

DIGITEL GROUP LTD :
NOW, THE BANK OF EAST ASIA JOINS THE LONG QUEUE FOR MONEY
WILL THE COMPANY SURVIVE THE YEAR OUT ?

The Bank of East Asia Ltd (Code: 23, Main Board, The Stock Exchange of Hongkong Ltd) has sued DigiTel Group Ltd (Code: 8030, The Growth Enterprise Market of The Stock Exchange Ltd) and 2 of its wholly owned subsidiaries for a little more than \$HK2 million.

High Court Action Number 4392 is between The Bank of East Asia and DigiTel Communication (Asia) Ltd, Lit Cheong Digitel Ltd and DigiTel Group Ltd.

According to the Statement of Claim, attached to the Writ of Summons, DigiTel Communication (the First Defendant) and Lit Cheong Digitel (the Second Defendant) were customers of The Bank of East Asia.

(The use of the past tense indicates, TARGET assumes, that these 2 subsidiaries of DigiTel Group are no longer customers of this bank)

The Bank of East Asia alleges that it made advances to DigiTel Communication, but *'Wrongfully and in breach of its repayment obligations, the 1st Defendant failed to make repayments of the said facilities as and when the same fell due and despite repeated demands.'* (Paragraph 4 of the Statement of Claim)

As at August 1, 2002, the bank claims that it was owed, in respect of the First Defendant's overdraft, \$HK2,048,408.56.

Paragraph 6 of the Statement of Claim alleges that the Second Defendant, Lit Cheong Digitel, was a guarantor of the First Defendant up to an amount of not more than \$HK16 million.

In respect of the Third Defendant, DigiTel Group, Paragraph 7 alleges that it, too, was a guarantor to the Plaintiff with regard to any/all banking accommodations to the First Defendant and the Second Defendant, up to the extent of \$HK16 million.

Then, Paragraph 9 continues:

'By letters dated 10th May 2002 and 21st October 2002 addressed to the 1st, 2nd and 3rd Defendants respectively, the Plaintiff through its solicitors demanded payment of the amount and interest then due ..., but the Defendants have not paid the amount claimed or any part thereof and the same remains due and owing by the Defendants to the Plaintiff.'

The bank is claiming \$HK2,048,408.56 and interest at the rate of 13.125 percent per annum, backdated to August 2, 2002.

This High Court Action marks the fifteenth Claim, filed against DigiTel, et al, in the past 11 months.

The aggregate amount of all of those 15 Writs, filed in the High Court, District Court, Small Claims Tribunal and The Labour Tribunal ... [CLICK TO ORDER FULL ARTICLE](#)

For More About DigiTel And Its Problems, Please See:
[TARGET Intelligence Report, Volume IV, Number 205, Published on](#)
[October 30, 2002](#)

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