CHINA WIRELESS COMMUNICATIONS INC
Form 10KSB
April 13, 2007

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

FORM 10-KSB

(Mark One)
[X] ANNUAL REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2006

[ ] 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

[GRAPHIC OMITTED]

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 is not required to file reports pursuant to Section 13 or 15(d) of the Exchange Act. [ ]

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 [x] 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. [ ] (NOT APPLICABLE. THE ISSUER'S SECURITIES ARE NOT REGISTERED UNDER SECTION 12 OF THE EXCHANGE ACT.)

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

State issuer's revenues for its most recent fiscal year: $478,139

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: $3,578,659 AS OF FEBRUARY 28, 2007

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date: 170,412,340 AS OF FEBRUARY 28, 2007.

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

DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

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.

BUSINESS DEVELOPMENT. We were originally incorporated in Nevada on March 8, 1999 under the name AVL SYS International Inc ("AVL SYS"). On March 9, 2000, AVL SYS changed its name to I-Track, Inc ("ITI").

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, ITI's name was changed to China Wireless Communications, Inc.

BUSINESS OF ISSUER. Our business plan is to evaluate opportunities to acquire companies in the information technology industry and to provide both wireless and wired high-speed data and telecommunication systems to our customers. In addition, we and our subsidiaries can provide wireless connectivity for data and video surveillance networks.

On May 24, 2005, the Company entered into a letter agreement to acquire 51% of the stock of Tianjin Create IT Company Ltd.., a People's Republic of China company ("Create Co."), for total consideration of $53,840, to be comprised of (i) cash in the amount of $40,379.61 and (ii) 448,665 shares of the Company's common stock valued at $0.03 per share, for a total of $13,460 in the Company's common stock. On September 6, 2005, the Company paid $21,460 towards the acquisition price ($13,460 in the Company's common stock and cash in the amount of $8,000).

On May 18, 2006, the Company entered into an amended letter agreement with the 49% owner of Create Co., whereby the parties agreed to increase the acquisition cost of Create Co. to $126,767. Because the Company had previously made a payment of $21,460, the remaining purchase amount owing was $105,307, as of the May 18, 2006 amendment. The Company agreed to pay the remaining purchase amount owing of $105,307 in cash no later than August 31, 2006.

On October 25, 2006, the Company and the 49% owner of Create Co. further amended the purchase agreement whereby the Company agreed to a final payment of $105,307, payable in (i) cash in the amount of $10,531 and (ii) 6,318,404 shares of the Company's common stock valued at $94,776, to take place on December 31, 2006. The parties have agreed to further extend the date of the final payment and expect the final payment to be made by the end of June 2007. The Company has recorded the $105,307 additional purchase price for Create Co., in accounts payable and accrued expenses as of December 31, 2006.

Create Co. provides information technology systems integration and internet protocol services to customers. It also provides IP routing equipment and network cabling and its customers are principally in the People's Republic of China. We acquired Create Co. in part because of its strategic location in Tianjin City, the third largest city in China. Also, as a forward-looking company with a customer base in the education, oil and gas, banking, brokerage, commercial and government sectors, Create Co. provides an opportunity to establish a presence in China.

Additionally, during the 3rd quarter of 2006, we formed a wholly owned subsidiary, CW Communications, Inc., a Colorado corporation ("CW Communications"), which operates in north Texas. Through CW Communications, we intend to leverage technical and sales opportunities presented by the information technology side of our business in the areas of video surveillance design, engineering and installation.

We will market the products and services of China Wireless, Create Co, and CW Communications together where possible in order to provide the customer with options in information technology, systems engineering, low voltage power, backup systems for data network equipment, data and video cabling and video surveillance equipment.

During the 4th quarter of 2006, we began to investigate other business opportunities within the United States and China. Included in these opportunities are the importation of consumer products and the development of electronic products to fill a need in the law enforcement and security market.

INDUSTRY BACKGROUND. With over 130 million users, the People's Republic of China (the "PRC" or "China") has surpassed Japan to become the world's second largest Internet market. Many 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.

