

FIRST SUPPLEMENTARY PROSPECTUS

This First Supplementary Prospectus is dated 12 September 2024.

MIDF AMANAH DL FUND

(constituted on 11 August 2023)

MANAGER:

MIDF Amanah Asset Management Berhad
(Registration No.:197201000162 (11804-D))

TRUSTEE:

AmanahRaya Trustees Berhad
(Registration No.: 200701008892 (766894-T))

INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS FIRST SUPPLEMENTARY PROSPECTUS DATED 12 SEPTEMBER 2024 WHICH IS TO BE READ TOGETHER WITH THE PROSPECTUS DATED 5 JANUARY 2024. IF IN DOUBT, PLEASE CONSULT A PROFESSIONAL ADVISER.

FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE "RISK FACTORS" COMMENCING ON PAGE 9 OF THE PROSPECTUS DATED 5 JANUARY 2024.

Responsibility Statements

This First Supplementary Prospectus has been reviewed and approved by the directors of the Manager and they collectively and individually accept full responsibility for the accuracy of the information. Having made all reasonable enquiries, they confirm to the best of their knowledge and belief, that there are no false or misleading statements, or omission of other facts which would make any statement in this First Supplementary Prospectus false or misleading.

Statements of Disclaimer

The Securities Commission Malaysia has authorised the Fund and a copy of this First Supplementary Prospectus has been registered with the Securities Commission Malaysia.

The authorisation of the Fund, and the registration of this First Supplementary Prospectus, should not be taken to indicate that the Securities Commission Malaysia recommends the Fund or assumes responsibility for the correctness of any statement made, opinion expressed or report contained in the Prospectus dated 5 January 2024 or this First Supplementary Prospectus.

The Securities Commission Malaysia is not liable for any non-disclosure on the part of the Manager responsible for the Fund and takes no responsibility for the contents in this First Supplementary Prospectus. The Securities Commission Malaysia makes no representation on the accuracy or completeness of this First Supplementary Prospectus, and expressly disclaims any liability whatsoever arising from, or in reliance upon, the whole or any part of its contents.

INVESTORS SHOULD RELY ON THEIR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT. IF INVESTORS ARE UNABLE TO MAKE THEIR OWN EVALUATION, THEY ARE ADVISED TO CONSULT PROFESSIONAL ADVISERS.

Additional Statements

Investors should note that they may seek recourse under the Capital Markets and Services Act 2007 for breaches of securities laws including any statement in the First Supplementary Prospectus that is false, misleading, or from which there is a material omission; or for any misleading or deceptive act in relation to the First Supplementary Prospectus or the conduct of any other person in relation to the Fund.

The Fund has been certified as Shariah-compliant by the Shariah adviser appointed for the Fund.

This First Supplementary Prospectus is not intended and will not be issued and distributed in any country or jurisdiction other than in Malaysia ("Foreign Jurisdiction"). Consequently, no representation has been and will be made as to its compliance with the laws of any Foreign Jurisdiction. Accordingly, no offer or invitation to subscribe or purchase Units in the Fund to which this First Supplementary Prospectus relates, may be made in any Foreign Jurisdiction or under any circumstances where such action is unauthorised.

The Fund is not capital protected or capital guaranteed fund.

THIS FIRST SUPPLEMENTARY PROSPECTUS DATED 12 SEPTEMBER 2024 IS TO BE READ IN CONJUNCTION WITH THE PROSPECTUS DATED 5 JANUARY 2024

Unless otherwise provided in this First Supplementary Prospectus, all the capitalized terms used herein shall have the same meanings as ascribed to them in the Prospectus dated 5 January 2024 (“Prospectus”).

EXPLANATORY NOTES:

This First Supplementary Prospectus has been issued to inform investors that:

- (i) the registered address and business address of the Manager have been updated;
- (ii) the registered address, business address and email address of the Trustee have been updated;
- (iii) MBSB Bank Berhad has been appointed as the Shariah adviser for the Fund;
- (iv) the information in relation to the conflict of interest and related party transactions of the Manager has been updated; and
- (v) the taxation adviser’s letter has been updated.

