FORM 51-102F3
MATERIAL CHANGE REPORT

ITEM 1 Name and Address of Company:

Cantronic Systems Inc.
63A Clipper Street,
Coquitlam, B.C. V3K 6X2

ITEM 2 Date of Material Change:

January 26, 2006,

ITEM 3 News Release:

February 13, 2006; Vancouver, B.C.

ITEM 4 Summary of Material Change

Cantronic Systems Inc. disposes of it's 9.57% interest in Cantronics Industries Jiaxing Co. Ltd. for USD$ 574,200.00

ITEM 5 Full Description of Material Change

Effective September 18, 2001, a predessor to Cantronic (the Company) entered into a joint venture agreement (the JV Agreement) with Xiuzhou Urban Construction Investment and Development Co. Ltd. (Xiuzhou) and Zahn International Corporation (ZahnCo) in respect of Cantronics Industries Jiaxing Co. Ltd. (the JV), a Chinese joint venture company.

The Company committed to contribute USD$ 2,040,000 towards a registered capital of USD$ 6,000,000 in the JV. The Company has only contributed USD$ 574,200.00 towards the (Contribution Amount) JV which represents a 9.57% interest based on the paid up registered capital of the JV.

The Board of Directors of the Company has determined that it is in the best interest of the Company to sell its joint venture interest to Xiuzhou for consideration of USD$ 574,200 (Sale Price) pursuant to a share purchase agreement. The Board has determined that since the Sale Price is the same as the Contribution Amount and the Sale Price is equal to or greater than the current fair market value of the Joint Venture Interest, the Company does not need to obtain an independent appraisal of the value of its Joint Venture Interest prior to selling the Joint Venture Interest.

One month after the completion of the registration of the business license change, Xiuzhou will pay to Cantronic 50% of the purchase amount, and the balance is to be paid within 3 months of the business license change.

ITEM 6 Reliance on subsection 7.1(2) or (3) of National Instrument 51-102:

None

ITEM 7 Omitted Information:

James Zahn, President and CEO of Cantronic Systems Inc. acknowledges that as a condition to permitting the Company to sell its entire Joint Venture Interest without penalty, Xiuzhou has required ZahnCo, a company related to a sister of the principal, which is an Chinese national and a resident of China, sister of James Zahn, and a shareholder of the Joint Venture, to retain a portion of its investment in the Joint Venture.

ITEM 8 Executive Officer:

The name and business telephone number of a senior officer who is knowledgeable about this material change and this report and who may be contacted in connection with this report is:

James Zahn, President & CEO
Cantronic Systems Inc.
63A Clipper Street,
Coquitlam, B.C. V3K 6X2
(604) 516-6667 ext 228

ITEM 9 Date of Report:

February 13, 2006
Vancouver, B.C.

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James Zahn, President & CEO
Cantronic Systems Inc.

For Immediate Release

Cantronic sells its interest in Chinese Joint Venture Company

February 13, 2006 - Vancouver, British Columbia - **Cantronic Systems Inc.**, (TSX Venture: **CTS**) is pleased to announce that it has sold its equity interest in the Chinese Joint Venture Company Cantronics Industries Jiaxing Co. Ltd. The business of the Joint Venture Company is completely unrelated to the business of Cantronic Systems Inc. and can be viewed as a non-core asset.

Effective September 18, 2001, a predessor to Cantronic (the Company) entered into a joint venture agreement (the JV Agreement) with Xiuzhou Urban Construction Investment and Development Co. Ltd. (Xiuzhou) and Zahn International Corporation (ZahnCo) in respect of Cantronics Industries Jiaxing Co. Ltd. (the JV), a Chinese joint venture company.

The Company committed to contribute USD$ 2,040,000 towards a registered capital of USD$ 6,000,000 in the JV. The Company has only contributed USD$ 574,200.00 towards the JV to date which represents a 9.57% interest based on the registered capital of the JV.

The Board of Directors of the Company has determined that it is in the best interest of the Company to sell its joint venture interest to Xiuzhou for consideration of USD$ 574,200 pursuant to a share purchase agreement. The Board has determined that since the Sale Price is the same as the Contribution Amount and the Sale Price is equal to or greater than the current fair market value of the Joint Venture Interest, the Company does not need to obtain an independent appraisal of the value of its Joint Venture Interest prior to selling the Joint Venture Interest.

One month after the completion of the registration of the business license change, Xiuzhou will pay to Cantronic 50% of the purchase amount, and the balance is to be paid within 3 months of the business license change.

“We have taken the deliberate step to divest ourselves from a long term investment infrastructure project in China”, stated James Zahn, President & CEO of Cantronic Systems Inc. “This investment preceeded Cantronic as a public entity and was completely unrelated to the business of Cantronic going forward. We choose at this time to focus on our core business, which is infrared imaging”.

About Cantronic Systems

Cantronic Systems Inc is a world leader in infrared night vision technology, specializing in passive and active infrared cameras, infrared illuminators, low light infrared sensitive CCD cameras and long-range night vision surveillance systems for demanding homeland security applications. The Company has achieved breakthrough performance characteristics, including viewing distances of 800 meters for its active infrared night vision camera. We have formed strategic relationships with various world-class electro-optic companies, integrators, software and network designers to enable us to offer an effective alternative to conventional cameras and surveillance systems. The Company serves a rapidly expanding worldwide base of military, government, commercial and residential customers. Cantronic’s technology has been widely featured by national and local media. Cantronic Systems Inc. is a Tier 1 issuer on the TSX Venture Exchange trading under the symbol **CTS**. For further information, please visit our website at www.cantronic.com

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James Zahn
President & CEO
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