

**DIGITEL GROUP LTD:
WHEN WILL THE STOCK EXCHANGE OF HONGKONG LTD
MOVE AGAINST THIS COMPANY ?**

The Taxman Hath Cometh – Again !

Clearly, [DigiTel Group Ltd](#) (Code: 8030, The Growth Enterprise Market [The GEM] of The Stock Exchange of Hongkong Ltd) is another of those GEM companies whose listing is quite likely to be cancelled by The Stock Exchange of Hongkong Ltd because, among other things, the company has failed to put forward a valid proposal for the resumption of trading in its shares – going back about 3 years!

Trading in the shares of this company was suspended on July 2, 2002, and not a dicky bird has been heard from the company's management in respect of this matter since that date.

On May 12, 2005, DigiTel Group released its First Quarterly Results for the 3-month period, ended March 31, 2005.

What the company reported was that, on a Turnover of about \$HK267,000, a Loss Attributable to Shareholders of about \$HK676,000 had been recorded.

There is no reason to compare that latest results with the like period in 2004 because the company was able to talk creditors into waiving their rights to monies, owed to them by the DigiTel Group of Companies.

Thus the figures for the comparable period in 2004 were distorted due to this event.

It would appear, however, that while senior Management obviously possesses people with glib tongues, such people, being able to discourage irate creditors from filing winding-up petitions against the company, The Commissioner of Inland Revenue of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) is unlikely to be that easily persuaded.

Recently, The Commissioner of Inland Revenue of Hongkong, as the office is known, filed a claim in the HKSAR District Court, alleging that Lit Cheong DigiTel Ltd, a wholly owned subsidiary of DigiTel Group Ltd, owes the Government \$HK588,276.86 in back taxes.

There is no way that the company has this kind of money, or even the wherewithal to fight the case in the Courts, so, presumably, action will be taken by the taxman, in due course, to try to latch onto assets of this subsidiary in order to satisfy the Government's claim.

According to the database of **TOLFIN** (The Computerised Online Financial Intelligence Service and Web-Based, Credit-Checking Provider), DigiTel Group has not earned a penny over the past 5 Financial Years, at least.

The aggregate Losses Attributable to Shareholders from the 2000-Year in respect of Continuing Operations are about \$HK220.57 million (**TARGET** has subtracted the gain on the waiver of debts due to creditors of the company in the amount of about \$HK45.72 million) while, in respect of Discontinued Operations, the aggregate Losses Attributable to Shareholders are another \$HK110.78 million.

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