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CHINA WIRELESS COMMUNICATIONS INC
Form 10QSB/A
September 14, 2004

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

FORM 10-QSB/A
AMENDMENT NO. 1

(Mark One)

QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended: June 30, 2004

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE
EXCHANGE ACT
For the transition period from _____ to _____

Commission file number: 333-49388

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

NEVADA
(State or other jurisdiction of
incorporation or organization)

91-1966948
(IRS Employer
Identification No.)

1746 COLE BOULEVARD, SUITE 225, GOLDEN, COLORADO 80401-321
(Address of principal executive offices)

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

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

Check whether the issuer: 1) has filed all reports required to be filed by
Section 13 or 15(d) of the Securities Exchange Act of 1934 during the past 12
months (or for such shorter period that the registrant was required to file such
reports, and (2) has been subject to such filing requirements for the past 90
days. Yes X No_____

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

37,879,437 SHARES OF COMMON STOCK, \$0.001 PAR VALUE,
AS OF SEPTEMBER 13, 2004

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

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INDEX

PART I. FINANCIAL INFORMATION

Item 1.- Financial Statements

-Condensed Consolidated Statements of Operations (Unaudited) Three Months Ended June 30, 2004 and 2003; and Six Months Ended June 30, 2004 and 2003.....	3
-Condensed Consolidated Balance Sheet (Unaudited) As of June 30, 2004.....	4
-Condensed Consolidated Statements of Cash Flows (Unaudited) Six Months Ended June 30, 2004 and 2003.....	5
-Condensed Consolidated Statements of Stockholders' Equity (Unaudited) Period from August 13, 2002 (inception) to June 30, 2004.....	6
-Notes to and Forming Part of the Condensed Financial Statements (Unaudited).....	7

Item 2.-Management's Discussion and Analysis or Plan of Operations	11
--	----

Item 3.-Controls and Procedures.....	15
--------------------------------------	----

PART II. OTHER INFORMATION

Item 1.-Legal Proceedings	16
---------------------------------	----

Item 2.-Changes in Securities.....	16
------------------------------------	----

Item 3.-Defaults Upon Senior Securities	16
---	----

Item 4.-Submission of Matters to a Vote of Security Holders	16
---	----

Item 5.-Other Information	16
---------------------------------	----

Item 6.-Exhibits and Reports on Form 8-K	16
--	----

SIGNATURES	18
------------------	----

CERTIFICATIONS.....	19
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CHINA WIRELESS COMMUNICATIONS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

	NOTE	For three months ended June 30,		For s
		2004 US\$	2003 US\$	
=====				
OPERATING REVENUE				
Service income and sale of goods		94,567	4,059	1
Cost of services rendered and goods sold		75,419	3,392	
GROSS PROFIT		19,148	667	
OPERATING EXPENSES				
Depreciation expenses		8,732	2,651	
General and administrative expenses		2,881,881	473,325	3,4
Total operating expenses		2,890,613	475,976	3,4
LOSS FROM OPERATIONS		(2,871,465)	(475,309)	(3,4
NON-OPERATING INCOME (EXPENSES)				
Interest income		76	-	
Interest expenses		-	(2,296)	
Other expenses		(2,393)	-	
LOSS BEFORE INCOME TAXES		(2,873,782)	(477,605)	(3,4
Income taxes		-	-	
NET LOSS		(2,873,782)	(477,605)	(3,4
=====				
NET LOSS PER SHARE OF COMMON STOCK:				
Basic	5	(0.0918)	(0.0222)	(
=====				

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Diluted	N/A	N/A	
	=====	=====	=====
WEIGHTED AVERAGE NUMBER OF SHARES OF COMMON STOCK OUTSTANDING	31,305,143	21,519,868	29,1
	=====	=====	=====

The financial statements should be read in conjunction with the accompanying notes - Page 3

CHINA WIRELESS COMMUNICATIONS, INC.

