

Edgar Filing: CHINA WIRELESS COMMUNICATIONS INC - Form 10QSB

CHINA WIRELESS COMMUNICATIONS INC  
Form 10QSB  
August 19, 2003

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: June 30, 2003

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.)

7365 Village Square Drive #1611, Castle Rock, Colorado 80108

-----  
(Address of principal executive offices)

(720) 733-6214

-----  
(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  No

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

22,952,000 shares of Common Stock, \$0.001 par value,  
as of August 15, 2003

Transitional Small Business Disclosure Format (check one); Yes  No

China Wireless Communications, Inc.

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China Wireless Communications, Inc.  
 (A Development Stage Company)

Condensed Consolidated Balance Sheet (Unaudited)  
 As of June 30, 2003

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			Period from
	Three	Six	August 13,
	months	months	2002
	ended	ended	(inception) to
	June 30,	June 30,	June 30,
	2003	2003	2003

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	US\$	US\$	US\$
	-----	-----	-----
Operating revenue	4,059	4,059	4,059
Cost of Sales	3,392	3,392	3,392
	-----	-----	-----
Gross profit	667	667	667
	-----	-----	-----
Operating expenses			
General and administrative expenses	473,325	1,775,136	2,790,618
Depreciation expense	2,651	3,966	3,966
	-----	-----	-----
	475,976	1,779,102	2,794,584
	-----	-----	-----
Loss from operations	(475,309)	(1,778,435)	(2,793,917)
	-----	-----	-----
Non-operating (expenses) income			
Interest expenses	(2,296)	(3,285)	(3,285)
Other income, net	--	--	483
	-----	-----	-----
Total non-operating (expenses) income	(2,296)	(3,285)	(2,802)
	-----	-----	-----
Loss before income taxes	(477,605)	(1,781,720)	(2,796,719)
Income taxes	--	--	--
	-----	-----	-----
Net loss	(477,605)	(1,781,720)	(2,796,719)
	=====	=====	=====
Net loss per share of common stock:			
Basic (Note 4)	(0.0222)	(0.0828)	(0.1300)
	=====	=====	=====

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China Wireless Communications, Inc.  
(A Development Stage Company)

Condensed Consolidated Balance Sheet (Unaudited)  
As of June 30, 2003

ASSETS	US\$
Current assets	
Cash and cash equivalents	5,183
Prepaid expenses	3,500
Due from a related party	72,731
Deposits	31,171
Accounts receivable	5,603
	-----
	118,188

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Property, plant and equipment, net	96,266
	-----
Total assets	214,454
	=====
LIABILITIES AND STOCKHOLDERS' EQUITY	
Current liabilities	
Accrued expenses and other accrued liabilities	292,223
Note payable	139,600
Convertible debt	91,000
	-----
Total liabilities	522,823
	-----
Commitments and contingencies	
Stockholders' deficit	
Common stock, par value US\$0.001 each, 100,000,000 shares of stock authorized, 21,952,000 shares of stock issued and outstanding	21,952
Additional contributed paid-in capital	2,466,398
Accumulated deficit	(2,796,719)
	-----
Total stockholders' deficit	(308,369)
	-----
Total liabilities and stockholders' deficit	214,454
	=====

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China Wireless Communications, Inc.  
(A Development Stage Company)

Condensed Consolidated Statement of Stockholders' Deficit (Unaudited)  
As of June 30, 2003

	Common stock		Additional contributed	Accumulated	
	Number	Amount US\$	paid-in capital US\$	deficit US\$	
	-----	-----	-----	-----	-----
As of August 13, 2003 - inception (Note)	21,500,000	21,500	2,353,850	--	2,
Net loss for the period	--	--	--	(1,014,999)	(1,
	-----	-----	-----	-----	-----
As of December 31, 2002	21,500,000	21,500	2,353,850	(1,014,999)	1,

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Net loss for per period	--	--	--	(1,304,115)	(1,
Balance as of March 31, 2003	21,500,000	21,500	2,353,850	(2,319,114)	
Common stock issued for services at US\$0.25 per share	452,000	452	112,548	--	
Net loss for the period	--	--	--	(477,605)	(
Balance as of June 30, 2003	21,952,000	21,952	2,466,398	2,796,719	(

Note: The common stock issued and outstanding at inception represents shares in issue immediately after the recapitalization of Strategic Communications Partners, Inc. on March 22, 2003, assuming that the recapitalization has been in existence since the inception of the surviving entity. For details of the recapitalization, please refer to note 1 to these financial statements.

