

Contact:

Lotus Pharmaceuticals, Inc.
Mr. Adam Wasserman, CFO
Phone: (877) 801-0344
info@LotusEast.com

CCG Elite Investor Relations Inc.
Mr. Crocker Coulson, President
Phone: +1-646-213-1915 (New York)
Email: crocker.coulson@ccgir.com

For Immediate Release

Lotus Pharmaceuticals, Inc. Announces Fourth Quarter and Fiscal Year 2007 Results

Beijing, China, April 17, 2008 – Lotus Pharmaceuticals, Inc. (OTC BB: LTUS) (“Lotus” or the “Company”), a pharmaceutical company in the People's Republic of China (“PRC”), today announced financial results for the fourth quarter and fiscal year ended December 31, 2007.

Fourth Quarter 2007 Highlights

- Total revenues increased to \$19.2 million, up 72.7% from the fourth quarter of 2006
- Gross profit reached \$8.3 million, up 234% from the fourth quarter of 2006
- Gross margin was 43.1%, up from 22.3% in the fourth quarter of 2006
- Operating income totaled \$3.4 million, up from a loss of \$0.1 million in the fourth quarter of 2006
- Net income increased to \$5.1 million, or \$0.12 per diluted share, up from a loss of \$0.2 million, or (\$0.00) per diluted share, in the fourth quarter of 2006
- Excluding non-cash debt financing costs and a gain from the forgiveness of income and value-added taxes, adjusted net income was \$3.4 million, or \$0.08 per fully diluted share

Full Year 2007 Highlights

- Total revenues increased 57% in 2007 to \$56.9 million
- Gross profit increased 130% in 2007 to \$23.2 million
- Gross margin was 40.8%, up from 27.8% in 2006
- Operating income increased 153% to \$11.3 million
- Net income increased to \$11.2 million, or \$0.26 per fully diluted share, up from \$4.1 million, or \$0.10 per fully diluted share in 2006
- Excluding non-cash debt financing costs and one-time financial items, adjusted net income was \$8.5 million, or \$0.19 per fully diluted share, up 34.3% from adjusted net income in 2006

“This was a very successful year for Lotus Pharmaceuticals, both in terms of financial performance and the execution of our strategic initiatives. We achieved significant growth in revenues, due in large part to our strategy of penetrating the direct sales channels into agencies and hospitals and enhancing our production capacity. We also

focused on our best selling products, including our hypertension medication VALSARTAN Capsules, and began distributing higher-margin, third-party pharmaceutical products through our existing network,” said Mr. Zhongyi Liu, Chairman and CEO of Lotus Pharmaceuticals, Inc. “We will continue to maintain this strategy in the year ahead and plan to explore new markets.”

Fourth Quarter 2007 Results

Lotus Pharmaceutical’s total revenue in the fourth quarter was \$19.2 million, an increase of 73% on year-over-year basis. This was primarily the result of strong performance associated with the Company’s continued efforts to develop its sales distribution channels. Wholesale revenue increased 143% year-over-year to \$15.9 million, or 83% of total revenue, and includes the effect of the recording of a \$2.2 million sales return allowance in 2006, which reduced 2006 revenues. Other revenue decreased 24% year-over-year to \$3.1 million, or 16% of revenue in the fourth quarter of 2007, mainly due to a decrease in third-party manufacturing. Retail revenue was \$0.2 million in the fourth quarter of 2007, due to the Company’s strategy to sell its traditional Chinese medicines at reduced prices through its retail channel due to quality control concerns.

Gross profit in the fourth quarter of 2007 was \$8.3 million, an increase of 234% on year-over-year basis. Gross margin was 43.1%, up from 22.3% in the fourth quarter of 2006, primarily due to production efficiencies as well as the recording of a sales allowance in the fourth quarter of 2006, which decreased revenue by \$2.2 million.

