有关规定办理。）			
投资者名称（中、英文） NAME OF INVESTORS (ON CHINESE AND ENGLISH)	注册地 PLACE OF REGISTRATION	出资额 CAPITAL CONTRIBUTION	
北京金龙食品饮料进出口有限公司 Golden Dragon Food&Beverage Import&Export Company of Hong Kong Limited	香港	出资10万元人民币	



## 自理报检单位备案登记证明书

备案登记号 1100614970

企业名称 北京金龙飞国际贸易有限公司  
法定代表人 雅福儒  
组织机构代码 68195137X  
单位地址 北京朝阳区光华路1号嘉里中心北楼3层2号

发证机关 北京出入境检验检疫局  
发证日期 2009年 0月 0日



国家质量监督检验检疫总局 制

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中华人民共和国海关  
进出口货物收发货人报关注册登记证书

海关注册登记编号 1105941808  
注册登记日期 2009年2月1日

中华人民共和国 北京 海关

企业名称	北京金龙飞国际贸易有限公司	
企业地址	北京市朝阳区光华路1号嘉里中心北楼3层2号	
法定代表人 (负责人)	雅福儒	
注册资本	10万人民币	
经营范围	从事定型包装食品, 饮料的批发, 佣金代理(拍卖除外)业务, 货物进出口, 提供食品饮料产品的相关咨询服务(上述涉及配额许可证, 国营贸易, 专项规定管理的商品按照国家有关规定办理)。	
	主要投资者名称	出资额及比例
	香港金龙食品饮料进出口有限公司	1.47 (100%)
备注: 本证书有效期至 2012年2月1日, 报关单位应当在有效期届满前三十日至海关办理换证手续, 逾期自动失效。		



# 食品流通许可证

许可证编号: SP1101051010075273

名称: 北京金龙飞国际贸易有限公司  
经营场所: 北京市朝阳区西坝河北里16号楼1层109室  
负责人: 雅福儒 (FRANK YGLESIAS BERTHEAU)  
主体类型: 港、澳、台商独资经营企业  
许可范围: 批发(非实物方式)预包装食品



有效期限: 自2010年10月25日至2012年10月24日







**税务登记证**

京税证字 11010568195137X号

纳税人名称：北京金龙飞国际贸易有限公司

法定代表人(负责人)：稚福雷

地 址：北京市朝阳区西坝河北里16号1层109室

登记注册类型：(港澳台商)独资经营公司

许可经营项目：批发(非实物方式)预包装食品，一般经营项目：从事定型包装食品、饮料的批发

经营范围：；佣金代理(拍卖除外)业务；货物进出口；提供食品饮料产品的相关咨询服务(上述涉及配颁许可证、国营贸易、专项规定管理的商品按照国家有关规定办理。)

批准设立机关：北京市工商行政管理局

扣缴义务：依法确定

北京市国家税务局 北京市地方税务局 发证税务机关  
2010年十二月八日

国家税务总局监制

# 酒类流通备案登记表

编号: 110005102350

经营者名称 北京金龙飞国际贸易有限公司  
法定代表人 雅福儒  
经营地址 北京市朝阳区光华路1号嘉里中心北楼3层2号  
经营类型 批发企业  
主要经营品种 白酒,啤酒,葡萄酒,黄酒,果露酒,进口酒

备案登记机关: 北京市朝阳区商务局



备案登记日期: 2009 年 9 月 17 日

# 企业法人营业执照

(副本) (2-1)

注册号 110000450072176

名称 北京金龙飞国际贸易有限公司  
住所 北京市朝阳区西坝河北里16号1层109室  
法定代表人 雅福儒 (FRANK YGLESIAS BERTHEAU)

注册资本 人民币10万元

实收资本 人民币10万元

公司类型 有限责任公司(台港澳法人独资)

经营范围 许可经营项目: 批发(非实物方式)预包装食品。  
一般经营项目: 从事定型包装食品、饮料的佣金代理(拍卖除外)业务; 货物进出口; 提供食品饮料产品的相关咨询服务(上述涉及配额许可证、国营贸易、专项规定管理的商品按照国家有关规定办理)。

股东(发起人) 香港金龙食品饮料进出口有限公司

营业期限 自 2008年11月12日 至 2028年11月11日

成立日期 2008年11月12日

编号: NQ 1203534

## 须知

1. 《企业法人营业执照》是企业法人资格和合法经营的凭证。
2. 《企业法人营业执照》分为正本和副本, 正本和副本具有同等法律效力。
3. 《企业法人营业执照》正本应当置于住所的醒目位置。
4. 《企业法人营业执照》不得伪造、涂改、出租、出借、转让。
5. 登记事项发生变化, 应当向公司登记机关申请变更登记, 换领《企业法人营业执照》。
6. 每年三月一日至六月三十日, 应当参加年度检验。
7. 《企业法人营业执照》被吊销后, 不得开展与清算无关的经营活动。
8. 办理注销登记, 应当交回《企业法人营业执照》正本和副本。
9. 《企业法人营业执照》遗失或者毁坏的, 应当在公司登记机关指定的报刊上声明作废, 申请补领。

