

CHINA SECURITY & SURVEILLANCE TECHNOLOGY, INC.
Form 8-K
April 25, 2008

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): April 25, 2008 (April 21, 2008)

**CHINA SECURITY & SURVEILLANCE
TECHNOLOGY, INC.**

(Exact name of registrant as specified in its charter)

Delaware
(State of Incorporation)

001-33774
(Commission File No.)

98-0509431
(IRS Employer ID No.)

(86) 755-8351-0888

Registrant's Telephone Number, Including Area Code:

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.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))

Item 1.01. Entry into a Material Definitive Agreement.

On April 21, 2008, China Security & Surveillance Technology, Inc. (the "Company") entered into an equity transfer agreement (the "Equity Transfer Agreement") with China Safetech Holdings Limited, a British Virgin Islands corporation and a wholly-owned subsidiary of the Company ("Safetech"), and Weilan Zhuang, the sole owner of Sharp Eagle(HK) Limited, a Hong Kong corporation ("Sharp Eagle") pursuant to which Safetech purchased 100% ownership of Sharp Eagle from Ms. Zhuang. Sharp Eagle is a holding company that owns all the outstanding equity of Beijing Aurine Divine Land Technology Co., Ltd., a corporation incorporated in China ("Guanlin"). Guanlin is a system integrator.

Under the Equity Transfer Agreement, the Company will pay a total consideration of RMB 39,110,071 (approximately \$5.59 million) in exchange for 100% ownership of Sharp Eagle, consisting of RMB 12,500,000 (approximately \$1.79 million) in cash and RMB 26,610,071 (approximately \$3.80 million) in the Company's shares of common stock. The number of shares issuable in satisfaction of the equity portion of the purchase price is 206,661 (based upon \$18.374/share, the 20-day average closing price of the Company's stock prior to the signing of the Equity Transfer Agreement) which will be issued within 90 days following the execution of the Equity Transfer Agreement. The Company has paid off the cash portion of the purchase price as of the date of this report.

The Equity Transfer Agreement contains certain "make good" provisions, under which Ms. Zhuang pledged to the Company a total of 103,332 shares of the Company's common stock that she will receive as partial consideration for the acquisition to secure her make good obligation under the Equity Transfer Agreement. The Equity Transfer Agreement established minimum after tax net income thresholds of RMB 3.5 million (approximately \$0.5 million) for the fiscal year 2007 and RMB 4.5 million (approximately \$0.64 million) for the fiscal year 2008. In the event that the minimum after tax net income thresholds for the fiscal year 2007 or for the fiscal year 2008 are not achieved by Sharp Eagle and Guanlin, then, in each case, the Company will be entitled to receive 51,666 shares that Ms. Zhuang pledged to the Company for each applicable year.

The foregoing description does not purport to be a complete statement of the parties' rights and obligations under the Equity Transfer Agreement or the transactions contemplated thereby or a complete explanation of the material terms thereof. The foregoing description is qualified in its entirety by reference to the Equity Transfer Agreement attached hereto as Exhibit 10.1.

Item 2.01. Completion of Acquisition or Disposition of Assets.

On April 21, 2008, the Company and Safetech consummated the acquisition of the 100% ownership of Sharp Eagle which owns 100% of Guanlin, pursuant to the terms set forth in the Equity Transfer Agreement as described above.

The information set forth in Item 1.01 of this Current Report on Form 8-K is incorporated herein by reference in its entirety.

Edgar Filing: CHINA SECURITY & SURVEILLANCE TECHNOLOGY, INC. - Form 8-K

Item 3.02. Unregistered Sales of Equity Securities

The information pertaining to the Company's shares of common stock in Item 1.01 is incorporated herein by reference in its entirety. The shares of the Company's common stock issuable to Ms. Zhuang and her designees under the Equity Transfer Agreement have not been registered under the Securities Act of 1933, as amended and may not be offered or sold in the United States absent registration or an applicable exemption from registration requirements. The Company intends to issue these shares in reliance on the exemption from registration provided by Regulation S. This current report on Form 8-K does not constitute an offer to sell, or a solicitation of an offer to buy, any security and shall not constitute an offer, solicitation or sale in any jurisdiction in which such offering would be unlawful.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits.

<u>Exhibit No.</u>	<u>Description of Exhibit</u>
<u>10.1</u>	<u>Equity Transfer Agreement, dated April 21, 2008, by and among the registrant, China Safetech Holding Limited and Weilan Zhuang (English Translation).</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.

CHINA SECURITY & SURVEILLANCE TECHNOLOGY, INC.

Date: April 25, 2008

By: /s/ Guoshen Tu
Guoshen Tu
Chief Executive Officer

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description of Exhibit</u>
<u>10.1</u>	<u>Equity Transfer Agreement, dated April 21, 2008, by and among the registrant, China Safetech Holding Limited and Weilan Zhuang (English Translation).</u>
