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Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

Pre-commencement communications pursuant to Rule 133-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

- Item 1.01 Entry Into a Material Definitive Agreement.
- Item 2.01 Completion of Acquisition or Disposition of Assets
- Item 3.02 Unregistered Sales of Equity Securities
- Item 5.01 Changes in Control of Registrant.
- Item 5.02 Departure of Directors or Principal Officers; Election of Directors; Appointment of Principal Officers

On August 16, 2006 we entered into and consummated a share exchange with all of the shareholders of China Direct Investments, Inc. ("CDI"). Pursuant to the share exchange, we acquired 100% of the issued and outstanding shares of CDI's common stock, in exchange for 10,000,000 shares of our common stock, which at closing represented approximately 95% of the issued and outstanding shares of our common stock. As a result of the transaction, CDI became our wholly owned subsidiary. Under the terms of the share exchange, the CDI shareholders received one (1) shares of our common stock for each share of CDI common stock owned by them prior to the transaction. In addition, all issued and outstanding options of CDI exercisable into 9,046,000 shares of CDI's common stock were cancelled and exchanged for identical options of Evolve exercisable into 9,046,000 shares of common stock of Evolve, at exercise prices ranging from \$.01 to \$10.00 and portions vesting periodically over the next three years. This share exchange, which was structured to be a tax-free exchange under the Internal Revenue Code of 1987, as amended, resulted in a change in our control, and was a reverse merger for accounting purposes with CDI as the accounting survivor. Alvin Siegel, our then sole officer and director resigned at the closing of the share exchange and Yuejian (James) Wang, Marc Siegel and David Stein, who are the officers and or directors of CDI, were appointed as follows: James Wang as Chief Executive Office and director, Marc Siegel as President and director, David Stein as Chief Operating Officer and director, and Jenny Liu as Vice President of Finance. The biographical information for these persons are described below under "Management." In addition, Evolve entered into employment agreements with each of the new officers, descriptions of which are described below under "Executive Compensation." No individuals or entities received any compensation, including finder's fees, in connection with the share exchange. The Share Exchange Agreement contains customary representations and warranties and cross-indemnification provisions.

This transaction, which resulted in CDI becoming a wholly owned subsidiary of our company, was exempt from registration under the Securities Act of 1933, as amended in reliance on an exemption provided by Section 4(2) of that Act. The participants were either accredited investors or non-accredited investors who had such knowledge and experience in financial, investment and business matters that they were capable of evaluating the merits and risks of the prospective investment in our securities. No general solicitation or advertising was used in connection with this transaction, and the certificates

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evidencing the shares that were issued contained a legend restricting their transferability absent registration under the Securities Act or the availability of an applicable exemption therefrom. The participants had access to business and financial information concerning our company and they each represented to us that they were acquiring the shares for investment purposes only, and not with a view towards distribution or resale except in compliance with applicable securities laws.

A copy of the Share Exchange Agreement is filed as Exhibit 10.8 to this report.

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Item 1.01 Entry into a Material Definitive Agreement.

On August 16, 2006, our Board of Directors authorized and holders of a majority of our outstanding common stock approved and adopted our 2006 Equity Compensation Plan. The purpose of the plan is to encourage stock ownership by our officers, directors, key employees and consultants, and to give these persons a greater personal interest in the success of our business and an added incentive to continue to advance and contribute to us. We have currently reserved 10,000,000 of our authorized but unissued shares of common stock for issuance under the plan, and a maximum of 10,000,000 shares may be issued, unless the plan is subsequently amended (subject to adjustment in the event of certain changes in our capitalization), without further action by our Board of Directors and stockholders, as required. Subject to the limitation on the aggregate number of shares issuable under the plan, there is no maximum or minimum number of shares as to which a stock grant or plan option may be granted to any person. Shares used for stock grants and plan options may be authorized and unissued shares or shares reacquired by us, including shares purchased in the open market. Shares covered by plan options which terminate unexercised will again become available for grant as additional options, without decreasing the maximum number of shares issuable under the plan, although such shares may also be used by us for other purposes. As of August 17, 2006 there are outstanding options to purchase 9,046,000 shares under the 2006 Equity Compensation Plan.

The plan is administered by our Board of Directors or an underlying committee. The Board of Directors or the committee determines from time to time those of our officers, directors, key employees and consultants to whom stock grants or plan options are to be granted, the terms and provisions of the respective option agreements, the time or times at which such options shall be granted, the type of options to be granted, the dates such plan options become exercisable, the number of shares subject to each option, the purchase price of such shares and the form of payment of such purchase price. All other questions relating to the administration of the plan, and the interpretation of the provisions thereof and of the related option agreements, are resolved by the Board or committee.

Plan options may either be options qualifying as incentive stock options under Section 422 of the Internal Revenue Code of 1986, as amended, or non-qualified options. Our officers, directors, key employees and consultants are eligible to receive stock grants and non-qualified options under the plan; only our employees are eligible to receive incentive options. In addition, the plan allows for the inclusion of a reload option provision which permits an eligible person to pay the exercise price of the option with shares of common stock owned by the eligible person and receive a new option to purchase shares of common stock equal in number to the tendered shares. Furthermore, compensatory stock grants may also be issued.

Any incentive option granted under the plan must provide for an

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exercise price of not less than 100% of the fair market value of the underlying shares on the date of grant, but the exercise price of any incentive option granted to an eligible employee owning more than 10% of our outstanding common stock must not be less than 110% of fair market value on the date of the grant. The term of each plan option and the manner in which it may be exercised is determined by the Board of Directors or the committee, provided that no option may be exercisable more than ten years after the date of its grant and, in the case of an incentive option granted to an eligible employee owning more than 10% of the common stock, no more than five years after the date of the grant. The exercise price of non-qualified options shall be determined by the Board of Directors or the Committee, but shall not be less than the par value of our common stock on the date the option is granted. The per share purchase price of shares issuable upon exercise of a Plan option may be adjusted in the event of certain changes in our capitalization, but no such adjustment shall change the total purchase price payable upon the exercise in full of options granted under the Plan.

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All incentive stock options expire on or before the 10th anniversary of the date the option is granted; however, in the case of incentive stock options granted to an eligible employee owning more than 10% of the common stock, these options will expire no later than five years after the date of the grant. Non-qualified options expire 10 years and one day from the date of grant unless otherwise provided under the terms of the option grant.

All plan options are nonassignable and nontransferable, except by will or by the laws of descent and distribution, and during the lifetime of the optionee, may be exercised only by such optionee. If an optionee dies while our employee or within three months after termination of employment by us because of disability, or retirement or otherwise, such options may be exercised, to the extent that the optionee shall have been entitled to do so on the date of death or termination of employment, by the person or persons to whom the optionee's right under the option pass by will or applicable law, or if no such person has such right, by his executors or administrators.

In the event of termination of employment because of death while an employee or because of disability, the optionee's options may be exercised not later than the expiration date specified in the option or one year after the optionee's death, whichever date is earlier, or in the event of termination of employment because of retirement or otherwise, not later than the expiration date specified in the option or one year after the optionee's death, whichever date is earlier. If an optionee's employment by us terminates because of disability and such optionee has not died within the following three months, the options may be exercised, to the extent that the optionee shall have been entitled to do so at the date of the termination of employment, at any time, or from time to time, but not later than the expiration date specified in the option or one year after termination of employment, whichever date is earlier. If an optionee's employment terminates for any reason other than death or disability, the optionee may exercise the options to the same extent that the options were exercisable on the date of termination, for up to three months following such termination, or on or before the expiration date of the options, whichever occurs first. In the event that the optionee was not entitled to exercise the options at the date of termination or if the optionee does not exercise such options (which were then exercisable) within the time specified herein, the options shall terminate. If an optionee's employment shall terminate for any reason other than death, disability or retirement, all right to exercise the option shall terminate not later than 90 days following the date of such termination of employment.

The plan provides that, if our outstanding shares are increased,

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decreased, exchanged or otherwise adjusted due to a share dividend, forward or reverse share split, recapitalization, reorganization, merger, consolidation, combination or exchange of shares, an appropriate and proportionate adjustment shall be made in the number or kind of shares subject to the plan or subject to unexercised options and in the purchase price per share under such options. Any adjustment, however, does not change the total purchase price payable for the shares subject to outstanding options. In the event of our proposed dissolution or liquidation, a proposed sale of all or substantially all of our assets, a merger or tender offer for our shares of common stock, the Board of Directors may declare that each option granted under the plan shall terminate as of a date to be fixed by the Board of Directors; provided that not less than 30 days written notice of the date so fixed shall be given to each participant holding an option, and each such participant shall have the right, during the period of 30 days preceding such termination, to exercise the participant's option, in whole or in part, including as to options not otherwise exercisable.

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The Board of Directors or committee may amend, suspend or terminate the plan at any time. However, no such action may prejudice the rights of any holder of a stock grant or optionee who has prior thereto been granted options under the plan. Further, no amendment to the plan which has the effect of increasing the aggregate number of shares subject to the plan (except for adjustments due to changes in our capitalization), or changing the definition of "eligible person" under the plan, may be effective unless and until approved by our stockholder in the same manner as approval of the plan was required. Any such termination of the plan shall not affect the validity of any stock grants or options previously granted thereunder. Unless the Plan is approved by the Company's stockholders within one year of the Effective Date, all incentive stock options shall automatically be converted into non-qualified stock options. Unless the plan shall previously have been suspended or terminated by the Board of Directors, the plan, as it relates to grants of incentive stock options, terminates on August 16, 2016.

Item 5.03 Amendments to Articles of Incorporation or Bylaws; Change in Fiscal Year

Evolve has filed a Certificate of Amendment to its Certificate of Incorporation which changes the name of the company to China Direct, Inc. The effective date of this corporate action will be the close of business on September 18, 2006. The action was approved by the company's Board of Directors and by the holders of a majority of its issued and outstanding capital stock by written consent on August 16, 2006.

FORM 10-SB DISCLOSURE

Item 2.01(f) of Form 8-K states that if the registrant was a shell company like we were immediately before the transaction disclosed under Item 2.01 (i.e. the reverse acquisition), then the registrant must disclose the information that would be required if the registrant were filing a general form for registration of securities on Form 10 or, as in our case, Form 10-SB.

Accordingly, we are providing below the information that would be included in a Form 10-SB if we were to file a Form 10-SB. Please note that the information provided below relates to the combined Company after the acquisition of CDI, except that information relating to periods prior to the date of the reverse acquisition only relate to the Company unless otherwise specifically indicated.

The Private Securities Litigation Reform Act of 1995 provides a "safe harbor" for forward-looking statements. This Current Report on Form 8-K contains

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forward-looking statements which reflect the views of the Registrant and its new members of management with respect to future events and financial performance. These forward-looking statements, including statements regarding the future plans of the Registrant, the development of the products and technologies owned by the Registrant and its subsidiary, and the market and need for those products, are subject to certain uncertainties and other factors that could cause actual results to differ materially from such statements. Forward-looking statements are identified by words such as "anticipates," "believes," "estimates," "expects," "plans," "projects," "targets" and similar expressions. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statement was made. The Registrant undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

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All share and per share information contained in this annual report gives effect to the 250 for 1 (250:1) reverse stock split effective January 31, 2003, a one for eight (1:8) forward stock split effective December 3, 2004, and a 100 for 1 (100:1) reverse stock split effective June 28, 2006.

