
12. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT

(Prepared for inclusion in this Prospectus)

6 November 2006

The Board of Directors
My E.G. Services Berhad
C15-1, Level 15, Tower C,
Megan Avenue II,
12, Jalan Yap Kwan Seng,
50450 Kuala Lumpur.



Decide with Confidence

RE: EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT FOR MY E.G. SERVICES BERHAD (“MYEG” OR THE “COMPANY”)

This Executive Summary has been prepared for inclusion in the Prospectus to be dated **30 November 2006** pursuant to the listing of MyEG on the MESDAQ Market of the Bursa Malaysia Securities Berhad.

This research is undertaken with the purpose of providing an overview on the development of Electronic Government (“E-Government”) with particular emphasis on the E-Services project under the E-Government Flagship Application. The research methodology for the study includes primary research, involving interviews with pertinent companies, as well as secondary research such as reviewing press articles, periodicals, trade/Government literatures, in-house databases, Internet research and online databases.

Dun & Bradstreet (D&B) Malaysia Sdn Bhd (“D&B Malaysia”) has prepared this Executive Summary in an independent and objective manner and has taken all reasonable consideration and care to ensure the accuracy and completeness of the Executive Summary. In addition, D&B Malaysia acknowledges that if there are significant changes affecting the content of the Executive Summary after the issue of the Prospectus and before the issue of securities, the D&B Malaysia has an on-going obligation to either cause the Executive Summary to be updated for the changes and, where applicable, cause the Company to issue a Supplementary Prospectus, or withdraw our consent to the inclusion of the Executive Summary in the Prospectus.

Executive Summary is highlighted in the following sections.

Yours faithfully

Dun & Bradstreet (D&B) Malaysia Sdn Bhd
(Formerly known as Infocredit (D&B) Malaysia Sdn Bhd)

Tan Sze Chong
Managing Director

Dun & Bradstreet (D&B) Malaysia Sdn Bhd

(Formerly known as Infocredit D&B (Malaysia) Sdn Bhd)

Level 9-3A, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, 50490 Kuala Lumpur, Malaysia
T 603.2080.6000 F 603.2080.6001 www.dnb.com.my
Company Registration No.527570-M

A Member of Infocredit Group

12. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)



Decide with Confidence

Executive Summary

1 E-Government

1.1 Introduction

E-Government generally refers to the public sector use of Internet and other digital devices to deliver services and information. Although personal computers (“PCs”) have been around for several decades, recent advances in networking, video imaging and graphics interfacing have allowed governments around the world to develop interactive websites that contain a variety of online information. E-Government is also working towards complementing / replacing the traditional means of information access based on personal visits, phone calls and mail delivery.

1.2 Global E-Government Trend

Governments across the world have created websites aimed at facilitating business investment, handling citizen complaints and tourism. Tourists for instance, can book hotels through the government websites of many Caribbean and Pacific Island countries. In Australia, citizens can register government complaints through agency websites. Nations such as Bulgaria, the Netherlands and the Czech Republic are attracting overseas investors through their websites. The E-Government programme has also spread across to developing countries such as Malaysia, with the launch of the E-Government Initiative in 1997.

From the supply side, the pace of the governments adopting the E-Government approach is progressing. In 2005, analysis on 1,797 government websites in 198 different nations indicated steady progress on several dimensions, though not major leaps forward. Among the significant findings are as follow:

- 19% of Government websites offer services that are fully executable;
- 89% of websites this year provide access to publications and 53% have links to databases;
- 18% (up from 14% in 2004) show privacy policies, while 10% have security policies (up from 8% in 2004);
- 19% of Government websites have some form of disability access, meaning access for persons with disabilities (up from 18% in 2004);
- Countries vary enormously in their overall E-Government performance. The most highly ranked nations include Taiwan, Singapore, United States, Hong Kong, China, Canada, Germany, Australia and Ireland; and
- There are major differences in E-Government performance based on regions of the world. In general, countries in North America score the highest, followed by Asia, Western Europe, Pacific Ocean Islands, Middle East, Eastern Europe, Russia and Central Asia, South America, Central America, and Africa.

