

NEW WORLD ORDER & THE “NEW NORMAL”

FROM THE DESK OF MD/ED

Dear Our Valued Investors and Stakeholders,
Welcome to the new world post-COVID era.

The Movement Control Order (MCO) has given us a taste of the required and inevitable adjustments in the way we live, socialise and work until a vaccine is found for the COVID-19 virus. In the time of this pandemic, the phrase “the new normal” has come to succinctly describe one of the clearest truisms of an uncertain future, that our lives will be forever changed and that we will need to adapt. The forced adjustment to the way we live, work and play has been disconcerting and filled with anxiety.

The world as we know it has been about getting used to the new normal that steers us to be distanced physically while being virtually connected. The prolonged MCO and work-from-home environment has transformed many aspects of our daily lives. Our digital, spatial and consumer experience has been redefined completely. What does the new normal look like? More digitalisation is on the cards and the digital revolution, which has been pursued by many corporation, is now accelerated.

For investment firms like us, it is essential that we understand these future trends, adjust to the new normal post-MCO and position ourselves strategically to capture the opportunities beyond the crisis.

The COVID-19 pandemic has affected many businesses, but those who can react fast to the challenges and rebound quickly are set to reap the benefits when this storm is over.

However, the truth is, evolutionary change has been a constant in the history of



Group COO of Potential Excelsate Group
Dato' CK Cheong

the world. At every juncture, there was great concern that people wouldn't be able to adapt and that economies wouldn't recover. But time and again, our ability to adapt, human ingenuity, innovation, entrepreneurship and great leadership has shown us that any new normal will eventually shed the “new,” and find itself in a future with progress and growth.

We are ready to meet these new challenges.
Stay healthy and keep yourself safe.



Group COO of Potential Excelsate Group
Dato' CK Cheong

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1 (i) How Investors Are Responding to COVID-19

(Source: Preqin Investor Survey, April 2020)

THOUGH investors are revising their commitments to alternatives in 2020, most are not adjusting their longer-term plans

Fig. 1: Investor Views on the Long-Term Impact of COVID-19 on Their Future Alternative Investments Strategy

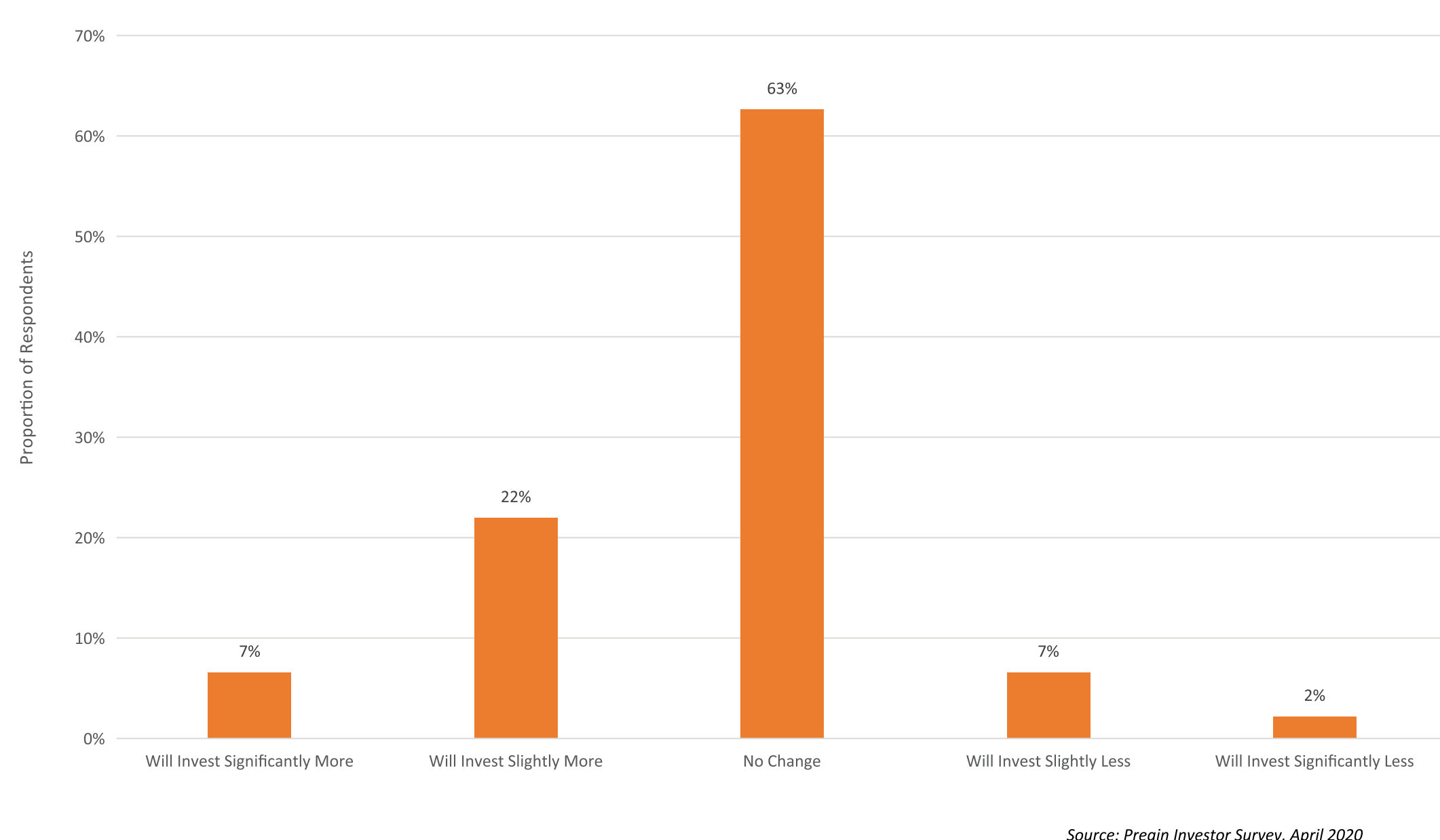
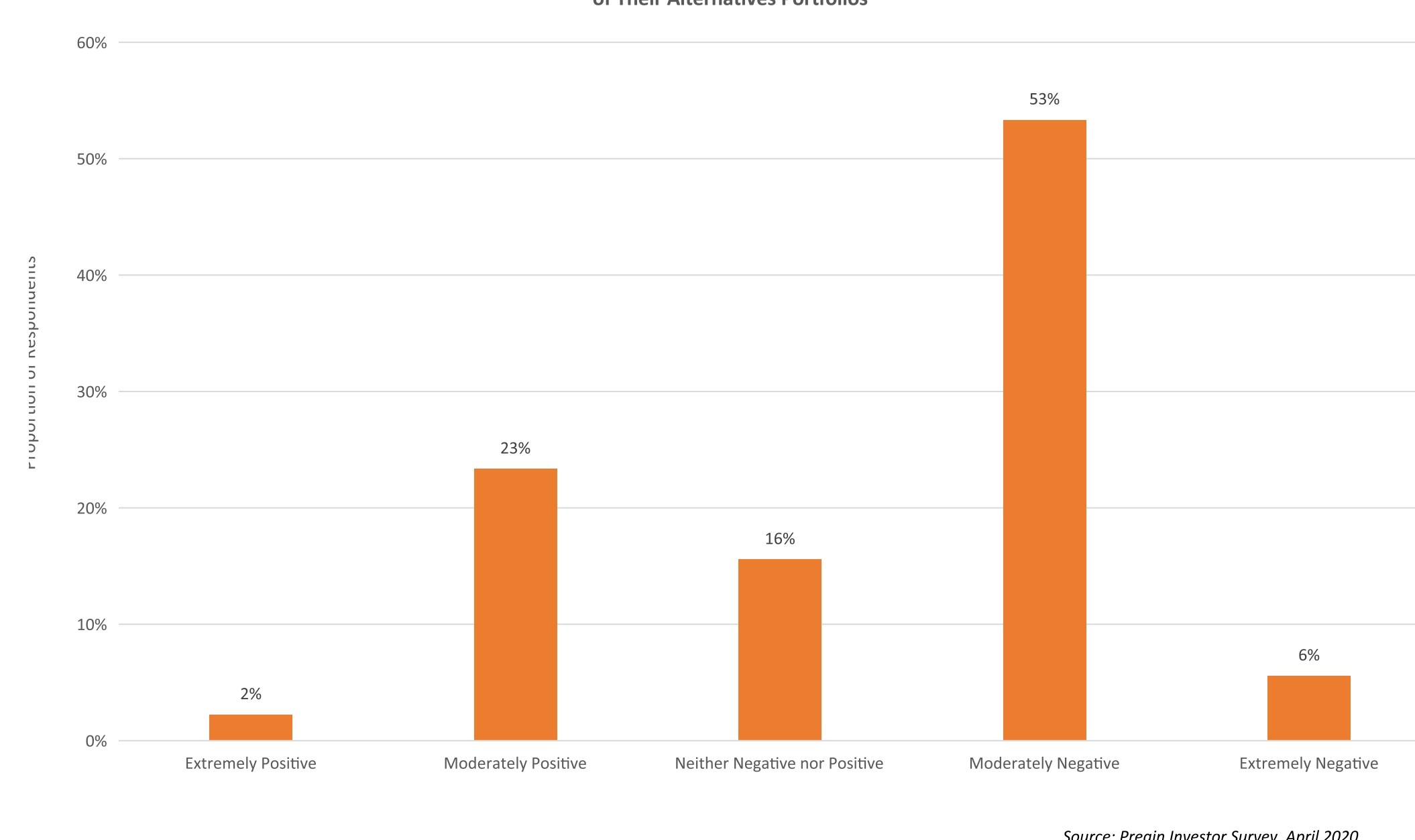


