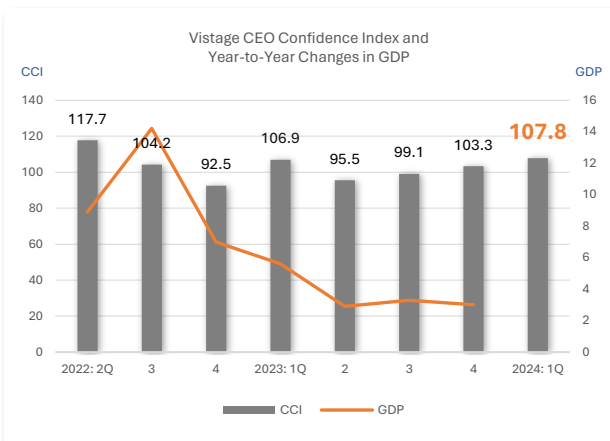


NAVIGATING THE BUSINESS WITH INCREASED OPTIMISM

CEOs are cautiously optimistic as they assess their companies' potential. This outlook is reflected in the recent Vistage MIER CEO Confidence Index (CCI), which started to pick up from the second quarter of 2023 to 107.8 in the first quarter of 2024. This positive trend is supported by the stable GDP growth of 3.0 in 4Q2023, indicating a healthy economy and setting the stage for future prosperity.



	2Q 2022	3Q 2022	4Q 2022	1Q 2023	2Q 2023	3Q 2023	4Q 2023	1Q 2024
VISTAGE-MIER CEO CONFIDENCE INDEX	117.7	104.2	92.5	106.9	95.5	99.1	103.3	107.8
Current Economic Conditions	143	123	97	117	90	87	89	104
Expected Economic Conditions	137	104	77	125	102	114	117	124
Expected Change in Employment	159	150	142	148	139	142	145	146
Planned Fixed Investment	148	137	124	137	128	131	135	143
Expected Revenue Growth	165	146	138	151	141	144	154	158
Expected Profit Growth	138	128	121	130	122	131	141	140

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.

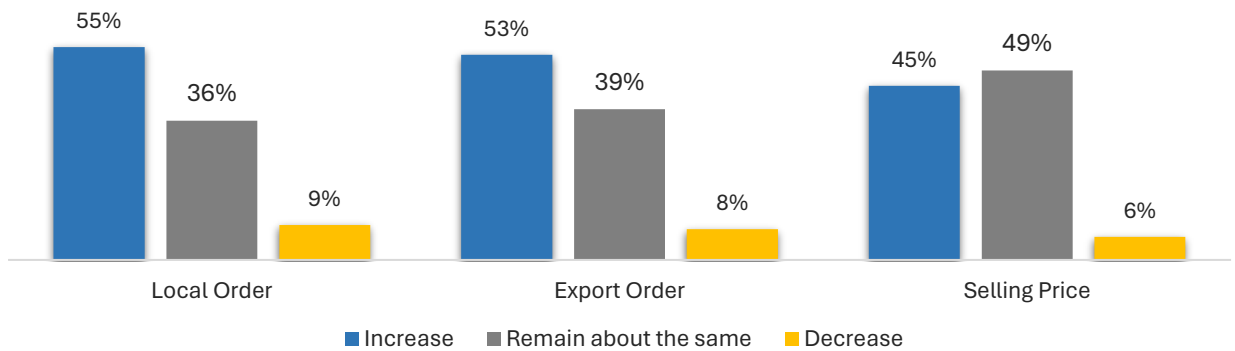
VISTAGE CEO CONFIDENCE INDEX HIGHLIGHTS

Despite some ups and downs, overall indicators suggest that the economy is resilient, supported by pockets of consumer spending and investment activities. The first quarter of 2024 showed that the economy continued to perform steadily, although there were slight adjustments due to global market dynamics, scoring 104. Additionally, CEOs are optimistic about the current business outlook in Malaysia, with 29% reporting improvement and 46% reporting no change, compared to the previous quarter's 23% and 43%, respectively.

