

**RAINBOW INTERNATIONAL HOLDINGS LTD :  
IT CANNOT PAY ITS RENT ON ITS WANCHAI SHOP**

Within 6 months of raising \$HK22.50 million on The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, the company is sued for \$HK768,000.

The company is Rainbow Cosmetic Company Ltd, a wholly owned subsidiary of publicly listed Rainbow International Holdings Ltd (Code: 8079, The GEM).

According to officials at Towereed Ltd, Rainbow Cosmetic has not paid rent on its leased shop, located at Number 518, Lockhart Road, Ground Floor, for the past 2 months.

It is alleged to owe its landlord \$HK768,000 in back rent plus rates of \$HK24,000, the rates, being delinquent for only one month.

The aggregate amount of rent and the rates, coincidentally, is in excess of the Net Assets of the Company, as at February 28, 2001, when they stood at \$HK786,000.

When TARGET first analysed the Prospectus of Rainbow International, on May 16, 2001, this analyst suggested that it was more than likely that the Company had used up its traditional lines of credit and had to find alternative sources of cash – The GEM.

The Company, an 8-shop, cosmetic retailing chain plus 3 beauty centres, all located in the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), went public on The GEM, claiming, inter alia, to need about \$HK8 million to repay certain bank loans.

The Company recorded a Net Loss Attributable to Shareholders of about \$HK6.65 million for the 9 months to July 31, 2001.

Rainbow International's Financial Year ends October 31 so that one may expect that the full Year's results were negative.

For a Company with Net Assets of \$HK786,000, TARGET wondered, back in May this year, how it had been able to gear up to the extent that it did.

The Prospectus of the Company stated, at Page 131, that ... [CLICK TO ORDER FULL ARTICLE](#)

***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](mailto:editor@targetnewspapers.com) or [targnews@hkstar.com](mailto:targnews@hkstar.com). TARGET does not guarantee to publish readers' views, but reserves the right so to do subject to the laws of libel.*