1. Amendments to page 2 of the Prospectus – “Definitions”

The definition of “Shariah Adviser” is hereby deleted in its entirety and replaced with the following:

Shariah Adviser means MBSB Bank Berhad (Registration No.: 200501033981 (716122-P))

2. Amendments to page 3 of the Prospectus – “Corporate Directory”

The information of the Manager is hereby deleted in its entirety and replaced with the following:

MANAGER	MIDF Amanah Asset Management Berhad (Registration No.: 197201000162 (11804-D))
REGISTERED OFFICE	Level 25, Menara MBSB Bank, PJ Sentral Lot 12, Persiaran Barat, Seksyen 52 46200 Petaling Jaya Selangor Tel.: 03 – 2173 8888
BUSINESS OFFICE	Level 20, Menara MBSB Bank, PJ Sentral Lot 12, Persiaran Barat, Seksyen 52 46200 Petaling Jaya Selangor Tel.: 03 – 2173 8488 (Customer Service Line) Fax: 03 – 2173 8555 Email: midfamanah@midf.com.my Website: https://www.midf.com.my/fund-management

3. Amendments to page 3 of the Prospectus – “Corporate Directory”

The information of the Trustee is hereby deleted in its entirety and replaced with the following:

TRUSTEE	AmanahRaya Trustees Berhad (Registration No.: 200701008892 (766894-T))
REGISTERED OFFICE	Level 34 Vista Tower, The Intermark 348 Jalan Tun Razak

50400 Kuala Lumpur
Tel: 03 – 2055 7388

BUSINESS OFFICE

Level 31 Vista Tower, The Intermark
348 Jalan Tun Razak
50400 Kuala Lumpur
Tel.: 03 – 2036 5000/5129
Fax: 03 – 2072 0322
Email: info@artrustees.my
Website: www.artrustees.com.my

4. Amendments to page 3 of the Prospectus – “Corporate Directory”

The information of the Shariah Adviser is hereby deleted in its entirety and replaced with the following:

SHARIAH ADVISER

MBSB Bank Berhad
(Registration No.: 200501033981 (716122-P))

REGISTERED OFFICE

Level 25, Menara MBSB Bank, PJ Sentral
Lot 12, Persiaran Barat, Seksyen 52
46200 Petaling Jaya
Selangor
Tel.: 03 – 2096 3000
Fax: 03 – 2096 3292

BUSINESS OFFICE

Level 10, Menara MBSB Bank, PJ Sentral
Lot 12, Persiaran Barat, Seksyen 52
46200 Petaling Jaya
Selangor
Tel.: 03 - 2096 5688
Email: sd@mbsbbank.com
Website: www.mbsbbank.com

5. Amendments to page 21 of the Prospectus – “The Management and Administration of the Fund”

The first paragraph in relation to the background information is hereby deleted in its entirety and replaced with the following:

MIDF Amanah was incorporated in Malaysia under the Companies Act, 1965 (now known as Companies Act, 2016) on 29 February 1972. Its issued share capital as at 30 April 2024 is RM37,000,000 comprising 25,000,000 ordinary shares in cash, 5,000,000 preference shares in cash and 7,000,000 preference shares in otherwise than cash. Its registered office is at Level 25, Menara MBSB Bank, PJ Sentral, Lot 12, Persiaran Barat, Seksyen 52, 46200 Petaling Jaya, Selangor. It is a wholly owned subsidiary of MIDF, which is in turn a wholly owned subsidiary of MBSB Berhad (*formerly known as Malaysia Building Society Berhad*) (“MBSB”), a listed entity. As at 30 April 2024, the shareholding structure of MIDF remains unchanged with the Employees Provident Fund holding 57.5%, Permodalan Nasional Berhad holding 12.8% while the remaining balance of 29.7% are held by public shareholders.

6. Amendments to page 22 of the Prospectus – “The Management and Administration of the Fund”

The information in relation to Manager’s delegate is hereby deleted in its entirety and replaced with the following:

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The Manager has delegated certain functions to Malaysian Industrial Development Finance Berhad and MIDF Amanah Investment Bank Berhad, an institution licensed by BNM and SC.