The E-Government rating index from 2001 to 2004 indicated that Governments are showing steady progress on several important dimensions. On several key indicators, E-Government performance is edging up. However, movement forward has not been more extensive in some areas because budget, bureaucratic, and institutional forces have limited the extent to which the public sector has incorporated technology into their mission.

12. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT *(Cont'd)*



Decide with Confidence

1.3 E-Government in Malaysia

Malaysia's E-Government programme was launched in 1997 with the objective to reinvent itself and lead the country into the Information Age, in which computers are used by the knowledge workers, whose work focuses on the use and management of digital data. E-Government is expected to play an essential role in catalysing the development of the Multimedia Super Corridor ("MSC"). MSC was the brainchild of the former Prime Minister of Malaysia, Tun Dr Mahathir Mohamad. It was established for the purpose of moving Malaysia towards a fully developed nation with a knowledge-rich society by 2020.

The pilot applications of the E-Government Projects which include the electronic delivery of driver and vehicle registration, licensing and summons services and utility bill payments as outlined in the Concept Request for Proposal paper ("CRFP No. MAMPU/EG/1/97") made publicly available by the Government on 26 July 1997.

The E-Government Initiative improves both how the Government operates internally as well as how it delivers services to the people of Malaysia. It seeks to improve the convenience, accessibility and quality of interactions with citizens and businesses; simultaneously, it will facilitate information flow and processes within the Government to improve the speed and quality of policy development, coordination and enforcement.

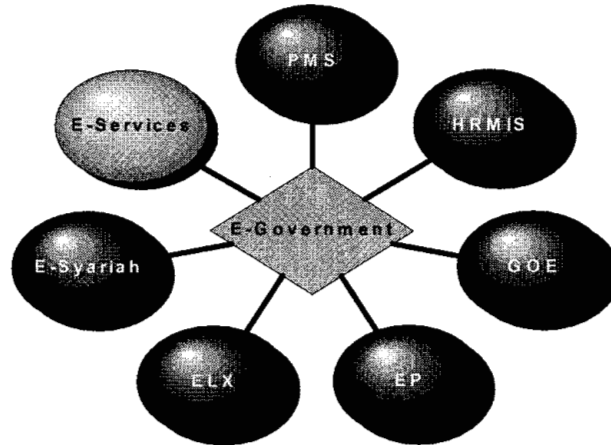
The vision of E-Government is of the Government, businesses and citizens collaborating for the benefit of the country. The vision focuses on effectively and efficiently delivering services to enable the Government to become more responsive to the needs of its citizens. In taking the citizen-centric approach, E-Government build bridges between agencies in the same tier of Government and the different tiers of Government to ensure that the services are seamless to the user. The integration of policies from different agencies involved in the specific service will be packaged around the citizen's needs and not on the agency's functions. The 7 pilot projects of the E-Government Flagship Application are as follows:

12. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)



Decide with Confidence

E-Government Flagship Application: 7 Pilot Projects



Notes:

PMS - Project Monitoring System

HRMIS - Human Resource Management Information System

GOE - Generic Office Environment

EP - Electronic Procurement

ELX - Electronic Labour Exchange

Source: MSC

2 E-Services

2.1 Introduction

The E-Services, otherwise known as “the electronic delivery of driver and vehicle registration, licensing and summons services and utility payments” project was selected to showcase a Government to Citizen (“G2C”) application. The rationale for developing the E-Services project is based on the belief that all Malaysian citizens use at least one of the services identified under E-Services on a monthly or annually basis. The services under the E-Services project can be conducted either online over the Internet or offline through other electronic means.

In the year 2001, there were more than 16 million transactions pertaining to driver licensing, vehicle registration and road transport summonses; over four million households pay electricity and telephone bills every month, totalling over 80 million transactions annually. Though latest statistics on the above transactions are not available, the number of transactions is believed to have increased considering the increase in number of vehicles registered with Jabatan Pengangkutan Jalan / Road Transport Department (“JPJ”) (With Compounded annual growth rate (“CAGR”) 7.7% (1993-2005)), number of drivers (CAGR 12.5% 1997-2004) and number of household (CAGR 3.3% 1997-2004) in Malaysia.

