

August 10, 2015



Pingtan Marine Enterprise Reports Financial Results For the Second Quarter and Six Months Ended June 30, 2015

Company to Hold Conference Call on Tuesday, August 11, 2015, at 8:30 AM ET

FUZHOU, China, Aug. 10, 2015 /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 its unaudited financial results for the second quarter and six months ended June 30, 2015.

SIGNIFICANT EVENTS

The Company's recent significant events are as follows:

- June 4, 2015: The Company announced that it has declared a cash dividend of \$0.01 per share of common stock outstanding. The dividend was payable in cash on or about July 15, 2015 to shareholders of record on June 15, 2015. This marks the third consecutive quarterly dividend paid by the Company, which it intends to continue paying on a quarterly basis.
- June 30, 2015: Company has expanded its fleet through the purchase of 4 longline fishing vessels and 2 squid jigging vessels for the appraised fair market value of approximately \$56.2 million, and the Company's total current fleet has increased to 135 vessels. These vessels are fully licensed in the Western and Central Pacific Ocean of the International Waters, and are primarily focused on the catch of tuna and squid.
- As part of the Company's ongoing vessel renewal, Pingtan has taken 13 of its older vessels out of service and expects to replace with new vessels that are presently under construction.

As of June 30, 2015, Pingtan owns 107 trawlers, 4 longline fishing vessels, 2 squid jigging vessels and 2 drifters and has exclusive operating license rights to 20 drifters. Pingtan is the second largest China based fishery company operating its vessels outside of China waters and its fleet has an average remaining useful life of approximately 14 years. Among the 135 fishing vessels, 117 of these vessels are licensed to operate in the Arafura Sea in Indonesia, but temporarily not operating due to the moratorium discussed below, 12 vessels are operating in the Bay of Bengal in India, and the remaining 6 are operating in the Western and Central Pacific Ocean of international waters.

Significant Factors Affecting Pingtan's Results of Operation

As previously disclosed, the Indonesian government introduced a six-month moratorium on issuing new fishing licenses and renewals so that the country's Ministry of Maritime Affairs and Fisheries ("MMAF") could monitor the operations of existing fleets and to fight illegal fishing activities. As a result, all licensed fishing vessels operating in Indonesian waters have been informed by the Indonesian government to only operate within strict guidelines in order to avoid potential enforcement actions by the Indonesian Navy such as boat seizures.

Among the 135 fishing vessels, 117 vessels are licensed to operate in the Arafura Sea of Indonesia. To cooperate and remain in compliance with the Indonesian government's fishing license check procedures, in January 2015, the Company lowered its operation to approximately half of its normal level; and from February 2015, Pingtan temporarily ceased operations of the 117 vessels which are licensed to operate in Indonesian waters. Since the Company derives a majority of its revenue from this area, this temporary ban caused a significant drop in production.

The Indonesian government had previously expected the license check of fishing vessels to be completed by

April 30, 2015. As of the date of this report, the license check was still in process. While the Company believes that over the long-term the Indonesian government's anti-illegal fishing measures will be beneficial to fully licensed fishing companies such as PME, it cannot guarantee when fishing will resume in this area, and its financial condition and results of operation will continue to be materially impacted while this moratorium is in existence.

As a result, the Company's sales for the three and six months ended June 30, 2015 decreased significantly as compared to the three and six months ended June 30, 2014.

Mr. Xinrong Zhuo, Chairman and CEO of the Company, commented, "In the first half of 2015, Pingtan faced tremendous pressure as a result of the moratorium enacted by the Indonesian government, significantly affecting our overall operating results. However, in light of this challenging environment, we are shifting our strategy to expand into new fishing territories to diversify our revenue stream. In June, we were pleased to announce the purchase of six fishing vessels which are fully licensed in the Western and Central Pacific Ocean of the International Waters, primarily focused on catching tuna and squid. We remain dedicated in building Pingtan's brand awareness; deepening our sales channels in inland provinces, actively searching new fishing areas and rationalizing all aspects of our operations to ensure our production capacity meets the changing demand."