The opportunity to provide high-speed wireless broadband for customers utilizing existing carrier transport as well as broadband radio transport will now be part of our overall strategy to become an information technology provider. We will utilize proven information technology to complete and meet end users' business objectives. Our focus on potential customers will include commercial business, universities and government enterprises.

The communications and information services industries are highly competitive. Many of our existing and potential competitors have financial, personnel, marketing and other resources significantly greater than ours. Many of these competitors have the added competitive advantage of a larger existing customer base. In addition, significant new competitors could arise as a result of:

- the recent increased consolidation in the industry;
- further technological advances; and
- further deregulation and other regulatory initiatives.

If we are unable to compete successfully, our business could be materially adversely affected.

COMPLIANCE WITH GOVERNMENTAL REGULATIONS. Our operations and partnerships are subject to various levels of government controls and regulations in the PRC. As a result, we may be exposed to certain risks associated with, among others, the political, economic and legal environment and foreign currency exchange. Our 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 others. We cannot assure you that changes in political and other conditions will not result in any adverse impact.

EMPLOYEES. As of March 31, 2007, we have 13 full-time employees, including employees of Create Co.

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 pursuant to a written lease which expires in August 2007.

Create Co. leases space under an operating lease in Tianjin, China. Rental expenses under the operating lease were $6,656 in 2006. The lease expires in August 2007.

ITEM 3. LEGAL PROCEEDINGS.

None.

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

None.

PART II

ITEM 5. MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS AND SMALL BUSINESS ISSUER PURCHASES OF EQUITY SECURITIES.

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" when we implemented a 1-for-20 reverse stock split. On March 28, 2003, our trading symbol was changed to "CWLC". The following table sets forth the range of high and low closing bid quotations of our common stock for each fiscal quarter shown:

	BID OR TRADE PRICES	
2005 FISCAL YEAR	HIGH	LOW

	HIGH	LOW
Quarter Ending 03/31/05..........................	$ 0.06	$ 0.06
Quarter Ending 06/30/05..........................	$ 0.03	$ 0.02
Quarter Ending 09/30/05..........................	$ 0.04	$ 0.04
Quarter Ending 12/31/05..........................	$ 0.02	$ 0.02
2006 FISCAL YEAR	**HIGH**	**LOW**
Quarter Ending 03/31/06..........................	$ 0.18	$ 0.02
Quarter Ending 06/30/06..........................	$ 0.15	$ 0.04
Quarter Ending 09/30/06..........................	$ 0.04	$ 0.03
Quarter Ending 12/31/06..........................	$ 0.03	$ 0.02

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

As of December 31, 2006, there were 259 registered shareholders of record of our common stock

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.

During quarter ended December 31, 2006, there were no unregistered securities issued.

ITEM 6. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION.

OVERVIEW. We are an information technology company providing both wireless and wired high-speed data and telecommunication systems to our customers. In addition, we provide wireless connectivity for data and video surveillance networks. In furtherance of our business plan, we acquired an interest in Create Co., a systems integration and information technology company located in Tianjin, China in 2005. Additionally, during the 3rd quarter of 2006, we formed a wholly owned subsidiary, CW Communications, Inc., a Colorado corporation ("CW Communications"), which operates in north Texas. Through CW Communications, we intend to leverage technical and sales opportunities presented by the information technology side of our business in the areas of video surveillance design, engineering and installation. We intend to market the products and services of China Wireless, Create Co, and CW Communications

4

together where possible in order to provide the customer with options in information technology, systems engineering, low voltage power, backup systems for data network equipment, data and video cabling and video surveillance equipment.