## 年度检验情况

2009年度	2010年度		
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登记机关



北京特普物流有限公司

## 仓储租赁合同

出租方：江西省南城县特普物流有限公司（以下简称甲方）

承租方：北京金龙飞国际贸易有限公司（以下简称乙方）

根据国家有关法律法规的规定，为了明确甲乙双方的权利义务，本着平等、自愿的原则，经甲乙双方协商一致达成如下条款，以供遵守：

## 一、仓储租赁地址、面积、用途

- 1)地址：北京市朝阳区黑庄户乡定辛庄小学北侧特普仓库。
- 2)建筑面积:100 平方米(实用面积 90%)
- 3)用途：仓储

## 二、保险要求

1)在租赁期限内，甲方负责购买配送仓的保险，乙方负责购买租赁物内乙方的财产及其它必要的保险（包括责任险）。若甲乙双方未购买上述保险，由此而产生货物的灭失，自然灾害以及所有赔偿及责任分别由甲乙双方各自承担。

2)乙方可按存放于甲方仓库货物价值的 3%进行投保。否则发生一切纠纷，处理意见同上。

## 三、双方租赁责任

1)乙方在租赁期满或合同提前终止时，应于租赁期满之日或提前终止之日将租赁物清扫干净，搬迁完毕，并将租赁物交还给甲方。如乙方归还租赁物时不清理杂物，则甲方对清理该杂物所产生的费用由乙方负责。

2)在租赁期限内，若遇乙方欠交租金超过三天，甲方在书面通知乙方交纳欠款之日起五日内，乙方未支付有关款项，甲方有权停止乙方使用租赁物内的有关设施，由此造成的一切损失（包括但不限于乙方及受转租户的损失）由乙方全部承担。

3)未经甲方书面同意乙方不得提前终止本合同。如乙方确需提前解约，须提前三个月书面通知甲方，且履行完毕以下手续，方可提前解约：a. 向甲方交回租赁物；b. 交清实租期的租金及其它因本合同所产生的费用；c. 应于本合同提前终止前一日或之前向甲方支付相当于当月租金两倍的款项作为赔偿。甲方在乙方履行完毕上述义务后五日内将乙方的租赁保证金无息退还乙方。

合同文本

第 1 页 共 4 页

北京特普物流有限公司

4)甲方如要终止合同,须提前三个月书面通知乙方,否则给乙方造成的损失由甲方全部承担。

5)甲方在仓库出租期间,保证仓库的正常使用,并对仓库及附属设施定期进行维修、保养,使其处于良好状态,费用由甲方承担。

6)甲方维修仓库及附属设施,应提15日书面通知乙方,若乙方在通知约定期限不予答复,甲方有权在危及乙方仓储货物安全的紧急状态下(如漏雨等)进入仓库进行维修,但必须有乙方人员在场。

7)乙方经甲方书面同意后,可对仓库重新装修或变更原有设施,由此而发生的费用由乙方承担。

8)若甲方不实施对仓库及附属设施、设备的维修、保养义务,乙方有权在紧急状态下(漏雨、倾斜等)自行维修、保养,所发生费用由甲方承担。

9)租赁期间,甲方若将该仓库的所有权转让给第三方,须提前3个月通知乙方,但必须保证乙方仍能享受合同中约定的权利,如有损害乙方利益的,甲方应全额赔偿。

10)乙方逾期支付租金,应向甲方支付滞纳金,滞纳金金额为:拖欠日数乘以欠缴租金及其他欠缴费用总额的0.3%。

11)租赁期间任何一方如需变更本合同,应提前30日书面通知对方,经双方协商一致,签订变更合同,协商不成原协议仍有效。

12)在租赁期间,甲方保证该仓库所有权不存在异议,如仓库所有权存在异议,乙方有权单方面终止合同并由甲方赔偿损失。未按合同约定履行维修、保养义务,致使仓库及相关设施发生毁损,造成乙方损失的,甲方应赔偿乙方的实际损失。

13)由于提前解除本合同所造成的损失,由有过错方承担违约责任,违约方向守约方支付两个月租金的违约金。

14)合同期满前一个月,双方协商下一年度合作,租金每2年度按市场价浮动,提增额5%。

#### 四、费用及支付方式

##### 1. 费用项目:

北京特普物流有限公司

库房租金, 临时零星装卸费及仓储管理费, 其中仓储管理费甲方对乙方的服务包括:

- 1-1 库房基本安保;
- 1-2 货品进出库统计。货品进出库须由专业工作人员持相关单据做记录, 并交留存联给乙方。每次库房内货品信息数据发生变化当日, 以电子邮件形式通知乙方至电子邮箱: eddie@gdfbhhk.com。
- 1-3 库房日常卫生及设备维护;
- 1-4 成盘入库货物从库房入口至乙方库位燃料动力叉车及人工小型叉车的使  
用。

2. 费用金额:

仓库租金: 人民币 0.6 元/日/平方米;

仓储管理费: 人民币 0.1 元/日/平方米;