The functions delegated by the Manager are as follows:

Malaysian Industrial Development Finance Berhad

- Finance
- Human Resource
- Administration
- Secretarial and Legal
- Internal Audit
- Information Technology
- Quality Management
- Corporate Communications
- Group Shariah

MIDF Amanah Investment Bank Berhad

- Compliance
- Risk Management

Corporate Information

MIDF Amanah Investment Bank Berhad (“**MIDF Investment Bank**”), commenced operations in January 2007. It is a wholly-owned subsidiary of Malaysian Industrial Development Finance, which is in turn a wholly-owned subsidiary of MBSB Berhad (*formerly known as Malaysia Building Society Berhad*) (“MBSB”), a listed entity.

7. Amendments to page 24 of the Prospectus – “The Shariah Adviser”

The information in relation to the Shariah Adviser is hereby deleted in its entirety and replaced with the following:

The Manager had appointed MBSB Bank Berhad (“MBSB Bank”) as the Shariah adviser for the Fund. In addition to the Fund, the Shariah Adviser also reviews and supervise Islamic wholesale funds and Shariah-compliant mandated accounts by corporate clients that are managed by MIDF Amanah.

MBSB Bank is a full-fledged Islamic bank in Malaysia that provides Shariah-compliant banking facilities to retail, small and medium enterprise and corporate customers. In addition to its list of financing products, MBSB Bank, through its digital capabilities, extends its distribution channels through online services such as mobile banking and virtual branch. For more information, please visit www.mbsbbank.com.

Roles and Responsibilities of the Shariah Adviser

In line with the Guidelines, the role of the Shariah Adviser is as follows:

1. To ensure that the Fund is managed and administered in accordance with the Shariah principles;
2. To provide expertise and guidance for the Fund in all matters relating to Shariah principles, including the Deed and Prospectus, its structure and investment process, and other operational and administrative matters;
3. To consult the SC who may consult the SAC SC whenever there is any ambiguity or uncertainty as to an investment, instrument, system, procedure and/or process;

THIS FIRST SUPPLEMENTARY PROSPECTUS DATED 12 SEPTEMBER 2024 IS TO BE READ IN CONJUNCTION WITH THE PROSPECTUS DATED 5 JANUARY 2024

4. To scrutinise the Fund’s Shariah-compliance report as provided by the Shariah compliance officer, transaction report provided by or duly approved by the Trustee and any other report deemed necessary for the purpose of ensuring that the Fund’s investments are in line with the Shariah principles;
5. To prepare a report for inclusion in the Fund’s semi-annual and annual report certifying that the Fund has been managed and administered in accordance with the Shariah principles;
6. To ensure that the Fund complies, with any guideline, ruling or decision issued by the SC, with regard to Shariah matters;
7. To vet and advise on the promotional materials of the Fund;
8. To assist and attend any ad-hoc meeting called by the SC and/or any other relevant authority.

The Shariah Adviser is responsible for advising the fund managers and/or the committee undertaking the oversight function of the Fund on the selection of investment tools to be adopted, as well as on the mechanism of operations of the Fund’s activities in order to ensure that the operations of the Fund comply with Shariah at all times.

The Shariah Adviser will review the Fund’s investments on a monthly basis through the Shariah compliance reports as to ensure compliance with Shariah requirements at all times and meet with the fund managers on quarterly basis to review and advise on the Fund’s compliance with Shariah requirements. The final responsibility for ensuring Shariah compliance of the Fund in all relevant aspects rests solely with the Manager. All the members of the Shariah Committee will be responsible for Shariah matters of the Fund.

Profiles of the Members of the Shariah Committee of MBSB Bank Berhad

Please refer to <https://www.mbsbbank.com/corporate/about-us/shariah-advisory-committee-profile> for profiles of the members of the Shariah Committee of MBSB Bank Berhad.

8. Amendments to page 30 of the Prospectus – “Conflict of Interest and Related Party Transactions”

The first paragraph in relation to the conflict of interest and related party transactions of the Manager is hereby deleted in its entirety and replaced with the following:

Save as disclosed below, as at 30 April 2024, the Manager is not aware of any existing or potential related party transactions involving the Fund, the Manager, promoters, vendors and/or persons connected to them:

Name of Party	Name of Related Party and Nature of Relationship	Existing / Potential Related Party Transaction
The Manager	<ol style="list-style-type: none"> 1. Malaysian Industrial Development Finance Berhad (“MIDF”); 2. MIDF Amanah Investment Bank Berhad (“MIDF Investment Bank”) 3. MBSB Bank Berhad (“MBSB Bank”) 	<p>Delegate:</p> <p>MIDF is the Manager’s appointed delegate for its finance, human resource, administration, secretarial and legal, internal audit, information technology, quality management and corporate communications functions.</p> <p>MIDF Investment Bank is the Manager’s appointed delegate</p>

