

ASSET VALUATION



Prepared for

PINGTAN MARINE ENTERPRISE LTD.

In respect of

The Market Value of Fu Yuan Yu 767

Valuation Date : 31 March 2013
Report Date : 6 June 2013
Our Reference : P23182/BV13051P/4192(R1)/BV39

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Our Ref.: P23182/BV13051P/4192(R1)/BV39

6 June 2013

The Directors
Pingtang Marine Enterprise Ltd.
18th Floor, Tower A, Zhongshan Building
No.154 Hudong Road, Gulou District
Fuzhou City, Fujian Province
The People's Republic of China

Dear Sirs,

INSTRUCTIONS

We refer to the instructions from Pingtan Marine Enterprise Ltd. (referred to as the "Company") for us to provide our opinion on the market value of Fu Yuan Yu 767 (referred to as the "Vessel") with embedded license as at 31 March 2013.

This report presents the purpose of valuation, the date of valuation, the background of the Vessel, an industry overview, the source of information, the scope of work and the valuation assumptions. It also explains the valuation methodology utilized and presents our conclusion of value.

PURPOSE OF VALUATION

The purpose of our valuation is to value the Vessel with embedded license for your acquisition reference purposes only.

DATE OF VALUATION

The date of valuation is 31 March 2013.

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BACKGROUND OF THE VESSEL

The Vessel harvests nearly 30 different species of fish in Indonesia waters. All of the catch is shipped back to the People's Republic of China (referred to as the "PRC") and marketed to a diverse group of customers including distributors, restaurant owners and exporters.

The information of the Vessel is as follows:

Name of Vessel	Fishing Gear	Date of Completion	Registry Ownership No.
Fu Yuan Yu 767	Trawler	20 August 1997	(闽)船登(权)(2012)YY-100032 号

Gross Tonnage	Total Power	Validity of Certificate of Nationality	License No.
112	220 kw	7 October 2017	26.12.0028.03.33996

INDUSTRY OVERVIEW

As an archipelago, Indonesia's geographical condition strongly supports the development of fishery activities. Indonesia has the potential of marine fishery resources of 6.4 million tons of fish per year. Based on the Indonesia statistics of marine and fisheries, there was an increasing trend of average fishing capture volume from 2006 to 2011 with a compound annual growth rate of 3.52%.

Year	2006	2007	2008	2009	2010	2011
Production (in ton)	4,806,112	5,044,736	5,002,966	5,107,976	5,384,348	5,714,307

Source: FAO - Fisheries and Aquaculture Information and Statistics Service

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Global consumption of fish has continued to rise steadily over the past decades. According to Food and Agriculture Organization (referred to as "FAO"), the annual per capita fish consumption grew from an average of 9.9 kg in the 1960s to 17.2 kg in 2009. Preliminary forecasts for 2011 indicate a further increase to about 17.4 kg. The PRC has been responsible for most of the increase in world per capita fish consumption. Driven by growing domestic income and an increase in the diversity of fish available, per capita fish consumption in the PRC has also increased dramatically, reaching about 31.9 kg in 2009, with an average annual rate of 6.0% in the period between 1990 and 2009.

The FAO also expects that the global demand for fish will continue to outpace the growth in supply. It is due to increasing health consciousness and rising living standards alongside a growing population. The rising demand of fishmeal and fish oil, along with the agricultural and aquaculture demand, also stimulates the global consumption of fish. As is known, fishmeal and fish oil are good supplements to the growth of livestock and aquatic animals. The PRC continues to be dominant for aggregate consumption of fish products. The FAO expects the total per capita consumption of fish in the PRC to rise by approximately 30% between 2010 and 2030. The long-term growth in population and animal production, including aquaculture, underpins its demand and its reliance on fish will be strengthened.

SOURCE OF INFORMATION

We have been furnished with information provided by the senior management of the Company. The valuation required the consideration of pertinent factors, including, but not limited to, the following:

- The information provided by the senior management of the Company; and
- Other factors that will materially affect the operation of the Vessel.

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SCOPE OF WORK

The following processes have been conducted by us in the course of our valuation:

- Interviewed with the senior management of the Company and obtained information in respect of the Vessel;
- Examined the information provided by the senior management of the Company;
- Prepared the valuation based on accepted valuation procedures and practices; and
- Presented the purpose of valuation, the date of valuation, the background of the Vessel, an industry overview, the source of information, the scope of work, the valuation assumptions, the valuation methodology and our conclusion of value in this report.

VALUATION ASSUMPTIONS

The following assumptions have been adopted in the valuation:

- All licenses issued by any authorized entity that will materially affect the operation of the Vessel have been obtained or can be obtained upon request;
- There will be no material change in the political, legal, fiscal, technological, market and economic conditions in the jurisdiction where the Vessel operates;
- The market return, market risk, interest rates and exchange rates will not differ materially from those of present or expected;
- The core operation of the Vessel will not differ materially from those of present or expected;
- The information in respect of the Vessel have been prepared after due and careful consideration by the senior management of the Company; and

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- There will be no human disruptions or natural disasters that will materially affect the operation of the Vessel.