Looking ahead to 1Q2024, expectations remain positive (scoring 124 points), with projections indicating continued expansion driven by innovative initiatives. Forecasts for the expected economic conditions in the 4Q2023 show cautious optimism, with predictions pointing to sustained growth supported by robust fiscal policies and technological advancements, scoring 117 points. Additionally, CEOs responded more positively in 1Q2024, with 42% indicating improvement, compared to 38% in 4Q2023. Furthermore, the percentage of respondents indicating a decrease dropped from 21% (4Q2023) to 18% in 1Q2024.

Expected Change in Employment showed 146 points in the first quarter of 2024, indicating a slight increase from the 4Q2023, which was 145 points. This suggests ongoing significant adjustments in the job market, with the trend continuing from the previous quarter. Planned Fixed Investment in 1Q2024 indicates strategic financial commitments for growth and stability, with a record at 143 points. This aligns with proactive investment initiatives observed in the 4Q2023, where 53% of CEOs planned to expand their expenditure, 37% remained unchanged, and 10% expected a decrease. The expected index for revenue also gained four points quarter-on-quarter to 158, indicating that revenue growth will likely gain some momentum by mid-2024. However, expected profit growth in 1Q2024 may decrease.

Local Order, Export Order & Prices

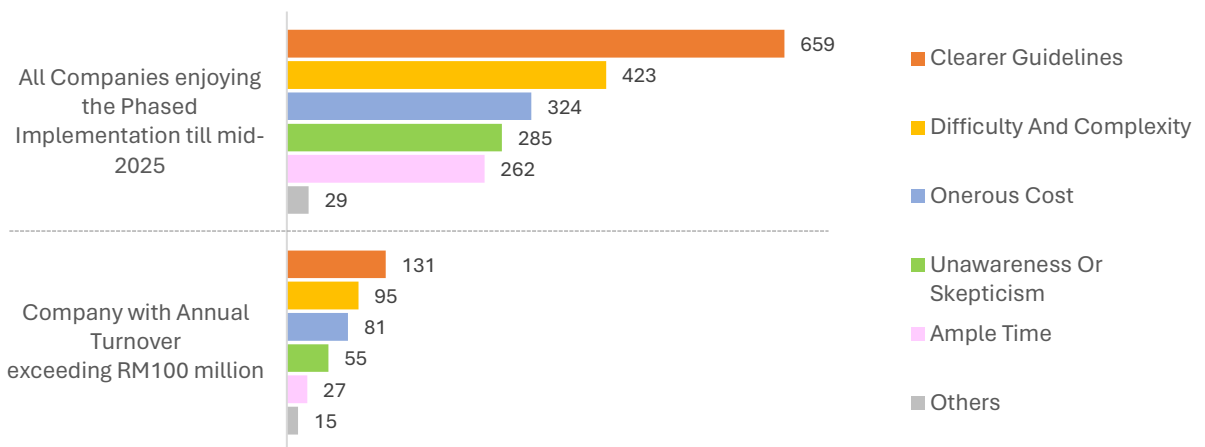


There will likely be a spike in new Local Orders in 1Q2024 (55%) as the economy continues to improve. Meanwhile, 53% of the CEOs are keen to increase Export Orders. Other than that, only 9% and 8% of both orders were expected to decrease. The selling price is predicted to increase, with 45% responding as such. However, 49% are complacent with the current price, and only 6% are planned for a price drop in the upcoming quarters.

NAVIGATING MANDATORY E-INVOICING FOR BUSINESSES

As of August 1, 2024, e-invoicing becomes mandatory for companies with an annual turnover exceeding RM100 million, with full compliance required by July 1, 2025, for all companies. Despite this, most companies show a lack of commitment and readiness to comply on time. The survey reveals that 18% have an annual turnover exceeding RM100 million category, while 82% have the luxury of enjoying Phased Implementation till mid-2025.

