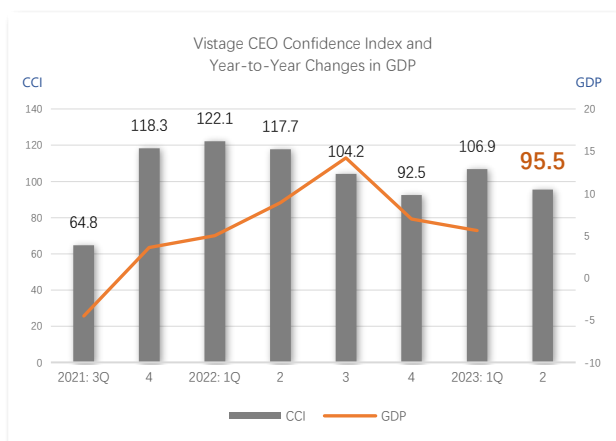


VISTAGE CEO Confidence Index (CCI) Weakens

As we enter the second quarter, Chief Executive Officers (CEOs) agree that it is challenging to be optimistic about the country's economic sector. This may be due to the current economic conditions and unexpected business trends observed in Malaysia. The Vistage-MIER CEO Confidence Index (CCI) survey results indicate a decline in the 2Q2023 (95.5) compared to 1Q2023 (106.9), clearly pointing to a level below the 100 threshold.



	3Q 2021	4Q 2021	1Q 2022	2Q 2022	3Q 2022	4Q 2022	1Q 2023	2Q 2023
VISTAGE-MIER CEO CONFIDENCE INDEX	64.8	118.3	122.1	117.7	104.2	92.5	106.9	95.5
Current Economic Conditions	18	108	138	143	123	97	117	90
Expected Economic Conditions	72	164	152	137	104	77	125	102
Expected Change in Employment	111	156	160	159	150	142	148	139
Planned Fixed Investment	94	145	148	148	137	124	137	128
Expected Revenue Growth	103	170	171	165	146	138	151	141
Expected Profit Growth	92	151	154	138	128	121	130	122

Note: All component questions are scored as the percent giving favorable replies minus the percent for unfavorable plus 100. The VISTAGE-MIER CEO Confidence Index is the sum of the components calculated as a percentage of the level recorded in 2nd quarter 2003 survey.

Vistage CEO Confidence Index Highlights

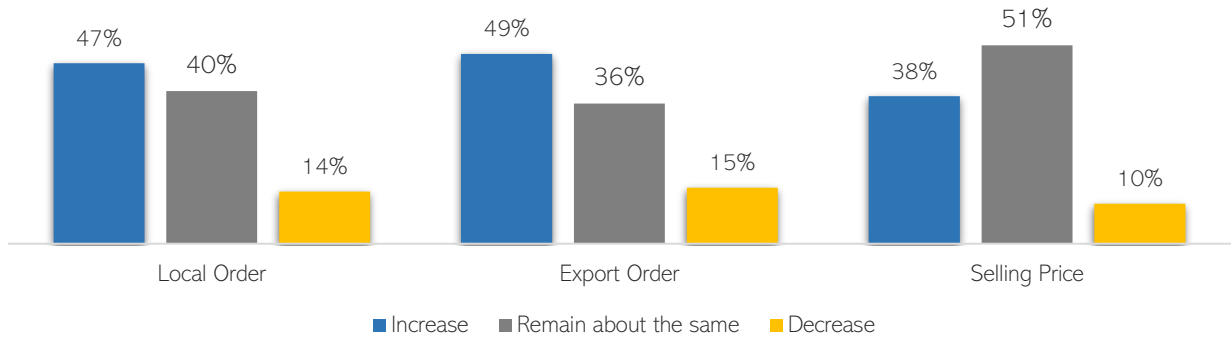
In 1Q2023, the CEOs' survey of confidence dropped to 90 in 2Q2023 by 27 points. It is by now the second-lowest index in the year 2023. Note that 27.1% of 989 CEOs viewed Current Economic Conditions as having slowly improved. Meanwhile, 35.7% opined that it would remain the same, and 37.2% opted for worsened Current Economic Conditions. CEOs' perspective of the local economy in the upcoming term may continue to drop since the Expected Economic Conditions index has decreased to 102 in 2Q2023 in comparison to 1Q2023 by 23 points. Only 28.8% of CEOs are optimistic regarding Malaysia's Expected Economic Conditions. Most CEOs (43.9%) agreed that the economy is unchanged, and 27.3% stated it would worsen.

Expected change in employment has been in decline since 3Q2022 (150 points) and is now at 139 points in 2Q2023. Here, 47.4% of the CEOs are anticipating a rise in employment change, while 44.3% plan to retain their current staff for the moment and 8.3% are considering trimming down their present employees. Meanwhile, the Planned Fixed Investment index decreased to 128 in 2Q2023 from 137 in 1Q2023 suggesting that only 14.3% of CEOs are considering a decrease in investment.

