

March 10, 2014



# Pingtan Marine Enterprise Reports Financial Results for the Fourth Quarter and Year-Ended December 31, 2013

**Company to Hold Conference Call on Tuesday, March 11 2014, at 8:00 AM ET**

## **Company Reiterates Net Income Guidance for 2014**

FUZHOU, China, March 10, 2014 /PRNewswire/ --**Pingtan Marine Enterprise Ltd. (Nasdaq: PME), ("Pingtan," or the "Company")** a global fishing company based in the People's Republic of China (PRC), today announced financial results for its fourth quarter and year ended December 31, 2013.

### **2013 Financial Highlights (all results are compared to prior year)**

- Revenue from continuing operations (the "fishing business") increased 81.8% to \$122.7 million from \$67.5 million, largely as a result of an increase in sales volume and unit selling price.
- Gross profit increased to \$46.9 million from \$25.6 million, and gross margin was 38.2% compared to 37.9%, due to an increase in unit selling price and change in product mix of frozen fish.
- Net income from the fishing business increased 113.6% to \$45.5 million, or \$0.58 per diluted share, from \$21.3 million, or \$0.27 per diluted share.
- Pingtan exceeded its previously announced 2013 net income guidance of between \$40 and \$43 million with \$45.5 million.

Commenting on the results, Mr. Xinrong Zhuo, Chairman and CEO of the Company, commented, "We are delighted to complete fiscal year 2013 and begin a brand new chapter for Pingtan in 2014. With the completion of the sale of our dredging operations, Pingtan can now focus on pursuing growth opportunities in its fishing business. We are very pleased to report that in 2013, Pingtan achieved year-over-year increases in revenue, gross profit margin, and net income. Looking ahead, our strategic priorities will be to continue expanding our sales network by pursuing new customers and extending our business and marketing into new provinces and regions throughout China. In addition, we continue to move forward in our goal of becoming a vertically integrated provider of seafood products. We recently entered into a strategic cooperation framework agreement with China Co-op (Hainan) Industry Development Co., Ltd. for our two companies to work together, and expect to build and utilize a new fish processing plant to sell directly to end markets by the end of 2015."

## 2013 Fleet Development

- The Company expanded its fleet from 40 to 86 through a purchase transaction of 46 fishing vessels for a total consideration of \$410.1 million in June 2013 from related parties.
- In September 2013, The Company further increased its fleet to 106 with the addition of 20 newly-built fishing vessels, which were initially ordered in September 2012.
- In December 2013, the Company further expanded its fleet to 126 vessels with the addition of 20 new fishing vessels from a related party by entering into a 25-year contract providing the Company with exclusive operating license rights for those 20 new fishing vessels.

All of these vessels are fully licensed to fish in Indian and Indonesian waters, and are capable of harvesting 900 to 1,000 tons of fish annually at full operation. The Company currently has 114 of these vessels operating in Arafura Sea in Indonesia, and the remaining 12 vessels are operating in the Bay of Bengal in India. Among the 126 vessels, 40 vessels added in September and December of 2013 have an expected run-in period of 3 - 6 months, in which each was placed into the sea for testing prior to full operation. All of these vessels are expected to be fully operating during the second quarter of 2014. Currently, Pingtan catches nearly 30 different species of fish including ribbon fish, Indian white shrimp, croaker fish, pomfret, Spanish mackerel, conger eel, squid and red snapper. All fish caught by the Company are shipped back to China and transported to cold storage warehouse facilities at nearby onshore fishing bases in Fuzhou, China. The Company then arranges periodic chartered transportation to deliver the frozen fish to its eight cold storage warehouses located in one of China's largest seafood trading centers, Mawei Seafood Market in Fujian Province.

The Company encourages investors to review detailed information on each vessel (including age of vessel / tonnage capacity) and revenue breakdown from its catch available in its 2013 Annual Report on Form 10-K.

