



Pingtan Marine Enterprise Reports Unaudited Financial Results For Its Second Quarter And Six Months Ended June 30, 2013

FUZHOU, China, Aug. 9, 2013 /PRNewswire/ -- Pingtan Marine Enterprise Ltd. (Nasdaq: PME), ("Pingtan," or the "Company") an integrated marine services company in the People's Republic of China (PRC), today announced its unaudited financial results for the second quarter and first six months of 2013.

Update on Potential Sale of Dredging Subsidiary

As previously announced, Pingtan's Board of Directors (the "Board") received an offer from its Chairman and CEO, Mr. Xinrong Zhuo, to acquire the assets of China Dredging Group, or CDGC, and its PRC operating subsidiaries, Fujian Xinggang Port Service Co., Ltd. The Board retained an independent financial advisor and investment banking firm, Duff & Phelps LLC, to provide a fairness opinion in connection with the proposed transaction. Mr. Zhuo has offered to purchase the CDGC business and assets in exchange for (i) writing off the Company's current \$155.2 million promissory note (which matures on June 19, 2015 and bears an interest rate of 4%); (ii) the transfer of certain fishing trawlers to the Company (the number of which will be determined by the difference between the enterprise value of CDGC less the \$155.2 million promissory note divided by the average value of each fishing trawler). As part of the Proposed Transaction, the Board will also retain, BMI Appraisals Limited ("www.bmi-appraisals.com") to provide an independent valuation report on the vessels that would constitute a portion of the consideration.

Duff and Phelps is currently undergoing its due diligence process and expects to deliver a fairness opinion to the Board in the coming weeks. In addition, BMI Appraisals Limited will also submit a valuation report on additional fishing trawlers.

The Company intends to provide additional information for investors, including financial metrics used by Duff and Phelps in the evaluation of the transaction and will make public all the valuation reports for vessels delivered as part of this potential transaction.

Second Quarter 2013 Management Comments

Mr. Xinrong Zhuo, Chairman and CEO of the Company, stated, "We remain focused on expanding our fishing enterprise in light of China's increasing consumer demand. During the quarter, we negotiated a transaction to add another 46 vessels to the Company's fleet, which will greatly increase our fish harvest volume and carrying volume, resulting in the Company having a total of 86 vessels. In addition, each of our fishing vessels require an approval from the Ministry of Agriculture of the People's Republic of China to carry out ocean fishing projects in foreign territories. The primary barrier to entry into the ocean fishing industry has been obtaining the necessary licenses to operate these vessels because the number of such licenses is limited by government authorities so as to prevent overfishing. The newly acquired vessels are fully licensed to fish in Indonesian waters and a fishing license can be transferred to a new vessel when an old vessel retires. We believe that there are no other companies building a leading market share in the fishing industry in China like Pingtan. This is a highly-fragmented market, and we believe this market share will help in our negotiations with distributors and exporters, and also open up the possibility of selling downstream directly to end markets directly. This will increase our margins in the long-term. However, we recognize that growing our asset base is only one element of the equation, as we also must hire and train highly qualified captains and crew to successfully operate these vessels. This will be instrumental in ensuring that we continue to deliver a consistent and quality product to our customers. We feel that the Company is operating in a sustainable and growing sector and we look forward to keeping investors apprised of our progress."

Second Quarter 2013 Financial Highlights (A)

(\$ in millions, except per share data) 3 months ended 3 months ended 6 months ended 6 months ended

	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012
Dredging Services	\$50.5	\$59.6	\$77.3	\$119.1
Fishing	<u>\$21.4</u>	<u>\$10.3</u>	<u>\$41.0</u>	<u>\$25.8</u>
Total Revenue	\$71.9	\$69.9	\$118.3	\$144.9
Cost of Revenue	37.5	36.7	67.8	74.5
Gross Profit	34.5	33.2	50.6	70.5
Gross Profit Margin	47.9%	47.5%	42.7%	48.6%
Net Income	24.8	21.3	38.6	48.2