The E-Services application will enable the public to transact more easily with the Government agencies and utility companies via multiple delivery channels such as kiosks, integrated voice response system through telephone, Internet services through web television and PCs. In the pilot project, users will be able to schedule driving tests, renew their respective driving licence and pay utility bills in one simple session. It is believed that the commencement and future

12. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)



Decide with Confidence

expansion of E-Services is able to aid collections while convenient, fast and easy payment at kiosks via the Internet would encourage offenders to pay police summons and traffic fines quickly. In addition, E-Government will also seek to improve information flow and processes within the Government to enhance the efficiency and quality of policy development, coordination and enforcement.

The objectives of E-Services are as follows:

- To facilitate the citizens intercommunication with any of the Government agencies online ;
- To organise and pay electricity and telephone bills easily online;
- To check if the citizens have any summons and provision of other online JPJ services;
- To have more control over the citizens bill management and payment records; and
- To monitor the citizens usage of services subscribed by checking the details of their accounts which include previous usage and payment.

The E-Services project adopted the business model of Build-Operate-Own (“BOO”) whereby the service providers (“SPs”) will fund the requirements of the project privately and become the operator and owner of the E-Services project. This business model is designed to minimise the investment of public funds by the Malaysian Government and to promote private participation and sponsorship of the infrastructure. The project adopts the Open Market Business model that allows the free market to drive improvements in service delivery to the public. The model will operate with three distinct roles for service delivery, namely Service Supplier (“SS”), SP and Gateway Provider (“GP”). An explanation of SS, SP and GP are provided as follows:

SS	Owns the information used for customer transactions and information delivery and quality-assures the services provided electronically.
SP	Responsible for establishing multiple delivery channels, developing applications and multimedia interfaces (for the purpose of service delivery) for establishing payment mechanisms and creating a market programme to encourage public usage of the E-Services.
GP	Responsible for providing the necessary infrastructure to link Government systems to a common network. This network can then be accessed through the SP.

In E-Services project, SP will provide multiple electronic channels to enable the public to transact with the Government. GP will in turn transmit the data and information required from the SP to the SS and vice-versa. Malaysians, including non-savvy PC users can in the near future enjoy the flexibility of online services from a variety of platforms such as PC, kiosks, interactive voice response (“IVR”) and Short Message Service (“SMS”), 24 hours a day, seven days a week.

The data and information required for the services come from the SS, which to-date comprises the following, with JPJ being the lead implementing agency:

12. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)



Decide with Confidence

SSs and Type of Services under the E-Services Project

SSs	Type of Services
1 JPJ (lead implementing agency)	<ul style="list-style-type: none"> • Electronic driver licensing i.e. test booking, scheduling & electronic test taking (theory test), issuance and renewal of driving licence • Vehicle registration and licensing services • Summons payment and online information services
2 Polis DiRaja Malaysia ("PDRM")	<ul style="list-style-type: none"> • Summons payment and online information services
3 Tenaga Nasional Berhad ("TNB")	<ul style="list-style-type: none"> • Bill payment and online information services
4 Telekom Malaysia Berhad ("Telekom")	<ul style="list-style-type: none"> • Bill payment and online information services
5 Dewan Bandaraya Kuala Lumpur ("DBKL")	<ul style="list-style-type: none"> • Compound, licensing and assessment payment and online information services
6 Jabatan Insolvency Malaysia ("JIM")	<ul style="list-style-type: none"> • Bankruptcy or company liquidation status searches, including issuance of certified original copy of such status searches

Source: Malaysian Administrative Modernisation and Management Planning Unit ("MAMPU")

The Government has appointed 3 consortiums as SPs. These SPs act as the interface between the public and the GP. They are MyEG (www.myeg.com.my), mySPEED.com Sdn Bhd ("SPEEDS") (www.eservices.com.my) and Konsortium Multimedia Swasta Sdn Bhd ("KOMMS") (www.rilek.com.my). The sole GP for this project is PDX.com Sdn Bhd.