## 2013 Selected Financial Highlights (A)

<i>(\$ in millions, except per share data)</i>	Three Months ended December 31		Year Ended December 31,		
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2011(A)</u>
Fishing Business (continuing operations)					
Revenue	\$61.0	\$28.4	\$122.7	\$67.5	\$25.6
Cost of Revenue	36.8	13.3	75.8	41.9	14.6
Gross Profit	24.2	15.1	46.9	25.6	11.0
Gross Profit Margin	39.7%	53.2%	38.2%	37.9%	28.2%
Net Income from Fishing Business	28.1	10.7	45.5	21.3	10.4
Basic and Diluted Weighted Average Shares	79.1	79.1	79.1	79.1	79.1
EPS (from continuing operations)(in \$)	\$0.36	\$0.14	\$0.58	\$0.27	\$0.13
			Period from Jan 1 to Dec 4, 2013 (Disposal date)	<u>2012</u>	<u>2011(A)</u>
<i>Dredging Services (discontinued operations)</i>					
Revenue			\$161.5	\$209.6	\$227.0
Net Income			51.9	84.5	90.3
EPS (from discontinued operations)(in \$)			\$0.65	\$1.07	\$1.14

## Balance Sheet Highlights (A)

	<u>12/31/2013</u>	<u>12/31/2012</u>
Cash and Cash Equivalents	\$8.2	\$10.4
Total Current Assets	28.8	437.4
Total Assets	357.9	484.0
Total Current Liabilities	51.2	67.0
Total Long-term Debt, net of current portion	54.5	16.7
Total Liabilities	105.7	83.7
Shareholders' Equity	252.2	400.3
Total Liabilities and Shareholders' Equity	357.9	484.0
Book Value Per Share (in \$)	\$3.19	\$5.06

(A) Represents the consolidation retrospectively restated as if Pingtan Marine Enterprise Ltd. (formerly known as China Growth Equity Investment Ltd.) completed its merger with China Dredging Group Co., Ltd. and the share purchase of Merchant Supreme Co., Ltd. on January 1, 2012 rather than on February 25, 2013. Assets and liabilities of discontinued operations are retrospectively restated as of December 31, 2012 after taking into account the Group's plan to sell China Dredging Group Co., Ltd. and its subsidiaries to the Company's Chairman, CEO and major shareholder, Mr. Xinrong Zhuo.

## Consolidated Financial and Operating Review

### *Revenues*

Revenues from the fishing business, sales of frozen fish and other marine catches (continuing operations) for the three months ended December 31, 2013, increased by 114.7% to \$61.0 million from \$28.4 million for the same period in 2012. The increase was primarily due to increases in sales volume as a result of the addition of 66 new fishing vessels in June and September 2013, most of which began operating in the third quarter of the year and reached full operating capacity in the fourth quarter, and due to increases in unit selling price.

For the year ended December 31, 2013, the Company's revenue from its fishing business, sales of frozen fish and other marine catches (continuing operations) increased by 81.8% to \$122.7 million from \$67.5 million in the year ended December 31, 2012, the increase was due to the same reasons described above.

### *Gross Margin*

The Company's gross margin for fishing business was 39.7% for the three months ended December 31, 2013, compared to 53.2% in the prior year period. The lower gross margin was largely due to recently purchased vessels gradually improving toward full capacity during the fourth quarter.

The Company's gross margin for the fishing business increased slightly to 38.2% in the fiscal year ended December 31, 2013 from 37.9% in the same period of 2012. The increase was primarily due to an increase in unit selling price and a change in the product mix of frozen fish and other marine products, partially offset by recently purchased vessels gradually improving toward full capacity in the second half of 2013.

### *Selling, General & Administrative Expenses*

For the three months ended December 31, 2013, total selling, general and administrative expenses for the fishing business was \$1.7 million, or 2.8% of revenue, compared to \$2.3 million, or 8.1% of revenue, in the same period of 2012. The decrease was primarily due to the Company's revenues growing in excess of its current corporate costs as it reaches effective scale.

