

China Unitech Group, Inc.
Form 10-K
September 29, 2008

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

FORM 10-K

**[X] ANNUAL REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT
OF 1934 FOR THE YEAR ENDED JUNE 30, 2008**

Commission file number 000-52832

CHINA UNITECH GROUP, INC.

(Exact name of registrant as specified in its charter)

NEVADA

(State or other jurisdiction of incorporation or organization)

**No. 1 Xinxin Garden
No. 51 Fangjicun Xudong Road
Wuchang, Wuhan
Hubei, China 430062**

(Address of principal executive offices, including zip code.)

(86-27) 5080-2170

(telephone number, including area code)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

YES " NO x

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act:

YES x NO "

Indicate by check mark whether the registrant(1) has filed all reports required by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 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 day. **YES x NO "**

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulations S-K is not contained herein, and will not 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-K or any amendment to this Form 10-K. **x**

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 if the Exchange Act.

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Large Accelerated Filer **Accelerated Filer**
Non-accelerated Filer **Smaller Reporting Company**
(Do not check if a smaller reporting company)

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

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 September 16, 2008: \$1,852,080.

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PART I

ITEM 1. DESCRIPTION OF BUSINESS

General

We were incorporated in the State of Nevada on March 14, 2006. We have not started operations. We are developing a website (www.chinabizhotel.com) that will offer a comprehensive list of services that we can provide to the business traveler on a limited budget. We will specialize in the business of providing assistance to corporate entities and individuals to economize their travel experience and enable clients to profitability budget their travel expenses. We have not generated any revenues and the only operation we have engaged in is the development of a business plan. We maintain our statutory registered agent's office at 6100 Neil Road, Suite 500, Reno, Nevada 89511. Our business office is located at No. 1 Xinxin Garden, No. 51 Fangjicun Xudong Road, Wuchang, Wuhan, Hubei, China 430062. Our telephone number is (86-27) 5080-2170. This is the office of our President, Xuezheng Yuan. We do not pay any rent to Mr. Yuan and there is no agreement to pay any rent in the future.

We have no plans to change our planned business activities or to combine with another business, and we are not aware of any events or circumstances that might cause these plans to change. We have not begun operations. Our plan of operation is prospective and there is no assurance that we will ever begin operations. Our prospects for profitability are not favorable if you consider numerous Internet-based companies have failed to achieve profits with similar plans.

We have not conducted any market research into the likelihood of success of our operations or the acceptance of our products or services by the public.

Products/Services

We intend to position ourselves as a service provider for the limited budget traveler. We intend to offer the quality travel packages and concierge services to our clients. Our target market will be made up of business travelers with limited funds for travel. We intend to be defined by the quality of the unique aspects of our services. Those aspects will include superior personal assistance, event and conference planning, travel consultation and arrangements, and concierge assistance.

We intend to offer the following services:

Corporate Concierge and Assistance

- * Leisure Activities Coordination
- * Theater and Sporting Events Referral and Tickets

- * Dinners and Spa Referral and Reservations
- * Reminder Service
- * Gift or Shopping Coordination

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Event and Conference Planning

- * Corporate Retreats
- * Executive Meetings
- * Training Seminars
- * Sales Conferences

We will assist in organizing meetings and conferences. We will assist in site selection, room reservations, transportation and all other aspects of the meetings as required.

Corporate Travel Arrangements

- * Trip Itinerary Planning
- * Customized Tour Packages to Luxury resorts and retreats
- * Air and Ground Transportation

We will book all aspects of the corporate and leisure travel for our clients on a limited budget and will create a database of information that will enable us to immediately identify the client personal preferences. Our goal is not only to meet the travel needs of our clients, but to anticipate them.

Website

Currently our website is undeveloped.

We intend to hire an outside technology provider to develop our website. The IT company we hire will provide the following services and products for the website: disk space, bandwidth, 155 mbit backbone, pop mailboxes, e-mail forwarding, e-mailing aliasing, auto responder, front page support, unlimited FTP access, hotmetal/miva script, shopping cart, secure transactions signio support and cybercash support. The foregoing will allow us to transact the sale of our products/services, promote our products/services in an attractive fashion, and communicate with our clients on-line.

Our website will become the virtual business card and portfolio for us, as well as our online ome. It will showcase past and current clients, subject to their consent, and the variety of services that we offer.

The website will further exhibit links to the service providers that we have entered into strategic alliances with. The links would provide our clients with a virtual view of the destinations that we represent and events taking place in the area they are intending to visit. In the future, the website may also offer links to area restaurants and spas.

The website will be a simple, well-designed site that is in keeping with the latest trends in user interface design. A site that is too flashy or tries to use too much of the latest Shockwave of Flash technology can be overdone and cause potential clients to look elsewhere. To those prospective clients that we are targeting, time is valuable and a website that takes too long to load or is difficult to navigate would not be appealing.

We believe that the lack of financial security on the Internet has been hindering economic activity. To ensure the security of transactions occurring over the Internet, U.S. federal regulations require that any computer software used within the United States contain a 128-bit encoding encryption, while any computer software exported to a foreign country contain a 40-bit encoding encryption.

There is uncertainty as to whether the 128-bit encoding encryption required by the U.S. is sufficient security for transactions occurring over the Internet. Accordingly, there is a danger that any financial (credit card) transaction via the Internet will not be a secure transaction. We are now considering risks such as the loss of data or loss of service on the Internet from technical failure or criminal acts in our system specifications and in the security precautions in the development of our website. There is no assurance that such security precautions will be successful.

Other than investigating potential technologies in support of our business purpose and the preparation of our plan of operations, we have had no material business operations since inception in March 2006. At present, we have yet to acquire or develop the necessary technology assets in support of our business purpose to become an Internet-based service provider of travel services to corporate clients, business executives and other professionals.

The Internet is a worldwide medium of interconnected electronic and/or computer networks. Individuals and companies have recently recognized that the communication capabilities of the Internet provide a medium for not only the promotion and communication of ideas and concepts, but also for the presentation and sale of information, goods and services.

Marketing Strategy

We intend to negotiate strategic alliances with larger service providers such as hotels and resorts. We will offer direct advertising to those resorts that we enter into strategic alliances with through a link on our website, through flyers and promotional materials, and through personal selling, in exchange for a percentage based commission of the sale of rooms, tours or other services booked by clients we introduce.

Strategic relationships will also be developed with travel agents, convention centers and spas for a similar percentage based commission of any booking made by a client introduced by us.

We plan to attend industry trade shows that are oriented towards creating opportunities for us to develop important strategic alliances. This would be an opportunity to meet and network with hundreds of service providers.

Initially we will aggressively court the key database of corporate contacts provided by our President, Xuezheng Yuan, in order to attract initial clients and strategic partners. We also intend to attract and add new clients through our website with a strong technical support capable of recording leads.

Other methods of communication will include:

-
- * Email mailings regular e-mailings to potential customers with updated company information and special offers
 - * Direct mail brochures and newsletters

* Sampling occasionally a discounted service package may be offered as a trade-in-kind to a visible and vocal trendsetter such as an advertising agent for a magazine or radio station.

* Informal marketing/networking activities such as joining organizations or attending tradeshows and conferences.

