

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the course of action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

Bursa Malaysia Securities Berhad ("**Bursa Securities**") has conducted a limited review of this Circular pursuant to Rule 4.1 of Guidance Note 22 of the ACE Market Listing Requirements of Bursa Securities prior to the issuance of this Circular.

Bursa Securities takes no responsibility for the contents of this Circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Circular.

M & A Securities Sdn Bhd, the Sponsor of the Company has reviewed this Circular pursuant to Rule 4.27 of the Guidance Note 22 of the ACE Market Listing Requirements of Bursa Securities prior to the issuance of this Circular.



PANDA ECO SYSTEM BERHAD

Registration No. 202201028635 (1474332-M)
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO THE

PROPOSED SHAREHOLDERS' RATIFICATION FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE;

AND

PROPOSED NEW SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

The Ordinary Resolution in respect of the Proposed Shareholders' Ratification and Proposed New Shareholders' Mandate for Recurrent Related Party Transaction of a Revenue or Trading Nature will be tabled as special business at Panda Eco System Berhad's ("the Company") Second Annual General Meeting ("2nd AGM") to be held at Ames Hotel Melaka, Jalan PKAK 2, Pusat Komersial Ayer Keroh, 75450, Ayer Keroh, Melaka on Wednesday, 19 June 2024 at 10.00 a.m. The Notice of 2nd AGM together with the Form of Proxy are set out in the Annual Report 2023 of the Company.

You are requested to complete the Form of Proxy and deposit the hard copy to the Registered Office at Level 5, Tower 8, Avenue 5, Horizon 2, Bangsar South City, 59200 Kuala Lumpur, Malaysia before the time and date indicated below should you be unable to attend the meeting. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the meeting should you subsequently wish to do so.

Last date and time for lodging the Form of Proxy : 18 June 2024 at 10.00 a.m.

Date and time of the 2nd AGM : 19 June 2024 at 10.00 a.m.

This Circular is dated 30 April 2024

DEFINITIONS

In this Circular and the accompanying appendices, the following abbreviations shall have the following meanings unless otherwise stated:

“Act”	:	Companies Act 2016 as amended from time to time and any re-enactment thereof
“AGM”	:	Annual General Meeting
“ARMC”	:	The Audit and Risk Management Committee of Panda Eco System Berhad (“Panda” or “the Company”)
“Board”	:	Board of Directors of Panda
“Bursa Securities”	:	Bursa Malaysia Securities Berhad [200301033577 (635998-W)]
“Constitution”	:	The Constitution of the Company
“Director(s)”	:	Shall have the meaning given in Section 2(1) of the Capital Markets and Services Act 2007 and includes any person who is or was within the preceding six (6) months of the date on which the terms of the transaction were agreed upon, a Director of Panda or any other company which is its subsidiary or holding company or a chief executive officer of Panda, its subsidiary or holding company
“E-Tech IT”	:	E-Tech IT Sdn. Bhd. [Registration No. 199701009758 (425254-X)]
“FPE”	:	Financial period ended/ ending, as the case may be
“FYE”	:	Financial year ended/ ending, as the case may be
“Goldcoin Capital”	:	Goldcoin Capital Sdn. Bhd. [Registration No. 202201035217 (1480914-W)]
“KK Computer”	:	KK Computer Sdn. Bhd. [Registration No. 199701026999 (442497-A)]
“Listing Date”	:	27 November 2023, the date Panda was admitted to the Official List of Bursa Securities
“LPD”	:	8 April 2024, being the latest practicable date prior to the printing and despatch of this Circular
“Listing Requirements”	:	ACE Market Listing Requirements of Bursa Securities

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DEFINITIONS

- “Major Shareholder(s)” : A person who has an interest or interests in one (1) or more voting shares in the Company and the number or aggregate number of those shares, is:-
- (a) equal to or more than 10% of the total number of voting shares in the Company; or
 - (b) equal to or more than 5% of the total number of voting shares in Company where such person is the largest shareholder of the Company.

This includes any person who is or was within the preceding six (6) months of the date on which the terms of the transactions were agreed upon, a major shareholder of Panda as defined above or any other company which is a subsidiary or holding company of Panda.

For the purpose of this definition, “interest in shares” shall have the meaning given in Section 8(4) of the Act.