装卸费: 人民币 5 元/立方米, 或者人民币 15 元/吨。

3. 支付方式:

库房租金及仓储管理费: 季付, 支付日期为每三个月起始月的第5日。乙方支付现金, 或汇至甲方特普物流公司如下帐户: 帐户名 刘时, 账号 622700012650228685。支付总金额为元整。

4. 乙方逾期支付租金, 应向甲方支付滞纳金, 滞纳金金额为: 拖欠日数乘以欠缴租金总额的 0.5%。

四、合同的终止

- 1) 甲、乙双方在合同期内有任何异议, 都必须于异议执行前三个月知会对方, 否则视为无效。
- 2) 本合同提前终止或有效期届满, 甲、乙双方未达成续租协议的, 乙方应于提前终止之日或租赁期限届满之日迁离配送仓, 并将其返还甲方。乙方逾期不迁离或不返还配送仓的, 应向甲方加倍支付租金。

五、适用法律

- 1) 本合同在履行中发生争议, 应由双方协商解决, 协商解决不成的依法向当

北京特普物流有限公司

地人民法院起诉。

2) 本合同受中华人民共和国法律的管辖，并按中华人民共和国的法律解释

六、本合同有效期自 2009 年 12 月 1 日至 2010 年 11 月 30 日止。

甲方：江西宜春袁州区特普物流有限公司

乙方：北京金龙国际贸易有限公司

甲方代表：刘月生

乙方代表：刘立

签定日期：2009.12.1

签定日期：2009.12.1



备注：2009年12月及2010年5月仓储费不予合同签订日由该方交给甲方，发案甲方需于2009年12月15日前交于乙方，双方特此签订确认。

承租方于2011年4月20日支付2011年4月8日至2011年8月7日时半租金每借租赁费，并于交款当日对本合同做如下更新：

① 租赁面积调整为200m<sup>2</sup>;

② 单价调整为0.70元/m<sup>2</sup>/天;

③ 租赁合同有效期至2011年2月8日至2012年2月7日。

由于出租方本月打印机出现故障不能打印，双方皆有原合同以此手动更新，出租方需于2011年4月10日端按此合同文本第四条 附陈内容的给予承租方签订新合同。

北京金龙国际贸易有限公司

刘立

2009.12.1

④ 承租方同意出租方将承租方所租之200m<sup>2</sup>面积单独隔开，派出租人所聘工人对此隔间单独进行管理，并由承租方承租时带来时将分隔材料拆除带







## 房屋租赁合同

甲方(出租方) 联系电话: \_\_\_\_\_ 联系地址: \_\_\_\_\_  
乙方(承租方) 联系电话: \_\_\_\_\_ 联系地址: \_\_\_\_\_  
丙方(居间方): 北京安信瑞德房地产经纪有限公司; 联系电话: 010-65619296; 联系地址: 北京市朝阳区光华路7号9A5

依据《中华人民共和国合同法》及有关法律、法规的规定,甲方与乙方在丙方的居间撮合下,在平等、自愿的基础上,就房屋租赁的有关事宜达成协议如下:

**第一条 房屋基本情况**

(一)房屋坐落于北京市 \_\_\_\_\_, 建筑面积 \_\_\_\_\_ 平方米。  
(二)房屋权属状况:甲方持有( 房屋所有权证/ 公有住房租赁合同/ 房屋买卖合同/ 其他房屋来源证明文件),房屋所有权证书编号: \_\_\_\_\_ 或房屋来源证明名称: \_\_\_\_\_, 房屋所有权人(公有住房承租人、购房人)姓名或名称: \_\_\_\_\_, 房屋( 已 / 未) 设定了抵押。

**第二条 房屋租赁情况及登记备案**

(一)租赁用途: 居住 商业  \_\_\_\_\_; 如租赁用途为居住的,居住人数为: \_\_\_\_\_ 人,最多不超过 \_\_\_\_\_ 人。  
(二)甲乙双方应按照《北京市房屋租赁管理若干规定》要求,办理租赁登记备案。

**第三条 租赁期限**

(一)房屋租赁期自 \_\_\_\_\_ 年 \_\_\_\_\_ 月 \_\_\_\_\_ 日至 \_\_\_\_\_ 年 \_\_\_\_\_ 月 \_\_\_\_\_ 日。甲方应于 \_\_\_\_\_ 年 \_\_\_\_\_ 月 \_\_\_\_\_ 日前将房屋按约定条件交付给乙方。《房屋交割清单》(见附件一)经甲乙双方交验签字盖章并移交房门钥匙之后视为交付完成。

(二)租赁期满或合同解除后,甲方有权收回房屋,乙方应按照原状返还房屋及其附属物品、设备设施。甲乙双方应对房屋和附属物品、设备设施及水电使用等情况进行验收,结清各自应当承担的费用。

乙方继续承租的,应提前 \_\_\_\_\_ 日向甲方提出书面续租要求,协商一致后双方重新签订房屋租赁合同。

**第四条 租金及押金**

(一)租金标准及支付方式: \_\_\_\_\_ 元/月,按 月/ 季/ 半年/ 年支付。支付方式:( 现金/ 转帐支票/ 银行汇款),押 \_\_\_\_\_ 付 \_\_\_\_\_, 各期租金支付日期: \_\_\_\_\_