Customer-based marketing will include:

* Emphasizing repeat sales to clients who have used our services

* Exploring additional sales tactics to increase the total revenue per client through the sale of extra services

* Additional sales facilitated by links to our website

* Strategic partnerships such as cooperative advertising

* Special offers and promotions such as limited time offers or seasonal promotions.

Website Marketing Strategy

Web marketing will start with our known contacts who we will ask to recommend our site. We will continue the strategy with long-term efforts to develop recognition in professional forums. We intend to attract traffic to our website by a variety of online marketing tactics such as registering with top search engines using selected key words (meta tags) and utilizing link and banner exchange options.

Revenue

Initially, we intend to generate revenue from two sources:

1. By entering into strategic alliances with resorts and hotels to receive a percentage based commission of the room or travel package booking generated by us;
2. By charging a fee to the customer for arranging travel assistance and/or concierge service.

We intend to develop and maintain a database of all our clients so that we can anticipate their personal preferences in specific airlines, types of restaurants, type of recreational activities, etc. Our database will enable us to anticipate the needs and desires of our clients.

Competition

The electronic commerce market is intensely competitive. The market for information resources is more mature but also intensely competitive. We expect competition to continue to intensify in the future. Competitors include companies with substantial customer bases in the computer and other technical fields. There can be no assurance that we can maintain a competitive position against current or future competitors, particularly those with greater financial, marketing, service, support, technical and other resources. Our failure to maintain a competitive position within the market could have a material adverse effect on our business, financial condition and results of operations. There can be no assurance that we will be able to compete successfully against current and future competitors. Competitive pressures faced by us may have a material adverse effect on our business, financial condition and results of operations.

Most hotels and resorts have their own websites and upon initiating our website operations, we will be competing with them. We intend to differentiate ourselves by offering a much more personalized service. We will handle all aspects of the travel arrangements - air travel, hotel accommodations, car rental, limousine pick-up, floral

arrangements, dinner, tickets for theater productions or shows, having suits or dresses pressed, down to ensuring that a specific brand of water is available in the room. We intend to act as a personal concierge or executive assistant throughout the duration of the trip.

The travel market is a small niche market and may be difficult to penetrate. Our competitive position within the industry is negligible in light of the fact that we have not started our operations. Older, well-established travel agencies with records of success will attract qualified clients away from us. Since we have not started operations, we cannot compete with them on the basis of reputation. We do expect to compete with them on the basis of the range of services and the quality of services that we intend to provide.

Xuezheng Yuan, our president will be devoting approximately 15 hours a week of his time to our operations. Once we begin operations, and are able to attract more clients to use our services, Xuezheng Yuan has agreed to commit more time as required. Because Mr. Yuan will only be devoting limited time to our operations, our operations may be sporadic and occur at times which are convenient to our officers and directors. As a result, operations may be periodically interrupted or suspended which could result in a lack of revenues and a cessation of operations.

Marketing

We intend to market our website in China, the United States and in Canada through traditional sources such as trade magazines, conventions and conferences, newspaper advertising, billboards, telephone directories and flyers/mailers. We also intend to attend trade-shows and conferences. We may utilize inbound links that connect directly to our website from other sites. Potential clients can simply click on these links to become connected to our website from search engines and community and affinity sites.

Insurance

We do not maintain any insurance and do not intend to maintain insurance in the future. Because we do not have any insurance, if we are made a party of a products liability action, we may not have sufficient funds to defend the litigation. If that occurs, a judgment could be rendered against us that could cause us to cease operations.

Consulting Agreement

On February 21, 2006, we entered into a consulting agreement with Hongtao Shi, Liuyi Zhang and Fred Chang. They agreed to provide us with project management and language consulting services in helping us set up our business in the United States. They agreed to provide office space free of charge for one year. In consideration, they were entitled to subscribe to 10% of common stock in our public offering. They did not subscribe to any shares at that time. We are currently in negotiations with them to continue the term of the agreement till February 20, 2008, for a total cash compensation of \$35,000.

On October 5, 2007, the Company executed an Amended and Restated Consulting Agreement with the Consultants. Among other things, the amended agreement provided that the Consultants would continue through February 20, 2008 to provide the Company project management and language consulting services relating to SEC filings and other work required by United States regulatory agencies. As compensation for their past and future services, the amended agreement provided for a \$35,000 cash payment to the Consultants (which was paid October 5, 2007 and has been expensed in the financial statements for the three months ended December 31, 2007).

Employees; Identification of Certain Significant Employees.

We are a development stage company and currently have no employees other than our sole officer and director. We intend to hire additional employees on an as needed basis.

Offices

Our offices are currently located at No. 1 Xinxin Garden, No. 51 Fangjicun Xudong Road, Wuchang, Wuhan, Hubei, China 430062. Our telephone number is (86-27) 5080-2170. This is the office of our President, Xuezheng Yuan. We do not pay any rent to Mr. Yuan and there is no agreement to pay any rent in the future. We intend to establish an office elsewhere in the future.

Government Regulation

We are not currently subject to direct Chinese, federal, state or local regulation other than regulations applicable to businesses generally or directly applicable to electronic commerce. However, the Internet is increasingly popular. As a result, it is possible that a number of laws and regulations may be adopted with respect to the Internet. These laws may cover issues such as user privacy, freedom of expression, pricing, content and quality of products and services, taxation, advertising, intellectual property rights and information security. Furthermore, the growth of electronic commerce may prompt calls for more stringent consumer protection laws. Several states have proposed legislation to limit the uses of personal user information gathered online or require online services to establish privacy policies.

We are not certain how our business may be affected by the application of existing laws governing issues such as property ownership, copyrights, encryption and other intellectual property issues, taxation, libel, obscenity and export or import matters. The vast majority of such laws were adopted prior to the advent of the Internet. As a result, they do not contemplate or address the unique issues of the Internet and related technologies. Changes in laws intended to address such issues could create uncertainty in the Internet market place. Such uncertainty could reduce demand for services or increase the cost of doing business as a result of litigation costs or increased service delivery costs. In addition, because our services are available over the Internet in multiple states and foreign countries, other jurisdictions may claim that we are required to qualify to do business in each such state or foreign country. We are qualified to do business only in Nevada. Our failure to qualify in a jurisdiction where it is required could subject us to taxes and penalties. It could also hamper our ability to enforce contracts in such jurisdictions. The application of laws or regulations from jurisdictions whose laws currently apply to our business could have a material adverse affect on our business, results of operations and financial condition.

Other than the foregoing, no governmental approval is needed for the sale of our products.

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ITEM 1A. RISK FACTORS.

We are a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and are not required to provide the information required under this item.

ITEM 1B. UNRESOLVED STAFF COMMENTS.

We are a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and are not required to provide the information required under this item.

ITEM 2. PROPERTIES.

We do not own any real property.

ITEM 3. LEGAL PROCEEDINGS

We are not presently a party to any litigation.

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

During the fourth quarter, there were no matters submitted to a vote of our shareholders.