Basic and Diluted Weighted Average Shares Outstanding	79.1	79.1	79.1	79.1
EPS	\$0.31	\$0.27	0.49	0.61

Balance Sheet Highlights (A)

	6/30/2013		12/31/2012	
Cash and Cash Equivalents	\$20.8	\$175.5		
Total Current Assets	65.8	277.7		
Total Assets	683.3	484.0		
Total Current Liabilities	71.3	67.0		
Total Long-term Debt	167.4	16.7		
Total Liabilities	238.7	83.7		
Shareholders' Equity	444.6	400.3		
Total Liabilities and Shareholders' Equity	\$683.3	\$484.0		
Book Value Per Share	\$5.62	\$5.06		

Represents the consolidation retrospectively restated as if Pingtan Marine Enterprise Ltd. (formerly known as China Growth (A) 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.

Consolidated Financial and Operating Review

Revenues

For the three months ended June 30, 2013, revenues increased by 2.8% to \$71.9 million from \$69.9 million for the same period in 2012.

The Company's revenue from its fishing business increased by 106.8% to \$21.4 million compared to \$10.3 million in the same period last year. This increase was primarily due to an increase in sales volume as a result of the acquisition of 20 new fishing vessels in 2012, 10 of which were acquired in the second half of 2012, and increased unit selling price.

On June 20, 2013, the Company's fishing segment expanded its fleet from 40 to 86 through the signing of a "Master Agreement" to purchase 46 fishing trawlers in a transaction totaling approximately \$410.1 million. The Company immediately began reporting operating results from this transaction for a short period in the current second quarter, with a full quarter beginning in the third quarter of 2013.

An increase in the revenues from the Company's fishing business was offset by lower volume from the Company's dredging business. For the three months ended June 30, 2013, revenue from dredging services decreased to \$50.5 million from \$59.6 million in the same period of 2012. This decrease was primarily due a decrease in dredging volume as we terminated the leasing agreements of three dredgers in July 2012 and one in December 2012. As a result, Pingtan completed 23.3 million cubic meters of dredging volume in the second quarter of 2013, compared to 32.8 million cubic meters in the same period of 2012.

For the six months ended June 30, 2013, the Company reported revenues for the first half of 2013 of \$118.3 million, compared to \$145.0 million in the prior year period.

Gross Margin

The Company's gross margin was 47.9% in the quarter ended June 30, 2013, compared to 47.5% for the same period last year. The increase was largely due to increased margins at the Company's fishing segment, offset by lower gross margins for the dredging segment, which included \$6.1 million in reclamation cost for its BT project.

For the six months ended June 30, 2013, gross margin decreased to 42.7% from 48.6% in the same period of 2012, principally due to lower gross margins for the dredging segment. In addition, the Company incurred \$10.3 million in reclamation costs during the period.

Selling, General & Administrative Expenses

For the three months ended June 30, 2013, total selling, general and administrative expenses were \$3.3 million, or 4.7% of total revenue, compared to \$2.8 million, or 4.0% of total revenue, in the same period of 2012. The increase was mainly due to higher administrative costs associated with the company being a publicly listed company, as well as an expanded scale of operations.

For the six months ended June 30, 2013, total selling, general and administrative expenses decreased to \$5.0 million from \$5.5 million in the same period of 2012. The lower expenses were primarily attributable to lower revenue taxes for dredging services as a result of a decrease in dredging services revenue.

Net Income

For the three months ended June 30, 2013, the Company's net income was \$24.8 million, or \$0.31 per basic and diluted share, compared to \$21.3 million, or \$0.27 per basic and diluted share, in the same period of 2012.

For the six months ended June 30, 2013, the Company's net income was \$38.6 million, or \$0.49 per basic and diluted share, compared to \$48.2 million, or \$0.61 per basic and diluted share, in the same period of 2012.