In the fiscal year ended December 31, 2013, total selling, general and administrative expenses for the fishing business was \$4.8 million, or 3.9% of revenue, compared to \$3.5 million, or 5.2% of revenue, in the same period of 2012. The increase was primarily attributable to higher selling expenses including storage and transportation fees, professional fees as a result of the initial stages of expanding operations, and increased administrative costs associated with the Company being a publicly listed company.

### *Net Income From Fishing Business*

Net income from the fishing business for the three months ended December 31, 2013 was \$28.1 million, or \$0.36 per basic and diluted share, compared to \$10.7 million, or \$0.14 per basic and diluted share, in the same period of 2012. The increase was primarily due to an increase in sales volume as a result of the addition of 66 new fishing vessels in June and September 2013, most of which began operating in the third quarter of the year, and due to an increase in unit selling price.

Net income from the fishing business in the year ended December 31, 2013 was \$45.4 million, or \$0.58 per basic and diluted share, increased \$24.1 million from \$21.3 million, or \$0.27 per basic and diluted share, in the same period of 2012. The increase was primarily due to the same reasons described above.

### **Outlook for 2014**

Based on its current fleet capacity, strong demand for fishing products in China and continued efforts in building market share, the Company reiterates the 2014 net income guidance of between \$80 and \$85 million.

### **Conference Call Details**

Pingtang also announced that it will discuss financial results in a conference call on Tuesday, March 11 2014, at 8:00 AM ET.

The dial-in numbers are:

Live Participant Dial In (Toll Free): 877-407-0310

Live Participant Dial In (International): 201-493-6786

The conference call will also be webcast live. To listen to the call, please go to the Investor Relations section of Pingtan's website at [www.ptmarine.com](http://www.ptmarine.com), or click on the following link: <http://ptmarine.equisolvewebcast.com/q4-2013>.

### **About Pingtan Marine**

Pingtang is a global fishing company, engaging in ocean fishing through its wholly-owned subsidiary, Fujian Provincial Pingtan County Ocean Fishing Group Co., Ltd., or Pingtan Fishing. Pingtan Fishing primarily engages in ocean fishing with many of its self-owned vessels operating within the Indian Exclusive Economic Zone and the Arafura Sea of Indonesia. Pingtan Fishing is a growing fishing company and provider of high quality seafood in the PRC.

### **Business Risks and Forward-Looking Statements**

This press release may contain forward-looking statements that are subject to the safe harbors created under the Securities Act of 1933 and the Securities Exchange Act of 1934. Readers are cautioned that actual results could differ materially from those expressed in any forward-looking statements. In addition, please refer to the risk factors contained in Pingtan's SEC filings available at [www.sec.gov](http://www.sec.gov), including Pingtan's most recent Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and Definitive Proxy Statement. Readers are cautioned not to place undue reliance on any forward-looking statements, which speak only as of the date on which they are made. Pingtan undertakes no obligation to update or revise any forward-looking statements for any reason.

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**PINGTAN MARINE ENTERPRISE LTD. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)**  
**(IN U.S. DOLLARS)**

	For the Three Months Ended December	
	31,	
	2013	2012
<b>Revenue</b>	61,026,829	28,421,711
Cost of revenue	(36,785,545)	(13,303,742)
Gross profit	24,241,284	15,117,969
Selling and marketing expenses	(887,544)	(39,367)
General and administrative expenses	(846,068)	(2,261,304)
Operating income	22,507,672	12,817,298
Other income/(expense)		
Dividend income	230	(8)
Interest income	3,389	388
Interest expenses	(1,727,207)	(738,796)
Subsidy income	7,133,781	(1,420,003)
Sundry income	123	-
Gain/(loss) on foreign exchange, net	170,712	47,657
Total other income/(expense)	5,581,028	(2,110,762)
<b>Income before income taxes</b>	<b>28,088,700</b>	<b>10,706,536</b>
Income tax expense	-	-
Net income from continuing operations	28,088,700	10,706,536
Net income from discontinued operations, net of taxes	12,448,885	23,721,379
<b>Net income</b>	<b>40,537,585</b>	<b>34,427,915</b>
Basic and diluted earnings per share		
- From continuing operations	0.36	0.14
- From discontinued operations	0.15	0.30
- Net income	0.51	0.44
Weighted average number of ordinary shares outstanding		
- Basic and diluted	79,055,053	79,055,053