CONDENSED CONSOLIDATED BALANCE SHEET (UNAUDITED)

As of June 30, 2004

=====

ASSETS		US\$
CURRENT ASSETS		
Cash and cash equivalents		263,423
Pledged deposits		1,381
Trade and other receivables		181,008

Total current assets		445,812
Property, plant and equipment, net		515,427

TOTAL ASSETS		961,239
		=====

LIABILITIES AND STOCKHOLDERS' DEFICIT

CURRENT LIABILITIES		
Trade and other payables		408,018
Loans		442,859
Temporary receipt		120,000
Notes payable		173,600
Convertible debts		55,000

TOTAL LIABILITIES		1,199,477

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,		
34,737,364 shares of stock issued and outstanding		34,737

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Additional paid-in capital	7,697,774
Accumulated deficit	(7,970,749)

TOTAL STOCKHOLDERS' DEFICIT	(238,238)

TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	961,239
	=====

The financial statements should be read in conjunction with the accompanying notes - Page 4

CHINA WIRELESS COMMUNICATIONS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

	For six mo

	2004
	US\$
CASH FLOWS FROM OPERATING ACTIVITIES	
Net loss	(3,419,683)
Adjustments to reconcile net loss to net cash used in operating activities:	
Depreciation	15,713
Write off of property, plant and equipment	7,281
Common stocks issued for compensation	2,812,783
Changes in working capital:	
Trade and other receivables	20,623
Trade and other payables	82,235

NET CASH USED IN OPERATING ACTIVITIES	(481,048)

CASH FLOWS FROM INVESTING ACTIVITIES	
Acquisition of property, plant and equipment	(138,182)
i-Track and Strategic Communications Partners, Inc merger	-
Advances to a related party	-
Decrease in pledged deposits	20,816

NET CASH USED IN INVESTING ACTIVITIES	(117,366)

NET CASH PROVIDED BY FINANCING ACTIVITIES	
Net proceeds from issuance of common stock	661,702
Proceeds from additions of loans	155,769
Repayment of loans	(80,831)

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Proceeds from issuance of notes payable	-
Temporary receipt	120,000
Repayment of notes payable	(6,000)
Proceeds from issuance of convertible debts	25,000
Repayment of convertible debts	(11,000)

NET CASH PROVIDED BY FINANCING ACTIVITIES	864,640

NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	266,226
CASH AND CASH EQUIVALENTS, AS OF BEGINNING OF THE PERIOD	(2,803)

CASH AND CASH EQUIVALENTS, AS OF END OF THE PERIOD	263,423
	=====
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS	
Bank balances	263,423
	=====
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION	
Interest paid	2,817

NON-CASH OPERATING, INVESTING AND FINANCING ACTIVITIES	
Common stocks issued for compensation by SCP*	-
Common stocks issued for compensation by the Company	2,812,783

	2,812,783
	=====

* SCP is defined in the Condensed Consolidated Statements of Stockholders' Equity

The financial statements should be read in conjunction with the accompanying notes - Page 5

CHINA WIRELESS COMMUNICATIONS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (UNAUDITED)

	COMMON STOCK		ADDITIONAL	ACCUMU
	NUMBER	AMOUNT US\$	PAID-IN CAPITAL US\$	DE
As of August 13, 2002 - inception (NOTE)	21,500,000	21,500	2,353,850	

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Net loss for the period	-	-	-	(1,014)
As of December 31, 2002	21,500,000	21,500	2,353,850	(1,014)
Common stock issued for services at prices ranging from \$0.25 to \$0.72 per share	3,293,751	3,294	1,456,878	
Common stock issued for cash at prices ranging from \$0.50 to \$0.80 per share, net of issuance costs of \$491,949	1,420,202	1,420	421,084	
Net loss for the year	-	-	-	(3,536)
As of December 31, 2003	26,213,953	26,214	4,231,812	(4,551)
Common stock issued for services at prices ranging from \$0.35 to \$0.65 per share	688,634	688	365,812	
Common stock issued for cash at prices ranging from \$0.55 to \$0.74 per share, net of issuance costs of \$559,983	1,588,870	1,589	435,979	
Net loss for the period	-	-	-	(545)
As of March 31, 2004	28,491,457	28,491	5,033,603	(5,096)
Common stock issued for cash at prices ranging from \$0.19 to \$0.6 per share	5,347,907	5,348	2,440,935	
Common stock issued for cash at prices ranging from \$0.5 to \$0.63 per share, net of issuance costs of \$274,286	898,000	898	223,236	
Net loss for the period	-	-	-	(2,873)
AS OF JUNE 30, 2004	34,737,364	34,737	7,697,774	(7,970)

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

The financial statements should be read in conjunction with the accompanying notes - Page 6

CHINA WIRELESS COMMUNICATIONS, INC.

