

CHINA WIRELESS COMMUNICATIONS INC  
Form 10QSB  
November 10, 2005  
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: September 30, 2005

**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**

**91-1966948**

(State or other jurisdiction of  
incorporation or organization)

(IRS Employer  
Identification No.)

**1746 Cole Boulevard, Suite 225, Golden, Colorado 80401-3208**

(Address of principal executive offices)

Edgar Filing: CHINA WIRELESS COMMUNICATIONS INC - Form 10QSB

(303) 277-9968

(Issuer's telephone number)

**Not Applicable**

(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  No

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

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

**83,370,458 shares of Common Stock, \$0.001 par value,**

**as of September 30, 2005**

Transitional Small Business Disclosure Format (check one); Yes

No

**China Wireless Communications, Inc.**

**Index**

**Part I. Financial Information**

Item 1.	- Financial Statements	
	- Condensed Consolidated Statements of Operations	
	Nine and Three Months Ended September 30, 2005 and 2004 (Unaudited)	3
	- Condensed Consolidated Balance Sheet	
	As of September 30, 2005 (Unaudited)	4
	- Condensed Consolidated Statements of Cash Flows	
	Nine Months Ended September 30, 2005 and 2004 (Unaudited)	5
	- Notes to and Forming Part of the Condensed Financial Statements	6
Item 2.	- Management's Discussion and Analysis or Plan of Operations	10
Item 3.	- Controls and Procedures	14

**Part II. Other Information**

Item 1.	- Legal Proceedings	15
Item 2.	- Unregistered Sales of Equity Securities and Use of Proceeds	15
Item 3.	- Defaults Upon Senior Securities	15
Item 4.	- Submission of Matters to a Vote of Security Holders	15
Item 5.	- Other Information	15
Item 6.	- Exhibits	15
<b>Signatures</b>		16
<b>Certifications</b>		17



## China Wireless Communications, Inc.

## Condensed Consolidated Statements of Operations

(Unaudited)

	<i>Note</i>	For nine months ended Sep 30,		For three months ended Sep 30,	
		<b>2005</b>	2004	<b>2005</b>	2004
		<i>US\$</i>	<i>US\$</i>	<i>US\$</i>	<i>US\$</i>
<b>Operating revenue</b>					
Service revenue		<b>300,118</b>	-	<b>171,469</b>	-
Cost of services		<b>286,534</b>	-	<b>162,934</b>	-
<b>Gross profit</b>		<b>13,584</b>	-	<b>8,535</b>	-
<b>Operating expenses</b>					
Depreciation expenses		<b>999</b>	1,140	<b>511</b>	96
General and administrative expenses		<b>1,378,941</b>	3,247,673	<b>1,374,180</b>	339,149
Total operating expenses		<b>1,379,940</b>	3,248,813	<b>1,374,691</b>	339,245
<b>Net Loss from continuing operations</b>		<b>(1,366,356)</b>	(3,248,813)	<b>(1,366,156)</b>	(339,245)
<b>Non-operating income (expenses)</b>					
Interest income		<b>93</b>	186	<b>93</b>	62
Other income		<b>10,631</b>	167,090	<b>6,762</b>	167,090
Interest expenses		-	(4,285)	-	(1,468)
Other expenses		-	(139,474)	-	(137,081)
<b>Net Loss from discontinued operations</b>		-	(803,300)	-	(298,271)
Income taxes		-	-	-	-
<b>Net loss</b>		<b>(1,355,632)</b>	(4,028,596)	<b>(1,359,301)</b>	(608,913)
<b>Net loss per share of common stock:</b>	5				
Basic		<b>(0.0204)</b>	(0.1236)	<b>(0.0170)</b>	(0.0162)
Diluted		N/A	N/A	N/A	N/A
		<b>66,290,980</b>	32,589,110	<b>79,895,703</b>	37,603,291

**Weighted average number of shares of  
common stock outstanding**

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

3

## China Wireless Communications, Inc.

## Condensed Consolidated Balance Sheet September 30, 2005

(Unaudited)

