

KHD HUMBOLDT WEDAG INTERNATIONAL LTD.

FORM S-8

(Securities Registration: Employee Benefit Plan)

Filed 5/23/2007

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CIK	0000016859
Industry	Misc. Financial Services
Sector	Financial
Fiscal Year	12/31

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

FORM S-8



REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

KHD HUMBOLDT WEDAG INTERNATIONAL LTD.

(Exact name of registrant as specified in its charter)

British Columbia, Canada

(State or other jurisdiction of incorporation or organization)

Not Applicable

(I.R.S. Employer Identification No.)

Suite 702, 7th Floor, Ruttonjee House, Ruttonjee Centre, 11 Duddell Street, Central, Hong Kong SAR, China

(Address of Principal Executive Offices and Zip Code)

1997 Stock Option Plan (Amended May 1998)

(Full title of the plan)

Michael J. Smith

Suite 702, 7th Floor, Ruttonjee House, Ruttonjee Centre, 11 Duddell Street, Central, Hong Kong SAR, China

(Name and address of agent for service)

011.852.2.537.3613

(Telephone number, including area code, of agent for service)

Copies of all communications, including all communications sent to the agent for service, should be sent to:

**Clark Wilson LLP
Attention: Virgil Z. Hlus
#800 - 885 West Georgia Street
Vancouver, British Columbia, V6C 3H1
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CALCULATION OF REGISTRATION FEE

Title of Securities to be Registered ⁽¹⁾	Amount to be Registered	Proposed Maximum Offering Price Per Share	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
Common Stock	1,364,500 ⁽²⁾	\$55.34	\$75,511,430	\$2,318.20 ⁽³⁾

(1) An indeterminate number of additional shares of common stock shall be issuable pursuant to Rule 416 to prevent dilution resulting from stock splits, stock dividends or similar transactions and in such an event the number of shares registered shall automatically be increased to cover the additional shares in accordance with Rule 416 under the Securities Act.

(2) The 1997 Stock Option Plan (Amended May 1998) authorizes the issuance of a maximum of 2,762,000 common shares pursuant to stock options granted to eligible employees, directors and officers of our company or any of our subsidiaries. An aggregate of 1,364,500 shares issuable under the 1997 Stock Option Plan (Amended May 1998) are being registered under this registration statement on Form S-8.

(3) The price is estimated in accordance with Rule 457(h)(1) under the Securities Act of 1933, as amended, solely for the purpose of calculating the registration fee, based on the average of the high and low sale price (\$56.85 high; \$53.82 low) of the common stock of KHD Humboldt Wedag International Ltd. as reported on the Nasdaq Global Select Market on May 18, 2007.

EXPLANATORY NOTE

We prepared this registration statement in accordance with the requirements of Form S-8 under the Securities Act of 1933, to register 1,364,500 of our common shares which may be issued pursuant to our 1997 Stock Option Plan (Amended May 1998).

The purpose of the 1997 Stock Option Plan (Amended May 1998) is to retain the services of valued key employees, directors, officers and consultants of our company and to encourage such persons to acquire a greater proprietary interest in our company, thereby strengthening their incentive to achieve the objectives of our shareholders.

Under cover of this registration statement on Form S-8 is our reoffer prospectus prepared in accordance with Part I of Form F-3 under the Securities Act of 1933. The reoffer prospectus has been included in this registration statement on Form S-8 so that the selling security holders may resell their common shares upon exercise of their stock options. These selling security holders were either (i) granted stock options prior to us filing this registration statement on Form S-8 with respect to our 1997 Stock Option Plan (Amended May 1998) or (ii) are directors or senior officers of our company. Our reoffer prospectus has been prepared pursuant to Instruction C of Form S-8, in accordance with the requirements of Part I of Form F-3, and may be used for reofferings and resales on a continuous or delayed basis in the future of up to an aggregate of 1,364,500 common shares which may be issued pursuant to the 1997 Stock Option Plan (Amended May 1998).

PART I

INFORMATION REQUIRED IN THE SECTION 10(a) PROSPECTUS

Item 1. Plan Information

We will send or give the documents containing the information specified in Part I of Form S-8 to individuals who participate in our 1997 Stock Option Plan (Amended May 1998). A copy of the 1997 Stock Option Plan (Amended May 1998) is attached as Exhibit 4.1 to this Form S-8 and the form of Stock Option Agreement for use under the 1997 Stock Option Plan (Amended May 1998) is attached as Exhibit 4.2 to this Form S-8.

This registration statement relates to a maximum of 1,364,500 common shares in the capital of our company issuable pursuant to the exercise of options granted under the 1997 Stock Option Plan (Amended May 1998).

Item 2. Registrant Information and Employee Plan Annual Information

We will provide, without charge, to each person to whom a copy of this 10(a) prospectus is delivered, upon oral or written request, a copy of any or all documents incorporated by reference in Item 3 of Part II of this registration statement (which documents are incorporated by reference in the 10(a) prospectus). Requests should be directed to the President, KHD Humboldt Wedag International Ltd., Suite 702, 7th Floor, Ruttonjee House, Ruttonjee Centre, 11 Duddell Street, Central, Hong Kong SAR, China. Our telephone number is 011.852.2537.3613.

REOFFER PROSPECTUS

The date of this Reoffer Prospectus is May, 2007



Suite 702, 7th Floor, Ruttonjee House, Ruttonjee Centre,
11 Duddell Street, Central, Hong Kong SAR, China

1,364,500 Shares of Common Stock

This reoffer prospectus relates to a maximum of 1,364,500 of our common shares which may be offered and resold from time to time by the selling security holders identified in this reoffer prospectus. We anticipate that the selling security holders will offer the common shares for sale at prevailing prices on the Nasdaq Global Select Market, or on such other quotation system or stock exchange upon which our common shares are then quoted or traded, on the date of sale. We will not receive any part of the proceeds from sales made under this reoffer prospectus, although we will receive the exercise price at the time of the exercise of any stock options by the selling security holders. The selling security holders will bear all sales commissions and similar expenses. We will, however, pay all of the costs associated with the filing of this registration statement.

The selling security holders and any brokers selling orders on their behalf may be deemed to be "underwriters" within the meaning of the Securities Act of 1933, as amended, in which event commissions received by such brokers may be deemed to be underwriting commissions under the Securities Act of 1933.

Our common shares are quoted on the Nasdaq Global Select Market under the trading symbol "KHDH". On May 18, 2007, the last reported closing price for our common shares was \$56.24 on the Nasdaq Global Select Market.

Our principal executive offices are located at Suite 702, 7th Floor, Ruttonjee House, Ruttonjee Centre, 11 Duddell Street, Central, Hong Kong SAR, China. Our phone number is 011.852.2.537.3613.

The common shares offered pursuant to this registration statement involve a high degree of risk. For more information, please see the section of this Reoffer Prospectus titled "Risk Factors" beginning on page 7.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE.

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PROSPECTUS SUMMARY

The following summary is qualified in its entirety by the more detailed information appearing elsewhere in this reoffer prospectus. Consequently, this summary does not contain all of the information that you should consider before investing in our common shares. You should carefully read the entire reoffer prospectus, including the "Risk Factors" section appearing at page 7, and the documents and information incorporated by reference into this reoffer prospectus.

This reoffer prospectus relates to a maximum of 1,364,500 shares of our common stock which may be offered and resold from time to time by the selling security holders identified in this reoffer prospectus. It is anticipated that the selling security holders will offer the common shares for sale at prevailing prices on the Nasdaq Global Select Market, or on such other quotation system or stock exchange upon which our common shares are then quoted or traded, on the date of sale. We will not receive any proceeds from the sales of the common shares by the selling security holders under this reoffer prospectus, although we will receive the exercise price at the time of the exercise of any stock options by the selling security holders. The selling security holders will pay for the cost of all sales commissions and similar expenses. We will pay for all of the costs associated with the filing of this registration statement.

A Brief History of our Company

We are a corporation organized under the laws of the Province of British Columbia, Canada. We were originally incorporated in June 1951 by letters patent issued pursuant to the *Companies Act of 1934 (Canada)*. We were continued under the *Canada Business Corporations Act* in March 1980, under the *Business Corporations Act (Yukon)* in August 1996 and under the *Business Corporations Act (British Columbia)* in November 2004. Our name was changed from "MFC Bancorp Ltd." to "KHD Humboldt Wedag International Ltd." on October 28, 2005. Our executive office is located at Suite 702, 7th Floor, Ruttonjee House, Ruttonjee Centre, 11 Duddell Street, Central, Hong Kong SAR, China.

We primarily operate one business segment consisting of an industrial plant engineering and equipment supply business. Our industrial plant engineering and equipment supply business focuses on services for the cement, coal and mineral processing industries. Founded in 1856, we are a leader in supplying technologies, engineering and equipment for cement, coal and mineral processing. We supply complete and partial plant systems as well as machinery and equipment worldwide for the manufacture of cement and the processing of coal and minerals, whether for new plants, redevelopments of existing plants or capacity increases for existing plants. Headquartered in Hong Kong, China, we have in excess of 1,000 employees world-wide, and have operations in India, China, Russia, Germany, the Middle East, Australia, South Africa and the United States.

The scope of our activities ranges from the examination and analysis of deposits, scale-up tests in our own test center, technical and economic consulting, engineering for plants that produce clinker, cement, clean coal, and minerals such as copper and other precious metals and systems, plant and equipment for complete plants and plant sections including modernization and capacity increase measures, as well as automation and process control equipment, project planning, feasibility studies, raw material testing, research and development, financing, erection and commissioning, personnel training and pre and post sales service.

