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CHINA RECYCLING ENERGY CORP

Form 8-K

June 22, 2007

FORM 8-K

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):
June 21, 2007

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

Nevada
(State or other jurisdiction
of incorporation)

000-12536
(Commission File Number)

90-0093373
(IRS Employer
Identification No.)

0000721693
(Central Index Key)

Services-Business Services,
NEC [7389]
(Standard Industrial Classification)

06628887
(Film Number.)

429 Guangdong Road
Shanghai 200001
People's Republic of China
(Address of principal executive offices, including zip code)

(86-21) 6336-8686
(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 (see General Instruction A.2. below):

- 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))

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Item 1.01 Entry into a Material Definitive Agreement

On this Form 8-K current report, the registrant, China Recycling Energy Corporation, is hereinafter referred as "we", or "Company", or "CREG".

On June 21, 2007, two of our major shareholders, Guohua Ku and Hanqiao Zheng ("Selling Shareholders" or "Sellers") executed and consummated a share exchange agreement ("Agreement") with a group of individual purchasers ("Purchasers"), all of whom are shareholders of Xi'an Yingfeng Science and Technology Co. Ltd ("Yingfeng"). Under the terms of this Agreement, Guohua Ku and Hanqiao Zheng sold 289,427 and 2,406,365 shares of CREG's common stocks ("CREG shares") they owned respectively to the Purchasers for a total of 8,087,376 shares of Yingfeng's common stocks ("Yingfeng Shares"), at the exchange rate of one CREG share for three Yingfeng shares. The Agreement was initially negotiated and signed by Sellers and the representative of Purchasers on February 22, 2007. On June 21, 2007, the Agreement was executed and consummated when all Purchasers and Sellers received the physical stock certificates of CREG shares and Yingfeng Shares delivered by the other party, pursuant to the Execution and Closing Clause of the Agreement.

As the result of this share exchange transaction, the Purchasers, who are 472 individual shareholders of Yingfeng, acquired in total 2,695,792 shares of CREG's common stocks. None of the Purchasers acquired more than 1% of the total issued and outstanding common stocks of CREG in this transaction. The Sellers, Guohua Ku and Hanqiao Zheng own 8,784,273 and 0 shares of CREG's common stocks respectively after the consummation of this transaction.

Since the Sellers of the aforementioned CREG shares in this transaction are the Company's shareholders and the transaction doesn't involve any issuance of new stock, the Company does not receive any proceed or consideration for the CREG shares exchanged in this transaction.

None of the Purchasers is a U.S Person, as such term is defined in Rule 902(k) of Regulation S, or located within the United States. This transaction is between non-U.S. Persons and takes place outside of the United States. Therefore, this transaction is exempt from registration under the Securities Act of 1933 in reliance upon the exemption from registration pursuant to Regulation S of the rules and regulations promulgated by the Securities and Exchange Commission under the Securities Act of 1933.

The CREG shares acquired by the Purchasers pursuant to this Agreement are "restricted shares" which have not been registered with SEC and the resale of which must be made in accordance with Regulation S, Rule 144, registration requirements of the Securities Act of 1933 or an available exemption.

Item 3.02 Unregistered Sales of Equity Securities

As described above in Item 1.01, pursuant to the Share Exchange Agreement, the Purchasers (472 individual shareholders of Yingfeng) acquired from the Selling Shareholders (Guohua Ku and Hanqiao Zheng) 2,695,792 shares of CREG's common stocks. As the result, the Purchasers become the shareholders of CREG. The Sellers, Guohua Ku and Hanqiao Zheng, own 8,784,273 and 0 shares of CREG's common stocks respectively after the consummation of this transaction.

Since the Sellers of the aforementioned CREG shares in this transaction are the Company's shareholders and the transaction doesn't involve any issuance of new

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stock, the Company does not receive any proceed or consideration for the CREG shares exchanged.

None of the Purchasers is a U.S Person, as such term is defined in Rule 902(k) of Regulation S, or located within the United States. This transaction is between non-U.S. Persons and takes place outside of the United States. Therefore, this transaction is exempt from registration under the Securities Act

of 1933 in reliance upon the exemption from registration pursuant to Regulation S of the rules and regulations promulgated by the Securities and Exchange Commission under the Securities Act of 1933.

The CREG shares acquired by the Purchasers pursuant to this Agreement are "restricted shares" which have not been registered with SEC and the resale of which must be made in accordance with Regulation S, Rule 144, the registration requirements of the Securities Act of 1933 or an available exemption.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

| Exhibit No. ----- | Description ----- |
|----------------------|--------------------------|
| 10.1 | Share Exchange Agreement |

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: June 21, 2007

/s/Guohua Ku

Guohua Ku
President and Chairman

EXHIBIT INDEX

| Exhibit No. ----- | Description ----- |
|----------------------|--------------------------|
| 10.1 | Share Exchange Agreement |

