

FORM 51-102F3

MATERIAL CHANGE REPORT

Item 1 Name and Address of Company

State the full name of your company and the address of its principal office in Canada.

CANTRONIC SYSTEMS INC. (the “Company” or “Cantronic”)
63A Clipper Street
Coquitlam, BC
V3K 6X2
Telephone No. (604) 516-6667

Item 2 Date of Material Change

State the date of the material change.

June 2, 2008

Item 3 News Release

State the date and method(s) of dissemination of the news release issued under section 7.1 of National Instrument 51-102.

A news release was disseminated on June 2, 2008 to the TSX Venture Exchange as well as through various other approved public media and was SEDAR filed with the securities commissions of British Columbia and Alberta.

Item 4 Summary of Material Change(s)

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

The Company announced that it has entered into a Letter of Intent (“LOI”) to acquire a video surveillance technology company (the “Target”) in China. The LOI outlines Cantronic’s intention to acquire 100% ownership of the “Target”. The Target is a profitable company with forecasted annual revenues in excess of \$10 million in the current year.

The acquisition of the Target company is expected to be payable in cash and stock over a four year period under an earn out provision based on the successful achievement of performance milestones.

Item 5 Full Description of Material Change

5.1 Full Description of Material Change

The Company announced that it has entered into a Letter of Intent (“LOI”) to acquire a video surveillance technology company (the “Target”) in China. The LOI outlines Cantronic’s intention to acquire 100% ownership of the “Target”. The Target is a profitable company with forecasted annual revenues in excess of \$10 million in the current year.

The acquisition of the Target is expected to be payable in cash and stock over a four year period under an earn out provision based on the successful achievement of performance milestones. Details on the agreement to be released at the time of closing. The parties are proceeding to due diligence and preparation of definitive agreement, and expect to complete the transaction by the end of fall 2008.

“This strategic acquisition marks Cantronic’s first initiative in accessing the rapidly growing Chinese security and surveillance market through mergers and acquisitions of several carefully selected manufacturing companies. These companies with complementary products in the security and video surveillance sector will significantly broaden the Company’s existing product portfolio”, commented James Zahn, president and chief executive officer of Cantronic. “By leveraging its leading-edge infrared technology expertise and expanding its reach in China, Cantronic will have a distinct advantage over local competition. We are excited about the synergies that this transaction can create for us. The Target’s extensive experience in the video surveillance technology will further Cantronic’s efforts in establishing the Company as an industry leader in infrared vision and video surveillance technology”.

5.2 Disclosure for Restructuring Transactions

Not applicable.

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

If this Report is being filed on a confidential basis in reliance on subsection 7.1(2) or (3) of National Instrument 51-102, state the reasons for that reliance.

Not applicable.

Item 7 Omitted Information

State whether any information has been omitted on the basis that it is confidential information.

Not applicable.

Item 8 Executive Officer

Give the name and business telephone number of an executive officer of your company who is knowledgeable about the material change and the Report, or the name of an officer through whom such executive officer may be contacted.

James Zahn, President and CEO
Telephone: 866 391 6970 x 226

Item 9 Date of Report

June 11, 2008