<b>ASSETS</b>	<i>US\$</i>
<b>Current assets</b>	
Cash and cash equivalents	29,606
Prepayments and other receivables	192,850
Total current assets	222,456
Property, plant and equipment, net	15,571
<b>Total assets</b>	<b>238,027</b>
<b>LIABILITIES AND STOCKHOLDERS' DEFICIT</b>	
<b>Current liabilities</b>	
Trade and other payables	256,965
Loans	161,474
Notes payable	198,850
<b>Total liabilities</b>	<b>617,289</b>
<b>Commitments and contingencies</b>	
<b>Stockholders' deficit</b>	
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 250,000,000 shares of stock authorized, 83,370,458 shares of stock issued and outstanding	83,371
Additional paid-in capital	9,473,227
Accumulated deficit	(9,935,860)
<b>Total stockholders' deficit</b>	<b>(379,262)</b>
<b>Total liabilities and stockholders' deficit</b>	<b>238,027</b>

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



## China Wireless Communications, Inc.

## Condensed Consolidated Statement of Cash Flows

(Unaudited)

	For nine months ended Sep 30,	
	2005	2004
	US\$	US\$
<b>Cash flows from operating activities</b>		
Net loss	(1,355,632)	(4,028,596)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	999	25,044
Write off of property, plant and equipment		7,281
Common stocks issued for compensation	1,361,228	3,255,603
Waiver of loans from a stockholder of the Company		(167,090)
Changes in working capital:		
Prepayments and other receivables	(192,850)	127,078
Trade and other payables	152,392	473,065
<b>Net cash used in operating activities</b>	<b>(33,863)</b>	<b>(307,615)</b>
<b>Cash flows from investing activities</b>		
Acquisition of property, plant and equipment	(16,570)	(511,109)
Decrease in pledged deposits	-	22,197
<b>Net cash used in investing activities</b>	<b>(16,570)</b>	<b>(488,912)</b>
<b>Net cash provided by financing activities</b>		
Net proceeds from issuance of common stock	-	781,702
Proceeds from additions of loans	-	26,173
Repayment of loans		
Proceeds from issuance of notes payable	75,250	20,000
Temporary receipt		
Repayment of notes payable	-	(6,000)
Proceeds from issuance of convertible debts		25,000
Repayment of convertible debts		(11,000)
<b>Net cash provided by financing activities</b>	<b>75,250</b>	<b>835,875</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>24,817</b>	<b>39,348</b>
<b>Cash and cash equivalents, as of beginning of the period</b>	<b>4,789</b>	<b>(2,803)</b>
<b>Cash and cash equivalents, as of end of the period</b>	<b>29,606</b>	<b>36,545</b>
<b>Analysis of balances of cash and cash equivalents</b>		
Bank balances	29,606	36,545
<b>Supplemental disclosure of cash flow information</b>		

Edgar Filing: CHINA WIRELESS COMMUNICATIONS INC - Form 10QSB

Interest paid	-	4,285
<b>Non-cash operating, investing and financing activities</b>		
Common stocks issued for services and settlement of debts by the Company	<b>1,361,228</b>	3,255,603
	<b>1,361,228</b>	3,255,603

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

China Wireless Communications, Inc.

Notes to and Forming Part of the Condensed Financial Statements

September 30, 2005 (Unaudited)

**1. BASIS OF PRESENTATION AND STOCK-BASED COMPENSATION**

*Basis of presentation*

The accompanying financial data as of September 30, 2005 and for the three and nine months ended September 30, 2005 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 form 10-KSB for the fiscal year ended December 31, 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 and nine months ended September 30, 2005 are not necessarily indicative of the operating results for the full year.

Prior to April 1, 2004, the Company's planned principal operations were underway but had not yet generated any significant revenue. Accordingly, the Company's financial statements for all periods prior to April 1, 2004 were presented as a development stage enterprise, as prescribed by Statement of Financial Accounting Standards No. 7, Accounting and Reporting by Development Stage Enterprises. In the second quarter of fiscal year 2004, the Company started to generate a fair amount of revenue during the quarter. As a result, the Company exited the development stage in the quarter ended June 30, 2004.