Operating expenses in the fourth quarter of 2007 were \$4.8 million, up 85% from \$2.6 million in the fourth quarter of 2006. This increase was primarily the result of higher selling expenses associated with the Company’s sales growth. Research and development expenses were \$0.9 million in the fourth quarter of 2007, compared with \$0.1 million in the fourth quarter of 2006. General and administrative expenses were \$0.4 million, down from \$0.7 million a year ago. Operating expenses were 25% of total revenue in the fourth quarter of 2007, up from 24% in the fourth quarter of 2006.

Operating income was \$3.4 million, compared with an operating loss of \$0.1 million in the fourth quarter of 2006.

Net income for the fourth quarter of 2007 was \$5.1 million, or \$0.12 per diluted share, compared to loss of \$0.1 million, or (\$0.00) per fully diluted share, in the fourth quarter of 2006. Adjusting net income for non-cash financing costs associated with its convertible notes, and a one-time forgiveness of income and value added taxes of \$2.2 million, adjusted net income was \$3.4 million, or \$0.08 per fully diluted share, in the fourth quarter of 2007, up 68% from adjusted net income of \$2.0 million, or \$0.05 per fully diluted share, in the fourth quarter of 2006.

Full Year 2007 Results

For the full year 2007, total revenues were \$56.9 million, up 57% from \$36.2 million in 2006. Wholesale revenue increased 64% in 2007 \$41.7 million, or 73% of total revenue, and includes the effect of a \$2.2 million reversal of a sales return allowance originally recorded in 2006. Other revenue increased 62% in 2007 to \$11.8 million, or 21% of revenue in 2007. Retail revenue was relatively unchanged at \$3.5 million. Gross profit for the full year 2007 was \$23.2 million, an increase of 130% from \$10.1 million in 2006. Gross margin was 40.8%, up from 27.8% in 2006. Operating income was \$11.3 million, up 153% from \$4.5 million in 2006. Net income for 2007 was \$11.2 million, or \$0.26 per diluted share, compared to \$4.1 million, or \$0.10 per diluted share, in 2006. Adjusting net income for non-cash financing costs associated with its convertible notes, the previously mentioned one-time reversal of a sales allowance and a one-time forgiveness of income and value added taxes, adjusted net income was \$8.5 million, or \$0.19 per fully diluted share, in 2007, up 34% from adjusted net income of \$6.3 million, or \$0.16 per fully diluted share, in 2006.

Financial Condition

As of December 31, 2007, Lotus had \$4.6 million in cash and equivalents, approximately \$24.7 million in working capital, secured convertible notes of \$2.6 million and \$4.7 million in notes payable. Stockholders' equity at December 31, 2007 was \$26.6 million, up 126% from \$11.8 million at December 31, 2006.

In 2008 the Company received net proceeds from the sale of shares of its Series A Convertible Redeemable Preferred Stock of approximately \$4.6 million. The Company used approximately \$2.6 million to repay in full all of its outstanding obligations under its 14% secured convertible notes, the remainder will be used for working capital purposes.

2008 Outlook

"In 2008, we expect to see continued growth in sales and anticipate a growing contribution from sales of our proprietary products. We plan to utilize the capital raised in our private placement to fund our exciting new R&D initiatives and to strengthen our sales channels. Additionally, we plan to diversify our products," said Mr. Liu. "We recently completed a \$5.0 million private placement financing which provides us with the resources we need to pursue our R&D efforts and pursue strategic acquisitions. Additionally, we plan to use our sales and marketing expertise and the benefits of scale to improve profitability. We believe we are in a very strong position to take advantage of the growing pharmaceutical market in China, and are committed to maximizing value to our shareholders now and in the future."

Conference Call

The Company will conduct a conference call at 9:00 a.m. Eastern Time on Thursday, April 17, 2008 to discuss the fourth quarter and fiscal year 2007 results. To participate in the live conference call, please dial the following number five to ten minutes prior to the scheduled conference call time: 800-688-0796. International callers should dial 617-614-4070. The Conference ID for this call is 615 756 86. If you are unable to participate in the call at this time, a replay will be available for fourteen days starting on Thursday, April 17, 2008 at 11:00 a.m. Eastern Time. To access the replay, dial 888-286-8010, international callers dial 617-801-6888, conference ID 35016441.