**PINGTAN MARINE ENTERPRISE LTD. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)**  
**(IN U.S. DOLLARS)**

	Year Ended December 31,		
	2013	2012	2011(A)
<b>Revenue</b>	\$ 122,667,769	\$ 67,461,468	\$ 25,600,636
Cost of revenue	<u>(75,760,033)</u>	<u>(41,876,140)</u>	<u>(14,600,579)</u>
Gross profit	46,907,736	25,585,328	11,000,057
Selling and marketing expenses	(1,618,278)	(647,850)	(383,472)
General and administrative expenses	<u>(3,191,637)</u>	<u>(2,839,848)</u>	<u>(251,343)</u>
Operating income	42,097,821	22,097,630	10,365,242
Other income/(expense)			
Investment income	69,519	15,138	-
Interest income	8,250	3,276	2,349
Interest expenses	(4,171,989)	(3,176,920)	(844,650)
Subsidy income	7,338,273	2,363,575	830,446
Sundry income	2,144	-	-
Gain/(Loss) on foreign exchange, net	144,740	(5,113)	86,950
Total other income/(expense)	<u>3,390,937</u>	<u>(800,044)</u>	<u>75,095</u>
<b>Income from continuing operations before income taxes</b>	<b>45,488,758</b>	<b>21,297,586</b>	<b>10,440,337</b>
Income tax expense	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net income from continuing operations</b>	45,488,758	21,297,586	10,440,337
<b>Net income from discontinued operations, net of income tax expense</b>	<u>51,910,662</u>	<u>84,494,428</u>	<u>90,257,249</u>
<b>Consolidated net income</b>	<b><u>\$ 97,399,420</u></b>	<b><u>\$ 105,792,014</u></b>	<b><u>\$ 100,697,586</u></b>
Basic and diluted earnings per share			
- From continuing operations	\$ 0.58	\$ 0.27	\$ 0.13
- From discontinued operations	0.65	1.07	1.14
- Net income	<u>\$ 1.23</u>	<u>\$ 1.34</u>	<u>\$ 1.27</u>
Weighted average number of ordinary shares outstanding			
- Basic and diluted	<u>79,055,053</u>	<u>79,055,053</u>	<u>79,055,053</u>

(A) Represents the consolidation retrospectively restated as if Pingtan Marine Enterprise Ltd. (formerly known as China Growth Equity Investment Ltd.) completed its merger with China Dredging Group Co., Ltd. and the share purchase of Merchant Supreme Co., Ltd. on January 1, 2011 rather than on February 25, 2013.

