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CHINA WIRELESS COMMUNICATIONS INC
Form 10QSB
May 19, 2004

U.S. SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-QSB

(Mark One)

QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended: March 31, 2004

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE
EXCHANGE ACT

For the transition period from _____ to _____

Commission file number: 333-49388

CHINA WIRELESS COMMUNICATIONS, INC.
(Exact name of small business issuer as specified in its charter)

NEVADA
(State or other jurisdiction of
incorporation or organization)

91-1966948
(IRS Employer
Identification No.)

1746 COLE BOULEVARD, SUITE 225, GOLDEN, COLORADO 80401-3210
(Address of principal executive offices)

(303) 277-9968
(Issuer's telephone number)

(Former name, former address and former fiscal year, if changed
since last report)

Check whether the issuer: 1) has filed all reports required to be filed by
Section 13 or 15(d) of the Securities Exchange Act of 1934 during the past 12
months (or for such shorter period that the registrant was required to file such
reports, and (2) has been subject to such filing requirements for the past 90
days. Yes X No

State the number of shares outstanding of each of the issuer's classes of
common equity, as of the latest practicable date:

28,491,457 SHARES OF COMMON STOCK, \$0.001 PAR VALUE,
AS OF MARCH 31, 2004

Transitional Small Business Disclosure Format (check one); Yes No X
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CHINA WIRELESS COMMUNICATIONS, INC.

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CHINA WIRELESS COMMUNICATIONS, INC.
(A Development Stage Company)

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

=====

| | | |
|------|----------------|--------------|
| | PERIOD FROM | |
| | AUGUST | |
| | 13, 2002 | |
| | (INCEPTION) TO | THREE MONTHS |
| | MARCH 31, 2004 | ENDED MARCH |
| | | 31, 2004 |
| NOTE | US\$ | U |

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| | | |
|---|-------------|-----------|
| OPERATING REVENUE | | |
| Service revenue | 60,689 | 25,31 |
| Cost of services | (42,162) | (17,22) |
| | ----- | ----- |
| GROSS PROFIT | 18,527 | 8,09 |
| | ----- | ----- |
| OPERATING EXPENSES | | |
| Depreciation expenses | 26,013 | 6,98 |
| General and administrative expenses | 5,070,526 | 544,24 |
| | ----- | ----- |
| Total operating expenses | 5,096,539 | 551,22 |
| | ----- | ----- |
| LOSS FROM OPERATIONS | (5,078,012) | (543,13) |
| NON-OPERATING INCOME (EXPENSES) | | |
| Interest income | 851 | 4 |
| Other income | 339 | |
| Interest expenses | (20,145) | (2,81) |
| | ----- | ----- |
| LOSS BEFORE INCOME TAXES | (5,096,967) | (545,90) |
| Income taxes | - | |
| | ----- | ----- |
| NET LOSS | (5,096,967) | (545,90) |
| | ===== | ===== |
| NET LOSS PER SHARE OF COMMON STOCK: | 3 | |
| Basic | | (0.019) |
| | | ===== |
| Diluted | | N/ |
| | | ===== |
| WEIGHTED AVERAGE NUMBER OF SHARES OF COMMON STOCK OUTSTANDING | | 27,580,61 |
| | | ===== |

The financial statements should be read in conjunction with the accompanying notes

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CHINA WIRELESS COMMUNICATIONS, INC.
(A Development Stage Company)

CONDENSED CONSOLIDATED BALANCE SHEET (UNAUDITED)