(二)押金:人民币 \_\_\_\_\_ 元整(¥: \_\_\_\_\_) 租赁期满或合同解除后,房屋租赁押金除抵扣应由乙方承担的费用、租金,以及乙方应当承担的违约赔偿责任外,剩余部分应如数返还给乙方。

**第五条 其他相关费用的承担方式**

租赁期内的下列费用中, \_\_\_\_\_ 由甲方承担, \_\_\_\_\_ 由乙方承担:(1)水费(2)电费(3)电话费(4)电视收视费(5)供暖费(6)燃气费(7)物业管理费(8)房屋租赁税费(9)卫生费(10)上网费(11)车位费(12)室内设施维修费(13)费用。本合同中未列明的与房屋有关的其他费用均由甲方承担。

**第六条 租房意向金**

(一)乙方应于 \_\_\_\_\_ 年 \_\_\_\_\_ 月 \_\_\_\_\_ 日前向丙方支付租房意向金人民币 \_\_\_\_\_ 元整(¥: \_\_\_\_\_)。此意向金用于乙方委托丙方与甲方洽谈该房屋租赁事宜。自乙方支付意向金之日起 \_\_\_\_\_ 日内为本意向金之有效期。该意向金在有效期内暂存丙方处,乙方不得收回。有效期满,如乙方未向丙方主张收回该意向金的,则有效期顺延。

(二)甲方或其代理人签署《房屋租赁合同》,乙方同意丙方可将上述意向金转付甲方或其代理人而无须另行通知乙方。该意向金一经甲方或其代理人签收即转为本合同第四条约定的 租金/ 押金。

**第七条 居间服务**

(一)丙方应当认真负责地为甲乙双方订立房屋租赁合同提供机会或媒介服务,如实报告有关订立房屋租赁合同的事项。  
(二)本合同签订时,甲方应向丙方支付人民币 \_\_\_\_\_ 元整(¥: \_\_\_\_\_) 作为佣金;本合同签订时,乙方应向丙方支付人民币 \_\_\_\_\_ 元整(¥: \_\_\_\_\_) 作为佣金。  
(三)本合同签订后,如租赁双方解除、中止或变更租赁关系的,租赁双方仍应向丙方支付所约定的佣金。

每家加盟店独立拥有和运营

编号: L-12A- 0817253

**第八条 房屋维护及维修**

(一) 甲方应保证出租房屋的建筑结构和设备设施符合建筑、消防、治安、卫生等方面的安全条件, 不得危及人身安全; 乙方保证遵守国家、北京市的法律法规规定以及房屋所在小区的物业管理规约。

(二) 租赁期内, 甲乙双方应共同保障该房屋及其附属物品、设备设施处于适用和安全的状态:

1、对于该房屋及其附属物品、设备设施因自然属性或合理使用而导致的损耗, 乙方应及时通知甲方修复。甲方应在接到乙方通知后的\_\_\_\_日内进行维修。逾期不维修的, 乙方可代为维修, 费用由甲方承担。因维修房屋影响乙方使用的, 应相应减少租金或延长租赁期限。

2、因乙方保管不当或不合理使用, 致使该房屋及其附属物品、设备设施发生损坏或故障的, 乙方应负责维修或承担赔偿责任。

**第九条 转租**

除甲乙双方另有约定以外, 乙方需事先征得甲方书面同意, 方可在租赁期内将房屋部分或全部转租给他人, 并就受转租人的行为向甲方承担责任。

**第十条 合同解除**

(一) 经甲乙双方协商一致, 可以解除本合同。

(二) 甲方有下列情形之一的, 乙方有权要求甲方按照第十一条约定支付违约金并单方解除合同:

1、迟延交付房屋达\_\_\_\_日的; 2、交付的房屋严重不符合合同约定或影响乙方安全、健康的; 3、不履行约定的维修义务, 致使乙方无法正常使用房屋的。

(三) 乙方有下列情形之一的, 甲方有权要求乙方按照第十一条约定支付违约金并单方解除合同, 收回房屋:

1、不按约定支付租金达\_\_\_\_日的; 2、欠缴各项费用达\_\_\_\_元的; 3、擅自改变房屋用途的; 4、擅自拆改变动或损坏房屋主体结构的; 5、保管不当或不合理使用导致附属物品、设备设施损坏并拒不赔偿的; 6、转租未经甲方同意的; 7、利用房屋从事违法活动、损害公共利益或者妨碍他人正常工作、生活的。

**第十一条 违约责任**

(一) 甲方有第十条第二款约定情形之一的, 按月租金的\_\_\_\_%向乙方支付违约金; 乙方有第十条第三款约定情形之一的, 按月租金的\_\_\_\_%向甲方支付违约金, 甲方有权要求乙方恢复原状; 守约方并可要求违约方赔偿损失。