Second Quarter 2015 Financial Highlights (all results are compared to prior year period)

- As a result of the above, revenue was \$15.3 million compared to \$56.9 million.
- Gross profit was \$1.2 million compared to \$17.4 million, and gross margin was 7.9% compared to 30.6%, due to the moratorium described above.
- Net loss from the fishing business was \$1.6 million, or \$0.02 per basic and diluted share, compared to net income of \$14.8 million, or \$0.19 per basic and diluted share.

Second Quarter 2015 Selected Financial Highlights (*\$ in millions, except per share data*)

| | Three Months ended June 30, | |
|--|-----------------------------|--------|
| | 2015 | 2014 |
| Fishing Business | | |
| Revenue | \$15.3 | \$56.9 |
| Cost of Revenue | \$14.0 | \$39.5 |
| Gross Profit | \$1.2 | \$17.4 |
| Gross Profit Margin | 7.9% | 30.6% |
| Net Income/loss | (\$1.6) | \$14.8 |
| Basic and Diluted Weighted Average Shares (((Outstanding | 79.1 | 79.1 |
| EPS (in \$) | (0.02) | 0.19 |

Balance Sheet Highlights

(*\$ in millions, except per share data*)

| | 6/30/2015 | 12/31/2014 |
|--|-------------|------------|
| | (Unaudited) | (Audited) |
| Cash and Cash Equivalents | \$26.2 | \$12.8 |
| Total Current Assets | 75.5 | 105.9 |
| Total Assets | 255.5 | 249.0 |
| Total Current Liabilities | 59.0 | 61.1 |
| Total Long-term Debt, net of current portion | 31.9 | 38.6 |
| Total Liabilities | 90.9 | 99.7 |
| Shareholders' Equity | 164.6 | 149.3 |
| Total Liabilities and Shareholders' Equity | 255.5 | 249.0 |
| Book Value Per Share (in \$) | \$2.08 | \$1.89 |

Consolidated Financial and Operating Review

Revenues

Revenues from the fishing business, sales of frozen fish and other marine catches, for the three months ended June 30, 2015, were \$15.3 million compared to \$56.9 million for the same period in 2014. The decrease was primarily due to significant decrease in sales volumes, as the Company temporarily ceased its operations in the Indonesia waters since February 2015 due to the moratorium described above.

For the six months ended June 30, 2015, the Company's revenues were \$44.0 million compared to \$122.5 million in the first half of 2014. The decrease was primarily due to decrease in sales volume due to the moratorium described above.

Gross Margin

The Company's gross margin was 7.9% for the three months ended June 30, 2015, compared to 30.6% in the prior-year period. The significant decrease was primarily due to the reduced scale of operations resulting from the moratorium, which is reflected in the allocation of fixed costs, mainly consisting of depreciation and maintenance fees, to cost of revenue. The maintenance fees, representing ordinary repairs and maintenance, were performed to maintain vessels in operating condition in the periods.

For the six months ended June 30, 2015, gross margin decreased to 28.8% from 35.1% in the same period of 2014, the decrease was primarily due to the same reasons described above.

Selling Expenses

Selling expenses were \$0.3 million for the three months ended June 30, 2015, compared to \$0.6 million in the prior-year period.

For the six months ended June 30, 2015, selling expenses were \$1.0 million, decreased from \$1.2 million in the same period of 2014.

General & Administrative Expenses

For the three months ended June 30, 2015, general and administrative expenses were \$0.4 million, compared to \$0.8 million in the prior-year period.

For the six months ended June 30, 2015, general and administrative expenses were \$1.8 million compared to \$1.6 million in the same period of 2014.

Net Income/Loss

For the three months ended June 30, 2015, net loss from the fishing business was \$1.6 million, or \$0.02 per basic and diluted share, compared to net income of \$14.8 million, or \$0.19 per basic and diluted share, in the same period of 2014. The decrease was primarily due to the factors described above.

For the six months ended June 30, 2015, the Company's net income from the fishing business was \$6.8 million, or \$0.09 per basic and diluted share, compared to \$38.2 million, or \$0.48 per basic and diluted share, in the same period of 2014.