ITEM 1. DESCRIPTION OF BUSINESS

During fiscal 2005 our operations consisted of two Internet based businesses, StogiesOnline.com and AuctionStore.com. StogiesOnline.com was an online distributor and retailer of brand name premium cigars. AuctionStore.com was an eBay(R) Trading Assistant and Internet-based seller of consigned merchandise whose primary medium of sales is eBay(R). While we reported sales from these operations of \$114,904 for the nine months ended September 30, 2005, as a result of competition in the marketplace and a lack of sufficient working capital, during October 2005 we determined that our business model was unprofitable and decided to discontinue the balance of our operations.

As a result of the discontinuation of our operations we sought to acquire assets or shares of an entity actively engaged in business which generates revenues, in exchange for our securities. On August 16, 2006 we entered into and consummated a share exchange with all of the shareholders of China Direct Investments, Inc. ("CDI"). Pursuant to the share exchange, we acquired 100% of the issued and outstanding shares of CDI's common stock, in exchange for 10,000,000 shares of our common stock, which at closing represented approximately 95% of the issued and outstanding shares of our common stock. As a result of the transaction, CDI became our wholly owned subsidiary.

CHINA DIRECT INVESTMENTS, INC.

China Direct Investments, Inc. provides specialized business consulting services exclusively to Chinese companies seeking access to the U.S. capital markets. Based upon both our experiences during our first year of operation as well as the professional experience of our principals, during the second quarter of fiscal 2006 we expanded the scope of our company through the establishment of two additional operating divisions as discussed below. Our mission is to create a platform to support, develop and nurture business opportunities arising from the opening of markets in the People's Republic of China (the "PRC" or "China"). We believe that the combined resources of our three divisions, CDI Holdings, CDI Consulting and CDI International Trading, working in tandem will create a resource equipped to offer comprehensive business solutions to Chinese companies enabling them to successfully access the U.S. markets.

Our three operating divisions include:

* CDI Holdings. The goal of CDI Holdings, one of our newly established operating divisions, is to acquire majority interests in a variety of Chinese

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companies engaged in operations which we believe will benefit from the continuing growth of the Chinese economy. Examples of industries in which we will focus our efforts include manufacturing, technology, mining, healthcare, packaging, food & beverage, and import & export. We initially intend to target companies that are small to medium sized entities, generally including companies with less than \$100 million (U.S.) in annual revenue, which we believe offer the greatest opportunities for growth.

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We believe that China, which gained acceptance to the World Trade Organization in 2001, is one of the world's largest and fastest growing economies. We believe that the rapid development of the economy is upgrading the quality of small to medium sized entities. We believe that China's increasingly deregulated markets, new emerging technologies and changing social perspectives have created a whole new class of young energetic entrepreneurs with great ambitions, local market expertise, solid business development track records, but often limited financial resources. We believe there is tremendous growth potential in this sector. We believe, despite robust economic conditions and great perspectives for the future, growth of Chinese private businesses are greatly hindered by inadequacies of their financial sector, which is generally recognized to still be in need of further reforms and improvements. We believe the financial system in China, controlled by the government, does not have sufficiently developed mechanisms to efficiently allocate capital. We believe the financial markets are geared primarily towards the larger well-established and best-connected firms, which are generally state-owned entities, the privileged remnants of the old communist economy. We believe access to capital by smaller companies is often limited to black market debt instruments with interest rates exceeding 30% annually. Consequently, we believe many private entities, which in effect stimulate economic growth and provide new local employment opportunities, have been forced to look for alternative funding. We believe that as the Chinese economy continues to grow and smaller companies continue to need capital to participate in this growth, as a result of the limited options available to them these small to medium sized companies will seek alternative ways to finance their internal growth.

Our business model for CDI Holdings envisions the acquisition of a majority interest of a Chinese entity, in a share exchange, with the amount of our common stock issued in the transaction directly related to the shareholder equity of the acquisition target. We would then utilize resources available to us by virtue of our public company status to provide the necessary capital to our subsidiary to enable it to grow its business and operations. Based upon our early stage discussions with several investment banking firms, we believe that we would be able to use the assistance of an investment banking firm to raise additional capital as needed upon terms which would be acceptable to us.

At this time while we have preliminarily identified several potential acquisition targets, we do not have binding agreements or letters of intent with any companies nor do we have any firm commitments from any third parties to provide additional working capital to our company.

* CDI Consulting. CDI Consulting is a full service advisory division specializing in small Chinese-based companies which are traded on the U.S. public markets. We offering a comprehensive suite of services tailored to the specific needs of our clients. The menu of services offered by CDI Consulting includes:

- * U.S. representative offices
- * Translation - English/Chinese
- * General business consulting services
- * Merger and acquisition strategy planning and analysis
- * Advice on U.S. capital markets, including assessment of potential

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- sources of investment capital
- * Coordination of professional resources
- * Corporate asset evaluation
- * Public relations and seminars
- * Advice and structure assistance for strategic alliances, partnerships and joint ventures
- * Modeling/valuation analysis

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We enter into agreements with our clients which are generally for 12 months and the amount of our fee is based upon the scope of the services we provide under the engagement. For the year ended December 31, 2005 and the six months ended June 30, 2006, we had consulting agreements with and earned revenues from, the following clients:

	12/31/2005			6/30/
Linkwell Corporation	\$ 301,150	20%	\$	-
Sunwin International Neutraceuticals, Inc.	\$ 362,278	24%	\$	93,150
Dragon International Group Corp.	\$ 44,000	3%	\$	90,000
Dragon Capital Group Corp.	\$ 795,000	52%	\$	145,000
CIIC (Shanghai)			\$	39,480

Linkwell Corporation (OTCBB: LWLL), a Florida corporation, which is located in Shanghai, China, specializes in the development, production, sale, and distribution of disinfectant health care products ("Linkwell"). On August 24, 2005, Linkwell engaged us as a consultant to advise its management in areas related to marketing and operational support in the U.S., media and public relations, mergers and acquisitions, financial advisory and SEC disclosure compliance. In addition, we also provide Linkwell with translation services for both English and Chinese documents. Under the terms of our one year agreement, we received 2,000,000 shares of common stock of Linkwell, valued at \$160,000, as compensation for our services, and we were granted three year warrants to purchase 2,125,000 shares common stock of Linkwell at an exercise price of \$0.20 per share commencing in January 2006. Linkwell also agreed to pay us additional fees for our services as may be mutually agreed upon

Sunwin International Neutraceuticals, Inc. (OTCBB: SUWN) a Nevada corporation, manufactures and sells stevioside, a natural sweetener, veterinary products and herbs used in traditional Chinese medicine, with all of their operations located in the People's Republic of China ("Sunwin"). In January 2006 we entered into a three year agreement with Sunwin pursuant to which we have been engaged to provide support to Sunwin in a variety of areas, including general business consulting, translation services, management of professional resources, identification of potential acquisition targets and investment sources, development of marketing plans and coordination of its public disclosure. As compensation for our services, we received an aggregate of 3,670,000 shares of Sunwin's common stock, which included shares to be issued to us as compensation under a prior June 2005 agreement, for an aggregate compensation value of \$558,900. The agreement may be terminated by either party upon 30 days notice, however, the compensation paid to us is non refundable.

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Dragon International Group Corp. (OTCBB: DRGG), a Nevada corporation, manufactures and distributes paper and integrated packaging paper products with all of their operations located in the People's Republic of China

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("Dragon International"). In January 2006 we entered into a three year agreement with Dragon International pursuant to which we have been engaged to provide support to Dragon International in a variety of areas, including general business consulting, translation services, management of professional resources, identification of potential acquisition targets and investment sources, development of marketing plans and coordination of its public disclosure. As compensation for our services, we received an aggregate of 6,000,000 shares of Dragon International's common stock, for an aggregate compensation value of \$54,000. The agreement may be terminated by either party upon 30 days notice, however, the compensation paid to us is non refundable.

Dragon Capital Group Corp., (PINK SHEETS: DRGV), a Nevada corporation, is a holding company for emerging technology companies in China ("Dragon Capital"). In January 2005 we entered into a three year agreement with Dragon Capital pursuant to which we have been engaged to provide support to Dragon Capital in a variety of areas, including general business consulting, translation services, management of professional resources, identification of potential acquisition targets and investment sources, development of marketing plans and coordination of its public disclosure. As compensation for our services, we received an aggregate of 30,000,000 shares of Dragon Capital's common stock, for an aggregate compensation value of \$735,000. The agreement may be terminated by either party upon 30 days notice, however, the compensation paid to us is non refundable.

CIIC Investment Banking Services (Shanghai) Company Limited, a Chinese limited liability company, is a consulting company assisting Chinese entities to access the U.S. capital markets ("CIIC Shanghai"). In February 2005 we entered into a three year mutual agreement with CIIC Shanghai pursuant to which we have been engaged to provide support to CIIC Shanghai, and we engaged CIIC Shanghai to provide us with support, each to provide such services in a variety of areas, including general business consulting, translation services, management of professional resources, identification and strategy planning of potential acquisition targets and investment sources, development of marketing plans, due diligence on potential clients, and assistance with GAAP auditing. CIIC Shanghai and CDI shall pay fees and expenses to each other as determined on a case-by-case basis. The agreement may be terminated by either party upon 30 days notice, however, the compensation paid to either party is non refundable. Marc Siegel, president of CDI and Evolve, is also the chairman of the board and a 20% owner of CIIC Shanghai. Dr. Yuejian (James) Wang, CEO of CDI and Evolve, is also a director of CIIC Shanghai.

CDI International Trading. CDI International Trading is the second of our recently formed operating divisions and it was created to support international trade efforts of future subsidiaries and our consulting-client companies. CDI International Trading intends to represent these manufacturers and exporters in the marketing of their products in the U.S. and arranging their import requirements. We anticipate that the menu of services to be provided by CDI International Trading will include:

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- Import Export Licenses
- Warehousing
- Freight Forwarding
- Customs
- Distribution
- Logistics

CDI International Trading will generate revenues from management of the import export functions. In certain cases CDI will generate a fixed fee based on

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the management of the import export process. In certain cases CDI will generate a fee based on the amount of product sold, distributed, shipped, etc.

Marketing

We have established what we believe to be effective relationships and contacts with various governmental agencies, public institutions, and private industries in China at both the national and provincial levels. In addition, we have established a relationship with China International Intellecotech Corporation ("CIIC") through a relationship we have with CIIC Investment Banking Services (Shanghai) Company Limited, a joint venture principally owned by CIIC and owned 20% by Marc Siegel, our president, director and a principal shareholder. CIIC is headquartered in Beijing, is one of the 120 key enterprises directly under the management of the State-owned Assets Supervision and Administration Commission of the State Council of China, and since 2003 has been rated as an outstanding service company by the State-owned Assets Supervision and Administration Commission of the State Council, becoming one of the 56 first-class entities directly under the management of the Central Government. CIIC has 60 subsidiaries in the PRC and abroad with annual revenues exceeding \$1 billion in 2005. We believe the CIIC name is a well-recognized brand in China. CIIC Investment Banking Services (Shanghai) Company Limited primarily serves as a marketing company and sources private companies in China seeking to access the U.S. capital markets. This is done through a variety of marketing techniques; sponsor symposiums, individual relationships and trade conferences. We also have developed a business conference program in China. We also sponsor a series of business conferences which seek to educate the private sector in China on ways to access the U.S. Capital markets. The business conference program has been instrumental in promoting the name of China Direct Investments, Inc. to the private sector in China. We believe that these relationships and the continuation of our business conference program in China will assist our marketing efforts to continue to grow our client base as well as providing opportunities to identify potential acquisition targets for CDI Holdings.