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AS OF

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| | MARCH 31, 2004 US\$ |
|---|---------------------------|
| ASSETS | |
| CURRENT ASSETS | |
| Cash and cash equivalents | 99,134 |
| Pledged deposits | 22,687 |
| Prepayments and other receivables | 144,064 |
| | ----- |
| Total current assets | 265,885 |
| Property, plant and equipment, net | 446,506 |
| | ----- |
| TOTAL ASSETS | 712,391 |
| | ===== |
| LIABILITIES AND STOCKHOLDERS' DEFICIT | |
| CURRENT LIABILITIES | |
| Trade and other payables | 205,494 |
| Loans | 338,170 |
| Notes payable | 173,600 |
| Convertible debts | 30,000 |
| | ----- |
| TOTAL LIABILITIES | 747,264 |
| | ----- |
| COMMITMENTS AND CONTINGENCIES | |
| STOCKHOLDERS' DEFICIT | |
| Preferred stock, par value US\$0.01 each 1,000,000 shares of stock authorized, None issued and outstanding | |
| Common stock, par value US\$0.001 each 50,000,000 shares of stock authorized, 28,491,457 shares of stock issued and outstanding | 28,491 |
| Additional paid-in capital | 5,033,603 |
| Accumulated deficit | (5,096,967) |
| | ----- |
| TOTAL STOCKHOLDERS' DEFICIT | (34,873) |
| | ----- |
| TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT | 712,391 |
| | ===== |

The financial statements should be read in conjunction with the accompanying notes

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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

| | PERIOD FROM AUGUST 13, 2002 (INCEPTION) TO MARCH 31, 2004 US\$ | THR MONI ENDEE MAR 31, 20 U |
|--|--|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Net loss | (5,096,967) | (545,90 |
| Adjustments to reconcile net loss to net cash used in operating activities: | | |
| Depreciation | 26,013 | 6,98 |
| Common stocks issued for compensation | 3,501,454 | 366,50 |
| Changes in working capital: | | |
| Prepayments and other receivables | (144,064) | 57,56 |
| Trade and other payables | 205,494 | (120,28 |
| NET CASH USED IN OPERATING ACTIVITIES | (1,508,070) | (235,14 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Acquisition of property, plant and equipment | (472,519) | (53,24 |
| Increase in pledged deposits | (22,687) | (49 |
| NET CASH USED IN INVESTING ACTIVITIES | (495,206) | (53,73 |
| NET CASH PROVIDED BY FINANCING ACTIVITIES | | |
| Net proceeds from issuance of common stock | 1,560,640 | 437,56 |
| (Repayment) Inception of loans | 338,170 | (29,75 |
| Proceeds from issuance of notes payable | 322,000 | |
| Repayment of notes payable | (148,400) | (6,00 |
| (Repayment of) Proceeds from issuance of convertible debts | 30,000 | (11,00 |
| NET CASH PROVIDED BY FINANCING ACTIVITIES | 2,102,410 | 390,81 |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 99,134 | 101,93 |
| CASH AND CASH EQUIVALENTS, AS OF BEGINNING | | |
| OF THE PERIOD | - | (2,80 |
| CASH AND CASH EQUIVALENTS, AS OF END OF THE PERIOD | 99,134 | 99,13 |
| ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS | | |
| Bank balances | 99,134 | 99,13 |
| SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION | | |
| Interest paid | 20,145 | 2,81 |
| NON-CASH OPERATING, INVESTING AND FINANCING ACTIVITIES | | |
| Common stocks issued for compensation by SCP | 1,674,782 | |
| Common stocks issued for compensation | | |

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| | | |
|----------------|-----------|---------|
| by the Company | 1,826,672 | 366,500 |
| | ----- | ----- |
| | 3,501,454 | 366,500 |
| | ===== | ===== |

The financial statements should be read in conjunction with the accompanying notes

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CHINA WIRELESS COMMUNICATIONS, INC.
(A Development Stage Company)

CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (UNAUDITED)

| | COMMON STOCK | | ADDITIONAL PAID-IN CAPITAL | ACCUMU DE |
|---|--------------|----------------|-------------------------------|--------------|
| | NUMBER | AMOUNT US\$ | US\$ | DE |
| As of August 13, 2002 - inception (NOTE) | 21,500,000 | 21,500 | 2,353,850 | |
| Net loss for the period | - | - | - | (1,014) |
| | ----- | ----- | ----- | ----- |
| As of December 31, 2002 | 21,500,000 | 21,500 | 2,353,850 | (1,014) |
| Common stock issued for services at prices ranging from \$0.25 to \$0.72 per share | 3,293,751 | 3,294 | 1,456,878 | |
| Common stock issued for cash at prices ranging from \$0.50 to \$0.80 per share, net of issuance costs of \$491,949 | 1,420,202 | 1,420 | 421,084 | |
| Net loss for the year | - | - | - | (3,536) |
| | ----- | ----- | ----- | ----- |
| As of December 31, 2003 | 26,213,953 | 26,214 | 4,231,812 | (4,551) |
| Common stock issued for services at prices ranging from \$0.35 to \$0.65 per share | 688,634 | 688 | 365,812 | |
| Common stock issued for cash at prices ranging from \$0.55 to \$0.74 per share, net of issuance costs of \$559,983 | 1,588,870 | 1,589 | 435,979 | |
| Net loss for the period | - | - | - | (545) |

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| | | | | |
|-------------|------------|--------|-----------|-------------|
| AS OF MARCH | | | | |
| 31, 2004 | 28,491,457 | 28,491 | 5,033,603 | (5,096,967) |
| | ===== | ===== | ===== | ===== |

Note: The common stock issued and outstanding at inception represents shares in issue immediately after the reverse acquisition of Strategic Communications Partners, Inc. ("SCP") on March 22, 2003, assuming that the capital structure had already been in existence since August 13, 2002.

The financial statements should be read in conjunction with the accompanying notes

CHINA WIRELESS COMMUNICATIONS, INC.
(A Development Stage Company)

NOTES TO AND FORMING PART OF THE CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
Three Months Ended March 31, 2004

1. BASIS OF PRESENTATION

The accompanying financial data as of March 31, 2004 and for the three months ended March 31, 2004 have been prepared by China Wireless Communications, Inc. (the "Company"), without audit. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to the rules and regulations of the Securities and Exchange Commission. However, the Company believes that the disclosures are adequate to make the information presented not misleading. These financial statements should be read in conjunction with the financial statements and the notes thereto of the Company, included in the Company's filings on form 10-KSB dated April 13, 2004.

In the opinion of the management, all adjustments (which include only normal recurring adjustments) necessary to present fairly the financial position, results of operations and cash flows of the Company have been made. The results of operations for the three months ended March 31, 2004 are not necessarily indicative of the operating results for the full year.

2. PREPARATION OF FINANCIAL STATEMENTS

The Company is in the development stage and has incurred losses of US\$5,096,967 since inception, which raise substantial doubt about the Company's ability to continue as a going concern. The continuation of the Company as a going concern is dependent upon the successful implementation of its business plan and ultimately achieving profitable operations. However, there can be no assurance that the business plan

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will be successfully implemented. The inability of the Company to implement the business plan successfully could adversely impact the Company's business and prospects. Details of the plans of operations of the Company are set out in Item 2 of this Form 10-QSB under the heading "Plan of Operation".

3. LOSS PER COMMON STOCK

Weighted average number of shares of common stock outstanding used in the calculation of basic loss per share for the three months ended March 31, 2004 and 2003, and for the period from August 13, 2002 (inception) to March 31, 2004 are 27,580,614 shares, 21,500,000 and 22,570,375 shares, respectively.

As of March 31, 2004, 2,302,726 shares in total could be issued pursuant to the convertible debts, stock warrants and stock options of the Company. No diluted loss per share is presented because their effects would be anti-dilutive.

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CHINA WIRELESS COMMUNICATIONS, INC.
(A Development Stage Company)

NOTES TO AND FORMING PART OF THE CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
Three Months Ended March 31, 2004

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4. STOCK-BASED COMPENSATION

The Company records compensation expense for stock-based employee compensation plans using the intrinsic value method in which compensation expense, if any, is measured as the excess of the market price of the stock over the exercise price of the award on the measurement date.