FORWARD-LOOKING STATEMENTS

This reoffer prospectus contains forward-looking statements as that term is defined in Section 27A of the United States Securities Act of 1933 and section 21E of the United States Securities Exchange Act of 1934. These statements relate to future events or our future financial performance. In some cases, you can identify forward-looking statements by terminology such as "may", "should", "expects", "plans", "anticipates", "believes", "estimates", "predicts", "potential" or "continue" or the negative of these terms or other comparable terminology. These statements are only predictions and involve known and unknown risks, uncertainties and other factors, including the risks in the section entitled "Risk Factors", that may cause our or our industry's actual results, levels of

activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements.

Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity or performance. You should not place undue reliance on these statements, which speak only as of the date that they were made. These cautionary statements should be considered with any written or oral forward-looking statements that we may issue in the future. Except as required by applicable law, including the securities laws of the United States, we do not intend to update any of the forward-looking statements to conform these statements to reflect actual results, later events or circumstances or to reflect the occurrence of unanticipated events.

In this reoffer prospectus, unless otherwise specified, all dollar amounts are expressed in United States dollars and all references to “common shares” refer to the common shares in our capital stock.

As used in this reoffer prospectus and unless otherwise indicated, the terms “we”, “us” and “our company” refer to KHD Humboldt Wedag International Ltd. and our wholly owned subsidiaries.

RISK FACTORS

An investment in our common stock involves a number of significant risks. You should carefully consider the following risks and uncertainties in addition to other information in this reoffer prospectus in evaluating our company and our business before purchasing our common shares. Our business, operating results and financial condition could be seriously harmed due to any of these risks. Also, the risks described below are not the only ones facing our company. Additional risks not presently known to us may also impair our business operations. You could lose all or part of your investment due to any of these risks.

In evaluating us, our business and any investment in our business, readers should carefully consider the following factors.

Risk Factors Relating to Our Industrial Plant Engineering and Equipment Supply Business

A downturn in the economy could reduce the demand for our industrial plant engineering and equipment supply business and therefore may have a material adverse effect on our financial results.

The industrial plant engineering and equipment supply industry is cyclical in nature. It tends to reflect and be amplified by general economic conditions, both domestically and abroad. Historically, in periods of recession or periods of minimal economic growth, the operations underlying industrial plant engineering and equipment supply companies have been adversely affected. Certain end-use markets for clinker, cement and coal, such as the industrial plant engineering and equipment supply and commercial sectors, experience demand cycles that are highly correlated to the general economic environment, which is sensitive to a number of factors outside of our control. A recession or a slowing of the global economy, or a decrease in commercial and industrial demand for our services and products, could have a material adverse effect on our financial results. In addition, during recessions or periods of slow growth, the construction industries typically experience major cutbacks in production which may result in decreased demand for our services. Because we generally have high fixed costs, our profitability is significantly affected by decreased output and decreases in requests for the design and construction of plants or equipment that produce or process clinker, cement, clean coal and various minerals. Reduced demand and pricing pressures will adversely affect our financial condition and results of operations. We may not be able to predict the timing, extent and duration of the economic cycles in the markets in which we operate.

Any significant disruption of our operations may harm our business reputation and cause an adverse effect on our financial results.

Breakdown of equipment or other events, including catastrophic events such as natural disasters, leading to interruptions at any of our facilities or at any of the facilities or areas at which we are providing services, could have a material adverse effect on our financial results. Further, because

many of our customers are, to varying degrees,

dependent on planned deliveries, customers that are forced to reschedule their own production due to such delays could pursue financial claims against us. We may incur costs to correct any of these events, in addition to facing claims from customers or third parties dependent upon the delivery of our services or products. Further, if any of these events occur and we are forced to delay the delivery of our services, then our reputation among actual and potential customers may be harmed, potentially resulting in a loss of business. While we maintain insurance policies covering, among other things, physical damage, business interruptions and product liability, these policies may not cover all of our losses and we could incur uninsured losses and liabilities arising from such events, including damage to our reputation, loss of customers and suffer substantial losses in operational capacity, any of which could have a material adverse effect on our financial results.

We are exposed to political, economic, legal, operational and other risks as a result of our global operations, which may negatively effect our business, results of operations, financial condition and cash flow.

In conducting our business in major markets around the world, we are, and will continue to be, subject to financial, business, political, economic, legal, operational and other risks that are inherent in operating in other countries. We operate on a global basis, in both developed and underdeveloped countries. In addition to the business risks inherent in developing a relationship with a newly emerging market, economic conditions may be more volatile, legal and regulatory systems less developed and predictable, and the possibility of various types of adverse governmental action more pronounced. In addition, inflation, fluctuations in currency and interest rates, competitive factors, civil unrest and labour problems could affect our revenues, expenses and results of operations. Our operations could also be adversely affected by acts of war, terrorism or the threat of any of these events as well as government actions such as expropriation, controls on imports, exports and prices, tariffs, new forms of taxation or changes in fiscal regimes and increased government regulation in the countries in which we operate or offer our services. We also face the risk that exchange controls or similar restrictions imposed by foreign governmental authorities may restrict our ability to convert local currency received or held by us in their countries or to take those other currencies out of those countries. Unexpected or uncontrollable events or circumstances in any of these markets could have a material adverse effect on our financial results.

The cost of raw materials could have a material adverse effect on our financial condition and results of operations.

We may be significantly affected by changes in the prices of and demand for cement, minerals, coal and other related products and the supply of materials necessary to make clinker and cement. The prices and demand for these products and materials can fluctuate widely as a result of various factors beyond our control such as supply and demand, exchange rates, inflation, changes in global economics, and political, social unrest and other factors. Any substantial increases in the cost of such materials, or the transportation and/or availability of such materials, could adversely affect the demand for cement, minerals, coal and other related products. If the demand for cement, minerals, coal and other related products decreases, then the demand for our industrial plant engineering and equipment supply business will decrease, which will in turn adversely impact upon our financial condition and results of operations. Our ability, therefore, to maintain or increase our revenues may be adversely affected by a sustained material reduction in the demand or price for such products and materials.

We are subject to risks associated with changing technology and manufacturing techniques, which could place us at a competitive disadvantage.

The successful implementation of our business strategy requires us to continuously evolve our existing products and services and introduce new products and services to meet customers' needs. Our designs and products are characterized by stringent performance and specification requirements that mandate a high degree of manufacturing and engineering expertise. We believe that our customers rigorously evaluate our services and products on the basis of a number of factors, including quality, price competitiveness, technical expertise and development capability, innovation, reliability and timeliness of delivery, product design capability, operational flexibility, customer service, and overall management. Our success depends on our ability to continue to meet our customers' changing requirements and specifications with respect to these and other criteria. There can be no assurance that we will be able to address technological advances or introduce new designs or products that may be necessary to remain competitive within the industrial plant engineering and

equipment supply business.

Our competitors include firms traditionally engaged in the industrial plant engineering and equipment supply business.

We conduct our business in a global environment that is highly competitive and unpredictable. Our primary competitors are international companies with greater resources, capital and access to information than us. Our competition includes other entities who provide industrial and process engineering services and/or products related to cement technology, mineral processing and coal technology, including feasibility studies, raw material testing, basic and detail plant and equipment engineering, financing concepts, construction and commissioning, and personnel training. Increased competition may lead to a decline in the demand for our industrial plant engineering and equipment supply business.

Our risk management strategies leave us exposed to unidentified or unanticipated risks which could impact our risk management strategies in the future and could negatively affect our results of operation and financial condition.

We use a variety of instruments and strategies to manage exposure to various types of risks. For example, we use derivative foreign exchange contracts to manage our exposure to foreign currency exchange rate risks. If any of the variety of instruments and strategies that we utilize to manage our exposure to various types of risk are not effective, we may incur losses. Unexpected market developments may affect our risk management strategies and unanticipated developments could impact our risk management strategies in the future.

A rise in inflation may negatively affect our business, results of operations and financial condition.

Inflation may result in increases in our expenses related to the provision of industrial plant engineering and equipment supply business, and which may not be readily recoverable in the price of such services provided to our clients. Increases in inflation in overseas countries could result in a reduction in our revenues when reported in Canadian currency. To the extent inflation results in rising interest rates and has other adverse effects on capital markets, it may adversely affect our business, results of operations and financial conditions.

We are exposed to legal risks in our business which are often difficult to assess or quantify. We may incur significant legal expenses in defending against any litigation.

We are exposed to legal risks in our business, including warranty claims that may be made in connection with warranties that we provide to our customers in connection with the industrial and engineering products and services that we provide. If we receive a significant number of warranty claims, then our resulting warranty costs could be substantial and we could incur significant legal expenses evaluating or disputing such claims.

Some of our subsidiaries operating in the industrial plant engineering and equipment supply business are staffed by a unionized workforce, and union disputes and other employee relations issues may materially adversely affect our financial results.

Some of the employees of our operating subsidiaries are represented by labour unions under collective bargaining agreements with varying durations and expiration dates. We may not be able to satisfactorily renegotiate our bargaining agreements when they expire. In addition, existing bargaining agreements may not prevent a strike or work stoppage in the future, and any such work stoppage may have a material adverse effect on our financial results.

We may not be able to protect the confidentiality or unique aspects of our technology, which would reduce our competitive advantage.

We rely on a combination of patents and patent applications, trade secrets, confidentiality procedures and contractual provisions to protect our technology. Despite our efforts to protect our technology, unauthorized parties may attempt to copy aspects of the products we design or build or to obtain and use information that we regard as proprietary. Policing unauthorized use of our technology and products is difficult and expensive. In addition, our competitors may independently develop similar technology or intellectual property. If our technology is copied by

unauthorized parties, the technology violates the intellectual property of others or our competitors independently develop competing technology, we may lose existing customers and our business may suffer.