- “Mandate Period” : The period during which the RRPTs are to be entered into for which the Proposals are being sought. This period shall commence immediately upon passing of the ordinary resolution for the Proposals during the forthcoming AGM or any adjournment thereof until:
- (a) The conclusion of the next AGM, unless the authority is renewed by a resolution passed at the next AGM;
 - (b) The expiration of the period within which the next AGM after that date it is required to be held pursuant to Section 340(2) of the Act (but will not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
 - (c) Revoked or varied by an ordinary resolution passed by the shareholders in a general meeting,
- whichever is earlier.

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DEFINITIONS

- “Persons Connected” : In relation to any person (referred to as “said Person”), means such person who falls under any one of the following categories:
- (a) a family member of the said Person;
 - (b) a trustee of a trust (other than a trustee for a share scheme for employees or pension scheme) under which the said Person, or a family member of the said Person, is the sole beneficiary;
 - (c) a partner of the said Person;
 - (d) a person, or where the person is a body corporate, the body corporate or its directors, who is/are accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the said Person;
 - (e) a person, or where the person is a body corporate, the body corporate or its directors, in accordance with whose directions, instructions or wishes the said Person is accustomed or is under an obligation, whether formal or informal, to act;
 - (f) a body corporate in which the said Person, or persons connected with the said Person are entitled to exercise, or control the exercise of, not less than 20% of the votes attached to voting shares in the body corporate; or
 - (g) a body corporate which is a related corporation of the said Person.
- “Promoters” : Collectively, Goldcoin Capital, Loo Chee Wee and Tay Kheng Seng
- “Proposals” : Collectively, the Proposed Shareholders’ Ratification and Proposed New Shareholders’ Mandate
- “Proposed Shareholders’ Ratification” : Proposed shareholders’ ratification from the shareholders of the Company for the period commencing from the Listing Date to the date of the 2nd AGM
- “Panda” or “Company” : Panda Eco System Berhad [Registration No. 202201028635 (1474332-M)]

DEFINITIONS

“Panda Software”		Panda Software House Sdn. Bhd. [Registration No. 200901011049 (854073K)]
“Proposed New Shareholders’ Mandate”	:	Proposed new of shareholders’ mandate for Panda Group to enter into RRPTs as set out in Section 2.6 of this Circular
“Ratification Period”	:	Period during which the RRPTs were entered into for which the Proposed Shareholders’ Ratification is sought. This period shall commence from the Listing Date to the date of the 2 nd AGM
“Related Party(ies)”	:	Director(s), Major Shareholder(s) and/or person(s) connected with such Director(s) or Major Shareholder(s)
“Related Party Transactions”	:	A transaction entered into by the Panda Group, which involves the interests, direct or indirect of the Related Party
“Rexbridge”		Rexbridge Sdn. Bhd. [Registration No. 201401030716 (1106802-H)]
“RRPTs”	:	Related party transaction(s) which is/are recurrent, of a revenue or trading nature and which is/are necessary for the day-to-day operations of the Panda Group
“RM” and “sen”	:	Ringgit Malaysia and sen respectively
“Panda Group” or “the Group”	:	Panda and its subsidiaries, collectively
“Panda Share(s)”	:	Ordinary share(s) in Panda
“Substantial Shareholder(s)”	:	Shall have the meaning given in Section 136 of the Act
“020 Digital”		020 Digital Sdn. Bhd. [Registration No. 202001021320 (1377640-W)]

Words denoting the singular shall, where applicable, include the plural and vice-versa and words denoting the masculine gender shall, where applicable, include the feminine gender, neuter gender and vice versa. Reference to persons shall include corporations.

Any reference to a time of day shall be a reference to Malaysian time, unless otherwise stated.

Any reference to any statute is a reference to that statute as for the time being amended or re-enacted and any subsequent amendment thereof.

All references to “you” and “your” in this Circular are to the shareholders of the Company.