(二) 租赁期内, 甲方需提前收回该房屋的, 或乙方需提前退租的, 应提前\_\_\_\_日通知对方, 并按月租金的\_\_\_\_%支付违约金, 还应退还相应的租金。

(三) 因甲方未按约定履行维修义务造成乙方人身、财产损失的, 甲方应承担赔偿责任。

(四) 甲方未按约定时间交付该房屋或者乙方未按约定支付租金但未达到解除合同条件的, 以及乙方未按约定时间返还房屋的, 应按\_\_\_\_标准支付违约金。

**第十二条 合同争议的解决办法**

本合同项下发生的争议, 由三方当事人协商解决; 协商不成的, 依法向房地产所在地的人民法院起诉。

**第十三条 其他约定事项**

本合同(及附件)共壹页, 一式叁份, 甲乙丙三方各执一份。

特别告知, 为了保障您的利益, 请您确认:

- 1、您向居间方支付任何款项时, 务必索要加盖居间方财务专用章的电子收据, 否则视为居间方未收到该款项。
- 2、居间方业务人员的口头或书面承诺, 视为居间方业务人员个人行为, 对居间方不产生法律约束力。

出租人(甲方):



居间人(丙方)签章:

承租人(乙方):



签约日期:

年 月 日

每家加盟店独立拥有和运营

## Exhibit III Employment Contracts

### EMPLOYMENT CONTRACT

Employment contract between California Grapes International, Inc. (“employer”) and Frank Yglesias (“employee”) of May 31st, 2011.

Whereas

The employer desires to contract the services of the employee in various facets of the business for a period of 5 years commencing on DATE, situated in 2360 Corporate Circle Suite 400 Henderson, NV 89074, in the particular role of Executive Vice-President China Operations “E.V.P.”.

Now Therefore it is agreed as follows:

#### **Terms, Remuneration, Benefits, Leave and Other Conditions**

1. The employer agrees to pay the employee a base salary of \$125,000.00 per annum payable by equal, monthly payments.
2. The employer may from time to time introduce and operate various incentive or bonus schemes to promote the best interests of the business. At the sole discretion of the board of Directors, the employee may be entitled to participate in such schemes. For the first three months of employment the employee shall not be entitled to a bonus.
3. The employee shall be entitled to all normal staff benefits including statutory holidays, 15 days annual leave (timing by mutual agreement), after six (6) months service and concessions from time to time granted by the employer. Such concessions may include agreed study/education time to complete tertiary qualifications.
4. Should the employee’s employment continue beyond six (6) months, the employee shall be entitled in each ensuing period of twelve (12) months up to five (5) days paid “special leave” which may be applied for when:
  - a. sick, (if more than two days a doctor’s certificate is necessary)
  - b. the spouse, partner or a dependent is sick
  - c. a family bereavement which requires leave
5. After twelve (12) months continuous employment with the employer, the employee is entitled to “parental leave”.
6. The employer will reimburse the employee all business related expenses, such as travel, accommodation, telephone tolls call charges and other expenses on presentation of a receipt and monthly expenses statement from the employee. Within this, the employee will be entitled to claim reimbursement of the following additional expenses:

7. The provision of a motor vehicle does not form part of this agreement and will be discussed as a separate arrangement. A separate Motor Vehicle Lease Agreement is attached.

### **Duties and Responsibilities**

The employee shall carry out the duties of E.V.P., initially directly responsible for:

- a. Develop and implement operational policies, strategic plans, and Annual Operating Plans to guide the CGI within the limits prescribed, delegated authority, and the framework of the strategic directions approved by the Board.
- b. Operate the CGI within established policies, maintain a regular policy review process, and revise or develop policies for presentation to the Board.
- c. Ensure the CGI operates within all regulatory requirements.
- d. Ensure the CGI operates within approved budgets and operating plans.
- e. Keep abreast of issues, which may significantly impact the CGI.
- f. Ensure the CGI meets audit requirements.
- g. Create and maintain an organizational environment that promotes positive staff morale and performance.
- h. Ensure effective human resources programs are developed and maintained to support the strategic goals of the CGI (includes recruiting, performance management, training, succession planning, employee relations, and compensation).
- i. Direct, motivate and maintain a competent, well-trained, flexible and responsive staff capable of meeting current and future needs.
- j. Develop and recommend the overall CGI organizational structure and staffing to the Board.
- k. Develop and maintain an annual Board-approved plan for the development and succession of management.
- l. Responsible for the financial accounting of the company.
- m. The employee's performance against agreed target will be reviewed at least every twelve (12) months with the Board of Director

In performing the duties, the employee shall diligently and faithfully serve the employer and use his/her best efforts to promote and protect the employer's interests. The employee shall devote the time and effort exclusively during normal business hours to discharge the duties. The employee may be asked to work outside these hours from time to time by a supervisor.

### **Confidentiality, Security, and Respect for Individual Rights**

1. The employee and the employer acknowledge that the terms and conditions of this agreement are to remain confidential.
2. No raw materials, stock, finished goods, or other property of the employer, its customers or suppliers, shall be removed from the premises without the specific approval of the employee's supervisor or another Manager.
3. The employee acknowledges that he/she has read, understood and agree to the company information, policies and health and safety guidelines in the "Employee Manual".