General Risks Faced by our Company

Investors' interests will be diluted and investors may suffer dilution in their net book value per share if we issue additional shares or raise funds through the sale of equity securities.

Our constating documents authorize the issuance of common shares and class A preferred shares. In the event that we are required to issue any additional shares or enter into private placements to raise financing through the sale of equity securities, investors' interests in our company will be diluted and investors may suffer dilution in their net book value per share depending on the price at which such securities are sold. If we issue any such additional shares, such issuances also will cause a reduction in the proportionate ownership of all other shareholders. Further, any such issuance may result in a change of control of our company.

Our Articles contain indemnification provisions and we have entered into agreements indemnifying our officers and directors against all costs, charges and expenses incurred by them.

Our Articles contain indemnification provisions and we have entered into agreements with respect to the indemnification of our officers and directors against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, actually and reasonably incurred by them, and an amount paid to settle an action or satisfy a judgment in a civil, criminal or administrative action or proceeding to which they are made a party by reason of being or having been a director or officer of our company. Such limitations on liability may reduce the likelihood of litigation against our officers and directors and may discourage or deter our shareholders from suing our officers and directors based upon breaches of their duties to our company, though such an action, if successful, might otherwise benefit us and our shareholders.

Certain factors may inhibit, delay or prevent a takeover of our company which may adversely affect the price of our common stock.

Certain provisions of our charter documents and the corporate legislation which govern our company may discourage, delay or prevent a change of control or changes in our management that shareholders may consider favourable. Such provisions include authorizing the issuance by our board of directors of preferred stock in series, providing for a classified board of directors with staggered, three-year terms and limiting the persons who may call special meetings of shareholders. In addition, the Investment Canada Act imposes certain limitations on the rights of non-Canadians to acquire our common shares, although it is highly unlikely that this will apply. If a change of control or change in management is delayed or prevented, the market price of our common stock could decline.

Fluctuations in interest rates and foreign currency exchange rates may affect our results of operations and financial condition.

Fluctuations in interest rates may affect the fair value of our financial instruments sensitive to interest rates. An increase in market interest rates may decrease the fair value of our fixed interest rate financial instrument assets and a decrease in market interest rates may decrease the fair value of our fixed interest rate financial instrument liabilities, thereby resulting in a reduction in the fair value of our equity.

Similarly, fluctuations in foreign currency exchange rates may affect the fair value of our financial instruments sensitive to foreign currency exchange rates. Our reporting currency is the United States dollar. A depreciation of such currencies against the United States dollar will decrease the fair value of our financial instrument assets denominated in such currencies and an appreciation of such currencies against the United States dollar will increase the fair value of our financial instrument liabilities denominated in such currencies, thereby resulting in a reduction in our equity.

Please read this prospectus carefully. You should rely only on the information contained in this prospectus. We have not authorized anyone to provide you with different information. You should not assume that the information provided by the prospectus is accurate as of any date other than the date on the front of this prospectus.

INFORMATION ABOUT THE OFFERING

This reoffer prospectus relates to a maximum of 1,364,500 of our common shares which may be offered and resold from time to time by the selling stockholders identified in this reoffer prospectus. It is anticipated that the selling stockholders will offer the common shares for sale at prevailing prices on the Nasdaq Global Select Market, or on such other quotation system or stock exchange upon which our common shares are then quoted or traded, on the date of sale. We will not receive any proceeds from the sales of the common shares by the selling shareholders under this reoffer prospectus. The selling stockholders will pay for the cost of all sales commissions and similar expenses. We will however pay for all of the costs associated with the filing of this registration statement.

CAPITALIZATION

The following table sets forth our capitalization as at March 31, 2007. Dollar amounts are stated in thousands of US\$:

Description	March 31, 2007 (United States dollars in thousands)
Long-term debt, secured	\$ 3,084
Long-term debt, unsecured	15,505
Shareholders' equity	
Common stock, without par value	108,595
Treasury stock	(74,456)
Contributed surplus	2,529
Retained earnings	187,910
Currency translation adjustments	53,087
Total shareholders' equity	\$ <u>277,665</u>

At March 31, 2007, there were 14,733,191 common shares and no class A preferred shares outstanding.

USE OF PROCEEDS

We will not receive any of the proceeds from the sale of the up to 1,364,500 shares of common shares by the selling security holders which may be issued upon exercise of stock options issued under our 1997 Stock Option Plan (Amended May 1998). However, we will receive the exercise price at the time of the exercise of any stock options by the selling security holders, which we will use for general working capital purposes.

SELLING SECURITY HOLDERS

As at the date hereof, we have issued stock options under the 1997 Stock Option Plan (Amended May 1998) to the affiliates (as defined in Rule 405) of our company who are identified in the following table. If, subsequent to the date of this reoffer prospectus, we grant additional options to any of our affiliates under the 1997 Stock Option Plan (Amended May 1998), Instruction C of Form S-8 requires that we supplement this reoffer prospectus with the names of such affiliates and the amounts of securities to be reoffered by them.

The following table identifies the selling security holders and indicates (i) the nature of any material relationship that such selling security holder has had with us for the past three years, (ii) the number of common shares held by the selling security holders, (iii) the amount to be offered for each selling security holder's account, and (iv) the number of common shares and percentage of outstanding common shares to be owned by each selling security holder after the sale of the common

shares offered by them pursuant to this offering. The selling security

holders are not obligated to sell the common shares offered in this reoffer prospectus and may choose not to sell any of the common shares or only a part of the common shares that they receive. The Securities and Exchange Commission's rules require that we assume that the selling security holders exercise all of their stock options and sell all of the common shares offered with this reoffer prospectus.

Under the Securities Exchange Act of 1934, any person engaged in a distribution of the common shares offered by this reoffer prospectus may not simultaneously engage in market making activities with respect to our common shares during the applicable "cooling off" periods prior to the commencement of such distribution. In addition, and without limiting the foregoing, the selling security holders will be subject to applicable provisions of the Securities Exchange Act of 1934 and the rules and regulations thereunder, which provisions may limit the timing of purchases and sales of the common shares by the selling security holders.

Selling Security Holder	Number of Shares Beneficially Owned ⁽¹⁾	Number of Shares Subject to Options ⁽²⁾	Shares Being Registered	Percentage of Shares Beneficially Owned ⁽³⁾	
				Before Offering ⁽⁴⁾	After Offering ⁽⁵⁾
Michael J. Smith ⁽⁶⁾	140,000	55,000	55,000	*	*
Johann Georg Zimmerman ⁽⁷⁾	8,333	25,000	25,000	*	Nil
Hermann Kroger ⁽⁸⁾	8,333	25,000	25,000	*	Nil
Randolf Pich ⁽⁹⁾	8,333	25,000	25,000	*	Nil
Havinder Ahluwalai ⁽¹⁰⁾	5,555	16,667	16,667	*	Nil
Rick Cusich ⁽¹¹⁾	8,333	25,000	25,000	*	Nil
A. K. Denbla ⁽¹²⁾	8,333	25,000	25,000	*	Nil
Uwe Kikillus ⁽¹³⁾	2,778	8,334	8,334	*	Nil
B.P. Misra ⁽¹⁴⁾	5,555	16,667	16,667	*	Nil
Regis Werle ⁽¹⁵⁾	5,555	16,667	16,667	*	Nil
John Musacchio ⁽¹⁶⁾	150,000	150,000	150,000	1.0%	Nil
Non-affiliates ⁽¹⁷⁾	258,333	448,333	448,333	1.8%	Nil
TOTAL:	609,441	836,668	836,668		

* Less than 1%

(1) Represents shares of our common stock beneficially owned by the named selling stockholder. This figure includes shares underlying the options held by the named selling stockholder that may be exercisable as of, or within 60 days after the date of, this reoffer prospectus, but does not include any shares underlying those options that cannot be exercised within that period.

(2) Represents shares of our common stock underlying options granted to the named selling stockholder under the 1997 Stock Option Plan, whether or not exercisable as of, or within 60 days of, the date of this reoffer prospectus.

(3) Based on 14,753,191 shares of our common stock outstanding as of May 18, 2007.

Represents shares of our common stock held by the named selling stockholder and shares of