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PANDA ECO SYSTEM BERHAD
Registration No. 202201028635 (1474332-M)
(Incorporated in Malaysia)

Registered office

Level 5, Tower 8, Avenue 5, Horizon 2,
Bangsar South City,
59200 Kuala Lumpur,
Malaysia

30 April 2024

The Board of Directors:

Yap Chee Kheng	<i>(Independent Non-Executive Chairman)</i>
Loo Chee Wee	<i>(Executive Director / Chief Executive Officer)</i>
Tay Kheng Seng	<i>(Executive Director / Chief Technology Officer)</i>
Chan Kam Chiew	<i>(Independent Non-Executive Director)</i>
Dato' Leanne Koh Li Ann	<i>(Independent Non-Executive Director)</i>
Siew Suet Wei	<i>(Independent Non-Executive Director)</i>

Dear Shareholders,

PROPOSED SHAREHOLDERS' RATIFICATION FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE; AND

PROPOSED NEW SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

1. INTRODUCTION

- 1.1** Bursa Securities has via its letter dated 1 April 2024 granted Panda an extension of time to obtain shareholders' ratification and mandate for the RRPT(s) that the Company will enter or had entered into with Related Parties since the Listing Date up to the date of the Company's 2nd AGM ("**Bursa Approval**").
- 1.2** On 15 April 2024, the Board announced that the Company proposed to seek the shareholders' approval on the following:
- (i) Proposed shareholders' ratification for recurrent related party transactions which the Company or Panda Group had entered into since the Listing Date to the date of 2nd AGM; and
 - (ii) Proposed new shareholders' mandate for recurrent related party transactions of a revenue or trading nature.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE RELEVANT INFORMATION ON THE PROPOSALS AND TO SEEK YOUR APPROVAL FOR THE ORDINARY RESOLUTION PERTAINING TO THE PROPOSALS TO BE TABLED AT THE FORTHCOMING AGM OF THE COMPANY. THE NOTICE OF AGM TOGETHER WITH THE PROXY FORM ARE ENCLOSED IN THE ANNUAL REPORT 2023.

2. DETAILS OF THE PROPOSALS

2.1 Provisions under the Listing Requirements

Pursuant to Rule 10.09(2) of the Listing Requirements, a listed issuer may seek a mandate from its shareholders in respect of recurrent related party transactions which are necessary for its day-to-day operations subject to, amongst others, the following:

- (a) the transactions are in the ordinary course of business and are on terms not more favourable to the related party than those generally available to the public;
- (b) the shareholders' mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year where:

“in relation to a listed issuer with a share capital which is less than RM60 million -

- (i) the consideration, value of the assets, capital outlay or costs of the RRPTs is RM1 million or more; or

- (ii) the percentage ratio of such RRPTs is 1% or more,

whichever is the lower”;

- (c) the Company's circular to shareholders for the shareholders' mandate includes the information as may be prescribed by Bursa Securities;
- (d) in a meeting to obtain shareholders' mandate, the interested Director, interested Major Shareholder or interested person connected with a Director or Major Shareholder; and where it involves the interest of an interested person connected with a Director or Major Shareholder, such Director or Major Shareholder, must not vote on the resolution to approve the transactions. An interested Director or interested Major Shareholder must ensure that persons connected with him abstain from voting on the resolution approving the transactions; and
- (e) the Company immediately announces to Bursa Securities when the actual value of a RRPT entered into by the listed issuer, exceeds the estimated value of the RRPT disclosed under Section 2.6 of the circular by 10% or more and must include the information as may be prescribed by Bursa Securities in its announcement.

2.2 The Panda Group has, in the ordinary course of its business, entered into certain RRPTs and it is anticipated that the companies within the Panda Group would, in the ordinary course of business, continue to enter into such transactions with the Related Parties, details of which are set out in Section 2.6. It is likely that such transactions will occur with some degree of frequency and could arise at any time.

2.3 Accordingly, the Board proposes to seek the Proposed Shareholders' Ratification on those RRPTs entered into by Panda Group during the Ratification Period and the Proposed New Shareholders' Mandate for future RRPT(s) to be entered into during the Mandate Period.

These RRPT(s) which are necessary for the day-to-day operations of Panda Group, have been/will be based on normal commercial terms, at arms' length, and have been/will be transacted on terms that are not more favourable to the Related Parties than those generally available to the public.

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2.4 Validity Period of the Proposed New Shareholders’ Mandate

The Proposed New Shareholders’ Mandate, if approved by the shareholders of the Company at the forthcoming AGM, will take effect from the date of the passing of the ordinary resolution at the forthcoming AGM and shall continue to be in force until:

- (a) the conclusion of the next AGM, unless the authority is renewed by a resolution passed at the next AGM;
- (b) the expiration of the period within which the next AGM after that date it is required to be held pursuant to Section 340(2) of the Act (but will not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (c) revoked or varied by an ordinary resolution passed by the shareholders in a general meeting,

whichever is the earlier.