*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.

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 the stock options.

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:



China Wireless Communications, Inc.

## Notes to and Forming Part of the Condensed Financial Statements

September 30, 2005 (Unaudited)

## 1. BASIS OF PRESENTATION AND STOCK-BASED COMPENSATION (CONTINUED)

*Stock-based compensation (Continued)*

	Nine Months Ended Sep 30,	
	2005 US\$	2004 US\$
Net loss		
As reported	(1,355,632)	(4,028,596)
Total stock-based compensation expenses	-	(12,888)
Pro forma	(1,355,632)	(4,041,484)
Basic net loss per share		
As reported	(0.0204)	(0.1236)
Pro forma	(0.0204)	(0.1240)

## 2. ORGANIZATION

On May 24, 2005, the Company acquired 51% of the stock of Tianjin Create Co., a systems integration and information technology company located in Tianjin, China. Tianjin Create Co. was established in 2002 by Frank Li, a former professor of engineering at NanKai University, the oldest university in China, comparable to the prestigious Massachusetts Institute of Technology in the United States. Tianjin Create Co. is a young systems integration company with positive cash flow and a strong and knowledgeable management team.

Tianjin Create Co. was acquired by China Wireless in part because of its strategic location in Tianjin City, the third largest city in China. Also, as an established, young, forward-looking company with a customer base in the education, oil & gas, banking, brokerage, commercial and government sectors, Tianjin Create Co. provides a solid base for China Wireless to rebuild its presence in China.

China Wireless Communications, Inc.

**Notes to and Forming Part of the Condensed Financial Statements**

**September 30, 2005 (Unaudited)**

**3. Critical Accounting Policies and Estimates**

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States requires management 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 the accounting principles, management must often make individual estimates and assumptions regarding expected outcomes or uncertainties. As a result, the actual results or outcomes might generally be different from the estimated or assumed results or outcomes. These differences are included in the consolidated financial statements as soon as they are known. Management's 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.

**Principles of consolidation**

The consolidated financial statements include the financial information of the Company and all of its subsidiaries, namely Tianjin Create Co. All material inter-company balances and transactions have been eliminated on consolidation.

**Foreign currencies**

Transactions involving foreign currencies are translated at the rates of exchange ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated at the rates of exchange ruling at that date. Translation differences are included in the statements of operations.

On consolidation, the balance sheets of overseas subsidiaries denominated in foreign currencies are translated at the rates of exchange ruling at the balance sheet date while the statements of operations are translated at average rates for the period. All exchange differences arising on consolidation are included in other comprehensive income.

**Revenue recognition**

Revenue is recognized when it is probable that the economic benefits will flow to the Company and when the revenue and cost, if applicable, can be measured reliably and on the following bases.

Service revenue is recognized in the period when services are rendered.

Edgar Filing: CHINA WIRELESS COMMUNICATIONS INC - Form 10QSB

Sale of goods is recognized on transfer of risks and rewards of ownership, which generally coincides with the time when goods are delivered to customers and title has passed.

Page 8 of 16

China Wireless Communications, Inc.

**Notes to and Forming Part of the Condensed Financial Statements**

**September 30, 2005 (Unaudited)**

**4. PREPARATION OF FINANCIAL STATEMENTS**

The Company is in the process of rebuilding its business to execute on its new business plan, which is focused on acquiring unique and innovative technologies to market in China. The Company has incurred losses of US\$9,935,860 since inception, which raises 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 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 "Management's Discussion and Analysis or Plan of Operation".

**5. LOSS PER COMMON STOCK**

The weighted average number of shares of common stock outstanding used in the calculation of basic loss per share for the nine months ended September 30, 2005 and three months ended September 30, 2005 are 66,290,980 shares and 79,895,703 shares respectively.

