First Corporate Solutions Ltd- PB 4606
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01st April 2024

Mr. Renuke Wijayawardhane,
Chief Regulatory Officer,
Colombo Stock Exchange,
No. 04-01, West Block,
World Trade Centre,
Echelon Square,
Colombo 01.

Dear Sir,

Millennium Housing Developers PLC ("Company") – Emphasis of Matter on Going Concern in the Independent Auditor's Report in the Audited Financial Statements for the year ended 31st March 2023

We wish to make the following disclosure in terms of 7.5(d)(ii)(A)(5)

a) As per the Rule 7.5.(d) (ii)(A)(4) of the CSE Rules, the Securities of the entity had been transferred to the Watch List with effect from 07th December 2023. as Audit report contains an emphasis of matter on going concern in the Audited Financial Statements for the year ended 31st March 2023

b) The following remedial actions are to be implemented in order to address the emphasis of matter on going concern contained in the Independent Auditor's Report

After conducting a comprehensive assessment of the group's financial standing, the Board has concluded that divesting two specific properties initially earmarked for development is a strategic measure to address the highlighted concerns regarding the company's ability to continue as a going concern. These are:-

1. Nawala Koswatta – 38 Perches; and
2. Moragahahena – 2963 Perches.

The sales proceeds from the Nawala Koswatta land, which has been officially listed and advertised for sale as an initial step, are expected to range from Rs. 103Mn to Rs. 108.3Mn. These proceeds will be allocated towards restructuring the existing facilities of the Entity and reinvesting in the Katunayake "River View" project, aimed at generating additional revenue. Additionally, the settlement of loans with banks will be facilitated by the sale of the Moragahahena and Subuthipura lands. However, despite being put up for auction on 28.12.2023 through the Parate execution process, no bids were received for these properties, resulting in the transfer of ownership to the bank on the same date.

The Company can still jointly execute the sale to potential buyers for the valued amounts. The proceeds generated after the deduction of the loans (which will be further negotiated) will be utilized towards another potential project to continue the Entity as a going concern.

Contemplating the available avenues that hold the potential to catalyze a turnaround in the current financial standing of both the entity and the group, it is imperative to emphasize that the management has undertaken measures to mitigate the challenges within its control to the group's ability as a going concern. It is noteworthy that further decisive actions are currently in progress to mitigate these concerns and effect a substantial enhancement in the financial performance of the company and the group, subject to improvement in macro-economic activities and credit growth.

c) The time period within which such remedial action will be taken by the Entity within a period of Fifteen (15) Months

d) The following additional statements;

i. In the event of any deviation from the proposed remedial action, the extent of the deviation shall be communicated to the investors by way of a subsequent announcement to the Market via the Exchange within one (01) Market Day from the date of obtaining the approval of the Board of Directors of the Entity for such deviation;

ii. In the event the matters giving rise to the emphasis of matter on going concern are not resolved within a period of fifteen (15) months from the date of transferring the Securities of the Entity to the Watch List, the trading of Securities of the Listed Entity shall be suspended. In the event the trading suspension continues for a period in excess of twelve (12) months, the securities of the Entity shall be delisted by the Board of Directors of the CSE in terms of Rule 11.3 (a) of the Listing Rules.

iii. In the event the matters giving rise to the emphasis of matter on going concern are resolved and such fact is independently verified by an auditor during the period the Securities of the Entity are on the Watch List, it shall be announced to the Market via the CSE forthwith.

Yours faithfully,

BY ORDER OF THE BOARD OF MILLENNIUM HOUSING DEVELOPERS PLC

First Corporate Solutions Ltd.
PB 4605
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.....Company Secretary.....

Deepthi Herath
Director
First Corporate Solutions
Company Secretary