

Edgar Filing: CHINA WIRELESS COMMUNICATIONS INC - Form 10KSB

CHINA WIRELESS COMMUNICATIONS INC
Form 10KSB
April 14, 2004

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-KSB

(Mark One)

ANNUAL REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2003

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number: 333-49388

CHINA WIRELESS COMMUNICATIONS, INC.

(Name of small business issuer in its charter)

Nevada

91-1966948

(State or other jurisdiction of incorporation or organization)

(I.R.S. Employer Identification No.)

1746 Cole Boulevard, Suite 225, Golden, Co 80401-3210

(Address of principal executive offices) (Zip Code)

Issuer's telephone number: 303-277-9968

Securities registered under Section 12(b) of the Exchange Act: None

Securities registered under Section 12(g) of the Exchange Act: None

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act 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

Check if no disclosure of delinquent filers in response to Item 405 of Regulation S-B is contained in this form, and no disclosure will be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-KSB or any amendment to this Form 10-KSB.

State issuer's revenues for its most recent fiscal year: \$35,372

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was sold, or the average bid and asked price of such common equity, as of a specified date within the past 60 days: \$ 18,693,150 as of April 7, 2004

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date: 29,208,048 as of April 7, 2004

Edgar Filing: CHINA WIRELESS COMMUNICATIONS INC - Form 10KSB

Transitional Small Business Disclosure Format (Check one): Yes [] No [X]

DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

Under the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995 (the "PSLRA"), we caution readers regarding forward looking statements found in this report and in any other statement made by, or on our behalf, whether or not in future filings with the Securities and Exchange Commission. Forward-looking statements are statements not based on historical information and which relate to future operations, strategies, financial results or other developments. Forward looking statements are necessarily based upon estimates and assumptions that are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond our control and many of which, with respect to future business decisions, are subject to change. These uncertainties and contingencies can affect actual results and could cause actual results to differ materially from those expressed in any forward-looking statements made by or on our behalf. We disclaim any obligation to update forward-looking statements.

PART I

ITEM 1. DESCRIPTION OF BUSINESS.

Introduction

Unless the context otherwise requires, the terms "we", "our", and "us" refers to China Wireless Communications, Inc.

Background

AVL Information Systems Ltd. ("AVL") was a Canadian public company that owned and licensed certain technology and automatic vehicle location systems. On March 8, 1999, AVL incorporated in Nevada under the name AVL SYS International Inc ("AVL SYS"). On March 9, 2000, AVL SYS changed the name to I-Track, Inc ("ITI").

Effective September 30, 2001, ITI entered into an exclusive worldwide distribution agreement with AVL. Under the agreement, ITI was licensed to market and distribute all of the products manufactured by AVL. The exclusive distribution agreement with AVL was cancelled in September 2002 at which point the Company began to seek another business opportunity. On March 21, 2003, the Company entered into an "Assignment and Assumption Agreement" with AVL Information Systems Ltd. (AVL) whereby the Company distributed to AVL all its assets and AVL assumed all liabilities of the Company. Accordingly, as of March 21, 2003, the Company entirely ceased its prior business operations. 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.

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

SCP was incorporated in the State of Wyoming on August 13, 2002. It provides financial, technical, and marketing services for its operation in Beijing, People's Republic of China ("PRC"). Strategic Communications Partners

Edgar Filing: CHINA WIRELESS COMMUNICATIONS INC - Form 10KSB

Limited ("SCPL") is a subsidiary of SCP. SCPL was incorporated in Hong Kong on December 9, 2002. SCPL's business activities to date consist solely of supporting the Beijing operations. On March 4, 2003, SCPL set up a wholly owned enterprise, Beijing In-Touch Information System Co. Ltd. ("In-Touch") in the PRC.

2

Industry Background

With over 60 million users, China has surpassed Japan to become the world's second largest Internet market. Enterprises have installed high-speed local area networks to support bandwidth-intensive applications, and the large monopoly carriers have invested hundreds of millions of dollars in fiber optic networks to provide massive backbone network capacity. However, many of those networks are operating far below capacity.

We are in the business of providing high speed wireless broadband for its customers. We utilize proven reliable high speed wireless technologies to complete the "last mile" connection from these backbone networks to the end users. These customers would include businesses located primarily in commercial buildings and Internet Service Providers ("ISP"s).

Key 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.

On July 8, 2003, we concluded a strategic alliance with WPCS International Incorporated ("WPCS") to support the expansion of our broadband wireless network in China. The alliance calls for WPCS to provide wireless products and design services to us on an "as needed" basis.

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 no guarantees that these partnerships will be successful.

Edgar Filing: CHINA WIRELESS COMMUNICATIONS INC - Form 10KSB

Compliance with Governmental Regulations

Our operations are subject to various levels of government controls and regulations in the PRC.

ITEM 2. DESCRIPTION OF PROPERTY.

Our principal executive offices are located at 1746 Cole Boulevard, Suite 225, Golden, Colorado, where we lease approximately 800 square feet of space on a lease expiring in August 2004. In-Touch is located at Hanwei Plaza, 6th Floor Block A, No. 7 Guanghua Road, Beijing, where In-Touch leases approximately 7,535 square feet of space on a lease expiring in November 2004.

3

ITEM 3. LEGAL PROCEEDINGS.

None.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

None.

4

PART II

ITEM 5. MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS.

Our common stock was approved for trading on the over-the-counter bulletin board ("OTCBB") under the symbol "ITRK" on August 7, 2001. On December 2, 2002, the symbol was changed to "ITCK" and there was a 1-for-20 reverse stock split. On March 28, 2003, the symbol was changed to "CWLC", after we changed our name to China Wireless Communications, Inc. The following table sets forth the range of high and low closing bid quotations of our common stock for each fiscal quarter shown, as adjusted to reflect the reverse stock split:

2002 Fiscal Year -----	Bid or Trade Prices -----	
	High -----	Low -----
Quarter Ending 03/31/02.....	\$ 8.80	\$ 3.60
Quarter Ending 06/30/02.....	\$ 4.80	\$ 2.40
Quarter Ending 09/30/02.....	\$ 2.50	\$ 0.80
Quarter Ending 12/31/02.....	\$ 1.20	\$ 0.12
2003 Fiscal Year -----	High -----	Low -----
Quarter Ending 03/31/03.....	\$ 1.00	\$ 0.05
Quarter Ending 06/30/03.....	\$ 1.00	\$ 0.22
Quarter Ending 09/30/03.....	\$ 1.09	\$ 0.77
Quarter Ending 12/31/03.....	\$ 0.82	\$ 0.47

Edgar Filing: CHINA WIRELESS COMMUNICATIONS INC - Form 10KSB

As of December 31, 2003, there were approximately 202 record holders of our common stock

On April 6, 2004, the closing price for our common stock on the OTCBB was \$0.59.

The above quotations reflect inter-dealer prices, without retail mark-up, mark-down, or commission and may not necessarily represent actual transactions.

During the last three fiscal years, no cash dividends have been declared on our common stock and we do not anticipate that dividends will be paid in the foreseeable future.

A 2003 Stock Plan was adopted in January 2003.

Plan Category	Number of securities to be issued upon exercise of outstanding options	Weighted-average exercise price of outstanding options	Number of securities remaining available for future issuance under equity compensation plans
Equity compensation plans approved by securities holders	550,000 (1)	0.36	638,341
Equity compensation plans not approved by securities holders	None	None	None
Total	550,000	0.36	638,341

(1) The 2003 Stock Plan allows our Board of Directors to issue shares or options under the plan up to a total number of shares up to 15 percent of the total common shares outstanding.