- (4) our common stock underlying options granted to the named selling stockholder that may be exercisable as of, or within 60 days of, the date of this reoffer prospectus.
 - (5) Represents shares of our common stock held by the selling stockholder assuming all of the shares underlying the options granted to the named selling stockholder are sold.
 - (6) Mr. Smith is our chairman, chief financial officer, secretary and a director of our company. Pursuant to the Stock Option Agreement dated May 17, 2006, between our company and Mr. Smith, we granted Mr. Smith 55,000 options under the 1997 Stock Option Plan at an exercise price of \$26.11 per share, of which 55,000 options have vested and may be exercisable as of, or within 60 days after the date of, this reoffer prospectus.
 - (7) Mr. Zimmerman is our senior vice president. Pursuant to the Stock Option Agreement dated May 17, 2006, between our company and Mr. Zimmerman, we granted Mr. Zimmerman 25,000 options under the 1997 Stock Option Plan at an exercise price of \$26.11 per share, of which 8,333 options have vested and may be exercisable as of, or within 60 days after the date of, this reoffer prospectus.
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- (8) Mr. Kroger is our vice president, engineering. Pursuant to the Stock Option Agreement dated May 17, 2006, between our company and Mr. Kroger, we granted Mr. Kroger 25,000 options under the 1997 Stock Option Plan at an exercise price of \$26.11 per share, of which 8,333 options have vested and may be exercisable as of, or within 60 days after the date of, this reoffer prospectus.
- (9) Mr. Pich is our vice president, sales and marketing. Pursuant to the Stock Option Agreement dated May 17, 2006, between our company and Mr. Pich, we granted Mr. Pich 25,000 options under the 1997 Stock Option Plan at an exercise price of \$26.11 per share, of which 8,333 options have vested and may be exercisable as of, or within 60 days after the date of, this reoffer prospectus.
- (10) Mr. Ahluwalai is a senior officer of a subsidiary of our company. Pursuant to the Stock Option Agreement dated May 17, 2006, between our company and Mr. Ahluwalai, we granted Mr. Ahluwalai 16,667 options under the 1997 Stock Option Plan at an exercise price of \$26.11 per share, of which 5,555 options have vested and may be exercisable as of, or within 60 days after the date of, this reoffer prospectus.
- (11) Mr. Cusich is a senior officer of a subsidiary of our company. Pursuant to the Stock Option Agreement dated May 17, 2006, between our company and Mr. Cusich, we granted Mr. Cusich 25,000 options under the 1997 Stock Option Plan at an exercise price of \$26.11 per share, of which 8,333 options have vested and may be exercisable as of, or within 60 days after the date of, this reoffer prospectus.
- (12) Mr. Denbla is a senior officer of a subsidiary of our company. Pursuant to the Stock Option Agreement dated May 17, 2006, between our company and Mr. Denbla, we granted Mr. Denbla 25,000 options under the 1997 Stock Option Plan at an exercise price of \$26.11 per share, of which 8,333 options have vested and may be exercisable as of, or within 60 days after the date of, this reoffer prospectus.
- (13) Mr. Kikillus is a senior officer of a subsidiary of our company. Pursuant to the Stock Option Agreement dated May 17, 2006, between our company and Mr. Kikillus, we granted Mr. Kikillus 8,334 options under the 1997 Stock Option Plan at an exercise price of \$26.11 per share, of which 2,778 options have vested and may be exercisable as of, or within 60 days after the date of, this reoffer prospectus.
- (14) Mr. Misra is a senior officer of a subsidiary of our company. Pursuant to the Stock Option Agreement dated May 17, 2006, between our company and Mr. Misra, we granted Mr. Misra 16,667 options under the 1997 Stock Option Plan at an exercise price of \$26.11 per share, of which 5,555 options have vested and may be exercisable as of, or within 60 days after the date of, this reoffer prospectus.
- (15) Mr. Werle is a senior officer of a subsidiary of our company. Pursuant to the Stock Option Agreement dated May 17, 2006, between our company and Mr. Werle, we granted Mr. Werle 16,667 options under the 1997 Stock Option Plan at an exercise price of \$26.11 per share, of which 5,555 options have vested and may be exercisable as of, or within 60 days after the date of, this reoffer prospectus.
- (16) Mr. Musacchio is a senior officer of a subsidiary of our company. Pursuant to the Stock Option Agreement dated May 17, 2006, between our company and Mr. Musacchio, we granted Mr. Musacchio 150,000 options under the 1997 Stock Option Plan at an exercise price of \$26.11 per share, of which 150,000 options have vested and may be exercisable as of, or within 60 days after the date of, this reoffer prospectus.
- (17) Non-affiliates includes stock options held by employees of our company who are not directors, officers or 10% shareholders of our company.

The information provided in the table above with respect to the selling security holders has been obtained from each of the selling security holders. Because the selling security holders may sell all or some portion of the common shares beneficially owned by them, only an estimate (assuming the selling security holders sell all of the common shares offered hereby) can be given as to the number of common shares that will be beneficially owned by each selling security holder after this offering. In addition, the selling security holders may have sold, transferred or otherwise disposed of, or may sell, transfer or otherwise dispose of, at any time or from time to time since the date on which he provided the information regarding the common shares beneficially owned by them, all or a portion of the common shares beneficially owned by them in transactions exempt from the registration requirements of the Securities Act of 1933.

THE OFFER AND LISTING

The information required by this section is incorporated by reference from our Annual Report on Form 20-F filed on April 3, 2007.

ADDITIONAL INFORMATION

The information required by this section is incorporated by reference from our Annual Report on Form 20-F filed on April 3, 2007.

PLAN OF DISTRIBUTION

The selling security holders may, from time to time, sell all or a portion of their common shares on any market upon which the common shares may be quoted (currently the Nasdaq Global Select Market), in privately negotiated transactions or otherwise. Such sales may be at fixed prices prevailing at the time of sale, at prices related to the market prices or at negotiated prices. The common shares being offered by this reoffer prospectus may be sold by the selling security holders by one or more of the following methods, without limitation:

- (a) block trades in which the broker or dealer so engaged will attempt to sell the common shares as agent but may position and resell a portion of the block as principal to facilitate the transaction;
- (b) purchases by broker or dealer as principal and resale by the broker or dealer for its account pursuant to this reoffer prospectus;
- (c) an exchange distribution in accordance with the rules of the applicable exchange;
- (d) ordinary brokerage transactions and transactions in which the broker solicits purchasers;
- (e) privately negotiated transactions;
- (f) market sales (both long and short to the extent permitted under the federal securities laws);
- (g) at the market to or through market makers or into an existing market for the common shares;
- (h) through transactions in options, swaps or other derivatives (whether exchange listed or otherwise); and
- (i) a combination of any of the aforementioned methods of sale.

In effecting sales, brokers and dealers engaged by the selling security holders may arrange for other brokers or dealers to participate. Brokers or dealers may receive commissions or discounts from a selling security holder or, if any of the broker-dealers act as an agent for the purchaser of such common shares, from the purchaser in amounts to be negotiated which are not expected to exceed those customary in the types of transactions involved. Broker-dealers may agree with a selling security holder to sell a specified number of the common shares at a stipulated price per share. Such an agreement may also require the broker-dealer to purchase as principal any unsold common shares at the price required to fulfil the broker-dealer commitment to the selling security holders if such broker-dealer is unable to sell the common shares on behalf of the selling security holder. Broker-dealers who acquire common shares as principal may thereafter resell the common shares from time to time in transactions which may involve block transactions and sales to and through other broker-dealers, including transactions of the nature described above. Such sales by a broker-dealer could be at prices and on terms then prevailing at the time of sale, at prices related to the then-current market price or in negotiated transactions. In connection with such resales, the broker-dealer may pay to or receive from the purchasers of the common shares commissions as described above.

The selling security holders and any broker-dealers or agents that participate with the selling security holders in the sale of the common shares may be deemed to be "underwriters" within the meaning of the Securities Act of 1933 in connection with these sales. In that event, any commissions received by the broker-dealers or agents and any profit on the resale of the common shares purchased by them may be deemed to be underwriting commissions or discounts under the Securities Act of 1933.

From time to time, the selling security holders may pledge their common shares pursuant to the margin provisions of their customer agreements with their respective brokers. Upon a default by a selling security holder, the broker may offer and sell the pledged common shares from time to time. Upon a sale of the common shares, the selling security holder intends to comply with the prospectus delivery requirements under the Securities Act of 1933 by delivering a prospectus to each purchaser in the transaction. We intend to file any amendments or other necessary documents in compliance with the Securities Act of 1933 which may be required in the event the selling security holder defaults under any customer agreement with brokers.

To the extent required under the Securities Act of 1933, a post-effective amendment to this registration statement will be filed, disclosing the name of any broker-dealers, the number of common shares involved, the price at which the common shares are to be sold, the commission paid or discounts or concessions allowed to such broker-dealers, where applicable.

We and the selling security holders will be subject to applicable provisions of the Securities Exchange Act of 1934 and the rules and regulations under it, including, without limitation, Rule 10b-5 and, insofar as the selling security holders are a distribution participant and we, under certain circumstances, may be a distribution participant, under Regulation M. All of the foregoing may affect the marketability of the common shares.

All expenses of the registration statement including, but not limited to, legal, accounting, printing and mailing fees are and will be borne by us. Any commissions, discounts or other fees payable to brokers or dealers in connection with any sale of the common shares will be borne by the selling security holder, the purchasers participating in such transaction, or both.

Any common shares covered by this reoffer prospectus which qualify for sale pursuant to Rule 144 under the Securities Act of 1933 may be sold under Rule 144 rather than pursuant to this reoffer prospectus.

LEGAL MATTERS

The validity of the common shares offered by this reoffer prospectus will be passed upon for us and the selling stockholders by Clark Wilson LLP of Vancouver, British Columbia, Canada.

MATERIAL CHANGES

There have been no material changes to the affairs of our company since the filing of our Form 20-F on April 3, 2007, which have not previously been described in a report on Form 6-K.

INCORPORATION OF DOCUMENTS BY REFERENCE

See Part II, Item 3 on page 18 hereof for a list of documents filed by our company with the United States Securities and Exchange Commission, which are incorporated herein by this reference.

1. Our Annual Report on Form 20-F filed on April 3, 2007; and
2. a description of our common shares that are required pursuant to Section 12(b) of the Securities Exchange Act of 1934 as described below.

Description of Common Shares

We are authorized to issue an unlimited number of common shares without par value and an unlimited number of class A preferred shares without par value. Our common shares carry no pre-emptive, conversion or subscription rights and are not redeemable. Holders of our common shares are entitled to vote at all meetings of shareholders, except meetings at which only holders of a specified class of shares are entitled to vote, are entitled to participate equally in dividends declared by us and, subject to the rights, privileges, restrictions and conditions attaching to any other class of shares, rank equally and are entitled to receive the remaining property of our company upon dissolution or liquidation.

The provisions in our Articles attaching to our common shares may be altered, amended, repealed, suspended or changed by the affirmative vote of the holders of not less than two-thirds of the common shares.

Our Articles provide for three classes of directors with staggered terms. Each director holds office until the expiry of his term or until his successor is elected or appointed, unless his office is earlier vacated in accordance with our Articles or with the provisions of the British Columbia *Business Corporations Act*. At each annual meeting of our company, a class of directors is elected to hold office for a three year term. Successors to the class of directors whose terms expire are identified as being of the same class as the directors they succeed and are elected to hold office for a term expiring at the third succeeding annual meeting of shareholders. A director appointed or elected to fill a vacancy on the board of directors holds office for the unexpired term of his predecessor.