PART II

ITEM 5. MARKET FOR COMMON STOCK AND RELATED STOCKHOLDER MATTERS

Our stock was listed for trading on the Bulletin Board operated the Financial Industry Regulatory Authority (FINRA) on September 19, 2007 under the symbol CUIG . There are no outstanding options or warrants to purchase, or securities convertible into, our common stock.

| Fiscal Year | | High Bid | Low Bid |
|--------------------|-------------------------------------|-----------------|----------------|
| 2008 | | | |
| | Fourth Quarter: 4/1/08 to 6/30/08 | \$0.35 | \$0.25 |
| | Third Quarter: 1/1/08 to 3/31/08 | \$0.35 | \$0.35 |
| | Second Quarter: 10/1/07 to 12/31/07 | \$0.60 | \$0.25 |
| | First Quarter: 7/1/07 to 9/31/07 | \$0.00 | \$0.00 |
| Fiscal Year | | | |
| 2007 | | | |
| | Fourth Quarter: 4/1/07 to 6/30/07 | \$0.00 | \$0.00 |
| | Third Quarter: 1/1/07 to 3/31/07 | \$0.00 | \$0.00 |
| | Second Quarter: 10/1/06 to 12/31/06 | \$0.00 | \$0.00 |
| | First Quarter: 7/1/06 to 9/31/06 | \$0.00 | \$0.00 |

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Holders

On September 16, 2008, we had 53 shareholders of record of our common stock.

Dividend Policy

We have not declared any cash dividends. We do not intend to pay dividends in the foreseeable future, but rather to reinvest earnings, if any, in our business operations.

Stock Split and Cancellation

On August 24, 2007, the Company paid a stock dividend of four shares of common stock (21,600,000 shares total) for each share of common stock outstanding at August 22, 2007 (5,400,000 shares total). Simultaneously, the Company four largest stockholders (who owned a total of 5,206,600 shares of common stock prior to the dividend)

returned to the Company their 20,826,400 dividend shares (which the Company cancelled). After these transactions, the Company has 6,173,600 shares of common stock issued and outstanding.

Section 15(g) of the Securities Exchange Act of 1934

Our shares are covered by section 15(g) of the Securities Exchange Act of 1934, as amended that imposes additional sales practice requirements on broker/dealers who sell such securities to persons other than established customers and accredited investors (generally institutions with assets in excess of \$5,000,000 or individuals with net worth in excess of \$1,000,000 or annual income exceeding \$200,000 or \$300,000 jointly with their spouses). For transactions covered by the Rule, the broker/dealer must make a special suitability determination for the purchase and have received the purchaser's written agreement to the transaction prior to the sale. Consequently, the Rule may affect the ability of broker/dealers to sell our securities and also may affect your ability to sell your shares in the secondary market.

Section 15(g) also imposes additional sales practice requirements on broker/dealers who sell penny securities. These rules require a one page summary of certain essential items. The items include the risk of investing in penny stocks in both public offerings and secondary marketing; terms important to in understanding of the function of the penny stock market, such as bid and offer quotes, a dealers pread and broker/dealer compensation; the broker/dealer compensation, the broker/dealers duties to its customers, including the disclosures required by any other penny stock disclosure rules; the customers rights and remedies in causes of fraud in penny stock transactions; and, the FINRA s toll free telephone number and the central number of the North American Administrators Association, for information on the disciplinary history of broker/dealers and their associated persons.

Securities Authorized for Issuance Under Equity Compensation Plans

We have no equity compensation plans and accordingly we have no shares authorized for issuance under an equity compensation plan.

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Status of Our Public Offering

On August 30, 2006, we filed a Form SB-2 registration statement with the Securities and Exchange Commission in connection with a public offering of up to 2,000,000 shares of common stock at \$.10 per share, or \$200,000 total. On September 18, 2006, our Form SB-2 registration statement (SEC file no. 333-136989) was declared effective by the SEC. Pursuant to the SB-2, we offered up to a total of 2,000,000 shares of common stock in a direct public offering, without any involvement of underwriters or broker-dealers. On March 1, 2007, we completed our public offering and raised \$132,500 by selling 1,325,000 shares of common stock at an offering price of \$0.10 per share. We raised \$132,500 in gross proceeds. The net proceeds, after deducting total expenses incurred in connection with the issuance and distribution of securities, was \$112,500.

From March 1, 2007 to June 30, 2008, the net proceeds have been used as follows:

| | | |
|--|----|--------|
| Repayment of loans to majority stockholder | \$ | 12,650 |
| Consulting fees paid pursuant to Amended and Restated Consulting Agreement dated October 5, 2007 | | 35,000 |
| Legal fees and expenses | | 11,637 |
| Audit and review fees | | 9,250 |

| | |
|---|-------------------|
| Accounting fees | 7,000 |
| Transfer agent fees | 3,165 |
| Other general and administrative expenses | 1,657 |
| Subtotal | 80,359 |
| Working Capital | 32,141 |
| TOTAL | \$ 112,500 |

ITEM 6. SELECTED FINANCIAL DATA.

We are a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and are not required to provide the information required under this item.

ITEM 7. MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

This section of our annual report includes a number of forward-looking statements that reflect our current views with respect to future events and financial performance. Forward-looking statements are often identified by words like: believe, expect, estimate, anticipate, intend, project and similar expressions, or words which, by their nature, refer to future events. You should not place undue certainty on these forward-looking statements, which apply only as of the date of this report. These forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from historical results or our predictions.

We are a start-up stage corporation and have not started operations or generated or realized any revenues from our business operations. If we need additional cash and cannot raise it, we will either have to suspend operations until we do raise the additional cash, or cease operations entirely.

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Our auditor has issued a going concern opinion. This means that there is substantial doubt that we can continue as an on-going business for the next twelve months unless we obtain additional capital to pay our bills. This is because we have not generated any revenues and no revenues are anticipated until we complete the development of our website, find purveyors of services and products to sell on our website, and find clients to buy our services. Since the audit report was issued, we raised \$132,500 in our public offering. We believe those funds will allow us to continue operations for twelve months.

Plan of Operation

Currently, we are employing the money raised in our public offering to begin operations. We cannot guarantee that once we begin operations, we will stay in business after operations have commenced. If we are unable to successfully negotiate strategic alliances with purveyors of services to enable us to offer these services to our clients, or if we are unable to attract enough clients, we may quickly use up our available funds. We will then need to find alternative sources, such as a second public offering, a private placement of securities, or loans from our officers or others in order for us to maintain our operations. At the present time, we have not made any arrangements to raise additional cash.

We believe we can satisfy our cash requirements during the next 12 months. We will not be conducting any product research or development. We do not expect to purchase or sell plant or significant equipment. Further we do

not expect significant changes in the number of employees.