3 Government Legislations and Incentives

3.1 Government Legislations

There are currently no specific regulations governing the E-Government services industry. However, the implementation of a comprehensive framework of cyberlaws under the MSC Bill of Guarantees shall facilitate and assist the development of the IT and multimedia information and content industries. The rationale for passing the cyberlaws is to provide a framework of societal and commerce-enabling laws to counter the abuses caused by the rapid proliferation and interconnection of computer networks in the World Wide Web ("WWW"). The cyberlaws will provide the framework for the following issues:

- Integrity and security of information
- Legal status of online transactions
- Privacy and confidentiality of information
- Intellectual property rights and Government data

In term of the protection of intellectual property rights on software, some of the key Malaysian legislations are the Trade Marks Act 1976, Patents Act 1983, Copyright Act 1987, Industrial Designs Act 1996, Digital Signature Act 1997, Communications and Multimedia Act 1998 and Computer Crimes Act 1997.

12. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)



Decide with Confidence

In addition, Malaysia is a member of the World Intellectual Property Organisation (“WIPO”), Paris Convention, Berne Convention and signatory to the Agreement on Trade Related Aspects of Intellectual Property Rights (“TRIPS”).

3.2 Government Incentives

(1) Incentives to MSC Status Companies

- (a) Bill of Guarantees
- (b) Financial Incentives
- (c) Non-financial incentives
 - (i) Unrestricted employment of foreign knowledge workers
 - (ii) Freedom to source capital for MSC infrastructure globally
 - (iii) Other MSC benefits such as intellectual property protection and a world-first comprehensive framework of cyberlaws, world-class physical and IT infrastructure, globally competitive telecommunication tariffs and service guarantees, no censorship of the Internet, etc

(2) Incentives for ICT Related Companies

- (a) Incentive for Software Development
- (b) Additional Incentives for the Use of ICT
 - (i) Accelerated Capital Allowance
 - (ii) Tax Exemption on the Value of Increased Exports
 - (iii) Other ICT Incentives such as deduction on operating expenditure, contributions in cash or kind of ICT acculturation projects at local community levels, etc.

4 Key Demand Drivers

4.1 Computers and Internet Penetrations

The total PC estimation in Malaysia increased from 1,360,000 in 1998 to 4,200,000 in 2003, an increase of over 200% over the stipulated period. PC penetration (PC per 100 inhabitants/persons) has also increased from merely 6.1% in 1998 to 16.6% in 2003. In terms of the Internet subscription, the estimated number of users on Internet has increased from 1,215,000 in 1998 to 11,016,000 in 2005, an impressive increase of more than 800% over the stipulated period.

Malaysia: Total Internet Subscriptions by Types and Number of PC, 1998-2005

	1998	1999	2000	2001	2002	2003	2004	2005
Internet Dial-up								
Number of Subscriptions	405,000	668,000	1,659,000	2,115,000	2,614,000	2,881,000	3,293,000	3,672,000
Growth Rate (%)	n/a	64.9	148.4	27.4	23.7	10.2	5.6	1.4
Penetration Rate (%)	1.8	2.9	7.1	8.8	10.5	11.4	12.7	13.9
Broadband (ADSL, SDSL & others)								
Number of Subscriptions	n/a	n/a	n/a	n/a	19,302	110,406	252,501	490,630
Growth Rate (%)	n/a	n/a	n/a	n/a	n/a	472.0	128.7	94.3

12. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)



Decide with Confidence

Penetration Rate (%)	n/a	n/a	n/a	n/a	0.08	0.45	0.98	1.86
Total Internet (Dial-up & Broadband)								
Number of Subscriptions	405,000	668,000	1,659,000	2,115,000	2,633,302	2,997,406	3,545,501	4,162,630
Total Growth Rate (%)	n/a	64.9	148.4	27.5	24.5	13.8	18.3	17.4
Estimated Number of Users	1,215,000	2,004,000	4,977,000	6,345,000	7,842,000	8,643,000	9,879,000	11,016,000
PC Estimation								
Total ('000)	1,360	1,800	2,200	3,000	3,600	4,200	n/a	n/a
Growth Rate (%)	-	32.4	22.2	36.4	20.0	16.7	n/a	n/a
Per 100 inhabitants/persons	6.1	7.9	9.4	12.5	14.5	16.6	n/a	n/a

Source: Malaysian Communications and Multimedia Commission ("MCMC")

Total Internet (both dial-up and broadband) subscriptions in Malaysia experienced at least double digit growth since 1999. With the penetration rate of 13.9% and 1.9% of dial-up and broadband in 2005 respectively, the overall Internet penetration rate in this country is still relatively low.

