

**SURGE RECREATION HOLDINGS LTD:
SOLICITORS' FIRM SUES FOR \$HK351,936**

A solicitors' firm, practising in the People's Republic of China (PRC), proper – as opposed to the Hongkong Special Administrative Region (HKSAR) of the PRC – has issued legal proceedings in the HKSAR against publicly listed Surge Recreation Holdings Ltd (Code: 703, Main Board, The Stock Exchange of Hongkong Ltd).

The solicitors' firm is King and Wood, which claims to have been commissioned by Management of Surge Recreation, in the PRC, proper, to carry out certain legal services from March 2001 to August 22, 2002.

However, the fees of King and Wood, it is alleged in the Statement of Claim, attached to District Court Writ of Summons, Number 5583, have never been settled, in full.

On August 22, 2002, King and Wood alleges that it was owed \$US55,100 (about \$HK429,780), but it only received a partial payment of \$US10,000 (about \$HK78,000).

King and Wood is looking to get the remainder of its fees, amounting to \$US45,120 (about \$HK351,936) plus interest and costs.

Surge Recreation went public on the Main Board of The Stock Exchange of Hongkong Ltd on August 1, 2002 so that it is apparent that the services of King and Wood were deemed unnecessary by Surge's Management after it had attained a public status in the HKSAR.

By all appearances, King and Wood is standing in a long line of entities/individuals, all wanting money from this publicly listed company.

This solicitors' firm is not the first party to have made claims against Surge Recreation and/or its subsidiaries and/or its Chairman, to be sure.

On September 3, 2003, this medium reported that a High Court Action had been lodged in the HKSAR, claiming about \$HK10.70 million.

That Action was taken out by Mr Tyrone Chan Ting Kwan, a shareholder of Surge Recreation, who sued Penny Farthing Agents Ltd (a Surge Recreation subsidiary) and the Chairman of Surge Recreation, Mr Li Tat Ting, in an effort to obtain \$HK10,698,077.69 in respect of a purported loan agreement, dated November 6, 2001.

(For full particulars, please see [TARGET Intelligence Report, Volume V, Number 167](#), published on September 3, 2003)

The latest claim against Surge Recreation is Number 10 in the line of substantial claims, recorded in **TOLFIN** (**TARGET's** Computerised Online Financial Intelligence Service and Credit-Checking Provider).

However, **TOLFIN's** records, also, state that there have been other claims of a less substantial nature, such as possession, etc, (Small Claims Action Number 63807 is one such example).

Ironically, while the claims mount against Surge Recreation, the financial records of the company do not suggest that it should be short of money.

On paper, it has recorded a Net Profit Attributable to Shareholders since the 1999 Financial Year, aggregating about \$HK144.11 million.

However, on September 26, 2003, Surge Recreation announced that, for the first half of this Financial Year, to June 30, 2003, it had suffered a Loss Attributable to Shareholders of about \$HK14.75 million.

That result compared rather unfavourably with the situation, which existed in the like 2002 first half, when the company recorded a Net Profit Attributable to Shareholders of about \$HK19.41 million.

What was, perhaps, more telling than the Bottom Line was the fact that the Turnover in the first half had fallen from the 2002 figure of about \$HK45.83 million to the 2003 figure of about \$HK12.99 million.

Since Surge Recreation operates a theme park in Panyu, the PRC, proper, the only conclusion that one can reach is that business has fallen off, quite considerably.

And this situation cannot be blamed on incidents of Severe Acute Respiratory Syndrome (SARS) in the PRC, proper ... [CLICK TO ORDER FULL ARTICLE](#)

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