Navigating Mandatory e-Invoicing



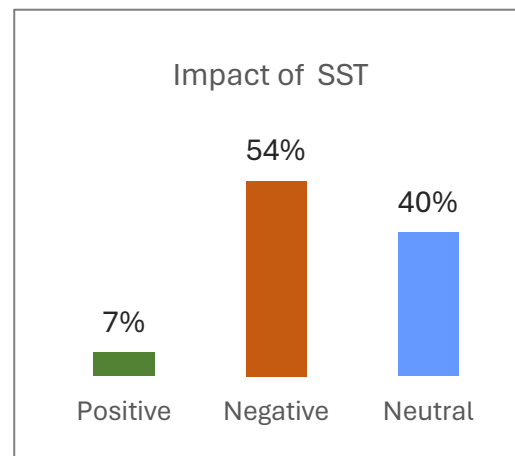
For companies with annual turnover exceeding RM100 million, challenges in complying with e-invoicing requirements stem from unclear guidelines, lack of guidance, and insufficient education, as noted by 131 respondents. Integrating e-invoicing into existing systems is complex, and worsened by tight timelines. Despite this, some companies are confident due to the ample time provided before the deadline, emphasizing the need for effective planning and proactive measures. Challenges include complexity, costs, and unawareness or skepticism, leading to delays in compliance.

On the other hand, for companies enjoying phased implementation till mid-2025, the main obstacles to achieving timely compliance with e-invoicing requirements is largely attributed to the necessity for clearer guidelines, more comprehensive guidance, and more time to integrate into the system (659 responses). Switching to e-invoicing is regarded as challenging and complex for 423 respondents, ranking second among other issues. Some companies expressed confidence due to perceived ample time before the mandatory deadline as noted by 262 respondents. Consequently, companies anticipating significant costs have 324 responses. These encountering unawareness or skepticism in implementing the new system have 285 responses.

It is also observed that some companies with annual turnover exceeding RM100 million stated that they have Enterprise Resource Planning (ERP) systems in place. Hence, they expect to have smoother compliance. We managed to obtain similar insight from both companies under this section; those that have already implemented and those which are in the process. Addressing these challenges necessitates strategic investments in technology, robust training programs, and fostering collaborative partnerships within the ecosystem to implement e-invoicing effectively.

NAVIGATING THE IMPACT OF SST INCREASE TO 8% ON BUSINESSES FROM MARCH 2024

A small 7% of respondents expect a positive outcome, mainly because people might change how they spend money or the government might spend more. However, most people (54%) are worried about the negative effects. They are mainly concerned about people having less money to spend, higher costs for running a business, and how it might slow down the economy. Interestingly, 40% of respondents are unsure, maybe because they are not sure how bad it will be or they are waiting to see what happens. As we deal with these fiscal policy changes it will be important to plan ahead to reduce risks and take advantage of new opportunities.



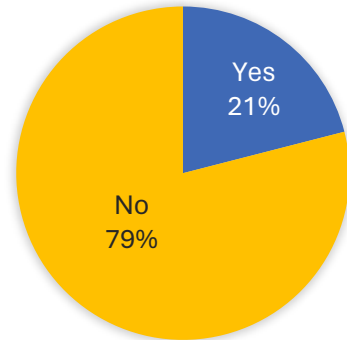
EXPLORING THE CHALLENGES OF 2024

It is reported that 407 respondents expressed positivity, which indicates a significant level of optimism amidst the potential hurdles. This positivity suggests resilience within operations, indicating a readiness to adapt and innovate in the face of challenges. Conversely, the 347 respondents expressing negativity and highlighted areas of concern that cannot be overlooked. These voices underscore the importance of proactive risk management and strategic planning to mitigate potential adverse effects. Furthermore, the 397 neutral responses signal a degree of uncertainty and ambiguity on the potential impacts. As such, it is imperative for us to delve deeper into understanding these uncertainties and to adopt a flexible approach to navigate the evolving landscape effectively.

HARNESSING CROSS-BORDER E-COMMERCE OPPORTUNITIES

In the current situation, 122 respondents indicated that they have started using e-commerce platforms for exports. Conversely, a substantial 451 respondents admitted to not having ventured into this domain, citing various reasons. Among them, 46% of respondents expressed a lack of knowledge on how to utilize such platforms effectively, while 40% deemed them ineffective for their export needs. Additionally, 14% of respondents found e-commerce platforms to be too cumbersome for their export operations. Interestingly, 50% of respondents considered the question not relevant to their current business activities, signaling a potential gap in understanding or utilization of e-commerce opportunities in the export sector or that their business is primarily domestic focus.