Our specific goal is to profitably sell our services on our internet website to the budget-conscious traveler. We intend to accomplish the foregoing through the following milestones:

Milestones:

1. We have begun to establish our office and have not acquired the necessary equipment we need to begin operations. Establishing our offices will take 7-10 days. We believe that it will cost \$5,000 to establish our office. We do not intend to hire employees. Our sole officer and director will handle our administrative duties.
2. After our office is established, in 7-10 days, we intend to contact and negotiate with high-end five- star resorts, hotels, retreats, spas, limousine services and private charter airlines to offer their products and services on our website. We will also develop strategic relationships with travel agents and convention centers. We plan to attend industry trade shows that are oriented towards creating opportunities for us to develop important relationships with the management of properties in the US and Canada. Once we have signed up a minimum of three exclusive resorts or retreats, we will hire an outside web designer to begin development on our website. We believe we should have the minimum of three strategic alliances negotiated and signed within 30 days of setting up our office. The negotiation of additional alliances with service providers and the development of the website will be ongoing during the life of our operations. As more service providers are added and as our customer database expands, we will have to be continually upgrading the website. We believe that it will cost up to \$20,000 in order to have our website initially operational and \$10,000 to have our database initially ready to receive information. Both the initial operation of the website and the database is anticipated to be ready within 60 days from the start date. The start date will be once a minimum of three resorts or retreats have agreed to let us represent them. As additional alliances are negotiated with service providers, we will up-grade the website. As our customer base increases we will up-grade the database. Both upgrades will be ongoing during the life of our operations.

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3. As soon as our website is operational, approximately 60 days from setting up our office, we will begin to market our website in China, the United States and in Canada through traditional sources such as trade magazines, conventions and conferences, newspaper advertising, billboards, telephone directories and flyers / mailers. We will also attend trade-shows and conferences. We intend to target business executives, corporations and high-income individuals to become potential users of our services. Initially we will aggressively court the key database of corporate contacts provided by our president, Mr. Yuan. We may utilize inbound links that connect directly to our website from other sites. Potential clients can simply click on these links to become connected to our website from search engines and community and affinity sites. We believe our marketing campaign will cost a minimum of \$12,500. Marketing is an ongoing necessity that will continue during the life of our operations. We believe we should begin to see results from our marketing campaign within 30 days from its initiation, or 90 days from setting up our office.
 4. Our marketing program will combine sourcing out service providers as well as clients to utilize those services. The process of sourcing out service providers includes identifying owners and managers of resorts, hotels, retreats, spas, private charter companies, etc. via the Internet and research in trade magazines and directories. This process will start as soon as our office is operational and will be ongoing during the life of our operations. Sourcing potential clients may consist of telephone surveys and may contain questions that would qualify the potential clients. It will also involve research into existing databases available via the Internet to target and extract the applicable names and contacts to create our own customized database. We intend to look into the databases of travel journals, business magazines, newspapers, trade magazines as well as telephone directories. The cost to source and analyze all of the material to identify suitable candidates to develop and maintain our database is estimated to be \$10,000 to \$20,000.

5. Within 90 days from the initial launch of our website, we believe that we will begin booking travel arrangements for our clients. Once the website is fully operational and we have begun to book travel arrangements for our customers, we intend to hire 1 or 2 part-time salesperson(s) to call on additional hotels, resorts and service providers to introduce them to our website.

In summary, we should be in full operation and receiving orders within 90 days. We estimate that we will generate revenue 120 to 180 days after beginning operations.

Until our website is fully operational, we do not believe that clients will use our services to book their travel arrangements. We believe, however, that once our website is operational and we are able to provide a wide selection of services that we can offer to potential clients, they will utilize our services as their personal concierge for their travel needs.

If we are unable to negotiate suitable terms with service providers to enable us to represent their companies, or if we are unable to attract clients to use our services, we may have to suspend or cease operations. If we cannot generate sufficient revenues to continue operations, we will suspend or cease operations. If we cease operations, we do not know what we will do and we do not have any plans to do anything else.

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Limited Operating History; Need for Additional Capital

There is no historical financial information about us upon which to base an evaluation of our performance. We are in start-up stage operations and have not generated any revenues. We cannot guarantee we will be successful in our business operations. Our business is subject to risks inherent in the establishment of a new business enterprise, including limited capital resources and possible cost overruns due to price increases in services and products.

To become profitable and competitive, we have to locate and negotiate agreements with service providers to allow us to represent them for a percentage-based commission. We then have to locate clients to book those services through us. We will likely need additional financing to achieve our goals before we can become profitable.

We have no assurance that future financing will be available to us on acceptable terms. If financing is not available on satisfactory terms, we may be unable to continue, develop or expand our operations. Equity financing could result in additional dilution to existing shareholders.

Results of Operations

From Inception on March 14, 2006 to June 30, 2008

During this period we incorporated the company, hired an attorney, and hired an auditor for the preparation of our registration statement. We have prepared an internal business plan. We have reserved the domain name www.chinabizhotel.com. We have also completed our public offering.

Our net loss from inception to June 30, 2008 is \$76,359. We spent this sum on consulting fees, legal fees, audit and review fees, accounting fees, transfer agent fees and general and administrative expenses.

Liquidity and Capital Resources

As of the date of this report, we have yet to generate any revenues from our business operations.

In March 2006, we issued 4,075,000 shares of common stock pursuant to the exemption from registration contained in Regulation S of the Securities Act of 1933. This was accounted for as a sale of common stock. On March 1, 2007, we issued 1,325,000 shares of common stock and raised a total of \$132,500 from our public offering.

As of June 30, 2008, our total assets were \$36,071 and our total liabilities were \$3,935. As of June 30, 2008, we had cash of \$36,071.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

We are a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and are not required to provide the information required under this item.

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

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PAULA S. MORELLI, CPA P.C.
21 MARTHA STREET
FREEPORT, NY 11520
(516) 378-4258

REPORT OF INDEPENDENT AUDITOR

To the Board of Directors and Stockholders of
China Unitech Group, Inc.

I have audited the accompanying balance sheet of China Unitech Group, Inc. (the Company") as of June 30, 2008 and the related statements of operations, stockholders' equity, and cash flows for the period March 14 (inception date) to June 30, 2008. These financial statements are the responsibility of the Company's management. My responsibility is to express an opinion of these consolidated financial statements based on my audit.

I conducted my audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that I plan and perform the audit 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 statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of China Unitech Group, Inc. as of June 30, 2008 and the results of their operations and cash flows for the period March 14, 2006 (inception date) to June 30, 2008 in conformity with accounting principles generally accepted in the United States.

The financial statements referred to above have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the financial statements, the Company's present financial situation raises

substantial doubt about its ability to continue as a going concern. Management's plans in regard to this matter are also described in Note 2. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

PAULA S. MORELLI, CPA

Paula S. Morelli, CPA

Freeport, New York
September 26, 2008

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CHINA UNITECH GROUP, INC.
(A Development Stage Company)
Balance Sheets

| | ASSETS | |
|-----------------------------|------------------|-------------------|
| | June 30, 2008 | June 30, 2007 |
| Current assets: | | |
| Cash and cash equivalents | \$ 36,071 | \$ 128,610 |
| Total current assets | 36,071 | 128,610 |
| Other assets | - | - |
| Total assets | \$ 36,071 | \$ 128,610 |

LIABILITIES AND STOCKHOLDERS' EQUITY

| | | |
|--|--------------|---------------|
| Current liabilities: | | |
| Accounts payable and accrued expenses payable | \$ 3,930 | \$ - |
| Loans payable to majority stockholder | - | 33,574 |
| Total current liabilities | 3,930 | 33,574 |
| Stockholders' equity: | | |
| Preferred stock, \$.00001 par value; authorized 100,000,000 shares, issued and outstanding 0 shares | - | - |
| Common stock, \$.00001 par value; authorized 100,000,000 shares, issued and outstanding 6,173,600 and 5,400,000 shares, respectively | 62 | 54 |
| Additional paid-in capital | 112,479 | 112,487 |

| | | |
|---|-----------|------------|
| Deficit accumulated during the development stage | (80,400) | (17,505) |
| Total stockholders' equity | 32,141 | 95,036 |
| Total liabilities and stockholders' equity | \$ 36,071 | \$ 128,610 |

See Notes to Financial Statements.