Fig. 2: Investor Views on the Long-Term Impact of COVID-19 on the Returns of Their Alternatives Portfolios



1. Will There Be Any Long-Term Implications for Investors?

Although investors are exercising caution in the short term, many believe that COVID-19 will not have a lasting impact on their alternatives programs. Of the investors surveyed, 63% do not anticipate any long-term effect on their future alternative investment strategy, as shown in the chart above. In fact, 29% of investors aim to divert more capital toward alternatives in the long term.

While our survey results clearly indicate a strong sense of caution among the investment community right now, there is much to suggest that investors are planning for the longer term and continuing to invest – in different sectors, in some cases.

Fig. 3: Sectors that Investors Plan to Avoid in 2020 Due to the Impact of COVID-19

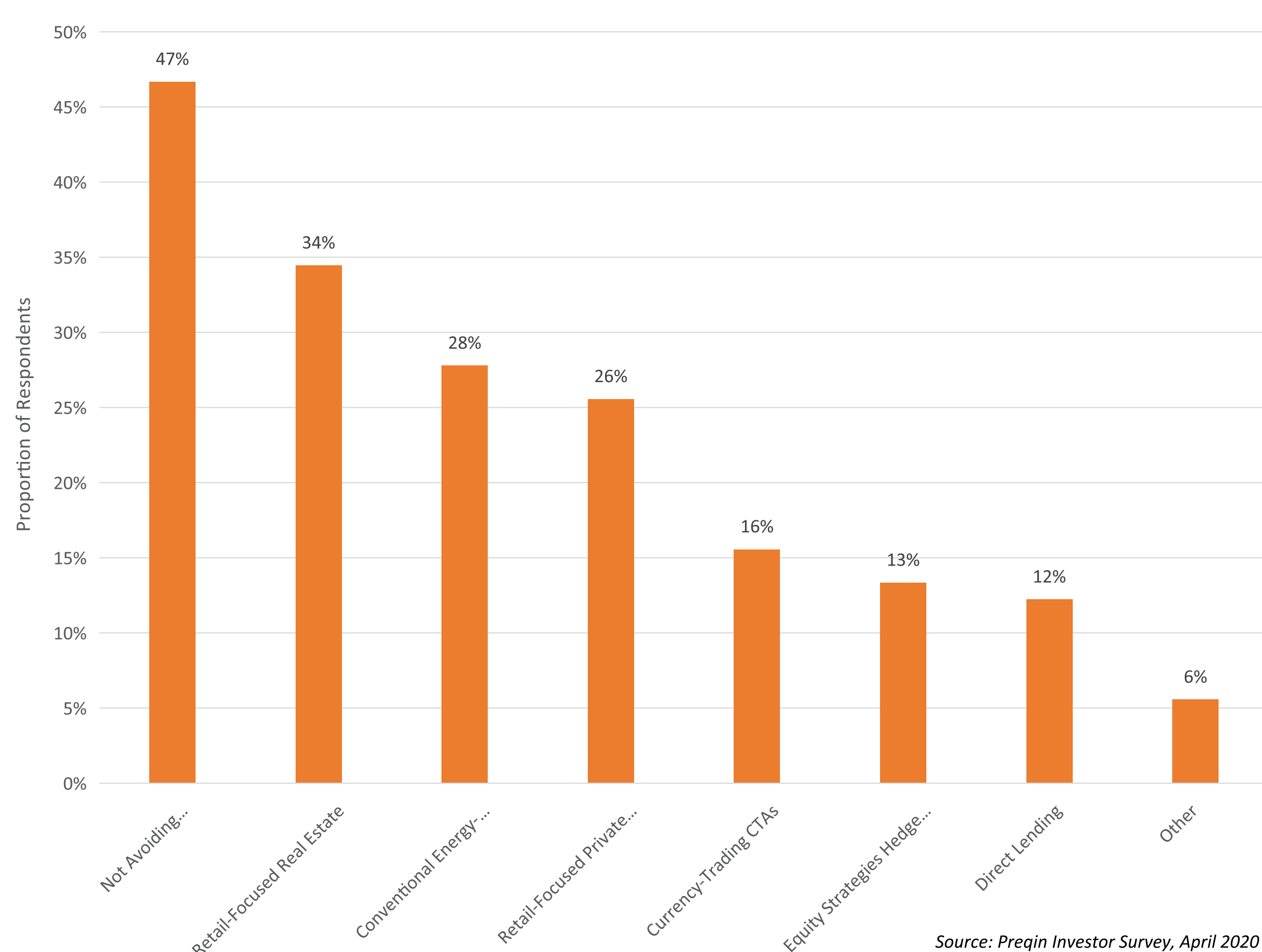
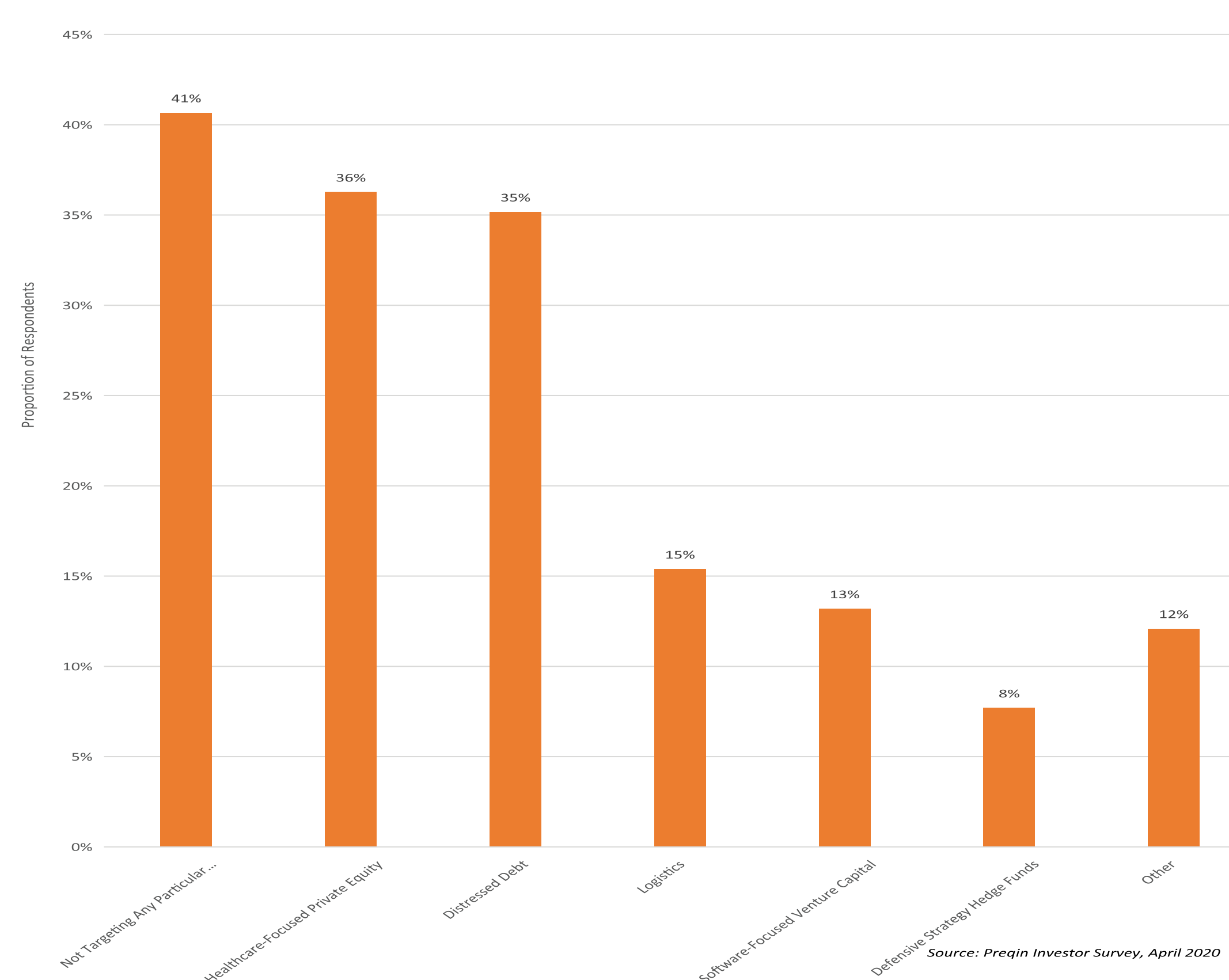