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		for its compliance and risk management functions. MBSB Bank is the Manager's appointed Shariah adviser for the Fund.
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9. Amendments to pages 35 – 43 of the Prospectus – “Taxation Adviser’s Letter”

The taxation adviser’s letter is hereby deleted in its entirety and replaced with the following:



Ernst & Young Tax Consultants Sdn. Bhd.
16901002487 (179793-K)
SST ID: W10-1898-91044478
Level 23A Menara Milenium
Jalan Damanlela, Pusat Bandar Damansara
50490 Kuala Lumpur Malaysia

Tel: +603 7495 8000
Fax: +603 2095 5332 (General line)
+603 2095 7043
ey.com

Taxation adviser’s letter in respect of the taxation
of the unit trust fund and the unit holders
(prepared for inclusion in this First Supplementary Prospectus)

Ernst & Young Tax Consultants Sdn Bhd
Level 23A Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur

21 August 2024

The Board of Directors
MIDF Amanah Asset Management Berhad
Level 20, Menara MBSB Bank, PJ Sentral
Lot 12, Persiaran Barat, Seksyen 52
46200 Petaling Jaya
Selangor

Dear Sirs

Taxation of the unit trust fund and unit holders

This letter has been prepared for inclusion in this First Supplementary Prospectus in connection with the offer of units in the unit trust known as MIDF Amanah DL Fund (hereinafter referred to as “the Fund”).

The purpose of this letter is to provide prospective unit holders with an overview of the impact of taxation on the Fund and the unit holders.

Taxation of the Fund

The taxation of the Fund is subject to the provisions of the Malaysian Income Tax Act 1967 (MITA), particularly Sections 61 and 63B.

Subject to certain exemptions, the income of the Fund comprising profits and other investment income derived from or accruing in Malaysia after deducting tax allowable expenses, is subject to Malaysian income tax at the rate of 24% with effect from the year of assessment 2016.

Under Section 2(7) of the MITA, any reference to interest shall apply, *mutatis mutandis*, to gains or profits received and expenses incurred, in lieu of interest, in transactions conducted in accordance with the principles of *Syariah*.

The effect of this is that any gains or profits received (hereinafter referred to as “profits”) and expenses incurred, in lieu of interest, in transactions conducted in accordance with the principles of *Syariah*, will be accorded the same tax treatment as if they were interest.



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Tax allowable expenses would comprise expenses falling under Section 33(1) and Section 63B of the MITA. Section 33(1) permits a deduction for expenses that are wholly and exclusively incurred in the production of gross income. In addition, Section 63B allows unit trusts a deduction for a portion of other expenses (referred to as “permitted expenses”) not directly related to the production of income, as explained below.

“Permitted expenses” refer to the following expenses incurred by the Fund which are not deductible under Section 33(1) of the MITA:

- ▶ the manager's remuneration,
- ▶ maintenance of the register of unit holders,
- ▶ share registration expenses,
- ▶ secretarial, audit and accounting fees, telephone charges, printing and stationery costs and postage.

These expenses are given a partial deduction under Section 63B of the MITA, based on the following formula:

$$A \times \frac{B}{4C}$$

- where
- A is the total of the permitted expenses incurred for that basis period;
 - B is gross income consisting of dividend¹, interest and rent chargeable to tax for that basis period; and
 - C is the aggregate of the gross income consisting of dividend¹ and interest (whether such dividend or interest is exempt or not) and rent, and gains made from the realisation of investments (whether chargeable to tax or not) for that basis period,

provided that the amount of deduction to be made shall not be less than 10% of the total permitted expenses incurred for that basis period.

¹ Pursuant to Section 15 of the Finance Act 2011, with effect from the year of assessment 2011, dividend income is deemed to include income distributed by a unit trust which includes distributions from Real Estate Investment Trusts.