NOTES TO AND FORMING PART OF THE CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

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Six Months Ended June 30, 2004

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1. BASIS OF PRESENTATION AND STOCK-BASED COMPENSATION

BASIS OF PRESENTATION

The accompanying financial data as of June 30, 2004 and for the three months and six months ended June 30, 2004 have been prepared by China Wireless Communications, Inc. (the "Company"), without audit. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to the rules and regulations of the Securities and Exchange Commission. However, the Company believes that the disclosures are adequate to make the information presented not misleading. These financial statements should be read in conjunction with the financial statements and the notes thereto of the Company, included in the Company's filings on form 10-KSB dated April 14, 2004.

In the opinion of the management, all adjustments (which include only normal recurring adjustments) necessary to present fairly the financial position, results of operations and cash flows of the Company have been made. The results of operations for the six months ended June 30, 2004 are not necessarily indicative of the operating results for the full year.

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

STOCK-BASED COMPENSATION

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

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

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

CHINA WIRELESS COMMUNICATIONS, INC.

NOTES TO AND FORMING PART OF THE CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
Six Months Ended June 30, 2004

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

STOCK-BASED COMPENSATION (CONTINUED)

	For three months ended June 30,		For si
	2004	2003	
	US\$	US\$	
Net loss			
As reported	(2,873,782)	(477,605)	(3,41
Total stock-based compensation expenses	(4,296)	-	(
	-----	-----	-----
Pro forma	(2,878,078)	(477,605)	(3,42
	=====	=====	=====
Basic net loss per share			
As reported	(0.0918)	(0.0222)	(0
	=====	=====	=====
Pro forma	(0.0919)	(0.0222)	(0
	=====	=====	=====

2. ORGANIZATION

At the end of 2003, the Company made loans of US\$4,832 to certain staff of Beijing In-Touch Information System Company Limited ("In-Touch") for the purpose of acquiring a company, Beijing Pan-Asia Innovative Science and Technology Co. Ltd. ("Pan-Asia"). The reason for this arrangement was due to there are certain restrictions on the Company, as a foreign investor, to invest in telecommunication business in the PRC. Pan-Asia is a company incorporated in the PRC and is principally engaged in trading of telecommunication-related products. Pan-Asia is effectively financed by the Company and therefore, it is considered as a variable interest entity ("VIE") of the Company. In addition, the Company expects to absorb the losses incurred by Pan-Asia, if any. Accordingly, the Company is considered as the primary beneficiary under Financial Accounting Standard Board Interpretation No. 46 ("FIN 46"). The Company began to consolidate Pan-Asia during the three-month period ended June 30, 2004 because the financial effects were immaterial in prior periods.

3. CRITICAL ACCOUNTING POLICIES AND ESTIMATES

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

Page 8 of 21

CHINA WIRELESS COMMUNICATIONS, INC.

NOTES TO AND FORMING PART OF THE CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
Six Months Ended June 30, 2004

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3. CRITICAL ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the financial information of the Company and all of its subsidiaries, namely Strategic Communications Partners, Inc., Strategic Communications Partners Limited and In-Touch. All of which are wholly-owned subsidiaries. The consolidated financial statements also include the financial information of a VIE of the Company, Pan-Asia, for which the Company is deemed to be the primary beneficiary. All material inter-company balances and transactions have been eliminated on consolidation.

The application of the consolidation provisions of FIN 46 resulted in an increase in assets, liabilities and net loss for the three-month and six-month periods ended June 30, 2004 by US\$19,997, US\$24,318 and US\$54,774 respectively.