Fig. 4: Sectors that Investors Plan to Target in 2020 Due to the Impact of COVID-19



2. Which Sectors Are Investors Targeting or Avoiding in the Crisis?

The economic impact of the COVID-19 crisis has been far from balanced; the fallout has hit some industries far worse than others. As retail markets across the globe face a dramatic decline due to government lockdown measures, it's no surprise that 34% of surveyed investors said they plan to avoid

retail-focused real estate investment in 2020 as a direct result of COVID-19. And although almost half (47%) of investors said they were not avoiding any particular regions or sectors due to the crisis, this does highlight the extent to which retail real estate markets may struggle to recover when government restrictions are lifted.

For the logistics sector, though, which 15% of surveyed investors plan to target in 2020 as a result of the crisis, there is more hope. One investor said that the sector “should benefit from broader acceptance of online shopping.” For real estate as a whole, though, another investor felt that “people won’t have money to invest in real estate whereas healthcare sectors will be booming after normalcies return.”

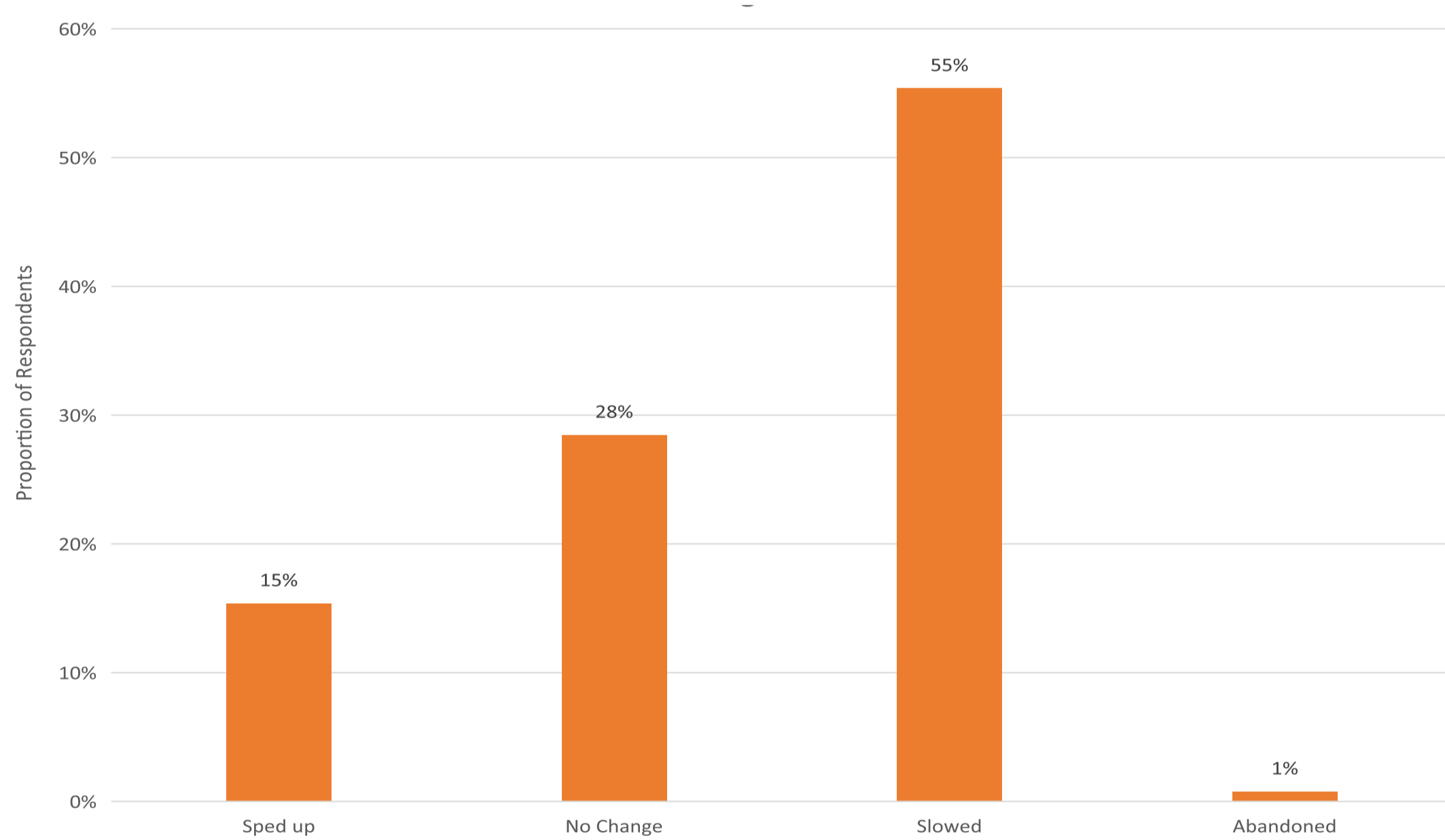
-Indeed, investors appear to be looking closely at healthcare-focused private equity for the rest of the year. All eyes are currently on healthcare systems across the entire world as they attempt to overcome the virus, and 36% of surveyed investors plan to target the sector in 2020 as a result of the pandemic.

