

**DIGITEL GROUP LTD :  
HERE WE GO ROUND THE MULBERRY BUSH,  
THE MULBERRY BUSH, THE MULBERRY BUSH...**

As the British nursery song goes: *'Here we round the mulberry bush, the mulberry bush, the mulberry bush ... and we, all, fall down'*.

That little ditty appears to apply to the present fortunes of publicly listed DigiTel Group Ltd (Code: 8030, The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd) because it is becoming a recurring theme for this GEM-listed company to find itself, trying to fend off one legal claim after another.

And, with each claim, the cash register rings up more debts and costs ... and the clock ticks.

It was only last Wednesday that TARGET wrote that The Commissioner of Inland Revenue of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) had gone after a wholly owned subsidiary of DigiTel Group – DigiTel Communications (Asia) Ltd – in an attempt to recover about \$HK340,619, which amount of money is alleged to be owed to the HKSAR Government in respect of assessable tax.

Now, The Center (43) Ltd has sued another wholly owned subsidiary of DigiTel Group, Regal Policy Ltd, seeking about \$HK4.40 million.

According to HKSAR, High Court Action Number 3356, The Center (43) – the Plaintiff to the Action, which is the corporate landlord of the entire forty-third floor of The Center, Number 99, Queen's Road, Central – alleges that it entered into a Tenancy Agreement with Regal Policy, evidenced in writing and dated April 18, 2000, whereby the Plaintiff agreed to rent the entire forty-third floor of The Center to the Defendant for a period of 3 years, commencing April 1, 2000. (Paragraph 2 of the Statement of Claim, attached to the Writ of Summons)

Paragraph 6 claims that there is *'no provision for earlier termination ...'*.

The monthly rent was said to have been set at \$HK655,695, exclusive of rates, HKSAR Government rent, air-conditioning charges and management charges.

There was, also, included in the Tenancy Agreement, clauses that stipulated that there shall be a rent-free period, which shall be, in total, 8 months and 23 days, *'subject to the due performance of the terms and conditions of the Tenancy Agreement ...'*.

The rent-free period was cut into 3 separate tranches, Paragraph 7.2 of the Statement of Claim alleges:

1. The first, 3 months of the rent-free period *'shall be granted upon the commencement date of the Term'* (The Term: The period, starting April 1, 2000, and ending March 31, 2003);
2. The second, 3 months of the rent-free period *'shall be granted immediately after the expiration of the 12<sup>th</sup> month from the commencement date of the Term'*; and,
3. The third, rent-free period (2 months and 23 days) *'shall be granted immediately after the expiration of the 24<sup>th</sup> month from the commencement date of the Term.'*

The Center (43) is alleging, at Paragraph 7.3, that Regal Policy *'has not performed its obligations of the terms and conditions of the Tenancy Agreement ...'*.

The Plaintiff acknowledges that it is holding the sum of \$HK2,490,667.50 as security, paid by the Defendant to the Plaintiff, *'as security for the due observance and performance of the agreements stipulations terms and conditions contained in the Tenancy Agreement ...'*. (Paragraph 14)

The Paragraph, then, continues:

*'Such deposit, inter alia, may be used by the Plaintiff to deduct any amount of rent, rates and other contributions or charges payable under the Tenancy Agreement and any costs, expenses, loss or damage sustained by the Plaintiff as the result of any non-observance or non-performance by the Defendant of any agreements stipulations, obligations or conditions contained in the Tenancy Agreement.'*

The Center (43) alleges that Regal Policy has failed to pay rent ... [CLICK TO ORDER FULL ARTICLE](#)

**For Further Information About This Company, Please See:**

[TARGET Intelligence Report, Volume II, Number 132,](#)  
[published on July 14, 2000](#)

[TARGET Intelligence Report, Volume IV, Number 103,](#)  
[published on June 5, 2002](#)

[TARGET Intelligence Report, Volume IV, Number 124,](#)  
[published on July 5, 2002](#)

[TARGET Intelligence Report, Volume IV, Number 127,](#)  
[published on July 10, 2002](#)

[TARGET Intelligence Report, Volume IV, Number 167,](#)  
[published on September 4, 2002](#)

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