

CHINA RECYCLING ENERGY CORP

Form 8-K

January 04, 2019

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549**

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported):

December 29, 2018

**CHINA RECYCLING ENERGY CORPORATION
(Exact name of registrant as specified in its charter)**

| | | |
|---|--------------------------|--------------------------------------|
| Nevada | 000-12536 | 90-0093373 |
| (State or other jurisdiction of incorporation) | (Commission File Number) | (IRS Employer Identification No.) |

4/F, Tower C

Rong Cheng Yun Gu Building

Keji 3rd Road, Yanta District

Xi'an City, Shaanxi Province

China 710075

(Address of principal executive offices, including zip code)

(86-29) 8765-1097

(Registrant's telephone number, including area code)

Not Applicable

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 1.01 Entry into a Material Definitive Agreement

On December 29, 2018, Xi'an Zhonghong New Energy Technology Co., Ltd. ("Xi'an Zhonghong"), a 90% owned subsidiary of China Recycling Energy Corporation, a Nevada corporation (the "Company"), Xi'an TCH Energy Technology Co., Ltd. ("Xi'an TCH"), a wholly-owned subsidiary of the Company, Beijing Hongyuan Recycling Energy Investment Center, LLP (the "HYREF"), Guohua Ku, the Chairman and CEO of the Company, and Chonggong Bai entered into a CDQ WHPG Station Fixed Assets Transfer Agreement, pursuant to which Xi'an Zhonghong will transfer a CDQ WHPG station as the repayment of loan at RMB 188,639,400 (approximately US \$27,538,598) to HYREF. Xi'an Zhonghong, Xi'an TCH, Guohua Ku and Chonggong Bai also agreed to buy back the CDQ WHPG Station when conditions under the Buy Back Agreement are met.

On December 29, 2018, Xi'an TCH, Xi'an Zhonghong, HYREF, Guohua Ku, Chonggong Bai and Xi'an Hanneng Enterprises Management Consulting Co. Ltd. ("Xi'an Hanneng") entered into a Buy Back Agreement.

Pursuant to the Buy Back Agreement, Xi'an TCH, Xi'an Zhonghong, Guohua Ku and Chonggong Bai (the "Buyers") jointly and severally agreed to buy back all outstanding capital equity of Xi'an Hanneng which was transferred to HYREF by Chonggong Bai, and a CDQ WHPG station in Boxing County which was transferred to HYREF by Xi'an Zhonghong. The buy-back price for the Xi'an Hanneng's equity will be the higher of (i) the market price of the equity shares at the time of buy-back; or (ii) the original transfer price of the equity shares plus bank interest. HYREF may request that the Buyers buy back the equity shares of Xi'an Hanneng and/or the CDQ WHPG station if one of the following conditions is met: (i) HYREF holds the equity shares of Xi'an Hanneng until December 31, 2021; (ii) Xi'an Huaxin New Energy Co., Ltd., a subsidiary of Xi'an Hanneng is delisted from The National Equities Exchange And Quotations Co., Ltd., a Chinese over-the-counter trading system (the "NEEQ"); (iii) any of the Buyers or its affiliates has a credit problem, including not being able to issue an auditor report or standard auditor report or any control person or executive of the Buyers is involved in crimes and is under prosecution or has other material credit problems, to HYREF's reasonable belief; (iv) if Xi'an Zhonghong fails to timely make repayment on principal or interest of the loan agreement, its supplemental agreement or extension agreement; (v) the Buyers or any party to the Debt Repayment Agreement materially breaches the Debt Repayment Agreement or its related transaction documents, including but not limited to the Share Transfer Agreement, the Pledged Assets Transfer Agreement, the Entrusted Loan Agreement and their guarantee agreements and supplemental agreements.

On December 29, 2018, Xi'an TCH entered into a Share Transfer Agreement with Hongyuan Huifu Venture Capital Co. Ltd ("Hongyuan Huifu"), pursuant to which Xi'an TCH agreed to transfer its 40% ownership in Hongyuan Recycling Energy Investment Management Beijing Co., Ltd. (the "Fund Management Company") to Hongyuan Huifu for consideration of RMB 3,453,867.31 (approximately US \$504,214) (the "Fund Management Company Transfer Price").

On December 29, 2018, Xi'an TCH, Hongyuan Huifu and Fund Management Company entered into a supplemental agreement to the Share Transfer Agreement. Xi'an TCH owes the Fund Management Company RMB 18,306,666.67 (approximately US \$2,672,506) in financial advisory fees, and the parties agreed that the Fund Management Company Transfer Price could be used to off-set the outstanding financial advisory fees. Upon the completion of this transaction, the Fund Management Company will owe RMB 3,453,867.31 to Hongyuan Huifu, and Xi'an TCH will owe RMB 14,852,799.36 (approximately US \$2,168,291) to the Fund Management Company.

On December 29, 2018, Shanghai TCH Energy Technology Co., Ltd. ("Shanghai TCH"), a wholly-owned subsidiary of the Company, entered into a Share Transfer Agreement with Hongyuan Huifu, pursuant to which Hongyuan Huifu agreed to transfer its 10% ownership in Xi'an Zhonghong to Shanghai TCH for consideration of RMB 3 million. (approximately US \$437,956).

The description contained herein of the terms of the Agreements mentioned above (the "Agreements") does not purport to be complete, and the Agreements will be filed as exhibits to the Company's annual Report on Form 10-K for the year-ended December 31, 2018.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

China Recycling Energy Corporation

Date: January 4, 2019 /s/ Guohua Ku
Guohua Ku,
Chairman & Chief Executive Officer