5

RECENT SALES OF UNREGISTERED SECURITIES

On April 23, 2003 we issued a convertible promissory note in the amount of Eleven Thousand (\$11,000) Dollars. This instrument provides that at our sole option principal is payable through the issuance of shares of our Common Stock at a price of \$.40 per share, and interest is payable through the issuance of shares of our Common Stock at a price of \$.55 per share. This instrument was issued pursuant to the exemption from the registration provisions of the Securities Act provided by Section 4(2) of the Act and Regulation D promulgated thereunder. We have repaid the principal and interest of this instrument in cash.

On June 11, 2003 we issued a convertible promissory note in the amount of Thirty Thousand (\$30,000) Dollars. This instrument is convertible into shares of our Common Stock at a price of \$.25 per share. This instrument was issued pursuant to the exemption from the registration provisions of the Securities Act provided by Section 4(2) of the Act and Regulation D promulgated thereunder.

Commencing November 2003 and through the end of 2003, we raised

Edgar Filing: CHINA WIRELESS COMMUNICATIONS INC - Form 10KSB

\$402,504, selling 1,380,202 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 \$894,453, less \$491,949 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 6. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION.

Overview

On March 21, 2003, we entered into an "Assignment and Assumption Agreement" with a related entity whereby we distributed to the related entity all of our assets and the related entity assumed all of our liabilities. Accordingly, as of March 21, 2003, the Company entirely ceased its prior business operations.

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 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 professional services.

Agreements with Goldvision

On December 18, 2002, SCP entered into agreements (the "Investment Contract") with Goldvision Technologies Ltd ("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 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 us and Goldvision to extend the due dates of the Investment Contract through

Edgar Filing: CHINA WIRELESS COMMUNICATIONS INC - Form 10KSB

September 5, 2003.

6

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.

On December 25, 2003 In-Touch started deploying a high speed broadband fiber network as the backbone to construct its fixed wireless broadband network system in Beijing. 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 up to 100,000 business-class broadband business customers on its Beijing network.

The first phase of the fixed wireless broadband network system in Beijing is expected to be completed during the second or third quarter in fiscal 2004, at which time In-Touch will begin 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 or 2005.

Employees

As of December 31, 2003, we have three employees, all of whom are full-time in the United States. As of December 31, 2003, SCPL has no full-time employees in Hong Kong and In-Touch has 47 full-time employees all of whom are located in Beijing. None of our employees is covered by a collective bargaining agreement.

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

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

Edgar Filing: CHINA WIRELESS COMMUNICATIONS INC - Form 10KSB

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.

7

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. We are in the development stage and have not yet generated significant revenues from planned principal operations. SCP had no revenues in 2002. We began to record revenues in June 2003. Our 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 which 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.

We generated revenue of \$35,372 for wireless broadband access services for the year ended December 31, 2003, through cooperation agreements with local telecommunications operators. Our Fixed Wireless Broadband Network System in Beijing is expected to begin operation in during the second quarter of 2004. We were not able to sell into our own network in 2003, as it was still under design and construction. Operational expenses totaled \$3,529,832 for the year ended December 31, 2003. Of this amount, \$2,325,604 were costs recorded for common stock issued for compensation, primarily to third party contractors which performed consulting services for us. Operational expenses totaled \$1,015,482 for the period from August 13, 2002 (inception) to December 31, 2002. As a result, we incurred a net loss of \$3,536,067 for the year ended December 31, 2003, as compared to \$1,014,999 for the period from August 13, 2002 (inception) to December 31, 2002. This increase of losses was due to the increased operational expenses to support our business development in Beijing. Total assets increased 243.8% from \$257,576 in 2002 to \$627,873 in 2003, of which \$400,239 was property, plant and equipment.

Liquidity and Capital Resources. For the year ended December 31, 2003, we used cash of \$1,138,054 for operating activities. In comparison, for the period from August 13, 2002 (inception) to December 31, 2002, we used cash of \$134,874 in our operations. The most significant adjustment to reconcile the net loss to net cash used in operations was that common stock was issued as compensation amounting to \$2,325,604. Investing activities also used cash of \$381,468, which was comprised mainly of acquisition cost for equipment used to provide services to our customers and a cash payment in connection with the closing of the acquisition. Net cash provided by financing activities were \$1,319,143, of which \$755,122 were proceeds from issuance of common stock, \$275,000 from issuance of notes payable, \$41,000 from issuance of convertible debt and \$367,921 from inception of loans, net of \$119,900 repayment of notes payable.

At December 31, 2003, we had \$19,394 in the form of cash and cash

Edgar Filing: CHINA WIRELESS COMMUNICATIONS INC - Form 10KSB

equivalents, including \$22,197 of pledged deposits.

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 is estimated to commence operation during 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

8

broadband services to our clients. We are also in the midst of building partnership(s) with 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 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 or early 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 7. FINANCIAL STATEMENTS.

See pages beginning with page F-1.

ITEM 8. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

Effective February 19, 2003, we engaged The Rehmann Group ("Rehmann") as our principal accountant (such engagement was approved by our then board of directors). Edwards, Melton, Ellis, Koshiw & Company, P. C. ("Edwards") was our

Edgar Filing: CHINA WIRELESS COMMUNICATIONS INC - Form 10KSB

principal accountant preceding Rehmann. Edwards resigned as our independent accountant because it informed us that it was no longer going to be conducting audits of public companies.

Prior to our engagement of Rehmann, we had not consulted with Rehmann as to the application of accounting principles to any specific completed or contemplated transaction, or the type of audit opinion that might be rendered on our financial statements, and no written or oral advice was provided that was an important factor considered by us in reaching a decision as to an accounting, auditing or financial reporting issue.

During the period, there were no disagreements with Rehmann on any matter of accounting principals or practices, financial statements disclosure, or auditing scope procedure, which disagreements, if not resolved to the satisfaction of Rehmann, would have caused such firm to make reference to the subject matter of the disagreements in connection with its report on our financial statements.

9

In May 2003, Moores Rowland was engaged to be our international accounting firm (such engagement was approved by our then board of directors). Previously, in February 2003, SCP engaged Moores Rowland as our principal accountant.

Prior to our engagement of Moores Rowland, we had not consulted with Moores Rowland as to the application of accounting principles to any specific completed or contemplated transaction, or the type of audit opinion that might be rendered on our financial statements, and no written or oral advice was provided that was an important factor considered by us in reaching a decision as to an accounting, auditing or financial reporting issue.

On October 1, 2003, Moores Rowland merged with Mazars and is now practicing under the name of Moores Rowland Mazars.

ITEM 8A. 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 within 90 days of the filing date of this report. 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.

10

PART III

ITEM 9. DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS AND CONTROL PERSONS; COMPLIANCE WITH SECTION 16(a) OF THE EXCHANGE ACT.

Our executive officers and directors are:

Edgar Filing: CHINA WIRELESS COMMUNICATIONS INC - Form 10KSB

Name	Age	Position
----	---	-----
Brad Woods	45	Interim President, Chief Executive Officer and Director
Allan Rabinoff	58	Director
Henry Zaks	61	Director
Pete Racelis	53	Vice President

Vacancies in our board are filled by the board itself. Set forth below are brief descriptions of the recent employment and business experience of our executive officers and directors.

Brad Woods, Interim President, Chief Executive Officer and Chairman of the Board of Directors

Mr. Brad Woods became our Interim President and Chief Executive Officer on August 15, 2003. He was previously serving as our chief financial officer, secretary, treasurer and a director. He is a member of Breckenridge Capital Consulting Group, LLC. He has extensive experience in international investments, acquisitions, taxation, and computer applications with both public and private companies. Mr. Woods has also worked for Arthur Andersen & Co., where he executed projects for and on behalf of clients in the oil and gas, financial services, leasing, lodging, retail and light manufacturing industries. His experience includes practicing before the Securities and Exchange Commission, both with existing public companies and initial public offerings. He has also served as an advisor to numerous companies. Mr. Woods is a CPA in Colorado

Allan Rabinoff, Director

Dr. Allan Rabinoff is a principal in Intelligent Network Communications, LLC and IP2IP, LLC. Throughout his business career he has focused on maximizing opportunities in a rapidly changing business environment. He has extensive international experience in the areas of project identification, contract negotiation, cross-cultural team building, marketing, sales, M & A strategy and business development. The majority of his international projects have been in the Far East. He became a director on February 23, 2004.