FOREIGN CURRENCIES

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

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

REVENUE RECOGNITION

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

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

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

4. PREPARATION OF FINANCIAL STATEMENTS

The Company has incurred losses of US\$2,873,782 and US\$3,419,683 for the three months and six months ended June 30, 2004. The Company also experienced negative working capital of US\$735,665 and stockholders' deficit of US\$238,238 as of June 30, 2004. These conditions 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. Details of the plans of operations of the Company are set out in Item 2 of this Form 10-QSB under the heading "Plan of Operation".

Page 9 of 21

CHINA WIRELESS COMMUNICATIONS, INC.

NOTES TO AND FORMING PART OF THE CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
Six Months Ended June 30, 2004

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5. LOSS PER COMMON STOCK

Weighted average number of shares of common stock outstanding used in the calculation of basic loss per share for the six months ended June 30, 2004 and three month ended June 30, 2004 are 29,125,034 shares and 31,305,143 shares respectively.

As of June 30, 2004, 723,350 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.

Page 10 of 21

CHINA WIRELESS COMMUNICATIONS, INC.

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

FORWARD-LOOKING STATEMENTS

Included in this report are various forward-looking statements, which can be identified by the use of forward looking terminology such as "may", "will," "expect," "anticipate," "estimate," "continue," "believe," or similar words. We have made forward-looking statements with respect to the following, among others: our goals and strategies; our expectations related to growth of our broadband internet, content and wireless access and transport in China and the performance under our agreements; our ability to obtain and operate licenses and permits to operate in China; our ability to earn sufficient revenues in China; the importance and expected growth of satellite communications, broadband internet, content and wireless access and transport in China and the demand for these services in China; our ability to continue as a going concern; and our future performance and our results of operations. These statements are forward looking and reflect our current expectations. We are subject to a number of risks and uncertainties, including but not limited to, changes in the economic and political environments in China, economic and political uncertainties affecting the capital markets, changes in technology, changes in satellite communications, broadband internet, content and wireless access and transport in the marketplace in China, competitive factors and other risks described in our annual report on Form 10-KSB which has been filed with the United States Securities and Exchange Commission. In light of the many risks and uncertainties surrounding the Company, China, and the satellite communications, broadband internet, content and wireless access and the transport marketplace in China, you should keep in mind that we cannot guarantee that the forward-looking statements described in this report will transpire and you should not place undue reliance on forward-looking statements.

OVERVIEW

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

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

STRATEGIC COMMUNICATIONS PARTNERS, INC.

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

Page 11 of 21

CHINA WIRELESS COMMUNICATIONS, INC.

BEIJING IN-TOUCH INFORMATION SYSTEM COMPANY LIMITED

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 has commenced operations in Beijing, through cooperation agreements with local telecommunications operators.

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

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

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

BEIJING PAN-ASIA INNOVATIVE SCIENCE AND TECHNOLOGY COMPANY LIMITED

At the end of 2003, the Company made loans of US\$4,832 to certain staff of

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In-Touch for the purpose of acquiring a company, Beijing Pan-Asia Innovative Science and Technology Co. Ltd. ("Pan-Asia"). The reason for this arrangement was due to there are certain restrictions on the Company, as a foreign investor, to invest in telecommunication business in the PRC. Pan-Asia is a company incorporated in the PRC and is principally engaged in trading of telecommunication products. Pan-Asia is effectively financed by the Company and therefore, it is considered as a variable interest entity ("VIE") of the Company.

As of June 30, 2004, we have three employees, all of whom are full-time in the United States. As of June 30, 2004, SCPL has no full-time employees in Hong Kong and In-Touch has 62 full-time employees all of whom are located in Beijing. None of our employees is covered by a collective bargaining agreement.

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 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.

Page 12 of 21

CHINA WIRELESS COMMUNICATIONS, INC.

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

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

CHINESE TAX HOLIDAY

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

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Pan-Asia is registered in the Beijing Zhong Guan Cun High Tech Park and also recognized as a High Tech company. Pan-Asia is now applying the preferential tax treatment of tax holiday and reduction of tax rate.