4. The employee shall respect and understand the individual rights of other staff at the employer.

### **Intellectual Property and Other Business Interests**

1. Except under proper performance of the employee's duties, the employee shall not divulge intellectual property information obtained, generated or acquired through employment regarding the business affairs, property, customers, clients, staff or principals of the employer.
2. The employee shall assign and disclose promptly to the employer any and all ideas, designs, inventions, developments or like when made in whole or part by the employee in the course of his/her employment, and to make and maintain adequate and current records thereof.
3. The employee shall not during the continuance of employment be employed, engaged, concerned or interested in any other business or any business which may compete in an material respect with the employer without the prior written consent of the employer.

### **Termination**

1. It is agreed that either party may terminate this employment contract by eight (8) weeks prior written notice or the employer may elect to make payment in lieu of such notice.
2. The employer may terminate the employee's employment without notice or payment (except as require by law) upon the occurrence of any of the following events:
  - The employer considers that the employee is guilty of serious misconduct which in the opinion of the employer justified summary dismissal.
  - The employee be guilty of any willful breach or continued neglect of duties or terms expressed or implied by this agreement or any duties which may from time to time be properly assigned to the employee.
  - In the opinion of the Board of Directors the employee has conducted himself/herself (whether or not in the course of his/her employment) in a manner likely to bring the employee or the employer into disrepute.
  - If in the opinion of the board of directors, the job position filled by the employee becomes redundant and the employer does not consider the employee suitable for any other position that is available, or there is no other position available, the employee will be entitled to eight (8) weeks prior written notice or the employer may elect to make payment in lieu of such notice.
3. Upon termination of the employee 's employment under this agreement for any reason whatsoever the employee must immediately return to the employer all types of documents and copies thereof within the employee's possession or control that relate to the intellectual property, affairs and business of the employer.
4. All physical property of the employer or property under the contractual control of the employer must immediately be returned to the employer.
5. Upon the termination of employment, the employee shall be entitled to be paid in respect of the annual holiday earned by the employee that have not already been enjoyed and

shall refund to the company, the wages in respect of holiday enjoyed by the employee that have not already been earned.

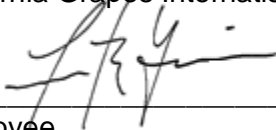
6. From the time of termination of employment the employee shall not for a period of twelve (12) months directly or indirectly solicit competition for the custom of the employer clients' who were clients within twelve (12) months prior to termination of the employee's employment, use the intellectual property of the employer or in any way be involved in a similar competitive business. The employee shall not directly or indirectly offer employment to any person who is or had recently been an employee of the employer.
7. This clause is intended to apply for the period specified after the date of the employee's termination of employment and whilst the employer continues trading in its present business activities.

**Illegality**

- If for any reason a provision of this agreement be declared invalid or unenforceable the remaining provisions shall not be affected or impaired.

**Signatures and Endorsements**

\_\_\_\_\_  
Officer  
California Grapes International, Inc



\_\_\_\_\_  
Employee  
in the presence of the undersigned witness.

**Bonus Agreement**

Mr. Yglesias,

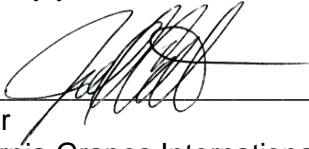
Your bonus program commenced as of May 31<sup>st</sup>, 2011 and consists of five (5) periods, each of which is twelve (12) months long ending on June 1<sup>st</sup>, in each of the years 2011 through 2016 (the "Bonus Periods").

Your bonus entitlement for each Bonus Period is \$500,000 and will be paid to, or on your behalf, as follows:

1. You must be an employee of the Company on the first and last days of each Bonus Period, except in the event of your death or disability (as defined for purposes of determining eligibility for Social Security disability benefits) in any Bonus Period.
2. In the event of your death or disability, your entitlement, will be prorated for the period of time during the Bonus Period during which the Company actively employed you.
3. California Grapes International, Inc. (the "CGI Stock") registered on any stock exchange at a 0.01 per share on at least 1 day in each Bonus Period; provided, however, in the event of your death or disability, the stock price must be attained within 90 days after either of said events, even if said 90 days extends into the next Bonus Period, unless the stock price was attained earlier in the Bonus Period in which your death or disability occurs.
4. Notwithstanding paragraph (1) above, the carried over amount will be paid to you, or on your behalf, even if you are not employed on the last day of the subsequent Bonus Period and are otherwise ineligible for any entitlement for such subsequent Bonus Period.
5. Payment of any amounts owing to you under this Agreement shall be made as soon as practicable after the end of the Bonus Period to which the payment relates; provided, however, any carried over amounts to which you may become entitled shall be paid as soon as practicable.
6. In the event of your death, any such amounts shall be paid to your designated beneficiary, or if none, to your estate.
7. In lieu of current payments described in paragraph (4) above, you may elect to defer part or all of each Bonus Year's entitlement pursuant to the provisions of CGI's Deferred Compensation Plan by making an irrevocable election prior to the beginning of each Bonus Period; provided, however, for the Bonus Period ending July 1<sup>st</sup> 2011, any deferral election must be made within 10 days of your agreement and acceptance of the terms and conditions stated herein.