Henry Zaks, Director

Henry Zaks is President of Zaks-Shane, LTD; a Wisconsin based organization that specializes in marketing business-to-business solutions to both corporations and small companies. He has over 30 years as a sales professional, and is renowned as an insurance marketing expert. He became a director on October 9, 2003.

Pete Racelis, Vice President

Mr. Racelis is responsible for sales to telecommunication and cable companies, commercial and government markets. He also is responsible for all administration in the US. A veteran of direct sales and management of channel partners for more than 19 years, Pete is responsible for the portfolio of products and services that are offered to retail business and wholesale customers. Prior to joining the Company, Mr. Racelis sold hardware and software to telecommunications carriers, financial institutions, and commercial businesses both nationally and internationally in North America.

Edgar Filing: CHINA WIRELESS COMMUNICATIONS INC - Form 10KSB

Conflicts of Interest

Our officers and directors are, so long as they are our officers or directors, subject to the restriction that all opportunities contemplated by our plan of operation which come to their attention, either in the performance of their duties or in any other manner, will be considered opportunities of, and be made available to us and the companies that they are affiliated with on an equal basis. A breach of this requirement will be a breach of the fiduciary duties of the officer or director. If we or the companies with which the officers and directors are affiliated both desire to take advantage of an opportunity, then said officers and directors would abstain from negotiating and voting upon the opportunity. However, all directors may still individually take advantage of opportunities if we should decline to do so. Except as set forth above, we have not adopted any other conflict of interest policy with respect to such transactions.

Committees

In fiscal 2003 the board of directors did not have a standing audit, nominating, or compensation committees, rather the entire board of directors acted in such capacity.

We have not yet adopted a code of ethics. We intend to do so in the near future.

ITEM 10. EXECUTIVE COMPENSATION.

The following table sets forth information about the remuneration of our officers for the last three completed fiscal years.

SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Annual Compensation					Long Term Compensation	
		Salary (\$)	Bonus (\$)	Other Annual Compensation (\$)	Restricted Stock Award(s) (\$)	Securities Underlying Options/ SARs (#)	Pa	
								Pa
Brad A. Woods Interim President (1)	2003	153,305	15,750	-0-	-0-	-0-		
	2002	12,500	-0-	-0-	-0-	-0-		
	2001	-0-	-0-	-0-	-0-	-0-		
Peter Racelis Vice President	2003	62,370	13,500	-0-	-0-	-0-		
	2002	-0-	-0-	-0-	-0-	-0-		
	2001	-0-	-0-	-0-	-0-	-0-		
Philip Allen Former CEO(2)	2003	32,434	75,000	-0-	-0-	-0-		
	2002	22,500	-0-	-0-	-0-	-0-		
	2001	-0-	-0-	-0-	-0-	-0-		
Blake Ratcliff Former	2003	21,874	-0-	-0-	-0-	-0-		
	2002	52,500	-0-	-0-	-0-	-0-		

Edgar Filing: CHINA WIRELESS COMMUNICATIONS INC - Form 10KSB

COO	2001	-0-	-0-	-0-	-0-	-0-
Peter Fisher	2003	150,000	-0-	-0-	-0-	-0-
Former	2002	-0-	-0-	-0-	-0-	-0-
Director(3)	2001	-0-	-0-	-0-	-0-	-0-
Tyler Fisher	2003	108,000	-0-	-0-	-0-	-0-
Former	2002	-0-	-0-	-0-	-0-	-0-
Director(3)	2001	-0-	-0-	-0-	-0-	-0-

12

-
- (1) Mr. Woods became Chief Financial Officer on July 25, 2003 and became the Interim President on August 15, 2003.
 - (2) Mr. Allen resigned as CEO and President effective from August 15, 2003.
 - (3) Peter Fisher and Tyler Fisher resigned as Officers effective March 23, 2003. By resolution dated March 17, 2003, in conjunction with the Share Exchange Agreement with SCP, our board of directors approved compensation of \$150,000 and \$108,000 to Peter Fisher and Tyler Fisher, respectively, retroactive to December 31, 2002. Such compensation was paid by issuing 764,624 and 550,529 shares of ITI's common stock.

In March 2003, the Company granted 300,000 options to Mr. Woods and 50,000 options to Mr. Racelis with an exercise price of \$0.35 per share. During 2003, the Company granted in total, (including the grants to Mr Woods and Mr. Racelis) 550,000 options for its shares. None of these options had been exercised at December 31, 2003.

There have been no grants stock appreciation rights, benefits under long-term incentive plans or other forms of compensation involving our officers, through December 31, 2003.

We reimburse our officers and directors for reasonable expenses incurred during the course of their performance. We have not paid our outside directors fees for their services. However, we propose to pay them in the future.

Employment Agreements

On March 25, 2003, we entered into employment agreements with Phillip Allen, our then president and chief executive officer, and Brad Woods, our chief financial officer, secretary and treasurer. The agreements are identical. Each is for an initial term of ten years and requires an annual salary of \$120,000 for the first year, with a cumulative annual increase of 10% every year commencing on the first anniversary of the agreement. If employment should terminate due to death or a disability, the salary then in effect shall continue for two years from the date of termination. If termination should occur without cause, including a termination upon a change in control, within four years of the expiration of the term of the agreement, we are obligated to pay Mr. Allen or Mr. Woods, as the case may be, an amount equal to his salary in effect during the last five years of the term of the agreement, within ten business days after the termination. For the purposes of the agreement, a change of control shall be deemed to occur upon the election of directors constituting a majority of the board who have not been nominated or approved by Mr. Allen or Mr. Woods and are not related to Mr. Allen or Mr. Woods. Each of Mr. Allen and Mr. Woods has agreed that during the period of his employment and for a period of one year following his employment, he shall not engage or have an ownership interest of

Edgar Filing: CHINA WIRELESS COMMUNICATIONS INC - Form 10KSB

more than 25% in any business directly competitive with us, or take any action that constitutes an interference with or a disruption of any of our business activities.

On August 15, 2003, Mr. Allen resigned as an officer and director of the Company. Effective August 31, 2003, Mr. Allen and the Company entered into a Separation and Voting Trust Agreement (the "Separation Agreement"), whereby all previous agreements with Mr. Allen were cancelled and the Company obtained the voting rights for his stock, for a period of two years, from the date of the Agreement. The Agreement required the Company to make \$30,000 in payments to Mr. Allen over a three month period. The Company made payments totaling \$15,000 to Mr. Allen. Further payments to Mr. Allen ceased as we believe he was in non-compliance with the Separation Agreement.

13

Stock Plan

On January 31, 2003, our shareholders adopted the 2003 Stock Plan, which provides for the granting of both incentive stock options and nonstatutory stock options and stock purchase rights to officers, directors, employees, and independent contractors. The total number of shares of common stock that may be issued under this plan shall not exceed 15% of shares outstanding.