Thereafter, the approval of the shareholders of the Company will be sought for the renewal and/or new shareholders’ mandate at each subsequent AGM of the Company.

2.5 Principal activities of the Group

The principal activity of Panda is investment holding while the principal activities of its subsidiaries are as follows:

Name of Subsidiary	Principal activities	Effective Equity Interest (%)
Panda Software	<ul style="list-style-type: none"> • To provide software development, customisation, implementation and integration of Information Technology (“IT”) solutions as well as IT solutions support, maintenance and training for the use of IT solutions (HQ Centralised Management, Store Operations and Financial Management Solution); and • Trading of IT hardware as well as providing IT technical support and maintenance 	100.00
KK Computer	<ul style="list-style-type: none"> • Trading of IT hardware and software as well as to provide IT technical support and maintenance; and • To provide software development, customisation, consultancy and business development for IT solutions (IT Hardware, Infrastructure & Third-party Solution) 	100.00
Rexbridge	To provide software development, customisation, consultancy and business development for IT solutions (xBridge B2B Solution)	100.00
020 Digital	To provide software development, customisation, consultancy and business development for IT solutions (Omni-channel Engagement Solution)	100.00

2.6 Class of Related Parties and Nature of the RRPTs

The nature and details of the RRPTs entered and/or to be entered into by the Group and the class of Related Parties under the Proposals are as follows:-

No.	Related party	Transacting company in the Group	Interested person	Nature of relationship	Nature of transaction	Proposed Shareholders' Ratification		Proposed New Shareholders' Mandate
						Listing Date (27 th November 2023) up to LPD (RM'000)	Estimated value from LPD up to the forthcoming AGM (RM'000)	Estimated value from the forthcoming AGM up to the next AGM (RM'000)
1.	E-Tech IT	KK Computer	Tay Kheng Seng Loo Chee Wee	Tay Kheng Seng and Loo Chee Wee are Panda's Promoters, Executive Directors and substantial shareholders. Tay Kheng Seng and Loo Chee Wee are also the indirect shareholders of E-Tech IT via Goldcoin Pavilion Sdn Bhd.	Purchase of computer hardware such as point-of-sale equipment, server and accessories from E-Tech IT	5	50	200

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No.	Related party	Transacting company in the Group	Interested person	Nature of relationship	Nature of transaction	Proposed Shareholders' Ratification		Proposed New Shareholders' Mandate
						Listing Date (27 th November 2023) up to LPD	Estimated value from LPD up to the forthcoming AGM	Estimated value from the forthcoming AGM up to the next AGM
						(RM'000)	(RM'000)	(RM'000)
2.	E-Tech IT	Panda Software	Tay Kheng Seng Loo Chee Wee	Tay Kheng Seng and Loo Chee Wee are Panda's Promoters, Executive Directors and substantial shareholders. Tay Kheng Seng and Loo Chee Wee are also the indirect shareholders of E-Tech IT via Goldcoin Pavilion Sdn Bhd.	Purchase of computer hardware such as point-of-sale equipment, server, computer and accessories from E-Tech IT	584	3,500	5,000

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No.	Related party	Transacting company in the Group	Interested person	Nature of relationship	Nature of transaction	Proposed Shareholders' Ratification		Proposed New Shareholders' Mandate
						Listing Date (27 th November 2023) up to LPD (RM'000)	Estimated value from LPD up to the forthcoming AGM (RM'000)	Estimated value from the forthcoming AGM up to the next AGM (RM'000)
3.	VitalProp Sdn Bhd ("VitalProp")	Panda Software	Wong Khai Meng	<p>Wong Khai Meng is Panda's shareholder and the director of Rexbridge Sdn Bhd.</p> <p>Wong Khai Meng is the Chief Executive Officer of CC International Berhad, which is the holding company of Cheng & Co Global Advisory Sdn Bhd.⁽²⁾</p> <p>Wong Khai Meng is also a director and shareholder of VitalProp, which is the registered owner / landlord of the property.</p>	Rental of office to Panda Software ⁽³⁾	3	4	-(1)