1 (ii) How Fund Managers Are Responding to COVID-19

(Source: Preqin Investor Survey, April 2020)

FUND MANAGERS are polarized on the long-term impact, but business operations have taken a hit for most

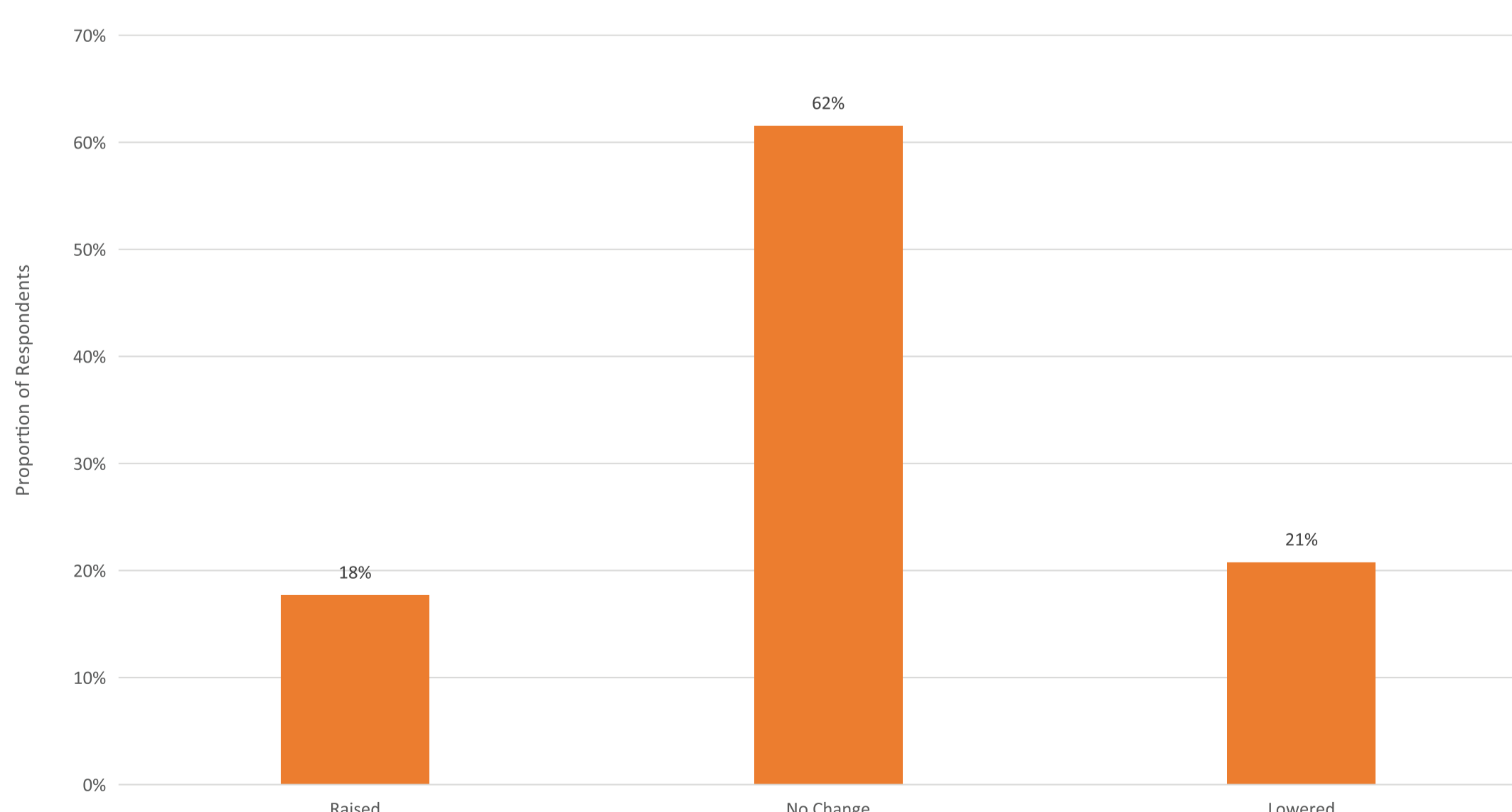
Fig. 5: Fund Managers on How COVID-19 Has Impacted Their Fundraising Process



Source: Preqin Fund Manager Survey, April 2020

Although fundraising is slowing in the wake of the economic fallout from COVID-19, most alternatives fund managers appear to be staying the course. Preqin surveyed more than 180 fund managers in April to understand the impact of the outbreak on their strategy and operations. Three-quarters do not plan to change their investment strategy for any active funds as a result of the outbreak. What’s more, a significant 90% of managers told us they do not plan to change their valuation method for portfolio companies, either.

Fig. 6: Fund Managers on How COVID-19 Has Affected Their Targeted Returns



Source: Preqin Fund Manager Survey, April 2020

1. Long-Term Impact Is Unclear

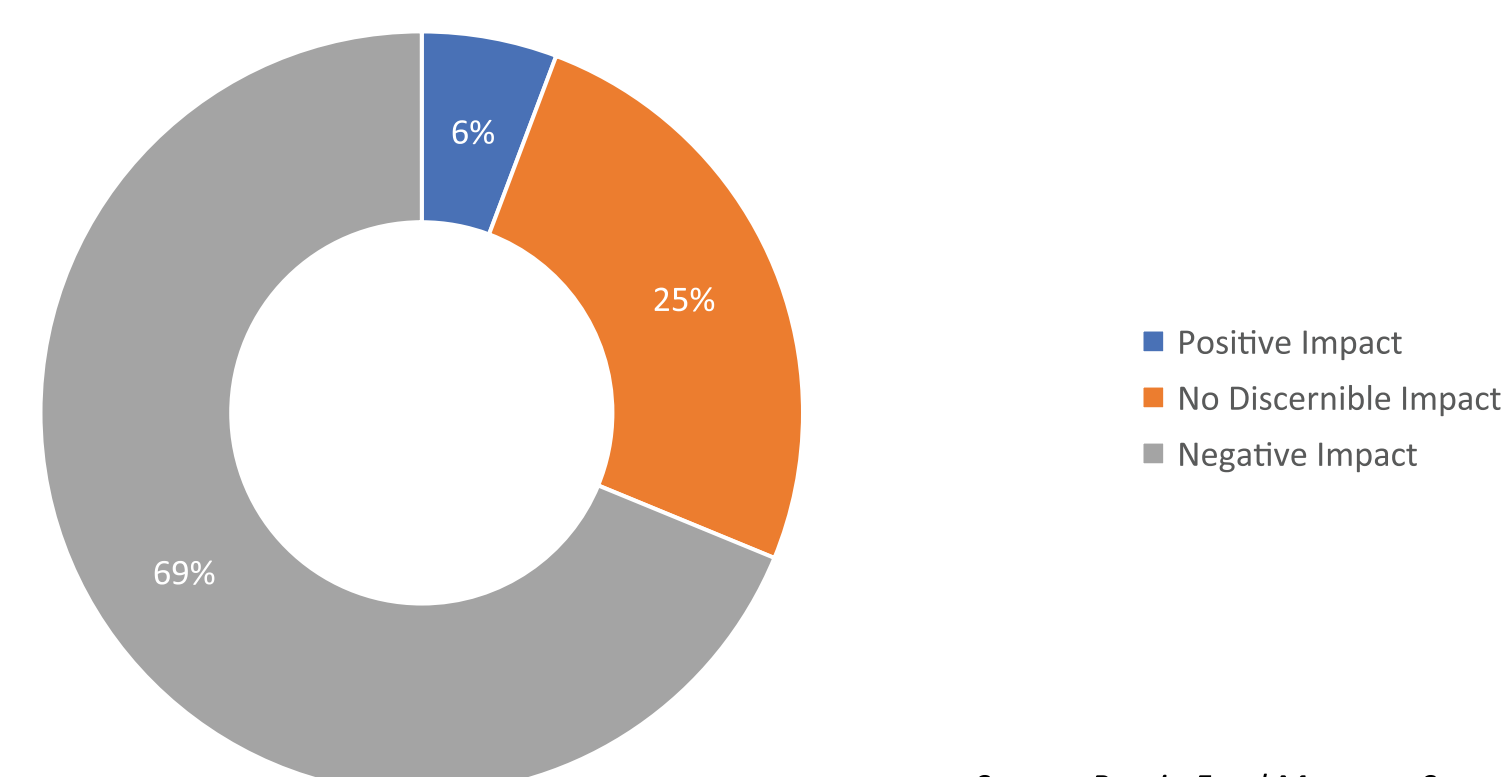
Why are fund managers not taking action amid the disruption? A viable reason could be that they remain unsure whether the market turmoil caused by COVID-19 will have a lasting impact. Indeed, 62% of surveyed fund managers believe their targeted returns will be unaffected, while 16% told us that targeted returns will be “slightly lowered” as a result of the virus.