On March 22, 2003, the Company granted options to subscribe for shares of the Company to its directors and officers ("Options I"). The option period commenced on the effective date of grant and will expire on October 31, 2004. The options were granted at an exercise price of US\$0.35 per share, which is the market price on the grant date. As of March 31, 2004, 400,000 options were outstanding and 50,000 options have been exercised during the 3-month period then ended.

On July 7, 2003, the Company granted options to subscribe for shares of the Company to its employees ("Options II"). The option period commenced on October 1, 2004 and will expire three years after such date. The options were granted at an exercise price of US\$0.41 per share, which approximates the market price on the grant date. As of March 31, 2004, 100,000 options were outstanding and no option has been exercised during the 3-month period then ended.

As the exercise prices of the Company's stock options are either the same as or approximate to the market prices of the underlying stock on the grant dates, no compensation expense has been recognized for stock options pursuant to APB Opinion No. 25.

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Had compensation expenses for the same stock options been determined based on their fair values at the dates of grant and been amortized over the period from the date of grant to the date that the award is vested, consistent with the provisions of SFAS No. 123, the Company's net loss and loss per share would have been reported as follows:

| | PERIOD FROM AUGUST 13, 2002 (INCEPTION) TO MARCH 31, 2004 US\$ | THREE MONTHS ENDED MARCH 31, 2004 US\$ |
|--|--|---|
| Net loss | | |
| As reported | (5,096,967) | (545,901) |
| Total stock-based compensation expenses | (59,733) | (4,296) |
| | ----- | ----- |
| Pro forma | (5,156,700) | (550,197) |
| | ===== | ===== |
| Basic net loss per share | | |
| As reported | (0.2259) | (0.0198) |
| | ===== | ===== |
| Pro forma | (0.2285) | (0.0199) |
| | ===== | ===== |

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CHINA WIRELESS COMMUNICATIONS, INC.
(A Development Stage Company)

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

FORWARD-LOOKING STATEMENTS

Included in this report are various forward-looking statements, which can be identified by the use of forward looking terminology such as "may", "will," "expect," "anticipate," "estimate," "continue," "believe," or similar words. We have made forward-looking statements with respect to the following, among others: our goals and strategies; our expectations related to growth of our broadband internet, content and wireless access and transport in China and the performance under our agreements; our ability to obtain and operate licenses and permits to operate in China; our ability to earn sufficient revenues in China; the importance and expected growth of satellite communications, broadband internet, content and wireless access and transport in China and the demand for these services in China; our ability to continue as a going concern; and our future performance and our results of operations. These statements are forward looking and reflect our current expectations. We are subject to a number of risks and uncertainties, including but not limited to, changes in the economic

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and political environments in China, economic and political uncertainties affecting the capital markets, changes in technology, changes in satellite communications, broadband internet, content and wireless access and transport in the marketplace in China, competitive factors and other risks described in our annual report on Form 10-KSB which has been filed with the United States Securities and Exchange Commission. In light of the many risks and uncertainties surrounding the Company, China, and the satellite communications, broadband internet, content and wireless access and the transport marketplace in China, you should keep in mind that we cannot guarantee that the forward-looking statements described in this report will transpire and you should not place undue reliance on forward-looking statements.

OVERVIEW

On March 22, 2003, I-Track Inc., a company quoted on the primary exchange of the US OTC ("Over the Counter Bulletin Board") acquired Strategic Communications Partners, Inc., a Wyoming corporation ("SCP"), through a Share Exchange Agreement, resulting in the shareholders and management of SCP having actual and effective control of I-Track Inc. On March 24, 2003, I-Track Inc. changed its name to China Wireless Communications, Inc ("CWC") to better reflect the business activities of the Company.