Use of Non-GAAP Financial Information

GAAP results for the three and twelve month periods ended December 31, 2007 and December 21, 2006 include certain non-cash debt financing expenses related to the Company's convertible notes, a \$2.2 million one-time reversal of a sales allowance in 2007 that was originally recorded in the fourth quarter of 2006 and a one-time tax relief of \$2.2 million recorded in the fourth quarter of 2007. To supplement the Company's condensed consolidated financial statements presented on a GAAP basis, the Company has provided non-GAAP financial information, which are adjusted net income and adjusted earnings per share, excluding the impact of these items in this release. The Company's management believes that these non-GAAP measures provide investors with a better understanding of how the results relate to the Company's historical performance. A reconciliation of adjustments to GAAP results appears below. This additional non-GAAP information is not meant to be considered in isolation or as a substitute for GAAP financials. The non-GAAP financial information that the Company provides also may differ from the non-GAAP information provided by other companies.

About Lotus Pharmaceuticals, Inc.

Lotus Pharmaceuticals, Inc. ("Lotus") controls and operates Liangfang Pharmaceutical, Ltd. ("Liangfang") and Enzhe Jiashi Pharmaceutical, Ltd. ("En zhe"), two Chinese pharmaceutical companies located in Beijing (together "Lotus East"). Lotus East is a comprehensive enterprise, which deals in an integration of the production, trade, sales and marketing of pharmaceuticals. The Company possesses some of the most advanced pharmaceutical-production equipment used in China, workshops authenticated by the National GMP, a suite of various medicines produced by Lotus East, and a number of high-tech personnel. Lotus East has business and office facilities of 2,000 square meters, warehouse of 1,000 square meters and operates ten retail pharmacies in the Beijing area. Lotus East performs scientific research on new medicines, and the production, wholesale and retail sale of medicines

through 10 retail pharmacy location through Beijing. For more information, visit <http://www.LotusEast.com>.

Safe Harbor Statement

Certain statements set forth in this press release constitute “forward-looking statements”. Forward-looking statements include, without limitation, any statement that may predict, forecast, indicate, or imply future results, performance or achievements, and may contain the words “estimate,” “project,” “intend,” “forecast,” “anticipate,” “plan,” “planning,” “expect,” “believe,” “will likely,” “should,” “could,” “would,” “may” or words or expressions of similar meaning. Such statements are not guarantees of future performance and are subject to risks and uncertainties that could cause the Company's actual results and financial position to differ materially from those included within the forward-looking statements. The potential risks and uncertainties include, among others, the Company's limited operating history, the limited financial resources, domestic or global economic conditions -- especially those relating to China, activities of competitors and the presence of new or additional competition, and changes in Federal or State laws, restrictions and regulations on doing business in a foreign country, in particular China, and conditions of equity markets. More information about the potential factors that could affect the Company's business and financial results is included in the Company's filings, available via the United States Securities and Exchange Commission.

-FINANCIAL TABLES FOLLOW-

LOTUS PHARMACEUTICALS, INC. AND SUBSIDIARIES

Unaudited Consolidated Statements of Operations

	Three Months Ended December 31,	
	2007	2006 (restated)
Revenues	\$ 19,223,779	\$ 11,128,000
Cost of Goods Sold	10,940,507	8,647,623
Gross Profit	8,283,272	2,480,377
Operating Expenses		
Selling	3,595,460	1,839,251
Research and development	862,519	96,833
General and administrative	382,646	684,888
Total operating expenses	4,840,625	2,620,972
Income (Loss) from Operations	3,442,647	(140,595)
Other Income (Expense)		
Other income (expense)	2,102,115	-
Interest expense, net	(427,800)	(17,114)
Total other income (expense)	1,674,315	(17,114)
Income (Loss) Before Provision for Income Tax	5,116,962	(157,709)
Net Income (Loss)	\$ 5,116,962	\$ (157,709)
Basic Earnings Per Share		
Basic Earnings Per Share	\$ 0.12	\$ (0.00)
Diluted Earnings Per Share		
Diluted Earnings Per Share	\$ 0.12	\$ (0.00)
Basic Weighted Average Shares Outstanding		
Basic Weighted Average Shares Outstanding	41,678,330	41,280,000
Diluted Weighted Average Shares Outstanding		
Diluted Weighted Average Shares Outstanding	44,448,330	44,280,000
The Components of Other Comprehensive Income		
Net Income (Loss)	\$ 5,116,962	\$ (157,709)
Foreign currency translation adjustment	927,537	130,223
Comprehensive Income (Loss)	\$ 6,044,499	\$ (27,486)