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CHINA UNITECH GROUP, INC.
(A Development Stage Company)
Statements of Operations

| | Year Ended June 30, 2008 | Year Ended June 30, 2007 | Cumulative during the development Stage (March 14, 2006 to June 30, 2008) |
|---|-----------------------------|-----------------------------|--|
| Revenues | \$ - | \$ - | \$ - |
| Expenses: | | | |
| General and administrative | 62,895 | 13,464 | 76,359 |
| Total expenses | 62,895 | 13,464 | 76,359 |
| Net income (loss) | \$ (62,895) | \$ (13,464) | \$ (76,359) |
| Net income (loss) per share, | | | |
| Basic and diluted | \$ (0.01) | \$ (0.00) | |
| Number of common shares outstanding, | | | |
| Basic and diluted | 6,060,082 | 4,479,861 | |

See Notes to Financial Statements.

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CHINA UNITECH GROUP, INC.
(A Development Stage Company)
Statements of Changes in Stockholders' Equity
For the Period March 14, 2006 (Inception)
to June 30, 2008

| | Common Stock, \$.00001 par value | Amount | Additional Paid-in | Deficit Accumulated During Development | Total Stockholders' Equity |
|---|-------------------------------------|--------|-----------------------|---|----------------------------------|
| Shares sold to officer and director at \$.00001 per share in March 2006 | 3,350,000 | \$ 34 | \$ - | \$ - | \$ 34 |
| Shares sold at \$.00001 per share in June 2006 | 725,000 | 7 | - | - | 7 |
| Net loss for the period March 14, 2006 (inception) to June 30, 2006 | - | - | - | (4,041) | (4,041) |
| Balances, June 30, 2006 | 4,075,000 | 41 | - | (4,041) | (4,000) |
| Shares sold in public offering at \$.10 per share in February and March 2007, less offering costs of \$20,000 | 1,325,000 | 13 | 112,487 | - | 112,500 |
| Net loss for the year ended June 30, 2007 | - | - | - | (13,464) | (13,464) |
| Balances, June 30, 2007 | 5,400,000 | 54 | 112,487 | (17,505) | 95,036 |
| Stock dividend on August 24, 2007 | 21,600,000 | 216 | (216) | - | - |
| Return and cancellation of stock dividend shares of four largest shareholders on August 24, 2007 | (20,826,400) | (208) | 208 | - | - |
| Net loss for the year ended June 30, 2008 | - | - | - | (62,895) | (62,895) |

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| | | | |
|---|-----------|------------|-----------|
| Public offering costs incurred | - | (10,000) | (20,000) |
| Net cash provided by (used for) financing activities | (33,574) | 126,092 | 112,541 |
| Net increase (decrease) in cash and cash equivalents | (92,539) | 112,628 | 36,071 |
| Cash and cash equivalents, beginning of period | 128,610 | 15,982 | - |
| Cash and cash equivalents, end of period | \$ 36,071 | \$ 128,610 | \$ 36,071 |
| Supplemental disclosures of cash flow information: | | | |
| Interest paid | \$ - | \$ - | \$ - |
| Income taxes paid | \$ - | \$ - | \$ - |

See Notes to Financial Statements.

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CHINA UNITECH GROUP, INC.
(A Development Stage Company)
Notes to Financial Statements
For the Period March 14, 2006 (Inception)
to June 30, 2008

NOTE 1 ORGANIZATION

China Unitech Group, Inc. (the Company) was incorporated in the State of Nevada on March 14, 2006. From its office in China, the Company plans to operate in the online travel business using the website www.chinabizhotel.com. The website is planned to offer viewers the ability to book hotel rooms in China and earn the Company booking fees from the respective hotels.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation - The Company has been presented as a development stage enterprise in accordance with Statement of Financial Accounting Standards (SFAS) No. 7, Accounting and Reporting by Development Stage Enterprises. Since inception, the Company's activities have been limited to organizational efforts, obtaining initial financing, and completing its public offering (see note 5). The Company has had no revenues since inception.

Cash and cash equivalents The Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Use of estimates The preparation of 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 and 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. Actual results could differ from those estimates.

Fair value of financial instruments The Company's financial instruments consist of cash and cash equivalents and accounts payable and accrued expenses payable, which approximate fair value because of their short maturity.

Income taxes Income taxes are accounted for under the assets and liability method. Deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates in effect for the year in which those temporary differences are expected to be recovered or settled.

Net loss per share Basic and diluted net loss per share has been calculated based upon the weighted average number of common shares outstanding. The Company does not have any common stock equivalents outstanding such as stock options or convertible securities.

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CHINA UNITECH GROUP, INC.
(A Development Stage Company)
Notes to Financial Statements
For the Period March 14, 2006 (Inception)
to June 30, 2008

NOTE 3 LOANS PAYABLE TO MAJORITY STOCKHOLDER

The loans payable were non-interest bearing and were due on demand.

NOTE 4 STOCKHOLDERS EQUITY

On March 20, 2006, the Company sold 3,350,000 shares of its common stock to its sole officer and director at a price of \$.00001 per share, or \$34 total.

On June 28, 2006, the Company sold an additional 725,000 shares of its common stock to 2 other investors in private transactions at a price of \$.00001 per share, or \$7 total.

NOTE 5 PUBLIC OFFERING

On August 30, 2006, the Company filed a Form SB-2 registration statement with the Securities and Exchange Commission (which was declared effective September 18, 2006) in connection with a public offering of up to 2,000,000 shares of common stock at \$.10 per share, or \$200,000 total. In February and March 2007, a total of

1,325,000 shares of common stock was sold to 59 investors at a price of \$.10 per share, or \$132,500 total (one of the 59 investors acquired 1,131,600 of the total 1,325,000 shares sold). Net proceeds to the Company, after deducting \$20,000 of offering costs, were \$112,500.

NOTE 6 STOCK DIVIDEND AND STOCK CANCELLATION

On August 24, 2007, the Company paid a stock dividend of four shares of common stock (21,600,000 shares total) for each share of common stock outstanding at August 22, 2007 (5,400,000 shares total). Simultaneously, the Company's four largest stockholders (who owned a total of 5,206,600 shares of common stock prior to the dividend) returned to the Company their 20,826,400 dividend shares (which the Company cancelled). After these transactions, the Company had 6,173,600 shares of common stock issued and outstanding.

NOTE 7 INCOME TAXES

No provisions for income taxes have been recorded since the Company has incurred net losses since inception.

Based on management's present assessment, the Company has not yet determined it to be more likely than not that a deferred tax asset of \$28,140 attributable to the future utilization of the net

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CHINA UNITECH GROUP, INC.
(A Development Stage Company)
Notes to Financial Statements
For the Period March 14, 2006 (Inception)
to June 30, 2008

operating loss carryforward of \$80,400 will be realized. Accordingly, the Company has provided a 100% allowance against the deferred tax asset in the financial statements. The Company will continue to review this valuation allowance and make adjustments as appropriate. The net operating loss carryforward expires \$4,041 in 2026 and \$13,464 in 2027, and 62,895 in 2028.