Competition

We are a young company with a limited operating history for our CDI Consulting division and no operating history for our other two, newly formed divisions. The majority of our operational focus is on identifying and closing one or more acquisitions for our CDI Holdings division. In identifying, evaluating and selecting target businesses, CDI Holdings may encounter intense competition from other entities having a business objective similar to ours, including leveraged buyout and other private equity funds, operating businesses and other entities and individuals, both foreign and domestic, competing for business combinations with Chinese-based companies. Many of these entities are well established and have extensive experience identifying and effecting business combinations directly or through affiliates. Most of these competitors possess greater financial, marketing, technical, human and other resources than we do, and our financial resources will be relatively limited when contrasted with those of many of these competitors. While we believe there are numerous potential target businesses that may be available to us through the leverage of our relationships with our consulting clients as well as an alliance with CIIC Investment Banking Services (Shanghai) Company, Limited, our ability to compete in acquiring certain sizable target businesses will be limited by our available financial resources.

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CDI Consulting competes with a range of companies, from large management consulting companies that offer a broad range of consulting services, to small firms and independent contractors that provide specialized services. Some of our competitors have significantly more financial resources, larger

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professional staffs and greater brand recognition than we do. Since our consulting business depends in a large part on professional relationships, our business has low barriers of entry for competitors. We believe that our ability to successfully compete for new consulting clients and to retain our existing clients is dependent upon our ability to offer a wide range of services and to effectively respond to our client's needs on a timely and cost effective basis. We cannot assure you that we will compete successfully for new business opportunities or retain our existing clients.

Our CDI International division will compete against a number of existing import and export companies. The vast majority of these competitors have longer operating histories than our company in this specialized area. We do not, however, presently intend to provide these services to companies other than our subsidiaries and consulting clients.

Government regulation

Doing Business in the PRC

If we are successful in acquiring one or more operating companies which are located in China, we will be subject to the PRC legal system. Since 1979, many laws and regulations addressing economic matters in general have been promulgated in the PRC. Despite development of its legal system, the PRC does not have a comprehensive system of laws. In addition, enforcement of existing laws may be uncertain and sporadic, and implementation and interpretation thereof inconsistent. The PRC judiciary is relatively inexperienced in enforcing the laws that exist, leading to a higher than usual degree of uncertainty as to the outcome of any litigation. Even where adequate law exists in the PRC, it may be difficult to obtain swift and equitable enforcement of such law, or to obtain enforcement of a judgment by a court of another jurisdiction. The PRC's legal system is based on written statutes and, therefore, decided legal cases are without binding legal effect, although they are often followed by judges as guidance. The interpretation of PRC laws may be subject to policy changes reflecting domestic political changes. As the PRC legal system develops, the promulgation of new laws, changes to existing laws and the preemption of local regulations by national laws may adversely affect foreign investors. The trend of legislation over the past 20 years has, however, significantly enhanced the protection afforded foreign investors in enterprises in the PRC. However, there can be no assurance that changes in such legislation or interpretation thereof will not have an adverse effect upon our future business operations or prospects.

Economic Reform Issues

Since 1979, the Chinese government has reformed its economic systems. Many reforms are unprecedented or experimental; therefore they are expected to be refined and improved. Other political, economic and social factors, such as political changes, changes in the rates of economic growth, unemployment or inflation, or in the disparities in per capita wealth between regions within China, could lead to further readjustment of the reform measures. We cannot predict if this refining and readjustment process may negatively affect our operations in future periods.

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Over the last few years, China's economy has registered a high growth rate. Recently, there have been indications that rates of inflation have increased. In response, the Chinese government recently has taken measures to curb this excessively expansive economy. These measures have included devaluations of the Chinese currency, the Renminbi, restrictions on the availability of domestic credit, reducing the purchasing capability of certain of its customers, and limiting re-centralization of the approval process for

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purchases of some foreign products. These austerity measures alone may not succeed in slowing down the economy's excessive expansion or control inflation, and may result in severe dislocations in the Chinese economy. The Chinese government may adopt additional measures to further combat inflation, including the establishment of freezes or restraints on certain projects or markets. There can be no assurance that the reforms to China's economic system will continue or that there will not be changes in China's political, economic, and social conditions and changes in policies of the Chinese government, such as changes in laws and regulations, measures which may be introduced to control inflation, changes in the rate or method of taxation, imposition of additional restrictions on currency conversion and remittance abroad, and reduction in tariff protection and other import restrictions.

China's Accession into the WTO

On November 11, 2001, China signed an agreement to become a member of the World Trade Organization ("WTO"), the international body that sets most trade rules, further integrating China into the global economy and significantly reducing the barriers to international commerce. China's membership in the WTO was effective on December 11, 2001. China has agreed, upon its accession to the WTO, to reduce tariffs and non-tariff barriers, remove investment restrictions, provide trading and distribution rights for foreign firms, and open various service sectors to foreign competition. China's accession to the WTO may favorably affect our business in that reduced market barriers and a more transparent investment environment will facilitate increased investment opportunities in China, while tariff rate reductions and other enhancements will enable us to develop better investment strategies for our clients. In addition, the WTO's dispute settlement mechanism provides a credible and effective tool to enforce members' commercial rights.

Investment Company Act of 1940

U.S. companies that have more than 100 shareholders or are publicly traded in the U.S. and are, or hold themselves out as being, engaged primarily in the business of investing, reinvesting or trading in securities are subject to regulation under the Investment Company Act of 1940. While we do not believe China Direct is an "investment company" within the scope of the Investment Company Act of 1940, historically we have accepted shares of a consulting client's securities as compensation for our services. During the time China Direct was privately held, the holding of these securities did not make us subject to the Investment Company Act of 1940 as we did not meet the shareholder numerical test. Following the share exchange with the Registrant, Evolve One, Inc., however, while our business model has not changed, by virtue of the percentage of the value of marketable equity securities we hold (which were received as compensation for our services and not purchased as an investment) under certain circumstances we could be subject to the provisions of the Investment Company Act of 1940.

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Because Investment Company Act regulation is, for the most part, inconsistent with our strategy of providing business consulting services and overseeing the operations of our subsidiaries, we cannot feasibly operate our business as a registered investment company. Our board of directors has adopted a resolution stating that it is not our intent to become subject to the Investment Company Act of 1940 and authorizing our officers to take such actions as are necessary, including the periodic liquidation of any marketable equity securities we may own to reduce those holdings below the threshold level as prescribed by the Investment Company Act of 1940. If we are deemed to be, and are required to register as, an investment company, we will be forced to comply with substantive requirements under the Investment Company Act of 1940, including:

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- * limitations on our ability to borrow;
- * limitations on our capital structure;
- * restrictions on acquisitions of interests in associated companies;
- * prohibitions on transactions with affiliates;
- * restrictions on specific investments; and
- * compliance with reporting, record keeping, voting, proxy disclosure and other rules and regulations.

Employees

As of August 16, 2006 we have 6 full time employees, all based in the U.S. We believe our employee relations to be good.

Legal proceedings

We are not a party to any pending or threatened legal proceedings.

History of our company

China Direct was incorporated under the laws of the State of Florida on January 18, 2005.

On August 16, 2006 CDI and the holders of all the issued and outstanding shares of CDI entered into and consummated a share exchange with the Registrant, Evolve One, Inc. Pursuant to the share exchange, the Registrant acquired 100% of the issued and outstanding shares of CDI's common stock, in exchange for 10,000,000 shares of the Registrant's common stock, which at closing represented approximately 95% of the issued and outstanding shares of the Registrant's common stock. As a result of the transaction, CDI became a wholly owned subsidiary of the Registrant.

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HISTORY OF EVOLVE

We were incorporated on June 7, 1999 in Delaware initially under the name Caprock Corporation to engage in any lawful corporate undertaking, including, but not limited to, selected mergers and acquisitions. On November 26, 1999, International Internet, Inc., a Delaware corporation, acquired 100% of our issued and outstanding stock from TPG Capital Corporation, our sole stockholder, pursuant to a stock purchase agreement in exchange for 5,000 shares of common stock of International Internet, Inc. In December 1999 Caprock was merged into International Internet with International Internet being the surviving company. Effective November 21, 2000, International Internet changed its name to Evolve One, Inc.

Our original business was operated as a developmental stage company in Mr. Cigar, Inc. which was formed in May 1997. Mr. Cigar was in the business of licensing, selling and/or operating cigar vending machines. We formed StogiesOnline.com, Inc. in April 1999. StogiesOnline was an online distributor and retailer of brand name premium cigars within the United States. As a result of the initial success of the StogiesOnline website, we refocused our resources in 1999 into the Internet cigar sales market and other specialty goods. We sold the vending equipment and business of Mr. Cigar in December 1999. As described earlier in this section, in October 2005 we discontinued the operations of StogiesOnline.com.

In February 1999, we formed GoldOnline.com, Inc. for the purpose of acquiring the domain name GoldOnline.com. The domain name was acquired for

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\$25,000 and 320 shares of our common stock. In June 1999, we sold 100% of the issued and outstanding stock in GoldOnline.com, Inc. for 10,000,000 shares of the common stock of GoldOnline International, Inc. resulting in no gain or loss to us.

We formed Web Humidor.com Corp. in April 1999. for the purpose of acquiring the domain name WebHumidor.com. The domain name was acquired for \$3,000 and 30,000 shares of WebHumidor.com, Corp. common stock and 32 shares of our common stock. This subsidiary remains inactive.

We acquired American Computer Systems ("ACS") effective September 30, 1999 for \$150,000. We sold 80% of our investment effective March 31, 2001 for \$500,000, and on September 11, 2001 we sold the remaining 20% interest to an ACS officer in exchange for discharge of any liabilities of ACS.

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We acquired 90% of the capital stock of TheBroadcastWeb.com, Inc. in June 1999 for \$18,000 cash and 12 shares of our common stock. On December 14, 2001, we sold our interest to NYCLE Acquisition Corp. Under the terms of the transaction, the purchaser assumed substantially all of the on-going liabilities of TheBroadcastWeb.com, Inc. and we received certain advertising time which was valued at approximately \$100,000, consisting of two ad spots per hour, per format for a two year period. The purchaser did not assume an intra-company payable or any liabilities for outstanding federal, state and local taxes as well as payroll obligations incurred prior to December 15, 2001.

On September 28, 2001, we formed A1DiscountPerfume Inc. and in October 2001, launched a new e-commerce site specializing in men's and women's fragrances. As a result of an increase in charge backs related to the unauthorized use of credit cards by third parties to make online purchases of merchandise from A1DiscountPerfume, as well as significant competition within this market segment, as of December 31, 2004 we discontinued the operations of A1Discount Perfume Inc.