GOING CONCERN. In Note 2 of the Company's Financial Statements for the year ended December 31, 2006, the Company's independent registered public accounting firm noted that there is substantial doubt about the Company's ability to continue as a going concern. The accompanying consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America, which contemplate continuation of us as a going concern. We incurred net losses for the years ended December 31, 2006 and 2005 of $3,226,744 and $2,013,513, respectively, and at December 31, 2006 had an accumulated deficit of $13,820,485 and a working capital deficit of $362,158. These conditions raise substantial doubt as to our ability to continue as a going concern. Our consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts, or amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

Our ability to continue as a going concern is dependent upon the successful implementation of our business plan and ultimately achieving profitable operations. However, there is no assurance that we will be able to raise the necessary capital to execute our business strategy. Our inability to raise the required capital or implement our business strategy successfully could adversely impact our business and prospects.

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

MINORITY INTEREST. Under generally accepted accounting principles when losses applicable to the minority interest in a subsidiary exceed the minority interest in the equity capital of the subsidiary, the excess is not charged to the majority interest since there is no obligation of the minority interest to make good on such losses. The Company, therefore, has included losses applicable to the minority interest against its interest since the minority owners have no obligation to make good on the losses. If future earnings do materialize, the Company shall be credited to the extent of such losses previously absorbed. As previously stated, we closed the acquisition of a 51% majority interest of Create Co. on May 24, 2005.

STOCK-BASED COMPENSATION. Stock-based compensation. Effective January 1, 2006, WE adopted Statement of Financial Accounting Standards No. 123 (revised), "Share-Based Payment" (SFAS No. 123R), which requires the use of the fair value method of accounting for all stock-based compensation, including stock options. The statement was adopted using the modified prospective method of application. Under this method, in addition to reflecting compensation expense for new share-based awards, expense is also recognized to reflect the remaining vesting period of awards that had been included in pro-forma disclosures in prior periods. WE did not have any stock based compensation, including options that would have required expensing under SFAS No. 123R for the year ended December 31, 2006.

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.

RESULTS OF OPERATIONS. Our net loss for the year ended December 31, 2006 was $3,226,744 compared with

$2,013,513 for the year ended December 31, 2005, an increase of $1,213,231. Operating expenses for the year ended December 31, 2006, were $2,381,542, compared with $2,081,184 for the year ended December 31, 2005, an increase of $300,358. The increases in our net loss and operating expenses were primarily due to a loss on payment of expenses in our common stock of $854,900; additionally we incurred a $341,433 increase in general and administrative expenses in the year ended December 31, 2006 as we are integrating Create Co. into our operations, and as we further expand our business plan.

During the year ended December 31, 2006, we generated sales revenues of $478,139, compared with $338,215 for the year ended December 31, 2005, an increase of $139,924.

LIQUIDITY AND CAPITAL RESOURCES. At December 31, 2006, we had current assets of $126,099 as compared to $101,623 at December 31, 2005, and current liabilities of $488,257 at December 31, 2006, as compared to $497,544 at December 31, 2005, resulting in working capital deficits of $362,158 and $395,921 at December 31, 2006 and December 31, 2005, respectively.

During the year ended December 31, 2006, we used $250,042 of cash for operating activities and $260,963 was provided by investing and financing activities. Financing activities consisted of borrowings from our officers and directors. By comparison for the year ended December 31, 2005, we used $160,025 of cash for our operating activities, while financing activities consisting of proceeds from the issuance of our common stock and borrowings, providing cash of $190,267. Investing activities during the year ended December 31, 2005 used cash of $20,252, which consisted of the acquisition of fixed assets. We had no investing activities during the year ended December 31, 2006.

We have been largely reliant upon loans from related parties in order to meet our cash requirements and as of January 1, 2007, we entered into individual Revolving Lines of Credit ("Revolver") agreements with two of our directors, Henry Zaks and Pedro E. Racelis III. Each Revolver provides a $30,000 line of credit to the Company at 10% interest.

PLAN OF OPERATION. Our business plan is to evaluate opportunities to acquire companies in the information technology industry and to provide both wireless and wired high-speed data and telecommunication systems to our customers. In addition, we provide wireless connectivity for data and video surveillance networks.