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Exempt income

The following income of the Fund is exempt from income tax:

- ▶ **Malaysian sourced dividends**
All Malaysian-sourced dividends should be exempt from income tax.
- ▶ **Malaysian sourced interest**
 - (i) interest from securities or bonds issued or guaranteed by the Government of Malaysia;
 - (ii) interest from debentures or *sukuk*, other than convertible loan stock, approved or authorized by, or lodged with, the Securities Commission;
 - (iii) interest from Bon Simpanan Malaysia issued by Bank Negara Malaysia;
 - (iv) interest derived from Malaysia and paid or credited by banks licensed under the Financial Services Act 2013 or the Islamic Financial Services Act 2013²;
 - (v) interest derived from Malaysia and paid or credited by any development financial institution prescribed under the Development Financial Institutions Act 2002²;
 - (vi) interest from *sukuk* originating from Malaysia, other than convertible loan stock, issued in any currency other than Ringgit and approved or authorized by, or lodged with, the Securities Commission or approved by the Labuan Financial Services Authority (LFSA)³; and
 - (vii) interest which is specifically exempted by way of statutory orders or any other specific exemption provided by the Minister.
- ▶ **Discount**
Tax exemption is given on discount paid or credited to any unit trust in respect of investments as specified in items (i), (ii) and (iii) above.

² Effective from 1 January 2019, the income tax exemption for a unit trust fund, pursuant to Paragraph 35A, Schedule 6 of the Income Tax Act, 1967 shall not apply to a wholesale fund which is a money market fund.

³ Effective from the year of assessment 2017, the exemption shall not apply to interest paid or credited to a company in the same group or interest paid or credited to a bank licensed under the Financial Services Act 2013 or the Islamic Financial Services Act 2013; or a development financial institution prescribed under the Development Financial Institutions Act 2002.



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Foreign-sourced income (FSI)

Pursuant to the Finance Act 2021, income derived by a resident person from sources outside Malaysia and received in Malaysia from 1 January 2022 will no longer be exempt from tax.

Based on the Malaysian Inland Revenue Board's "Guidelines on Tax Treatment in Relation to Income Received from Abroad (Amendment)" updated on 20 June 2024, the term "received in Malaysia" means transferred or brought into Malaysia, either by way of cash⁴ or electronic funds transfer⁵.

FSI received in Malaysia during the transitional period from 1 January 2022 to 30 June 2022 will be taxed at 3% of gross. From 1 July 2022 onwards, FSI received in Malaysia will be taxed at the prevailing tax rate(s) of the taxpayer and based on applicable tax rules. Bilateral or unilateral tax credits may be allowed if the same income has suffered foreign tax⁶, and where relevant conditions are met.

The Income Tax (Exemption) (No. 6) Order 2022 [P.U.(A) 235] has been issued to exempt a "qualifying person"⁷ from the payment of income tax in respect of dividend income which is received in Malaysia from outside Malaysia, effective from 1 January 2022 to 31 December 2026. The exemption will not apply to a person carrying on the business of banking, insurance or sea or air transport. As the definition of "qualifying person" does not include unit trust funds, it would mean that resident unit trust funds would technically not qualify for the exemption, unless there are further updates thereto⁸.

Gains from the realisation of investments

Pursuant to the Finance (No. 2) Act 2023 ("Finance Act"), gains from the realisation of investments by a unit trust would no longer be exempt from tax. Pursuant to Section 61(1)(b) of the MITA, gains arising from the realisation of investments shall be treated as income of a unit trust under Section 4(aa) of MITA, provided that such gains are not related to real property as defined in the Real Property Gains Tax Act 1976. Section 4(aa) provides that gains or profits from the disposal of a capital asset are to be treated as a class of income. The

⁴ "Cash" in this context is defined as banknotes, coins and cheques.

⁵ "Electronic funds transfer" means bank transfers (e.g., credit or debit transfers), payment cards (debit card, credit card and charge card), electronic money, privately-issued digital assets (e.g., crypto-assets, stablecoins) and central bank digital currency.

⁶ "Foreign tax" includes withholding tax

⁷ "Qualifying person" in this context means a person resident in Malaysia who is:

- (a) An individual who has dividend income received in Malaysia from outside Malaysia in relation to a partnership business in Malaysia;
- (b) A limited liability partnership which is registered under the Limited Liability Partnerships Act 2012; or
- (c) A company which is incorporated or registered under the Companies Act 2016.

