

**SURGE RECREATION HOLDINGS LTD :  
THE CHAIRMAN IS SUED, AGAIN !**

The Chairman of publicly listed Surge Recreation Holdings Ltd (Code: 703, Main Board, The Stock Exchange of Hongkong Ltd) has been sued for \$HK400,000.

The Statement of Claim, attached to the Writ of Summons, Number 6572, was lodged in The District Court of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), late on Tuesday afternoon.

A person by the name of Bonidy Kung Yu Wah is the Plaintiff to this Action, with Mr Li Tat Ting, the Chairman of Surge Recreation, being the lone Defendant.

It is alleged, in the Statement of Claim, that Mr Li Tat Ting issued a cheque on February 18, 2002, to the Plaintiff, drawn on The Bank of China (Hongkong) Ltd, in favour of the Plaintiff, but this cheque, in the amount of \$HK400,000, was dishonoured on presentation for payment on August 14, 2002.

Despite being told of the Notice of Dishonour, Mr Li Tat Ting *'has failed and/or refused to pay the said sum of HK\$400,000.00 or any part thereof and the same remains due and owing to the Plaintiff.'*

This is the second legal claim to have been laid against Mr Li Tat Ting since August, this year.

In August, Sun Wah Aluminium Windows and Curtain Wall Company Ltd issued legal proceedings in the High Court of the Hongkong Special Administrative Region, alleging that it was owed about 4.15 million renminbi (about \$HK3.98 million).

In that High Court Action, Number 3119, it is alleged that Panyu Film City Ltd, operated as SammyLand (which is a theme park, having been founded by Mr Li Tat Ting), commissioned Sun Wah Aluminium Windows to carry out certain construction and engineering works at SammyLand.

It is alleged that Mr Li Tat Ting was the guarantor for any/all delinquencies of SammyLand/Panyu Fantasy Film City Ltd, the Indorsement of Claim attests.

Paragraph 3 of the Indorsement of Claim, attached to that Writ of Summons, reads:

*'Further and/or alternatively, HK\$2,296,261.00 being purported part payment of Renminbi 4,154,400.00 against the 2<sup>nd</sup> Defendant (Mr Li Tat Ting) being the total amount of various cheques drawn by the 2<sup>nd</sup> Defendant on the Standard Chartered Bank and payable to the Plaintiff, those cheques were duly presented for payment and were dishonoured.'*

On August 19, 2002, Surge Recreation put out an announcement in respect of High Court Action Number 3119, stating, inter alia, that the financial effects of the Writ would have no material impact on the Company.

It was, also, made plain by Surge Recreation that the writ should have been served in the PRC, proper, and not in the HKSAR.

This Company went public on the Main Board of The Stock Exchange of Hongkong Ltd on July 31, 2002 and TARGET's analysts noted that, as at the date of the flotation, Surge Recreation was not, exactly, flush with cash.

## Analysis

### **SammyLand Needs Your Money !**

What is readily apparent about the financials of Surge Recreation Holdings Ltd (Code: 703, Main Board, The Stock Exchange of Hongkong Ltd) is that the situation at this Company has been deteriorating over the past few years, requiring the majority shareholder to bolster the Company's dwindling cash supply with his own money.

And that exercise kept the creditor wolves far away from Surge Recreation's doors – because the cash injections were quite substantial.

As at the 2001 Balance Sheet Date, December 31, 2001, Mr Li Tat Ting, the Chairman of the Company, had advanced about \$HK33.05 million of his money to Surge Recreation.

In the 2000 Financial Year, Chairman Li Tat Ting had advanced about \$HK45.07 million to the Company that he founded and continues to control, but that amount of money had been classified as a Current Liability, unlike the 2001 loans, due to him, which had been classified as being ... [CLICK TO ORDER FULL ARTICLE](#)

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