The board of directors or one or more committees designated by the board administers this plan, and has the authority and discretion to do the following:

- o determine the fair market value;
- o select the employees, directors, or consultants to whom options and stock purchase rights may be granted;
- o determine the number of shares of common stock to be covered by each option and stock purchase right granted under the Plan;
- o approve forms of agreement for use under the Plan;
- o determine the terms and conditions of an option or stock purchase right granted under the Plan;
- o construe and interpret the terms of the Plan and awards granted under the Plan;
- o prescribe, amend, and rescind rules and regulations relating to the Plan;
- o modify or amend each option or stock purchase right;
- o allow optionees to satisfy withholding tax obligations by electing to have the company withhold from the shares to be issued upon exercise of an option or stock purchase right that number of shares having a fair market value equal to the minimum amount required to be withheld;
- o authorize any person to execute on behalf of the company any instrument required to effect the grant of an option or stock purchase right; and
- o make all other determinations deemed necessary or advisable for administering the Plan.

We may grant incentive stock options with the exercise price being 100% of the bid price on the date of grant, and nonstatutory stock options with the exercise price being not less than 85% of the bid price on the date of grant. The options are subject to any vesting, special forfeiture conditions, rights of repurchase, rights of first refusal, and other transfer restrictions as may be determined by the board or committee. Options granted cannot exceed a term of ten years, except in the case of incentive stock options granted to holders of 10% or more of our total combined voting power of all classes of stock, which cannot exceed a term of five years. The options terminate upon the earliest of (1) the stated expiration date, (2) 30 days after the termination of the

Edgar Filing: CHINA WIRELESS COMMUNICATIONS INC - Form 10KSB

optionee's service for any reason other than total and permanent disability, (3) six months after the termination of the optionee's service by reason of total and permanent disability, or (4) six months after the optionee's death.

Unless earlier terminated by the board of directors, this plan will terminate January 30, 2013.

The following table provides information as to individual grants of stock options made during the fiscal year 2003 to each of the named executive officers

Name	Number of securities underlying options granted (#)	Percent of total options granted to employees in fiscal year	Exercise price (\$/Sh)	Market price on the date of grant (\$/Sh)	Expiration
Brad Woods	300,000	54.55%	0.35	0.35	October 31
Pete Racelis	50,000	9.09%	0.35	0.35	October 31

14

ITEM 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS.

The following table provides certain information as to the officers and directors individually and as a group, and the holders of more than 5% of the Common Stock of the Company, as of March 31, 2004:

Name and Address of Beneficial Owner (1)	Amount and Nature of Beneficial Ownership	Percent of Class (%)
Brad Woods 1746 Cole Boulevard, Suite 225 Golden, Colorado 80401	1,425,000 (3)	4.95%
Phillip Allen 7280 Lagae Road Unit F, #130 Castle Rock, Colorado 80108	1,964,100	6.78%
Henry Zaks 11649 N. Port Washington Rd, Suite 224 Mequon, WI 53092	593,750	2.05%
Dr. Allan Rabinoff 11649 N. Port Washington Rd, Suite 224 Mequon, WI 53092	418,750	1.45%
Pedro E. Racelis III 1746 Cole Boulevard, Suite 225 Golden, Colorado 80241	487,500 (3)	1.68%

Edgar Filing: CHINA WIRELESS COMMUNICATIONS INC - Form 10KSB

All officers and Directors as a Group

(Brad Woods, Henry Zaks, Pedro E. Racelis III, and Dr. Allan Rabinoff)	2,925,000	10.10%
---	-----------	--------

- (1) To our knowledge, except as set forth in the footnotes to this table and subject to applicable community property laws, each person named in the table has sole voting and investment power with respect to the shares set forth opposite such person's name.
- (2) This table is based on 28,956,393 shares of Common Stock outstanding as of March 31, 2004. If a person listed on this table has the right to obtain additional shares of Common Stock within sixty (60) days from March 31, 2004, the additional shares are deemed to be outstanding for the purpose of computing the percentage of class owned by such person, but are not deemed to be outstanding for the purpose of computing the percentage of any other person.
- (3) Includes 300,000 and 50,000 shares issuable upon the exercise of stock options, for Mr. Woods and Mr. Racelis, respectively.

15

Changes in Control

There are no agreements known to management that may result in a change of control of our company.

ITEM 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS.

Other than as disclosed below, none of our present directors, officers or principal shareholders, nor any family member of the foregoing, nor, to the best of our information and belief, any of our former directors, senior officers or principal shareholders, nor any family member of such former directors, officers or principal shareholders, has or had any material interest, direct or indirect, in any transaction, or in any proposed transaction which has materially affected or will materially affect us.

During the period ended December 31, 2003, we paid amounts to related parties as follows::

Name	Relationship	Amount Paid	Nature of Payment (a)
Henry Zaks (b)	Director	\$14,600	Consulting fee
Dr. Allan Rabinoff	Director	\$28,290	Consulting fee

- (a) Each of the individuals listed in the table received the fees enumerated in this table prior to each joining our board of directors.
- (b) On June 27, 2003 and July 31, 2003, Henry Zaks loaned the Company Eighty Thousand (\$80,000) Dollars and the Company issued a promissory note in such amount payable to Mr. Zaks in the amount of \$80,000. Henry Zaks was compensated prior to joining the Board as a consultant to review administration and accounting.

Edgar Filing: CHINA WIRELESS COMMUNICATIONS INC - Form 10KSB

ITEM 13. 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)
3.2	Bylaws (2)
3.3	Certificate of Amendment to Articles of Incorporation (3)
10.1	Promissory Note, dated May 27, 2003 in the amount of \$79,600, payable to Buck Krieger
10.2	Promissory Note, dated June 27, 2003 in the amount of \$50,000, and dated July 31, 2003 in the amount of \$30,000, payable to Henry Zaks
10.3	Promissory Note, dated July 31, 2003 in the amount of 20,000, payable to Robert Zappa
10.4	2003 Stock Plan, as amended

16

Regulation S-B Number	Exhibit
10.5	Investment Contract between Goldvision Technologies Ltd and SCP dated December 18, 2003. This contract was previously filed with form 10-K dated April 7, 2002.
10.6	Extension Agreement to Investment Contract between Goldvision Technologies Ltd. and the Company dated August 5, 2003.
10.7	Employment Agreement dated March 25, 2003 with Phillip Allen
10.8	Employment Agreement dated March 25, 2003 with Brad A. Woods
10.9	Separation & Voting Trust Agreement with Philip Allen
10.10	Agreement between the Company and Bellador Advisory Services, Ltd. dated October 22, 2003.
10.11	Agreement between the Company and China Netcom Group Beijing Company dated September 1, 2003
10.12	Agreement between the Company and MCI International Ltd. Co. dated August 14, 2003.

Edgar Filing: CHINA WIRELESS COMMUNICATIONS INC - Form 10KSB

16.2	Letter from Edwards, Melton, Ellis, Koshiw & Company, P.C. dated January 20, 2003 (4)
16.3	Letter from the Rehmann Group, dated February 19, 2003 (5)
16.4	Letter from Moores Rowland, dated May 14, 2003. (6)
21	Subsidiaries of the registrant
31.1	Certification Pursuant to Rule 13A-14 or 15D-14 of the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification Pursuant to 18 U.S.C. Section 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 January 20, 2003.
- (5) Incorporated by reference to the exhibits to the registrant's current report on Form 8-K dated February 19, 2003.
- (6) Incorporated by reference to the exhibits to the registrant's current report on Form 8-K dated May 14, 2003.

17

(b) Reports on Form 8-K:

We filed a report on Form 8-K dated October 10, 2003, reporting under Item 5. No financial statements were required to be filed with the report.

We filed a report on Form 8-K, dated December 3, 2003 reporting under Item 5. No financial statements were required to be filed with the report.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Moores Rowland Mazars served as our principal accountant. We paid Moores Rowland Mazars \$29,560 in 2003, in connection with our annual audit and to review our quarterly filings made on form 10-QSB during fiscal 2003. Moores Rowland Mazars was not paid by us to perform any other services.

