

**RAINBOW INTERNATIONAL HOLDINGS LTD:  
I SAY, THERE, SHALL WE HAVE A LITTLE INQUISITION ?**

Questions must be raised as to whether or not the relevant Authorities should be closely questioning senior management of Rainbow International Holdings Ltd (Code: 8079, The Growth Enterprise Market [The GEM] of The Stock Exchange of Hongkong Ltd) in respect of, inter alia:

1. The Company's failure to use the net proceeds of monies, derived from the company's flotation on October 15, 2001, as stated in its Placing and Offer Prospectus; and,
2. The Qualified Opinion of the Company's Auditors: Charles Chan, Ip and Fung CPA Ltd.

Because, by the looks of things, prima facie, Management of Rainbow International hoodwinked most, if not all, of its minority investors at the time of its flotation on The GEM.

The Annual Results of Rainbow International for its Financial Year, ended October 31, 2002, published on Wednesday, January 29, if scanned, carefully, tells a story that, in some jurisdictions, might well cause a furore from those minority investors who got caught in, what is now confirmed to be, the Company's spider's web of obfuscation.

Page 17 of the Annual Report of Rainbow International states, boldly and audaciously:

*'The proceeds of the listing of the Company's shares in September 2001 has been fully utilized for the operation of the Group as at 31<sup>st</sup> October, 2002 which was not in line with the disclosure made in the Prospectus and there is no outstanding proceeds from the listing of the Company's shares left as at 31<sup>st</sup> October, 2002.'*

The above statement is not correct because Rainbow International was listed on The GEM on [October 5, 2001](#), not in September 2001, as stated at Page 17 of the 2002 Annual Report.

The following table, lifted from Page 17 of the 2002 Annual Report, indicates, definitively, how the net proceeds of The GEM flotation were utilised, and that which was claimed, in writing, at the time of the flotation:

**USE OF PROCEEDS**

	Proposed (\$HK'000)	Actual (\$HK'000)
To set up an additional Rainbow Cosmetic retail outlet in Hong Kong and one in Macau by way of leasing shop premises	4,500	1,700
To conduct advertising and marketing programs and other corporate image enhancement programs	3,500	450
To purchase additional equipment for beauty services	2,000	535
To set up new Nutriplus beauty center in Hong Kong	1,500	670
To implement and enhance the management information system of the Group	750	Nil
To repay certain bank loans of the Group	8,000	17,006
Working capital	2,000	1,889

Total	22,250	22,250
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To TARGET's certain knowledge, this is the first time that Management of Rainbow International ... [CLICK TO ORDER FULL ARTICLE](#)

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