VALUATION METHODOLOGY

The Valuation Approach

Under the income approach, the Discounted Cash Flow (DCF) method was adopted. In applying the DCF method, the free cash flows for each year in the future were determined. The results were then discounted using a discount rate to determine the present value of the free cash flows.

The Comparable Companies

The market value of the Vessel with embedded license was determined with reference to publicly listed companies that are principally engaged in the fishing industry (referred to as the "Comparable Companies"). Details of the Comparable Companies are as follows:

List of the Comparable Companies	Bloomberg Ticker
1. Shanghai Kaichuang Marine International Co., Ltd.	600097 CH
2. CNFC Overseas Fishery Co., Ltd	000798 CH
3. China Fishery Group Limited	CFG SP
4. Oceana Group Limited	OCE SJ
5. Dongwon Industries Co., Ltd.	006040 KS
6. Silla Co., Ltd.	004970 KS
7. Oyang Corp.	006090 KS
8. Dong Won Fisheries Co., Ltd.	030720 KS

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The Discount Rate

The Weighted Average Cost of Capital (WACC) was adopted as the discount rate. The WACC comprises two components: the cost of equity and the cost of debt. The cost of equity was determined using the Capital Asset Pricing Model (CAPM).

The yield rate of the 10-year Central Government Bond of the PRC of 3.59% was adopted as the risk-free rate.

The market risk premium of the PRC of 7.42% was determined by the market risk premium of the United States and the country risk premium of the PRC.

The beta coefficient of 0.813 was determined by the median of the unlevered betas of the Comparable Companies, then being relevered based on the specific corporate tax rate and the weight of debt applied to the Vessel.

By considering the size, a size premium of 3.89% was adopted. As a result, the cost of equity was calculated as 13.52%.

The cost of debt of 6.55% was determined by the expected lending rate of the Vessel. The after-tax cost of debt of 6.55% was calculated by multiplying one minus the corporate tax rate of 0% by the cost of debt.

The weight of debt of 14.29% was determined by the median of the weights of debt of the Comparable Companies, and the weight of equity of 85.71% was calculated as one minus the weight of debt.

As a result, the discount rate of the Vessel was calculated as 12.52%.

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COMMENTS

For the purpose of our valuation, we have been furnished with information provided by the senior management of the Company. We have had no reason to doubt the truth and accuracy of the information provided to us by the Company. We have also sought and received confirmation from the Company that no material facts have been omitted from the information supplied.

To the best of our knowledge, all data set forth in this report are true and accurate. Although gathered from reliable sources, no guarantee is made or liability assumed for the accuracy of any data, opinions or estimates identified as being furnished by others, which have been used in formulating our analysis.

REMARKS

Neither the whole nor any part of this report or any reference thereto may be included in any document, circular or statement nor published in any way (except the announcement of the Company's interim and final results) without our written approval of the form and context in which it will appear.

Finally and in accordance with our standard practice, we must state that this report is for the exclusive use of the addressee and for the purpose stated herein. No responsibility is accepted to any third party for the whole or any part of its contents.

Unless otherwise stated, all money amounts stated herein are in Renminbi (RMB).

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CONCLUSION OF VALUE

Our conclusion of value is based on accepted valuation procedures and practices that rely on the use of numerous assumptions and the consideration of a lot of uncertainties, not all of which can be easily ascertained or quantified.

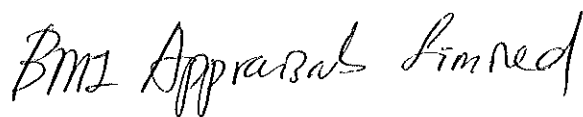
Further, whilst the assumptions and consideration of such matters are considered to be reasonable, they are inherently subject to uncertainties and contingencies that are beyond the control of the Company or us.

Based on our investigation and analysis outlined in this report, it is our opinion that the market value of the Vessel with embedded license as at 31 March 2013 was **RMB10,100,000 (RENMINBI TEN MILLION AND ONE HUNDRED THOUSAND ONLY)**.

We hereby certify that we have neither present nor prospective interest in the Company, the Vessel or the result reported.

This report is subject to the limiting conditions attached.

Yours faithfully,
BMI APPRAISALS LIMITED



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LIMITING CONDITIONS

1. We have assumed the accuracy of, and have relied on, information from public sources together with such financial information, project documentation and other pertinent data concerning the project. We have relied to a considerable extent on such information provided in arriving at our conclusion of value.
2. We shall not be required to give testimony or attendance in court or to any government agency by reason of this valuation, with reference to the project described herein, unless prior arrangements have been made.
3. No opinion is intended to be expressed for matters, which require legal or other specialized expertise or knowledge, beyond that customarily employed by appraisers.
4. Our conclusion of value assumes continuation of prudent management policies over whatever period of time is reasonable and necessary to maintain the character and integrity of the subject asset.
5. We assume that there are no hidden or unexpected conditions associated with the subject asset that might adversely affect the conclusion of value. Further, we assume no responsibility for changes in market conditions which may require an adjustment in the valuation.