An annual meeting of shareholders must be held at such time in each year not later than fifteen months after the last preceding annual meeting and at such place as our board of directors, or failing it, our Chairman, Managing Director or President, may from time to time determine. The holders of not less than five percent of our issued shares that carry the right to vote at a meeting may requisition our directors to call a meeting of shareholders for the purposes stated in the requisition. The quorum for the transaction of business at any meeting of shareholders is two persons who are entitled to vote at the meeting in person or by proxy. Only persons entitled to vote, our directors and auditors and others who, although not entitled to vote, are otherwise entitled or required to be present, are entitled to be present at a meeting of shareholders.

As set forth above, our Articles contain certain provisions that would have an effect of delaying, deferring or preventing a change in control of our company, including authorizing the issuance by our board of directors of preferred stock in series, providing for a classified board of directors with staggered, three-year terms and limiting the persons who may call special meetings of shareholders. Our Articles do not contain any provisions that would operate only with respect to a merger, acquisition or corporate restructuring of our company.

In addition to the foregoing, all documents that we subsequently file pursuant to Sections 13 (a), 13(c), 14 and 15(d) of the Securities Exchange Act of 1934, prior to the filing of a post-effective amendment indicating that all of the securities offered pursuant to this registration statement have been sold or deregistering all securities then remaining unsold, shall be deemed to be incorporated by reference in this registration statement and to be part hereof from the date of filing of such documents. Any statement contained in a document incorporated by reference in this registration statement shall be deemed to be modified or superseded for purposes of this registration statement to the extent that a statement contained in this registration statement or in any subsequently filed document that is also incorporated by reference in this registration statement modifies or supersedes such statement. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this registration statement.

You should only rely on the information incorporated by reference or provided in this reoffer prospectus or any supplement. We have not authorized anyone else to provide you with different information. The common shares are not being offered in any state where the offer is not permitted. You should not assume that the information in this reoffer prospectus or any supplement is accurate as of any date other than the date on the front of this reoffer prospectus.

We will provide, without charge, to each person including any beneficial owner, to whom a prospectus is delivered, upon oral or written request, a copy of any or all the information that has been incorporated by reference in this prospectus. Requests should be directed to the President, KHD Humboldt Wedag International Ltd., Suite 702, 7th Floor, Ruttonjee House, Ruttonjee Centre, 11 Duddell Street, Central, Hong Kong SAR, China. Our telephone number is 011.852.2537.3613.

We file Form 6-K reports and other information with the Securities and Exchange Commission as is required by the Securities Exchange Act of 1934. You may read and copy any reports, statements or other information we have filed at the Securities and Exchange Commission's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. Please call the Securities and Exchange Commission at 1-800-732-0330 or 202-551-8090 for further information on the Public Reference Rooms. Our filings are also available on the Internet at the Securities and Exchange Commission's website at <http://www.sec.gov>.



DISCLOSURE OF COMMISSION POSITION FOR SECURITIES ACT LIABILITIES

Articles. Under our Articles our directors must cause our company to indemnify our company's directors and former directors, and their respective heirs and personal or other legal representatives, to the greatest extent permitted by Division 5 of Part 5 of the *Business Corporations Act* (British Columbia).

Business Corporations Act (British Columbia). Division 5 of Part 5 of the Business Corporations Act consists of Sections 159 through 165. Section 160 provides that a corporation may (a) indemnify an eligible party (these consist of the corporation's directors, officers, former directors and former officers and their respective heirs and personal or other legal representatives) against judgments, penalties or fines awarded as the result of an eligible proceeding (consisting of any proceeding in which any eligible party is or may be joined as a party by reason of being or having been a director or officer, or the equivalent of a director or officer, of the corporation) and/or (b) pay the expenses of an eligible party reasonably incurred by that party in respect of such an eligible proceeding after final disposition. Section 161 provides that a British Columbia corporation must pay the expenses incurred by an eligible party in respect of an eligible proceeding if the eligible party is ultimately successful in defending any such proceeding on the merits. Notwithstanding the foregoing, Section 163 prohibits a British Columbia corporation from granting such an indemnity to an eligible party if:

- at the time the agreement to give indemnity was made the corporation was prohibited from agreeing to grant it by its memorandum or articles;
- at the time the indemnity is made or paid the corporation is prohibited from giving the indemnity or paying the expenses by its memorandum or articles;
- if, in relation to the subject matter of the proceeding, the eligible party did not act honestly and in good faith with a view to the best interests of the corporation; or
- in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, the eligible party did not have reasonable grounds for believing his or her conduct was lawful.

Section 164 of the *Business Corporations Act* (British Columbia) provides that, regardless of whether the payment of expenses or an indemnity is otherwise authorized under the corporation's Articles or whether it is authorized or declined under Division 5 of Part 5 of the *Business Corporations Act*, a court may:

- order a corporation to indemnify an eligible party against any liability incurred in respect of an eligible proceeding;
- order a corporation to pay some or all of the expenses incurred by an eligible party in respect of an eligible proceeding;
- order the enforcement of, or a payment under, an agreement of indemnity;
- order payment of some or all expenses incurred by any eligible person in obtaining a court order under Section 164 of the *Business Corporations Act*; or
- make any other order that the court deems appropriate.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 might be permitted to directors, officers or persons controlling our company under the provisions described above, we have been informed that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

PART II

INFORMATION REQUIRED IN THE REGISTRATION STATEMENT

Item Incorporation of Documents by Reference.

3.

The Securities and Exchange Commission allows us to "incorporate by reference" information into this registration statement, which means that we can disclose important information to you by referring you to another document filed separately with the Securities and Exchange Commission. The information incorporated by reference is deemed to be part of this registration statement on Form S-8, except for any information superseded by information in this registration statement on Form S-8.

The following documents filed by our company with the Securities and Exchange Commission are incorporated herein by reference:

1. Our Annual Report on Form 20-F filed on April 3, 2007; and
2. a description of our common shares that are required pursuant to Section 12(b) of the Securities Exchange Act of 1934 as described below.

In addition to the foregoing, all documents that we subsequently file pursuant to Sections 13(a), 13(c), 14 and 15(d) of the Securities Exchange Act of 1934, prior to the filing of a post-effective amendment indicating that all of the securities offered pursuant to this registration statement have been sold or deregistering all securities then remaining unsold, shall be deemed to be incorporated by reference in this registration statement and to be part hereof from the date of filing of such documents. Any statement contained in a document incorporated by reference in this registration statement shall be deemed to be modified or superseded for purposes of this registration statement to the extent that a statement contained in this registration statement or in any subsequently filed document that is also incorporated by reference in this registration statement modifies or supersedes such statement. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this registration statement.

You may read and copy any reports, statements or other information we have filed at the Securities and Exchange Commission's Public Reference Room at 100 F Street North East, Washington, D.C. 20549. Please call the Securities and Exchange Commission at 1-800-732-0330 for further information on the Public Reference Rooms. Our filings are also available on the Internet at the Securities and Exchange Commission's website at <http://www.sec.gov>.

Description of Common Shares

We are authorized to issue an unlimited number of common shares without par value and an unlimited number of class A preferred shares without par value. Our common shares carry no preemptive, conversion or subscription rights and are not redeemable. Holders of our common shares are entitled to vote at all meetings of shareholders, except meetings at which only holders of a specified class of shares are entitled to vote, are entitled to participate equally in dividends declared by us and, subject to the rights, privileges, restrictions and conditions attaching to any other class of shares, rank equally and are entitled to receive the remaining property of our company upon dissolution or liquidation.

The provisions in our Articles attaching to our common shares may be altered, amended, repealed, suspended or changed by the affirmative vote of the holders of not less than two-thirds of the common shares.

Our Articles provide for three classes of directors with staggered terms. Each director holds office until the expiry of his term or until his successor is elected or appointed, unless his office is earlier vacated in accordance with our Articles or with the provisions of the British Columbia *Business Corporations Act*. At each annual meeting of our company, a class of directors is elected to hold office for a three year term. Successors to the class of directors whose terms expire are identified as being of the same class as the directors they succeed and are elected to

hold office for a term expiring at the third succeeding annual meeting of shareholders. A director appointed or elected to fill a vacancy on the board of directors holds office for the unexpired term of his predecessor.

An annual meeting of shareholders must be held at such time in each year not later than fifteen months after the last preceding annual meeting and at such place as our board of directors, or failing it, our Chairman, Managing Director or President, may from time to time determine. The holders of not less than five percent of our issued shares that carry the right to vote at a meeting may requisition our directors to call a meeting of shareholders for the purposes stated in the requisition. The quorum for the transaction of business at any meeting of shareholders is two persons who are entitled to vote at the meeting in person or by proxy. Only persons entitled to vote, our directors and auditors and others who, although not entitled to vote, are otherwise entitled or required to be present, are entitled to be present at a meeting of shareholders.

As set forth above, our Articles contain certain provisions that would have an effect of delaying, deferring or preventing a change in control of our company, including authorizing the issuance by our board of directors of preferred stock in series, providing for a classified board of directors with staggered, three-year terms and limiting the persons who may call special meetings of shareholders. Our Articles do not contain any provisions that would operate only with respect to a merger, acquisition or corporate restructuring of our company.

Item Description of Securities.

4.

Not applicable.

Item Interests of Named Experts and Counsel.

5.

Not applicable.

Item Indemnification of Directors and Officers.

6.

