

**FORM 27**

**MATERIAL CHANGE REPORT**

**SECTION 85(1) OF THE SECURITIES ACT (BRITISH COLUMBIA)  
SECTION 118(1) OF THE SECURITIES ACT (ALBERTA)**

NOTE: *This form is intended as a guideline. A letter or other document may be used if the substantive requirements of this form are complied with.*

NOTE: *WHERE THIS REPORT IS FILED ON A CONFIDENTIAL BASIS, PUT AT THE BEGINNING OF THE REPORT IN BLOCK CAPITAL "CONFIDENTIAL". CONFIDENTIAL REPORTS SHOULD BE FILED IN PAPER FORMAT. UPON GENERAL DISCLOSURE BEING MADE, THE FORM 27 SHOULD BE FILED THROUGH SEDAR WITHIN 10 DAYS FOLLOWING SUCH GENERAL DISCLOSURE.*

*NOTE ALSO THAT FOR A SEDAR FILING, THE PRESS RELEASE SHOULD BE FILED AS A SEPARATE DOCUMENT FROM THE FORM 27.*

**Item 1. Reporting Issuer**

*State the full name and address of the principal office in Canada of the reporting issuer:*

Velocity Computer Solutions, Ltd.  
c/o 302-3602 Gilmore Way  
Burnaby, BC V5G 4W9  
Phone: (604) 320-6566

**Item 2. Date of Material Change**

May 29, 2000

**Item 3. Press Release**

*State the date and place(s) of issuance of the press release.*

The Press Release dated May 29, 2000 was forwarded to the Canadian Venture Exchange and disseminated via Canada News-Wire Ltd., Market News and Canada Stockwatch.

A copy of the Press Release is attached as Schedule "A".

**Item 4. Summary of Material Change**

*Provide a brief but accurate summary of the nature and substance of the material change.*

The Company announces that it has closed its private placement financing of US\$1.89 million, announced April 7, 2000. Canaccord Capital Corporation and Haywood Securities Inc acted as co-agents for the private placement.

The private placement consisted of the issuance of 1,515,117 Special Warrants at a price of \$1.25 each. Each Special Warrant will be exercisable, without further payment, for a Unit of the Company, comprising one common share and one half of one non-transferable share purchase warrant. Each whole share purchase warrant will entitle the holder to purchase one additional common share at a price of US\$1.40 for a period of twelve months.

**Item 5. Full Description of Material Change**

*Supplement the summary required under item 4 with the disclosure which should be sufficiently complete to enable a reader to appreciate the significance of the material change without reference to other material. Management is in the best position to determine what facts are significant and must disclose those facts in a meaningful manner. See also item 7.*

*The description of the significant facts relating to the material change will therefore include some or all of the following: dates, parties, terms and conditions, description of any assets, liabilities or capital affected, purpose, financial or dollar values, reasons for the change, and a general comment on the probable impact on the reporting issuer or its subsidiaries. Specific financial forecasts would not normally be required to comply with this form.*

*The above list merely described examples of some of the facts which may be significant. The list is not intended to be inclusive or exhaustive of the information required in any particular situation.*

For a full description of the material change, see Schedule "A".

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

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

Not Applicable.

**Item 7. Omitted Information**

Not Applicable.

**Item 8.                    Senior Officer**

*To facilitate any necessary follow-up by the Commission, give the name and business telephone number of a senior officer of the reporting issuer who is knowledgeable about the material change and the report or an officer through whom such senior officer may be contacted by the Commission.*

Basil Peters, Chairman

Phone: (604) 320-6566

**Item 9.                    Statement of Senior Officer**

The foregoing accurately discloses the material change referred to herein.

Dated at Freeport, Grand Bahamas, Bahamas, this 2nd day of June, 2000.

**VELOCITY COMPUTER SOLUTIONS, LTD.**

**Per:**

**“James Peters”**  
**James Peters,**  
**Director and President**

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

## Schedule "A"

**NEWS RELEASE**

**CDNX TRADING SYMBOL:  
VCS.U**

### **Velocity Closes US\$1.89 Million Financing**

HAMILTON, BERMUDA – May 29, 2000 - Velocity Computer Solutions, Ltd. (Velocity) (CDNX: VCS.U), a leading provider of Integrated e-Support and Networking Solutions, announces that it has closed its private placement financing of US\$1.89 million (CDN\$2.84 million), announced April 7, 2000. Canaccord Capital Corporation and Haywood Securities Inc. acted as co-agents for the private placement.

The private placement consisted of the issuance of 1,515,117 Special Warrants at a price of US\$1.25 each. Each Special Warrant will be exercisable, without further payment, for a Unit of the Company, comprising one common share and one half of a share purchase warrant. Each whole share purchase warrant will entitle the holder to purchase one additional common share at a price of US\$1.40 for a period of 12 months.

The Company has granted a total of 151,510 Agents' Series "B" Special Warrants to Canaccord and Haywood. Each Agents' Series "B" Special Warrant is convertible to an agent's share purchase warrant exercisable to acquire one common share of the Company at a price of U.S.\$1.40 for one year from the closing of the Offering. The Company paid commissions amounting to 98,482 Series "A" Special Warrants to Canaccord and Haywood and provided a corporate finance fee to Canaccord by issuing a total of 100,000 Agents' Series "C" Special Warrants. Each of the Series "A" and "C" Special Warrants will entitle the holder to receive, without the payment of any additional consideration, one common share of the Company.

#### **About Velocity**

Velocity is a leading provider of full-service e-Support and networking solutions. Velocity has integrated a family of web, phone and onsite computer and network service and support technologies. These products reduce the overall computing and information costs for the Company's small to medium-sized business customers while at the same time increasing system reliability and corporate productivity. Velocity provides a single point of contact for all of their customers' information technology (IT) needs. Velocity's IT service infrastructure is continually evolving in anticipation of the future requirements of their customers.

Velocity's technical professionals currently serve the IT needs of over 3,000 businesses from a cross-section of industries including telecommunications, legal and financial services, technology, hospitality, entertainment, marketing, forestry, and healthcare.

For more information, visit the Company's website at [www.velocityIT.com](http://www.velocityIT.com)

Investor Relations in Hamilton, Bermuda  
[investorrelations@velocity.bm](mailto:investorrelations@velocity.bm)  
441-296-9262

Investor Relations in Vancouver, Canada  
[investor@velocityIT.com](mailto:investor@velocityIT.com)  
604-419-1295

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**Velocity Computer Solutions, Ltd., Jardine House, 4<sup>th</sup> Floor, 33/35 Reid Street, Hamilton HM12, Bermuda**

This News Release may contain certain statements related to revenue, expenses, development plans and similar items that represent forward-looking statements. Such statements are based on assumptions and estimates related to future economic and market conditions. The assumptions are reviewed regularly by management, however, they involve risks and uncertainties, including, without limitation, changes in markets and competition, technological and competitive developments, and potential downturns in economic conditions generally, that could cause actual results to differ materially from those contemplated in the forward-looking statements.

THIS NEWS RELEASE IS NOT FOR DISSEMINATION IN THE UNITED STATES OF AMERICA OR TO UNITED STATES OF AMERICA NEWS SERVICES.