We are focusing our efforts on becoming a viable information technology company. We believe that the information technology business is developing quickly in China and that there are North American technologies that can be marketed to business customers in China. Create Co. is the foundation to building our broad base information technology, products and services in China. As we execute our business plan, we intend to utilize the leadership of Create Co. to oversee and manage our operations in China. Create Co. operates in Tianjin, the third largest city in China. Tianjin has a population of approximately ten million people and is a major import and export center for China. Major industries and markets located in Tianjin include educational, industrial, international shipping port, medical, manufacturing and government. Tianjin is also Beijing's gateway to the sea and has over 25 10,000-ton ship berths. Tianjin's harbor is geographically the second largest in China. Further, Tianjin is home to 31 of China's universities, including Tianjin University, China's first modern university. The Tianjin area also includes the Tanggu

Economic Development Area, located where the Haihe River meets the Bohai Sea.

Create Co.'s customer base includes Nankai University, Tianjin Sea Transportation Company, Tianjin Gas Company, DaGang Oil Field and Tianjin North Food Company. Additionally, 20 of Tianjin City's 31 universities utilize products or services provided by Create Co. We intend to expand our Create Co. operation by adding to the sales force in order to better take advantage of system integration opportunities available. The focus of our systems integration efforts has been in the educational, transportation, natural gas and manufacturing markets and our goal is to expand into other industries. In addition, the pool of highly skilled engineering, marketing, sales, and operations personnel in China is key to our success in growing our business.

Our wholly owned subsidiary, CW Communications, Inc., will focus on the design and installation of video surveillance systems. Its current area of operation is in the north Texas area around Dallas - Fort Worth. We believe that there are business opportunities in the design and installation of video surveillance that are complementary to our information technology business. We believe that CW Communications, Inc.'s business model can also be employed in the Chinese market by Create Co. as an additional service.

6

As of December 31, 2006, our working capital deficit was $362,158 and our accumulated deficit was $13,820,485. Cash provided from our operations and Revolving Lines of Credit are insufficient to cover the costs associated with our plan of operation and our working capital requirements and we will need to obtain additional funding to cover our cash requirements. We believe that such additional funding will be in the form of equity financing from the sale of our common stock or further debt financing. However, we cannot provide investors with any assurance that we will be able to raise sufficient funding to cover our cash requirements and we do not presently have any arrangements in place for any future equity or debt financing.

OFF-BALANCE SHEET ARRANGEMENTS. We had no off-balance sheet arrangements as of December 31, 2006.

NEW ACCOUNTING PRONOUNCEMENTS.

In February 2006, the Financial Accounting Standard Board ("FASB") issued SFAS No. 155, "Accounting for Certain Hybrid Financial Instruments - An amendment of FASB Statements No. 133 and 140." This Statement resolves issues addressed in SFAS No. 133 Implementation Issue No. D1, "Application of Statement 133 to Beneficial Interest in Securitized Financial Assets." This pronouncement is effective for all financial instruments acquired or issued after the beginning of an entity's first fiscal year that begins after September 15, 2006. Currently, the Company does not have any publicly traded derivative instruments or participate in any hedging activities and, therefore, the adoption of SFAS No. 155 is not expected to have a material impact on the Company's financial position or results of operations.

In February 2006, the FASB issued Staff Position (FSP) No. FAS 123(R)-4 (As Amended) "Classification of Options and Similar Instruments Issued as Employee Compensation That Allow for Cash Settlement upon the Occurrence of a Contingent Event". This FSP addresses the classification of options and similar instruments issued as employee compensation that allow for cash settlement upon the occurrence of a contingent event, which amends paragraphs 32 and A229 of FASB Statement No. 123 (revised 2004), "Share-Based Payment". The adoption of FSP No. FAS 123(R)-4 did not have a material impact on the Company's financial position or results of operations.

