BC FORM 53-901F (Previously Form 27)
FORM 27 (ALBERTA)

SECURITIES ACT

MATERIAL CHANGE REPORT UNDER SECTION 85(1) OF THE SECURITIES ACT (BRITISH COLUMBIA) AND SECTION 118(1) OF THE SECURITIES ACT (ALBERTA)

ITEM 1 REPORTING ISSUER

Executive Inn Group Corporation
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ITEM 2 DATE OF MATERIAL CHANGE

May 16, 2002

ITEM 3 NEWS RELEASE

May 16, 2002 through the facilities of the TSX Venture Exchange.

ITEM 4 SUMMARY OF MATERIAL CHANGE

Executive Inn Inc, a wholly owned subsidiary of Executive Inn Group Corporation, has withdrawn its bid to acquire all of the issued and outstanding common shares (the “Shares”) of HARS Systems Inc. (“HARS”). Executive Inn Inc. and Executive Inn Group Corporation entered into a lock-up agreement with Pegasus Acquisition Ltd., a wholly owned subsidiary of Pegasus Solutions, Inc. Pursuant to the lock-up agreement, Executive Inn Inc has agreed to unconditionally deposit 6,788,377 Shares, to an offer by Pegasus to acquire the Shares at a price of $0.62 per share, in the event that Pegasus makes such an offer.

ITEM 5 FULL DESCRIPTION OF MATERIAL CHANGE

Executive Inn Inc.(“EII”), a wholly owned subsidiary of Executive Inn Group Corporation, (CDNX: “EIG”) has withdrawn its bid to acquire all of the issued and outstanding Shares of HARS at a price of $0.57 per share. EII now owns a total of 6,788,377 common shares of HARS representing approximately 32.7% of the total issued and outstanding common shares of HARS. EII has acquired an additional 129,080 Shares at a price of $0.52 per share pursuant to a right of first refusal.

EII and EIG have entered into a lock-up agreement with Pegasus Acquisition Ltd., (“Pegasus”) a wholly owned subsidiary of Pegasus Solutions, Inc. (NASDAQ: PEGS). Pursuant to the lock-up agreement, EII has agreed to unconditionally deposit 6,788,377 Shares, to an offer (the “Offer”) by Pegasus to acquire the Shares at a price of $0.62 per share, in the event that Pegasus makes such an Offer. The obligation of Pegasus to make the Offer is conditional upon, among other things, Pegasus locking up, prior to May 27, 2002, a further 5,743, 975 Shares.

ITEM 6 RELIANCE ON SECTION 85(2) OF THE SECURITIES ACT (BC) AND SECTION 118(2) OF THE SECURITIES ACT (ALBERTA)

N/A

ITEM 7 OMITTED INFORMATION

N/A

ITEM 8 SENIOR OFFICERS

Salim Sayani – Chief Executive Officer, Tel., 604-542-5252
Hanif Mawji - Chief Financial Officer, Tel. 604-542-5258

ITEM 9 STATEMENT OF SENIOR OFFICER

The foregoing accurately discloses the material change referred to in this report.

Dated at Vancouver, B.C. this 10th day of June, 2002.

"Hanif Mawji"
Hanif Mawji, Chief Financial Officer

IT IS AN OFFENCE UNDER THE SECURITIES ACT, THE SECURITIES REGULATION AND THE ALBERTA SECURITIES COMMISSION RULES FOR A PERSON OR COMPANY TO MAKE A STATEMENT IN A DOCUMENT REQUIRED TO BE FILED OR FURNISHED UNDER THE ACT OR THE REGULATIONS THAT, AT THE TIME AND IN THE LIGHT OF THE CIRCUMSTANCES UNDER WHICH IT IS MADE, IS A MISREPRESENTATION.