

BC FORM 53-901F

SECURITIES ACT

MATERIAL CHANGE REPORT UNDER SECTION 85(1) OF THE SECURITIES ACT

Item 1. Reporting Issuer

IntraCoastal System Engineering Corporation (the "Issuer")
Suite 540 — 220 Cambie Street
Vancouver, BC V6B 2M9

Item 2. Date of Material Change

February 19, 2002

Item 3. Press Release

News Release dated February 19, 2002 was disseminated through Canada Stockwatch and Market News.

Item 4. Summary of Material Change

The Issuer reported that pursuant to the agreement signed with Power Company No. 3 ("PC3") of Da Nang City, Vietnam and the purchase order received from PC3 on December 6, 2001, the Issuer has received a down payment and an irrevocable letter of credit valued at approximately \$240,000 for the purchase of 300 automatic meter reading concentrators.

Item 5. Full Description of Material Change

The Issuer reported that pursuant to the agreement signed with Power Company No. 3 ("PC3") of Da Nang City, Vietnam and the purchase order received from PC3 on December 6, 2001, the Issuer has received a down payment and an irrevocable letter of credit valued at approximately \$240,000 for the purchase of 300 automatic meter reading ("AMR") concentrators. The concentrators are scheduled for delivery over the next two months and will be used in conjunction with the remote units ("RU") manufactured from the 50,000 chip order delivered by the Issuer to PC3 in January 2002.

PC3 is the exclusive manufacturer and marketing agent for the Issuer in Vietnam. PC3's RU manufacturing and installation operation is now at full capacity. PC3 has installed over 7,000 RU's and intends to install the Issuer's AMR system throughout its entire power grid of 400,000 consumers.

PC3 is one of the five main electricity companies in Vietnam serving over 5 million consumers. Four other electric companies are also currently evaluating the Issuer's automatic meter reading system for deployment in their respective regions of Vietnam.

Item 6. Reliance on Section 85(2) of the Act

If the report is being filed on a confidential basis in reliance on Section 85(2) of the Act, state the reasons for that reliance.

Not applicable

Item 7. Omitted Information

Not applicable

Item 8. Senior Officers

Edison Ho, Chief Financial Officer
Telephone: (604) 717 - 6373

Item 9. Statement of Senior Officer

The foregoing accurately discloses the material change referred to herein.

DATED at Vancouver, British Columbia, the 19th day of February, 2002.

INTRACOASTAL SYSTEM ENGINEERING CORPORATION

Per: “Edison Ho”

Edison Ho,
Chief Financial Officer