About Pingtan

Pingtan is a marine enterprises group, engaging in dredging services and ocean fishing through its wholly-owned subsidiaries, China Dredging Group and Merchant Supreme, and their respective PRC operating subsidiaries, Fujian Xinggang Port Service Co., Ltd., or Fujian Service, Pingtan Xingyi Port Service Co., Ltd., or Pingtan Xingyi and 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, 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.

CONTACT:

Roy Yu
Chief Financial Officer
Pingtan Marine Enterprise Ltd.
Tel: +86 591 87271753
ryu@ptmarine.net

INVESTOR RELATIONS:

The Equity Group Inc.
Adam Prior, Senior Vice President
(212) 836-9606
aprior@equityny.com

In China
Katherine Yao, Associate
86 10 6587 6435
kyao@equityny.com

PINGTAN MARINE ENTERPRISE LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

(IN U.S. DOLLARS)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2013	2012 (A)	2013	2012 (A)
Revenue	\$71,909,988	\$69,925,881	\$118,318,535	\$144,981,61
Cost of revenue	(37,453,696)	(36,743,216)	(67,768,326)	(74,474,445)

Gross profit	34,456,292	33,182,665	50,550,209	70,507,170
Selling and marketing expenses	(174,046)	(252,168)	(368,734)	(461,842)
General and administrative expenses	(3,174,413)	(2,549,009)	(4,582,228)	(5,021,724)
Operating income	31,107,833	30,381,488	45,599,247	65,023,604
Other income/(expense)				
Dividend income	69,071	-	69,071	-
Interest income	216,768	183,026	386,900	333,295
Interest expenses	(914,419)	(894,036)	(1,599,796)	(1,358,650)
Subsidy income	205	-	35,592	-
Sundry income	11	-	2,014	-
Gain on investment	-	15,126	-	15,126
Loss on foreign exchange, net	(428,389)	(82,133)	(220,405)	(30,595)
(Loss) / gain on derivative	-	(728,720)	1,764,249	(921,677)
Total other income/(expense)	(1,056,753)	(1,506,737)	437,625	(1,962,501)
Income before income taxes	30,051,080	28,874,751	46,036,872	63,061,103
Income tax expense	(5,273,327)	(7,533,940)	(7,476,578)	(14,863,836)
Net income	\$24,777,753	\$21,340,811	\$38,560,294	\$48,197,267
Earnings per ordinary share				
- Basic and diluted	\$0.31	\$0.27	\$0.49	\$0.61
Weighted average number of ordinary shares outstanding				
- Basic and diluted	79,055,053	79,055,053	79,055,053	79,055,053

(A) Represents the consolidation retrospectively restated as if Pingtan Marine Enterprise Ltd. (formerly known as Chin: Investment Ltd.) completed its merger with China Dredging Group Co., Ltd. and the share purchase of Merchant Si January 1, 2012 rather than on February 25, 2013.

PINGTAN MARINE ENTERPRISE LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)

(IN US DOLLARS)

	For the Three Months Ended		For the Six Months Ended	
	June 30,		June 30,	
	2013	2012 (A)	2013	2012 (A)
Net income	\$24,777,753	\$21,340,811	\$38,560,294	\$48,197,267
Other comprehensive income				
Foreign currency translation gain/(loss)	4,202,178	(3,020,912)	5,754,677	(2,928,277)
Total comprehensive income	\$28,979,931	\$18,319,899	\$44,314,971	\$45,268,990

(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.