We asked fund managers their views on the possible long-term impact. One manager said it depends on the duration of the virus: “If it will be

over in a few months, companies could be able to recover a big part of the loss.” They also felt that “if it will last more than six months, many companies could face long-term issues.”

Altogether, it suggests that fund managers do not yet have enough clarity on the long-term impact of the virus on the alternative assets industry.

Fig. 7: Fund Managers on How Travel Restrictions and Social Distancing Have Impacted Their Business Operations



Source: Preqin Fund Manager Survey, April 2020

2. Business Operations Are Disrupted

Where fund managers are aligned is the effect of the virus on their business operations. Travel restrictions and social distancing measures have been implemented by governments around the world since the outbreak began. 69% of fund managers told us that their respective business operations have been negatively impacted as a result.

While our survey reveals that not all business activities have been affected, several key operations have been adversely impacted. The largest proportions of managers said that fundraising from potential investors (69%), operations at portfolio companies (61%), and deal origination (59%) have been negatively affected.

That said, a significant 74% of managers believe that business operations will return to their pre-COVID-19 state within 12 months. And only 3% believe the effect on operations will last beyond two years.

Our Research Team View

Preqin’s survey data shows that investors and fund managers are thinking long term and continuing to invest in alternative assets. Meanwhile, fund managers were continuing their work of searching for value and opportunity in a challenging environment for returns. We think that investors recognized that diligent fund managers will always have a strong record of delivering superior returns through the cycle, in bad times as well as good times. In fact, some of the very best investments will be those made during the depths of the downturn and in the recovery from it.

Takeaways from the survey:

Fund managers recognise that returns on their existing portfolios will be reduced as a result of the impact of COVID-19. However, they are not reducing targeted returns for new investments (i.e., there will be attractive investments to be made);

Fund commitments will slow in 2020. The reasons for this include the difficulty of completing assessment and due diligence without face-to-face meetings, and the Denominator Effect as the rest of the portfolio is revalued downwards;

Fund managers are bullish about their medium- to long-term plans, with a continued trend toward higher allocations (and if anything, they consider COVID-19 more likely to accelerate this trend than to slow it down);

Fund managers are actively considering which sectors and industries are most attractive in the new environment (healthcare, logistics, software, distressed debt), and which are less attractive (retail, retail real estate, energy);

Fund managers are confident that alternative assets will adapt to COVID-19 and will emerge stronger from it.

In other words, yes there is a major short-term impact, but fund managers are thinking long term and continuing to invest in alternative assets.

CORPORATE NEWS FLASH

2 'It's the greatest time to start a company now,' PayPal co-founder says

(Source: Published on CNBC website, 9 April 2020)

PAYPAL and Affirm co-founder Max Levchin said Thursday that the stage a start-up is in is a major factor in whether the company will survive the economic downturn.

"It's really stratified. I think this is the very best time to be either a late-stage, well-funded start-up, because the competition is thinner ... [or] even better perhaps, this is the time to hunker down, go 10,000 feet below ground and build something truly amazing," Levchin said on "Closing Bell."

For companies in the middle part of the growth cycle, the situation is tougher, Levchin said. A wave of layoffs has already hit the tech world, with start-ups cutting nearly 4,000 jobs in March.

"It's the mid-markets, or the series B unprofitable start-ups, where every investor has to make a decision — 'Do I keep throwing good money after bad or do I back out?' — so I think that's where the situation is the toughest," Levchin said.



The entrepreneur said the economic slowdown has created a big opportunity for people with great ideas.

"You can be sure that not that many people are dreaming huge because so many are just trying to survive. And so if you can get yourself in front of a great idea and inspired and hopefully venture funded ... this is the greatest time to start a company," he said.

Levchin did say that Affirm, his current company, which helps consumers finance large purchases, was seeing that midmarket e-commerce start-ups were experiencing a lot of demand during the crisis but smaller companies were struggling.

Affirm announced a series F round last year that raised \$300 million. That brought the total equity raised by the company to more than \$800 million.



Read more at

<https://www.cnbc.com/2020/04/09/paypal-co-founder-this-is-the-greatest-time-to-start-a-company.html>

Our Research Team View

Interestingly, history has shown that more than half of the companies on the Fortune 500 list were founded during a recession or bear market. In fact, over 50 tech unicorns were founded during the recession years of 2007 to 2009. If the majority of these companies got started during rough economic periods, it suggests that recession may not be bad times to start a company.

The recession of 2008 saw the rise of global companies today like Whatsapp, Groupon, Instagram, Uber, Pinterest, Slack, Dropbox and Airbnb to name a few.

This trend apparently isn't limited to 2008; Microsoft was launched after the 1973 oil crisis, FedEx was launched after the recession of 1969-70 and HP was launched in 1939 at the height of a recession.

New startups tend to sprout up during times of increased unemployment and weaker economic conditions. Economic downturns offer no shortage of problems that need solving, changes in consumer behaviour, and talent being freed up from the shackles of corporate to the freedoms of entrepreneurship.

Starting with a blank slate may be your advantage in 2020. This year, the competition is weak, as many are just struggling to survive and you can gain an advantage that might last for years.

No doubt, the current COVID-19 crisis can serve as a validation of a start-up's business model. Businesses driven by innovation and enabled by technology will emerge stronger, more differentiated and better positioned to capture new markets. Investors, be it existing or potential, will be watching how the most agile and resilient will navigate the crisis.

3 Startups: Navigating the New Norm

(Source: Extracted from Cyberview Tech Talk on 22 April 2020)

AT the first-ever virtual Cyberview Tech Talk, panellists shared that new opportunities are available during the Movement Control Order (MCO) period, and that it should not be a deterrent to those who want to start their own online business.

