

SMARTHEAT INC.
Form 8-K
August 01, 2012

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 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): July 27, 2012

SMARTHEAT INC.
(Exact name of registrant as specified in its charter)

| | | |
|---|---------------------------------------|--|
| Nevada (State or other Jurisdiction of Incorporation) | 001-34246 (Commission File Number) | 98-0514768 (IRS Employer Identification No.) |
|---|---------------------------------------|--|

A-1, 10, Street 7
Shenyang Economic and Technological
Development Zone
Shenyang, China

(Address of Principal Executive Offices)

110141
(Zip Code)

Registrant's telephone number, including area code: (86) 24-2519-7699

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))
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Item 1.01 Entry into a Material Definitive Agreement

The text set forth below under Item 2.03 is incorporated into this Item by this reference.

Item 2.03. Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.

On July 27, 2012, SmartHeat Inc., a Nevada corporation (the “Company”), entered into a secured, revolving credit facility under the terms of a Secured Credit Agreement (the “Credit Facility” or the “Credit Agreement”) with Northtech Holdings Inc., a British Virgin Islands business corporation (“Northtech”), owned by certain members of the Company’s former management, James Wang, Rhett Wang and Wen Sha. Jane Ai, the Company’s Corporate Secretary is also a part owner of Northtech. The Credit Facility provides for borrowings of up to two million U.S. Dollars (\$2,000,000) (the “Committed Amount”). The Company’s Board of Directors has authorized an initial draw under the Credit Facility of \$500,000.

Borrowings under the Credit Facility are secured by the Company’s deposit accounts and general intangibles located in the United States, its trademarks in the People’s Republic of China and 35% of its equity interests in each of its wholly-, directly owned subsidiaries. An origination fee of 4% of the Committed Amount was due to Northtech upon the signing of the Credit Agreement. Borrowings will bear interest at a rate of 1.25% per month, payable monthly, and the Credit Facility will mature on April 30, 2012. At the Company’s option, the maturity date of the Credit Facility may be extended for up to 4 successive 9 month periods in exchange for an extension fee of 4% of the Committed Amount for each extension. Generally, borrowings may be prepaid at any time without premium or penalty, provided however that if the Company prepays any amount due under the Credit Facility from the proceeds of another instrument or agreement of indebtedness, the Company shall pay a 10% prepayment fee. All amounts due under the Credit Facility may, at the Company’s option, be paid in either cash or restricted shares of the Company’s common stock. The Credit Agreement shall be submitted to the Company’s stockholders for approval at the Company’s next annual meeting. The foregoing description of the Credit Facility does not purport to be complete and is qualified in its entirety by reference to the Credit Agreement, a copy which is attached as Exhibit 10.12 hereto and is incorporated herein by reference.

Item 9.01. Financial Statements and Exhibits

(d) Exhibits

| Exhibit | Description |
|---------|---|
| 10.12 | <u>Credit and Security Agreement by and between SmartHeat Inc. and Northtech Holdings Inc., dated July 27, 2012</u> |

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.

| | | | |
|-------|----------------|----------------|----------------------|
| | | SMARTHEAT INC. | |
| | | (Registrant) | |
| Date: | August 1, 2012 | By: | /s/ Oliver Bialowons |
| | | Name: | Oliver Bialowons |
| | | Title: | President |