Articles. Under our Articles our directors must cause our company to indemnify our company's directors and former directors, and their respective heirs and personal or other legal representatives, to the greatest extent permitted by Division 5 of Part 5 of the *Business Corporations Act* (British Columbia).

Business Corporations Act (British Columbia). Division 5 of Part 5 of the Business Corporations Act consists of Sections 159 through 165. Section 160 provides that a corporation may (a) indemnify an eligible party (these consist of the corporation's directors, officers, former directors and former officers and their respective heirs and personal or other legal representatives) against judgments, penalties or fines awarded as the result of an eligible proceeding (consisting of any proceeding in which any eligible party is or may be joined as a party by reason of being or having been a director or officer, or the equivalent of a director or officer, of the corporation) and/or (b) pay the expenses of an eligible party reasonably incurred by that party in respect of such an eligible proceeding after final disposition. Section 161 provides that a British Columbia corporation must pay the expenses incurred by an eligible party in respect of an eligible proceeding if the eligible party is ultimately successful in defending any such proceeding on the merits. Notwithstanding the foregoing, Section 163 prohibits a British Columbia corporation from granting such an indemnity to an eligible party if:

- at the time the agreement to give indemnity was made the corporation was prohibited from agreeing to grant it by its memorandum or articles;
- at the time the indemnity is made or paid the corporation is prohibited from giving the indemnity or paying the expenses by its memorandum or articles;
- if, in relation to the subject matter of the proceeding, the eligible party did not act honestly and in good faith with a view to the best interests of the corporation; or

- in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, the eligible party did not have reasonable grounds for believing his or her conduct was lawful.
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Section 164 of the *Business Corporations Act* (British Columbia) provides that, regardless of whether the payment of expenses or an indemnity is otherwise authorized under the corporation's Articles or whether it is authorized or declined under Division 5 of Part 5 of the *Business Corporations Act*, a court may:

- order a corporation to indemnify an eligible party against any liability incurred in respect of an eligible proceeding;
- order a corporation to pay some or all of the expenses incurred by an eligible party in respect of an eligible proceeding;
- order the enforcement of, or a payment under, an agreement of indemnity;
- order payment of some or all expenses incurred by any eligible person in obtaining a court order under Section 164 of the *Business Corporations Act*; or
- make any other order that the court deems appropriate.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 might be permitted to directors, officers or persons controlling our company under the provisions described above, we have been informed that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

Item 7. Exemption from Registration Claimed.

Not Applicable.

Item 8. Exhibits.

- 4.1 [1997 Stock Option Plan](#)
- 4.2 [Form of Stock Option Agreement](#)
- 5. [Opinion of Clark Wilson LLP](#)
- 23.1 [Consent of Clark Wilson LLP \(included in Exhibit 5\)](#)
- 23.2 [Consent of Independent Registered Chartered Accountants, Deloitte & Touche LLP.](#)
- 23.3 [Consent of Independent Registered Public Accounting Firm, BDO Dunwoody LLP, Chartered Accountants](#)
- 23.4 [Consent of Independent Registered Public Accounting Firm, Peterson Sullivan PLLC](#)

Item 9. Undertakings.

(a) We hereby undertake:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933, as amended;

(ii) To reflect in the prospectus any facts or events arising after the effective date of this registration statement (or the most recent post-effective amendment hereof) which, individually or in the aggregate, represent a fundamental change in

the information set forth in this registration

statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low and high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the SEC pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20 percent change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement; and

(iii) To include any material information with respect to the plan of distribution not previously disclosed in this registration statement or any material change to such information in this registration statement;

PROVIDED, HOWEVER, that paragraphs (a)(1)(i) and (a)(1)(ii) do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed by our company pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in this registration statement.

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at the time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(b) We hereby undertake that, for purposes of determining any liability under the Securities Act of 1933, each filing of our annual report pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 that is incorporated by reference in this registration statement shall be deemed to be a new registration statement relating to the securities offered herein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(h) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and persons controlling our company pursuant to the foregoing provisions, or otherwise, we have been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act of 1933 and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by our company of expenses incurred or paid by a director, officer or controlling person of our company in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, our company will, unless in the opinion of our counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by us is against public policy as expressed in the Securities Act of 1933 and will be governed by the final adjudication of such issue.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-8 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Hong Kong on May 23, 2007.

KHD HUMBOLDT WEDAG INTERNATIONAL LTD.

/s/ Michael J. Smith
By: Michael J. Smith
Chairman, Chief Financial Officer and Secretary
(Principal Financial Officer)

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities and on the date indicated.

SIGNATURES

/s/ James Busche
James Busche, Chief Executive Officer and President
(Principal Executive Officer)
Date: May 23, 2007

/s/ Michael J. Smith
Michael J. Smith
Chairman, Chief Financial Officer and Secretary
(Principal Financial and Accounting Officer)
Date: May 23, 2007

/s/ Shuming Zhao
Dr. Shuming Zhao
Director
Date: May 23, 2007

/s/ Kelvin K. Yao
Dr. Kelvin K. Yao
Date: May 23, 2007

/s/ Silke Brossman
Silke Brossman, Director
Date: May 23, 2007

/s/ Indrajit Chatterjee
Indrajit Chatterjee, Director
Date: May 23, 2007

MFC BANCORP LTD.

1997 STOCK OPTION PLAN

(Amended May 1998)

1. **PURPOSE:** The purpose of this 1997 Stock Option Plan (the “Plan”) is to encourage ownership of the common shares (the “Shares”) of MFC Bancorp Ltd. (the “Corporation”) by directors, officers and key employees of, and by other persons providing ongoing services to, the Corporation or any of its subsidiaries who are primarily responsible for the management and profitable growth of its business and to advance the interests of the Corporation by providing additional incentive for superior performance by such persons and to enable the Corporation to attract and retain valued directors, officers and employees and other persons providing ongoing services to the Corporation. The term “the Corporation”, when used herein, refers to both the Corporation and its subsidiaries, where applicable.
 2. **ADMINISTRATION:** This Plan shall be administered by the board of directors of the Corporation (the “Board”). The Board shall have full authority to interpret this Plan and to make such rules and regulations and establish such procedures as they deem appropriate for the administration of this Plan. A decision of the majority of persons comprising the Board in respect of any matter hereunder shall be binding and conclusive for all purposes and upon all persons.
 3. **SHARES SUBJECT TO THE PLAN:** The total number of Shares which are reserved and set aside for issuance under this Plan shall not exceed 1,267,000 Shares, provided that no one person may be granted options exceeding 5% of the Shares issued and outstanding at the time of grant. All Shares issued pursuant to the exercise of options granted or deemed to be granted under this Plan will be so issued as fully paid Shares. Shares in respect of which options expire, terminate or are cancelled with the consent of the optionee shall be available for subsequent options.
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4. **PARTICIPATION:** Options shall be granted under this Plan only to directors, officers and key employees of, and to other persons who provide ongoing services to, the Corporation (the “Optionee”) as shall be designated from time to time by the Board and shall be subject to the approval of such regulatory authorities as may have jurisdiction.
 5. **TERMS AND CONDITIONS OF OPTIONS:** The terms and conditions of each option granted under this Plan shall include the following, as well as such other provisions, not inconsistent with this Plan, as may be deemed advisable by the Board:
 - (a) Number of Shares : The number of Shares subject to the option.
 - (b) Option Price : The option price of the Shares in respect of which an option may be granted under this Plan shall be fixed by the Board but shall be not less than the fair market value of the Shares at the time the option is granted, as may be determined by the Board. For the purpose of this paragraph, “fair market value” shall be deemed to be the closing market price of the Shares on the NASDAQ National Market or other principal stock exchange (“NNM”) on the day prior to the date of grant of the option. In the event that the Shares are not traded during that time, the “fair market value” shall be the average between the closing bid and ask prices for the Shares on the NNM for the 10 trading days immediately prior to the date the option is granted. In the resolution allocating any option, the Board may determine that the date of grant as aforesaid shall be a future date determined in the manner specified by such resolution provided that in such case:
 - (i) the “fair market value” shall be the weighted average trading price of the Shares on the NNM for the 10 preceding trading days immediately prior to the date of grant of the option; and
 - (ii) in the event that the Shares are not traded during the time in subparagraph (i) above, the “fair market value” shall be the average between the closing bid and asked prices for the Shares on the NNM for the 10 trading days immediately prior to the date of grant of the option.
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The Board may also determine that the option price per Share may escalate at a specified rate dependent upon the year in which any option to purchase Shares may be exercised by the Optionee.

