

THE SECURITIES ACT

)

Order No. 4710

)

Section 20(1)

)

March 16, 2005

## **HYTEK LTD.**

### **WHEREAS:**

(A) Application has been made by the Vendors (as defined below) being shareholders of Hytek Ltd., and its affiliates 4530951 Manitoba Ltd. and 4740009 Manitoba Ltd. (collectively the "Hytek Companies") to The Manitoba Securities Commission (the "Commission") for an Order (the "Order") under Section 20(1) of The Securities Act, R.S.M. 1988 c.S50 (the "Act") exempting the Vendors from the registration and the prospectus requirements of the Act in connection with trades in shares of the Hytek Companies made to the Purchasers (as defined below).

(B) It has been represented to the Commission that:

1. Hytek is a corporation created under the laws of the Province of Manitoba pursuant to Articles of Amalgamation dated February 1, 2005, with its registered and head office located in La Broquerie, Manitoba.
2. Canco 1 is a corporation created under the laws of the Province of Manitoba on December 2, 2004.
3. Canco 2 is a corporation created under the laws of the Province of Manitoba on May 20, 2003.
4. The Hytek Companies are not reporting issuers or the equivalent under the securities legislation of any jurisdiction in Canada and none of the securities of any of the Hytek Companies are listed for trading on any stock exchange.
5. The authorized capital of Hytek consists of an unlimited number of Class 1 Common Shares, Class 2 Common Shares, Class 3 Common Shares, Class 4 Common Shares, Class 5 Common Shares, Class 6 Common Shares, Class 7 Common Shares, Class 8 Common Shares, Class 9 Common Shares, Class 10 Common Shares, Class A Preference Shares and Class B Preference Shares, of which 27,847,247 Class 1 Common Shares, 1,178,501 Class 2 Common Shares, 320,163 Class 3 Common Shares and 9,817,316 Class 4 Common Shares are presently issued and outstanding.
6. The authorized capital of Canco 1 consists of an unlimited number of Class 1 Common Shares, Class 2 Common Shares, Class 3 Common Shares, Class 4 Common Shares, Class 5 Common Shares, Class 6 Common Shares, Class 7 Common Shares, Class 8 Common Shares, Class 9 Common Shares, Class 10

Common Shares, Class A Non-Voting Preference Shares and Class B Voting Preference Shares, of which 36,000 Class 1 Common Shares and 9,000 Class 2 Common Shares are presently issued and outstanding.

7. The authorized capital of Canco 2 consists of an unlimited number of Class A Common Voting Shares, Class B Common Voting Shares, Class A Non-Voting Preference Shares, Class B Non-Voting Preference Shares, and Class C Voting Preference Shares, of which 1,000,000 Class A Common Voting Shares are presently issued and outstanding.

8. The Hytek Companies are controlled by Mr. Donald Janzen, The Donald Janzen Family Trust and Mr. Janzen's son, Jeremy Janzen (collectively the "Principal Shareholders").

9. The Principal Shareholders and four members of the executive management group of the Hytek Companies, namely Grant Lazaruk, Claude Vielfaure, Denis Vielfaure and Henry Van de Velde (collectively, the "Management Group") who, together with their respective family trusts, are also shareholders of the Hytek Companies (the Principal Shareholders, the Management Group and such family trusts are herein collectively referred to as the "Vendors"), propose to sell certain shares in the Hytek Companies to certain persons and individuals on terms and conditions that will enable the trades to be exempt from the registration and prospectus requirements of applicable securities laws.

10. Proposed trades in shares of the Hytek Companies, as more particularly described in the Application, by the Vendors to Val-Bet Enterprises Ltd. and Tanis Siemens (collectively the "Purchasers"), are subject to the registration requirements of the Act and where applicable, the prospectus requirements of the Act, however, for technical reasons, the proposed trades by the Vendors do not qualify for exemption from the registration and, where applicable, the prospectus requirements of the Act.

11. Val-Bet Enterprises Ltd. is a Manitoba company, the outstanding equity shares of which are owned as to 50% by Andy Waddell, an employee of Hytek who does not qualify as an Accredited Investor as defined under Multilateral Instrument 45-103 "Capital Raising Exemptions" ("MI 45-103"), and the remaining 50% by Mr. Waddell's mother, Bonnie Heather Waddell, who qualifies as an Accredited Investor as defined under MI 45-103.