CHANGES IN THE MANAGEMENT

We are in the process of identifying a permanent Chief Executive Officer & President and Chief Financial Officer with experience in the telecommunications industry, as we believe that having qualified management is critical in this phase of our development. Accordingly, Brad Woods was replaced by Pedro E. Racelis III on June 2, 2004. Mr. Racelis is serving in an interim capacity until Board of Directors has completed its search. In addition, Dr. Allan Rabinoff was appointed as the Chairman of the Board on June 2, 2004.

CHINA WIRELESS COMMUNICATIONS, INC

RESULTS OF OPERATIONS. During the second quarter of 2004, CWC continued its work of expanding its network in Beijing and reviewing the opportunities in the local market. CWC has also put a great deal of effort into establishing and testing a variety of equipment to provide its services from different vendors in Beijing, China. Service revenues in the second quarter of 2004 soared to \$94,567, an increase of over 270 percent from first quarter 2004. This explosive growth is a direct result from China Wireless effectively bringing more customers and services onto the Beijing broadband network. Revenues generated from inception to June 30, 2004 total \$155,256.

Operational expenses totaled \$2,890,613 and \$3,441,838 for the three months and six months ended June 30, 2004 respectively. Of this amount, \$2,446,283 and \$2,812,783, respectively, are costs recorded for common stock issued for compensation for these same periods. Our focus is three fold: (a) raising capital, (b) providing and establishing long-term relationships with equipment providers, and (c) finalizing operational procedures for the Beijing office. Details of the stock issued for compensation have been included in Form S-8 dated April 23, 2004.

Page 13 of 21

CHINA WIRELESS COMMUNICATIONS, INC.

In comparison, operational expenses for the three months and six months ended June 30, 2003 were \$475,976 and \$1,779,102, respectively. Of this amount, \$113,000 and \$1,022,900 were recorded for common stock issued for compensation for these same periods. The increase in operational expenses is due primarily to high consulting expenses and commissions. Details of the stock issued for compensation have been included in Form S-8 dated April 23, 2004.

LIQUIDITY AND CAPITAL RESOURCES. For the six-month period ended June 30, 2004, CWC used cash of \$481,048 for operating activities, a decrease of 16% as compared to the six months ended June 30, 2003. The decrease is due mainly to decreases in legal fees and accounting agency expenses. The most significant adjustment to reconcile the net loss to net cash used in operations was common stock issued as compensation amounting to \$2,812,783, as compared to \$1,022,900 for the six-month period ended June 30, 2003. Investing activities also used cash of \$117,366 and \$162,963 during six-month periods ended June 30, 2004 and 2003. The Company has \$263,423 of cash and cash equivalent and pledged deposits

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of \$1,381 at June 30, 2004.

As reflected in the statement of cash flows, the Company is still dependent upon issuance of its common stock for cash utilized in its operations. For the six months ended June 30, 2004, net proceeds from the issuance of common stock provided cash of \$661,702.

At June 30, 2004, the Company had a working capital deficit of \$753,665, as compared to a deficit of \$693,279 at December 31, 2003.

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 successfully opened and commenced operations in the second quarter of 2004. We will focus our primary marketing efforts on providing high-speed Internet access, VOIP, VPN private circuit, International leased line, and other broadband services to our clients. We are also in the midst of building partnership(s) with major telecom carriers of China. To connect more users to their backbone networks, we believe the carriers have motivation to cooperate with us in providing the high-speed wireless services to their customers on a revenue sharing basis. Following entering into the cooperative agreement with China Netcom Beijing Company on September 1, 2003, we are in the process of reviewing a similar arrangement with another Tier One Carrier. However, there is no guarantee that we will enter into such agreement and no guarantee that the terms will be favorable to us.

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

Page 14 of 21

CHINA WIRELESS COMMUNICATIONS, INC.

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.