With PC penetration considered low and with the advent of higher speed Internet, it is expected that the Government will encourage more take up of Internet services and more market differentiation aspects of such services including the supply of PCs to cater to different user categories.

In term of Malaysia's position amongst other countries, Malaysia's PC penetration rate was far below those of the developed and newly industrialised countries. However, the low PC penetration rate is somehow compensated by the significant increase in Internet access, an important means of assessing the services provided through the E-Services project. The significant increase in Internet access suggests demand potential for the E-Services project.

4.2 Demographic Trend

The services offered under E-Government and E-Services are targeted at citizens, therefore the determinant for the increasing demand of the industry is the population growth rate. Malaysia's population has experienced a compounded annual growth of 2.5% from 20.7 million in 1995 to 25.9 million in 2004.

Malaysia: Population Growth, 1995-2020*

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2010*	2015*	2020*
Total Population (Million)	20.7	21.2	21.7	22.2	22.7	23.3	23.8	24.5	25.1	25.9	26.6	29.3	32.4
Growth (%)	2.4	2.3	2.3	2.3	2.2	2.1	2.9	2.4	1.6	2.3	n/a	2.08#	2.07#

Notes:

* Projection

#Average Annual Growth Rate

Sources: Department of Statistics ("DOS") and World Population Statistics by United Nations

According to the above table, the Malaysian population is showing gradual annual growth. The condition will continue to be optimistic as based on the United Nations' ("UN") *World Population Statistics*, the population of Malaysia is projected to be growing until the year 2020.

12. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)



Decide with Confidence

Malaysia: Population Estimates by Age Group ('000), 2000-2005

Age Group	2000	2001	Growth	2002	Growth	2003	Growth	2004	Growth	2005	Growth
All Ages	23,494.9	24,012.9	2.2%	24,526.5	2.1%	25,048.3	2.1%	25,580.9	2.1%	26,127.7	2.1%
0 - 4	2,833.3	2,883.2	1.8%	2,926.2	1.5%	2,966.0	1.4%	3,006.9	1.4%	3,054.9	1.6%
5 - 9	2,646.0	2,677.1	1.2%	2,711.7	1.3%	2,750.1	1.4%	2,790.1	1.5%	2,827.8	1.4%
10 - 14	2,523.7	2,552.1	1.1%	2,576.3	0.9%	2,597.6	0.8%	2,618.8	0.8%	2,642.5	0.9%
15 - 19	2,335.7	2,390.1	2.3%	2,434.3	1.8%	2,470.4	1.5%	2,500.7	1.2%	2,527.4	1.1%
20 - 24	2,088.5	2,137.5	2.3%	2,194.3	2.7%	2,255.6	2.8%	2,313.5	2.6%	2,362.6	2.1%
25 - 29	1,919.5	1,942.1	1.2%	1,969.8	1.4%	2,006.1	1.8%	2,051.8	2.3%	2,106.8	2.7%
30 - 34	1,837.1	1,859.2	1.2%	1,873.4	0.8%	1,885.6	0.7%	1,902.1	0.9%	1,927.2	1.3%
35 - 39	1,668.2	1,706.8	2.3%	1,745.1	2.2%	1,781.7	2.1%	1,813.0	1.8%	1,837.2	1.3%
40 - 44	1,451.0	1,494.1	3.0%	1,535.8	2.8%	1,577.0	2.7%	1,617.7	2.6%	1,657.9	2.5%
45 - 49	1,205.1	1,258.0	4.4%	1,305.4	3.8%	1,348.8	3.3%	1,390.8	3.1%	1,432.9	3.0%
50 - 54	887.7	932.2	5.0%	993.2	6.5%	1,057.2	6.4%	1,119.2	5.9%	1,176.1	5.1%
55 - 59	657.9	685.6	4.2%	716.7	4.5%	752.6	5.0%	794.6	5.6%	843.2	6.1%
60 - 64	519.3	534.6	2.9%	550.3	2.9%	567.4	3.1%	587.4	3.5%	611.7	4.1%
65 - 69	378.3	389.9	3.1%	405.5	4.0%	423.6	4.5%	442.6	4.5%	461.6	4.3%
70 - 74	264.2	268.2	1.5%	273.3	1.9%	281.1	2.9%	292.2	3.9%	306.4	4.9%
75 +	289.4	302.1	4.4%	315.0	4.3%	327.5	4.0%	339.7	3.7%	351.5	3.5%