⁸ On 16 January 2024, the Honorable Finance Minister II announced that unit trusts will be exempted from tax on FSI from 1 January 2024 until 31 December 2026; and capital gains tax from 1 January 2024 to 31 December 2028. The exemption has yet to be legislated.



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tax imposed on such income under the MITA is commonly referred to as “capital gains tax” (CGT).

Based on the MITA, the following will be subject to Malaysian CGT:

Capital assets situated in Malaysia

- a) Gains or profits from the disposal of shares of a company incorporated in Malaysia not listed on the stock exchange (including any rights or interests thereof) owned by a company, limited liability partnership, trust body or co-operative society
- b) Gains or profits, accruing to a company, limited liability partnership, trust body or co-operative society, on the disposal of shares in foreign incorporated controlled companies deriving value from real property in Malaysia, as determined based on the relevant provisions of the MITA.

Capital assets situated outside Malaysia

- c) Gains or profits from the disposal of movable or immovable property situated outside Malaysia including any rights or interests thereof. Such gains will only be subject to tax when the gains are received in Malaysia.

Note:

Pursuant to the Income Tax (Exemption) (No.3) Order 2024 [P.U.(A) 75], a trust body is exempted from payment of income tax in respect of gains or profits from the disposal of capital asset arising from outside Malaysia which is received in Malaysia. This exemption applies for such disposals from 1 January 2024 to 31 December 2026 subject to the following conditions being complied with by the trust body:

- ▶ employ an adequate number of employees in Malaysia with necessary qualifications to carry out the specified economic activities in Malaysia; and
- ▶ incur an adequate amount of operating expenditure for carrying out the specified economic activities in Malaysia.

As stated in footnote 8 above, an additional Exemption Order is expected to be issued in respect of FSI and capital gains of a unit trust.

The Finance Act provides an effective date of 1 January 2024 for the above changes to the MITA. However, pursuant to the Income Tax (Exemption) (No. 7) Order 2023 [P.U.(A) 410] and the Income Tax (Exemption) (No. 2) Order 2024 [P.U.(A) 57], taxpayers, including a trust body, are exempted from the payment of income tax in respect of any gains or profits received from the disposal of capital assets situated in Malaysia (see Item (a) and (b) above) where such disposals occur between 1 January and 29 February 2024.



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CGT rates

The relevant tax rates of the gains of the disposal of capital assets are as below:

	Tax rates
A. Disposal of capital assets situated in Malaysia which was acquired before 1 January 2024	
<ul style="list-style-type: none"> ▶ On chargeable income of the disposal ▶ On gross disposal price 	<p style="text-align: center;">10%</p> <p style="text-align: center;">2%</p>
B. Disposal of capital assets situated in Malaysia which was acquired after 1 January 2024	
<ul style="list-style-type: none"> ▶ On chargeable income of the disposal 	10%
C. Disposal of capital assets situated outside Malaysia	
<ul style="list-style-type: none"> ▶ On chargeable income of the disposal 	<p>24%</p> <p>(prevailing tax rate of a unit trust)</p>

Implementation of Sales and Service Tax ("SST")

Sales and Service Tax ("SST") was re-introduced effective 1 September 2018. Sales Tax of 10% (most common rate) or 5% is charged by Malaysian manufacturers of taxable goods or upon importation into Malaysia of such taxable goods, unless specifically exempted under the Sales Tax (Goods Exempted From Tax) Order 2018. Service Tax is charged on certain prescribed taxable services performed by taxable persons as stipulated under Service Tax Regulations 2018. The input tax recovery mechanism under the previous GST regime does not apply to SST. Therefore, any SST incurred is not recoverable and will form a cost element for businesses.

Based on the Service Tax Regulations 2018, a unit trust fund is neither regarded as a taxable person nor as providing taxable services and is therefore not liable for SST registration. Where the Fund incurs expenses such as management fees, the management services provided by asset and fund managers who are licensed or registered with Securities Commission Malaysia for carrying out the regulated activity of fund management under the Capital Markets and Services Act 2007, are specifically excluded from the scope of Service Tax. As for other fees, such as trustee fees and other administrative charges, these may be



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subject to service tax⁹ provided they fall within the scope of service tax (i.e. are provided by a “taxable person”, who exceeds the required annual threshold (in most cases RM 500,000 per annum) and the services qualify as “taxable services”).

