

**RAINBOW INTERNATIONAL HOLDINGS LTD:
THE COMPANY IS ACCUSED OF ISSUING RUBBER CHEQUES !**

There is no crock of gold and the end of this rainbow – only a crock of s....

To Ingrid Millet Ltd, a supplier of goods to shops, operated by Rainbow International Holdings Ltd (Code: 8079, The Growth Enterprise Market of The Stock Exchange of Hongkong Ltd), the above statement must ring true.

Because Ingrid Millet Ltd is alleging that the company has been the recipient of a dud cheque, issued by a subsidiary of Rainbow International: Newide International Ltd.

In addition to the matter of a bouncing cheque, Ingrid Millet Ltd has issued legal Proceedings against Rainbow Cosmetic Company Ltd and Newide International, seeking the best part of \$HK150,000 in respect of goods that were purported to have been sold and delivered to Rainbow, and for which no payment has yet to be received.

This is the first time, to TARGET's knowledge, that either the parent company, Rainbow International, or any of its subsidiaries has been accused of issuing cheques that have been dishonoured upon presentation, or that any Rainbow company has not paid its bills for goods, sold and delivered within, what is considered in the trade, to be a reasonable length of time.

While Rainbow has a history of not paying rent on certain of its shops, the latest claim would appear to be much more serious because (a) it is such a small sum of money, relative to the other Court Claims against it and the public Company's stated financial position, and (b) one would suppose that the one party that a retailer of cosmetics does not want to upset is one of its major suppliers.

According to Ingrid Millet, on May 24, 2002, it supplied Rainbow Cosmetic with \$HK49,776-worth of goods.

Prior to that order, Ingrid Millet alleges that it had supplied Rainbow Cosmetic with \$HK95,562-worth of goods, going back to October 31, 2001, the earliest date of the delivery of \$HK41,138-worth of goods.

The dates of the other orders were said to have been November 3, 2001, January 29, 2002, and January 29, 2002.

The situation, as far as officers of Ingrid Millet are concerned, became an irritant that would not go away when, in purported payment of the 2, 2001 invoices, Newide International, a subsidiary of Rainbow International, issued Cheque Number 300563 on June 20, 2002, drawn on The Shanghai Commercial Bank Ltd and made payable to Ingrid Millet in the sum of \$HK43,568.

When this cheque was presented for payment on August 5, it bounced, with The Shanghai Commercial Bank, informing Ingrid Millet: *'Refer to Drawer'* – which is the banking parlance for stating that there is insufficient funds in the account to cover the amount of money, inscribed on the cheque.

Ingrid Millet, it is alleged, repeatedly requested payment from Rainbow in the amount of \$HK43,568, but all to no avail, it would appear.

Further, now, neither Rainbow Cosmetic nor Newide seem to be willing to pay the other, outstanding sums of money, allegedly due and owing to this supplier.

In some jurisdictions, issuing dud cheques is considered a criminal offence.

However, in the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), it would appear to be a rather common occurrence.

Just Two Shops Left

It was less than one month ago that TARGET wrote about Rainbow, but that was the fifth in a series of TARGET reports about this GEM, publicly listed company that, surely, must be about to show its belly to the world as does a fish when it is sick ... or close to death.

In [TARGET Intelligence Report, Volume IV, Number 142](#) of July 31, 2002, it was reported that Rainbow Cosmetic (Central) Company Ltd had been accused of not paying rent in respect of its Central store, located at Parker House, Number 72, Queen's Road, Central.

This shop closed down on ... [CLICK TO ORDER FULL ARTICLE](#)

For Other Rainbow Reports, Please Refer To:

[TARGET Intelligence Report, Volume IV, Number 75 of April 24, 2002](#)

[TARGET Intelligence Report, Volume IV, Number 115 of June 21, 2002](#)

[TARGET Intelligence Report, Volume IV, Number 118 of June 26, 2002](#)

[TARGET Intelligence Report, Volume IV, Number 134 of July 19, 2002](#)

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