As of September 30, 2005, 3,783,605 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.

## **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 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. acquired all of the issued and outstanding shares of Strategic Communications Partners, Inc., a Wyoming corporation ( SCP ), pursuant to the terms of 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. to better reflect the business activities of the company.

We were in the development stages in 2003 and 2004 and continued to maintain a high cost for operations with very little sales/revenue value to achieve breakeven. SCP had no revenues in 2002. We began to record revenues in June 2003. The primary activities during 2003 included: the finalization of our analysis of the market in Beijing and China for wireless broadband; setting up a Beijing office with a sales, engineering and administrative staff to market and support the sale of our high speed wireless broadband services; negotiating agreements and alliances with its partners to allow In-Touch to sell its services and value-added products; and the initiation of the construction of its fixed wireless broadband network system in Beijing.

During the 4<sup>th</sup> quarter of 2004, we closed In-Touch due to high operational expenses incurred and flat sales/revenue generation of the transport business in 2004. All office leases were terminated and transport equipment returned to respective vendors. Additionally, all staff and employees were terminated effective October 1, 2004.

We are now in the process of changing our business direction from the management of a wireless broadband network to the development of technology integration and IP services in China. The company now intends to seek complementary technologies as part of an acquisition strategy to build a broad base of products and services to be marketed in China as well as in North America. This broad focus incorporates

vertical integration of telephony, IP security, manufacturing, medical and industrial. Investments in these industries

will be based on a company's positive financial cash flow, strong management, unique or superior technology/innovation, and its value to the overall corporation's portfolio of companies.

On May 24, 2005, the company acquired Tianjin Create Co. a systems integration and information technology company located in Tianjin, China.

### **Going Concern**

The accompanying consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America, which contemplate continuation of us as a going concern. We incurred a net loss for the nine months ended September 30, 2005 of \$1,355,632, and a net loss for three months ended September 30, 2005 of \$1,359,301, and at September 30, 2005 had an accumulated deficit of \$9,935,860 and a working capital deficit of \$394,833. These conditions raise substantial doubt as to our ability to continue as a going concern. These consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty. These consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts, or amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

We are currently developing strategic partnerships with firms in the United States, Canada, and Asia to raise capital for the purpose of acquiring firms in the PRC engaged in information technology integration, providing IP services, technology consulting and manufacturing of related technology products. Our ability to continue as a going concern is dependent upon the successful implementation of a business plan and ultimately achieving profitable operations. However, there is no assurance that we will be able to raise the necessary capital to execute our business strategy. Our inability to raise the required capital or implement our business strategy successfully could adversely impact our business and prospects.

### **Critical Accounting Policies and Estimates**

Our discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosures of contingent assets and liabilities. On an ongoing basis, we evaluate our estimates. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions; however, we believe that our estimates, including those for the above-described items, are reasonable.

### **Foreign Currencies**

Transactions in foreign currencies are translated at the rates of exchange on the dates of transactions. Monetary assets and liabilities denominated in foreign currencies at year-end are translated at the approximate rates ruling at the balance sheet date. Non-monetary assets and liabilities are translated at the rates of exchange prevailing at the time the asset or liability was acquired. Exchange gains and losses are recorded in the statement of operations.

## Results of Operations

In December of 2004, we closed In-Touch in Beijing. The decision to discontinue these operations was due to higher than expected operating costs, the inability to acquire the necessary infrastructure, and increased competition.

During the third quarter of 2005, operational expenses totaled \$1,379,940 for the nine months, of which \$1,361,228 was recorded for common stock issued for compensation for this period.

In comparison, operational expenses for the nine months ended September 30, 2004 were \$3,248,813. Of this amount, \$3,255,603 was recorded for common stock issued for compensation. The decrease in operational expenses is due primarily to lower consulting expenses.

During the second quarter of 2005, we acquired Tianjin Create Co. Service revenues in the second and third quarter of 2005 reflect this acquisition, as we reported revenues of \$171,469 and \$300,118 for the three and nine months ended September 30, 2005.