**PINGTAN MARINE ENTERPRISE LTD. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
(IN U.S. DOLLARS)

	December 31,	
	2013	2012
		(A)
<b>Assets</b>		
Current assets		
Cash	\$ 8,156,599	\$ 10,426,140
Notes receivable (banker's acceptances) transferred from related parties	-	3,645,817
Accounts receivable	9,133,130	11,478,436
Inventories	9,095,736	194,331
Prepaid expenses	2,380,874	410,966
Other receivables	11,665	29,885
Advances to related parties	-	49,802,821
Assets of discontinued operations	-	361,460,444
<b>Total current assets</b>	<b>28,778,004</b>	<b>437,448,840</b>
Other assets		
Other receivables	1,213,440	-
Long-term investment	3,468,953	3,328,789
Deposit on potential Joint Venture	-	6,090,302
Prepaid fixed asset deposits	1,928,700	-
Prepaid – operating license rights	215,381,356	-
Property, plant and equipment, net	107,178,269	37,141,906
<b>Total other assets</b>	<b>329,170,718</b>	<b>46,560,997</b>
<b>Total assets</b>	<b>\$ 357,948,722</b>	<b>\$ 484,009,837</b>
<b>Liabilities and equity</b>		
Current liabilities		
Accounts payable - third parties	\$ 2,184,964	\$ 70,732
Accounts payable - related parties	13,807,605	5,765,632
Receipt in advance - third parties	297,034	-
Receipt in advance - related parties	-	12,681,102
Short-term loans	9,085,353	25,169,260
Long-term loans - current portion	20,252,077	8,094,308
	3,851,047	1,033,784
Accrued liabilities and other payables		
Advances from related parties	-	153,961
Deferred income	1,733,485	-
Liabilities of discontinued operations	-	14,052,751
<b>Total current liabilities</b>	<b>51,211,565</b>	<b>67,021,530</b>
Other liabilities		
Long-term loans, net of current portion	54,499,727	16,689,321
<b>Total other liabilities</b>	<b>54,499,727</b>	<b>16,689,321</b>
<b>Total liabilities</b>	<b>\$ 105,711,292</b>	<b>\$ 83,710,851</b>

**PINGTAN MARINE ENTERPRISE LTD. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS (CONTINUED)**  
**(IN U.S. DOLLARS)**

	December 31,	
	2013	2012 (A)
<b>Shareholders' equity</b>		
Ordinary shares, 225,000,000 shares authorized with \$0.001 per share; 79,055,053 shares issued and outstanding as of December 31, 2013 and 2012	79,055	79,055
Additional paid-in capital	-	141,381,098
Statutory reserves	22,410,773	19,386,642
Retained earnings	199,341,512	217,224,220
Accumulated other comprehensive income	30,406,090	22,227,971
<b>Total shareholders' equity</b>	<b>252,237,430</b>	<b>400,298,986</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 357,948,722</b>	<b>\$ 484,009,837</b>

(A) Represents the consolidation retrospectively restated as if Pingtan Marine Enterprise Ltd. (formerly known as China Growth Equity Investment Limited) completed its merger with China Dredging Group Co., Ltd. and the share purchase of Merchant Supreme Co., Ltd. on January 1, 2011 rather than on February 25, 2013. Assets and liabilities of discontinued operations are retrospectively reclassified as of December 31, 2012 after taking into account of the Company's plan to sell China Dredging Group Co., Ltd. and its subsidiaries to an affiliate of the Company's Chairman, CEO and major shareholder, Mr. Xinrong Zhuo.

**PINGTAN MARINE ENTERPRISE LTD. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(IN U.S. DOLLARS)**

	Year Ended December 31,		
	2013	2012	2011 (A)
<b>Cash flows from operating activities</b>			
Net income <sup>(3)</sup>	\$ 97,399,420	\$ 105,792,014	\$ 100,697,586
Discontinued operations, net of tax <sup>(3)</sup>	(51,910,662)	(84,494,428)	(90,257,249)
Income from continuing operations	45,488,758	21,297,586	10,440,337
<b>Adjustments to reconcile net income to net cash provided by operating activities</b>			
Depreciation of property, plant and equipment	3,297,751	2,983,086	1,917,747
Available-for-sales financial instrument fair value adjustment	-	-	705
Short term investment income	-	(15,860)	-
Amortization of operating license rights	720,339	-	-
<b>Changes in operating assets and liabilities</b>			
Accounts receivable - third parties	2,788,320	(10,562,176)	1,627,853
Accounts receivable - related parties	-	4,584,509	(3,426,607)
Other receivables	19,201	6,797,156	(323,246)
Prepaid expenses	(1,925,477)	(218,759)	(157,077)
Inventories	(8,766,511)	2,397,340	(1,848,587)
Accounts payable - third parties	2,081,172	(43,377)	(73,055)
Accounts payable - related parties	13,944,394	3,060,668	(1,423,494)
Receipt in advance - third parties	292,802	(1,160,618)	771,142
Receipt in advance - related parties	(13,026,770)	12,675,074	-
Accrued liabilities and other payables	2,737,334	763,533	204,254
Net cash provided by operating activities from continuing operations	<b>47,651,313</b>	<b>42,558,162</b>	<b>7,709,972</b>
<b>Cash flows from investing activities</b>			
Payment for long term investment	-	(2,661,766)	(649,752)
Proceeds from disposition of / (payment for) short-term investment	-	808,052	(774,220)
Proceeds from deferred income	8,320,882	-	-
Payment for fixed asset deposits	(1,901,220)	-	-