Source: DOS

The key demand for the JPJ theory test services comes from the main addressable population age group between 15 and 24 years old (18.7% of the total population). Another characteristic of population under this age group is their inclination to Internet usage which has always been strongly correlated with age (i.e. the younger you are the more likely you are to use the Internet). Usage of E-Government services tends to peak among those aged under 25 years, with it remaining strong among all those aged 25-34 years and then decreasing with age.

As illustrated in the above table, population within the age of 25-44 (28.8% of total population) has achieved a growth rate above 1.5% every year. The increase in the population within this age group will drive the demand of E-Government as this group of people is most receptive in adopting new technologies such as the use of Internet, E-Commerce and E-Services.

Malaysia: Total Household ('000), 1970-2005

	1970	1980	1991	2000	2001	2002	2003	2004	2005*	CAGR#
Total Household ('000)	1,890.2	2,516.3	3,566.9	4,911.0	5,054.6	5,195.7	5,329.1	5,622.0	5,709	3.3%

Notes:

* Based on CAGR of 3.3%

CAGR between 1970 and 2004

Sources: DOS

The household segment is also the main demand driver for the usage on TNB and Telekom payment transactions. As the society evolves and the economy expands, the number of

12. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)



Decide with Confidence

household increases and becomes more affluent. The above table illustrates that total households have been growing at CAGR of 3.3% (1970-2004). Such growth coupled with the increased in household members under 25 years (who are more incline to using the Internet) and the trend moving towards increasing Internet usage will contribute favourably in driving the demand for E-Services.

4.3 Increased in the Number of Motor Vehicles

The E-Services are centred on the electronic delivery of driver and motor vehicle registration, licensing and summons services. The performance of the automotive industry and total number of motor vehicles registered with JPJ are key demand drivers for the future of E-Services project. The total number of motor vehicles registered has increased from 5.7 million in 1993 to 14.8 million in 2005 (CAGR of 7.7% over the stipulated period). However, within the first half of 2006, there has been a series of events that besides dampening consumer sentiments has led to uncertainties in the automotive industry. Some of these events include rising interest rates, more stringent approvals on hire purchase loans, rising oil prices and also weak market for used cars. Nevertheless, the prevailing decline in motor vehicle registration in the first half of 2006 can be viewed as temporary in nature and the growth trend is expected to continue in the long term.

At the moment the services provided by the E-Services project are mainly catered for the Malaysian drivers at large. The total number of drivers has increased since 1997, from approximately 6.8 million to 15.4 million in 2004 (with a CAGR of 12.5% between 1997 and 2004). In 2005, the total number of drivers is estimated to be 17.3 million.

The increase in the number of cars and number of drivers coupled with the increase in the main addressable population age groups (15–24 age group) is expected to drive the demand for services offered under the E-Services project.

4.4 Development Allocation for ICT-Related Programme and Projects

The 9MP, which was unveiled on 31 March 2006, is expected to be a radical departure from the previous eight plans as different approaches are required to meet the new challenges of globalisation, growing competition and rapid technological advances.

During the 9MP, the various computerisation programmes will be driven by the relevant ministries and agencies, such as Ministry of Energy, Water and Communications, Malaysian Administrative Modernisation and MAMPU, Ministry of Education, Ministry of Health, Ministry of Home Affairs, Ministry of Science, Technology and Innovation and Multimedia Development Corporation.