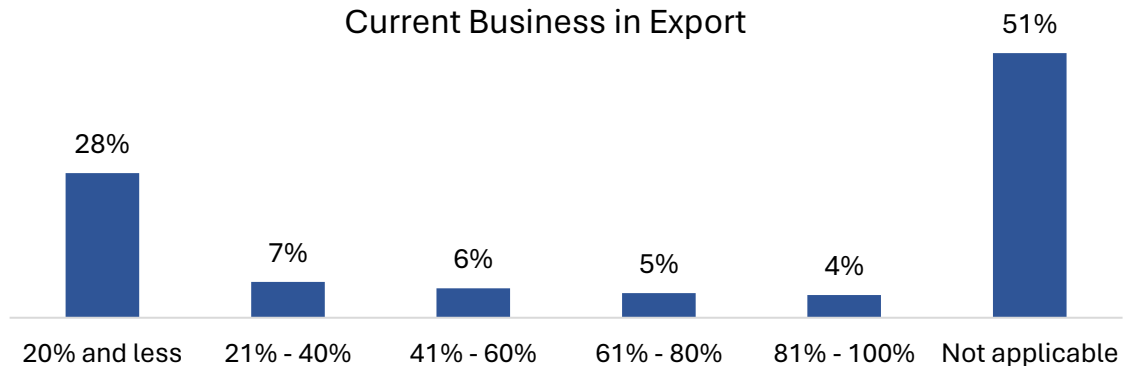
Using E-commerce Platforms



EMPOWERING VISTAGE MEMBERS FOR REGIONAL AND GLOBAL EXPORT SUCCESS

To grasp the extent of a business's global reach, it's essential to examine its export activities. Recent data indicates a range of engagement levels among surveyed businesses. 28% of respondents have 20% or less of their business from exports, indicating limited international exposure. 7% of respondents have between 21% and 40% of their business in exports while 6% of respondents have between 41% and 60%, reflecting a moderate international footprint. Only 5% rely heavily on global markets, with 61% to 80% of their business being from exports, and 4% having 81% to 100% from exports. Additionally, 51% noted that the question of export percentage didn't apply to their business. These findings emphasize the need for tailored strategies to navigate global markets effectively.

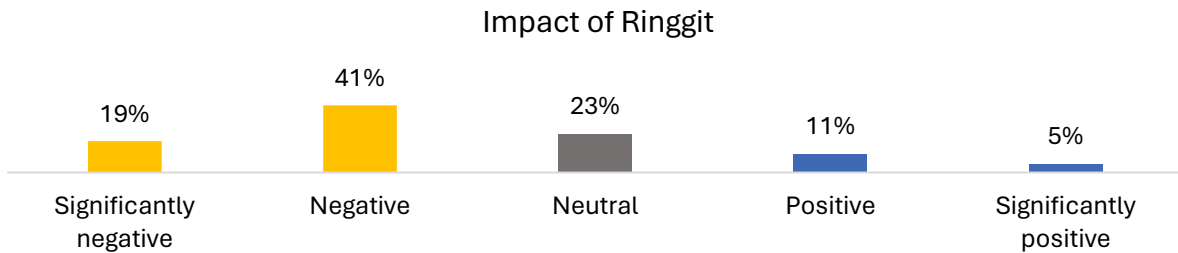
Current Business in Export



Many Vistage members are actively engaged in regional export activities, with a significant focus on the ASEAN region, which comprises countries such as Malaysia, Singapore, Indonesia, Thailand, and others. This region is particularly attractive representing 82% of responses from all companies surveyed. The survey reveals that 23% of respondents export to China, 4% of respondents export to Europe and 22% of respondents export to Australia and New Zealand, indicating the importance of these markets for Vistage members. Additionally, Japan is a significant market, with 14% of respondents exporting there. North America, including the United States and Canada, is also important, with 17% exporting to this region. South America is less prominent but still important, with 10% exporting there.