In March 2006, the FASB issued SFAS No. 156: "Accounting For Servicing of Certain Financial Instruments- an amendment of SFAS No. 140." This statement establishes, among other things, the accounting for all separately recognized servicing assets and servicing liabilities. This statement amends SFAS No. 140 to require that all separately recognized servicing assets and servicing liabilities be initially measured at fair value, if practicable. SFAS No. 156 permits, but does not require, the subsequent measurement of separately recognized servicing assets and servicing liabilities at fair value. An entity that uses derivative instruments to mitigate the risks inherent in servicing assets and servicing liabilities is required to account for those derivative instruments at fair value. Under SFAS No. 156, an entity can elect subsequent fair value measurement to account for it's separately recognized servicing assets and servicing liabilities. By electing that option, an entity may simplify its accounting because this statement permits income statement recognition of the potential offsetting changes in fair value of those servicing assets and servicing liabilities and derivative instruments in the same accounting period. SFAS No. 156 is effective for financial statements for fiscal years beginning after September 15, 2006. Earlier adoption of SFAS No. 156 is permitted as of the beginning of an entity's fiscal year, provided the entity has not yet issued any financial statements for that fiscal year. The adoption of SFAS No 156 is not expected have a significant impact on the Company's consolidated financial statements.

In June 2006, the FASB issued FASB Interpretation (FIN) No. 48 "Accounting for Uncertainty in Income Taxes," an interpretation of FASB Statement No. 109. FIN 48 is effective for fiscal years beginning after December 15, 2006. Differences between the amounts recognized in the statements of financial position prior to the adoption of FIN 48 and the amounts recognized after the adoption should be accounted for as a cumulative-effect adjustment recorded to the beginning balance of retained earnings. Since the effective date falls within the Company's fiscal year 2007, the Company did not adopt FIN 48 in fiscal 2006.

In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements". SFAS 157 defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles and expands disclosures about fair value measurements. SFAS 157 applies under other accounting pronouncements that require or permit fair value measurements, the FASB having previously concluded in those accounting pronouncements that fair

value is the relevant measurement attribute. Accordingly, SFAS 157 does not require any new fair value measurements. SFAS 157 is effective for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years, with earlier adoption permitted. The provisions of SFAS 157 should be applied prospectively as of the beginning of the fiscal year in which it is initially applied, with limited exceptions. The Company is currently evaluating the provisions of SFAS 157.

In September 2006, the Staff of the SEC issued SAB No. 108: "Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements". SAB No. 108 provides guidance on the consideration of the effects of prior year misstatements in quantifying current year misstatements for the purpose of determining whether the current year's financial statements are materially misstated. The SEC staff believes registrants must quantify errors using both a balance sheet and income statement approach and evaluate whether either approach results in quantifying a misstatement that, when all relevant quantitative and qualitative factors are considered, is material. This Statement is effective for fiscal years ending after November 15, 2006. The adoption of SAB No. 108 did not have a significant impact on the Company's consolidated financial statements.

In July 2006, the Emerging Issues Task Force ("EITF") of the FASB reached a consensus and ratified Issue No. 06-2: "Accounting for Sabbatical Leave and Other Similar Benefits Pursuant to FASB Statement No. 43, Accounting for Compensated Absences". SFAS No. 43 provides guidance for accounting for compensated absences and states that an employer shall accrue a liability for employees' compensation for future absences if certain conditions are met. However, since certain compensated absences such as sabbatical leave do not typically accrue until fully vested, there was uncertainty as to whether employee rights to the compensated absence accumulate and meet the conditions of SFAS No. 43. The consensus reached by the EITF has determined that sabbatical and other similar benefits do accumulate and should be accrued for over the requisite service period. Further, the EITF has called for adoption of the consensus for fiscal years beginning after December 15, 2006. EITF 06-2 was effective beginning January 1, 2007. The adoption of SAB No. 108 is not expected to have a significant impact on the Company's consolidated financial statements.

In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities-including an amendment of FAS 115" (SFAS 159). SFAS 159 allows entities to choose, at specified election dates, to measure eligible financial assets and liabilities at fair value that are not otherwise required to be measured at fair value. If a company elects the fair value option for an eligible item, changes in that item's fair value in subsequent reporting periods must be recognized in current earnings. SFAS 159 is effective for fiscal years beginning after November 15, 2007. The adoption of SFAS No 159 is not expected to have a significant impact on the Company's consolidated financial statements.