18

Audited Financial Statements
China Wireless Communications, Inc.
(A Development Stage Company)
Year ended December 31, 2003

Edgar Filing: CHINA WIRELESS COMMUNICATIONS INC - Form 10KSB

Report of Independent Auditors

To the Board of Directors and Stockholders of
China Wireless Communications, Inc.
(A Development Stage Company)

We have audited the accompanying consolidated balance sheet of China Wireless Communications, Inc. (a development stage company) (the "Company") and subsidiaries as of December 31, 2003 and the related consolidated statements of operations, stockholders' equity and cash flows for the year ended December 31, 2003 and for the period from August 13, 2002 (inception) to December 31, 2002 and the amounts included in the consolidated cumulative period from August 13, 2002 (inception) through December 31, 2003. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company and subsidiaries as of December 31, 2003 and the results of their operations and cash flows for the year ended December 31, 2003 and for the period from August 13, 2002 (inception) to December 31, 2002 and the amounts included in the consolidated cumulative period from August 13, 2002 (inception) through December 31, 2003, in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in note 2 to the financial statements, the Company has suffered losses from operations and has a negative working capital that raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are described in note 2 to the financial statements. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Moore Rowland Mazars
Chartered Accountants
Certified Public Accountants
Hong Kong

Date: April 13, 2004

Edgar Filing: CHINA WIRELESS COMMUNICATIONS INC - Form 10KSB

F-1

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

Consolidated Statements of Operations

	Note	Period from August 13, 2002 (inception) to December 31, 2003 US\$	Year ended December 31, 2003 US\$	Period from August 13, 2002 (inception) to December 31, 2002 US\$
Operating revenue				
Service revenue	3(d)	35,372	35,372	--
Cost of services		(24,938)	(24,938)	--
Gross profit		10,434	10,434	--
Operating expenses				
Depreciation expenses		19,032	19,032	--
General and administrative expenses		4,526,282	3,510,800	1,015,482
Total operating expenses		4,545,314	3,529,832	1,015,482
Loss from operations		(4,534,880)	(3,519,398)	(1,015,482)
Non-operating income (expenses)				
Interest income		803	484	319
Other income		339	175	164
Interest expenses		(17,328)	(17,328)	--
Loss before income taxes		(4,551,066)	(3,536,067)	(1,014,999)
Income taxes	4	--	--	--
Net loss		(4,551,066)	(3,536,067)	(1,014,999)
Net loss per share of common stock:				
Basic		(0.203)	(0.156)	(0.047)
Weighted average number of shares of common stock outstanding (in thousands)		22,388	22,732	21,500

Edgar Filing: CHINA WIRELESS COMMUNICATIONS INC - Form 10KSB

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

F-2

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

Consolidated Balance Sheet

ASSETS	Note	As of December 31, 2003 US\$ -----
Current assets		
Cash and cash equivalents		3,806
Pledged deposits		22,197
Prepayments and other receivables	5	201,631 -----
Total current assets		227,634
Property, plant and equipment, net	6	400,239 -----
Total assets		627,873 =====
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities		
Bank overdraft		6,609
Trade and other payables	7	325,783
Loans	8	367,921
Notes payable	9	179,600
Convertible debts	10	41,000 -----
Total liabilities		920,913 -----
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,		
26,213,953 shares of stock issued and outstanding		26,214
Additional paid-in capital		4,231,812
Accumulated deficit		(4,551,066) -----
Total stockholders' deficit		(293,040)

Edgar Filing: CHINA WIRELESS COMMUNICATIONS INC - Form 10KSB

Total liabilities and stockholders' deficit 627,873

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

F-3

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

Consolidated Statements of Stockholders' Equity

	Common stock		Additional paid-in capital US\$	Accumulated deficit US\$
	Number	Amount US\$		
As of August 13, 2002 - inception (Note)	21,500,000	21,500	2,353,850	--
Net loss for the period	--	--	--	(1,014,999)
As of December 31, 2002	21,500,000	21,500	2,353,850	(1,014,999)
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	--	--	--	(3,536,067)
Balance as of December 31, 2003	26,213,953	26,214	4,231,812	(4,551,066)

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. Details of the reverse acquisition are set out in note 1 to the financial statements.

The financial statements should be read in conjunction with the accompanying

Edgar Filing: CHINA WIRELESS COMMUNICATIONS INC - Form 10KSB

notes

F-4

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

Consolidated Statements of Cash Flows

	Period from August 13, 2002 (inception) to December 31, 2003 US\$	Year ended December 31, 2003 US\$	Peri Aug (incept Decem
Cash flows from operating activities			
Net loss	(4,551,066)	(3,536,067)	(1,
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation	19,032	19,032	
Common stocks issued for compensation	3,134,954	2,325,604	
Changes in working capital:			
Prepayments and other receivables	(201,631)	(201,631)	
Trade and other payables	325,783	255,008	
Net cash used in operating activities	(1,272,928)	(1,138,054)	(
Cash flows from investing activities			
Acquisition of property, plant and equipment	(419,271)	(419,271)	
Increase in pledged deposits	(22,197)	(22,197)	
Repayment from (Advance to) a related party	--	60,000	
Net cash used in investing activities	(441,468)	(381,468)	
Net cash provided by financing activities			
Net proceeds from issuance of common stock	1,123,072	755,122	
Inception of loans	367,921	367,921	
Proceeds from issuance of notes payable	322,000	275,000	
Repayment of notes payable	(142,400)	(119,900)	
Proceeds from issuance of convertible notes	41,000	41,000	
Net cash provided by financing activities	1,711,593	1,319,143	
Net (decrease) increase in cash and cash equivalents	(2,803)	(200,379)	
Cash and cash equivalents, as of beginning of the period / year	--	197,576	
Cash and cash equivalents, as of end of the period / year	(2,803)	(2,803)	

Edgar Filing: CHINA WIRELESS COMMUNICATIONS INC - Form 10KSB

Analysis of balances of cash and cash equivalents		
Bank balances	3,806	3,806
Bank overdraft	(6,609)	(6,609)
	-----	-----
	(2,803)	(2,803)
	=====	=====
Supplemental disclosure of cash flow information		
Interest paid	17,328	17,328
	=====	=====
Non-cash operating, investing and financing activities		
Common stocks issued for compensation by SCP (Note 12)	1,674,782	865,432
Common stocks issued for compensation by the Company (Note 12)	1,460,172	1,460,172
	-----	-----
	3,134,954	2,325,604
	=====	=====

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

F-5

China Wireless Communications Inc.
(A Development Stage Company)

Notes to the Financial Statements
Year ended December 31, 2003

1. ORGANIZATION AND PRINCIPAL ACTIVITIES

i-Track., Inc. (the "Company") was incorporated under the laws of the State of Nevada on March 8, 1999. On March 21, 2003, the Company entered into an "Assignment and Assumption Agreement" with a related entity whereby the Company distributed to the related entity all its assets and the related entity assumed all liabilities of the Company. Accordingly, as of March 21, 2003, the Company entirely ceased its prior business operations.

As of December 31, 2002, the condensed financial statements of i-Track, Inc. were:

Condensed Balance Sheet		Condensed Statement of Operations	
	As of December 31, 2002 US\$		Year e Dece 31,
	-----		-----
Cash	778	Sales	301

Edgar Filing: CHINA WIRELESS COMMUNICATIONS INC - Form 10KSB

		Cost of sales	(250)
Total assets	778		-----
	=====		
		Gross profit	51
		Administrative and selling expenses	(84)
Current liabilities	294,812	Management and other fees to stockholders	(258)

Common stock	1,185	Net loss	(291)
Additional paid-in capital	1,367,610		=====
Accumulated deficit	(1,661,484)	Weighted average number of shares	1,184
Due from related companies	(1,345)		=====

Total liabilities and stockholders' deficit	778	Net loss per common share	(
	=====		=====

Pursuant to a share exchange agreement effective on March 22, 2003, the Company acquired SCP, a Wyoming corporation incorporated on August 13, 2002, by issuance of 19,000,000 restricted shares of the Company's common stock to the shareholders of SCP, resulting in the SCP shareholders as a group owning approximately 88.4% of the outstanding shares of common stock of the Company. As a result, SCP became a wholly-owned subsidiary of the Company.