On June 25, 2004, we purchased the URL www.Auctionstore.com for \$6,500. On July 22, 2004 we formed, Auctionstore.com which was to function as an Internet-based seller of consigned merchandise whose primary medium of sales is eBay(TM). In May 2005 we formed a new subsidiary, AuctionStore Franchise Corp., to market and service franchises of AuctionStore.com. This subsidiary is inactive. As described earlier in this section, in October 2005 we discontinued the operations of AuctionStore.com.

RISK FACTORS

Before you invest in our securities, you should be aware that there are various risks. You should consider carefully these risk factors, together with all of the other information included in this Current Report on Form 8-K before you decide to purchase our securities. If any of the following risks and uncertainties develop into actual events, our business, financial condition or results of operations could be materially adversely affected and you could lose all of your investment in our company.

We have limited history of operations and we cannot assure you that our business model will be successful in the future or that our operations will be profitable.

China Direct began operations in January 2005 and, accordingly, investors have a limited history of operations upon which to evaluate our business. While we reported comprehensive income of \$506,133 and \$1,214,972 for the fiscal year ended December 31, 2005 and the six months ended June 30, 2006,

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respectively, our operating results for future periods will include significant expenses, including marketing costs, and administrative and general overhead expenses, which we will incur as we implement our business model to expand our operations, as well as increased legal and accounting fees we will incur as a public company following the reverse merger. As a result, we are unable to predict whether we will achieve profitability in the future. There can be no assurances whatsoever that we will be able to successfully implement our business model, identify and close acquisitions of operating companies, penetrate our target markets or attain a wide following for our services. We are subject to all the risks inherent in an early stage enterprise and our prospects must be considered in light of the numerous risks, expenses, delays, problems and difficulties frequently encountered in those businesses.

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The success of our business model is dependent upon our ability to identify and close acquisitions of operating companies in China. The acquisition of new businesses is costly and such acquisitions may not enhance our financial condition.

Our primary business and operational focus is on our CDI Holdings division. Our growth strategy is to acquire companies and identify and acquire assets and technologies from businesses in China that have services, products, technologies, industry specializations or geographic coverage that extend or complement our existing business. The process to undertake a potential acquisition is time-consuming and costly. We expect to expend significant resources to undertake business, financial and legal due diligence on our potential acquisition targets and there is no guarantee that we will acquire the company after completing due diligence. The process of identifying and consummating an acquisition could result in the use of substantial amounts of cash, potentially dilutive issuances of equity securities and exposure to undisclosed or potential liabilities of acquired companies. If we are successful in closing one or more acquisitions, there are no assurances that the operations of these business will enhance our future financial conditions including to the extent that the businesses acquired in these transactions do not remain competitive, some or all of the goodwill related to that acquisition could be charged against our future earnings, if any.

Our management may be unable to effectively integrate our acquisitions and to manage our growth and we may be unable to fully realize any anticipated benefits of these acquisitions.

We are subject to various risks associated with our growth strategy, including the risk that we will be unable to identify and recruit suitable acquisition candidates in the future or to integrate and manage the acquired companies. We face particular challenges in that our acquisition strategy is based on Chinese-based target companies. Acquired companies' histories, the geographical location, business models and business cultures will be different from ours in many respects. Even if we are successful in identifying and closing acquisitions of companies, our directors and senior management will face significant challenges in their efforts to integrate the business of the acquired companies or assets and to effectively manage our continued growth. Any future acquisitions will be subject to a number of challenges, including:

- * the diversion of management time and resources and the potential disruption of our ongoing business;
- * difficulties in maintaining uniform standards, controls, procedures and policies; potential unknown liabilities associated with acquired businesses;
- * the difficulty of retaining key alliances on attractive terms

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- with partners and suppliers; and
- * the difficulty of retaining and recruiting key personnel and maintaining employee morale.

There can be no assurance that our efforts to integrate the operations of any acquired assets or companies will be successful, that we can manage our growth or that the anticipated benefits of these proposed acquisitions will be fully realized.

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The Investment Company Act of 1940 will limit the value of securities we can accept as payment for our business consulting services which may limit our future revenues.

All of our revenues to date have been generated from our business consulting services. We have historically accepted stock as payment for our these services and may continue to do so in the future, but only to the extent that it does not cause us to become an investment company under the Investment Company Act 1940. To the extent that we are required to reduce the amount of stock we accept as payment for our business consulting services to avoid becoming an investment company, our future revenues from our business consulting services may substantially decline if our client companies cannot pay our fees in cash which will materially adversely effect our financial condition and results of operations in future periods. Any future change in our fee structure for our business consulting services could also severely limit our ability to attract business-consulting clients in the future.

We may be unable to pay our income taxes on a timely basis.

For the six months ended June 30, 2006 we recorded an income tax expense of \$118,189 and for the period of January 18, 2005 (inception) to June 30, 2005 we recorded an income tax benefit of \$(73,039). As we report profitable operations we are required to record income tax expenses on those operations. However, as the majority of our revenues are paid to us in securities, some of which are not freely saleable by us at the time received, our revenue model creates a risk that we will not have sufficient cash resources to satisfy our tax obligations as they become due. At June 30, 2006 our balance sheet reflects a liability for income tax which is payable on revenues we have recognized of \$100,503, together with a liability for income tax which will be due on deferred revenues when recognized of \$975,196. We will need to raise additional working capital to pay income taxes. Based upon our early stage discussions with several investment banking firms, we believe that we will be able to raise additional capital as needed upon acceptable terms; however, we cannot assure you that we will be able to raise the working capital as needed in the future on terms acceptable to us, if at all. If we do not raise funds as needed, we may be unable to timely pay our income taxes.

We cannot assure you that the current Chinese policies of economic reform will continue. Because of this uncertainty, there are significant economic risks associated with doing business in China.

Although the majority of productive assets in China are owned by the Chinese government, in the past several years the government has implemented economic reform measures that emphasize decentralization and encourage private economic activity. In keeping with these economic reform policies, the PRC has been openly promoting business development in order to bring more business into the PRC. Because these economic reform measures may be inconsistent or ineffectual, there are no assurances that:

- * the Chinese government will continue its pursuit of economic reform

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policies;

- * the economic policies, even if pursued, will be successful;
- * economic policies will not be significantly altered from time to time; and
- * business operations in China will not become subject to the risk of nationalization.

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We cannot assure you that we will be able to capitalize on these economic reforms, assuming the reforms continue. Because our business model is dependent upon the continued economic reform and growth in China, any change in the Chinese governments policies could materially adversely effect our ability to implement our business model. China's economy has experienced significant growth in the past decade, but such growth has been uneven across geographic and economic sectors and has recently been slowing. Even if the Chinese government continues its policies of economic reform, there are no assurances that economic growth in that country will continue our that we will be able to take advantage of these opportunities in a fashion that will provide financial benefit to our company.

We will need additional financing which we may not be able to obtain on acceptable terms.

We will need to raise additional working capital to implement our business model. While our business model contemplates the issuance of equity securities for the stock of the acquired company, capital may be needed for the acquisition of companies. Capital will also be needed for the effective integration, operation and expansion of these businesses. Our future capital requirements, however, depend on a number of factors, including the financial condition of an acquisition target and its needs for capital, our ability to grow revenues from other sources, our ability to manage the growth of our business and our ability to control our expenses. Based upon our early stage discussions with several investment banking firms, we believe that we will be able to raise additional capital as needed upon acceptable terms; however, we cannot assure you that we will be able to raise the working capital as needed in the future on terms acceptable to us, if at all. If we do not raise funds as needed, we will be unable to fully implement our business model.

Additional capital raising efforts in future periods may be dilutive to our then current stockholders or result in increased interest expense in future periods.

In our future capital raising efforts we may seek to raise additional capital through the sale of equity and debt securities or a combination thereof. If we raise additional capital through the issuance of debt, this will result in increased interest expense. If we raise additional funds through the issuance of equity or convertible debt securities, the percentage ownership of our company held by existing stockholders will be reduced and those stockholders may experience significant dilution. In addition, new securities may contain certain rights, preferences or privileges that are senior to those of our common stock.

The value of the equity securities we occasionally accept as compensation are subject to adjustment which could result in losses to us in future periods.

Historically we have accepted equity securities of consulting clients as compensation for our consulting services. These securities are reflected on our balance sheet as "investment in marketable securities held for sale." We evaluate quarterly the carrying value of each investment for a possible increase

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or decrease in value. Because we do not want to be considered an investment company, it is to our benefit to keep the carrying values of these securities as low as possible. This review may result in an adjustment to their carrying value which could adversely affect our operating results for the corresponding quarters in that we might be required to reduce our carrying value of the investments. In addition, if we are unable to liquidate these securities, we will be required to write off the investments which would adversely affect our financial position.

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Acquisition efforts in future periods may be dilutive to our then current stockholders.

We intend to consummate acquisitions in the future through the issuance of equity or convertible debt securities. As a result, the percentage ownership of our company held by existing stockholders will be reduced and those stockholders may experience significant dilution. In addition, new securities may contain certain rights, preferences or privileges that are senior to those of our common stock.

The Company is dependent upon its management and its ability to hire key personnel.

The success of the Company will be largely dependent on the personal efforts of Yuejian (James) Wang, Marc Siegel and David Stein. Although we have employment agreements with these officers, the loss of the services of any of them would have a material adverse effect on our business and prospects. In addition, in order for us to undertake our operations as contemplated, it will be necessary for us to locate and hire experienced personnel who are bilingual and knowledgeable in the US capital markets, the China markets and GAAP accounting standards. Our failure to attract and retain such experienced personnel on acceptable terms would have a material adverse impact on our ability to grow our business.

If we experience customer concentration, we may be exposed to all of the risks faced by our material customers.

For the six months ended June 30, 2006, revenues from four of our clients represented approximately 37 %, approximately 23%, approximately 24% and approximately 10% of our total net revenues. For the fiscal year ended December, 31 2005, revenues from three of our clients represented approximately 52%, approximately 24% and approximately 20% of our total net revenues, two of these clients represented 24% and 23% at June 30, 2006. Unless we maintain multiple client relationships, it is likely that we will experience periods during which we will be dependent on a limited number of clients. Dependence on a few clients could make it difficult to negotiate attractive fees for our services and could expose us to the risk of substantial losses if a single dominant client stops conducting business with us. Moreover, to the extent that we are dependent on any single client, we are subject to the risks faced by that client to the extent that such risks impede the client's ability to stay in business and make timely payments to us.

We have not voluntarily implemented various corporate governance measures, in the absence of which, stockholders may have more limited protections against interested director transactions, conflicts of interest and similar matters.

Recent Federal legislation, including the Sarbanes-Oxley Act of 2002, has resulted in the adoption of various corporate governance measures designed to promote the integrity of the corporate management and the securities markets.

