

**ZTEST ELECTRONICS INC.
1305 MATHESON BLVD. EAST
MISSISSAUGA, ONTARIO
L4W 1R1**

Ontario Securities Commission
20 Queen Street West
8th Floor
Toronto, Ontario
M5H 3S8

Dear Sirs:

**RE: Material Change Report
Ontario Securities Act. Sec. 75 (2)**

1. The name of the Reporting Issuer is **ZTEST Electronics Inc.** ("ZTEST") whose principal office is at 1305 Matheson Blvd. East, Mississauga, Ontario, L4W 1R1.
2. The material change occurred on December 29, 1999
3. A Press Release was published at Toronto on the Canadian Corporate News Inc. newswire on January 5, 1999.
4. ZTEST Electronics Inc. announced that it had concluded negotiations with ten (10) arm's-length institutional and individual investors resulting in private placements in the total amount of \$3,770,000.
5. The private placees subscribed for 1,508,000 Units (the "Units") of ZTEST on the basis of one (1) Unit for each \$2.50 of funds advanced. The Units consist of one (1) common share of ZTEST and three-tenths (3/10ths) of a share purchase warrant with each full warrant entitling the holder to acquire one (1) additional common share of ZTEST at a price of \$3.00 for the first year following closing, \$3.50 for the second year following closing and \$4.00 for the third year following closing. The placements closed on December 29, 1999. The consideration for the Units was the transfer of 1,830,000 Preferred Shares of Nexsys Commtech International Inc. ("Nexsys") valued at \$1,500,000, the assignment of \$1,900,000 of debentures issued by Nexsys, bearing interest at the rate of 6% per year calculated semi-annually and not in advance and coming due on either March 3 or May 28, 2003 and \$370,000 in cash.

The cash portion of the proceeds will be used for working capital purposes and potential acquisitions.

ZTEST currently holds 5,445,314 common shares of Nexsys and 1,830,000 voting preferred shares of Nexsys representing 44.42% of the voting securities of Nexsys. ZTEST also holds warrants to acquire an additional 302,409 common shares of Nexsys.

6. This report is not being filed on a confidential basis in reliance on subsection 75(3) of the Ontario Securities Act.
7. No information has been omitted because it is believed it should remain confidential.
8. For further information, please contact Mr. James E. Lalonde, Manager, Corporate Development, at (905) 238-3543 or visit our website at <http://www.ztest.com>.

9. The foregoing accurately discloses the material change referred to herein.

DATED at Toronto, Ontario this 7th day of January, 2000.

"William R. Johnstone"

WILLIAM R. JOHNSTONE
Secretary

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