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

F-6

China Wireless Communications Inc.
(A Development Stage Company)

Notes to the Financial Statements
Year ended December 31, 2003

1. ORGANIZATION AND PRINCIPAL ACTIVITIES (CONTINUED)

For financial reporting purposes, the acquisition of SCP by the Company has been treated as a reverse acquisition whereby SCP is considered as the acquirer, i.e. the surviving entity, for financial reporting purposes. On this basis, the historical financial statements prior to March 22, 2003 represent the financial statements of SCP. The historical shareholders' equity accounts of the Company have been retroactively restated to reflect the issuance of 19,000,000 shares of common stock since inception of SCP plus the original 2,500,000 shares of common stock of the Company just before the reverse acquisition, with corresponding adjustments to additional paid-in capital.

On March 24, 2003, the Company's name was changed to China Wireless

Edgar Filing: CHINA WIRELESS COMMUNICATIONS INC - Form 10KSB

Communications, Inc. Its principal activities are to manage and administrate its subsidiaries. The details of its subsidiaries and their principal activities are listed out in the following paragraph. The Company is in the development stage and has not yet generated significant revenue from the planned principal operations.

Name of company	Date of acquisition / formation	Place of incorporation	Equity interest owned by the Company	
			Direct	Indirect
SCP	August 13, 2002	Wyoming, the United States	100%	--
Strategic Communications Partners Limited	December 9, 2002	Hong Kong	--	100%
Beijing In-Touch Information System Co. Ltd. ("In-Touch")	March 4, 2003	People's Republic of China ("PRC")	--	100%

F-7

China Wireless Communications Inc.
(A Development Stage Company)

Notes to the Financial Statements
Year ended December 31, 2003
=====

2. BASIS OF PRESENTATION

These financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("USGAAP").

The Company is in the development stage and has incurred losses of US\$4,551,066 since inception. In addition, the Company had a negative working capital of US\$693,279 as of December 31, 2003. These conditions raise substantial doubt about the Company's ability to continue as a going concern. The Company plans to expand its network infrastructure in Beijing, the PRC. The Beijing network will begin generating cash flow in the second calendar quarter of 2004. The Company also plans to initiate the design and installation phases of a similar network in at least one other city in the PRC in 2004. The Company will emphasize its high-speed wireless broad-band services, alongside its value added products and services. The Company is working with several funding sources, both in the United States and in Asia, to assist it in raising sufficient capital to execute its business plan this year. The Company is looking to acquire more capital through a variety of instruments, including convertible preferred stock, convertible notes and private equity investments. Continuation of the Company as a going concern is dependent upon the successful implementation of its business plan and

Edgar Filing: CHINA WIRELESS COMMUNICATIONS INC - Form 10KSB

ultimately achieving profitable operations. However, there is no assurance that the Company will be able to raise the capital required for its operations or to execute its business strategy. The inability of the Company to raise the required capital or implement its business strategy successfully could adversely impact the Company's business and prospects.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of accounting

The financial statements have been prepared under the historical cost convention. Cost in relation to assets represents the cash paid or the fair value of the assets, as appropriate.

(b) Principles of consolidation

The consolidated financial statements include the financial information of the Company and its subsidiaries. The results of subsidiaries acquired or disposed of during the period are consolidated from or to their effective dates of acquisition or disposal respectively.

All material intercompany balances and transactions have been eliminated on consolidation.

(c) Subsidiary

A subsidiary is an affiliate controlled by the Company directly, or indirectly through one or more intermediaries. The term control (including the terms controlling, controlled by and under common control with) means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting shares, by contract, or otherwise.

F-8

China Wireless Communications Inc.
(A Development Stage Company)

Notes to the Financial Statements
Year ended December 31, 2003
=====

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) 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 basis.

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

(e) Income taxes

Edgar Filing: CHINA WIRELESS COMMUNICATIONS INC - Form 10KSB

Provision for income and other related taxes have been provided in accordance with the tax rates and laws in effect in various countries of operations.

Deferred taxes are provided using the liability method for all significant temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and net operating loss carry forwards. The tax consequences of those differences are classified as current or non-current based on the classification of the related assets or liabilities in the financial statements.

(f) Operating leases
Leases where substantially all of the rewards and risks of ownership of assets remain with the leasing company are accounted for as operating leases. Rentals payable under operating leases are recorded in the statement of operations on a straight-line basis over the lease term.

(g) Earnings (Loss) per share
Basic earnings (loss) per common share are computed by dividing earnings (loss) available to common stockholders by the weighted average number of common shares outstanding for the periods.

The calculation of diluted earnings (loss) per share is based on earnings (loss) available to common shareholders and on the weighted average number of common shares outstanding adjusted to reflect potentially dilutive securities. As of December 31, 2003, 2,379,000 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.

(h) Related parties
Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence.

F-9

China Wireless Communications Inc.
(A Development Stage Company)

Notes to the Financial Statements
Year ended December 31, 2003
=====

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Foreign currencies
Transactions in currencies other than functional currencies

during the period are translated into the respective functional currencies at the applicable rates of exchange prevailing at the time of the transactions. Monetary assets and liabilities denominated in currencies other than functional currencies are translated into respective functional currencies at the applicable rates of exchange in effect at the balance sheet date. Exchange gains and losses are dealt with in the statement of operations.

On consolidation, assets and liabilities of subsidiaries denominated in respective functional currencies are translated into United States Dollars at the exchange rate as of the balance sheet date. The share capital and retained earnings are translated at exchange rates prevailing at the time of the transactions. Revenues, costs and expenses denominated in respective functional currencies are translated into United States Dollars at the weighted average exchange rate for the period. The effects of foreign currencies translation adjustments are included as a separate component of accumulated other comprehensive income.

- (j) Use of estimates
The preparation of financial statements in conformity with USGAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Such estimates include but not limited to depreciation, taxes and contingencies. Actual results could differ from those estimates.

- (k) Fair value of financial instruments
The estimated fair values for financial instruments under SFAS No. 107, "Disclosures about Fair Value of Financial Instruments", are determined at discrete points in time based on relevant market information. These estimates involve uncertainties and cannot be determined with precision. The estimated fair values of the Company's financial instruments, which include cash, accounts payable, loans, notes payable and convertible debts, approximate their carrying values in the financial statements.

- (l) Cash and cash equivalents
Cash equivalents include all highly liquid investments, generally with original maturities of three months or less that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Property, plant and equipment and depreciation
 Property, plant and equipment are recorded at cost less accumulated depreciation and impairment. Repairs and maintenance expenditures, which are not considered improvements and do not extend the useful life of property, plant and equipment, are expensed as incurred. The cost and related accumulated depreciation applicable to property, plant and equipment sold or no longer in service are eliminated from the accounts and any gain or loss is included in statement of operations.

When assets are sold or retired, their costs and accumulated depreciation are eliminated from the accounts and any gain or loss resulting from their disposal is included in the statement of operations.

Depreciation is calculated to write off the cost of property, plant and equipment over their estimated useful lives from the date on which they become fully operational and after taking into account of their estimated residual values, using the straight-line method, at the following rates per annum:

Leasehold improvement	20%
Telecommunication equipment	20%
Furniture and fixture	20%
Office equipment	20% - 33.33%

No depreciation is provided in respect of construction in progress until it is completed and put into commercial operation.