This letter constitutes the complete agreement between us in respect to your bonus arrangements. If you are in agreement, please so indicate by signing and returning the original of this letter. A signed copy is provided for your records.

Very truly yours,



\_\_\_\_\_  
Officer  
California Grapes International, Inc.



## EMPLOYMENT CONTRACT

Employment contract between California Grapes International, Inc. (“employer”) and Jeffrey Crittenden (“employee”) of May 31st, 2011.

Whereas

The employer desires to contract the services of the employee in various facets of the business for a period of 5 years commencing on DATE, situated in 2360 Corporate Circle Suite 400 Henderson, NV 89074, in the particular role of Chief Executive Officer “C.E.O.”.

Now Therefore it is agreed as follows:

### Terms, Remuneration, Benefits, Leave and Other Conditions

8. The employer agrees to pay the employee a base salary of \$125,000.00 per annum payable by equal, monthly payments.
9. The employer may from time to time introduce and operate various incentive or bonus schemes to promote the best interests of the business. At the sole discretion of the board of Directors, the employee may be entitled to participate in such schemes. For the first three months of employment the employee shall not be entitled to a bonus.
10. The employee shall be entitled to all normal staff benefits including statutory holidays, 15 days annual leave (timing by mutual agreement), after six (6) months service and concessions from time to time granted by the employer. Such concessions may include agreed study/education time to complete tertiary qualifications.
11. Should the employee’s employment continue beyond six (6) months, the employee shall be entitled in each ensuing period of twelve (12) months up to five (5) days paid “special leave” which may be applied for when:
  - a. sick, (if more than two days a doctor’s certificate is necessary)
  - b. the spouse, partner or a dependent is sick
  - c. a family bereavement which requires leave
12. After twelve (12) months continuous employment with the employer, the employee is entitled to “parental leave”.
13. The employer will reimburse the employee all business related expenses, such as travel, accommodation, telephone tolls call charges and other expenses on presentation of a receipt and monthly expenses statement from the employee. Within this, the employee will be entitled to claim reimbursement of the following additional expenses:
14. The provision of a motor vehicle does not form part of this agreement and will be discussed as a separate arrangement. A separate Motor Vehicle Lease Agreement is attached.

## Duties and Responsibilities

The employee shall carry out the duties of C.E.O., initially directly responsible for:

- a. Develop and implement operational policies, strategic plans, and Annual Operating Plans to guide the CGI within the limits prescribed, delegated authority, and the framework of the strategic directions approved by the Board.
- b. Operate the CGI within established policies, maintain a regular policy review process, and revise or develop policies for presentation to the Board.
- c. Ensure the CGI operates within all regulatory requirements.
- d. Ensure the CGI operates within approved budgets and operating plans.
- e. Keep abreast of issues, which may significantly impact the CGI.
- f. Ensure the CGI meets audit requirements.
- g. Create and maintain an organizational environment that promotes positive staff morale and performance.
- h. Ensure effective human resources programs are developed and maintained to support the strategic goals of the CGI (includes recruiting, performance management, training, succession planning, employee relations, and compensation).
- i. Direct, motivate and maintain a competent, well-trained, flexible and responsive staff capable of meeting current and future needs.
- j. Develop and recommend the overall CGI organizational structure and staffing to the Board.
- k. Develop and maintain an annual Board-approved plan for the development and succession of management.
- l. Responsible for the financial accounting of the company.
- m. The employee's performance against agreed target will be reviewed at least every twelve (12) months with the Board of Director

In performing the duties, the employee shall diligently and faithfully serve the employer and use his/her best efforts to promote and protect the employer's interests. The employee shall devote the time and effort exclusively during normal business hours to discharge the duties. The employee may be asked to work outside these hours from time to time by a supervisor.

## Confidentiality, Security, and Respect for Individual Rights

5. The employee and the employer acknowledge that the terms and conditions of this agreement are to remain confidential.
6. No raw materials, stock, finished goods, or other property of the employer, its customers or suppliers, shall be removed from the premises without the specific approval of the employee's supervisor or another Manager.
7. The employee acknowledges that he/she has read, understood and agree to the company information, policies and health and safety guidelines in the "Employee Manual".
8. The employee shall respect and understand the individual rights of other staff at the employer.

## Intellectual Property and Other Business Interests

4. Except under proper performance of the employee's duties, the employee shall not divulge intellectual property information obtained, generated or acquired through employment regarding the business affairs, property, customers, clients, staff or principals of the employer.
5. The employee shall assign and disclose promptly to the employer any and all ideas, designs, inventions, developments or like when made in whole or part by the employee in the course of his/her employment, and to make and maintain adequate and current records thereof.
6. The employee shall not during the continuance of employment be employed, engaged, concerned or interested in any other business or any business which may compete in an material respect with the employer without the prior written consent of the employer.