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Some of these measures have been adopted in response to legal requirements. Others have been adopted by companies in response to the requirements of national securities exchanges, such as the NYSE or The Nasdaq Stock Market, on which their securities are listed. Among the corporate governance measures that are required under the rules of national securities exchanges and Nasdaq are those that address board of directors' independence, audit committee oversight, and the adoption of a code of ethics. Although we have adopted a Code of Ethics, we have not yet adopted any of these other corporate governance measures and, since our securities are not yet listed on a national securities exchange or Nasdaq, we are not required to do so. We have not adopted corporate governance measures such as an audit or other independent committees of our board of directors. If we expand our board membership in future periods to include additional independent directors, we may seek to establish an audit and other committees of our board of directors. It is possible that if we were to adopt some or all of these corporate governance measures, stockholders would benefit from somewhat greater assurances that internal corporate decisions were being made by disinterested directors and that policies had been implemented to define responsible conduct. For example, in the absence of audit, nominating and compensation committees comprised of at least a majority of independent directors, decisions concerning matters such as compensation packages to our senior officers and recommendations for director nominees may be made by a majority of directors who have an interest in the outcome of the matters being decided. Prospective investors should bear in mind our current lack of corporate governance measures in formulating their investment decisions.

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Because our stock currently trades below \$5.00 per share, and is quoted on the OTC Bulletin Board, our stock is considered a "penny stock" which can adversely affect its liquidity.

For so long as the trading price of our common stock is less than \$5.00 per share, our common stock is considered a "penny stock," and trading in our common stock is subject to the requirements of Rule 15c-9 under the Securities Exchange Act of 1934. Under this rule, broker/dealers who recommend low-priced securities to persons other than established customers and accredited investors must satisfy special sales practice requirements. The broker/dealer must make an individualized written suitability determination for the purchaser and receive the purchaser's written consent prior to the transaction.

SEC regulations also require additional disclosure in connection with any trades involving a "penny stock," including the delivery, prior to any penny stock transaction, of a disclosure schedule explaining the penny stock market and its associated risks. These requirements severely limit the liquidity of securities in the secondary market because few broker or dealers are likely to undertake these compliance activities. In addition to the applicability of the penny stock rules, other risks associated with trading in penny stocks could also be price fluctuations and the lack of a liquid market. Finally, as a penny stock we may not be entitled to the protections provided by the Private Securities Litigation Reform Act of 1995.

Provisions of our articles of incorporation and bylaws may delay or prevent a take-over which may not be in the best interests of our stockholders.

Provisions of our articles of incorporation and bylaws may be deemed to have anti-takeover effects, which include when and by whom special meetings of our stockholders may be called, and may delay, defer or prevent a takeover attempt. In addition, certain provisions of the Nevada Revised Statutes also may be deemed to have certain anti-takeover effects which include that control of shares acquired in excess of certain specified thresholds will not possess any voting rights unless these voting rights are approved by a majority of a

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corporation's disinterested stockholders.

In addition, our articles of incorporation authorize the issuance of up to 10,000,000 shares of preferred stock with such rights and preferences as may be determined from time to time by our board of directors, of which no shares are presently issued and outstanding. Our board of directors may, without stockholder approval, issue preferred stock with dividends, liquidation, conversion, voting or other rights that could adversely affect the voting power or other rights of the holders of our common stock.

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

Certain statements in this prospectus contain or may contain forward-looking statements that are subject to known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These forward-looking statements were based on various factors and were derived utilizing numerous assumptions and other factors that could cause our actual results to differ materially from those in the forward-looking statements. These factors include, but are not limited to, our ability to implement our strategic initiatives, economic, political and market conditions and fluctuations, government and industry regulation, interest rate risk, U.S. and global competition, and other factors. Most of these factors are difficult to predict accurately and are generally beyond our control. You should consider the areas of risk described in connection with any forward-looking statements that may be made herein. Readers are cautioned not to place undue reliance on these forward-looking statements and readers should carefully review this prospectus in its entirety, including the risks described in "Risk Factors." Except for our ongoing obligations to disclose material information under the Federal securities laws, we undertake no obligation to release publicly any revisions to any forward-looking statements, to report events or to report the occurrence of unanticipated events. These forward-looking statements speak only as of the date of this prospectus, and you should not rely on these statements without also considering the risks and uncertainties associated with these statements and our business.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis should be read in conjunction with our financial statements and the accompanying notes appearing elsewhere in this Report on Form 8-K.

OVERVIEW

CDI Consulting is a full service advisory division specializing in small Chinese-based companies which are traded on the U.S. public markets. We offer a comprehensive suite of services tailored to the specific needs of our clients. The menu of services offered by CDI Consulting includes:

- * U.S. representative offices
- * Translation - English/Chinese
- * General business consulting services
- * Merger and acquisition strategy planning and analysis
- * Advice on U.S. capital markets, including assessment of

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- potential sources of investment capital
- * Coordination of professional resources
- * Corporate asset evaluation
- * Public relations and seminars
- * Advice and structure assistance for strategic alliances, partnerships and joint ventures
- * Modeling/valuation analysis

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We enter into agreements with our consulting clients which provide for a fixed fee to us for our services. The amount of fee varies based upon the scope of the services we render. Historically, a significant portion of our fees have been paid in shares of our client's securities which are valued at fair market value for the purposes of our revenue recognition. Depending upon the particular client, we may receive either unregistered shares with registration rights or a client may issue shares directly to one of our executive officers which are covered under a registration statement and, accordingly, freely saleable. Our policy is to sell securities we receive as compensation in anticipation of short-term market movements and not to hold these securities as investments.

We currently have a limited number of client companies, including one client company which is a related party, and, accordingly, are dependent on revenues generated from a few clients. For the period of January 18, 2005 (inception) to December 31, 2005 three of our client companies represented approximately 99% of our revenues and the six months ended June 30, 2006 four of our clients represented approximately 94% of our revenues.. Included in our total revenues are revenues from a related party which represented approximately 55% and approximately 37.5% of our total revenues for the period of January 18, 2005 (inception) to December 31, 2005 and the six months ended June 30, 2006, respectively. As hereinafter described, we are expanding our business model which, if successful, will remove our dependence on a limited number of clients.

The fees due under the contracts with our consulting clients are amortized over the term of the agreement. Our balance sheet at June 30, 2006 appearing elsewhere herein reflects both deferred revenues - short term, which will be recognized by us during the next 12 months, and deferred revenues - long term which will be recognized beyond the 12 month period. In instances where the securities accepted for payment are issued directly to one of our executive officers, we recognize the revenue represented by those securities consistent with our revenue recognition policy and the net value of those securities, after deduction of any costs of those revenues, are then deemed compensation paid to the particular executive officer.

Our cost of revenues include direct costs we incur in rendering the services to our client companies, which include marketing, legal and accounting fees directly related to the particular client. In addition, we may engage certain third party consultants to assist us in providing the contracted services to our client company and the costs of those third party consultants are included in our cost of revenues. Our arrangements with our consulting clients generally provide that our fee will cover the costs of attorneys, accounting personnel and auditors working on behalf of the client company. As these professionals generally will not provide services on a fixed fee basis, and the scope of the services necessary for a particular client company can vary from project to project, our cost of revenues can ultimately be significantly higher than we initially projected which can adversely impact our gross profit margins.

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While it is not our policy to hold securities we accept as payment for services as long-term investments, we are not always able to immediately liquidate such securities as a result of either market conditions or restrictions on resale imposed by Federal securities laws. These unsold securities comprise substantially all of our assets. Our balance sheet reflects investment in trading securities, which are securities which are freely saleable by us, and investments in marketable securities held for sale - related party, which represent securities which are not freely saleable under Federal securities laws. Realized gains or losses on securities are recognized at the time the securities are sold. Unrealized gains or losses on trading securities are recognized on a monthly basis in our statement of operations based upon the changes in the fair market value of the securities. Unrealized gains or losses on investment in marketable securities held for sale are recognized as a component of comprehensive income on a monthly basis based on changes in the fair market value of the securities. These changes in valuations of the securities can have the effect of significantly increasing our net income and comprehensive income, if the price of the securities increases from the original value assigned to it at the time the related revenue was recognized. Conversely, if the price were to decline, such decreases could negatively impact our net income and comprehensive income.

Based upon both our experiences during our first year of operation as well as the professional experience of our principals, during the second quarter of fiscal 2006 we expanded the scope of our company through the establishment of two additional operating divisions. Our business model for CDI Holdings envisions the acquisition of a majority interest of a Chinese entity in a share exchange, with the amount of our common stock issued in the transaction directly related to the shareholder equity of the acquisition target. We would then utilize resources available to us by virtue of our public company status to provide the necessary capital to our subsidiary to enable it to grow its business and operations. Based upon our early stage discussions with several investment banking firms, we believe that we would be able to use the assistance of an investment banking firm to raise additional capital as needed upon terms which would be acceptable to us. CDI International Trading will generate revenues from management of the import export functions. In certain cases CDI will generate a fixed fee based on the management of the import export process. In certain cases CDI will generate a fee based on the amount of product sold, distributed, shipped, etc.

Our mission is to create a platform to support, develop and nurture business opportunities arising from the opening of markets in the People's Republic of China. We believe that the combined resources of our three divisions, CDI Holdings, CDI Consulting and CDI International Trading, working in tandem will create a resource equipped to offer comprehensive business solutions to Chinese companies enabling them to successfully access the U.S. markets.

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RESULTS OF OPERATIONS

Six months ended June 30, 2006 as compared to the period of January 18, 2005 (inception) to June 30, 2005

Six Months Ended June 30, 2006	January 18, 2005 (inception) to June 30, 2005	Increase/ (Decrease) \$ 2006 vs 2005

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	(unaudited)	(unaudited)	
Revenues	\$241,832	\$314,850	\$ (73,018)
Revenues - related party	145,000	391,500	\$ (246,500)
Total revenues	\$386,832	\$706,350	\$ (319,518)
Cost of revenues	148,794	25,503	\$123,291
Gross profit	238,038	680,847	\$ (442,809)
Operating expenses:			
Selling, general and administrative expenses - related parties	11,252	127,576	\$ (116,324)
Selling, general and administrative	842,088	368,830	\$473,258
Total operating expenses	853,340	496,406	\$356,934
Operating (loss) income	(615,302)	184,441	\$ (799,743)
Other income (expense):			
Unrealized gain (loss) on trading securities	273,500	0	273,500
Realized gain on sale of trading securities	43,345	0	43,345
Net (loss) income before income tax	(298,457)	184,441	\$ (482,898)
Income tax benefit (expense)	(118,189)	(73,039)	45,150
Net (Loss) Income	(180,268)	111,402	
Unrealized gain on marketable securities held for sale, net of income tax	1,395,240	1,040,573	\$ 354,667
Comprehensive income	\$1,214,972	\$1,151,975	\$ 62,997

NM = not meaningful

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Revenues

Our revenues decreased \$319,518 to \$386,832 for the six months ended June 30, 2006 as compared to revenues of \$706,350 for period of January 18, 2005 (inception) to June 30, 2005. Revenues from a company which is an affiliate of one of our executive officers and directors represented approximately 37.5% and approximately 55.4%, respectively, of our total revenues for the six months ended June 30, 2006 and 2005. Included in our revenues for the six months ended June 30, 2006 are cash revenues of \$145,000 and revenues attributable to the value of securities we received as compensation for our services of \$241,832. For the period of January 18, 2005 (inception) to June 30, 2005, we received cash revenues of \$55,250 and revenues attributable to the value of securities we received as compensation for our services of \$651,100. This decrease of

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approximately 45% in our revenues from period to period is primarily attributable to consulting agreements with longer terms during the six-month period ended June 30, 2006 for which fees are recognized over a longer period. At June 30, 2006 we had deferred revenue - short term of \$366,300 which will be recognized over the following 12 months, and deferred revenue - long term of \$549,450 which will be recognized in periods after June 30, 2007.