No.	Related party	Transacting company in the Group	Interested person	Nature of relationship	Nature of transaction	Proposed Shareholders' Ratification		Proposed New Shareholders' Mandate
						Listing Date (27 th November 2023) up to LPD (RM'000)	Estimated value from LPD up to the forthcoming AGM (RM'000)	Estimated value from the forthcoming AGM up to the next AGM (RM'000)
4.	Loo Chee Wee Tay Kheng Seng	Panda Software	Loo Chee Wee Tay Kheng Seng	Loo Chee Wee and Tay Kheng Seng, are Panda's Promoters, Executive Directors and substantial shareholders.	Rental of office to Panda Software ⁽³⁾	6	8	22
5.	Loo Chee Wee Tay Kheng Seng	KK Computer	Loo Chee Wee Tay Kheng Seng	Loo Chee Wee and Tay Kheng Seng, are Panda's Promoters, Executive Directors and substantial shareholders.	Rental of office to KK Computer ⁽³⁾	4	5	15
6.	Loo Chee Wee Tay Kheng Seng	020 Digital	Loo Chee Wee Tay Kheng Seng	Loo Chee Wee and Tay Kheng Seng, are Panda's Promoters, Executive Directors and substantial shareholders.	Rental of office to 020 Digital ⁽³⁾	5	7	20

(1) The tenancy agreement entered with VitalProp has been terminated on 31 March 2024.

(2) CC International Berhad is the holding company of Cheng & Co Global Advisory Sdn Bhd, which is the main tenant of the property. The main tenant rented the premises from VitalProp, which is the registered owner / landlord of the property. Panda Software rented an office from Cheng & Co Global Advisory Sdn Bhd.

(3) The details of the properties to be rented for transaction 3, 4, 5 and 6 are as follows:-

Transaction 3

Postal Address	Landlord / Tenant	Description / Existing Use	Built-up area (sq ft)	Period of tenancy / Rental per annum	Frequency of Payment of Rent
16-05, Tower B, Vertical Business Suite II, Avenue 3, Bangsar South City, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur.	Cheng & Co Global Advisory Sdn Bhd / Panda Software	An office unit located on the 16th floor of a 32-storey (above 5 floors of podium) business suite / Office	882	1 October 2023 to 30 June 2024 (with no option for renew) / RM12,000	Monthly

Transaction 4

Postal Address	Landlord / Tenant	Description / Existing Use	Built-up area (sq ft)	Period of tenancy / Rental per annum	Frequency of Payment of Rent
30, Jalan PPM 13, Plaza Pandan Malim Business Park, 75250 Melaka.	Loo Chee Wee and Tay Kheng Seng (related parties) / Panda Software	An office unit located on the ground floor of a 2-storey shop office / Headquarters	1,496.2	1 November 2023 to 31 October 2025 (with an option to renew for another 2 years) / RM21,600	Monthly

Transaction 5

Postal Address	Landlord / Tenant	Description / Existing Use	Built-up area (sq ft)	Period of tenancy / Rental per annum	Frequency of Payment of Rent
28-1 & 30-1, Jalan PPM 13, Plaza Pandan Malim Business Park, 75250 Melaka.	Loo Chee Wee and Tay Kheng Seng (related parties) / KK Computer	2 office units located on the 1st floor of a 2-storey shop office / Headquarters	2,992.4	1 November 2023 to 31 October 2025 (with an option to renew for another 2 years) / RM14,400	Monthly

Transaction 6

Postal Address	Landlord / Tenant	Description / Existing Use	Built-up area (sq ft)	Period of tenancy / Rental per annum	Frequency of Payment of Rent
28, Jalan PPM 13, Plaza Pandan Malim Business Park, 75250 Melaka.	Loo Chee Wee and Tay Kheng Seng (related parties) / 020 Digital	An office unit located on the ground floor of a 2-storey shop office / Headquarters	1,496.2	1 March 2022 to 29 February 2024 (with an option to renew for another 2 years) / RM19,200	Monthly

For information, there is no amount due from and owing by the related parties pursuant to the RRPTs that has exceeded the credit terms as at 31 December 2023.

2.7 Amount due from and owing by Related Parties pursuant to the RRPTs

As at the LPD, there is no amount due from and owing by Related Parties who are the vendors supplying products and services to Panda Group.

Since the amount due to or owing by Related Parties was always paid promptly, no late payment charge was imposed.

The Board is confident that the Group's current payment pattern will continue as and when incurred.