We are a facilities-based provider of broadband data, video and voice communications services to customers that are not served by existing landline based fiber networks. We typically deliver our services over fixed wireless networks that we design, construct, own and operate. Over this infrastructure, we offer ultra high-speed Internet access, and other broadband data services. Other value added services being offered by us include systems integration and other telecom services.

STRATEGIC COMMUNICATIONS PARTNERS, INC.

SCP was incorporated in the State of Wyoming on August 13, 2002 and is a wholly owned subsidiary of CWC. It provides financial, technical, and marketing services for its operation in Beijing, People's Republic of China ("PRC"). Strategic Communications Partners Limited ("SCPL") is a subsidiary of SCP. SCPL was incorporated in Hong Kong on December 9, 2002. SCP's and SCPL's operations to date consist solely of supporting the Beijing operations.

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CHINA WIRELESS COMMUNICATIONS, INC. (A Development Stage Company)

On December 18, 2002, SCP entered into agreements with Goldvision, a company incorporated in the PRC, which is engaged in the business of providing satellite communication, broadband internet, content, wireless access and transport in Beijing, whereby SCP was to earn an initial 18% equity interest in Goldvision by paying \$4,800,000 with the purchase price to be paid prorata over 12 months from the effective date of the agreement, which is February 18, 2003. SCP was to have an 18% equity interest in Goldvision after these payments. SCP could have acquired an additional 6% equity interest in Goldvision by contributing \$2,400,000 over a period of 12 months after the purchase of the initial interest. Under these agreements, SCP was to have received 49% of all future net revenues from the sale of all services. SCP made payments to Goldvision, totaling \$55,000 under the Investment Contract.

On March 14, 2003, SCP signed an agreement with the subsidiary of Goldvision, Goldtel, which holds the licenses used to sell its high-speed wireless broadband

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services. This agreement is for five years and allows us to market and sell all services which the licenses held by Goldtel may be used to provide. This agreement is only cancelable upon the written mutual consent of both parties.

On August 5, 2003, an extension agreement was entered into between SCP and Goldvision to extend the due dates of the Investment Contract signed December 18, 2002 through September 5, 2003.

In October 2003, SCP decided not to request an additional extension of the Investment Contract after the expiration date of September 5, 2003. We anticipate that they will continue to provide services under the March 14, 2003 Agreement on a case-by-case basis. We are no longer liable to provide any capital to Goldvision under these prior agreements. We do not believe that the termination of the Investment Contract will have any material effect on our business operations.

BEIJING IN-TOUCH INFORMATION SYSTEM COMPANY LTD.

On March 4, 2003, SCP set up a wholly owned foreign enterprise, Beijing In-Touch Information System Co. Ltd ("In-Touch") in the PRC. In-Touch has commenced operations in Beijing, through cooperation agreements with local telecommunications operators.

In-Touch deployed a high speed broadband fiber network as the backbone to construct its fixed wireless broadband network system in Beijing, starting in December, 2003. That company is now selling its services over that network.. This network will make available 2.5 Gbps of capacity on a fiber network that surrounds the 66 kilometer-long fourth ring road in Beijing. The new additional capacity will support over 100,000 business-class broadband business customers on its Beijing network.

The first phase of the fixed wireless broadband network system in Beijing was completed April 2004, at which time In-Touch began full-service operations. In-Touch will be providing high speed wireless services, Virtual Private Network's and other wireless access, transport and enhanced data services.

We continue to build innovative partnership and acquisition strategies to maximize the coverage of our network in Beijing. We plan to replicate our Beijing model in other strategic cities in China during late 2004 and 2005.

As of March 31, 2004, we have three employees, all of whom are full-time in the United States. As of March 31, 2004, SCPL has no full-time employees in Hong Kong and In-Touch has 54 full-time employees all of whom are located in Beijing. None of our employees is covered by a collective bargaining agreement.