LOTUS PHARMACEUTICALS, INC. AND SUBSIDIARIES

Audited Consolidated Statements of Operations

	Years Ended December 31,	
	2007	2006
		(restated)
Revenues	\$ 56,873,115	\$ 36,207,689
Cost of Goods Sold	33,678,963	26,129,687
Gross Profit	23,194,152	10,078,002
Operating Expenses		
Selling	6,460,206	3,030,4216
General and administrative	3,014,002	2,191,400
Research and development	2,411,651	387,337
Total operating expenses	11,885,859	5,609,158
Income from operations	11,308,293	4,468,844
Other Income (Expense)		
Other income	1,845,416	-
Interest expense, net	(1,936,581)	(325,824)
Total other income (expense)	(91,165)	(325,824)
Net Income Before Provision for Income Tax	11,217,128	4,143,020
Net Income	\$ 11,217,128	\$ 4,143,020
Basic Earnings Per Share	\$ 0.27	\$ 0.10
Diluted Earnings Per Share	\$ 0.26	\$ 0.10
Basic Weighted Average Shares Outstanding	41,417,434	40,360,530
Diluted Weighted Average Shares Outstanding	43,861,106	40,360,530
The Components of Other Comprehensive Income		
Net Income	\$ 11,217,128	\$ 4,143,020
Foreign currency translation adjustment	1,480,352	327,568
Comprehensive Income	\$ 12,697,480	\$ 4,470,588

LOTUS PHARMACEUTICALS, INC. AND SUBSIDIARIES

Audited Consolidated Balance Sheets

December 31, 2007 and 2006

	2007	2006 (restated)
Current Assets		
Cash and cash equivalents	\$ 4,557,957	\$ 2,089,156
Accounts receivable, net	20,430,827	7,277,067
Inventories	3,410,739	3,133,677
Prepaid expenses	1,009,382	252,103
Deferred debt costs	29,340	-
Total current assets	29,438,245	12,752,003
Property and equipment, net	6,169,966	5,813,935
Intangible assets, net	1,291,322	1,345,041
Due from related party	-	1,826,626
Total Assets	\$ 36,899,533	\$ 21,737,605

LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities

Convertible debt, net of debt discount	\$ 2,561,645	\$ -
Accounts payable and accrued expenses	764,491	705,147
VAT and service taxes payable	572,200	2,047,851
Advances from customers	34,531	231,340
Unearned revenue	530,063	426,358
Due to related parties	323,178	925,484
Total current liabilities	4,786,108	4,336,180

LONG-TERM LIABILITIES:

Due to related parties	738,300	863,447
Notes payable - related parties	4,738,508	4,729,880
Total Liabilities	10,262,916	9,929,507

Stockholders' Equity

Common stock (\$.001 par value; 200,000,000 shares authorized; 41,794,200 and 41,280,000 shares issued and outstanding, respectively)	41,794	41,280
Additional paid-in capital	8,095,848	5,965,323
Statutory reserves	2,161,505	769,930
Retained earnings	14,355,913	4,530,360

Other comprehensive gain - cumulative foreign currency translation adjustment	1,981,557	501,205
Total stockholders' equity	26,636,617	11,808.098
Total Liabilities and Shareholders' Equity	\$ 36,899,533	\$ 21,737,065