## Liquidity and Capital Resources

For the nine-months period ended September 30, 2005, we used cash of \$33,863 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 \$1,361,228. Financing activities provided cash of \$75,250. Investing activities used cash of \$16,570. We had \$29,606 of cash and cash equivalents at September 30, 2005.

At September 30, 2005, we had current assets of \$222,456 and current liabilities of \$617,289, resulting in a working capital deficit of \$398,833, as compared to a deficit of \$444,215 at December 31, 2004.

## Plan of Operation

We are focusing our efforts in becoming a premier information technology company. We believe that the information technology business is beginning to develop quickly in China and that we can be a major player in its development. Additionally, we have identified several unique and innovative North American technologies that can be marketed to business customers in China through our subsidiary, Tianjin Create Co.

The design and construction of fixed wireless broadband network systems will be part of the overall information technology strategies being executed. Each of the companies with which we are considering partnering has telephony and broadband access requirements to meet their business objectives. However, we plan to broaden our scope to become a systems solutions company that will provide a broad base of information technologies through our partnership companies. These technologies include, but are not limited to, engineering design, implementation of Wi-Fi, fixed broadband wireless, systems integration, IP security, information firewalls, data storage, voice/video/data telecommunications services and managed communications services. To further broaden our scope, we are exploring leading edge technologies in the equipment manufacturing, education, brokerage/bank security, network/computer security, interactive video, oil & gas, power (electrical) disaster recovery & monitoring and medical industries to acquire.

The acquisition of Tianjin Create Co., has reestablished our business presence in China as we build upon its existing business and experience. Tianjin Create Co. one of the key foundations to building the company's information technology broad base of products and services in China. Which include computer installation & maintenance, broadband transport service, server installation maintenance & support, internet services, broadband transport redundancy, fixed wireless transport and information hosting. We are also evaluating



## Edgar Filing: CHINA WIRELESS COMMUNICATIONS INC - Form 10QSB

potential acquisition targets in North America in order to market innovative products and services through our assets in China.

Tianjin Create Co. is a subsidiary company of China Wireless through which we manage all of our assets and operations in China - the same would be done for a North American entity. The subsidiary company in turn may form a foreign joint venture, as required by the laws of the local jurisdiction.

Tianjin City is the third largest city in China and can be compared to Chicago, Illinois, in the U.S.A. Tianjin City has a population of 10,000,000 people and is the major import and export center for China. Major industries and markets located in Tianjin City include educational, industrial, international port city, medical, manufacturing and government. Tianjin City is Beijing's gateway to the sea and has over 25 ten-thousand ton ship berths. The harbor is considered the number one demarcation point for all products entering and leaving China. Tianjin's harbor is geographically the second largest in China.

Tianjin City is home to 31 of the country's most noteworthy universities as well as being the industrial and financial capital of northern China. Tianjin City is also the headquarters for Motorola Corporation of China. In addition, Tianjin University is the first Chinese neoteric university. Tianjin has been selected to host the 2008 Olympic Games Football (Soccer) contests.

Through this foreign joint venture with Tianjin Create Co., we provide information technology and IP services to customers in China. Our newly formed partnership enables us to provide engineering and IP service support for existing and future IP customers in China. The customer base includes Nankia Univeristy, Tian Sea Transportation Company and Tianjin Gas Company to name a few. Additionally, 20 of the 31 universities utilize products or services provided by Tianjin Create Co. We are able to offer a broad base of information technologies from IP security, wireless broadband, and Wi-Fi, to last mile transport connections.

The advantage of pursuing this course of action is to reduce investment and startup costs focusing on achieving positive cash flow in a timely manner. The companies being evaluated as possible acquisitions have captured a segment of the growing market in their technology specialty and require the subject matter proficiency, access to future funding, and new technology that we can provide. Additionally, the companies being evaluated as possible acquisitions would be cash flow positive, having complementary technology, broad customer bases, and strong management team focused on forming a partnership with a public company for the long term.