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ITEM 3. CONTROLS AND PROCEDURES

Under the supervision and with the participation of our management, including our Chief Executive Officer / Chief Financial Officer, we conducted an evaluation of the effectiveness of our disclosure controls and procedures as defined in Rule 13a-14(c) promulgated under the Securities Exchange Act of 1934 as of June 30, 2004. Based on his evaluation, our Chief Executive Officer / Chief Financial Officer concluded that the design and operation of our disclosure controls and procedures were effective as of the date of the evaluation.

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

Page 15 of 21

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

Not Applicable.

Item 2. Changes in Securities

In the Second quarter of 2004, we raised \$224,134, selling 898,000 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 \$498,420, less \$274,286 in underwriting discounts and commissions. The Agreement signed with Bellador, provides that the Company is to receive a price equivalent to 45% of the market price, that its common stock trades, all as defined in our agreement with Bellador. Bellador further has an agreement with each investor, that the stock must be held for one year, before its Regulation S restriction is removed.

Item 3. Defaults Upon Senior Securities

Not Applicable.

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

Not Applicable.

Item 5. Other Information

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Not Applicable

Item 6. Exhibits and Reports on Form 8-K

a) Exhibits

Regulation

S-B Number	Exhibit
2.1	Share Exchange Agreement dated as of March 17, 2003 by and between i-Track, Inc. and Strategic Communications Partners, Inc. (1)
3.1	Articles of Incorporation (2)
3.2	Bylaws (2)
3.3	Certificate of Amendment to Articles of Incorporation (3)
10.1	Promissory Note, dated June 27, 2003 in the amount of \$50,000, payable to Henry Zaks (4)
10.2	Promissory Note, dated July 31, 2003 in the amount of \$30,000, payable to Henry Zaks (4)
10.3	Investment Contract between Goldvision Technologies Ltd and SCP dated December 18, 2002 (5)
10.4	Extension Agreement to Investment Contract between Goldvision Technologies Ltd. and the Company dated August 5, 2003 (4)

Page 16 of 21

CHINA WIRELESS COMMUNICATIONS, INC.

Regulation

S-B Number	Exhibit
10.5	Employment Agreement dated March 25, 2003 with Phillip Allen (5)
10.6	Employment Agreement dated March 25, 2003 with Brad A. Woods (5)
10.7	Separation & Voting Trust Agreement with Philip Allen (4)
10.8	Agreement between the Company and Bellador Advisory Services, Ltd. dated October 22, 2003 (4)
10.9	Agreement between the Company and China Netcom Group Beijing Company dated September 1, 2003 (4)
16.2	Letter from Edwards, Melton, Ellis, Koshiw & Company, P.C. dated January 20, 2003 (6)
16.3	Letter from the Rehmann Group, dated February 19, 2003 (7)
16.4	Letter from Moores Rowland, dated May 14, 2003 (8)
21	Subsidiaries of the registrant (4)
31.1	Certification of Chief Executive/Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification of Chief Executive/Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

(1) Incorporated by reference to the exhibits to the registrant's current report on Form 8-K dated March 17, 2003.

(2) Incorporated by reference from the exhibits to the Registration Statement on Form SB-1 filed on November 6, 2000, File No. 333-49388.

(3) Incorporated by reference to the exhibits to the registrant's current report on Form 8-K dated March 22, 2003.

(4) Incorporated by reference to the exhibits to the registrant's annual report on Form 10-KSB for the year ended December 31, 2003.

(5) Incorporated by reference to the exhibits to the registrant's annual report on Form 10-KSB for the year ended December 31, 2002.

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(6) Incorporated by reference to the exhibits to the registrant's current report on Form 8-K dated January 20, 2003.

(7) Incorporated by reference to the exhibits to the registrant's current report on Form 8-K dated February 19, 2003.

(8) Incorporated by reference to the exhibits to the registrant's current report on Form 8-K dated May 14, 2003.

b) Reports on Form 8-K:
None.

Page 17 of 21

CHINA WIRELESS COMMUNICATIONS, INC.

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: September 14, 2004

By: /s/ PEDRO E. RACELIS

Pedro E. Racelis
Interim President and Chief Financial Officer

Page 18 of 21