



HONG LAI HUAT GROUP LIMITED

(Incorporated in the Republic of Singapore)
Reg. No. 199905292D

逢
來
發
集
團
有
限
公
司

RECEIPT OF LETTER OF DEMAND

The Board of Directors (the “Board”) of Hong Lai Huat Group Limited (the “Company” and, together with its subsidiaries, the “Group”) wishes to inform its shareholders that its wholly owned subsidiary, PH One Development (Cambodia) Limited, has received a Letter of Demand for Payment from Mr. En Sopheap and Mr. Sun Samnang, acting as legal representatives of Shanghai Baoye (Cambodia) Co., Ltd (“SBC”).

SBC was the main contractor for the Group’s first mixed-use development project, D’Seaview, located in Sihanoukville, Cambodia, which was completed on 30 April 2020. The Letter of Demand alleges an outstanding payment claim of USD 10,958,902.83. The Group disputes these claims, asserting that they are baseless and unsupported by evidence. The letter demands payment by 20th February 2025, threatening legal action if payment is not made.

In response, the Group has engaged its legal representatives, led by Ms. Sok Vanseka, Managing Partner of Sethalay Law Office, Cambodia. A formal reply has been sent, supported by evidence, refuting the claims and asserting a counterclaim against SBC for compensation amounting to USD 10,000,827. The reply outlines SBC’s numerous failures and breaches of contract, which caused significant delays in the project. Given that the retention sum of USD 1,825,000 was insufficient to cover delay damages of USD 7,640,699.90, the Group exercised its legal right to deposit the SBC performance security cheque of USD 1,800,000. However, upon depositing the cheque, it was discovered that the cheque had bounced, which constitutes an offence under Article 231 of the Law on Negotiable Instruments and Payment Transactions in the Kingdom of Cambodia. This failure exacerbated delays, forcing the Group to engage third parties to complete the remaining works.

The Group is committed to protecting its interests and will take all necessary legal actions to resolve this matter.

The Board further advises shareholders and potential investors to exercise caution when dealing in the shares of the Company. Shareholders and potential investors should consult their stockbrokers, bank managers, solicitors, accountants, tax advisers, or other professional advisers if they have any doubts about the actions they should take.

BY ORDER OF THE BOARD

Dato’ Dr. Ong Bee Huat, PBM
Executive Deputy Chairman and Chief Executive Officer
10 February 2025