ITEM 7. FINANCIAL STATEMENTS.

See pages beginning with page F1.

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

On January 3, 2007, Sherb & Co., LLP ("Sherb") was appointed as our registered independent public accountant for the year ended December 31, 2006. On January 3, 2007 Bongiovanni and Associates ("Bongiovanni"), was dismissed as our registered independent public accountant. The decisions to appoint Sherb and dismiss Bongiovanni were approved by our board of directors on December 6, 2006.

During the fiscal years ended December 31, 2005 and 2004 and the subsequent interim period up through the date of dismissal (January 3, 2007), there were no disagreements with Bongiovanni on any matter of accounting principles or practices, financial statement disclosure or auditing scope or procedure, which disagreements, if not resolved to the satisfaction of Bongiovanni, would have caused Bongiovanni to make reference thereto in its report on the our financial statements for such years. Further, there were no reportable events as described in Item 304(a)(1)(iv)(B) of Regulation S-B occurring within our two most recent fiscal years and the subsequent interim period up through the date of dismissal (January 3, 2007).

The audit report of Bongiovanni for our financial statements as of December 31, 2005, contained a separate paragraph stating:

"The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in note 2 to the consolidated financial statements, the Company has suffered losses from operations, has a stockholders' deficit, has discontinued operations, has a negative cash flow 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 consolidated financial statements. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty."

The audit report of Bongiovanni for our financial statements as of December 31, 2004, contained a separate paragraph stating:

"The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in note 2 to the consolidated financial statements, the Company has suffered losses from operations, has a stockholders' deficit, has discontinued 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 consolidated financial statements. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty."

During our two most recent fiscal years and the subsequent interim period up through the date of engagement of Sherb (January 3, 2007), neither our company nor anyone on its behalf consulted Sherb regarding the application of accounting principles to a specific completed or contemplated transaction, or the type of audit opinion that might be rendered on our financial statements. Further, Sherb has not provided us with written or oral advice that was an important factor considered us in reaching a decision as to any accounting, auditing or financial reporting issues.

ITEM 8A. CONTROLS AND PROCEDURES

EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES. Our Chief Executive Officer / Chief Financial Officer conducted an evaluation of the effectiveness of our disclosure controls and procedures as defined in Rule 15d-15(e) promulgated under the Securities Exchange Act of 1934 as of the end of the period covered by this report. Based on this 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.

CHANGES IN INTERNAL CONTROLS OVER FINANCIAL REPORTING. In connection with the evaluation of our internal controls, our management has concluded that there were no changes in our internal control over financial reporting that occurred during the fiscal quarter ended December 31, 2006 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 8A(T). CONTROLS AND PROCEDURES

Not applicable.

ITEM 8B. OTHER INFORMATION.

None.

PART III

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

As of the date of this filing, our executive officers and directors are:

NAME	AGE	POSITION
Pedro E. Racelis III	56	President, Chief Executive Officer, Chief Financial Officer and Director
Michael A. Bowden	57	Director
Henry Zaks	63	Director
Brad Woods	47	Director
Robert McElhinney	48	Director
Iouri Onoufrienko	37	Director

Our Bylaws provide for a board of directors ranging from 1 to 12 members, with the exact number to be specified by the board. At present, we are authorized to have a seven-member board and we presently have one vacancy on the board, which we intend to fill during the second calendar quarter of 2007. 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.

PETE RACELIS, PRESIDENT, CHIEF EXECUTIVE OFFICER, CHIEF FINANCIAL OFFICER AND DIRECTOR. Mr. Racelis has been our President, Chief Executive Officer, Chief Financial Officer and a director since June 2004. A veteran of direct sales and management in multi-national companies for more than 21 years, Mr. Racelis has extensive experience with telecommunications, operations, management and organizational skills. Prior to joining the company in October 2002, Mr. Racelis sold hardware and software solutions to telecommunications carriers, financial institutions, and commercial businesses both nationally and internationally in North America. Mr. Racelis has held executive level positions as Vice President/GM at Winstar Wireless (1995-1997), Director of Sales at Amati Corporation (1997-1998), and Vice President at Stox.com (1998 - 2001).