Current tax laws limit the amount of loss available to be offset against future taxable income when a substantial change in ownership occurs. Therefore, the amount available to offset future taxable income may be limited.

NOTE 8 COMMITMENTS AND CONTINGENCIES

Consulting agreement On February 21, 2006, the majority stockholder of the Company executed a Consulting Agreement with three individuals (the Consultants). Among other things, the agreement provided that the Consultants will assist in the formation of the Company, the preparation of the registration statement in connection with the Company's public offering (including the introduction of accountants and an attorney), and the preparation of the application for trading on the OTC Bulletin Board. As compensation for their services, the agreement provided that the Consultants were entitled to subscribe to shares of Company common stock in the Company's public offering. The Consultants did not subscribe to any shares of common stock in the Company's public offering.

On October 5, 2007, the Company executed an Amended and Restated Consulting Agreement with the Consultants. Among other things, the amended agreement provided that the Consultants would continue through February 20, 2008 to provide the Company project management and language consulting services relating to SEC filings and other work

required by United States regulatory agencies. As compensation for their past and future services, the amended agreement provided for a \$35,000 cash payment to the Consultants (which was paid October 5, 2007 and has been expensed in the financial statements for the three months ended December 31, 2007).

Rental agreement The Company has been using office space provided by its majority stockholder at no cost to the Company.

Conflicts of interest - The majority stockholder of the Company, who is also an officer and director, is involved in other business activities and may, in the future, become involved in other business opportunities. If a specific business opportunity becomes available, he may face a conflict in selecting between the Company and his other business interests. The Company has not formulated a policy for the resolution of such conflicts.

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CHINA UNITECH GROUP, INC.
(A Development Stage Company)
Notes to Financial Statements
For the Period March 14, 2006 (Inception)
to June 30, 2008

Reverse acquisition transaction The Company may in the future decide to engage in a reverse acquisition transaction and acquire a target company in an unrelated business through the delivery of sufficient common stock to the stockholders of the target company to result in a change in control of the Company after the transaction. The SEC may categorize the Company as a shell company prior to such a transaction and subject the Company to more stringent disclosure rules regarding any reverse acquisition transaction.

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ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

Our fiscal year end is June 30. Our financial statements for the period from inception to June 30, 2008, included in this report, have been audited by Paula S. Morelli, CPA, P.C., 21 Martha Street, Freeport, New York 11520, as set forth in her report. Her report is given upon her authority as an expert in accounting and auditing.

PART III

ITEM 9A. CONTROLS AND PROCEDURES.

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures, as such term is defined in Rule 13a-15(e) under the Securities Exchange Act of 1934 (the Exchange Act), that are designed to ensure that information required to be disclosed in our Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. We conducted an evaluation (the Evaluation), under the supervision and with the participation of our Chief Executive Officer (CEO) and Chief Financial Officer (CFO), of the effectiveness of the design and operation of our disclosure controls and procedures (Disclosure Controls) as of the end of the period covered by this report pursuant to Rule 13a-15 of the Exchange Act. Based on this Evaluation, our President has concluded that the Company's disclosure controls and procedures were not effective because of the identification of a material weakness in our internal control over financial reporting which is identified below, which we view as an integral part of our disclosure controls and procedures.

Changes in Internal Control

We have also evaluated our internal control for financial reporting, and there have been no significant changes in our internal controls or in other factors that could significantly affect those controls subsequent to the date of their last evaluation.

Limitations on the Effectiveness of Controls

Our management, including our CEO and CFO, does not expect that our Disclosure Controls and internal controls will prevent all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of a simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management or board override of the control.

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The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, controls may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

CEO and CFO Certifications

Appearing immediately following the Signatures section of this report there are Certifications of the CEO and the CFO. The Certifications are required in accordance with Section 302 of the Sarbanes-Oxley Act of 2002 (the Section 302 Certifications). This Item of this report, which you are currently reading is the information concerning the Evaluation referred to in the Section 302 Certifications and this information should be read in conjunction with the Section 302 Certifications for a more complete understanding of the topics presented.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Rule 13a-15(f). The Company's internal control over financial reporting is a process designed to provide reasonable assurance to our management and board of directors regarding the reliability of financial reporting and the preparation of the financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America.

Our internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the United States of America, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal controls over financial reporting may not prevent or detect misstatements. All internal control systems, no matter how well designed, have inherent limitations, including the possibility of human error and the circumvention of overriding controls. Accordingly, even effective internal control over financial reporting can provide only reasonable assurance with respect to financial statement preparation. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Our management assessed the effectiveness of our internal control over financial reporting as of June 30, 2008. In making this assessment, it used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control-Integrated Framework*. Based on its evaluation, our management concluded that there is a material weakness, as

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described below, in our internal control over financial reporting. A material weakness is a deficiency, or a combination of control deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis.

The material weakness relates to the lack of segregation of duties in financial reporting, as our financial reporting and all accounting functions are performed by an external consultant, with no oversight by a professional with accounting expertise within the Company. Our President does not possess accounting expertise and our company does not have an independent audit committee. This weakness is due to the small size of the company and its limited resources, especially prior to its sale of shares through its public offering. With limited resources, we have had to keep administrative overhead costs as low as possible. The board has to weigh on an ongoing basis, the benefit of adding additional accounting staff to increase the segregation of duties, versus the financial cost of doing so. We expect to add accounting resources on a part-time basis, to balance the requirement for adequate financial reporting controls with our need to carefully conserve the company's financial resources.

This annual report does not include an attestation report of our registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by our registered public accounting firm pursuant to temporary rules of the Securities and Exchange Commission that permit us to provide only management's report in this annual report.

ITEM 9B. OTHER INFORMATION.

None.

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS, PROMOTERS AND CONTROL PERSONS.

Our directors serve until their successors are elected and qualified. Each of our officers is elected by the board of directors to a term of one (1) year and serves until his or her successor is duly elected and qualified, or until he or she is removed from office. The board of directors has no nominating, auditing or compensation committees.

The name, age and position of our officer and director are set forth below:

| Name and Address | Age | Position(s) |
|---|------------|---|
| Xuezheng Yuan No. 1 Xinxin Garden No. 51 Fangjicun Xudong Road Wuchang, Wuhan Hubei, China 430062 | 38 | president, chief executive officer, secretary/treasurer, chief financial officer, and the sole member of the board of directors |

The person named above has held his offices/positions since inception of our company and is expected to hold his offices/positions until the next annual meeting of our stockholders.