According to the panellists, when it comes to starting an enterprise during the MCO, online set-ups should be able to find a niche for themselves.

“A lot of people find it safer to transact online, so this is the time to look at digitisation and ecommerce as opportunities for a prospective startup,” said Aizat, adding that startups that can maintain a cash strong position will be able to have their pick of the talent that will be looking

for jobs after the COVID-19 crisis.

He adds that starting an enterprise now can have lower starting costs, as many entrepreneurs are already considering if they actually need a working space.

“A possible opening for entrepreneurs is looking at further efficiencies that can aid businesses in functioning without a fixed working space,” he said.

Shafinaz concurred, agreeing that it comes down to the perspective of the startup in looking for an opportunity, as well as looking at what form of venture or business they would like to get into.

“Virtualisation is something to get used to, but should be made use of to continue working through the MCO. It is an opportunity, a market opening for new startups to present their virtualisation ideas as market solutions,” she said, advising startups to stay agile and to seek opportunities.



Key Takeaways ...

Find Opportunities

Amid uncertain times, there’s always room to explore and expand, depending on current need.

Never a Bad Time

Even during the Covid-19 pandemic, who says you can’t start a business?

Start Collaborating

Don’t let the size of your business be a hindrance. Pivot and collaborate with others!

Cashflow

Manage and monitor your company’s OPEX and cashflow diligently, especially during uncertain times. Recovery could take between 6 months to one year.

Never a Bad Time

Digitalise your business to stay relevant. E-commerce is blooming due to a change in consumer habits. Expect the emergence and growth in the space of smart healthcare, cyber security and AI.

Stay Connect

Use technology to connect with others. Even with the MCO in place. Keep interaction alive with your informal setting.

Our Research Team View

Existing SMEs and startups that will be more heavily hit by the realities of the new norm will have to pivot aggressively and automate their business via digital as quickly as they can to gain the survival edge by being financially leaner.

As consumer behaviour changes, businesses in traditional sectors of the economy will have to invest in obtaining data-driven and customer-focused insights to understand the evolving needs and psychology of consumers.

Besides that, the resources for a startup are very limited by default. So, at any time, it is very crucial for startup to look at how those resources can provide the best return on investment for them and their investors.

In fact, the Movement Control Order (MCO) has presented different opportunities and challenges for entrepreneurs. Within weeks, many entrepreneurs have also stepped up to improve the testing, tracking and treatment of COVID-19. A few sectors which will benefit from long-lasting changes in consumer behaviour and experience a significant increase in user base, such as digital entertainment, including video streaming and gaming, fresh e-commerce and telemedicine should see a period of growth in the short to long-term.

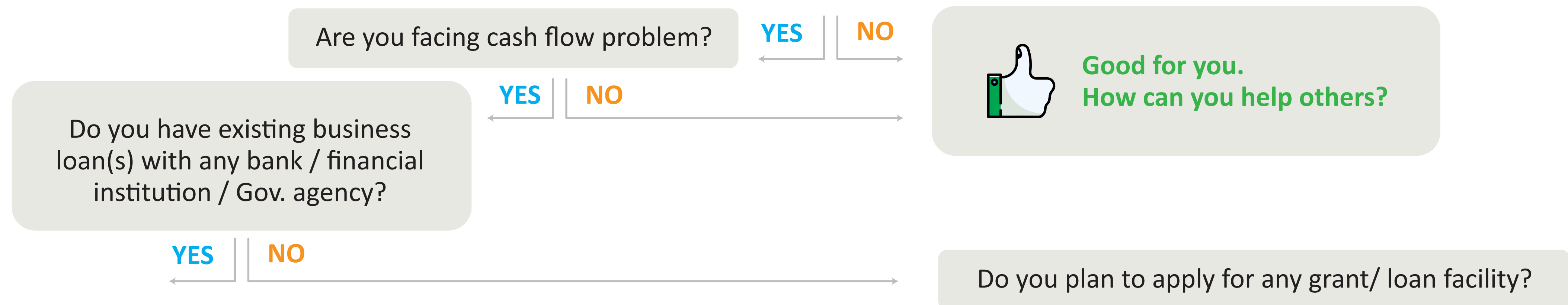
As it so happens, private-equity firms began 2020 with a record US\$1.5 trillion (RM6.54 trillion) in “dry powder” cash before the COVID-19 outbreak and will be looking to put that financial firepower to work as asset prices fall. We anticipate there will be global competition for these funds in merger and acquisition (M&A) and rescue deals.

CORPORATE NEWS FLASH

4 COVID-19 Mitigation Measures For Malaysian SMEs

(Source: Extracted from Cyberview Tech Talk on 22 April 2020)

IS YOUR BUSINESS DIRECTLY AFFECTED BY COVID-19?



Measures available:

- Automatic 6-month moratorium on all banking facilities (EXCEPT for credit balances)
- Loan moratorium for TEKUN, MARA, cooperatives and Govt.agencies
- Restructuring and resheduling of bank loans
- 6-month moratorium by credit companies on SME instalment beginning April 2020

Measures available:

- Special Relief Facility - Financing up to RM 1 mil (per SME) by BNM at 3.5% interest rate
- Microcredit facility by BSN with 0% interest rate without collateral
- TEKUN Micro Credit Scheme of max. RM10,000 with 0% interest rate.
- Grant PRIHATIN of RM3000 for microenterprise by IRB, Local Authorities SSM
- RM500 mil matching grant for tourism promotion
- Expedited approval for Bank Pembangunan's Tourism Infrastructure Fund of RM1.5 billion
- Financing up to RM300,00 for BizMula-i and BizWanita-i Scheme under CGC.
- RM6.8 bil in All Economic Sectors Facility by BNM with maximum financing rate reduced to 7% p.a.
- Social Finance Programme for B40 entrepreneurs by participating islamic banks in collaboration with partners.
- Increased guarantee rate from 70% to 80% by SJPP
- RM50 billion guarantee scheme up to 80% of the loan amount by Danajamin

Measures available:

- Wage Subsidy Programme of RM600/RM800/RM1,200 for employees earning less than RM4,000 and employers experiencing 50% decrease in income since 1.1.2020
- Deferment of payments, restructuring and resheduling employer contributions with EPF
- 6-month deferment of monthly income tax for business in the tourism sector beginning 1.4.2020
- 3-month deferment of monthly income tax for other sectors beginning 1.4.2020
- Additional tax deduction to private owners that provide rental rebates for April 2020 to June 2020
- Exemption of HRDF levies for all section for 6 months beginning 1.4.2020
- Automatic moratorium of 30 days from MCO's last date to submit statutory documents to SSM
- 3-month extension of filing period of financial statements to SSM from MCO date
- Exemption of 6% service tax for hotels
- Exemption of import duty and sales tax on importation or local purchase of machinery & equipment used in part operations
- 25% reduced levy for foreign worker permit expiring from 1.4.202 - 31.12.2020 (except maids)
- Rental exemption for six months for all Federal Government-owned premises
- Rebates on rental for premises at the airport and premises owned by GLCs
- Discount & reduced rentals for premises in tourism industry
- Free internet from 1.4.2020 until MCO expires

Additionally, you may also enjoy the following measures

- 15% discount on monthly electricity bills to hotels travel agencies, airlines, shopping malls, conventions and exhibitions centres from 1.4.2020 - 30.9.2020
- 2% discount on electricity bills for commercial, industrial & agricultral customer from 1.4.2020 - 30.9.2020
- Gradual discount of 15% to 50% on electricity bills (max, limit of 600 kw/month for residential customers)

CORPORATE NEWS FLASH

Has the demand for your products / services dropped significantly due to COVID-19 outbreak?