Conference Call Details

Pingtang also announced that it will discuss financial results in a conference call on Tuesday, August 11, 2015, at 8:30 AM ET.

The dial-in numbers are:

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

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

To listen to the live webcast, please go to <http://www.ptmarine.com> and click on the conference call link at the top of the page, or go to: <http://ptmarine.equisolvewebcast.com/q2-2015>. This webcast will be archived and accessible through the Company's website for approximately 30 days following the call.

About Pingtan Marine

Pingtang is a global fishing company, engaging in ocean fishing through its wholly-owned subsidiary, Fujian Provincial Pingtang County Ocean Fishing Group Co., Ltd., or Pingtang Fishing. Pingtang 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. Pingtang 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, 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 AND COMPREHENSIVE INCOME (UNAUDITED)
 (IN U.S. DOLLARS)

| | <u>For the Three Months Ended June 30,</u> | | <u>For the Six Months Ended June 30,</u> | |
|---|--|----------------------|--|-----------------------|
| | <u>2015</u> | <u>2014</u> | <u>2015</u> | <u>2014</u> |
| REVENUE | \$ 15,254,003 | \$ 56,909,432 | \$ 43,986,827 | \$ 122,492,384 |
| COST OF REVENUE | 14,047,666 | 39,472,433 | 31,313,955 | 79,455,923 |
| GROSS PROFIT | 1,206,337 | 17,436,999 | 12,672,872 | 43,036,461 |
| OPERATING EXPENSES: | | | | |
| Selling | 291,765 | 568,422 | 997,285 | 1,239,373 |
| General and administrative | 369,088 | 798,569 | 1,813,302 | 1,578,840 |
| Total Operating Expenses | 660,853 | 1,366,991 | 2,810,587 | 2,818,213 |
| INCOME FROM OPERATIONS | 545,484 | 16,070,008 | 9,862,285 | 40,218,248 |
| OTHER INCOME (EXPENSE): | | | | |
| Interest income | 68,787 | 5,746 | 88,019 | 9,171 |
| Interest expense | (1,085,551) | (1,276,778) | (2,039,195) | (2,409,201) |
| Foreign currency transaction gain (loss) | 22,933 | (302,850) | 60,314 | (457,634) |
| Grant income | - | - | - | 524,421 |
| Investment income from cost method investment | 420,698 | 345,983 | 420,698 | 345,983 |
| Loss on equity method investment | (13) | - | (3,358) | - |
| Loss on fixed assets disposal | (1,556,353) | - | (1,556,353) | - |
| Other (expense) income | (50) | 252 | (213) | 89 |
| Total Other Income (Expense), net | (2,129,549) | (1,227,647) | (3,030,088) | (1,987,171) |
| (LOSS) INCOME BEFORE INCOME TAXES | (1,584,065) | 14,842,361 | 6,832,197 | 38,231,077 |

| | | | | |
|--|-----------------------|----------------------|---------------------|----------------------|
| INCOME TAXES | - | - | - | - |
| NET (LOSS) INCOME | \$ (1,584,065) | \$ 14,842,361 | \$ 6,832,197 | \$ 38,231,077 |
| LESS: NET (LOSS) INCOME ATTRIBUTABLE TO THE NON-CONTROLLING INTEREST | 102,069 | - | (90,946) | - |
| NET (LOSS) INCOME ATTRIBUTABLE TO OWNERS OF THE COMPANY | \$ (1,481,996) | \$ 14,842,361 | \$ 6,741,251 | \$ 38,231,077 |
| COMPREHENSIVE INCOME: | | | | |
| NET (LOSS) INCOME | (1,584,065) | 14,842,361 | 6,832,197 | 38,231,077 |
| OTHER COMPREHENSIVE INCOME (LOSS): | | | | |
| Unrealized foreign currency translation gain (loss) | 465,695 | 306,262 | 1,112,451 | (993,339) |
| COMPREHENSIVE (LOSS) INCOME | \$ (1,118,370) | \$ 15,148,623 | \$ 7,944,648 | \$ 37,237,738 |
| LESS: COMPREHENSIVE (LOSS) INCOME ATTRIBUTABLE TO THE NON-CONTROLLING INTEREST | 64,813 | - | (322,530) | - |
| COMPREHENSIVE (LOSS) INCOME ATTRIBUTABLE TO OWNERS OF THE COMPANY | \$ (1,053,557) | \$ 15,148,623 | \$ 7,622,118 | \$ 37,237,738 |
| NET (LOSS) INCOME PER ORDINARY SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY | | | | |
| Basic and diluted | \$ (0.02) | \$ 0.19 | \$ 0.09 | \$ 0.48 |
| WEIGHTED AVERAGE ORDINARY SHARES OUTSTANDING: | | | | |
| Basic and diluted | 79,055,053 | 79,055,053 | 79,055,053 | 79,055,053 |