12. Tanis Siemens is not an Accredited Investor as defined in MI 45-103, but Howard Siemens, her husband and an employee of Hytek, is an Accredited Investor as defined in MI 45-103 and is acquiring shares in the Hytek Companies from the Vendors.

13. Each Purchaser has retained independent legal counsel to provide advice, review documentation and negotiate the form of Share Purchase and Sale Agreements.

14. Each Purchaser shall purchase shares in the Hytek Companies as principal and not with a view to the resale or distribution for an aggregate acquisition cost in excess of \$97,000.

15. Due to the manner in which the Hytek Companies have been organized whereby United States operations are conducted through affiliated corporations, Canco 1 and Canco 2, rather than through wholly owned subsidiaries, the sale by the Vendors of a .375% interest in the Hytek Companies to Val-Bet and a .187% interest in the Hytek Companies to Tanis Siemens involves the sale of the securities of two additional issuers and, therefore, in order for the various dispositions to occur without affecting the relative interest of the various Vendors in the Hytek Companies, it is necessary for each Vendor to dispose of their proportionate interest in each of the issuers, thereby necessitating the multiple trades in the shares of each issuer, as more particularly described in the Application.

16. Thus, while the form of the proposed trades to the Purchasers makes it difficult to bring the transactions within the strict wording of Sections 19(3) and 58(1) of the Act and Section 90 of the regulations made thereunder (collectively the "Private Placement Exemptions"), the substance of the transactions whereby each Purchaser will acquire, as principal, securities having an aggregate acquisition cost in excess of \$97,000 brings each Purchaser within the ambit of those persons to whom the Private Placement Exemptions were intended to apply.

(C) The Commission is satisfied in the circumstances of this particular case that it would not be prejudicial to the public interest to grant the Order requested.

**IT IS ORDERED:**

**1. THAT**, under Section 20(1) of the Act, the trades in shares of the Hytek Companies made by the Vendors to the Purchasers, as more particularly described in the attached Schedules "A" and "B", are exempt from the registration and, where applicable, the prospectus requirements imposed by Sections 6 and 37 of the Act.

**2. THAT** the fee for this order shall be \$1000.00.

**BY ORDER OF THE COMMISSION.**

DEPUTY DIRECTOR – LEGAL

**Schedule "A"****Purchaser: VAL-BET ENTERPRISES LTD.**

Trades in Hytek Ltd. Shares by Vendors:

Type	Number of Shares	Purchase Price
Class 4	15,692	\$65,654.00
Class 4	11,795	49,348.00
Class 3	736	2,311.00
Class 4	13,029	54,513.00
Class 4	13,791	57,702.00
Class 4	5,712	23,900.00
Class 4	5,460	22,845.00
		\$276,273.00

Trades in 4530951 Manitoba Ltd. Shares by Vendors:

Type	Number of Shares	Purchase Price
Class 2	24.06	\$1,326.73
Class 2	18.08	997.24
Class 2	41.97	2,314.34
Class 2	8.76	483
Class 2	8.37	461.69
		\$5,583.00

Trades in 4740009 Manitoba Ltd. Shares by Vendors:

Type	Number of Shares	Purchase Price
A Common	891.22	\$4,311.73
A Common	669.89	3,240.93
A Common	1,554.65	7,521.41
A Common	324.43	1,569.62
A Common	310.11	1,500.31
		\$18,144.00

**Schedule "B"****Purchaser: TANIS SIEMENS**

Trades in Hytek Ltd. Shares by Vendors:

Type	Number of Shares	Purchase Price
Class 4	7,846	\$32,827.00
Class 4	5,897	24,674.00
Class 3	368	1,155.00
Class 4	6,515	27,257.00
Class 4	6,896	28,851.00
Class 4	2,856	11,950.00
Class 4	2,730	11,423.00
		\$138,137.00

Trades in 4530951 Manitoba Ltd. Shares by Vendors:

Type	Number of Shares	Purchase Price
Class 2	12.03	\$663.23
Class 2	9.04	498.55
Class 2	20.99	1,156.97
Class 2	4.38	241.46
Class 2	4.19	230.79
		\$2,791.00

Trades in 4740009 Manitoba Ltd. Shares by Vendors:

Type	Number of Shares	Purchase Price
A Common	445.61	\$2,155.85
A Common	334.94	1,620.47
A Common	777.33	3,760.71
A Common	162.22	784.81
A Common	155.06	750.16
		\$9,072.00