The Company recognizes an impairment loss on property, plant and equipment when evidence, such as the sum of expected future cash flows (undiscounted and without interest charges), indicates that future operations will not produce sufficient revenue to cover the related future costs, including depreciation, and when the carrying amount of asset cannot be realized through sale. Measurement of the impairment loss is based on the fair value of the assets.

(n) 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 December 31, 2003, 450,000 options were outstanding and no option has been exercised during the year ended December 31, 2003.

China Wireless Communications Inc.
(A Development Stage Company)

Notes to the Financial Statements
Year ended December 31, 2003

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Stock-based compensation (Continued)

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 December 31, 2003, 100,000 options were outstanding and no option has been exercised during the year ended December 31, 2003.

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.

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 December 31, 2003 -----	Year ended December 31, 2003 -----	Period August (inception) December -----
Net loss			
As reported	(4,551,066)	(3,536,067)	(1,01
Total stock-based compensation expenses	(55,437)	(55,437)	-----
Pro forma	(4,606,503)	(3,591,504)	(1,01
	=====	=====	=====
Basic net loss per share			
As reported	(0.203)	(0.156)	(
Pro forma	(0.206)	(0.158)	(

=====

F-12

China Wireless Communications Inc.
(A Development Stage Company)

Notes to the Financial Statements
Year ended December 31, 2003

=====

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Stock-based compensation (Continued)
Options I and Options II have fair values of US\$0.1041 and US\$0.2148 respectively. The estimated fair value of Options II has been amortized to expenses over the options' vesting period. Because the determination of the fair value of all options granted includes an expected volatility factor, the above pro forma disclosures are not representative of pro forma effects for future years. The fair values of the options have been calculated using the Black-Scholes option pricing model with the following assumptions:

	Options I -----	Options II -----
Expected volatility	58%	58%
Risk-free interest rate	1.80%	1.76%
Contractual life	1.61 years	3.24 years
	=====	=====

(o) New accounting pronouncements
There are no new accounting pronouncements for which adoption is expected to have a material effect on the Company's financial statements.

4. INCOME TAXES

The Company is subject to income taxes on an entity basis on income arising in or derived from the tax jurisdiction in which it is domiciled and operates. As the Company is in the development stage and has incurred losses since inception, there is no current provision for income taxes.

A reconciliation of the Company's effective tax rate to the statutory rate in the United States is as follows:

	Year Ended December 31, 2003 -----	Period from August 13, 2002 (inception) to December 31, 2002 -----
United States statutory rate	34.0%	34.0%

Edgar Filing: CHINA WIRELESS COMMUNICATIONS INC - Form 10KSB

State taxes, net of Federal benefits	3.3%	3.3%
	-----	-----
Statutory rate	37.3%	37.3%
Effect of different tax rates of companies		
operating in other jurisdiction	(1.0%)	--
Non-deductible expenses	(0.2%)	--
Valuation allowance for deferred tax assets		
(Note (a))	(31.0%)	(37.3%)
Effect of tax holidays (Note (b))	(5.1%)	--
	-----	-----
	--	--
	=====	=====

F-13

China Wireless Communications Inc.
(A Development Stage Company)

Notes to the Financial Statements
Year ended December 31, 2003

4. INCOME TAXES (CONTINUED)

(a) The Company's and SCP's operating losses carry forwards amounted to a total of US\$323,000 (2002: HK\$43,000) will expire after twenty years from the year of the losses were incurred unless utilized. Additionally, the ability to recognize the benefit from the net operating loss carry forwards of the Company and SCP could be limited under Section 382 of the Internal Revenue Code if ownership of the Company changes by more than 50%, as defined. As a result, the income tax benefit of the net operating loss carry forwards has not been recognized.

(b) At present, all of the Company's income is generated in the PRC by In-Touch. In-Touch, being a hi-tech enterprise, is exempted from the PRC enterprise income tax from 2003 to 2005, followed by a 50% reduction for the next three years. Under current PRC tax laws, In-Touch's losses of US\$545,000 (2002: US\$-) will expire after five years.

Deferred income taxes reflect the net tax effect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The significant components of the Company's deferred tax assets are as follows:

	2003
	US\$

Net operating loss carry forward	120,000
Start-up and costs capitalized for tax purposes	1,351,000

Edgar Filing: CHINA WIRELESS COMMUNICATIONS INC - Form 10KSB

Total deferred tax assets	1,471,000
Valuation allowance for deferred tax assets	(1,471,000)

Net deferred taxes	--
	=====

5. PREPAYMENTS AND OTHER RECEIVABLES

	2003
	US\$

Prepaid expenses	9,160
Deposits	43,049
Advances to employees	977
Advances to related parties (Note 11(c))	75,274
Other receivables	73,171

	201,631
	=====

F-14

China Wireless Communications Inc.
(A Development Stage Company)

Notes to the Financial Statements
Year ended December 31, 2003

=====

6. PROPERTY, PLANT AND EQUIPMENT, NET

Property, plant and equipment consisted of:

	2003
	US\$

Leasehold improvement	66,119
Telecommunication equipment	45,652
Furniture and fixture	17,154
Office equipment	70,943
Construction in progress	219,403

Cost	419,271
Less: Accumulated depreciation	(19,032)

Property, plant and equipment, net	400,239
	=====

Edgar Filing: CHINA WIRELESS COMMUNICATIONS INC - Form 10KSB

7. TRADE AND OTHER PAYABLES

	2003
	US\$

Trade payables	180
Accrued expenses	198,943
Other payables	126,660

	325,783
	=====

8. LOANS

The loans are advanced by a shareholder, Peter Fisher, and his related companies, which are unsecured, interest-free and have no fixed repayment terms.

F-15

China Wireless Communications Inc.
(A Development Stage Company)

Notes to the Financial Statements
Year ended December 31, 2003

9. NOTES PAYABLE

The notes payable are unsecured and bear interest at 9% per annum. Other details are set out below.

Holder	Issue date	Maturity date	Original amount US\$	Repay
Buck Krieger	September 17, 2002	February 28, 2003	50,000	
	January 21, 2003	February 28, 2003	50,000	
	May 21, 2003	August 30, 2003	40,000	
	May 21, 2003	August 30, 2003	35,000	

			175,000	(95
			=====	
Gerdz Inv. RLLLP	July 31, 2003	September 30,		

Edgar Filing: CHINA WIRELESS COMMUNICATIONS INC - Form 10KSB

		2003	20,000	

Henry Zaks *	June 27, 2003	September 30, 2003	50,000	
	July 31, 2003	September 30, 2003	30,000	

			80,000	

			275,000	(95
			=====	=====

The Company is in default on all of its notes payable. The Company is working with the noteholders to satisfy these outstanding obligations. It is exploring the conversion of the amounts due with interests into common stock of the Company, where possible.

* Henry Zaks is a director of the Company.

F-16

China Wireless Communications Inc.
(A Development Stage Company)

Notes to the Financial Statements
Year ended December 31, 2003
=====

10. CONVERTIBLE DEBTS

The convertible debts are unsecured and bear interest at 8% per annum. The conversions are at the option of the Company and the conversion prices approximate the market values of the Company's shares at the issue dates. Other details are set out below.

Holder	Issue date	Maturity date	Convertible price US\$
Thomas Vickers	April 23, 2003	April 23, 2004	Principal at US\$0.40, interest at US\$0.55
Robert Johnson	June 11, 2003	June 11, 2004	Principal and interest at US\$0.25

11. RELATED PARTY TRANSACTIONS

Edgar Filing: CHINA WIRELESS COMMUNICATIONS INC - Form 10KSB

In addition to the transactions / information disclosed elsewhere in these financial statements, the Company had the following transactions with related parties.