Measures available: ← YES | NO →

Any plan to increase production capacity or undertake business expansion?

Measures available: ← YES | NO →

Business as usual

- RM 1,000 grant to 10,000 local entrepreneurs to promote sale of their products via e-commerce
- RM20 mil allocation for the Transformation of Pusat Internet Desa into e-commerce hubs
- Personal income tax relief of up to RM1,000 and RM100 digital vouchers per person for domestic tourism
- Relaxation of existing guidelines limiting use of hotels by Government agencies
- RM10 million allocation for food storage facilities to help reduce food prices by FAMA
- Agrofood facilities of RM1 billion by BNM at 3.75% interest rate to promote food production activities
- Short term agrifood projects
- Infrastructure facilities for food storage & distribution and crop integration programme
- Food Assistance Fund to formers, breeders and fishermen
- RM2 billion for the immediate implementation of small infrastructure repair and upgrading projects nationwide
- Implementation of small projects that will benefit G1 - G4 contractor

- SME Automation & Digitalisation Facility at 3.75% interest rate by BNM
- Accelerated capital allowances over a 3-year period on expenses incurred on machinery and equipment including ICT
- Tax deduction of up to RM300,000 on renovation and refurbishment cost
- RM500 million co-investment fund of at least 1:3 ratio to be matched by provide investors for early-stage and growth-stage Malaysian companies
- 1-year waiver of listing fees by Securities Commission and Bursa Malaysia for various platforms

Do you plan to train/retrain your employees?

Measures available: ← YES | NO →

Measures available:

- Double deduction on expenses incurred on approves tourism-related training
- RM100 million matching grant by HRDF for additional 40,000 employees in tourism and other affected sectors
- Increased claimable training cost from RM4,000 to RM6,000 under Employment Insurance System (EIS) for affected sectors
- RM30 training allowance per day under EIS

- Financial assistance of RM600/worker/month from 1.3.2020 up to max. 6 months for employees on unpaid leave

Our Portfolio companies



Ideaqu Pte Ltd (IDEAQU)

Business:

Innovative software development services company and platform provider specialising in:

- Mobile apps (iOS and Android)
- Web Applications (Websites and Platforms)
- Cloud infrastructure
- Internet of things
- Mobile payments

Country:

Australia and Singapore

Acquisition date:

July, 2019

Read more at
<https://www.ideaqu.com/co/>



Company Updates

- Incorporated in Singapore, IDEAQU is an innovative Australian financial services technology (fintech) business with payment aggregator licenses from global banks in Australia and Singapore.
 - IDEAQU is a leading software technology developer pioneering the way with innovative mobility and cloud-based technology services and innovative products.
 - IDEAQU delivers transparent and flexible software technology services and its innovative product platform to a broad range of clients from various industries.
 - Co-founded by Sachin Jain and Adam Lindsay, two experienced payment technology innovators, IDEAQU has two unique business segments which leverage off their core payment aggregator licenses.
- I.) The first product, PayT is a mobile wireless payment terminal developed specifically for the taxi and limousine market. The terminal allows taxi and limousine drivers to accept a wider range of cashless payments, including mobile payments. PayT also offers 'pay-by-miles' car insurance to drivers, allowing them to better manage their insurance cost while providing compulsory protection to the taxi driver and their passengers. PayT is currently operating in Australia through partnerships with local taxi companies in New South Wales, will expand into Singapore this year.
 - II.) The second product, GivePls is a charity fundraising platform designed to increase efficiencies in the incumbent and ineffective charity funding market. While people are inherently generous in nature, in the era of digital payments, they are less likely to carry loose change for donations. Currently charities pay a high commission on donations to charity sale agencies. GivePls product platform provides lower charges and more accessible donations for charities, allowing a bigger portion of the funds raised to go towards the actual cause.
- Its clients and partners include Samsung, The Government of New South Wales (Australia), ANZ Bank, Nasdaq-listed Zebra Technologies, Ingenico (France) and Cathay Pacific.

Wee thanks Potential Exceleerate Group for Donating 50,000 Face Masks to Frontliners

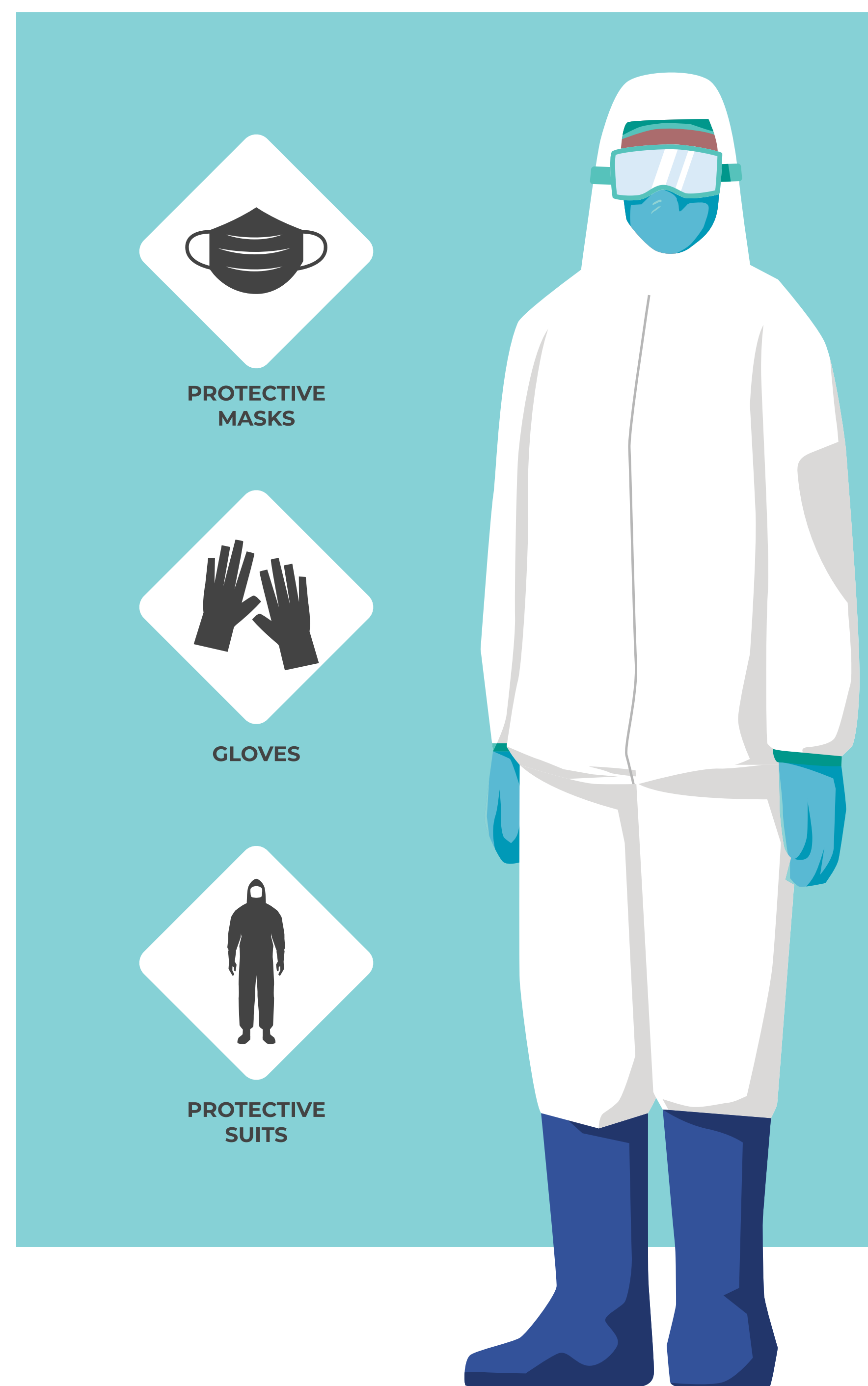
11th April 2020

(Source: our company website)

TRANSPORT Minister Datuk Seri Dr. Wee Ka Siong has expressed his thanks to Potential Exceleerate Group Ltd Managing Director, Dato' Sri Dr. Sherwin Chew and his team for donating face masks and personal protective equipment (PPE) to medical frontliners fighting against COVID-19.