Purchase of property, plant and equipment	(256,831,561)	(33,692,090)	(7,086,080)
Advance to related parties	(312,569)	(41,505,027)	(21,574,926)
Disposal of subsidiaries, net of cash	(84,917,899)	-	-
Net cash used in investing activities from continuing operations	(335,642,367)	(77,050,831)	(30,084,978)
<b>Cash flows from financing activities</b>			
Proceeds from short-term loans	43,713,708	51,384,055	21,337,156
Repayment of short-term loans	(60,613,140)	(48,079,121)	(10,055,693)
Proceeds from long-term loans	55,811,568	26,617,656	-
Repayment of long-term loans	(7,584,023)	(1,845,808)	-
Proceeds from capital injection	-	5,955,756	-
Advance from related parties, net of reception in form of note receivable	(777)	9,075,004	12,361,389
Net cash provided by financing activities from continuing operations	\$ 31,327,336	\$ 43,107,542	\$ 23,642,852
<b>Cash flow from discontinued operations</b>			
Net cash provided by operating activities from discontinued operations	\$ 79,605,841	\$ 92,587,488	\$ 67,151,092
Net cash provided by/(used in) investing activities from discontinued operations	7,099,979	(42,204,987)	(47,811,882)
Net cash (used in)/provided by financing activities from discontinued operations	(407,030)	560,216	12,408
Net cash provided by discontinued operations	86,298,790	50,942,717	19,351,618
Effect of exchange rate	3,032,812	1,726,785	4,565,872
Net (decrease)/increase in cash	(167,332,116)	61,284,375	25,185,336
<b>Cash at the beginning of year <sup>(1)</sup></b>	175,488,715	114,204,340	89,019,004
<b>Cash at the end of year <sup>(2)</sup></b>	\$ 8,156,599	\$ 175,488,715	\$ 114,204,340
<b>Supplemental disclosure of cash flow information:</b>			
Cash paid:			
From discontinued operations			
Income tax paid	\$ 17,278,643	\$ 29,324,336	\$ 26,956,670
From continuing operations			
Interest paid	\$ 4,060,069	\$ 3,428,193	\$ 952,200
<b>Supplemental disclosure of non-cash transaction eliminated in above:</b>			
Banker's acceptance notes received from related parties	\$ 3,745,196	\$ -	\$ -
Purchase of prepaid lease payment - operating rights	\$ 216,101,695	\$ -	\$ -
Purchase of property, plant and equipment by setting off advances to related parties	\$ 55,064,953	\$ -	\$ -
Deposit on setting up Joint Venture netted of accounts payable - related party	\$ 6,090,302	\$ -	\$ -

- (1) Includes cash and cash equivalents of discontinued operations of \$165,062,575, \$112,409,544 and \$88,532,472 at the beginning of the year in 2013, 2012 and 2011, respectively.
- (2) Includes cash and cash equivalents of discontinued operations of \$nil, \$165,062,575 and \$112,409,544 as of December 31, 2013, 2012 and 2011, respectively.
- (3) Total net income and net income from discontinued operations, net of tax included accretion of discount on Class A Preferred Shares in amount of \$6,135,012.
- (A) Represents the consolidation retrospectively restated as if Pingtan Marine Enterprise Ltd. (formerly known as China Growth Equity Investment Limited) completed its merger with China Dredging Group Co., Ltd. and the share purchase of Merchant Supreme Co., Ltd. on January 1, 2011 rather than on February 25, 2013.

SOURCE Pingtan Marine Enterprise Ltd.