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China Wireless Communications, Inc.  
(A Development Stage Company)

Condensed Consolidated Statements of Cash Flows  
Three Months and Six Months Ended June 30, 2003

	Three months ended June 30, 2003 US\$
Cash flows from operating activities:	
Net loss	(477,605)
Adjustments to reconcile net loss to net cash used in operating activities:	
Depreciation	2,651
Common stock issued for compensation	113,000
Changes in working capital:	
Accounts Receivable	(4,197)
Deposits	(21)
Prepaid expenses	(1,062)
Accrued expenses and other accrued liabilities	124,971
Net cash used in operating activities	(242,263)

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Net cash used in investing activities	
Acquisition of property, plant and equipment	(4,662)
i-Track and Strategic Communications Partners, Inc. merger	--
Advances to a related party	(12,731)
	-----
Net cash used in investing activities	(17,393)
	-----
Net cash provided by financing activities	
Proceeds from issuance of common stock	--
Proceeds from issuance of notes payable	185,000
Proceeds from issuance of convertible debt	41,000
Repayment of notes payable	(10,400)
	-----
Net cash provided by financing activities	215,600
	-----
Net (decrease) increase in cash and cash equivalents	(44,056)
Cash and cash equivalents, as of beginning of the period	49,239
	-----
Cash and cash equivalents, as of end of the period	5,183
	=====
Analysis of balances of cash and cash equivalents	
Bank balances	5,183
	=====
Non-cash operating, investing and financing activities	
Common stocks issued for compensation	113,000
	=====

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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 and Six Months Ended June 30, 2003

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### 1. BASIS OF PRESENTATION

The accompanying financial data as of June 30, 2003 and for the three and six months then ended 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 Strategic Communications Partners, Inc. included in the Company's filings on Form 10-KSB for the year ended December 31, 2003.

The preparation of financial statements in conformity with general

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accepted accounting principles requires management to make estimates that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosure of contingent assets and liabilities. Actual results could differ from these estimates.

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 six months ended June 30, 2003 are not necessarily indicative of the operating results for the full year.

Effective March 22, 2003, pursuant to a Share Exchange Agreement, China Wireless Communications, Inc., (formerly I-Track, Inc.) acquired Strategic Communications Partners, Inc., a Wyoming corporation ("SCP"), resulting in the shareholders and management of SCP having actual and effective control of the Company, the surviving corporation. For accounting purposes, the transaction was treated as an acquisition of the Company by SCP and as a recapitalization of SCP. The historical financial statements prior to the acquisition became those of SCP even though they were labeled as those of the Company. In the recapitalization, historical shareholders' equity of the Company, prior to the merger, was retroactively restated for the equivalent number of shares received in the merger with an offset to paid-in capital. Operations prior to the merger were those of SCP. Basic loss per share prior to the merger was restated to reflect the number of equivalent shares received by the shareholders of SCP. The acquisition, although a purchase, was presented as a reverse acquisition.

### 2. PREPARATION OF FINANCIAL STATEMENTS

The Company is in the development stage and has incurred losses of US\$2,796,719 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 will be successfully implemented. The inability of the Company to implement the business plan successfully could adversely impact the Company's business and prospects.

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China Wireless Communications, Inc.  
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Notes to and Forming Part of the Condensed Financial Statements (Unaudited)  
Three Months and Six Months Ended June 30, 2003

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### 3. NEW ACCOUNTING POLICIES

#### (a) Revenue recognition

The Company recognizes revenue in accordance with SEC Staff Accounting Bulletin No. 101, "Revenue recognition in financial statements", when the title and risk of loss have passed to the customer, there is persuasive evidence of an arrangement, delivery has occurred or services have been rendered, the

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sales price is determinable, and collectibility is reasonably assured. Services revenue is recognized when the services are provided.

(b) New accounting pronouncements

In January 2003, the FASB issued FASB Interpretation No. 46, "Consolidation of Variable Interest Entities" ("FIN No. 46"). FIN No. 46 applies to variable interest entities created after January 31, 2003 and to variable interest entities in which an enterprise obtains an interest after that date. It applies in the first fiscal year or interim period beginning after June 15, 2003, to variable interest entities in which an enterprise holds an interest that it acquired before February 1, 2003. Management is currently assessing the impact of adoption of the FIN No. 46 on its consolidated financial statements.

In May 2003, the FASB issued SFAS No. 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity". The SFAS No.150 improves the accounting for certain financial instruments that, under previous guidance, issuers could account for as equity and requires that those instruments be classified as liabilities in statements of financial position. In addition to its requirements for the classification and measurement of financial instruments in its scope, SFAS No. 150 also requires disclosures about alternative ways of settling the instruments and the capital structure of entities, all of whose shares are mandatorily redeemable. Most of the guidance in SFAS No. 150 is effective for all financial instruments entered into or modified after May 31, 2003, and otherwise is effective at the beginning of the first interim period beginning after June 15, 2003. Management is currently assessing the impact of adoption of this statement on its consolidated financial statements.