2.8 Review procedures for the RRPTs

Panda Group has established the following review procedures to be carried out to ensure that the RRPTs are undertaken on arm's length basis, on transaction prices and at normal commercial terms, which are not more favourable to the Related Parties than those generally available to the public, and are not to the detriment of the minority shareholders of the Company who are not part of the transactions:-

- (a) The definition of related party, list of related parties and the review procedures will be circulated and/or updated within the Group;
- (b) The review of RRPTs falls within the scope of the ARMC;
- (c) Records will be maintained to record all RRPTs which are/will be entered into, which will be available for review by, among others, the auditors and ARMC, on a quarterly basis. Any member of the ARMC may as he deems fit, request additional information pertaining to RRPTs from independent sources or advisers;
- (d) Where applicable, the terms of the pricing of the RRPTs shall be consistent with the Group's usual business practices and policies and will take into consideration, amongst others, the demand and supply of the products, quality, level of service, credit terms and reliability of supply, where relevant, practical and feasible. At least two other contemporaneous transactions with unrelated third parties for similar products/services and/or quantities will be used as a comparison, wherever available or possible, to determine whether the price and terms offered to/by all related parties are fair and reasonable and comparable to those offered to/by unrelated third parties for the same or substantially similar type of products/services and/or quantities;

In the event that quotation or comparative pricing from unrelated third parties cannot be obtained, the transaction price will be determined by our Group based on usual business practices and policies of the Group to ensure that the recurrent related party transactions are not detrimental to the Company and/or the Group;

- (e) The ARMC shall continue to review the above established guidelines and procedures, on an annual basis and as and when required with the authority to sub-delegate to individuals or committees within the Company as they deem appropriate;
- (f) Where any Directors or persons connected to him/her has an interest (direct and indirect) in any related party transactions or RRPTs, he/she will abstain from voting on any matter relating to any decision making by the Board or the ARMC in respect of such transactions;
- (g) The said interested Director shall undertake that he / she will ensure that persons connected with him/her abstain from voting on the resolution deliberating or approving the RRPTs at a general meeting;
- (h) All RRPTs will be reported to and deliberated by the ARMC on a quarterly basis. The ARMC may, as it deems fit, request for additional information pertaining to the RRPTs from independent sources or advisers to ensure that the transactions are conducted at arm's length basis. The ARMC will review and approve the RRPTs as required under the ACE Market Listing Requirements of Bursa Securities.

2.9 Disclosure in Annual Report

Disclosure will be made in the Company's Annual Report on the breakdown of the aggregate value of the RRPTs made during the financial year, amongst others, based on the following information:

- (a) the type of RRPTs made; and
- (b) the names of the Related Parties involved in each type of the RRPT and their relationship with the Group.

2.10 Statement by Audit and Risk Management Committee

The ARMC has seen and reviewed the guidelines and procedures mentioned in Section 2.8 above and is satisfied that the Group has in place adequate procedures and processes to monitor, track and identify RRPTs in a timely and orderly manner as well as to ensure that the RRPTs are carried out:

- (a) on terms not more favourable to the Related Parties than those generally available to the public;
- (b) at arm's length basis and on the Group's normal commercial terms; and
- (c) not detrimental to the minority shareholders of the Company.

The ARMC is of the view that the procedures above are sufficient to ensure that the RRPT are not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders.

The ARMC shall review these procedures and processes once a year. This is to ensure that the RRPTs are not detrimental or prejudicial to the minority shareholders of the Company.

3. RATIONALE FOR AND BENEFITS OF THE PROPOSALS

The Proposed Shareholders' Ratification serves to ratify the RRPTs entered into by the Group since its Listing Date up to the date of its forthcoming AGM. Given that Panda is in its first year of listing, ratification of RRPTs entered from the Listing Date up to its AGM allows the Company to coincide the Proposed Shareholders' Ratification and Proposed New Shareholders' Mandate with its AGM and eliminate the need for separate general meetings for each RRPT entered into which reduces expenses for the Company.

The RRPTs entered into by the Panda Group with the Related Parties are all in the ordinary course of business. The RRPTs are recurring transactions of a revenue or trading nature which will occur with some degree of frequency and could arise at any time and from time to time. These transactions may be constrained by the time-sensitive nature and confidentiality of such transactions, and it may be impractical to seek shareholders' approval on a case-to-case basis before entering into such RRPTs. By obtaining the Proposed New Shareholders' Mandate on an annual basis, the necessity to make regular announcements to Bursa Securities and to convene separate general meetings to seek shareholders' approval from time to time is eliminated. This would substantially avoid incoming substantial expenses associated with the convening of general meetings on an ad hoc basis, thereby improving administrative efficiency.