Potential Exceleerate Group Ltd has handed over 200 Personal Protective Equipment (PPE) and 50,000 medical face masks at Putrajaya early this afternoon as our contribution to the nation's frontliners, which was witnessed by Dato Seri Dr. Wee, the Ayer Hitam MP.

Potential Exceleerate Group Ltd as a socially responsible company, has taken the initiative to come forward to contribute and play our part, in an effort to aid the nation in the war against the pandemic.





NAVIGATING THROUGH COVID-19 CRISIS

• Attention •
Business Owners, Directors,
CEOs, General Managers

BUSINESS
OWNERS, CEOs,
DIRECTORS,
GENERAL
MANAGERS

NAVIGATING
THROUGH
THE
COVID-19
CRISIS

HOW CAN
POTENTIAL
EXCELERATE

GROUP HELP YOU

How Can Potential Excelerate Group (PE Group) Help You Weather And Sail Past The COVID-19 Crisis

Dear All,

2020 has been tough thus far and it is a challenging period for everyone around the world. During this COVID-19 outbreak, we want to contribute our resources to help some of our friends and entrepreneurs who are SMEs or running their own businesses. As an investment group, we have helped businesses in various industries such as F&B, Agritech, Fintech, Medtech, Hospitality, E-commerce and Online Platform among others to grow and expand globally via the following:

- Cross-border IPO Listing
- Mergers & Acquisitions
- Reverse Takeovers
- Project Funding
- Debt Restructuring

PEG Foundation has also launched a RM1 million PEG Entrepreneur Start-up Fund in November last year to help promote entrepreneurship among the youth in Malaysia in order to help Malaysia achieve its Shared Prosperity Vision 2030.

In light of the Covid-19 crisis, we are offering an urgent COMPLIMENTARY Consulting Service to assist you with some ideas on how to overcome challenges that you may need help with.

Please send in your details and provide us with some information to set an appointment with you.

Entrepreneurs, Business Owners of Upcoming Startups or Distressed Small-Cap Public Listed Companies which have sound business model or exciting investment opportunities are welcomed to send in your business proposals.

We as a community need to band together to get through this together.

Please submit your business proposal to:

Investment Department
Potential Excelerate Group

Unit 1-2, Menara Oval Damansara
685 Jalan Damansara, Taman Tun Dr Ismail
60000 Kuala Lumpur, Malaysia

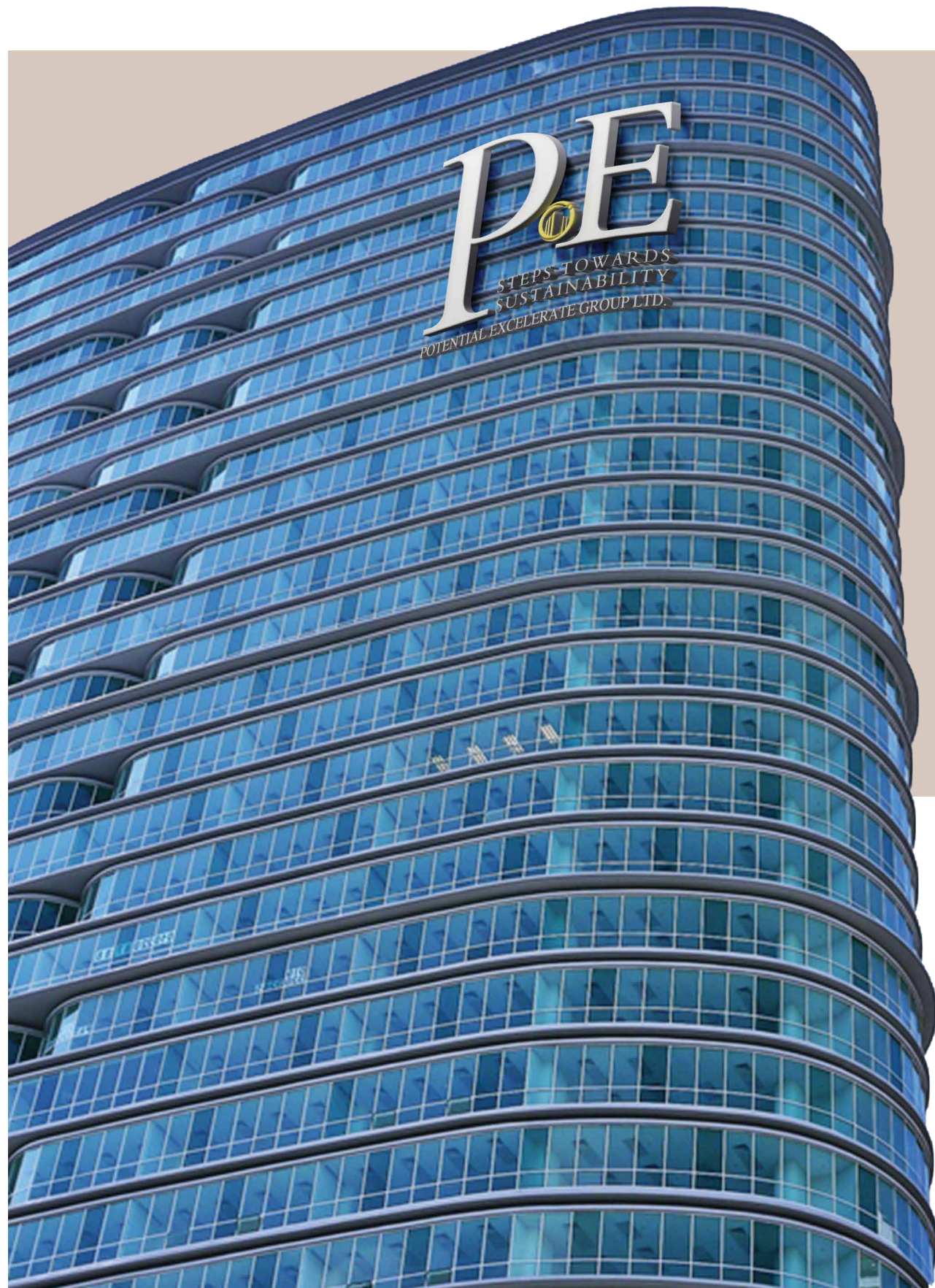
Tel : 03- 7733 4593

Fax : 03- 7733 5593

E-mail : info@pegholding.com

Website : www.pegholding.com

Note: We will evaluate the submitted information and set up an appointment with you. Only short-listed submissions will be notified by us.



Editorial

Strategy

| **Steven Liew**

Corporate Finance

| **Albert Ting**

Jayden Sho

Corporate Communication

| **Adrian Cheng**

Marketing

| **Miyuki Chia**

Customer Service

| **Angel Phoon**

Graphic Designer

| **Jennifer Tee**

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