MICHAEL A. BOWDEN, DIRECTOR. Mr. Bowden was our Chief Operating Officer from February 2005 to January 2007 and has been a director since January 2005. He has over 25 years of telecommunications experience in both highly technical and major account sales environments. His experience includes supporting complex projects ranging from $100K to $58M in annual revenue. Mr. Bowden was a telecommunications consultant from August 2002 to February 2003. From December 2000 to August 2002, he was a senior sales engineer for Net.com, a Denver, Colorado, company that provided telecommunications equipment to carriers. Mr. Bowden was a technical support manager for Qwest Communications International Inc. (formerly US West Communications), Denver, Colorado, from October 1998 to December 2000.

HENRY ZAKS, DIRECTOR. Mr. Zaks has been a director since October 2003.

Since March 1973, he has been the President of Zaks-Shane, LTD and Health Insurance Services, Inc. since December 1988. Both are Wisconsin-based organizations that specialize in marketing business-to-business solutions to both corporations and small companies. He has over 35 years' experience as a sales professional.

BRAD WOODS, DIRECTOR. Mr. Woods served as our Interim President & CEO from August 2003 to June 2004, and chief financial officer, secretary, and treasurer from March 2003 to June 2004. 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.

ROBERT MCELHINNEY, DIRECTOR. Mr. McElhinney was appointed as a member of our board of directors on January 19, 2007. Mr. McElhinney has 18 years of experience in the manufacturing of commercial packaging and retail products and has been involved in material resources planning, standard process controls, operations and cost reduction projects. From 1986 to 2003, he served as inventory control manager for Metal Packaging International, a manufacturing company based in Northglenn, Colorado. During 2003 and 2004, Mr. McElhinney served as operations manager for Amsco Windows, at their distribution center based in Aurora, Colorado. He currently serves in a supervisory role with Skywest Airlines, located in Denver, Colorado. Mr. McElhinney brings to our board manufacturing and quality control experience to assist us with building a program to manage our vendors and quality control. He earned a Bachelors degree in Marketing from the University of Northern Colorado.

IOURI ONOUFRIENKO, DIRECTOR. Mr. Onoufrienko was appointed as a member of our board of directors on January 19, 2007. Mr. Onoufrienko has 16 years of international business experience, beginning as a trading manager in 1991 with a Russian timber and paper manufacturing firm, where he managed the import and export of commercial products in the European and North American markets. In 1996, Mr. Onoufrienko operated several service and support businesses that sold products and services to major retail, educational institutions, and regional hospitals in North America. Since 1999, he has been the owner of the regional commercial flooring construction company, Onuffer Flooring, based in Thornton, Colorado.

Our board members are paid $1,000 for each board meeting attended.

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 2006, the board of directors did not have a standing nominating or compensation committee, rather the entire board of directors acted in such capacity. Additionally, Mr. Henry Zaks is the Chairman of the Audit Committee. We do not have an audit committee financial expert.

CODE OF ETHICS. In February 2007, our board adopted our Code of Ethics that applies to our directors and all of our employees, including our Chief Executive Officer and our Chief Financial Officer. A copy of our Code of Ethics may be obtained from the company without charge, upon written request to:

China Wireless Communications, Inc.
1746 Cole Boulevard, Suite 225
Golden, Co 80401-3210
Attention: Investor Relations

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE. We are not subject to Section 16(a) of the Securities Exchange Act of 1934.

11

ITEM 10. EXECUTIVE COMPENSATION.

The following table sets forth information the remuneration of our chief executive officers and our executive officers or directors who earned in excess of $100,000 per annum during any part of our last two fiscal years:

Name and principal position	Year	Salary ($)	Stock Awards ($)	Total (
Pedro E. Racelis, III	2005	144,000	128,000	272,00
President, Chief Executive Officer, Chief Financial Officer and Director (1)	2006	144,000	145,000	289,00