Taxation of unit holders

For Malaysian income tax purposes, unit holders will be taxed on their share of the distributions received from the Fund.

The income of unit holders from their investment in the Fund broadly falls under the following categories:

1. taxable distributions; and
2. non-taxable and exempt distributions.

In addition, unit holders may also realise a gain from the sale of units.

The tax implications of each of the above categories are explained below:

1. Taxable distributions

Distributions received from the Fund will have to be grossed up to take into account the underlying tax paid by the Fund and the unit holder will be taxed on the grossed up amount. See however item 2 below on certain distributions which are not taxable to unit holders.

Such taxable distributions carry a tax credit, which will be available for set-off against any Malaysian income tax payable by the unit holder. Should the tax deducted at source exceed the tax liability of the unit holder, the excess is refundable to the unit holders.

Please refer to the paragraph below for the income tax rates applicable to the grossed up distributions.

2. Non-taxable and exempt distributions

Tax exempt distributions made out of gains from the realisation of investments and exempt income earned by the Fund will not be subject to Malaysian income tax in the hands of the unit holders.

⁹ Pursuant to Service Tax (Rate of Tax) (Amendment) Order 2024 [P.U. (A) 64], the service tax rate is increased from 6% to 8% with effect from 1 March 2024 on generally all of the taxable services except for provision of food and beverage services, telecommunication services, parking space and logistics services.



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A retail money market fund is exempted from tax on its interest income derived from Malaysia, pursuant to Paragraph 35A of Schedule 6 of the MITA. Pursuant to the Finance Act 2021, with effect from 1 January 2022, distributions by a retail money market fund from such tax exempt interest income, to a unit holder other than an individual, will no longer be exempt from tax. The distribution to unit holders other than individuals will be subject to withholding tax at 24%. This would be a final tax for non-residents. Malaysian residents are required to include the distributions in their tax returns and claim a credit in respect of the withholding tax suffered. Individuals will continue to be exempt from tax on such distributions.

As stated above, with effect from 1 January 2024 (1 March 2024 for disposals of shares of a company incorporated in Malaysia not listed on the stock exchange), gains arising from the realisation of investments shall be treated as income of the Fund under Section 4(aa), pursuant to the proviso of Section 61(1)(b) of MITA.¹² However, pursuant to Section 61(1A) of MITA, unit holders will still not be charged to tax on the gains referred to in the proviso to Section 61(1)(b).

Rates of tax

The Malaysian income tax chargeable on the unit holders would depend on their tax residence status and whether they are individuals, corporations or trust bodies. The relevant income tax rates are as follows:

Unit holders	Malaysian income tax rates
<p>Malaysian tax resident:</p> <ul style="list-style-type: none"> • Individual and non-corporate unit holders (such as associations and societies) • Co-operatives¹⁰ • Trust bodies 	<ul style="list-style-type: none"> • Progressive tax rates ranging from 0% to 30% • Progressive tax rates ranging from 0% to 24% • 24%

¹⁰ Pursuant to Paragraph 12(1), Schedule 6 of the MITA, the income of any co-operative society—
(a) in respect of a period of five years commencing from the date of registration of such co-operative society;
and
(b) thereafter where the members' funds [as defined in Paragraph 12(2)] of such co-operative society as at the first day of the basis period for the year of assessment is less than seven hundred and fifty thousand ringgit, is exempt from tax.



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Unit holders	Malaysian income tax rates
<ul style="list-style-type: none"> • Corporate unit holders <ul style="list-style-type: none"> (i) A company with paid up capital in respect of ordinary shares of not more than RM2.5 million (at the beginning of the basis period for the year of assessment) and gross income from a source or sources consisting of a business not exceeding RM50 million for the basis period for the year of assessment^{11 12} (ii) Companies other than (i) above 	<ul style="list-style-type: none"> • First RM150,000 of chargeable income @ 15%¹³ • Next RM450,000 of chargeable income @17% • Chargeable income in excess of RM600,000 @ 24% • 24%
Non-Malaysian tax resident (Note 1): <ul style="list-style-type: none"> • Individual and non-corporate unit holders • Corporate unit holders and trust bodies 	<ul style="list-style-type: none"> • 30% • 24%

Note 1:

Non-resident unit holders may be subject to tax in their respective countries depending on the provisions of the tax legislation in the respective countries and any existing double taxation arrangements with Malaysia.