LOTUS PHARMACEUTICALS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Year Ended	
	December 31,	
	2007	2006
		(restated)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$11,217,128	\$4,143,020
Adjustments to reconcile net income from operations to net cash provided by (used in) operating activities:		
Depreciation and amortization	564,607	581,564
Amortization of deferred debt issuance costs	205,379	-
Amortization of debt discount	1,458,484	-
Stock issued for compensation	284,200	-
(Decrease) increase in allowance for doubtful accounts and sales returns	(2,385,354)	2,732,889
Forgiveness of income and value-added taxes	(2,160,795)	-
Changes in assets and liabilities:		
Accounts receivable	(9,764,076)	(8,922,247)
Inventories	(58,942)	3,928,236
Prepaid and other current assets	(714,013)	(75,155)
Other payable	-	-
Accounts payable and accrued expenses	27,266	206,516
Value-added and service taxes payable	608,526	1,999,675
Unearned revenue	71,402	200,811
Advances from customers	(204,267)	39,333
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	(850,455)	4,834,642
CASH FLOWS FROM INVESTING ACTIVITIES:		
Collections from related party advances	1,061,009	1,243,742
Purchase of property and equipment	(381,772)	(1,480)
NET CASH PROVIDED BY INVESTING ACTIVITIES	679,237	1,242,262
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net proceeds from convertible debt	2,950,000	-
Payment of debt issuance costs	(231,526)	-
Repayments of related party advances	(816,732)	(737,291)
Repayments of notes payable - related parties	509,351	(3,456,196)

NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	2,411,093	(4,193,487)
NET INCREASE IN CASH	2,239,875	1,928,222
EFFECT OF EXCHANGE RATE ON CASH	228,926	44,805
CASH - beginning of year	2,089,156	160,934
CASH - end of year	\$4,557,957	\$2,089,156
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid for:		
Interest	\$477,001	\$325,824
Income taxes	\$ -	\$ -
Non-cash investing and financing activities:		
Due from related party offset against note payable - related parties	\$813,650	\$ -
Common stock issued for conversion of convertible debt	\$230,000	\$ -
Debt discount for grant of warrants and beneficial conversion feature	\$1,616,839	\$ -
Intangible assets for related party liabilities	\$ -	\$1,127,551

LOTUS PHARMACEUTICALS, INC. AND SUBSIDIARIES
RECONCILIATION OF NON-GAAP FINANCIAL DATA

Adjusted Net income	For the Three Months Ended December 31, 2007		For the Three Months Ended December 31, 2006	
(\$ in thousands except per share data)				
Net Income (Loss) Diluted EPS	Net Income	Diluted EPS	Net Income	Diluted EPS
Adjusted Amount	3,431,557	0.08	2,042,291	0.05
Adjustments				
Non cash debt financing costs (1)	(475,390)	(0.01)	-	
Allowance for sales returns (2)	-	-	(2,200,000)	(0.05)
Forgiveness of income and value-value		0.05		

added taxes (3)	2,160,795	-
-----------------	-----------	---

Amount per consolidated statement of operations	5,116,962	0.12	(157,709)	0.00
---	-----------	------	-----------	------

(1) Non cash debt financing costs for 2007 includes amortization of debt issue costs of \$58,680 and amortization of debt discount of \$416,710

(2) Allowance for sales returns related to products sold in the fourth quarter of 2006 and recognized in the second and third quarter of 2007

(3) Tax waiver from the Chinese local government

Adjusted Net income

For the Year ended
December 31, 2007

For the Year ended
December 31, 2006

(\$ in thousands except per share data)

Net Income (Loss) Diluted EPS	Net Income	Diluted EPS	Net Income	Diluted EPS
Adjusted Amount	8,520,196	0.19	6,343,020	0.16

Adjustments

Non cash debt financing costs (1)	(1,663,863)	(0.04)	-	-
Allowance for sales returns (2)	2,200,000	0.05	(2,200,000)	-
Forgiveness of income and value-value added taxes (3)	2,160,795	0.05	-	--

Amount per consolidated statement of operations	11,217,128	0.26	4,143,020	0.10
---	------------	------	-----------	------

(1) Non cash debt financing costs for 2007 includes amortization of debt issue costs of \$205,379 and amortization of debt discount of \$1,458,484

(2) Allowance for sales returns related to products sold in the fourth quarter of 2006

(3) Tax waiver from the Chinese local government

###