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

| | June 30, 2015 | December 31, 2014 |
|---|-----------------------|-----------------------|
| | (Unaudited) | |
| ASSETS | | |
| CURRENT ASSETS: | | |
| Cash | \$ 26,210,998 | \$ 12,752,272 |
| Accounts receivable, net of allowance for doubtful accounts | 14,021,982 | 49,999,712 |
| Inventories | 2,111,716 | 12,123,405 |
| Prepaid expenses | 4,613,297 | 32,913 |
| Prepaid expenses - related parties | 14,779,848 | 7,319,975 |
| Deferred expenses - related parties | 124,503 | 1,029,114 |
| Other receivables | 3,915 | 22,656,232 |
| Other receivables - related parties | 13,631,586 | - |
| Total Current Assets | 75,497,845 | 105,913,623 |
| OTHER ASSETS: | | |
| Cost method investment | 3,448,955 | 3,421,031 |
| Equity method investment | 57,150,748 | 15,964,812 |
| Prepayment for long-term assets | 15,286,965 | 13,750,102 |
| Property, plant and equipment, net | 104,103,998 | 109,980,617 |
| Total Other Assets | 179,990,666 | 143,116,562 |
| Total Assets | \$ 255,488,511 | \$ 249,030,185 |

LIABILITIES AND SHAREHOLDERS' EQUITY

| | | |
|------------------------------------|--------------|--------------|
| CURRENT LIABILITIES: | | |
| Accounts payable | \$ 1,216,532 | \$ 1,181,977 |
| Accounts payable - related parties | 312,617 | 2,601,314 |
| Advances from customers | - | 164,724 |

| | | |
|---|-----------------------|-----------------------|
| Short-term bank loans | 31,500,000 | 30,353,890 |
| Long-term bank loans - current portion | 13,286,690 | 18,868,616 |
| Accrued liabilities and other payables | 7,469,359 | 5,602,307 |
| Dividend payable | 790,551 | - |
| Due to related parties | 4,373,354 | 2,373,352 |
| Total Current Liabilities | 58,949,103 | 61,146,180 |
| OTHER LIABILITIES: | | |
| Long-term bank loans - non-current portion | 31,894,626 | 38,625,071 |
| Total Liabilities | 90,843,729 | 99,771,251 |
| SHAREHOLDERS' EQUITY: | | |
| Equity attributable to owners of the company: | | |
| Ordinary shares (\$0.001 par value; 225,000,000 shares authorized; 79,055,053 shares issued and outstanding at June 30, 2015 and December 31, 2014) | 79,055 | 79,055 |
| Additional paid-in capital | 111,011,856 | 117,525,377 |
| Retained earnings | 26,475,860 | 21,315,710 |
| Statutory reserve | 6,412,892 | 6,412,892 |
| Accumulated other comprehensive income | 4,635,283 | 3,925,900 |
| Total equity attributable to owners of the company | 148,614,946 | 149,258,934 |
| Non-controlling interest | 16,029,836 | - |
| Total Shareholders' Equity | 164,644,782 | 149,258,934 |
| Total Liabilities and Shareholders' Equity | \$ 255,488,511 | \$ 249,030,185 |