4. 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 and six months ended June 30, 2003 and for the period from August 13, 2002 (inception) to June 30, 2003 are 21,519,868 shares, 21,509,989 shares and 21,505,615 shares respectively.

The Company had no common equivalent shares with dilutive effect for all periods presented and, accordingly, the basic and diluted loss per share are the same.

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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 and Six Months Ended June 30, 2003

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5. POST BALANCE SHEET EVENT

On August 5, 2003, an extension agreement was entered into between SCP



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and Goldvision to extend the due dates of the Investment Contract signed December 18, 2002 through September 5, 2003.

On August 15, 2003, Mr. Phillip Allen submitted his resignation as Chairman of the Board, President and Chief Executive Officer of the Company. Mr. Allen also resigned as a member for the Board of Directors. Mr. Brad Woods, the Company's current Chief Financial Officer, has been named the interim Chairman of the Board, President and Chief Executive Officer of the Company until a suitable candidate can be found.

On August 15, 2003, the company signed a contract with MCI. This contract permits the company to provide international broadband services to any destination that MCI provides services today.

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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 satellite communications, broadband internet, content and wireless access and transport in China and the performance under our agreements; Goldvisions' and 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. They 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

AVL Information Systems Ltd. (AVL) is a Canadian public company that owns and licenses certain technology and automatic vehicle location systems. On March 8, 1999, AVL incorporated in Nevada under the name AVL SYS International Inc. with the intention to start anew and to take advantage of what the then management, the principal officers and directors perceived to be the benefits of an Untied States publicly traded company. On March 9, 2000, AVL changed the name to I-Track, Inc (ITI).

Effective September 30, 2001, ITI entered into an exclusive worldwide

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distribution agreement with AVL Information Systems Ltd. Under the agreement, ITI was licensed to market and distribute all of the products manufactured by AVL Information Systems Ltd. The exclusive distribution agreement with AVL was cancelled effective as of December 31, 2002 at which point the Company began to seek another business opportunity. On March 22, 2003, ITI 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. A total of 19,000,000 restricted shares of ITI's common stock were issued to the shareholders of SCP, resulting in the SCP shareholders as a group owning approximately 88.4% of the outstanding shares of common stock. At this time, SCP became a wholly owned subsidiary of CWLC.

Immediately prior to the closing of the acquisition of SCP, ITI entered into an Assignment and Assumption Agreement with AVL, under which the automatic vehicle location business was transferred to AVL and AVL assumed ITI's liabilities related to this business. The note receivable from a related party in the amount of \$31,345 at December 31, 2002, was offset against accrued management fees of \$30,000 owed to AVL. In addition, Peter Fisher and Tyler Fisher, who were collectively owed \$257,410 at December 31, 2001, agreed to accept stock as payment of such amount.

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China Wireless Communications, Inc.  
(A Development Stage Company)

On March 24, 2003, in connection with our acquisition of SCP, the Company's name was changed to China Wireless Communication, Inc ("CWC").

Strategic Communications Partners, Inc.

SCP was incorporated in the State of Wyoming on August 13, 2002. It provides financial, technical, and marketing services for an investment, Goldvision Technologies Ltd. ("Goldvision") 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. SCPL's operation to date consists solely of supporting the Beijing operations.

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 will 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 will have an 18% equity interest in Goldvision after these payments. SCP shall acquire 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 will receive 49% of all future net revenues from the sale of all services.

On March 4, 2003, SCPL set up a wholly owned foreign enterprise, Beijing In-Touch Information System Co. Ltd ("In-Touch") in the PRC. In-Touch is a facilities based provider of broadband data, video and voice communications services to customers that are not served by existing landline connectivity.

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-Touch has commenced operations in Beijing, through cooperation with local

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telecommunications operators. In-Touch currently is involved in the business of telecommunication system integration—primarily providing wireless Local area networks to complement its broadband wireless, VPN's and other wireless access, transport and enhanced data services. In-Touch provides the marketing, technical, and support services for to Beijing Wireless Internet Network (BWIN). BWIN is the broadband wireless subsidiary of Goldvision. BWIN was chartered by the PRC to provide a fixed broadband wireless network in Beijing. BWIN has deployed a 155Mb wireless loop backbone in Beijing's business district. BWIN also owns over 7 Ghz of additional spectrum scattered over several frequencies, available for use in Beijing.

As of June 30, 2003, SCP has five employees, five of which are full-time in the United States. In-Touch in Beijing has 39 full-time employees. None of our employees is covered by a collective bargaining agreement.

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China Wireless Communications, Inc.  
(A Development Stage Company)

### 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 for three full tax years and a further three years where it will pay taxes at half the normal corporate tax rate, starting from the year that it first achieves a profit in the PRC.

