

**SURGE RECREATION HOLDINGS LTD:
HEY! THIS IS NOT FUN, AT ALL !**

For the third time in the past 5 months, the Chairman of publicly listed Surge Recreation Holdings Ltd (Code: 703, Main Board, The Stock Exchange of Hongkong Ltd) has been sued.

But this time, Mr Li Tat Ting has received a whopper of a claim: He is alleged to have issued 2 dud cheques to a Mr Leung Yui Fai in the aggregate sum of \$HK4.50 million.

The allegations, made against Mr Li Tat Ting, are contained in High Court Action Number 464, an Action that was launched on Tuesday.

It is alleged, in the 2-paragraph Statement of Claim, attached to the Writ of Summons, that Mr Li Tat Ting issued 2 cheques, drawn on The Hongkong and Shanghai Banking Corporation Ltd, on September 20 and September 25, 2002, but, when Mr Leung Yui Fai presented the cheques for payment, they were dishonoured.

Mr Leung Yui Fai alleges that *'the Defendant has still failed and/or refused to pay the said sum or any part thereof to the Plaintiff.'*

Mr Li Tat Ting is the Chairman of Surge Recreation, a company, which is engaged in the business of operating a theme park in the People's Republic of China (PRC), proper, as opposed to the Hongkong Special Administrative Region (HKSAR) of the PRC.

The theme park trades under the name or title of SammyLand. It is located in Panyu, Guangdong Province.

SammyLand was first established in 1999.

Surge Recreation went public on The Stock Exchange of Hongkong Ltd in July 2002 and the company's shares were first traded on August 15, 2002.

At the time of the listing, TARGET remarked:

'What is readily apparent about the financials of Surge Recreation Holdings 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 ...

'Surge Recreation Offered 15 million, New Shares (one cent Par Value) at a Premium of not more than 54 cents per Share (but settled for 34 cents per Share) and it Placed another tranche of 93

million, New one-cent Shares on the same basis as the Offered Shares.

'Chairman Li Tat Ting took the opportunity, at the public launch of his Company on the Main Board of The Stock Exchange of Hongkong Ltd, to offload 30 million of his shares, also at the price of 34 cents per Share ...'.

(Please see [TARGET Intelligence Report, Volume IV, Number 202, published on October 25, 2002](#), for a full report of this Company)

Within one day of going public, Surge Recreation announced that a Writ of Summons had been issued by Sun Wah Aluminium Windows and Curtain Wall Company Ltd against Panyu Fantasy Film City Ltd, a joint venture, which is wholly owned by Surge Recreation and its Chairman, Mr Li Tat Ting.

Chairman Li Tat Ting was said to be a guarantor under a purported agreement, dated May 12, 2000, relating to the construction and engineering works, agreed to be carried out, and materials, agreed to be supplied by Sun Wah Aluminium.

Chairman Li Tat Ting was sued for about 4.15 million renminbi, in this instance.

Since going public on The Stock Exchange of Hongkong Ltd, Mr Li Tat Ting has been sued twice, this Tuesday's claim, being the third.

For the first 6 months of the 2002 Financial Year, Surge Recreation reported a Net Profit Attributable to Shareholders of about \$HK19.41 million on a Turnover of about \$HK45.83 million.

That was slightly lower than the comparable 2001 first half when the Company reported a Net Profit Attributable to Shareholders of about \$HK26.16 million on a Turnover of about \$HK45.63 million.

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