ACD SYSTEMS INTERNATIONAL INC.

694 Sumas Street
Victoria, British Columbia V8T 4S6

ALBERTA SECURITIES COMMISSION
MARKET SURVEILLANCE/CONTINUOUS DISCLOSURE
19th Floor, 10025 Jasper Avenue
Edmonton, Alberta T5K 3Z5
Attention: Executive Director

BRITISH COLUMBIA SECURITIES COMMISSION
MARKET SURVEILLANCE/CONTINUOUS DISCLOSURE
1100- 865 Hornby Street
Vancouver, British Columbia V6Z 2H4

Dear Sir/Madam:

Re: ACD SYSTEMS INTERNATIONAL INC. (THE "CORPORATION") MATERIAL CHANGE REPORT UNDER SECTION 118 OF THE *SECURITIES ACT* (ALBERTA) AND SECTION 85 OF THE SECURITIES ACT (BRITISH COLUMBIA)

This letter is intended as a statement setting for certain matters that may be a material change in the affairs of ACD Systems International Inc. (the "Corporation"). For convenience, this letter is itemized in the same manner as Form 27 of the *Securities Act* (Alberta) and Form 27 of the *Securities Act* (British Columbia). Concurrent with this filing, this letter is being filed with The Canadian Venture Exchange, being the only Exchange on which the Corporation's shares are currently listed.

Item 1 - Reporting Issuer

ACD Systems International Inc.
694 Sumas Street
Victoria, British Columbia
V8T 4S6
Telephone: (250) 382-5828

Item 2 - Date of Material Change

The material change occurred on or about February 2, 2000

Item 3 - Publication of Material Change

The Press Release with was issued on February 2, 2000.

Item 4 - Summary of Material Change

The Corporation has entered into a best efforts financing agreement led by Octagon Capital Corporation and including HSBC Securities (Canada) Inc., in respect of a private placement of up to 1,500,000 Special Warrants at a price of $12.00 per Special Warrant for a maximum aggregate amount of $18,000,000 (the "Offering").

Item 5 - Full Description of Material Change

The Corporation has entered into a best efforts financing agreement led by Octagon Capital Corporation and including HSBC Securities (Canada) Inc., in respect of a private placement of up to 1,500,000 Special Warrants at a price of $12.00 per Special Warrant for a maximum aggregate amount of $18,000,000 (the "Offering").

Each Special Warrant will entitle the holder to acquire one unit ("Unit") comprising one common share of the Corporation ("Common Share") and one-half of one Common Share purchase warrant ("Warrant") at no additional cost on or before 5:00 p.m. (Toronto time) on the earlier of: (i) 5 business days after the date upon which a receipt for a final prospectus to be filed by the Corporation with respect to the distribution of the underlying securities issuable upon exercise of the Special Warrants (the "Prospectus") has been obtained from the securities commission or similar regulatory authority in each of the provinces of British Columbia, Alberta, Saskatchewan, Manitoba and Ontario, where Special Warrants are sold (the "Filing Provinces"); and (ii) the first anniversary of the closing date of the Offering ("Closing Date") (the first of such events to occur is hereinafter referred to as the "Expiry Time"). Any Special Warrant not exercised prior to the Expiry Time shall be deemed to be exercised by the holder thereof, without any further action on the part of the holder, immediately prior to the Expiry Time. Each whole Warrant shall entitle the holder to acquire one (1) Common Share at an exercise price of $13.00 per Common Share for a period of 18 months from the date of issuance. The price of the Special Warrants and the Common Shares issuable upon the exercise of the Warrants was determined by the closing price of the Common Shares on February 1, 2000.

If a receipt for the Prospectus is not obtained from the securities commission or similar regulatory authority in each of the Filing Provinces on or prior to 120 days from the Closing Date, each holder of Special Warrants in a Filing Province in which such receipt has not been obtained shall be entitled to receive, upon the exercise or deemed exercise of the Special Warrants, 1.1 Common Shares for every Special Warrant then held by such holder and 0.55 of one Warrant at no additional cost.

In addition, Octagon Capital Corporation and other participating registered dealers will receive a commission of 7% of the proceeds of the Offering. Octagon Capital Corporation and other participating registered dealers will also receive a broker's special warrant to acquire, without further consideration, a broker's option, exercisable for a period of two years from the Closing Date, to purchase broker units ("Broker's Unit") at a price of $12.00 per Broker's Unit, in an amount equal to 10% of the Units issuable upon the exercise of Special Warrants sold under the Offering. Each Broker's Unit will comprise on Common Share and one half-of one Warrant, subject to adjustment for penalty provisions.

Item 6 - Reliance on Section 118(4) of the Securities Act (Alberta) or Section 85(2) of the Securities Act (British Columbia) - Not applicable

Item 7 - Omitted Information

Not applicable.

Item 8 - Senior Officer

The name of the Senior Officer of the Corporation who is knowledgeable about the material change and who can be contacted by the Commission is:

Martin Winstanley
Vice President, Corporate Affairs
(250) 382-5828

Item 9 - Statement of Senior Officer

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

DATED at Victoria, British Columbia, this 2nd day of February, 2000.

ACD SYSTEMS INTERNATIONAL INC.

"Signed"
Per:____________________
Martin Winstanley

cc: The Canadian Venture Exchange