

**SURGE RECREATION HOLDINGS LTD:
COMPANY ACCUSED OF BREACHING A LOAN AGREEMENT**

Within 60 days of securing a \$HK4.19-million credit line, [Surge Recreation Holdings Ltd](#) (Code: 703, Main Board, The Stock Exchange of Hongkong Ltd) is accused of breaching its agreement with the lender of the money.

In essence, that is the major allegation of CIT Financial (Hongkong) Ltd, contained in High Court Action, Number 2541, recently filed in the High Court of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC).

According to the Statement of Claim, attached to the Writ of Summons, CIT Financial agreed to lend \$HK4,188,170 to Surge Recreation on March 12, 2003, evidenced by a purported letter, written by the HKSAR money lender.

The terms and conditions of the loan facility included, inter alia:

1. The term of the loan shall be for 24 months;
2. Surge Recreation shall pay simple interest on the loan at the rate of 8 percent per annum; and,
3. Surge Recreation shall repay the loan by monthly instalments of \$HK188,170.

Paragraph 4 of the Statement of Claim alleges that Surge Recreation breached the terms of the loan agreement in that it failed to pay the monthly instalment, due on May 12, 2003.

On June 18, 2003, CIT Financial wrote to Surge Recreation, demanding immediate repayment of the loan, claiming \$HK3,868,015.32.

This demand is the latest in a series of claims, made against Surge Recreation and companies, within that Group, in respect of alleged breached of various agreements.

It was only on May 16, 2003, that this medium reported that Surge Recreation and its subsidiary, Penny Farthing Agents Ltd, were sued for the seemingly paltry sum of \$HK475,000.

In that report, **TARGET** stated that Signature Ltd had sued Surge Recreation in respect of '*certain design services*' in the amount of \$HK408,000.

The case against Penny Farthing was that this subsidiary could not pay rent on the Wanchai offices, used by it and Surge Recreation.

Surge Recreation is supposed to be operating an entertainment complex in the PRC, proper, known as Sammyland.

The following is a list of legal Actions, filed in various HKSAR Courts over the past 7 months against Surge Recreation, a subsidiary, Penny Farthing Agents Ltd, Surge Recreation's Chairman and one shareholder,

according to TOLFIN ... [CLICK TO ORDER FULL ARTICLE](#)

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