NAVIGATING BUSINESS AMIDST RINGGIT'S VOLATILITY

The business landscape is currently experiencing turbulence due to the sharp decline in the value of the Ringgit Malaysia (RM). This downturn has had widespread implications across sectors, with a notable 41% expressing negative sentiments, primarily concerning challenges in budgeting, increased debt, and reduced competitiveness. Amidst these divergent perspectives, a substantial 23% of respondents maintain a neutral stance, possibly opting for a cautious approach in response to the volatile economic conditions. Following closely, 19% of respondents report a significantly adverse impact, grappling with rising import costs and diminished purchasing power. Conversely, a smaller 11% highlights positive effects, including improved profit margins in export-oriented sectors. Additionally, a modest 5% mention favorable outcomes like enhanced export competitiveness.



AI STRATEGY: GOALS, IMPACT MEASUREMENT, ETHICAL MANAGEMENT, QUALITY ASSURANCE, AND INNOVATION CULTURE

The 3Q2023 survey revealed that AI adoption is not yet widespread among Vistage members, with only 33% of respondents having embraced AI in their business. Among those who have embraced AI, the main goals of their AI strategy 41% aim to automate repetitive tasks and reduce costs, representing 18% of respondents at the foundational level. Additionally, 20% focus on enhancing customer experience and satisfaction, with 18% at the approaching level. Moreover, 14% seek to create new products and services and gain a competitive advantage, accounting for 19% at the aspirational level. Lastly, 25% prioritize increasing employee productivity and satisfaction through AI initiatives, indicating 45% at the mature level.

Among the respondents, 58% indicated that they do not have any formal metrics or KPIs for AI, representing 35% of respondents at the foundational level. Additionally, 24% stated that they use basic metrics such as accuracy, speed, and cost savings, with 28% at the approaching level. Furthermore, 10% reported using advanced metrics such as ROI, customer retention, and revenue growth, 18% corresponded to the aspirational level. Finally, 8% mentioned using a balanced scorecard approach that covers financial, customer, internal, and learning aspects, indicating 20% at the mature level.

The survey revealed various approaches used by respondents to ensure the quality and reliability of their AI solutions. 39% indicated a reliance on vendors or developers to test and validate the AI solutions, representing 19% of respondents at the foundational Level. 35% stated that they perform basic testing and validation on a sample of data or scenarios, corresponding to 34% of respondents at the approaching level.

Additionally, 12% reported performing comprehensive testing and validation on a variety of data and scenarios, aligning with 18% of respondents at the aspirational level. To conclude, 14% mentioned performing continuous testing and validation using feedback loops and monitoring tools, indicating 28% at the mature level.

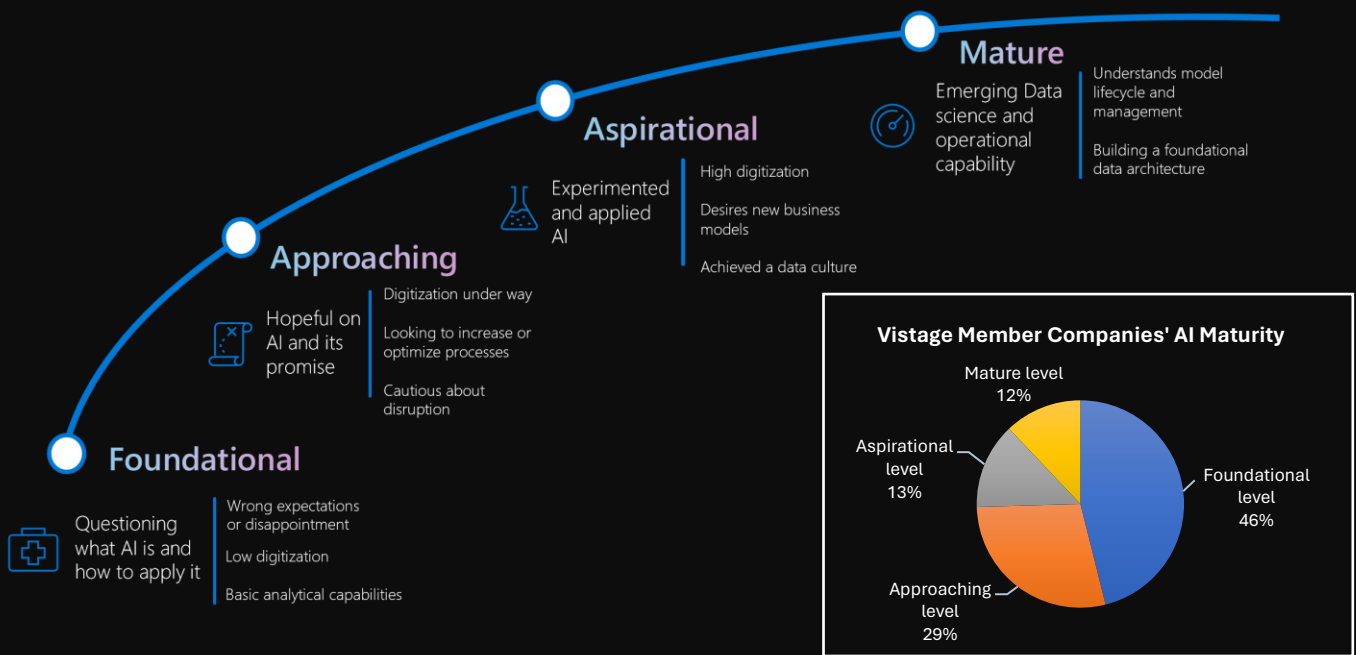
The survey also explored how respondents address the ethical and social implications of their AI solutions. Among the responses, 35% indicated that they do not consider the ethical and social implications, representing 18% of respondents at the foundational level.