### 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.

### 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 operations.

China Wireless Communications, Inc (formerly i-Track, Inc.)

Results of Operations. During the second quarter of 2003, CWC continued its work of expanding its contacts in Beijing and reviewing the opportunities in the local market. CWC is in the development stage and has not yet generated significant revenues from planned principal operations.

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Operational expenses totaled \$475,976 and \$1,779,102 for the three months and six months ended June 30, 2003 respectively. Of this amount, \$113,000 and \$1,022,900 respectively are costs recorded for common stock issued for compensation for these same periods. As we are in the development stage, our focus is two fold: (a) raising capital and (b) finalizing operational procedures for the Beijing office.

During the three months and six months ended June 30, 2003, the Company incurred acquisition cost associated with the merger with ITI, which totaled \$34,000 or 7.1% of the total cost and \$84,000 or 4.72% of the total costs respectively.

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China Wireless Communications, Inc.  
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Liquidity and Capital Resources. For the six-month period ended June 30, 2003, CWC used cash of \$573,680 for operating activities. The most significant adjustment to reconcile the net loss to net cash used in operations was the valuation of the shares of common stock issued as compensation amounting to \$1,022,900. Investing activities also used cash of \$192,963, which comprised mainly acquisition cost of the property, plant and equipment and a cash payment in connection with the closing of the acquisition, made in the previous calendar quarter. Cash of \$5,183 reflects the cash position of the company.

At June 30, 2003, the Company had a working capital deficit of \$404,635, of which \$5,183 was in the form of cash and cash equivalents, \$113,005 in other current assets, \$292,223 in accrued liabilities, \$41,000 in convertible debt and \$189,600 in notes payable.

### Plan of Operation

The Company will market and sell services over the existing operational Goldvision delivery networks. These services comprise telecommunications services, wireless broadband access, and VSAT (satellite) internet services in Beijing, PRC. Goldvision has built a 155Mbps wireless ring in Beijing around its 3-Ring Road. The Company will also provide wireless network integration services to its wireless broadband customers. The Company has entered into two such agreements with vendors subsequent to June 30, 2003 and is in the process of reviewing similar arrangements with other equipment vendors.

The Company will need to raise substantial capital over the next year to fund its commitment to Goldvision and its operations. The continuation of the Company as a going concern is dependent upon the successful implementation of its 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 the Company to implement the business plan or to successfully raise capital could adversely impact the Company's business and prospects.

We plan to increase our staffing levels only as required by our operation. We currently have no plans to significantly increase the number of our employees.

### Item 3. Controls and Procedures

Within 90 days prior to the date of this report under the supervision and participation of certain members of the Company's management, including the President and the Chief Financial Officer, the Company completed an evaluation of the effectiveness of the design and operation of its disclosure controls and procedures (as defined in rules 13a - 14 and 15d - 14c to the Securities

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Exchange Act of 1934, as amended). Based on this evaluation, the Company's President and Chief Financial Officer believe that the disclosure controls and procedures are effective with respect to timely communicating to them and other members of management responsible for preparing periodic reports all material information required to be disclosed in this report as it relates to the Company.

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China Wireless Communications, Inc.  
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### PART II - OTHER INFORMATION

Item 1. Legal Proceedings

Not Applicable.

Item 2. Changes in Securities

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

On August 15, 2003, Mr. Phillip Allen submitted his resignation as Chairman of the Board, President and Chief Executive Officer of the Company. Mr. Allen also resigned as a member for the Board of Directors. Mr. Brad Woods, the Company's current Chief Financial Officer, has been named the interim Chairman of the Board, President and Chief Executive Officer of the Company until a suitable candidate can be found.

Item 6. Exhibits and Reports on Form 8-K

a) Exhibits

Regulation Exhibit

S-B Number

99.1	Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
99.2	Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

-----  
b) Reports on Form 8-K:

Form 8-K dated April 22, 2003 reporting Items 4 and 7.  
Form 8-K dated May 20, 2003 reporting Items 5 and 7.  
Form 8-K dated May 29, 2003 reporting Item 4.

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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 authorized.

CHINA WIRELESS COMMUNICATIONS, INC.  
(Registrant)

Date: August 19, 2003

By: /s/ BRAD WOODS

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

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China Wireless Communications, Inc.  
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I, Brad Woods, certify that:

1. I have reviewed this quarterly report on Form 10-KSB of China Wireless Communications, Inc.;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report; and
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report.
4. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act rules 13a-14 and 15d-14) for the registrant and have:
  - a. Designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

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- b. Evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and
  - c. Presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date.
5. I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions);
- a. All significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls, and
6. I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date August 19, 2003

/s/ BRAD WOODS

-----  
Brad Woods, Chief Financial Officer and  
Interim President and Chief Executive Officer