

**DIGITEL GROUP LTD :  
IS THIS A KNACKER'S YARD CANDIDATE, TOO ?**

For a publicly listed company to receive a claim from a bank of about \$HK25.19 million, it is bad enough, but what can make one become very suspicious is when the company, at the end of this claim, is one that has been losing money, consistently, for the past 2 Financial Years.

And, when the Chairman's private company is nobbled with a claim of nearly \$HK10 million, in addition to claims against his publicly listed company, then, it would be fair to state that things look disastrous for all concerned.

The company, to which TARGET is alluding, is DigiTel Group Ltd, Stock Code Number 8030, The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd.

Industrial and Commercial Bank of China (Asia) Ltd, formerly known as Union Bank of Hongkong Ltd, recently sued the following 4 parties, claiming, in aggregate, about \$HK25.19 million:

DigiTel Communication (Asia) Ltd	First Defendant
Lit Cheong DigiTel Ltd	Second Defendant
Goway Investments Ltd	Third Defendant
DigiTel Group Ltd	Fourth Defendant

The First Defendant and the Third Defendant are wholly owned subsidiaries of DigiTel Group Ltd while the Second Defendant is termed, in the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), as being a '*Substantial Shareholder*'.

This company held about 61.81 percent of the Issued and Fully Paid-Up Share Capital of DigiTel Group Ltd, as at March 31, 2002.

However, on or about May 14, 2002, Lit Cheong DigiTel Ltd made a Private Placement of Shares, reducing the Chairman's stake in DigiTel Group Ltd down to 52.02 percent.

Lit Cheong DigiTel Placed 100 million shares at 15.90 cents per share, grossing the Chairman, Mr Lee Chuen Bit, about \$15.90 million.

DigiTel Group Ltd, then, placed with the Chairman, the same number of shares at the same price, grossing the Company \$HK15.90 million.

At the time of the Placement, DigiTel Group Ltd made the statement that the Placement would '*enlarge the shareholder base and capital base of the Company and will strength (sic) the financial position of the Group.*'  
(!!!)

Getting back to High Court Action Number 2089, which was lodged last Friday, Industrial and Commercial Bank is alleging that it afforded banking facilities to the First, Second and Third Defendants, while the Fourth

Defendant was a guarantor to the sums of money, drawn down by the other Defendants.

In aggregate, the First, Second and Third Defendants are alleged to owe the bank \$US1,264,128.35 (about \$HK9.86 million) and \$HK15,331,361.

According to **TOLFIN** (**TARGET**'s Computerised Online Financial Service), this is only the second High Court Writ, lodged against DigiTel Group Ltd and its group of companies.

It would appear, among other things, that DigiTel Group Ltd defaulted on payments of .....

When this Company went to The GEM in [July 2000](#), this analyst remarked;

*' ... in the 1998 Financial Year, 93.94 percent of the Turnover was brought about by work, carried out in the PRC for and on behalf of the PRC Governmental bodies, while the remaining 6.06 percent of the volume of activity of this Company was conducted in the Hongkong Special Administrative Region (HKSAR) of the PRC.*

*'In the 1999 Financial Year, 33.67 percent of that Year's Turnover was derived from activities in the PRC, again, for and on behalf of PRC Governmental bodies, with the remaining 66.33 percent of the volume of activity, coming from the HKSAR ...*

*'According to Page 80 of the Prospectus, DigiTel has about \$HK178-million worth of work on hand in respect of its 5 customers.*

*'Of these jobs, 4 contracts are scheduled for completion by next month, with one contract, scheduled for completion at the end of the year ...*

*'When these jobs run out, it will be interesting to see whether or not Management will be able to replace them with more work from entities of the PRC Government ... '.*

It would appear that **TARGET**'s prognostications in respect of this Company were very accurate: DigiTel Group has run out of work.

And, now, it would appear that it has run out of money, too ... [CLICK TO ORDER FULL ARTICLE](#)

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