The Board is of the view that the RRPTs are beneficial to Panda Group. The close commercial relationships that have been established with the Related Parties have created an effective network that Panda Group can draw upon to support its operational needs, deriving synergistic, operational benefits to support its retail and distribution functions.

4. EFFECTS OF THE PROPOSALS

The Proposals will not have any material effect on the share capital, shareholdings of the substantial shareholders, earnings and net assets of Panda.

5. APPROVAL REQUIRED

The Proposals are subject to the approval being obtained from the shareholders of the Company at the forthcoming AGM.

6. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED TO THEM

The direct and indirect interest of the Interested Directors, Interested Major Shareholder and person connected to the Director of the Company as at the LPD are as follows:-

	<u>Direct Shareholding</u>		<u>Indirect Shareholding</u>	
	No. of Shares	%	No. of Shares	%
<u>Interested Directors</u>				
Loo Chee Wee	-	-	467,219,800 ⁽¹⁾	69.60
Tay Kheng Seng	-	-	478,217,200 ⁽²⁾	71.30
Wong Khai Meng ⁽³⁾	8,643,000	1.29	-	-
<u>Interested Major Shareholder</u>				
Goldcoin Capital	467,219,800	69.60	-	-
<u>Person Connected</u>				
Bong Kok Choo ⁽⁴⁾	10,997,400	1.64	-	-

Notes:

- (1) Deemed interested by virtue of his shareholdings in Goldcoin Capital pursuant to Section 8 of the Act.
- (2) Deemed interested by virtue of his shareholdings in Goldcoin Capital pursuant to Section 8 of the Act and the shareholdings of his spouse pursuant to Section 59(11)(c) of the Act.
- (3) Wong Khai Meng is the shareholder and Directors of Rexbridge Sdn Bhd, the wholly owned subsidiary of Panda.
- (4) Bong Kok Choo is the Business Development Director of KK Computer and spouse of Tay Kheng Seng.

The Interested Directors, namely Loo Chee Wee and Tay Kheng Seng have abstained and will continue to abstain from the Board's deliberations and voting on the relevant resolution. They will also abstain from voting in respect of their direct shareholdings (if any) and indirect shareholdings in Panda, on the resolution approving the Proposals at the forthcoming AGM.

Goldcoin Capital, the major shareholder will abstain from voting in respect of its direct shareholdings and indirect shareholdings (if any) in Panda on the resolution approving the Proposals at the forthcoming AGM.

The aforementioned Interested Directors and Interested Major Shareholder of the Company have also undertaken to ensure that the persons connected to them will abstain from voting in respect of their direct and/or indirect shareholdings on the resolution, deliberating or approving the Proposals at the forthcoming AGM.

Save as disclosed above, none of the other Directors, Major Shareholders and/or persons connected to them has any interest, direct or indirect, in the Proposals.

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7. DIRECTORS' STATEMENT AND RECOMMENDATION

The Board (save for the Interested Directors), having considered all aspects of the Proposals, is of the opinion that the Proposals are in the best interest of the Company and accordingly, the Board (save for the Interested Directors) recommends that you vote in favour of the ordinary resolution on Proposals to be tabled at the forthcoming AGM.

8. AGM

The AGM (an extract of the Notice of AGM is also enclosed in this Circular) will be held physically at Ames Hotel Melaka, Jalan PKAK 2, Pusat Komersial Ayer Keroh, 75450, Ayer Keroh, Melaka on Wednesday, 19 June 2024 at 10.00 a.m., for the purpose of considering, and if thought fit, passing the resolution to give effect to the Proposed RRPT Mandate.

If you are unable to attend or vote in person at the AGM, you may complete and return the Form of Proxy in the notice of AGM accordance with the instructions therein as soon as possible and in any event so as to arrive at the office of Acclime Corporate Services Sdn Bhd at Level 5, Tower 8, Avenue 5, Horizon 2, Bangsar South City, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia at least twenty-four (24) hours before the time set for the 2nd AGM. The lodging of a Form of Proxy does not preclude you from attending and voting in person at the AGM should you subsequently wish to do so.

Please refer to the Notice of the 2nd AGM for further information on the meeting.

9. FURTHER INFORMATION

You are advised to refer to the attached appendices of this Circular for further information.

