



## Edgar Filing: LOTUS PACIFIC INC - Form NT 10-Q

- (a) The reasons defined in reasonable detail in Part III of this form could not be eliminated without unreasonable effort or expense.

### **PART III NARRATIVE**

State below in reasonable detail the reasons why Form 10-K, 20-F, 11-K, 10-Q, N-SAR, or the transition report or portion thereof, could not be filed within the prescribed time period.

Lotus Pacific, Inc. ("Lotus Pacific" or "Registrant") is unable to complete its preparation of its financial statements for the period ended September 30, 2002 and the related disclosures in Part II of Form 10-Q by November 14, 2002 without unreasonable effort and expense.

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As previously reported, a majority of Registrant's stockholders, led by T.C.L. Industries Holdings (H.K.) Limited, replaced prior management of the Registrant on June 29, 2001. Following the replacement of prior management, new management of the Registrant has been reviewing various transactions undertaken by the prior management team prior to June 29, 2001.

As previously reported, Lotus Pacific dismissed Larson, Allen, Weishair & Co. as its independent accountants effective March 25, 2002, and has replaced such firm with new independent accountants, Hein + Associates. Larson, Allen, Weishair & Co. and its predecessor Schiffman Hughes Brown, P.C. (whose practice became part of Larson, Allen, Weishair & Co. effective January 1, 2000) were initially engaged by prior management of Lotus Pacific.

New management of Registrant has identified certain transactions undertaken by prior management which will likely impact reported financial and operating results with respect to its consolidated financial statements for the fiscal year ended June 30, 2001 and prior periods. In its preliminary review, new management identified certain transactions involving Regent Electronics, a former subsidiary of Lotus Pacific, and other transactions involving former management, which will likely require restatement of Registrant's previously filed financial statements. Such transactions being reviewed will likely have an impact on previously reported results of operations for fiscal years ended June 30, 1999, 2000 and 2001, and will likely include adjustments, among others, to Registrant's previously reported revenues, cost of sales, net loss, earnings per share and related party transactions.

As previously reported, Registrant has submitted a preliminary review of such transactions to its new independent accountants, to determine the necessity and scope of the required restatement of previously reported financial statements. New management has referred the matters relating to the restatement of its financial statements to a special committee of its Board of Directors (the "Special Committee"). The Special Committee is empowered to review and authorize the matters on behalf of Lotus Pacific. New management, in consultation with the Special Committee, also concluded that a reaudit of the financial statements for the fiscal years ended June 30, 1999, 2000 and 2001 is required and has engaged its new independent accountants to perform such reaudit. New management has concluded that such reaudit will also impact Registrant's financial statements for the fiscal year ended June 30, 2002. Registrant has engaged counsel to investigate potential claims it may have resulting from or arising out of such transactions.

As of this date, new management is still unable to complete Registrant's financial statements for the fiscal year ended June 30, 2002 and its new independent accountants have not completed the audit of the financial statements for such period. Because Registrant's financial statements for the fiscal year ended June 30, 2002 impact Registrant's financial statements for the three months ended September 30, 2002, Registrant is also unable to complete its financial statements for the three months ended September 30, 2002.

Accordingly, Registrant is unable to file its Form 10-Q for the period ending September 30, 2002 as of this date and currently anticipates that it will be unable to file such Form 10-Q within five calendar days following the prescribed due date.

**Forward Looking Statements.** The statements in this notification concerning current management's expectations are "forward looking statements" within the meaning of Section 27A of the Securities and Exchange Act of 1993, as amended, and Section 21E of the Securities and Exchange Act of 1934, as amended, that involve risks and uncertainties. Any statements contained herein (including, without limitation, statements to the effect that the Registrant or management "estimates," "expects," "intends," "continues," "may," or "will" or statements concerning "potential" or variations thereof or comparable terminology or the negative thereof), that are not statements of historical fact should be construed as forward looking statements. These forward-looking statements are based on our management's current views and assumptions.

### **Part IV Other Information**

- (1) Name and telephone number of person to contact in regard to this notification

Vincent Yan, President and CEO

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