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CHINA WIRELESS COMMUNICATIONS, INC.
(A Development Stage Company)

ALLIANCES AND PARTNERSHIPS

We are in the midst of developing a technologically advanced wireless network to serve areas of business concentration in Beijing, China. In order to effectively deploy the broadband wireless network, we need to partner with companies whose business and products are complimentary to those of the Company. However, there is no guarantee that we can find suitable partner and we will be able to come to mutually agreeable terms if suitable partner could be found.

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On August 14, 2003, we signed a cooperative agreement with P-Com, Inc. ("P-Com") to develop a broadband wireless network within China. P-Com will provide equipment and support for their line of wireless products to assist us in building a wireless broadband network in China. We will use our marketing resources and sales platform to recommend and popularize the products of P-Com.

On August 15, 2003, we signed a contract with MCI International Ltd. Co. ("MCI"). This contract permits us to extend the reach of our Broadband Wireless Access Network in Beijing, China. We will be adding MCI International ATM asynchronous transport mode services to reach North America, South Pacific, Asian and European markets to our existing suite of broadband product and service offerings.

Alliances and partnerships with Tier One Telecom Carriers are critical to our growth strategy. We believe current broadband access providers in China are searching for economically viable ways to connect more end users to their backbones and to direct more traffic to their underutilized networks. We provide services meeting this growing demand. Over the last few months we have entered into agreement with China Netcom Group Beijing Company to cooperate in building out a network to serve its customers. We expect this and other such partnerships to help us enter and develop in China's highly regulated telecom sector successfully as a foreign invested enterprise. There are however, no guarantees that these partnerships will be successful.

CHINESE TAX HOLIDAY

In-Touch is registered in the Beijing Zhong Guan Cun High Tech Park and also recognized as a High Tech company. In-Touch will receive a tax holiday from 2003 to 2005 followed by a 50% reduction for the next three years.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of our financial statements in conformity with accounting principles generally accepted in the United States requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. In applying our accounting principles, we must often make individual estimates and assumptions regarding expected outcomes or uncertainties. As you might expect, the actual results or outcomes are generally different than the estimated or assumed results or outcomes. These differences are usually minor (but they could be material) and are included in our consolidated financial statements as soon as they are known. Our estimates, judgments and assumptions are continually evaluated based on available information and experience. Because of the use of estimates inherent in the financial reporting process, actual results could differ materially from those estimates.

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CHINA WIRELESS COMMUNICATIONS, INC.
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FOREIGN CURRENCIES

Balance Sheet transactions in foreign currencies are translated at the rates of exchange on the date of the Balance Sheet. Income Statement transactions in foreign currencies are translated at the average rates of exchange for the reporting period. Exchange gains and losses are recorded in the statement of

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operations.

CHINA WIRELESS COMMUNICATIONS, INC (FORMERLY I-TRACK, INC.)

RESULTS OF OPERATIONS. During the first quarter of 2004, CWC continued its work of expanding its network in Beijing and reviewing the opportunities in the local market. CWC has also put a great deal of effort into establishing and testing a variety of equipment to provide its services from different vendors in Beijing, China. CWC is in the development stage and has not yet generated significant revenues from planned principal operations. While service revenues of \$25,317 were generated for the first quarter of 2004 for wireless broadband access services, through cooperation agreements with local telecommunications operators, revenues generated from inception to March 31, 2004 total only \$60,689.

Operational expenses totaled \$551,225 for the three months ended March 31, 2004. Of this amount, \$366,500 are costs recorded for common stock issued for compensation for this period. As we are in the development stage, our focus is three fold: (a) raising capital, (b) providing and establishing long-term relationships with equipment providers, and (c) finalizing operational procedures for the Beijing office.

In comparison, operational expenses for the three months ended March 31, 2003 were \$1,303,126. Of this amount, \$909,900 was recorded for common stock issued for compensation. The reduction in operational expenses is due primarily to high consulting expenses and commissions.