- (c) Payment : The full purchase price for the Shares purchased under the option shall be paid in cash or certified funds upon the exercise thereof. A holder of an option shall have none of the rights of a shareholder until Shares are issued to him.
 - (d) Term of Option : Options may be granted under this Plan exercisable over a period not exceeding ten (10) years. Each option shall be subject to earlier termination as provided in subparagraph (f) of this paragraph 5.
 - (e) Exercise of Option : Subject to the provisions contained in subparagraph (f) of this paragraph 5, no option may be exercised unless the Optionee is then a director, officer or in the full-time employ of the Corporation, or is providing ongoing services to the Corporation. This Plan shall not confer upon the Optionee any right with respect to continuation of employment by the Corporation. Absence on leave approved by an officer of the Corporation authorized to give such approval shall not be considered an interruption of employment for any purpose of this Plan. Subject to the provisions of this Plan, an option may be exercised from time to time by delivery to the transfer agent of the Corporation of written notice of exercise specifying the number of Shares with respect to which the option is being exercised and accompanied by payment in full of the purchase price of the Shares then being purchased.
 - (f) Termination of Options : Any option granted pursuant hereto, to the extent not validly exercised, will terminate on the earlier of the following dates:
 - (i) the date of expiration specified in the option agreement, being not more than ten (10) years after the date upon which the option was granted;
 - (ii) in the case of a director, officer or employee of the Corporation, or other person providing ongoing services to the Corporation, thirty (30) days after the date of termination of the Optionee's employment or after the
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date the Optionee ceases to be a director and/or officer of the Corporation, or ceases providing ongoing services to the Corporation, as the case may be, for any cause other than by retirement, permanent disability or death;

- (iii) six (6) months after the date of the Optionee's death, during which period the option may be exercised only by the Optionee's legal representative or the person or persons to whom the deceased Optionee's rights under the option shall pass by will or the applicable laws of descent and distribution, and only to the extent the Optionee would have been entitled to exercise the option at the time of his death if the employment of the Optionee had been terminated on such date; and
 - (iv) in the case of a director, officer or employee of the Corporation, or other person providing ongoing services to the Corporation, three (3) months after termination of the Optionee's employment by permanent disability or retirement under any retirement plan of the Corporation, during which three (3) month period the Optionee may exercise the option to the extent he was entitled to exercise it at the time of such termination provided that if the Optionee shall die within such three (3) month period, then such right shall be extended to six (6) months following the death of the Optionee and shall be exercisable only by the persons described in subparagraph (f)(iii) hereof and only to the extent therein set forth.
 - (g) Non-transferability of Option : No option shall be transferable by the Optionee other than by will or the laws of descent and distribution and such option shall be exercisable during his lifetime only by him.
 - (h) Applicable Laws or Regulations : The Corporation's obligation to sell and deliver Share under each option is subject to such compliance by the Corporation and any Optionee as the Corporation deems necessary or advisable with all laws, rules and regulations applicable to the authorization and acceptance for listing of the Shares which may be issued upon the exercise thereof by each stock exchange upon which Shares of the Corporation are then listed for trading.
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6. **ADJUSTMENTS IN SHARES SUBJECT TO THE PLAN** : The aggregate number and kind of Shares available under the Plan and the exercise price thereof shall, subject to the prior consent of any applicable regulatory authority, be appropriately adjusted in the event of a reorganization, recapitalization, stock split, stock dividend (other than dividends paid in the ordinary course), combination of shares, merger, consolidation, rights offering or any other change in the corporate structure or shares of the Corporation. In any of such events, the Board may determine the adjustments to be made in the number and kind of Shares covered by options theretofore granted or to be granted and in the option price.
7. **AMENDMENT AND TERMINATION OF PLAN AND OPTIONS** : Subject in all cases to the approval of all regulatory authorities having jurisdiction over the affairs of the Corporation, the Board may, from time to time, amend or revise the terms of this Plan (or any option granted thereunder) or may terminate this Plan (or any option granted thereunder) at any time provided, however, that no such action shall, without the consent of the Optionee, in any manner adversely affect his rights under any option theretofore granted under this Plan.
8. **EFFECTIVE DATE AND DURATION OF PLAN** : This Plan becomes effective on the date of its adoption by the Board and options may be granted immediately thereafter. This Plan shall remain in full force and effect until such time as the Board shall terminate this Plan, and for so long thereafter as options remain outstanding in favour of any Optionee.
9. **APPROVAL OF PLAN** : The establishment of this Plan shall be subject to approval of the shareholders of the Corporation. In addition, all options granted pursuant to this Plan prior to the approval thereof by the shareholders shall also be subject to approval of the shareholders; provided that all options granted subsequent to such approval shall not require approval by the shareholders unless such approval is required by the regulatory authorities having jurisdiction over the affairs of the Corporation.

INCENTIVE STOCK OPTION AGREEMENT

THIS STOCK OPTION GRANT made the _____ day of _____, 20____.

BETWEEN:

KHD HUMBOLDT WEDAG INTERNATIONAL LTD., a body corporate duly continued pursuant to the laws of the Province of British Columbia, Canada and having an office situated at Suite 702, 7th Floor, Ruttonjee House, Ruttonjee Centre, 11 Duddell Street, Central, Hong Kong, SAR China

(the "Corporation")

AND:

_____, _____, of

(the "Optionee")

WHEREAS:

- A. The Optionee is devoting considerable time and effort to the affairs of the Corporation; and
- B. The Corporation wishes to grant a stock option to the Optionee in accordance with the Corporation's 1997 Stock Option Plan (the "Plan") as an incentive for him to contribute to the advancement of the Corporation;

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the premises, mutual covenants and agreements herein contained, the parties hereto agree as follows:

1. The Corporation hereby gives and grants (this "Grant") to the Optionee, upon the terms and conditions contained herein and pursuant to the Plan, the sole and exclusive right and option (the "Option") to purchase _____ (_____) fully paid and non-assessable freely trading common shares in the capital of the Corporation (the "Optioned Shares") at a price of US\$_____ per share, as set by the Compensation Committee on _____. The option to purchase allows you the right to purchase in whole or in part with the following conditions:
 - (a) The Optioned Shares are vested over two years. The first one third (33.33 %) of the Optioned Shares may be purchased immediately, the second one third (33.33%) of the Optioned Shares at the end of twelve months from the date of this Grant and the remaining one third (33.33%) Optioned Shares at the end of twenty four months from the date of this Grant.
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- (b) The option to purchase at any time pursuant to sub paragraph (a) above and from time to time, in whole or in part, on or before _____ (the "Expiry Date").
- (c) You may be granted additional Optioned Shares, depending upon your performance, under the same vested basis as in sub paragraph (a) above which include _____ (_____) Optioned Shares on _____ day of _____ and _____ (_____) Optioned Shares on _____ day of _____. The additional grant of Optioned Shares will be at the sole and absolute discretion of the Corporation.

2. This agreement (the "Agreement") and any subsequent amendments hereto are subject to the prior approval of the regulatory bodies having jurisdiction and of the shareholders of the Corporation by resolution at any meeting thereof, and, accordingly, the Option shall not be exercised prior to the said approvals having been obtained by the Corporation. An Optionee as no rights of a shareholder until the Optioned Shares are issued to them.

3. In the event the Optionee ceases voluntary or involuntary, to act as a director, officer or employee of, or other person providing ongoing services to, the Corporation or any of its subsidiaries, for any cause other than retirement under any retirement plan of the Corporation or any of its subsidiaries, permanent disability or death, all the rights granted to him hereunder with respect to any of the Optioned Shares which have not been previously purchased, shall cease, terminate, and be of no further force and effect 30 days thereafter; PROVIDED HOWEVER that such period shall not extend beyond the Expiry Date.

4. In the event of the death of the Optionee during the term of the Option, the Optionee's personal representative shall be entitled to purchase all or any part of the Optioned Shares not previously purchased, for a period not exceeding six months following the date of the death of the Optionee; PROVIDED HOWEVER that such period shall not extend beyond the Expiry Date.

5. In the event the Optionee ceases to act as a director, officer or employee of, or other person providing ongoing services to, the Corporation or any of its subsidiaries as a result of permanent disability or retirement under any retirement plan of the Corporation, all the rights granted to him hereunder with respect to any of the Optioned Shares which have not been previously purchased, shall cease, terminate, and be of no further force and effect three months thereafter; PROVIDED HOWEVER that such period shall not extend beyond the Expiry Date.

6. The Option shall be non-transferable and non-assignable and can not pledged without the Corporation's written consent and, subject to Paragraph 4, shall be exercisable only by the Optionee by giving his notice in writing to the Corporation at its address set out above, which notice shall specify the number of Optioned Shares in respect of which the Option is being exercised and shall include payment, by cash or certified cheque, of the full amount of the purchase price for the number of shares purchased. Upon such exercise of the Option, the Corporation shall forthwith cause the registrar and transfer agent of the Corporation to deliver to the Optionee, or his agent, a certificate or certificates in the name of the Optionee representing in the aggregate such number of Optioned Shares purchased.

7. Nothing contained herein shall obligate the Optionee to purchase and/or pay for any Optioned Shares, except for those Optioned Shares in respect of which the Optionee shall have exercised the Option pursuant to Paragraph 6.

8. In the event the issued and outstanding shares in the capital of the Corporation are changed by a stock dividend (other than in lieu of a cash dividend), subdivision, consolidation, reduction in capital

or otherwise recapitalized or reclassified (whether in connection with a merger or otherwise but not in connection with any issuance of additional shares for consideration) the Option shall be adjusted.

(written notice of such adjustment shall be delivered to the Optionee at such last known address as may appear on the records of the Corporation) as follows:

(a) the number and class of shares subject hereto shall then be such as to permit the Optionee upon the exercise hereof to acquire the same equity in the Corporation as he would have acquired if immediately prior to such capital transaction he had been the holder of that number of shares then under option but not previously purchased and issued hereunder; and

(b) the purchase price of each such share shall then be increased or decreased proportionately as the case may require in order that the purchase price for the equity in the Corporation actually purchased shall be the equivalent of the purchase price for such equity immediately prior to such capital transaction.

9. If the Corporation shall be dissolved or amalgamated with another company into a new company or merged with another company so that such other company is the surviving corporation, the Option shall terminate; PROVIDED HOWEVER that the Optionee shall have the right between the time of the last required official action of shareholders and/or directors meetings and the final step consummating such dissolution, merger or amalgamation to exercise the Option in whole or in part.

10. The Corporation agrees to furnish the Optionee with written notice (not less than 30 days) delivered to such last known address of the Optionee as may appear on the records of the Corporation, of the events contemplated in Paragraph 9 and of any other contemplated distribution, rights offering or similar benefit conferred upon the holders of shares in the capital of the Corporation in order for the Optionee to determine whether or not to exercise the Option in whole or in part.

11. The term of the Option shall expire on the Expiry Date with respect to those Optioned Shares of which the Option has not then been exercised.