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

For the Six Months Ended June 30,

| <u>2015</u> | <u>2014</u> |
|-------------|-------------|
|-------------|-------------|

CASH FLOWS FROM OPERATING ACTIVITIES:

| | | |
|---|--------------|---------------|
| Net income | \$ 6,832,197 | \$ 38,231,077 |
| Adjustments to reconcile net income from operations to net cash provided by operating activities: | | |
| Depreciation | 3,586,876 | 3,268,713 |
| Decrease in allowance for doubtful accounts | (165,539) | - |
| Loss on equity method investment | 3,358 | - |
| Loss on disposal of fixed assets | 1,556,353 | - |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | 36,408,536 | (16,401,659) |
| Inventories | 10,070,950 | (4,983,981) |
| Prepaid expenses | (4,562,145) | 1,422,129 |
| Prepaid expenses - related parties | (7,371,070) | - |
| Deferred expenses - related parties | 909,427 | - |
| Advances to suppliers | - | (9,883) |
| Other receivables | 165,038 | (154,824) |
| Accounts payable | 24,810 | (1,295,979) |
| Accounts payable - related parties | (2,300,861) | (4,306,058) |
| Advances from customers | (165,417) | (290,574) |
| Accrued liabilities and other payables | 1,814,292 | 734,992 |
| Due to related parties | 2 | 23,355 |

| | | |
|---|-----------------------------|-----------------------------|
| NET CASH PROVIDED BY OPERATING ACTIVITIES | <u>46,806,807</u> | <u>16,237,308</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Refunds from commercial retail space prepayments | 22,582,549 | - |
| Prepayments made for commercial retail space | - | (22,307,032) |
| Purchase of property, plant and equipment | (16,422) | (773,168) |
| Refunds from fixed assets deposits | - | 1,886,749 |
| Payments for equity method investment | <u>(40,897,788)</u> | <u>-</u> |
| NET CASH USED IN INVESTING ACTIVITIES | <u>(18,331,661)</u> | <u>(21,193,451)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Proceeds from short-term bank loans | 6,972,517 | 29,524,941 |
| Repayments of short-term bank loans | (6,077,698) | (17,402,742) |
| Proceeds from long-term bank loans | - | 3,716,691 |
| Repayments of long-term bank loans | (12,731,481) | (5,643,715) |
| Advances from related parties | 2,000,000 | 650,000 |
| Payments made for dividend | (790,551) | - |
| Capital contribution from non-controlling interest | 65,436,461 | - |
| Payments made to related parties in connection with the termination of VIE | (13,578,066) | - |
| Acquisition of fishing vessels from related parties under common control | <u>(56,206,080)</u> | <u>-</u> |
| NET CASH (USED IN) PROVIDED BY FINANCING ACTIVITIES | <u>(14,974,898)</u> | <u>10,845,175</u> |
| EFFECT OF EXCHANGE RATE ON CASH AND CASH EQUIVALENTS | <u>(41,522)</u> | <u>(417,568)</u> |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 13,458,726 | 5,471,464 |
| CASH AND CASH EQUIVALENTS - beginning of period | <u>12,752,272</u> | <u>8,156,599</u> |
| CASH AND CASH EQUIVALENTS - end of period | <u>\$ 26,210,998</u> | <u>\$ 13,628,063</u> |
| SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION: | | |
| Cash paid for: | | |
| Interest | \$ <u>2,126,455</u> | \$ <u>2,984,513</u> |
| Income taxes | \$ <u>-</u> | \$ <u>-</u> |
| NON-CASH INVESTING AND FINANCING ACTIVITIES: | | |
| Acquisition of property and equipment by decreasing prepayment for long-term assets | \$ <u>-</u> | \$ <u>22,669,536</u> |

To view the original version on PR Newswire, visit <http://www.prnewswire.com/news-releases/pingtan-marine-enterprise-reports-financial-results-for-the-second-quarter-and-six-months-ended-june-30-2015-300126189.html>

SOURCE Pingtan Marine Enterprise Ltd.