

SURELY, THIS MUST BE THE END OF THE RAINBOW !

The last of the 8 retail shops of publicly listed Rainbow International Holdings Ltd (Code: 8079, The Growth Enterprise Market [The GEM] of The Stock Exchange of Hongkong Ltd) has closed its doors.

Because the company cannot pay rent on its Causeway Bay beauty supply shop to the Registered Owner of the Ground Floor, Number 10, Kai Chiu Road, the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC).

So bad is the financial situation at the headquarters of Rainbow International that it is having trouble in locating about \$HK1.80 million in order to pay off 24 former staff members that which is owed to them.

The company has confirmed, officially, that it owes the money to its former staff members, but it claims not to have the wherewithal to retire the debt.

The latest attack on Rainbow International, in the shape of a landlord, looking for arrears of rent, could well be the final blow, which sends this company to the knacker's yard.

According to Mr Fong Yiu Kwong, Rainbow Cosmetic Company Ltd, a wholly owned subsidiary of Rainbow International, owes him not less than \$HK2.20 million.

Mr Fong's allegations are contained in High Court Action Number 3626, an Action which has been brought not only against Rainbow Cosmetic, but, also, against Harmony Century Hongkong Ltd, the Second Defendant.

The Statement of Claim, attached to the Writ of Summons, alleges that Rainbow Cosmetic entered into a Lease Agreement with Mr Fong on April 28, 1999, whereby it was agreed the Rainbow Cosmetic would rent the Causeway Bay premises for the period of 4 years, commencing May 1, 1999.

The rent was set, it is alleged, at \$HK300,000 per month, during the period, May 1, 1999 through to April 30, 2001, and at the rate of \$HK360,000 per month for the period, May 1, 2001 through to April 30, 2003.

It was specified in the Lease Agreement that the premises would be used, exclusively, by Rainbow Cosmetic as a shop for retailing its goods.

It was, also, specified in the Lease Agreement that the premises could not be sublet to anybody/corporate entity and that no arrangement could be entered into by Rainbow Cosmetic with a third party to transfer any/all part of the premises to that party.

After a series of 4 purported letters, alleged to have been sent by the Plaintiff to this High Court Action to Rainbow Cosmetic between May 21, 2002 and August 19, 2002, it failed to get Rainbow Cosmetic to pay rent to the Plaintiff, who claims that arrears of rent are, now, up to \$HK2,201,600.

It is alleged that Rainbow Cosmetic has not paid any rent to Mr Fong since April, this year.

Further, it is claimed by the Plaintiff that Rainbow Cosmetic, from August 1, 2002, *'assigned underlet parted with the possession of or transferred the said premises to the 2nd Defendant (Harmony Century Hongkong Ltd), or otherwise permitted or suffered the 2nd Defendant to obtain the use, possession, occupation or enjoyment of*

the said premises, and the 2nd Defendant has remained to date to be in possession of the said premises. '
(Paragraph 5 of the Statement of Claim)

The Plaintiff wants immediate possession of the property in addition to \$HK2,201,600, plus interest on that sum of money, and rates of \$HK38,700.

Against Harmony Century, Mr Fong is claiming mesne profits at the rate of \$HK360,000 per month from September 7, 2002, and rates of \$HK38,700 per quarter.

On Thursday, September 12, Rainbow International put out a '*Clarification Announcement*' via the good offices of The Stock Exchange of Hongkong Ltd.

This Announcement said ... [CLICK TO ORDER FULL ARTICLE](#)

For Other Rainbow Reports, Please See:

[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](#)

[TARGET Intelligence Report, Volume IV, Number 154 of August 16, 2002](#)

[TARGET Intelligence Report, Volume IV, Number 159 of August 23, 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.