(a) Name and relationship of related parties

Name ----	Existing relationships with the Company -----
Brad Woods	Shareholder, Chairman of the Board of Directors, Interim President & Chief Executive Officer, Chief Financial Controller
Kent Lam	Shareholder of the Company and President of In-Touch
Train Top Investment & Trading Ltd. ("Train Top")	A company beneficially owned and controlled by Kent Lam
Dr. Allan Rabinoff	Shareholder and director of the Company
Henry Zaks	Shareholder and director of the Company
Pete Racelis	Shareholder and Vice President of the Company
Blake Ratcliff	Shareholder of the Company and former Chief Operating Officer of SCP
Phillip Allen	Shareholder of the Company and former Chief Executive Officer of SCP

F-17

China Wireless Communications Inc.
(A Development Stage Company)

Notes to the Financial Statements
Year ended December 31, 2003
=====

11. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Summary of related party transactions

	Year Ended December 31, 2003 US\$ -----	Period from August 13, 2002 (inception) to December 31, 2002 US\$ -----
Renumeration and consulting fees paid to:		

Edgar Filing: CHINA WIRELESS COMMUNICATIONS INC - Form 10KSB

Brad Woods	169,055	12,500
Train Top	198,112	--
Dr. Allan Rabinoff	28,290	--
Henry Zaks	14,600	--
Pete Racelis	75,870	--
Blake Ratcliff	21,874	52,500
Phillip Allen	107,434	22,500
	=====	=====

(c) Advances to related parties

	2003
	US\$

Advances to Brad Woods	295
Advances to Train Top	74,979

	75,274
	=====

12. STOCK-BASED COMPENSATION

During the year and before the reverse acquisition as detailed in note 1 to the financial statements, SCP gave 1,840,600 shares of its common stock as compensation in lieu of cash. The amount of US\$865,432 (2002: US\$809,350) has been included in "General and administrative expenses" in the consolidated statements of operations.

After the reverse acquisition, the Company issued 3,293,751 shares of its common stock as compensation in lieu of cash. The amount of US\$1,460,172 has been included in "General and administrative expenses" in the consolidated statements of operations.

F-18

China Wireless Communications Inc.
(A Development Stage Company)

Notes to the Financial Statements
Year ended December 31, 2003
=====

13. COMMITMENTS AND CONTINGENCIES

The Company leases certain staff quarters and offices premises under non-cancellable operating leases. Rental expenses under operating leases was US\$121,406 for the year ended December 31, 2003 (2002: US\$-).

Future minimum rental payments under non-cancellable operating leases are approximately as follows:

2003
US\$

Year ending December 31,	
2004	123,808
2005	36,808
2006	6,135

Total future minimum lease payments	166,751
-------------------------------------	---------

14. EMPLOYEE RETIREMENT BENEFIT PLANS

As stipulated by the rules and regulations in the PRC, the Company is required to contribute to a state-sponsored social insurance plan for all of its employees who are residents of PRC at a rate of 20% on an agreed amount with each of its employee, subject to limits set out by the PRC government. The Company has no further obligations for the actual pension payments or post-retirement benefits beyond the annual contributions. The state sponsored retirement plan is responsible for the entire pension obligations payable to all employees.

The pension expense for the year ended December 31, 2003 was US\$13,981 (2002: US\$-).

15. REPORT ON SEGMENT INFORMATION

The Company adopted SFAS No. 131, "Disclosures About Segments of an Enterprise and Related Information", in respect of its operating segments. The Company's income is substantially derived from the operation in a single business segment which is the provision of broadband data, video and voice communications services. In addition, the Company's services are only provided to customers in the PRC. Therefore, no geographical segment information is presented.

F-19

China Wireless Communications Inc.
(A Development Stage Company)

Notes to the Financial Statements
Year ended December 31, 2003

16. OPERATING RISKS

(a) Country risks

The Company may be exposed to the risks as a result of its operations being carried out in the PRC. These include risks associated with, among others, the political, economic and legal environmental and foreign currency exchange. The Company's results may be adversely affected by change in the political and social conditions in the PRC, and by changes in governmental

policies with respect to laws and regulations, anti-inflationary measures, currency conversion and remittance abroad, and rates and methods of taxation, among other things. The Company's management does not believe these risks to be significant. There can be no assurance, however, those changes in political and other conditions will not result in any adverse impact.

(b) Cash balances

The Company maintains its cash balances with various banks and trust companies located in the PRC. In common with local practice, such amounts are not insured or otherwise protected should the amounts placed with the banks and trust companies be non-recoverable. There has been no history of credit losses in these regards and there are neither material commitment fees nor compensating balance requirements for all outstanding loans of the Company.

(c) Concentration of credit risk

For the year ended December 31, 2003, 5 customers accounted for 30.1%, 14.9%, 11.7%, 10.6% and 10.2% of total operating revenue of the Company respectively. No other customer accounted for more than 10% of total operating revenue of the Company for the year ended December 31, 2003. The Company had no accounts receivable as of December 31, 2003.

Credit risk represents the accounting loss that would be recognized at the reporting date if counterparties failed completely to perform as contracted. Concentrations of credit risk (whether on or off balance sheet) that arise from financial instruments exist for groups of customers or counterparties when there are similar economic characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. The major concentration of credit risk arises from the Company's receivables. Even though the Company does have major customers, it does not consider itself be exposed to significant credit risk with regards to collection of the related receivables.

F-20

China Wireless Communications Inc.
(A Development Stage Company)

Notes to the Financial Statements
Year ended December 31, 2003
=====

17. STOCK WARRANTS

During the period ended December 31, 2002, SCP issued 670,000 warrants to non-employees and none of the warrants has been exercised. Upon the reverse acquisition as detailed in note 1 to the financial statements, those warrants were converted into warrants of the Company at a ratio of 1 to 2.5. As a result, the non-employee warrants of the Company

Edgar Filing: CHINA WIRELESS COMMUNICATIONS INC - Form 10KSB

outstanding as of December 31, 2003 were 1,675,000. These warrants are exercisable until and prior to August 15, 2005. Each warrant entitles its holder to purchase one share of the Company's common stock, as follows: the purchase price of one share of common stock shall be equal to: US\$1 if exercised on or before 5:00 p.m. Colorado time on August 15, 2003; US\$2 if exercised on or before 5:00 p.m. Colorado time on August 15, 2004; and US\$3 if exercised on or before 5:00 p.m. Colorado time on August 15, 2005.

18. POST BALANCE SHEET EVENTS

On January 1, 2004, the Company signed a contract with China Satellite Communication Corporation Beijing Branch ("China Satellite"). According to this agreement, the Company will provide broadband access service and technical support to China Satellite.

The Board of Directors of the Company appointed Dr. Allan Rabinoff as a board member effective from February 24, 2004.

On February 25, 2004, the Company signed a cooperative agreement with Datang Gohigh Networks Technology Corporation ("Datang Gohigh"). Under this agreement, Datang Gohigh will provide network system design, integration, installation, and technical support to the Company for the Company's construction of Metropolitan Broadband Access Network in Beijing City. Datang Gohigh will also provide lease financing for the Company's capital expenditures on its wireless broadband network. On March 19, 2004, the Company completed its first equipment lease arrangement for an amount of \$344,867 for its network system.

F-21

SIGNATURES

In accordance with Section 13 or 15(d) 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.

Date: April 14, 2004 By: /s/ BRAD WOODS

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

In accordance with the Exchange Act, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature Title Date

Edgar Filing: CHINA WIRELESS COMMUNICATIONS INC - Form 10KSB

/s/ BRAD WOODS

Brad Woods
Interim President (Principal
Executive Officer) and Chief
Financial Officer (Principal
Financial and Accounting Officer)
April 14, 2004

/s/ HENRY ZAKS

Henry Zaks
Director
April 14, 2004

/s/ ALLAN RABINOFF

Allan Rabinoff
Director
April 14, 2004