¹¹ A company would not be eligible for the concessional tax rate on the first RM600,000 of chargeable income if:-
 (a) more than 50% of the paid-up capital in respect of the ordinary shares of the company is directly or indirectly owned by a related company which has paid-up capital in respect of ordinary shares of more than RM2.5 million at the beginning of a basis period for a year of assessment;
 (b) the company owns directly or indirectly more than 50% of the paid-up capital in respect of the ordinary shares of a related company which has paid-up capital in respect of ordinary shares of more than RM2.5 million at the beginning of a basis period for a year of assessment;
 (c) more than 50% of the paid-up capital in respect of the ordinary shares of the company and a related company which has a paid-up capital in respect of ordinary shares of more than RM2.5 million at the beginning of a basis period for a year of assessment is directly or indirectly owned by another company.
 (d) Pursuant to the Finance Act 2023, effective from the year of assessment 2024, in order for a company to qualify for the concessional tax rates not more than 20% of the paid-up capital in respect of the ordinary shares of the company at the beginning of a basis period for a year of assessment can be directly or indirectly owned by one or more companies incorporated outside Malaysia or by individuals who are not citizens of Malaysia.

¹² The above excludes a business trust and a company which is established for the issuance of asset-backed securities in a securitization transaction approved by the Securities Commission.

¹³ Pursuant to the Finance Act 2023, effective from the year of assessment 2023, the concessional tax rate is reduced from 17% to 15% for the first RM150,000 of chargeable income.



The Board of Directors
MIDF Amanah Asset Management Berhad
21 August 2024

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Gains from sale of units

Gains arising from the sale of units will generally not be subject to income tax in the hands of unit holders unless they are insurance companies, financial institutions or traders / dealers in securities.

Unit splits and reinvestment of distributions

Unit holders may also receive new units as a result of unit splits or may choose to reinvest their distributions. The income tax implications of these are as follows:

- ▶ Unit splits - new units issued by the Fund pursuant to a unit split will not be subject to income tax in the hands of the unit holders.
- ▶ Reinvestment of distributions - unit holders may choose to reinvest their income distribution in new units by informing the Manager. In this event, the unit holder will be deemed to have received the distribution and reinvested it with the Fund.



The Board of Directors
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We hereby confirm that, as at the date of this letter, the statements made in this letter correctly reflect our understanding of the tax position under current Malaysian tax legislation and the related interpretation and practice thereof, all of which are subject to change, possibly on a retrospective basis. We have not been retained (unless specifically instructed hereafter), nor are we obligated to monitor or update the statements for future conditions that may affect these statements.

The statements made in this letter are not intended to be a complete analysis of the tax consequences relating to an investor in the Fund. As the particular circumstances of each investor may differ, we recommend that investors obtain independent advice on the tax issues associated with an investment in the Fund.

Yours faithfully
Ernst & Young Tax Consultants Sdn Bhd

A handwritten signature in black ink, appearing to read 'Koh Leh Kien', is written over a horizontal line.

Koh Leh Kien
Partner

Ernst & Young Tax Consultants Sdn Bhd has given its consent to the inclusion of the Taxation Adviser's Letter in the form and context in which it appears in this First Supplementary Prospectus and has not withdrawn such consent before the date of issue of this First Supplementary Prospectus.

10. Amendments to page 44 of the Prospectus – “List of Distribution Channels”

The information in relation to the list of distribution channels is hereby deleted in its entirety and replaced with the following:

MIDF Amanah Asset Management Berhad (Registration No.: 197201000162 (11804-D))

REGISTERED OFFICE Level 25, Menara MBSB Bank, PJ Sentral
Lot 12, Persiaran Barat, Seksyen 52
46200 Petaling Jaya
Selangor
Tel.: 03 – 2173 8888

BUSINESS OFFICE Level 20, Menara MBSB Bank, PJ Sentral
Lot 12, Persiaran Barat, Seksyen 52
46200 Petaling Jaya
Selangor
Tel.: 03 – 2173 8488 (Customer Service Line)
Fax: 03 – 2173 8555
Email: midfamanah@midf.com.my
Website: <https://www.midf.com.my/fund-management>

IUTAs & Registered Distributors

Please contact us for the list of IUTAs & registered distributors.

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