A total of RM12.9 billion will be allocated for ICT-related programmes and projects in 9MP compare to RM7.9 billion in 8MP. A major portion of this allocation will be used for computerisation of Government agencies as well as bridging the digital divide initiatives, largely for the supply and maintenance of computers and Internet access. In addition, specific funding will be made available to promote ICT content and entrepreneurship development.

12. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)



Decide with Confidence

5 Industry Players and Competition

The following is the entire player list for the E-Government programme. It is noticeable that the E-Government contract assigned to the participants is exclusive and non-transferable, for instance MyEG which has been assigned to the E-Services project will not be able to undertake a project under other categories within the E-Government programme.

Malaysia: Key Players in E-Government

Name	Project Involved
MyEG	E-Services
SPEEDS	E-Services
KOMMS	E-Services
Commerce Dot Com Sdn Bhd	E-procurement
NTT Data Corporation Sdn Bhd	E-procurement
Puncak Semangat Sdn Bhd	E-procurement
Electronic Data System IT Services Sdn Bhd	GOE
Hewlett-Packard Sales (M) Sdn Bhd	GOE
Microsoft Knowledge Capital Centre Sdn Bhd	GOE
Sapura Advanced System Sdn Bhd	GOE
Malaysian Resources Corp Bhd	HRMIS
Accurate Networks & Systems Integration Sdn Bhd	HRMIS
Berita Information System Sdn Bhd	HRMIS
BSN Information Technology & Services Sdn Bhd	HRMIS
CS Technologies Sdn Bhd	HRMIS
DigiEra Sdn Bhd	HRMIS
Edaran Komputer Sdn Bhd	HRMIS
Irshad Consulting Sdn Bhd	HRMIS
Leapfrog Technologies Sdn Bhd	HRMIS
Orienasli Holdings Sdn Bhd	HRMIS
Origin Technology Sdn Bhd	HRMIS
Quantum Paralleh Sdn Bhd	HRMIS
Sepakat Computer Consultant Sdn Bhd	HRMIS
Sistem Televisyen Malaysia Berhad	HRMIS
FSBM CTech Sdn Bhd	PMS
Fujitsu Malaysia Sdn Bhd	PMS
AIT Workgroup Technology Sdn Bhd	PMS
DapanNet Sdn Bhd	PMS
SOLSIS Sdn Bhd	ELX
SAINS Sdn Bhd	E-Syariah

Source: MAMPU

The SPs under the E-Services project are MyEG, SPEEDS and KOMMS. With the assumption that the aggregate revenue of these players constitutes the entire E-Services market, the market size is estimated to be RM26.7 million in 2005. MyEG, with revenue of RM12.1 million in 2005 captured a market share of 45.2%.

12. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)



Decide with Confidence

6 Substitute Products/Services

The threat of product substitution for E-Government and E-Services is minimal. Instead of being substituted, E-Government and E-Services project are in fact substituting the conventional way of assessing information and conducting payment transactions with the agencies such as JPJ, PDRM, TNB, Telekom, DBKL and JIM.

The traditional means of access such as personal visits, phone calls and mail delivery to the respective SSs (such as JPJ) will be supplemented with the availability of the E-Government and E-Services projects. This is because E-Government and E-Services application enables the public to transact more easily and flexibly with the SSs via multiple delivery channels such as Internet services through web television and PCs, kiosks and through telephone (via integrated voice response system). The services offered with regards to electronic driver licensing, vehicle registration and licensing services under the E-Services project will most likely substitute the conventional means of conducting the services personally at the JPJ branches.

Nevertheless, substitutes may also come in the form of other SPs offering the same services as MyEG. For instance, banks or credit card companies offering utility payment facilities either over the counter or through electronic arrangement, these financial institutions may offer such services by giving away prizes and special gifts to selected customers who pay their bills through them, effectively subsidising the customer.

7 Prospect & Outlook of the E-Government and E-Services Programme

A dynamic and democratic society, with a strong and productive economy, requires a service-oriented, reliable and innovative government at all levels, to improve the efficiency and effectiveness in the way the governments operate internally and the way it delivers services to the people.

