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January 4, 2006

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - Securities Act s. 48, 76 Corp Acquisitions & Reorgs - Exemption from s. 34(1)(a) requirement to be registered as a dealer for a trade and s. 61 requirement to file a prospectus for a distribution in connection with a corporate acquisition or reorganization - Trades by an issuer to its shareholders in securities of another company that it owns (e.g. spin-off transactions) - The issuer will distribute the shares of the other company as a dividend to the issuer's shareholders; the other company is not a reporting issuer; the issuer has a *de minimis* connection to Canada; as a result of the transfer, the shareholders of the issuer will hold their interests in the subsidiary directly as opposed to indirectly through their shareholdings of the issuer

Applicable British Columbia Provisions

Securities Act, R.S.B.C. 1996, c. 418, ss. 34(1)(a), 48, 61 and 76

In the Matter of
the Securities Legislation of
British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec,
Newfoundland and Labrador, New Brunswick, Nova Scotia, and Prince Edward
Island (the Jurisdictions)

and

In the Matter of
the Mutual Reliance Review System for Exemptive Relief Applications

and

In the Matter of
KHD Humboldt Wedag International Ltd. (the Filer)

MRRS Decision Document

Background

The local securities regulatory authority or regulator (the Decision Maker) in each of the Jurisdictions has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the Legislation) for an exemption from the prospectus and dealer registration requirements for its proposed distribution of Class A common shares (the Sutton Park Shares) of Sutton Park International Ltd. (Sutton Park) to holders of shares of common stock of the Filer

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(the KHD Shareholders) resident in Canada by way of pro rata dividend in kind (the Requested Relief).

Under the Mutual Reliance Review System for Exemptive Relief Applications:

- (a) the British Columbia Securities Commission is the principal regulator for this application; and
- (b) this MRRS decision document evidences the decision of each Decision Maker.

Interpretation

Defined terms contained in National Instrument 14-101 *Definitions* have the same meaning in this decision unless they are defined in this decision.

Representations

This decision is based on the following facts represented by the Filer:

1. the Filer is a British Columbia corporation with its head office in Hong Kong;
2. the Filer is a reporting issuer in British Columbia, Alberta and Québec and is not in default of the Legislation in those jurisdictions;
3. KHD operates two business segments: (1) industrial and engineering services and (2) financial services;
4. KHD is currently realigning its business to focus on expanding its industrial and engineering services and to align the financial services segment to compliment the industrial and engineering segment;
5. as part of its realignment, the Filer intends to spin-off its wholly-owned subsidiary, Sutton Park;
6. Sutton Park is a Barbados corporation, is not a reporting issuer in Canada and has no intention of becoming a reporting issuer in Canada;
7. the common shares of KHD (the KHD Shares) are listed on the NASDAQ National Market (the NASDAQ);
8. as of December 21, 2005, to the best of the Filer's information, the Filer's registered and beneficial shareholders resident in Canada hold approximately 167,321 KHD Shares, constituting less than 1.3 % of the approximately

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13,629,935 outstanding KHD Shares (after KHD Shares held by affiliates are cancelled);

9. the Filer intends to distribute all of the outstanding Sutton Park Shares to KHD Shareholders on a pro rata basis (the Spin-Off) using the following steps:
 - (a) the Filer will transfer approximately twenty-one of its subsidiaries, which are involved or related to financial services and not complimentary to the Filer's industrial and engineering business, to Sutton Park,
 - (b) the capital of Sutton Park will be altered to create the Sutton Park Shares and Class A preferred shares (the Preferred Shares),
 - (c) the Filer will exchange its common shares in Sutton Park for the Preferred Shares and the Sutton Park Shares,
 - (d) the Filer will declare a dividend payable to the KHD Shareholders payable by distribution of the Sutton Park Shares that the Filer received on the exchange, and
 - (e) as a result of the distribution, each KHD Shareholder will receive one Sutton Park Share for each KHD Share held by such shareholder;
10. KHD Shareholders will not be required to pay for Sutton Park Shares they receive in the Spin-Off, to surrender or exchange their KHD Shares, or to take any other action in connection with the Spin-Off;
11. after the Spin-Off, KHD Shares will continue to be listed and traded on the NASDAQ and Sutton Park will apply to be listed and traded on the Cayman Islands Stock Exchange or other acceptable exchange or market;
12. Sutton Park does not intend to list its shares on any stock exchange in Canada or to become a reporting issuer in any jurisdiction in Canada;
13. the dividend and Spin-Off will be effected in compliance with the corporate laws of British Columbia;
14. the Filer will prepare an information circular that will contain information substantially similar to that information which would be made available to shareholders in a proxy or information statement, complying with Schedule 14A or 14C of the 1934 Act, describing the Spin-Off and Sutton Park (the Information Statement);

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15. KHD Shareholders will receive a copy of the Information Statement;
16. shareholder approval of the proposed Spin-Off is not required under the laws of British Columbia;
17. there are no exemptions available to distribute the Sutton Park Shares under the Spin-Off because Sutton Park is not a reporting issuer in any Jurisdiction;
18. the Filer will send all materials relating to the Spin-Off and the dividend that it sends in the United States (including the Information Statement) to the KHD Shareholders resident in Canada at the same time; and
19. following the Spin-Off, Sutton Park will send to its shareholders the disclosure materials required under Barbados law and the rules of the Cayman Islands Stock Exchange, which include audited annual financial statements, annual reports by the directors on the operations of Sutton Park, interim reports with financial statements in respect of the first six months of Sutton Park's financial year and other continuous disclosures, or the rules of another acceptable exchange or market.

Decision

Each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the decision has been met.

The decision of the Decision Makers under the Legislation is that the Requested Relief is granted provided that the first trade of Sutton Park Shares acquired under this decision is deemed to be a distribution or primary distribution to the public under the Legislation of the Jurisdiction in which the trade takes place unless the conditions in section 2.6(3) or, in Manitoba, section 2.14, of National Instrument 45-102 *Resale of Securities* are satisfied.

Martin Eady, CA
Director, Corporate Finance
British Columbia Securities Commission