LIQUIDITY AND CAPITAL RESOURCES. For the three-month period ended March 31, 2004, CWC used cash of \$235,142 for operating activities. The most significant adjustment to reconcile the net loss to net cash used in operations was common stock issued as compensation amounting to \$366,500. Investing activities also used cash of \$53,738. The Company has \$99,134 of cash and cash equivalent and pledged deposits of \$22,821 at March 31, 2004.

As reflected in the statement of cash flows, the Company is still dependent upon issuance of its common stock for cash utilized in its operations. For the three months ended March 31, 2004, net proceeds from the issuance of common stock provided cash of \$437,568.

At March 31, 2004, the Company had a working capital deficit of \$481,379, of which \$121,821 was in the form of cash and cash equivalents and pledged deposits, \$144,064 in prepayments and other receivables, \$205,494 in trade and other payables, 338,170 in loans, \$30,000 in convertible debts and \$173,600 in notes payable.

PLAN OF OPERATION

We have been focusing our efforts on finishing the design and construction of our Fixed Wireless Broadband Network System in Beijing. This system will commence operations in the second quarter of 2004. We will focus our primary marketing efforts on providing high-speed Internet access, VOIP, VPN private circuit, International leased line, and other broadband services to our clients. We are also in the midst of building partnership(s) with

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major telecom carriers of China. To connect more users to their backbone networks, we believe the carriers have motivation to cooperate with us in providing the high-speed wireless services to their customers on a revenue sharing basis. Following entering into the cooperative agreement with China Netcom Beijing Company on September 1, 2003, we are in the process of reviewing a similar arrangement with another Tier One Carrier. However, there is no guarantee that we will enter into such agreement and no guarantee that the terms will be favorable to us.

During 2004 we will develop Beijing, providing additional infrastructure which will allow us to expand our geographical coverage in Beijing. Using this same model, we plan to replicate our wireless broadband network in a dozen selected major metropolitan areas in the PRC. In each city, we will deploy multi-advanced technologies, including MSTP, ATM/IP, broadband wireless, soft switch, to provide high-speed Internet access, VOIP, Virtual Private Network, private circuit, International leased line and other value added services. We plan to expand Network Systems beyond Beijing starting in late 2004 and 2005. Our ability to do this will be primarily limited by our ability to raise capital. There is no guarantee that we will be successful in raising funds or if we do raise funds it will be at terms more favorable to us.

We have positioned ourselves as a high quality service provider, offering network reliability complemented with quality customer support. We are setting up a call center to accommodate queries and to provide a quick response to any queries from customers. We will focus our effort on customer satisfaction by attracting and retaining a core team of professionals.

The continuation of us as a going concern is dependent upon the successful implementation of our business plan, raising capital, and ultimately achieving profitable operations. However, there can be no assurance that the business plan will be successfully implemented. The inability of us to implement the business plan successfully could adversely impact our business and prospects.

We plan currently to increase our staffing levels only as required by our operations.

ITEM 3. CONTROLS AND PROCEDURES

Under the supervision and with the participation of our management, including our Chief Executive Officer / Chief Financial Officer, we conducted an evaluation of the effectiveness of our disclosure controls and procedures as defined in Rule 13a-14(c) promulgated under the Securities Exchange Act of 1934 as of March 31, 2004. Based on their evaluation, our Chief Executive Officer / Chief Financial Officer concluded that the design and operation of our disclosure controls and procedures were effective as of the date of the evaluation.

There have been no significant changes (including corrective actions with regard to significant deficiencies or material weaknesses) in our internal controls or in other factors that could significantly affect these controls subsequent to the date of the evaluation referenced in the preceding paragraph.

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PART II - OTHER INFORMATION

Item 1. Legal Proceedings

Not Applicable.

Item 2. Changes in Securities

In the first quarter of 2004, we raised \$437,568, selling 1,588,870 shares of our common stock. The principal underwriter was Bellador Advisory Services Ltd. ("Bellador"), a Malaysian-based international business company and the securities were sold under Regulation S promulgated under the Securities Act. The total offering price of these securities was \$997,551, less \$559,983 in underwriting discounts and commissions. The Agreement signed with Bellador, provides that the Company is to receive a price equivalent to 45% of the market price, that its common stock trades, all as defined in our agreement with Bellador. Bellador further has an agreement with each investor, that the stock must be held for one year, before its Regulation S restriction is removed.