Additionally, 46% stated that they follow general guidelines and principles of ethical and responsible AI, 47% corresponding to an approaching level. Moreover, 10% reported implementing specific policies and practices for ethical and responsible AI, aligning with 15% of respondents at the aspirational level. Finally, only 9% mentioned they engage with various stakeholders and experts to review and improve their ethical and responsible AI, indicating 19% of respondents at a mature level.

Notably, 58% of respondents indicated a lack of specific initiatives or programs for promoting innovation and learning around AI, showing up 34% of respondents at a foundational level. Additionally, 18% stated that they provide basic training and awareness sessions on AI for employees, reflecting 21% of respondents at the approaching level.

Furthermore, 21% reported encouraging and supporting employees to experiment and learn from AI projects and use cases, with 37% of respondents at the aspirational level. Lastly, 4% mentioned creating and nurturing a community of practice and excellence around AI in their organization, indicating 8% of respondents at a mature level of engagement. These findings highlight the varied approaches used by organizations to foster innovation and learning around Generative AI, showcasing different levels of commitment and involvement in promoting AI-driven innovation.

Mapping Your AI Maturity



Using the 'Mapping Your AI Maturity' model provided courtesy of Microsoft Malaysia as the basis to gauge the AI maturity level of Vistage member companies, the survey data suggests a varied landscape of AI adoption among Vistage member companies. The survey revealed that 46% of Vistage member companies are still at the Foundational level of AI maturity. A minority of 12% have achieved Maturity in their AI capabilities. Furthermore, 13% of the companies are at Aspirational level, indicating a desire to advance their AI capabilities, while 29% are at the Approaching level or in the process of integrating AI into their business operations.

LEVERAGING VISTAGE SUPPORT FOR AI JOURNEY

As companies embark on their Artificial Intelligence (AI) adoption journey, seeking support from Vistage can be instrumental in navigating the complexities of integrating AI into their operations. When Vistage asked how they would like to receive support, 59% of respondents highlighted several key areas of interest such as education in and invitation to participate in generative AI webinars to enhance their understanding of its benefits, use cases, and scenarios.

Moreover, with 621 respondents desiring hands-on experience, Vistage provides tailored solutions like instructor-led workshops. This sentiment is echoed in 56% of the responses. Acknowledging the importance of learning from peers, 50% of respondents are keen to hear from C-Level leaders who have successfully used Generative AI.

Vistage supports this by inviting industry leaders to share their experiences and insights, offering practical advice for successful AI adoption. Lastly, 26% of respondents seek direct connections with technology providers. By connecting companies with trusted technology partners, we empower them to build customized AI solutions tailored to their unique organizational needs.

ABOUT VISTAGE MALAYSIA AND MIER

Vistage Malaysia is a fully owned subsidiary 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 across 35 countries with more than 45,000 members worldwide.

Vistage Malaysia has more than 1,350 members with a combined annual revenue of RM90 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.