Expected Revenue Growth, is seen at 141 points in 2Q2023 as compared to 151 in 1Q2023, declining since 2Q2022 (165). Nevertheless, more than half of the 989 CEOs at 55.9% are positive that revenues will increase this quarter, while 29.2% opted it will remain the same, and 14.9% suggested a decline in the upcoming term.

Correspondingly, Expected Profit Growth recorded a similar trend where lower indexes were captured in this quarter at 122 points in 2Q2023 compared to 130 points in 1Q2023. Yet, the indexes remained above the 100-point confidence threshold, indicating that confidence amongst CEOs in their firms' outlook has held up fairly well for now. This translates to 42.6% of the CEOs projecting higher profits in this quarter.

Local Order, Export Order & Prices



Among the CEOs surveyed, 46.8% anticipate an increase in new local orders, while 49.2% expect an increase in export orders. A difference of 3.3% can be identified between export and local orders. Meanwhile, 39.6% (local orders) and 36.3% (export orders) of the CEOs' responses remain unchanged. 51.4% of the CEOs opined that the selling prices would not change while 38.2% stated that it would increase and 10.4% expressed that it would decrease.

VISTAGE CEOs' COUNTERMEASURES TO INFLATION

The CEOs emphasised that cutting spending and improving efficiency is one way for firms to battle inflation. This includes wage controls and the reduction of unnecessary operating costs. Inflation, according to CEOs, is also an economic opportunity for businesses to digitalize their operations in order to boost efficiency. Additionally, CEOs sought price adjustments and relook at sales strategies as countermeasures to remain competitive in the market despite inflation. CEOs' companies have also increased prices and sales volume while negotiating terms with suppliers or seeking alternative suppliers to maintain and improve profit margins. Sales strategies, on the other hand, involve strengthening marketing efforts, seeking business with greater Return on Investment (ROI) and selecting accountable paymasters. Lastly, as more CEOs become aware of their responsibility during the macroeconomic volatility, they prioritise risk management by reorganising their companies' operations and supply chains. They also emphasised that diversification in terms of labour choice, more exposure to local products and a focus on higher-value markets are approaches to cope with inflation.

ENVIRONMENTAL, SOCIAL CORPORATE GOVERNANCE (ESG) INITIATIVES

Referring to the survey results, an estimated 36% of CEOs stated that they need more seminars, fora and workshops before implementing the Environmental, Social and Corporate Governance (ESG) policies in their organization. The second highest response was that CEOs viewed ESG policies as insignificant in their small-sized organizations (23.5%). Out of 965 respondents, 13% expressed that they do not have excess or sufficient funds to set aside and to be allocated to ESG matters. Currently, no governmental legislation compels them to pursue and invest in ESG initiatives (12.7%). The CEOs surveyed showed that they are also not familiar with ESG policies but are in no hurry to investigate more (15.3%). Note that this question garnered 97.6% of responses, indicating the importance of ESG initiatives in organizations.

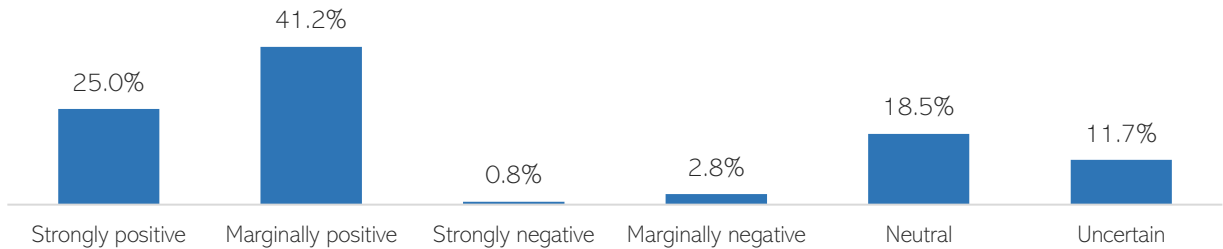
FORMULATION OF BUSINESS PLANS FOR LONG TERM

Approximately 43% do not apply to CEOs, specifically those who have already developed and implemented comprehensive 3 to 5-year business plans, while 22% would attend a workshop organized by Vistage on formulating a long-term business plan. 20% of CEO believe that their company requires assistance in developing business plans.

REVOLUTIONIZING BUSINESS: THE IMPACTS OF ARTIFICIAL INTELLIGENCE (AI) ON TODAY'S MARKETPLACE

According to the index survey, the majority of CEOs believe that the effect of Artificial Intelligence's (AI) on businesses is beneficial, while 19% remain neutral and 12% are uncertain about the impact of AI. These statistics highlight the importance of incorporating AI in day-to-day businesses.

Impact of AI's



REGIONAL COMPREHENSIVE ECONOMIC PARTNERSHIP (RCEP)

The Regional Comprehensive Economic Partnership (RCEP) is a free trade agreement between Australia, Brunei, Cambodia, China, Indonesia, Japan, Laos, Malaysia, Myanmar, New Zealand, the Philippines, Singapore, South Korea, Thailand, and Vietnam. Malaysia is one of the signatories of the agreement, which came into force in March 2022. The RCEP aims to deepen economic cooperation between the participating countries and provide a framework for reducing trade barriers and promoting more effective trade and investment. When asked if Malaysians have benefitted from it, 50% were ambiguous, 42% disagreed and 8% of the CEOs voted for it.