Background of Officers and Directors

Xuezheng Yuan

Since March 14, 2006, Mr. Yuan has been our president, chief executive officer, secretary/treasurer, chief financial officer, principal accounting officer and the sole member of the board of directors. Since April 1997, Mr. Yuan has been the president of Hubei Dilong Industry Group located in Wuhan, China. Hubei Dilong Industry Group is engaged in the business of tourist and travel theme park. From April 1992 to April 1997, Mr. Yuan was a founder and president of Hubei Province Real Estate Development Ltd. located in Wuhan, China. Hebei Province Real Estate Development Ltd. is engaged in the business of real estate development. From July 1990 to April 1992, Mr. Yuan was employed by a trading company located in Shenzhen, China. He was mainly engaged in the business of acting as an import and export agent of textiles. In 1990, Mr. Yuan was awarded a degree in sociology from China Wuhan Irrigation Water and Electric Power University. Mr. Yuan devotes 15 hours a week to our operations.

Audit Committee Financial Expert

We do not have an audit committee financial expert. This is because we believe the cost related to retaining a financial expert at this time is prohibitive. Further, because we are only beginning our commercial operations, at the present time, we believe the services of a financial expert are not warranted.

Conflicts of Interest

Our sole officer and director is involved in other business activities and may, in the future, become involved in other business opportunities. If a specific business opportunity becomes available, he may face a conflict in selecting between our interests and his other business interests. We have not formulated a policy for the resolution of such conflicts.

Involvement in Certain Legal Proceedings

Other than as described in this section, to our knowledge, during the past five years, no present or former director or executive officer of our company: (1) filed a petition under the federal bankruptcy laws or any state insolvency law, nor had a receiver, fiscal agent or similar officer appointed by a court for the business or present of such a person, or any partnership in which he was a general partner at or within two years before the time of such filing, or any corporation or business association of which he was an executive officer within two years before the time of such filing; (2) was convicted in a criminal proceeding or named subject of a pending criminal proceeding (excluding traffic violations and other minor offenses); (3) was the subject of any order, judgment or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, permanently or temporarily enjoining him from or otherwise limiting the following activities: (i) acting as a futures commission merchant, introducing broker, commodity trading advisor, commodity pool operator, floor broker, leverage transaction merchant, associated person of any of the foregoing, or as an investment advisor, underwriter, broker or dealer in securities, or as an affiliated person, director of any investment company, or engaging in or continuing any conduct or practice in connection with such activity; (ii) engaging in any type of

business practice; (iii) engaging in any activity in connection with the purchase or sale of any security or commodity or in connection with any violation of federal or state securities laws or federal commodity laws; (4) was the subject of any order, judgment or decree, not subsequently reversed, suspended or vacated, of any federal or state authority barring, suspending or otherwise limiting for more than 60 days the right of such person to engage in any activity described above under this Item, or to be associated with persons engaged in any such activity; (5) was found by a court of competent jurisdiction in a civil action or by the Securities and Exchange Commission to have violated any federal or state securities law and the judgment in subsequently reversed, suspended or vacate; (6) was found by a court of competent jurisdiction in a civil action or by the Commodity Futures Trading Commission to have violated any federal commodities law, and the judgment in such civil action or finding by the Commodity Futures Trading Commission has not been subsequently reversed, suspended or vacated.

Audit Committee and Charter

We have a separately-designated audit committee of the board. Audit committee functions are performed by our board of directors. Our director is not deemed independent. Our director also holds positions as an officer. Our audit committee is responsible for: (1) selection and oversight of our independent accountant; (2) establishing procedures for the receipt, retention and treatment of complaints regarding accounting, internal controls and auditing matters; (3) establishing procedures for the confidential, anonymous submission by our employees of concerns regarding accounting and auditing matters; (4) engaging outside advisors; and, (5) funding for the outside auditors and any outside advisors engagement by the audit committee. The audit committee met 4 times during the year. All of our directors participated in each meeting.

Code of Ethics

We have adopted a corporate code of ethics. We believe our code of ethics is reasonably designed to deter wrongdoing and promote honest and ethical conduct; provide full, fair, accurate, timely and understandable disclosure in public reports; comply with applicable laws; ensure prompt internal reporting of code violations; and provide accountability for adherence to the code.

Disclosure Committee and Charter

We have a disclosure committee and disclosure committee charter. Our disclosure committee is comprised of all of our officers and directors. The purpose of the committee is to provide assistance to the Chief Executive Officer and the Chief Financial Officer in fulfilling their responsibilities regarding the identification and disclosure of material information about us and the accuracy, completeness and timeliness of our financial reports.

Section 16(a) of the Securities Exchange Act of 1934

As of the date of this report, we are not subject to section 16(a) of the Securities Exchange Act of 1934.

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The following table sets forth information with respect to compensation paid by us to our sole officer and director, from inception on March 14, 2006 to June 30, 2008, the end of our fiscal year. This information includes the dollar value of base salaries, bonus awards and number of stock options granted, and certain other compensation, if any.

Summary Compensation Table

| (a) | (b) | (c) | (d) | (e) | (f) | (g) | (h) | (i) | (j) |
|--|------|-------------|------------|-------------------|--------------------|---|--|-----------------------|------------------------|
| Name and Principal Position | Year | Salary (\$) | Bonus (\$) | Stock Awards (\$) | Option Awards (\$) | Non-Equity Incentive Plan Compensation (\$) | Change in Pension Value & Nonqualified | Deferred Compensation | All Other Compensation |
| | | | | | | | Earnings (\$) | (\$) | (\$) |
| Xuezheng Yuan | 2008 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| President, Secretary, Treasurer and Director | 2007 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2006 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

The following table sets forth information with respect to compensation paid by us to our director during the last completed fiscal year.

Director Compensation Table

| (a) | (b) | (c) | (d) | (e) | (f) | (g) | (h) |
|---------------|----------------------------------|-------------------|--------------------|---|--|-------------------|-------|
| Name | Fees Earned or Paid in Cash (\$) | Stock Awards (\$) | Option Awards (\$) | Non-Equity Incentive Plan Compensation (\$) | Change in Pension Value and Nonqualified | All Other | Total |
| | | | | | Deferred Compensation Earnings (\$) | Compensation (\$) | (\$) |
| Xuezheng Yuan | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

All compensation received by our officer and director has been disclosed. We do not anticipate paying any salaries at any time in 2008. We will not begin paying salaries until we have adequate funds to do so. Our director does not receive any compensation for serving as a member of the board of directors.

There are no other stock option plans, retirement, pension, or profit sharing plans for the benefit of our officer and director other than as described herein. To date, we have not entered into employment contracts with our officer and do not intend to enter into any employment contracts until we have adequate funds to do so.

We do not have any long-term incentive plans.

Indemnification

Under our Articles of Incorporation and Bylaws of the corporation, we may indemnify an officer or director who is made a party to any proceeding, including a lawsuit, because of his position, if he acted in good faith and in a manner he reasonably believed to be in our best interest. We may advance expenses incurred in defending a proceeding. To the extent that the officer or director is successful on the merits in a proceeding as to which he is to be indemnified, we must indemnify him against all expenses incurred, including attorney's fees. With respect to a derivative action, indemnity may be made only for expenses actually and reasonably incurred in defending the proceeding, and if the officer or director is judged liable, only by a court order. The indemnification is intended to be to the fullest extent permitted by the laws of the State of Nevada.