While we continue to market our consulting services, until we raise additional working capital to fund the hiring of additional employees and the expansion of our infrastructure in order to permit us to expand our client base it is unlikely that we will accept engagements from additional consulting clients, thereby limiting our ability to generate revenues in future periods. In addition, and as described elsewhere herein, it is our intention to diversify our operations which includes the acquisition of one or more operating companies. If these acquisitions are consummated, our revenues in future periods will also include revenues attributable to the operations of those subsidiaries. As our ability to acquire operating subsidiaries is subject to a number of conditions, most of which are beyond our control, we cannot assure you that we will ever be able to successfully implement our expanded business model or increase our revenues in future periods.

Cost of revenues and gross profit

Our costs of revenues increased to \$148,794, or approximately 38.5% of revenues, for the six months ended June 30, 2006 as compared to \$25,503, or approximately 3.6% of revenues, for the period of January 18, 2005 (inception) to June 30, 2005. As a result of this significant increase in cost of revenues as a percentage of sales, our gross profit margin declined to approximately 61.5% for the six months ended June 30, 2006 from approximately 96.4% for the period of January 18, 2005 (inception) to June 30, 2005. Our costs of revenues for the six months ended June 30, 2006 primarily included costs associated with marketing expenses, legal and accounting fees and third party consultants, while our costs of revenues for the period of January 18, 2005 (inception) to June 30, 2005 primarily included legal fees. Because the scope of services can vary under our contracts with our consulting clients, while we will incur additional costs of revenues in future periods related to existing contracts, we are unable to estimate the amount of such expenses. These costs of revenues in future periods will be expensed as incurred and, accordingly, while the revenues from existing contracts will be recognized ratably over the term of the agreement, the gross profit margin on revenues from these deferred revenues can vary from period to period.

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Total operating expenses

Our total operating expenses for six months ended June 30, 2006 increased \$356,934, or approximately 72%, from period of January 18, 2005 (inception) to June 30, 2005. Our operating expenses generally consist of selling, general and administrative expenses (SG&A) including officers' and employees' compensation, professional fees, and travel expenses. The increase in total SG&A for the six months ended June 30, 2006 from the period of January 18, 2005 (inception) to June 30, 2005 is primarily attributable to compensation expense of \$324,000 related to the value of stock options granted to our executive officers under the terms of employment agreements during the six months ended June 30, 2006 for which we did not have a comparable expense during the period of January 18, 2005 (inception) to June 30, 2005.

Included in SG&A are expenses paid to related parties. For the six months ended June 30, 2006 our SG&A - related parties represents rent expense of approximately \$11,000 on our principal executive offices which we rent on a

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month to month basis from a company affiliated with one of our executive officers and directors. SG&A - related parties for the six months ended June 30, 2005 included rent expense of approximately \$11,000 together with approximately \$117,000 which represents the value of shares we received as compensation for services rendered to a consulting client which were assigned to another entity which is affiliated to an executive officer and director. This affiliated entity introduced the consulting client to our company.

We anticipate that our operating expenses will continue to increase in future periods as we expand our operations and implement our business model. Included in these anticipated increases are salaries and benefits for additional employees, increased marketing and advertising expenses and increased professional fees. We cannot, however, at this time predict the amount of any of these increases.

Other income (expense)

Other income for six months ended June 30, 2006 represented an unrealized gain on trading securities of \$273,500 and a realized gain on sale of trading securities of \$43,345, as compared to an unrealized (loss) on trading securities of \$(138,175) for the period of January 18, 2005 (inception) to June 30, 2005. As described elsewhere herein, the gain or loss is a function of the market price of the underlying security and these non-cash gains or losses can have a significant impact on our results of operations.

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Income tax benefit (expense)

For the six months ended June 30, 2006 we recorded an income tax expense of \$118,189; for the period of January 18, 2005 (inception) to June 30, 2005 we recorded an income tax benefit of \$(73,039). As we report profitable operations we are required to record income tax expenses on those operations. However, as the majority of our revenues are paid to us in securities, some of which are not freely saleable by us at the time received, our revenue model creates a risk that we will not have sufficient cash resources to satisfy our tax obligations as they become due. At June 30, 2006 our balance sheet reflects a liability for income tax which is payable on revenues we have recognized of \$100,503, together with a liability for income tax which will be due on deferred revenues when recognized of \$975,196.

Net (loss) income

For the six months ended June 30, 2006 we reported a net loss of \$180,268 as compared to net income of \$111,402 for the period of January 18, 2005 (inception) to June 30, 2005. This net loss is primarily attributable to higher revenues and gross profit margins in the fiscal 2005 period coupled with significantly higher operating expenses in the fiscal 2006 period.

Unrealized gain on marketable securities held for sale, net of income tax

As described elsewhere herein, if we are unable to sell securities we have received as compensation for our services these securities are classified on our balance sheet as marketable securities held for sale. Unrealized gain on marketable securities held for sale, net of income tax, represents the change in the fair value of these securities as of the end of the financial reporting period. For the six months ended June 30, 2006 we recognized an unrealized gain of \$1,395,240 on marketable securities held for sale, net of income tax, as compared to an unrealized gain of \$1,040,573 for the period of January 18, 2005 (inception) to June 30, 2005. At June 30, 2006 the marketable securities held for sale - related party represents securities we received as compensation from one of our client companies which is a related party.

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Comprehensive income

We reported comprehensive income of \$1,214,972 for the six months ended June 30, 2006 as compared to \$1,151,975 for the period of January 18, 2005 (inception) to June 30, 2005. Comprehensive income is the sum of our net income plus unrealized gains on marketable securities held for sale, net of income tax.

Period of January 18, 2005 (inception) to December 31, 2005 ("2005 Period")

Revenues

We reported revenues of \$1,538,428 in revenues for the 2005 Period, which included cash revenues of approximately \$236,250 and revenues attributable to the value of securities issued as compensation for our services of approximately \$1,302,178. During the 2005 Period we were engaged by four client companies to provide consulting services, and the revenue from each of these agreements was recognized in the 2005 Period as a result of the terms of the respective agreement. For the 2005 Period, revenues from a company which is an affiliate of one of our executive officers and directors represented approximately 55% of our total revenues.

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Cost of revenues and gross profit

Our cost of revenues for the 2005 Period was \$109,522 which resulted in gross profit to us of \$1,428,906 for the 2005 Period. Our costs of revenues for the 2005 Period primarily included costs associated with marketing expenses, legal and accounting fees and third party consultants. Generally, in the early stage of a consulting agreement the professional fees will be lower than in later stages of the engagement as we will not incur direct costs associated with the filing by a client company of a registration statement with the SEC and, in the instance of a client company which has undertaken a reverse merger with a publicly traded shell company, the principals of the shell company may have paid certain of the professional fees associated with the reverse merger as part of the overall business terms of the transaction.

Total operating expenses

Our total operating expenses for the 2005 Period are comprised of SG&A expenses which totaled \$698,472. Approximately \$400,000 of SG&A expenses for the 2005 Period are executive compensation representing the value of securities issued directly to our executive officers by our client companies as compensation to us under contracts. The balance of SG&A expenses included general overhead expense, travel, professional fees and consulting expenses.

SG&A expenses for the 2005 Period included \$141,188 paid to related parties which included approximately \$24,000 in rental expense and approximately \$117,000 which represented the value of shares we received as compensation for services rendered to a consulting client which were assigned to another entity which is affiliated to an executive officer and director and an introduction fee.

Other income (expense)

Other income for the 2005 Period included an unrealized gain on trading securities of \$28,650 and a realized gain on sale of trading securities of \$6,176.

Income tax expense

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For the 2005 Period we recorded an income tax expense of \$(304,428). As described elsewhere herein, as the majority of our revenues are paid to us in securities, some of which are not freely saleable by us at the time received, our revenue model creates a risk that we will not have sufficient cash resources to satisfy our tax obligations as they become due. At December 31, 2005 our balance sheet reflects a liability for income tax which is payable of \$293,083, together with a liability for a deferred income tax payable of \$41,045.

Net income

For the 2005 Period we reported net income of \$460,832.

Unrealized gain on marketable securities held for sale, net of income tax

For the 2005 Period we recognized an unrealized gain of \$45,300 on marketable securities held for sale, net of income tax.

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Comprehensive income

We reported comprehensive income, which is the sum of our net income plus unrealized gains on marketable securities held for sale, net of income tax, of \$506,132 for the 2005 Period.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity is the ability of a company to generate funds to support its current and future operations, satisfy its obligations and otherwise operate on an ongoing basis. At June 30, 2006, we had cash on hand of approximately \$66,000. and working capital of approximately \$2,434,000. Our current assets primarily include approximately \$256,267 in prepaid executive compensation which represents prepaid bonuses which will be expensed ratably over the term of the employment agreement (subject to forfeiture if the agreement is terminated), \$616,000 in investment in trading securities and approximately \$3,120,000 in investments in marketable securities held for sale - related party. Our current liabilities primarily consist of \$366,300 of deferred revenues - short term which will be recognized during the next 12 months, \$100,503 of income tax payable, \$143,430 due on demand to our executive officers for funds advanced to us for working capital and \$975,196 of deferred income tax payable. While the value of investment in marketable securities held for sale - related party represent substantially all of our current assets, we are not presently able to liquidate these securities and generate cash to pay our operating expenses. As these securities were issued to us by a related party which is a non-reporting company whose securities are quoted on the Pink Sheets, under Federal securities laws these securities cannot be readily resold by us generally absent a registration of those securities under the Securities Act of 1933. We have been advised by the client company that it does not presently have an intention to so register such shares. Accordingly, while under generally accepted accounting principles we are required to reflect the fair value of these securities on our balance sheet, they are not readily convertible into cash.

Net cash used in operating activities for six months ended June 30, 2006 increased to \$352,870 from \$41,109 for the period of January 18, 2005 (inception) to June 30, 2005. This change, which includes our net loss for the for six months ended June 30, 2006 of \$180,268, is primarily attributable to non-cash adjustments to reconcile our net loss to net cash used in operating activities including the value of securities received for our services and the value of securities assigned to employees and consultants as compensation for their services to us, as well as changes in our operating assets and liabilities including increases in our prepaid executive compensation and deferred tax

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liabilities which were offset by increases in deferred revenues.

Net cash provided by investing activities was \$111,337 for the six months ended June 30, 2006 as compared to net cash used by investing activities of \$12,423 for the period of January 18, 2005 (inception) to June 30, 2005. This change is primarily attributable to \$115,345 we received from the sale of trading securities during the six months ended June 30, 2006. These securities had been received by us as compensation for our services.

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Net cash provided by financing activities for the six months ended June 30, 2006 was \$267,698 and includes \$8,637 advanced to us by our executive officers for working capital and \$259,061 of capital contributed by those officers. For the period of January 18, 2005 (inception) to June 30, 2005 proceeds lent to us by our executive officers was \$64,286. The amounts due these officers are reflected on our balance sheet at June 30, 2006.