12. (a) The Option may be terminated by the Corporation by notice in writing on the occurrence of either of the following events:

(b) if the Optionee engages in any act which constitutes a breach of any securities laws having jurisdiction over the Corporation or any regulation, rule or written policy statement imposed thereunder; or

(c) if the Optionee engages in any act which constitutes a breach of any rule, by-law or written policy of any stock exchange or other organized market having jurisdiction over the Corporation.

(d) Termination under the foregoing shall be effective at the time of delivery of the notice under Paragraph 12(a) to the Optionee at such last known address of the Optionee as may appear on the records of the Corporation.

13. Any notice required to be given under this Agreement shall be deemed to be well and sufficiently given if delivered, sent by electronic communication or mailed by registered mail to the party to receive such notice at the address of such party set out above or, with respect to the Optionee, at such last known address as may appear on the records of the Corporation. Any notice given as aforesaid shall be deemed to have been given if delivered, when delivered, if sent by electronic communication, on the day of transmittal thereof if given during normal business hours of the recipient and on the business day during which such normal business hours next occur if not given during such hours on

any day, or if mailed, on the seventh business day after the date of mailing. Either party may from time to time by notice in writing change its address for the purposes of this Paragraph.

14. The Optionee acknowledges that he has received and had an opportunity to review the Plan, a copy of which is available from the Corporation upon request.

15. For the purposes of the *Securities Act*, R.S.B.C. 1996, c.418, Section 74(2)(9), the Corporation declares and the Optionee acknowledges that the Optionee is under no requirement to exercise the Option, in whole or in part, in expectation or as a condition of the Optionee acting or continuing to act as a director, officer or employee of, or a person providing ongoing services to, the Corporation or any of its subsidiaries.

16. The Optionee acknowledges that the grant of the Option and the issuance by the Corporation of the Optioned Shares thereunder are exempt from prospectus, registration and qualification requirements under applicable securities legislation and have not been registered or otherwise qualified under any applicable securities legislation.

17. The Optionee acknowledges that the Optioned Shares have not been registered under the United States *Securities Act of 1933* (the "1933 Act"), as amended, or the securities laws of any state thereof and may not be offered, sold or delivered, directly or indirectly, in the United States or to a U.S. person unless registered or an exemption from registration is available. In this Agreement, the "United States" means the United States of America and includes its territories, possessions and all areas subject to its jurisdiction, and the term "U.S. person" has the meaning as defined in Regulation S made under the 1933 Act.

18. The Optionee covenants and agrees that the Optionee will, prior to and upon any sale or disposition of the Optioned Shares, comply with all applicable securities laws and all applicable rules and regulations of all regulatory authorities to which the Corporation is subject, including any stock exchange or other organized market on which the common shares in the capital of the Corporation may be listed or traded, and will not offer, sell or deliver any Optioned Shares, directly or indirectly, in the United States or to any U.S. person, except in compliance with the securities laws of the United States.

19. The Corporation will have no obligation to issue any Optioned Shares to the Optionee upon the exercise of the Option unless the board of directors of the Corporation is satisfied that the issuance of the Optioned Shares to the Optionee will be exempt from all registration or qualification requirements of applicable securities laws and will be permitted under the applicable rules and regulations of all regulatory authorities to which the Corporation is subject, including any stock exchange or other organized market on which the common shares in the capital of the Corporation may from time to time be listed or traded.

20. The Optionee acknowledges that any certificate issued in respect of the Optioned Shares, if such Optioned Shares are subject to resale restrictions, will bear a legend to that effect, provided that if, at any time, in the opinion of counsel to the Corporation, such legends are no longer necessary in order to avoid a violation of any such laws, or the holder of any such legended certificate, at its expense, provides the Corporation with evidence satisfactory in form and substance to the Corporation (which may include an opinion of counsel satisfactory to the Corporation) to the effect that such holder is entitled to sell or otherwise transfer such Optioned Shares or other securities in a transaction in which such legends are not required, such legended certificates may thereafter be surrendered to the Corporation in exchange for certificates which do not bear such legends.

21. This Agreement shall enure to the benefit of and be binding upon the Corporation and its successors and assigns and the Optionee and his heirs, executors and administrators, and wherever

reference is made to the Optionee, the same shall be construed to mean his personal legal representative, wherever the context so requires.

22. Wherever the singular or masculine are used in this Agreement, the same shall be construed as being the plural or feminine or neuter where the context so requires.

23. Time shall be of the essence of this Agreement.

24. This Agreement shall be governed by and interpreted in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein.

25. This Agreement may be executed in several parts in the same form and by facsimile and such parts as so executed shall together constitute one original document, and such parts, if more than one, shall be read together and construed as if all the signing parties had executed one copy of the Agreement.

IN WITNESS WHEREOF the parties hereto have executed this Agreement effective as of the date first written above.

KHD HUMBOLDT WEDAG INTERNATIONAL LTD.

By: _____

C/S

Name: JIM BUSCHE

Title: President and Chief Executive Office

SIGNED, SEALED and DELIVERED by)
_____)
in the presence of:)
_____)
Name)
_____)
Address)
_____)
Occupation)

Clark Wilson LLP

Barristers & Solicitors

Patent & Trade-mark Agents

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Vancouver, BC V6C 3H1

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E-Mail Address central@cwilson.com

Our File No. 27595-01/CW1184061.1

May 23, 2007

KHD Humboldt Wedag International Ltd.
Suite 702, 7th Floor
Ruttonjee House, Ruttonjee Centre
11 Duddell Street
Central, Hong Kong
SAR, China

Dear Sirs:

Re: Registration Statement on Form S-8

We are counsel to KHD Humboldt Wedag International Ltd. (the "Company"), a corporation continued under the laws of the Province of British Columbia. In such capacity, we have assisted in the preparation of the registration statement of the Company on Form S-8 (the "Registration Statement") covering up to 1,364,500 common shares (the "Shares") that may be issued pursuant to the 1997 Stock Option Plan (Amended May 1998).

We have examined originals or copies, certified or otherwise identified to our satisfaction of the resolutions of the directors of the Company with respect to the matters herein. We have also examined such statutes and public and corporate records of the Company, and have considered such questions of law as we have deemed relevant and necessary as a basis for the opinion expressed herein. We have, for the purposes of this opinion, assumed the genuineness of all signatures examined by us, the authenticity of all documents and records submitted to us as originals and the conformity to all original documents of all documents submitted to us as certified, photostatic or facsimile copies.

Based upon and subject to the foregoing, and subject also to the qualifications hereinafter expressed, we are of the opinion that each Share to be issued by the Company and sold pursuant to the Registration Statement will be, when issued pursuant to the terms of the agreements, validly issued, fully paid and non-assessable.

This opinion letter is limited to the current federal laws of Canada and the Province of British Columbia, as such laws presently exist and to the facts as they presently exist. We express no opinion with respect to the effect or applicability of the laws of any other jurisdiction. We assume no obligation to revise or supplement this opinion letter should the laws of such jurisdiction be changed after the date hereof by legislative action, judicial decision or otherwise.

This opinion is being furnished solely in connection with the filing of the Registration Statement with the Securities and Exchange Commission, and we hereby consent to the use of this opinion as an exhibit to the Registration Statement. This consent is not to be construed as an admission that we are a person whose consent is required to be filed with the Registration Statement under the provisions of the *Securities Act of 1933*, as amended. This

opinion may not be relied upon, used by or distributed to any person or entity for any other purpose without our prior written consent.

Yours truly,

CLARK WILSON LLP

/s/ Clark Wilson LLP

CONSENT OF INDEPENDENT REGISTERED CHARTERED ACCOUNTANTS

We consent to the incorporation by reference in this Registration Statement on Form S-8 of our report dated March 30, 2007, relating to the consolidated financial statements of KHD Humboldt Wedag International Ltd. (which audit report expresses an unqualified opinion on the consolidated financial statements and includes separate paragraphs referring to our consideration of internal control over financial reporting and periods audited by other auditors and also includes a separate report titled “Comment by Independent Registered Chartered Accountants on Canada — United States of America Reporting Difference” referring to a change in accounting principle that has been implemented in the financial statements) appearing in the Annual Report on Form 20-F of KHD Humboldt Wedag International Ltd for the year ended December 31, 2006.

/s/ Deloitte & Touche LLP

Deloitte & Touche LLP
Independent Registered Chartered Accountants
Vancouver, Canada
May 23, 2007

Member of
Deloitte Touche Tohmatsu

Consent of Independent Registered Public Accounting Firm

KHD Humboldt Wedag International Ltd.
Hong Kong SAR, China

We hereby consent to the incorporation by reference in the Prospectus constituting a part of this Registration Statement of our report dated March 24, 2006 (except note 3 which is as at March 21, 2007), relating to the consolidated financial statements of KHD Humboldt Wedag International Ltd. appearing in the Company's Annual Report on Form 20-F for the year ended December 31, 2006.

/s/ BDO Dunwoody LLP

Vancouver, Canada

May 23, 2007



PETERSON SULLIVAN PLLC

CERTIFIED PUBLIC ACCOUNTANTS
401 UNION STREET, SUITE 2300
SEATTLE, WASHINGTON 98101

Tel 206.382.7777 • Fax 206.382.7700
<http://www.pscpa.com>

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in this Form S-8 of KHD Humboldt Wedag International Ltd. of our report dated March 18, 2005 (March 22, 2007, as to the effects of the discontinued operations reclassification discussed in Note 3 to the consolidated financial statements) relating to the consolidated financial statements of KHD Humboldt Wedag International Ltd. and Subsidiaries appearing in the Annual Report on Form 20-F of KHD Humboldt Wedag International Ltd. for the year ended December 31, 2006.

/S/ PETERSON SULLIVAN PLLC

Seattle, Washington
May 23, 2007