Item 3. Defaults Upon Senior Securities

Not Applicable.

Item 4. Submission of Matters to a Vote of Security Holders

Not Applicable.

Item 5. Other Information

Not Applicable

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CHINA WIRELESS COMMUNICATIONS, INC.
(A Development Stage Company)

Item 6. Exhibits and Reports on Form 8-K

a) Exhibits

| Regulation S-B Number | Exhibit |
|--------------------------|--|
| 2.1 | Share Exchange Agreement dated as of March 17, 2003 by and between i-Track, Inc. and Strategic Communications Partners, Inc. (1) |
| 3.1 | Articles of Incorporation (2) |

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- 3.2 Bylaws (2)
 - 3.3 Certificate of Amendment to Articles of Incorporation (3)
 - 10.1 Promissory Note, dated June 27, 2003 in the amount of \$50,000, payable to Henry Zaks (4)
 - 10.2 Promissory Note, dated July 31, 2003 in the amount of \$30,000, payable to Henry Zaks (4)
 - 10.3 Investment Contract between Goldvision Technologies Ltd and SCP dated December 18, 2002 (5)
 - 10.4 Extension Agreement to Investment Contract between Goldvision Technologies Ltd. and the Company dated August 5, 2003 (4)
 - 10.5 Employment Agreement dated March 25, 2003 with Phillip Allen (5)
 - 10.6 Employment Agreement dated March 25, 2003 with Brad A. Woods (5)
 - 10.7 Separation & Voting Trust Agreement with Philip Allen (4).
 - 10.8 Agreement between the Company and Bellador Advisory Services, Ltd. dated October 22, 2003 (4)
 - 10.9 Agreement between the Company and China Netcom Group Beijing Company dated September 1, 2003 (4)
 - 16.2 Letter from Edwards, Melton, Ellis, Koshiw & Company, P.C. dated January 20, 2003 (6)
 - 16.3 Letter from the Rehmann Group, dated February 19, 2003 (7)
 - 16.4 Letter from Moores Rowland, dated May 14, 2003 (8)
 - 21 Subsidiaries of the registrant (4)
 - 31.1 Certification of Chief Executive/Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
 - 32.1 Certification of Chief Executive/Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
- (1) Incorporated by reference to the exhibits to the registrant's current report on Form 8-K dated March 17, 2003.
- (2) Incorporated by reference from the exhibits to the Registration Statement on Form SB-1 filed on November 6, 2000, File No. 333-49388.
- (3) Incorporated by reference to the exhibits to the registrant's current report on Form 8-K dated March 22, 2003.
- (4) Incorporated by reference to the exhibits to the registrant's annual report on Form 10-KSB for the year ended December 31, 2003.
- (5) Incorporated by reference to the exhibits to the registrant's annual report on Form 10-KSB for the year ended December 31, 2002.
- (6) Incorporated by reference to the exhibits to the registrant's current report on Form 8-K dated January 20, 2003.
- (7) Incorporated by reference to the exhibits to the registrant's current report on Form 8-K dated February 19, 2003.
- (8) Incorporated by reference to the exhibits to the registrant's current report on Form 8-K dated May 14, 2003.
- b) Reports on Form 8-K:
Form 8-K dated February 23, 2004 reporting under Item 5 the appointment of a director.

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CHINA WIRELESS COMMUNICATIONS, INC.
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SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly

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authorized.

CHINA WIRELESS COMMUNICATIONS, INC.
(Registrant)

Date: May 18, 2004

By: /s/ BRAD WOODS

Brad Woods,
Interim President (Principal Executive
Officer) and Chief Financial Officer
(Principal Financial and Accounting
Officer)