After re-evaluating several courses of action, the Board and management team believe the best path to regain shareholder value, provide a profitable business, and improve our stock performance is to focus on acquiring complementary technology and/or cash flow-positive companies interested in a long term relationship.

In addition, we are in discussions with a management group to assist with business development, fund raising strategies, acquisition of information technology products, public relations, support for the Board and management team. The management group would also, provide direction and focus for existing and new market penetration.

As we begin to execute our business plan, we will utilize the leadership of Tianjin Create Co. to oversee and manage the operations in China. Staffing levels in China will be increased only as required or as such action is required due to business growth.

In addition, we are planning an annual shareholders meeting for the later part of 2005.

**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 September 30, 2005. Based on his 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.

**PART II - OTHER INFORMATION**

**Item 1. Legal Proceedings**

Not applicable.

**Item 2. Unregistered Sales of Equity Securities and Use of Proceeds**

Not applicable.

**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.

**Item 6. Exhibits**

**Regulation**

<b>S-B Num-ber</b>	<b>Exhibit</b>
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)
3.2	Bylaws (2)
3.3	Certificate of Amendment to Articles of Incorporation (3)
3.4	Certificate of Amendment to Articles of Incorporation (4)
10.1	Promissory Notes in the aggregate amount of \$140,000, payable to Buck Krieger (5)

## Edgar Filing: CHINA WIRELESS COMMUNICATIONS INC - Form 10QSB

- 10.2 Promissory Note, dated June 27, 2003 in the amount of \$50,000, and dated July 31, 2005 in the amount of \$30,000, payable to Henry Zaks (6)
- 10.3 Promissory Note, dated July 31, 2003 in the amount of \$20,000, payable to Robert Zappa (5)
- 10.4 2003 Stock Plan, as amended (7)
- 10.5 Investment Contract between Goldvision Technologies Ltd and SCP dated December 18, 2002 (7)
- 10.6 Extension Agreement to Investment Contract between Goldvision Technologies Ltd. And the Company dated August 5, 2003 (6)
- 10.7 Employment Agreement dated March 25, 2003 with Phillip Allen (7)
- 10.8 Employment Agreement dated March 25, 2003 with Brad A. Woods (7)
- 10.9 Separation & Voting Trust Agreement with Philip Allen (6)
- 10.10 Agreement between the Company and Bellador Advisory Services, Ltd. dated October 22, 2003 (6)
- 10.11 Agreement between the Company and China Netcom Group Beijing Company dated September 1, 2003 (6)

**Regulation**

<b>S-B Num-ber</b>	<b>Exhibit</b>
10.12	Agreement between the Company and MCI International Ltd. Co. dated August 14, 2003 (5)
10.13	Amendment to Employment Agreement dated April 23, 2004 with Brad A. Woods (8)
10.14	Employment Agreement with Pedro E. Racelis III (8)
10.15	Consulting Agreement with Jiaxin Consulting Group, Inc. dated December 8, 2004 (5)
21	Subsidiaries of the registrant (5)
31.1	Rule 15d-14(a) Certification of Chief Executive/Financial Officer
32.1	Certification Pursuant to 18 U.S.C. 1350, as Adopted 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 current report on Form 8-K dated November 23, 2004.
- (5) Incorporated by reference to the exhibits to the registrant's annual report on Form 10-KSB for the year ended December 31, 2004.
- (6) Incorporated by reference to the exhibits to the registrant's annual report on Form 10-KSB for the year ended December 31, 2003.
- (7) Incorporated by reference to the exhibits to the registrant's annual report on Form 10-KSB for the year ended December 31, 2002.
- (8) Incorporated by reference to the exhibits to the registrant's registration statement on Form S-8 (File No. 333-104457, filed April 27, 2004).

**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 authorized.

CHINA WIRELESS COMMUNICATIONS, INC.

(Registrant)

Date: November 9, 2005

By: /s/ PEDRO E. RACELIS, III  
Pedro E. Racelis, III

Interim President and Chief Financial Officer