Regarding indemnification for liabilities arising under the Securities Act of 1933, which may be permitted to directors or officers under Nevada law, we are informed that, in the opinion of the Securities and Exchange Commission, indemnification is against public policy, as expressed in the Act and is, therefore, unenforceable.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth, as of the date of this report, the total number of shares owned beneficially by our director, officer and key employees, individually and as a group, and the present owners of 5% or more of our total outstanding shares. The stockholders listed below have direct ownership of their shares and possess voting and dispositive power with respect to the shares.

| Name and Address Beneficial Owner | Number of Shares Owned by Shareholder | Percentage of Ownership |
|---|---|----------------------------|
| Xuezheng Yuan [1] No. 1 Xinxin Garden No. 51 Fangjicun Xudong Road Wuchang, Wuhan Hubei, China 430062 | 3,350,000 | 54.26% |
| All Officers and Directors as a Group (1 person) | 3,350,000 | 54.26% |

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| | | |
|---------------|-----------|--------|
| Shuihua Cheng | 1,131,600 | 18.33% |
| Bingjun Guo | 500,000 | 8.10% |

[1] The person named above may be deemed to be a "parent" and "promoter" of our company, within the meaning of such terms under the Securities Act of 1933, as amended, by virtue of his direct and indirect stock holdings. Mr. Yuan is the only "promoter" of our company.

Future Sales by Existing Stockholders

A total of 3,350,000 shares of our stock are currently owned by our sole officer and director, Mr. Yuan. One of our shareholders holds 1,131,600 shares. These shares are restricted securities as defined in Rule 144 of the Rules and Regulations of the SEC promulgated under the Securities Act. Under Rule 144, the shares can be publicly sold, subject to volume restrictions and restrictions on the manner of sale, commencing one year after their acquisition. Rule 144 provides that a person may not sell more than 1% of the total outstanding shares in any three month period and the sales must be sold either in a brokers transaction or in a transaction directly with a market maker.

Our sole officer and director, Mr. Yuan, will likely sell a portion of his stock if the market price exceeds \$0.10 per share. If he does sell his stock into the market, the sales may cause the market price of the stock to drop.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND RELATED TRANSACTIONS.

In March 2006, we issued a total of 3,350,000 shares of restricted common stock to Mr. Yuan, our sole officer and director, at a price of \$0.00001 per share, or \$33.50 total.

Mr. Yuan has loaned us \$ 33,574 to date. The loans payable are non-interest bearing and are due on demand. In addition, Mr. Yuan provides us with office space. We do not pay any rent to Mr. Yuan and there is no agreement to pay any rent in the future.

On August 24, 2007, the Company paid a stock dividend of four shares of common stock (21,600,000 shares total) for each share of common stock outstanding at August 22, 2007 (5,400,000 shares total). Simultaneously, the Company four largest stockholders (who owned a total of 5,206,600 shares of common stock prior to the dividend) returned to the Company their 20,826,400 dividend shares (which the Company cancelled). After these transactions, the Company has 6,173,600 shares of common stock issued and outstanding.

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PART IV

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES.

(1) Audit Fees

The aggregate fees billed for each of the last two fiscal years for professional services rendered by the principal accountant for our audit of annual financial statements and review of financial statements included in our Form 10-Qs or services that are normally provided by the accountant in connection with statutory and regulatory filings or engagements for those fiscal years was:

| | | | |
|------|----|-------|-----------------------------|
| 2008 | \$ | 8,750 | Paula S. Morelli, CPA, P.C. |
| 2007 | \$ | 4,950 | Paula S. Morelli, CPA, P.C. |

(2) Audit-Related Fees

The aggregate fees billed in each of the last two fiscal years for assurance and related services by the principal accountants that are reasonably related to the performance of the audit or review of our financial statements and are not reported in the preceding paragraph:

| | | | |
|------|----|---|-----------------------------|
| 2008 | \$ | 0 | Paula S. Morelli, CPA, P.C. |
| 2007 | \$ | 0 | Paula S. Morelli, CPA, P.C. |

(3) Tax Fees

The aggregate fees billed in each of the last two fiscal years for professional services rendered by the principal accountant for tax compliance, tax advice, and tax planning was:

| | | | |
|------|----|---|-----------------------------|
| 2008 | \$ | 0 | Paula S. Morelli, CPA, P.C. |
| 2007 | \$ | 0 | Paula S. Morelli, CPA, P.C. |

(4) All Other Fees

The aggregate fees billed in each of the last two fiscal years for the products and services provided by the principal accountant, other than the services reported in paragraphs (1), (2), and (3) was:

| | | | |
|------|----|---|-----------------------------|
| 2008 | \$ | 0 | Paula S. Morelli, CPA, P.C. |
| 2007 | \$ | 0 | Paula S. Morelli, CPA, P.C. |

(5) Our audit committee pre-approval policies and procedures described in paragraph (c)(7)(i) of Rule 2-01 of Regulation S-X were that the audit committee pre-approve all accounting related activities prior to the performance of any services by any accountant or auditor.

(6) The percentage of hours expended on the principal accountant engagement to audit our financial statements for the most recent fiscal year that were attributed to work performed by persons other than the principal accountant full time, permanent employees was 0%.

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ITEM 15. EXHIBITS

The following is a complete list of exhibits filed as part of this annual report:

| Exhibit Number | Document Description | Incorporated by reference | | Filed Number herewith |
|---------------------------|-----------------------------|--------------------------------------|-------------|--------------------------------------|
| | | Form | Date | |
| 3.1 | Articles of Incorporation. | SB-2 | 8/30/06 | 3.1 |
| 3.2 | Bylaws. | SB-2 | 8/30/06 | 3.2 |
| 4.1 | Specimen Stock Certificate. | SB-2 | 8/30/06 | 4.1 |

| | | | | |
|------|---|----------------|------|---|
| 10.1 | Consulting Agreement with Hongtao Shi, Liuyi Zhang and Fred Chang. | 10-KSB 9/26/07 | 10.1 | |
| 10.2 | Amended and Restated Consulting Agreement. | 10-QSB 11/9/07 | 10.2 | |
| 14.1 | Code of Ethics. | 10-KSB 9/26/07 | 14.1 | |
| 31.1 | Certification of Principal Executive Officer and Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. | | | X |
| 32.1 | Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 for the Chief Executive Officer and Chief Financial Officer. | | | X |
| 99.1 | Subscription Agreement. | SB-2 8/30/06 | 99.1 | |
| 99.2 | Audit Committee Charter. | 10-KSB 9/26/07 | 99.2 | |
| 99.3 | Disclosure Committee Charter. | 10-KSB 9/26/07 | 99.3 | |

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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, thereto duly authorized on this 26th day of September, 2008.

CHINA UNITECH GROUP, INC.

BY: XUEZHENG YUAN
Xuezheng Yuan, President, Principal

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Executive Officer, Principal Financial
Officer, Principal Accounting Officer
Secretary and Treasurer

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 |
|----------------------|--|--------------------|
| <u>XUEZHENG YUAN</u> | Xuezheng Yuan, President, Principal Executive Officer, Principal Financial Officer, Principal Accounting Officer, Secretary, Treasurer and sole Member of the Board of Directors | September 26, 2008 |

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EXHIBIT INDEX

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| Exhibit | Incorporated by reference | Filed |
|----------------|--------------------------------------|--------------|
|----------------|--------------------------------------|--------------|

Edgar Filing: China Unitech Group, Inc. - Form 10-K

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