Governments across the world have today created websites aiming at facilitating business investment, citizen complaints and tourism. The E-Government programme spread across to developing countries such as Malaysia, with the launch of the E-Government Initiative in 1997. In addition, E-Government is expected to play an essential role in catalysing the development of the MSC as well as furthering political and economic development goals as per the objectives of Vision 2020. While the E-Government is still in its preliminary stage of implementation, it is recognised as an important part of moving the country towards a knowledge-based economy.

In Malaysia, E-Government Initiative will improve the ways in which the Government operates as well as delivers its services to Malaysians. It seeks to improve the convenience, accessibility and quality of interactions with citizens and businesses; simultaneously, it will improve information flows and processes within the Government to improve the speed and quality of policy development, coordination and enforcement.

The vision of E-Government is of the Government, businesses and citizens collaborating for the benefit of the country. The vision focuses on effectively and efficiently delivering services to enable the Government to become more responsive to the needs of its citizens. In taking the citizen-centric approach, the E-Government programme builds bridges between agencies in the same tier of Government and the different tiers of Government to ensure that the service is

12. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)

**Decide with Confidence**

seamless to the user. The integration of policies from different agencies involved in the specific service will be packaged around the citizen's needs and not on the agency's functions.

In addition to the improved information flow and processes within the Government, the E-Services programme is believed to aid collections for Government's coffers while convenient, fast and easy payment at kiosks via the Internet would encourage offenders to pay police summons and traffic fines quickly. In addition, the programme will also enhance the efficiency and quality of policy development, coordination and enforcement.

The services offered within the E-Services project will be targeted to the Malaysian citizens to facilitate / ease the transactions with the Government agencies (such as JPJ, PDRM, DBKL & JIM) and utility companies (such as TNB and Telekom). It was initiated with the belief that the citizens use at least one of the services identified under E-Services on a monthly or annually basis. With the increasing trend on its demand drivers such as number of drivers and number of household, the demand for such services will increase inevitably in the future.

13. DIRECTORS' REPORT



MY E.G. SERVICES BERHAD 505639-K

Block G, Unit 606, Phileo Damansara 1,
No. 9 Jalan 16/11, Off Jalan Damansara, 46350 Petaling Jaya
Tel: (603) 7956 8606 Fax: (603) 7952 9506
URL: www.myeg.com.my

Registered Office:

C15-1 Level 15, Tower C
Megan Avenue II
12 Jalan Yap Kwan Seng
50450 Kuala Lumpur

6 November 2006

To: The Shareholders of My E.G. Services Berhad

Dear Sir / Madam,

On behalf of the Board of Directors of My E.G. Services Berhad ("MYEG" or the "Company"), I report that after making due enquiries in relation to the interval between 30 June 2006, being the date to which the last audited financial statements of the Company and its subsidiaries have been made up, to the date hereof, being a date not earlier than fourteen (14) days before the date of this Prospectus that:

- (a) the business of the Company and its subsidiaries, in the opinion of the Directors, has been satisfactorily maintained;
- (b) in the opinion of the Directors, no circumstances have arisen since the last audited consolidated financial statements of MYEG which have adversely affected the trading or the value of the assets of the Company or its subsidiaries;
- (c) the current assets of the Company and its subsidiaries appear in the books at values which are believed to be realisable in the ordinary course of business;
- (d) no contingent liabilities have arisen by reason of any guarantees or indemnities given by the Company or its subsidiaries;
- (e) there has been, since the last audited consolidated financial statements of MYEG, no default or any known event that could give rise to a default situation, in respect of payments of either interest and/or principal sums in relation to any borrowings in which the Directors are aware of; and
- (f) since the last audited consolidated financial statements of MYEG, save as disclosed in the Proforma Consolidated Balance Sheets and the Accountants' Report as set out in Sections 9.1 and 11 of this Prospectus respectively, there have been no material changes in the published reserves or any unusual factors affecting the profits of the Group.

Yours faithfully
For and on behalf of the Board of Directors
MY E.G. SERVICES BERHAD


WONG THEAN SOON
Managing Director