Yours faithfully,
for and on behalf of the Board of
PANDA ECO SYSTEM BERHAD

LOO CHEE WEE
EXECUTIVE DIRECTOR / CHIEF EXECUTIVE OFFICER

APPENDIX I – ADDITIONAL INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

This Circular has been seen and approved by the Board and its members who collectively and individually accept full responsibility for the accuracy of the information given and confirm that, after making all reasonable enquiries and to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement in this Circular misleading.

2. MATERIAL CONTRACTS

Save as disclosed below, there are no material contracts (including contracts not reduced into writing), not being contracts entered into the ordinary course of business which have been entered into by Panda and/or its subsidiary companies during the two (2) years immediately preceding the date of this Circular:

- (i) Share Sale Agreement dated 21 February 2023 entered into between Panda as Purchaser and Loo Chee Wee, Tay Kheng Seng, Bong Kok Choo, Tay Li Li, Loo Siau Sun, Wong Kai Meng, Keow Yih Yun as Vendors for the acquisition of 100% equity interest in Panda Software, KK Computer, Rexbridge and 020 Digital for a total purchase consideration of RM 5,619,000 satisfied by the issuance of 561,900,000 new shares in the Company at an issue price of approximately RM0.01 per share, which was completed on 1 September 2023;
- (ii) Underwriting Agreement dated 20 October 2023 entered between Panda with M & A Securities Sdn Bhd Securities for the underwriting of 76,333,600 Issue Shares which will be made available for application by the Malaysian Public and Pink Form Allocation;
- (iii) Placement Agreement dated 20 October 2023 entered between Panda with M & A Securities Sdn Bhd Securities for the placement of the balance 32,953,200 Issue Shares from the Public Issue and 61,810,000 Offer Shares available for application by selected investors.

3. MATERIAL LITIGATION, CLAIMS AND ARBITRATION

As at the LPD, Panda Group is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant and the Board is not aware of any proceedings, pending or threatened, against the Group or any facts likely to give rise to any proceedings which may materially affect the financial position and/or business of the Group.

4. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the Company's registered office located at Level 5, Tower 8, Avenue 5, Horizon 2, 59200 Kuala Lumpur, Malaysia during office hours from Monday to Friday (except on public holidays) from the date of this Circular up to and including the date of the AGM:

- (i) Constitution of the Company;
- (ii) Material contracts referred to in Section 2 of Appendix I of this Circular;
- (iii) Audited combined financial statements of the Group for the FYE 31 December 2022;
- (iv) Unaudited consolidated financial statements of the Company for the 3-months financial period ended 31 December 2023; and
- (v) Audited financial statements of the Company for the FYE 31 December 2023.

ORDINARY RESOLUTION 7

Proposed Shareholders' Ratification and Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

“THAT approval be and is hereby given to the Company and its subsidiary(ies) (“Group”) to enter into and give effect to the recurrent related party transactions of a revenue or trading nature particulars with the specified classes of related parties as specified in Section 2.6 of the Circular to Shareholders dated 30 April 2024, provided that:

- (a) such arrangements and/or transactions are necessary for the Group's day-to-day operations;
- (b) such arrangements and/or transactions undertaken are in the ordinary course of business, at arm's length basis and on normal commercial terms which are not more favourable to the related parties than those generally available to third party;
- (c) such arrangements and/or transactions are not detrimental to the minority shareholders of the Company; and
- (d) the disclosure is made in the annual report on the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year in relation to:
 - (i) the related transacting parties and their respective relationship with the Company; and
 - (ii) the nature of the recurrent transactions.

THAT such authority shall continue to be in force until:

- (a) the conclusion of the next Annual General Meeting (“AGM”), unless the authority is renewed by a resolution passed at the next AGM; or
- (b) the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 340(2) of the Companies Act 2016 (but will not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act 2016); or
- (c) revoked or varied by an ordinary resolution passed by the shareholders in a general meeting, whichever is the earlier.

THAT all Recurrent Related Party Transactions entered into by the Related Parties, from 27 November 2023, being the date of listing of the Company on the ACE Market of Bursa Malaysia Securities Berhad, up to the date of this Ordinary Resolution, particulars which are set out in Section 2.6 of the Circular to Shareholders dated 30 April 2024 be and are hereby approved, confirmed and ratified;

AND THAT the Directors be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution.”