

First Corporate Solutions Ltd- PB 4606

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03rd March 2025

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 and 31st March 2024

We wish to make the following disclosure in terms of CSE Rule 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 since the Audit report for the year ended 31st March 2023 contained an emphasis of matter on going concern. For the financial year ended 31st March 2024, The Auditors have emphasized the same matter.

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.

The Board has undertaken several strategic measures to strengthen the Company’s financial position and address concerns over its ability to continue as a going concern, and has implemented the following key actions

Settlement of Bank Loan Obligations

A part of the Moragahahena land sale proceeds of LKR 113.51 million has been utilized to settle the outstanding bank loan balance in full at Sampath Bank, significantly reducing the Group’s financial leverage. This has led to a substantial decrease in finance costs and liquidity risk.

The proceeds from the Nawala Koswatta land sale (LKR 105 million) have been utilized to settle intercompany borrowings and infuse working capital into ongoing projects.

Restructuring of Financial Facilities

The Company is actively engaged in restructuring its existing bank facilities and optimizing the Group’s working capital to ensure financial stability and operational efficiency.

Operational and Sales Progress

The Katunayake project has achieved significant progress in terms of both sales and construction, reinforcing the Company's revenue stream and cash flow stability.

Future Growth Initiatives

The company is set to embark on a new high-rise development project in Rajagiriya to enhance business continuity and drive future growth, thereby strengthening its long-term financial sustainability. Furthermore, despite the bank's acquisition of the Subuthipura land following unsuccessful auctions, the company retains the option to sell the property to interested parties, with active negotiations currently underway.

c) Timeline for Remedial Actions

The Company expects to complete these remedial actions within six months.

d) Additional Disclosures

i. Deviations from the Proposed Plan

Any deviation from the planned remedial actions will be disclosed to investors via a market announcement within one (01) market day from obtaining Board approval for such changes.

ii. Consequences of Unresolved Matters

If the concerns leading to the emphasis of matter on going concern remain unresolved within fifteen (15) months, the trading of the Company's securities will be suspended.

If the trading suspension exceeds twelve (12) months, the Company's securities will be delisted in accordance with Rule 11.3(a) of the CSE Listing Rules.

iii. Resolution of Going Concern Matters

If the matters leading to the emphasis of matter are resolved and independently verified by the auditor while the Company remains on the Watch List, this will be immediately announced to the market via the CSE.

Through the successful settlement of bank loans, restructuring of financial facilities, and strong project execution, the Company has made significant progress in addressing financial risks and ensuring long-term sustainability. The reduction in finance costs and liquidity risk further strengthens the Company's ability to operate as a going concern while positioning itself for future growth.

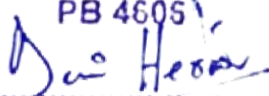
Thanking You.,

Yours faithfully,

BY ORDER OF THE BOARD

First Corporate Solutions Ltd.

PB 4605\



Company Secretary

First Corporate Solutions Ltd

Company Secretaries for Millennium Housing Developers PLC