

DIGITEL GROUP LTD :
ANOTHER DAY, ANOTHER BAD CHEQUE, ANOTHER BROKEN PROMISE

Bouncing cheques, broken promises and accelerating losses all seem to be part and parcel of the current make-up of DigiTel Group Ltd, a July 2000 Initial Public Offering on The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd.

Following on from TARGET's exclusive report of September 6, 2002 (Please see TARGET Intelligence Report, Volume IV, Number 169), 2 more corporate entities have lodged claims in Courts of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) against DigiTel Group and another of its wholly owned subsidiaries.

The larger of these 2 new Claims comes from First Shanghai Capital Ltd, which lodged its Claim in the High Court of the HKSAR, just last Wednesday.

First Shanghai, in the Statement of Claim, attached to its Writ of Summons, alleges that there existed an agreement between DigiTel Group of First Shanghai whereby First Shanghai '*agreed to act, together with Kingsway Capital Limited ("Kingsway"), as the joint continuing sponsors for the remaining of the financial year during which the Defendant was listed on the Stock Exchange of Hong Kong Limited and the two complete financial years thereafter ... The Defendant agreed to pay a retainer fee of HK\$50,000 per month for such service for the whole sponsorship period ending on 31st December 2002.*' (Paragraph 3 of the Statement of Claim)

Kingsway, it appears, quit as a Sponsor for DigiTel Group, on or about July 13, 2000.

Paragraph 5 of the Statement of Claim alleges that DigiTel Group '*had been paying ... the said monthly retainer fee ... until July 2001*'.

As a consequence of the non-payment of the retainer fee past July 2001, it is alleged that DigiTel Group is indebted to First Shanghai '*for the amount of HK\$678,333.33.*'

First Shanghai states that it sent a letter to DigiTel Group on September 17, 2002, effectively agreeing to terminate its sponsorship with the Defendant by virtue of DigiTel Group's repudiatory breach of the purported sponsorship agreement.

First Shanghai, also, outlines another matter of contention, going back to July 30, 2001.

It is alleged that DigiTel Group entered into another agreement with First Shanghai, in July 2001, whereby First Shanghai '*agreed to provide advisory services to the Defendant (DigiTel Group) in relation to a connected transaction. The Defendant agreed to pay a fee of HK\$25,000 for such service, which was duly provided by the Plaintiff ...*'. (Paragraph 7)

However, even after First Shanghai, giving a \$HK5,000 discount to its client, it still has not been paid for its advisory services, it is alleged.

In another unrelated Court Action, MCI Worldcom Asia Pacific Ltd has sued DigiTel Communication (Asia) Ltd
... [CLICK TO ORDER FULL ARTICLE](#)

For other reports about this company, how The Commissioner of Inland Revenue of the HKSAR is chasing DigiTel Communications (Asia) Ltd for about \$HK340,619 in back taxes, how a former landlord has sued another subsidiary of DigiTel Group for more than \$HK4.40 million, etc, please refer to:

[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](#)
[TARGET Intelligence Report, Volume IV, Number 169, published on September 6, 2002](#)

While TARGET makes every attempt to ensure accuracy of all data published, TARGET cannot be held responsible for any errors and/or omissions.

If readers feel that they would like to voice their opinions about that which they have read in TARGET, please feel free to e-mail your views to editor@targetnewspapers.com or targnews@hkstar.com. TARGET does not guarantee to publish readers' views, but reserves the right so to do subject to the laws of libel.