PERCEPTION OF CORRUPTION: AN ANALYSIS OF PUBLIC OPINION

Despite the passing of time, 65% of the CEOs maintain the same perspective regarding the levels of corruption, whilst an increase of 22.1% of the CEOs perceived that corruption levels have decreased.

IS THE CRIME RATE ON THE RISE OR DECLINE

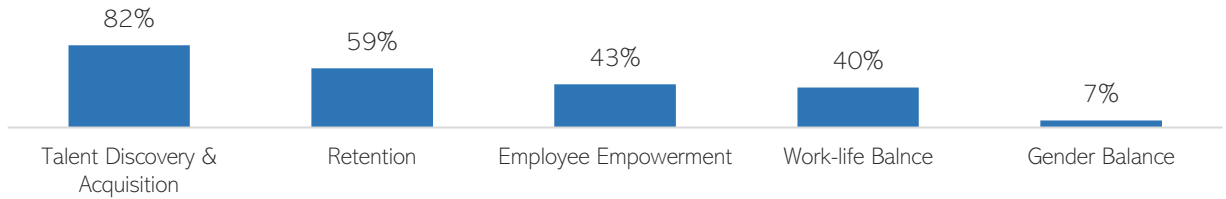
In the past six months, 70% of the CEOs maintain the same perspective on the levels of crime rate. Meanwhile, 16% of CEOs view that the crime rate has decreased. Hence, it might be helpful for businesses to take preventive measures to ensure the safety and security of their employees and customers through a variety of steps.

EXPECTED WORKFORCE CHALLENGES

Talent acquisition is a potential obstacle for organizations in finding and attracting the right talent for their workforce. Factors such as a competitive job market, changing workforce demographics, and evolving job requirements can all pose challenges to talent acquisition. However, proactive recruitment strategies, including employer branding, diversity and inclusion initiatives, and workforce planning, can help organizations address these challenges and attract and retain the best talent.

The top three areas which the CEOs are expecting to face in the upcoming years are retention, employee empowerment and work-life balance, 59%, 43% and 40% respectively.

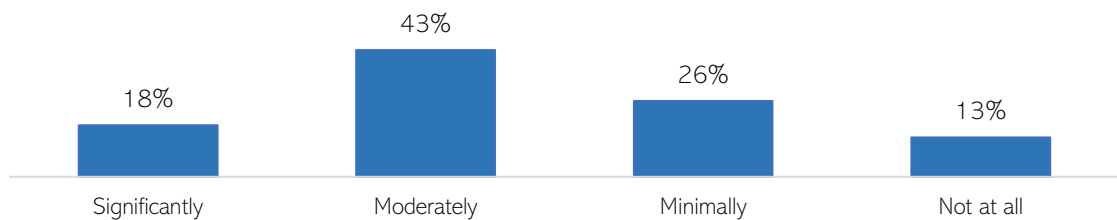
Workforce Challenges



EFFORTS TO STABILIZE ECONOMY: INCREASING OPR TO 3.0%

The overnight policy rate (OPR) was hiked by 25 basis points to 3.0 per cent. The ceiling and floor rates of the corridor of the OPR correspondingly increased to 3.25% and 2.75% respectively. It is a key monetary policy tool used by central banks to control inflation, stabilize the economy, and promote growth. When the central bank lowers the overnight policy rate, it makes borrowing cheaper for commercial banks, which in turn can pass on the lower borrowing costs to consumers and businesses. This can stimulate spending, investment, and economic growth.

OPR Affected



On the other hand, when the central bank raises the overnight policy rate, it makes borrowing more expensive for commercial banks, which can lead to higher interest rates for consumers and businesses. This can slow down spending, investment, and economic growth and help control inflation. With that said, 43% of the CEOs are somewhat affected by the changes in OPR whilst 13% are not affected at all.

ABOUT VISTAGE MALAYSIA AND MIER

Vistage Malaysia is a licensee of Vistage International, USA, the world's most trusted resource for CEOs, business owners and key executives of small and medium-sized businesses to help them become better leaders, make better decisions and deliver better results, providing unparalleled access to issue resolution and better performance through monthly peer advisory group meetings, one-on-one business coaching, expert speaker presentations, and extensive online connectivity spread over 29 partner locations across 27 countries with more than 29,000 members worldwide.

Vistage Malaysia has more than 1,200 members with combined annual revenue of RM80 billion and employing over 130,000 employees. Vistage member companies grow, on average, 2.2 times faster than they did prior to joining Vistage. In 4Q2005, Vistage Malaysia entered into a strategic alliance with the Malaysian Institute of Economic Research (MIER) to co-brand the CEO Confidence Index. MIER is an independent, private, non-profit organization, devoted to economic, financial, and business research that would serve as a think-tank for the government and private sector by providing an objective and impartial understanding of socioeconomic issues of national, regional and global importance.