As described earlier in this section, we are in the process of expanding our operations which should diversify our revenue sources. If we are to fully implement our business plan, including the acquisition of operating companies, our dependence on revenues from a limited number of clients, as well as the challenges which of a revenue model in which revenue is received in the form of equity which may not be readily convertible into cash, should be dissipated. In order to pursue the expansion of our business plan, our use of cash will be substantial for the foreseeable future and will exceed our cash flow from operations during the next 12 months. As we are not able to readily liquidate the marketable securities held for sale - related party we are holding we do not presently have sufficient cash resources to satisfy our obligations, including our tax liabilities, hire additional employees and otherwise increase our levels of operations.

It is our intent to seek additional capital in the private and/or public equity markets during fiscal 2006. If we raise additional working capital through the issuance of equity securities, existing stockholders will in all likelihood experience significant dilution. If we raise additional working capital through the issuance of debt, our interest expense will increase and adversely affect our ability to report profitable operations in future periods. Further, we may not be able to obtain additional financing when needed or on terms favorable to us. Because we have no commitment for additional capital, we cannot guarantee you that we will be successful in raising such additional funds. If we are unable to generate sufficient cash when and as needed, we would not only be unable to fully implement our business model to expand our operations and acquire additional companies, we could be unable to satisfy our current obligations and operating expenses.

CRITICAL ACCOUNTING POLICIES

A summary of significant accounting policies is included in Note 2 to the accompanying audited financial statements for the period ended December 31, 2005. We believe that the application of these policies on a consistent basis enables our company to provide useful and reliable financial information about the company's operating results and financial condition. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

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We account for stock options issued to employees in accordance with the provisions of SFAS No. 123(R), "Share-Based Payment," In December 2004, the FASB issued SFAS No. 123(R) which replaces SFAS No. 123 and supersedes APB Opinion No. 25. Under SFAS No. 123(R), companies are required to measure the compensation costs of share-based compensation arrangements based on the grant-date fair value and recognize the costs in the financial statements over the period during which employees are required to provide services. Share-based compensation arrangements include stock options, restricted share plans, performance-based awards, share appreciation rights and employee share purchase plans. In March 2005 the SEC issued Staff Accounting Bulletin No. 107, or "SAB 107". SAB 107 expresses views of the staff regarding the interaction between SFAS No. 123(R) and certain SEC rules and regulations and provides the staff's views regarding the valuation of share-based payment arrangements for public companies. SFAS No. 123(R) permits public companies to adopt its requirements using one of two methods. On April 14, 2005, the SEC adopted a new rule amending the compliance dates for SFAS 123R. Companies may elect to apply this statement either prospectively, or on a modified version of retrospective application under which financial statements for prior periods are adjusted on a basis consistent with the pro forma disclosures required for those periods under SFAS 123. Effective January 1, 2006, the Company has fully adopted the provisions of SFAS No. 123R and related interpretations as provided by SAB 107. As such, compensation cost is measured on the date of grant as the excess of the current market price of the underlying stock over the exercise price. Such compensation amounts, if any, are amortized over the respective vesting periods of the option grant. The Company applies this statement prospectively. The valuation of such share-based payments requires significant judgment. We exercise our judgment in determining the various assumptions associated with the associated share-based payments as well as the expected volatility related to their fair value. We base our estimate of the share-based payments on our interpretation of the underlying agreements and historical volatility of our stock price.

We account for our investment in equity securities pursuant to Statement of Financial Accounting Standards ("SFAS") No.115. This standard requires such investments in equity securities that have readily determinable fair values be measured at fair value in the balance sheet and that unrealized holding gains and losses for investments in available-for-sale equity securities and investments in trading equity securities be recorded as a component of stockholders' equity and statement of operations, respectively. Furthermore, it provides that if factors leads us to determine that the fair value of certain financial instruments is impaired, that we should adjust the carrying value of such investments to its fair value.

Revenue Recognition

We generally provide our services pursuant to written agreements which may vary in duration. Revenues are recognized over the terms of the agreements. Our revenues are derived from a certain predetermined fixed fee for the services it provides to our customers. The fee will vary based on the scope of its services.

A significant portion of the services we provide are paid in shares and other equity instruments issued by our clients. These instruments are classified as marketable securities on the balance sheet, if still held at the financial reporting date. These instruments are stated at fair value in accordance with the provision of Statement of Financial Accounting Standards No. 115, "Accounting for Certain Investments in Debt and Equity Securities" (SFAS No. 115) and EITF 00-8 "Accounting by a grantee for an equity instrument to be received in conjunction with providing goods or services." Primarily all of the equity instruments are received from small public companies.

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RECENT ACCOUNTING PRONOUNCEMENTS

In July 2006, the Financial Accounting Standards Board ("FASB") issued FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes--an interpretation of FASB Statement No. 109" ("FIN 48"), which clarifies the accounting for uncertainty in tax positions. FIN 48 requires that entities recognize the impact of a tax position in their financial statements, if that position is more likely than not to be sustained on audit, based on the technical merits of the position. The provisions of FIN 48 are effective for fiscal years beginning after December 15, 2006. The Company is still assessing the impact the adoption of FIN 48 will have on its financial statements.

ITEM 3. DESCRIPTION OF PROPERTY

Our principal executive office is located in approximately 1,200 square feet of office space which we sublease under an unwritten arrangement that can be terminated at will from two related parties, one related party owned by Marc Siegel, our president and director, and one related party owned by Yuejian (James) Wang, our Chief Executive officer and director for approximately \$2,800 a month.

ITEM 4. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

At August 14, 2006, there were 10,526,120 shares of our common stock issued and outstanding. The following table sets forth, as of that date information known to us relating to the beneficial ownership of these shares by:

- each person who is the beneficial owner of more than 5% of the outstanding shares of the class of stock;
- each director;
- each executive officer; and
- all executive officers and directors as a group.

Unless otherwise indicated, the business address of each person listed is in care of 5301 N. Federal Highway, Suite 120, Boca Raton, FL, 33487. We believe that all persons named in the table have sole voting and investment power with respect to all shares beneficially owned by them. Under securities laws, a person is considered to be the beneficial owner of securities he owns and that can be acquired by him within 60 days from August 14, 2006 upon the exercise of options, warrants, convertible securities or other understandings. We determine a beneficial owner's percentage ownership by assuming that options, warrants or convertible securities that are held by him, but not those held by any other person and which are exercisable within 60 days of that date have been exercised or converted.

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Name of Beneficial Owner -----	Amount and Nature of Beneficial Ownership -----	Percentage of Class -----
Yuejian (James) Wang (1)	4,800,000	42%
Marc Siegel (2)	4,800,000	42%
David Stein (3)	2,483,114	23%

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Yi (Jenny) Liu (4)	0	na
All officers and directors as a group (four persons) (5)	12,083,114	97%

(1) Includes options to purchase 400,000 shares of our common stock with an exercise price of \$0.01 per share and options to purchase 400,000 shares of our common stock with an exercise price of \$2.50 per share. Does not include 1,400,000 shares issuable upon exercise of options which have not vested.

(2) Includes options to purchase 400,000 shares of our common stock with an exercise price of \$0.01 per share and options to purchase 400,000 shares of our common stock with an exercise price of \$2.50 per share. Does not include 1,400,000 shares issuable upon exercise of options which have not vested.

(3) Includes options to purchase 200,000 shares of our common stock with an exercise price of \$0.01 per share and options to purchase 200,000 shares of our common stock with an exercise price of \$2.50 per share. Does not include 700,000 shares issuable upon exercise of options which have not vested.

(4) Does not include 48,000 shares issuable upon exercise of options which have not vested.

(5) Includes footnotes (1) through (4)

ITEM 5. DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS AND CONTROL PERSONS

EXECUTIVE OFFICERS AND DIRECTORS

Name	Age	Title
Yuejian (James) Wang, Ph.D.	44	CEO, Chairman of the Board of Directors
Marc Siegel	46	President, Director
David Stein	34	Chief Operating Officer, Director
Yi (Jenny) Liu	34	Vice President, Finance

Yuejian (James) Wang, Ph.D., Chief Executive Officer and Chairman of the Board. Dr. Wang has served as our CEO and Chairman of the Board of Directors since August 16, 2006. Dr. Wang, a founder of China Direct Investments, Inc., has served as its CEO and Chairman of its Board of Directors since its inception in January 2005. From 2001 to 2004, he was President and Chairman of the Board of Directors of Genesis Technology Group, Inc. (OTCBB: GTEC), a business development firm that fosters bilateral commerce between Western and Chinese companies. From 2000 until 2001, Dr. Wang was President, Chief Operating Officer and director of China Net & Technologies, Inc., a technology firm. From 2000 until 2001, Dr. Wang was Vice President, Chief Operating Officer and director of

Tensleep Corporation (OTCBB: TENS), a California-based integrated Internet company that acquired and licensed technology, identified, acquired and developed development-stage technology and service entities and focused on the Internet infrastructure market-PC, application-ready devices. From January 2000 until November 2000, Dr. Wang was President of Master Financial Group, Inc., a St. Paul, Minnesota-based company which was a wholly-owned subsidiary of Tensleep Corporation that provided consulting services for small private and public entities in the area of corporate finance, investor relations and business management. Between 1997 and 2000, Dr. Wang was a research scientist and Assistant Professor, Lab Director at the University of Minnesota, School of

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Medicine. Dr. Wang received a Bachelor of Science degree from the University of Science and Technology of China in Hefei, China in 1985, a Master of Science Degree from the Shanghai Second Medical University, Shanghai, China in 1988, and his Ph.D. degree from the University of Arizona in 1994, Tucson, Arizona.

Marc Siegel, President and Director.

Mr. Siegel has served as our President and Director since August 16, 2006. Mr. Siegel, a founder of China Direct Investments, Inc., has served as its President and director since its inception in January 2005. Mr. Siegel serves as general partner of Edge Capital Partners, Ltd., an exclusive private investment fund. In 2003 Mr. Siegel founded, and he is currently president of, Edge, LLC a private multi faceted investment consulting firm. Prior to Edge, LLC, from January 2001 to October 2002, Mr. Siegel served as President of vFinance Investments, Inc., an NASD member and full service financial services organization, where his responsibilities included investment banking, supervisor of all trading activities, and retail sales. Prior to vFinance, Inc., in 1997 Mr. Siegel founded First Level Capital, Inc., an NASD member merchant banking company. Mr. Siegel served as CEO of First Level Capital, Inc. until it was acquired by vFinance, Inc. in December 2000. Prior to establishing First Level Capital, Inc., from July 1997 to September 1997, Mr. Siegel was a partner of Grady & Hatch & Co., Inc. where he served as President and Managing Director. From September 1993 until June 1997, Mr. Siegel was responsible for sales and marketing, recruiting, motivating and leading an 80-person sales force, which he directly supervised at Commonwealth Associates. From September 1985 to 1993, Mr. Siegel was at Lehman Brothers, Inc. Initially Mr. Siegel worked at Lehman's Atlanta office where he served as its sales manager. Subsequently from 1990 to 1992, he served as sales manager/branch manager of its Houston and New York offices. Mr. Siegel received a Bachelor of Arts degree and graduated "Cum Laude" from Tulane University in 1981. Mr. Siegel holds the following licenses; NASD Series 7 (Full Registration General Securities Representative); Series 8 (General Securities Sale Supervisor) Series 24 (General Securities Principal) Series 55 (Limited Representative Equity Trader) Series 63 (Uniform Securities Agent State Law Examination) and Series 65 (Uniform Investment Advisor Law) examination qualified and since Mr. Siegel is not currently employed by a NASD member firm the licenses are considered inactive.