### Termination

8. It is agreed that either party may terminate this employment contract by eight (8) weeks prior written notice or the employer may elect to make payment in lieu of such notice.
9. The employer may terminate the employee's employment without notice or payment (except as require by law) upon the occurrence of any of the following events:
  - The employer considers that the employee is guilty of serious misconduct which in the opinion of the employer justified summary dismissal.
  - The employee be guilty of any willful breach or continued neglect of duties or terms expressed or implied by this agreement or any duties which may from time to time be properly assigned to the employee.
  - In the opinion of the Board of Directors the employee has conducted himself/herself (whether or not in the course of his/her employment) in a manner likely to bring the employee or the employer into disrepute.
  - If in the opinion of the board of directors, the job position filled by the employee becomes redundant and the employer does not consider the employee suitable for any other position that is available, or there is no other position available, the employee will be entitled to eight (8) weeks prior written notice or the employer may elect to make payment in lieu of such notice.
10. Upon termination of the employee 's employment under this agreement for any reason whatsoever the employee must immediately return to the employer all types of documents and copies thereof within the employee's possession or control that relate to the intellectual property, affairs and business of the employer.
11. All physical property of the employer or property under the contractual control of the employer must immediately be returned to the employer.
12. Upon the termination of employment, the employee shall be entitled to be paid in respect of the annual holiday earned by the employee that have not already been enjoyed and shall refund to the company, the wages in respect of holiday enjoyed by the employee that have not already been earned.
13. From the time of termination of employment the employee shall not for a period of twelve (12) months directly or indirectly solicit competition for the custom of the employer clients'

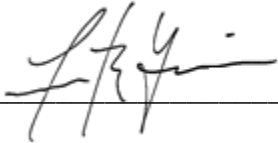
who were clients within twelve (12) months prior to termination of the employee's employment, use the intellectual property of the employer or in any way be involved in a similar competitive business. The employee shall not directly or indirectly offer employment to any person who is or had recently been an employee of the employer.

14. This clause is intended to apply for the period specified after the date of the employee's termination of employment and whilst the employer continues trading in its present business activities.

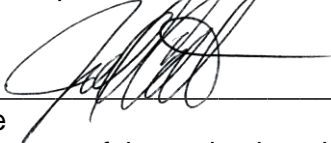
**Illegality**

- If for any reason a provision of this agreement be declared invalid or unenforceable the remaining provisions shall not be affected or impaired.

**Signatures and Endorsements**



\_\_\_\_\_  
Officer  
California Grapes International, Inc



\_\_\_\_\_  
Employee  
in the presence of the undersigned witness.

**Bonus Agreement**

Mr. Crittenden,

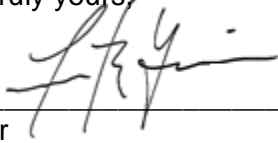
Your bonus program commenced as of May 31<sup>st</sup>, 2011 and consists of five (5) periods, each of which is twelve (12) months long ending on June 1<sup>st</sup>, in each of the years 2011 through 2016 (the "Bonus Periods").

Your bonus entitlement for each Bonus Period is \$500,000 and will be paid to, or on your behalf, as follows:

8. You must be an employee of the Company on the first and last days of each Bonus Period, except in the event of your death or disability (as defined for purposes of determining eligibility for Social Security disability benefits) in any Bonus Period.
9. In the event of your death or disability, your entitlement, will be prorated for the period of time during the Bonus Period during which the Company actively employed you.
10. California Grapes International, Inc. (the "CGI Stock") registered on any stock exchange at a 0.01 per share on at least 1 day in each Bonus Period; provided, however, in the event of your death or disability, the stock price must be attained within 90 days after either of said events, even if said 90 days extends into the next Bonus Period, unless the stock price was attained earlier in the Bonus Period in which your death or disability occurs.
11. Notwithstanding paragraph (1) above, the carried over amount will be paid to you, or on your behalf, even if you are not employed on the last day of the subsequent Bonus Period and are otherwise ineligible for any entitlement for such subsequent Bonus Period.
12. Payment of any amounts owing to you under this Agreement shall be made as soon as practicable after the end of the Bonus Period to which the payment relates; provided, however, any carried over amounts to which you may become entitled shall be paid as soon as practicable.
13. In the event of your death, any such amounts shall be paid to your designated beneficiary, or if none, to your estate.
14. In lieu of current payments described in paragraph (4) above, you may elect to defer part or all of each Bonus Year's entitlement pursuant to the provisions of CGI's Deferred Compensation Plan by making an irrevocable election prior to the beginning of each Bonus Period; provided, however, for the Bonus Period ending July 1<sup>st</sup> 2011, any deferral election must be made within 10 days of your agreement and acceptance of the terms and conditions stated herein.

This letter constitutes the complete agreement between us in respect to your bonus arrangements. If you are in agreement, please so indicate by signing and returning the original of this letter. A signed copy is provided for your records.

Very truly yours,

A handwritten signature in black ink, appearing to be "A. G. ...", written over a horizontal line.

Officer  
California Grapes International, Inc.