In April, 2005, Mr. Siegel entered into a Consent Order with the Securities and Exchange Commission (Administrative Proceeding File No. 3-11896) suspending him from association in a supervisory or proprietary capacity with any broker/dealer for a period of 12 months and included payment of a \$25,000 penalty. Mr. Siegel was formerly President of vFinance Investments, Inc., an NASD member broker/dealer. In that capacity, Mr. Siegel had responsibility for establishing and implementing policies and procedures for supervision of vFinance's traders. During November and December 2001, a trader then associated with vFinance assisted a stock promoter in manipulating the market for securities without the knowledge of either vFinance or Mr. Siegel. The SEC determined that Mr. Siegel, who had no disciplinary history, had failed reasonably to supervise the trader, a registered representative subject to his supervision.

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David Stein, Chief Operating Officer.

Mr. Stein has served as our Chief Operating Officer and Director since August 16, 2006. Mr. Stein, a founder of China Direct Investments, Inc, has served as its Chief Operating Officer, responsible for the inter management of the U.S. operations since its inception in January 2005 and as a director since June 2006. From 2001 until 2005, Mr. Stein was Vice President of Investment Banking at vFinance Investments, Inc. a division of vFinance, Inc., an NASD member and full service financial services organization. Mr. Stein has been a broker with Lehman Brothers from August 1993 to August 1994, PaineWebber, Inc. from August 1994 to April 1999, and Morgan Stanley, from April 1999 to July 2000. . Mr. Stein has

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been involved in equity and debt offerings at the public and private level. Mr. Stein holds a NASD Series 7 (Full Registration General Securities Representative) and since Mr. Stein is not currently employed by a NASD member firm the licenses are considered inactive. Mr. Stein graduated from the School of Management at Boston University with a bachelor of science degree in business administration.

Yi (Jenny) Liu, Vice President of Finance

Ms. Liu has served as our Vice President of Finance since August 16, 2006. Ms. Liu is responsible for management of financial reporting as well as internal accounting controls for our clients and subsidiaries. Ms. Liu, has served as Vice President of Finance of China Direct Investments, Inc. since June 5, 2006. From 2001 until 2006 Ms. Liu was a supervisor with Hill, Taylor LLC, a Chicago-based public accounting firm, where her significant assignments included audits of public and private companies, tax preparation, management consulting, staff instruction, and recruiting. From 1995-2000 Ms. Liu was Accounting Manager with Mitsui Company, a Japanese company which manufactures and sells consumer electronics, primarily monitors and semiconductors, operating in the Shanghai office. Ms. Liu received a Bachelor of Science degree from Shanghai University of Engineering Science, Shanghai, China in 1995, and a Master of Business Administrative degree from University of Illinois at Chicago in 2001, Chicago, Illinois. Since April 2006, Ms. Liu has been a registered CPA in the State of Illinois.

Consultants

On March 1, 2006, CDI entered into a one-year agreement with Richard Galterio pursuant to which Mr. Galterio has been engaged to provide general business consulting and to identify, evaluate and structure potential mergers and acquisitions. As compensation for his services, CDI issued him an aggregate of 1,450,000 options to purchase shares of our common stock as follows: 1,000,000 options exercisable at \$.30 per share and vesting 1/1/07, 100,000 options exercisable at \$2.50 per share and vesting 1/1/07, 100,000 options exercisable at \$5.00 per share and vesting 1/1/07, 125,000 options exercisable at \$7.50 per share and vesting 1/1/08, and 125,000 options exercisable at \$10.00 per share and vesting 1/1/09, for an aggregate compensation value of \$ \$219,500 for financial reporting purposes. These options were exchange for identical options in Evolve pursuant to the Share Exchange Agreement. These options, however, shall become null and void unless: a) Mr. Galterio joins CDI on or before September 30, 2006; and b) Mr. Galterio renders at least three months of full time service to CDI as an employee. Upon the occurrence of both the foregoing events, the options shall become fully vested and exercisable. For Mr. Galterio's mergers and acquisitions work performed on transactions introduced by us, we will pay him 5% of the gross transaction value. Mr. Galterio currently is a principal and chief operating officer of Skyebanc, Inc., a NASD member firm.

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DIRECTORS' COMPENSATION

While we do not have an established compensation policy for our directors, from time to time we may issue members of our Board of Directors options as compensation for their services to us in those positions. During fiscal 2005 we issued an aggregate of 1,000 shares of our common stock valued at \$9,000 to Messrs. Robert Sands and Lonnie Sciambi, who were then members of our Board of Directors, as compensation for their services.

DIRECTOR INDEPENDENCE, AUDIT COMMITTEE OF THE BOARD OF DIRECTORS AND AUDIT COMMITTEE FINANCIAL EXPERT

As our Board of Directors is comprised of only one individual we do not

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have any directors who are "independent" within the meaning of definitions established by the Securities and Exchange Commission. We anticipate that if we are successful in closing a business combination with an operating entity, that our future Board of Directors will include members who are independent. We do not currently have any committees of our Board of Directors. We are not currently subject to any law, rule or regulation requiring that all or any portion of our Board of Directors include "independent" directors, nor are we required to establish or maintain an Audit Committee of our Board of Directors.

Our sole director is not an "audit committee financial expert" within the meaning of Item 401(e) of Regulation S-B. In general, an "audit committee financial expert" is an individual member of the audit committee or Board of Directors who:

- o understands generally accepted accounting principles and financial statements,
- o is able to assess the general application of such principles in connection with accounting for estimates, accruals and reserves,
- o has experience preparing, auditing, analyzing or evaluating financial statements comparable to the breadth and complexity to our financial statements,
- o understands internal controls over financial reporting, and
- o understands audit committee functions.

CODE OF ETHICS

Effective November 18, 2002, our Board of Directors adopted a Code of Business Conduct and Ethics that applies to, among other persons, our President (being our principal executive officer) as well as all employees. As adopted, our Code of Business Conduct and Ethics sets forth written standards that are designed to deter wrongdoing and to promote:

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- o honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- o full, fair, accurate, timely, and understandable disclosure in reports and documents that we file with, or submit to, the SEC and in other public communications made by us;
- o compliance with applicable governmental laws, rules and regulations;
- o the prompt internal reporting of violations of the Code of Business Conduct and Ethics to an appropriate person or persons identified in the Code of Business Conduct and Ethics; and
- o accountability for adherence to the Code of Business Conduct and Ethics.

Our Code of Business Conduct and Ethics requires, among other things, that all of our company's personnel are accorded full access to our President with respect to any matter that may arise relating to the Code of Business Conduct and Ethics. Further, all of our company's personnel are to be accorded full access to our Board of Directors if any such matter involves an alleged breach of the Code of Business Conduct and Ethics by our President.

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In addition, our Code of Business Conduct and Ethics emphasizes that all employees, and particularly managers and/or supervisors, have a responsibility for maintaining financial integrity within our company, consistent with generally accepted accounting principles, and federal, provincial and state securities laws. Any employee who becomes aware of any incidents involving financial or accounting manipulation or other irregularities, whether by witnessing the incident or being told of it, must report it to his or her immediate supervisor or to our company's President. If the incident involves an alleged breach of the Code of Business Conduct and Ethics by the President, the incident must be reported to any member of our Board Of Directors. Any failure to report such inappropriate or irregular conduct of others is to be treated as a severe disciplinary matter. It is against our company policy to retaliate against any individual who reports in good faith the violation or potential violation of our company's Code of Business Conduct and Ethics by another.

We will provide a copy of the Code of Business Conduct and Ethics to any person without charge, upon request. Requests can be sent to 5301 N. Federal Highway, Suite 120, Boca Raton, FL, 33487.

ITEM 6. EXECUTIVE COMPENSATION

The following table summarizes all compensation recorded by us in each of the last three fiscal years for our Chief Executive Officer and each other executive officers serving as such (the "Named Executive Officers") whose annual compensation exceeded \$100,000.

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SUMMARY COMPENSATION TABLE

Name and principal position	Annual Compensation				Long-term Compensation		
	Fiscal Year	Salary (\$)	Bonus (\$)	Other Annual Compen- sation(\$)	Restricted stock awards(\$)	Securities underlying options/ SARs (#)	LT pa (
Irwin Horowitz (1)	2005	\$ 12,000	\$ 0	\$ 0	\$ 0	550,000	
Gary Schultheis (2)	2005	\$ 2,000	\$ 0	\$ 0	\$ 0	100,000	
	2004	\$ (4)	\$ 0	\$ 0	\$ 0	320	
	2003	\$100,000	\$5,572	\$ 0	\$ 0	0	
Herbert Tabin (3)	2005	\$ 2,000	\$ 0	\$ 0	\$ 0	100,000	
	2004	\$ (4)	\$ 0	\$ 0	\$ 0	320	
	2003	\$100,000	\$5,572	\$ 0	\$ 0	0	

(1) Dr. Horowitz served as our President and Chief Executive Officer from January 22, 2005 to May 25, 2006. In January 2005 we granted Dr. Horowitz options to purchase 500,000 shares of our common stock with an exercise price of \$30.00 per share expiring in January 2013 valued at \$3,500,000 and in March 2005 we granted him options to purchase 50,000 shares of our common stock with an exercise price of \$0.1 per share valued at \$700,000 as additional compensation. Excludes compensation paid to Diversifax Inc., a company of which Dr. Horowitz

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is an officer, director and principal shareholder, under the terms of a management agreement. See "Certain Relationships and Related Transactions" described below.

(2) Mr. Schultheis served as our President from February 1998 until January 2005. As compensation under the Separation and Severance Agreement entered into with Mr. Schultheis in January 2005 we paid him \$6,144 and issued him options to purchase 100,000 shares of our common stock at an exercise price of \$30.00 per share expiring in January 2013 which were valued at \$700,000. During fiscal 2004 we granted Mr. Schultheis options to purchase 320 shares of our common stock with an exercise price of \$.16375 per share expiring in January 2009 as additional compensation.

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(3) Mr. Tabin served as our Director of Marketing from February 1998 until January 2005. As compensation under the Separation and Severance Agreement entered into with Mr. Tabin in January 2005 we paid him \$6,144 and issued him options to purchase 100,000 shares of our common stock at an exercise price of \$30.00 expiring in January 2013 which were valued at \$700,000. During fiscal 2004 we granted Mr. Tabin options to purchase 320 shares of our common stock with an exercise price of \$.16375 per share expiring in January 2009 as additional compensation.

(4) In 2004 and 2003 we accrued \$248,074 and \$230,000 in salaries for Messrs. Schultheis and Tabin in accordance with the terms of their employment agreement. On December 20, 2004 Messrs. Schultheis and Tabin forgave \$478,074 of these accrued salaries.

EMPLOYMENT