PINGTAN MARINE ENTERPRISE LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(IN U.S. DOLLARS)

	30-Jun-13	31-Dec-12
	(Unaudited)	(A)
Assets		
Current assets		
Cash	\$20,806,414	\$175,488,715
Notes receivable (banker's acceptances)		
transferred from related parties	-	3,645,817
Accounts receivable - third parties	18,603,522	34,924,685
Cost and estimated earnings in excess of billings		
on contracts in progress	8,341,705	8,133,021
Other receivables	10,661,783	34,074
Advance to related parties	-	49,802,821

Prepaid expenses	24,000	410,966
Inventories	7,344,328	5,223,984
Total current assets	65,781,752	277,664,083
Other assets		
Prepaid other deposits	-	4,430
Prepaid dredger deposits	23,625,640	23,274,105
Prepaid fishing vessel deposits	410,017,680	-
Security deposits	18,607,228	25,087,880
Long-term investment	3,421,644	3,328,789
Deposit on setting up of Joint Venture	-	6,090,302
Deposit for BT project	67,862,613	66,852,860
Property, plant and equipment, net	93,958,771	81,707,388
Total other assets	617,493,576	206,345,754
Total assets	\$683,275,328	\$484,009,837
Liabilities and equity		
Current liabilities		
Accounts payable - third parties	\$8,875,293	\$3,761,149
- related parties	-	5,765,632
Receipt in advance - third parties	2,452,945	-
- related parties	-	12,681,102
Short-term loans	20,144,510	25,169,260
Long-term loans - current portion	11,381,041	8,094,308
Income tax payable	5,395,826	5,333,519
Accrued liabilities and other payables	13,046,446	3,738,134
Advance from a shareholder	480,472	714,177
Derivative liability	-	1,764,249
Deferred income	9,522,925	-
Total current liabilities	71,299,458	67,021,530

Other liabilities		
Note payable	155,166,195	-
Long-term loans, net of current portion	12,195,718	16,689,321
Total other liabilities	167,361,913	16,689,321
Total liabilities	238,661,371	83,710,851

Shareholders' equity

Ordinary shares, 225,000,000 shares authorized with \$0.001		
authorized with \$0.001 per share; 79,055,053 shares issued		
and outstanding as of June 30, 2013 and December 31,	79,055	79,055
2012		
Additional paid-in capital	141,381,098	141,381,098
Statutory reserves	19,770,660	19,386,642
Retained earnings	255,400,496	217,224,220
Accumulated other comprehensive income	27,982,648	22,227,971
Total shareholders' equity	444,613,957	400,298,986
Total liabilities and shareholders' equity	\$683,275,328	\$484,009,837

(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 February 25, 2013.

PINGTAN MARINE ENTERPRISE LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

(IN U.S. DOLLARS)

	For the Six Months Ended June 30,	
	2,013	2012 (A)
Cash flows from operating activities		
Net income	\$38,560,294	\$48,197,267

Adjustments to reconcile net income to net**cash provided by operating activities**

Depreciation of property, plant and equipment	5,347,650	5,555,301
(Gain)/loss on derivative	(1,764,249)	921,677
Available-for-sale financial instrument fair value adjustment	-	(721)

Changes in operating assets and liabilities

Accounts receivable - third parties	16,875,326	(14,880)
- related parties	-	(1,688,997)
Cost and estimated earnings in excess of billings on contracts in progress	(85,235)	(5,749,657)
Other receivables	(2,957,500)	(4,526,907)
Prepaid expenses	394,949	5,165,650
Inventories	(2,024,538)	951,295
Accounts payable - third parties	5,020,682	1,715,489
- related parties *	331,367	907,893
Receipt in advance - third parties	2,435,603	(1,064,711)
- related parties	(12,942,680)	-
Income tax payable	(18,121)	(712,176)
Accrued liabilities and other payables	9,180,577	(177,157)
Net cash provided by operating activities	58,354,125	49,479,366

Cash flows from investing activities

Deposit paid for acquisition of fishing vessels	(200,000,000)	-
Changes in security deposits	6,811,085	-
Payment for long-term investment	-	(2,992,116)
Proceeds from disposition of short-term investment	-	792,286
Proceeds from deferred income	1,861,416	-
Purchase of property, plant and equipment	(15,360,530)	(5,330,180)
Advance to related parties	(8,731,951)	(35,700,532)
Net cash used in investing activities	(215,419,980)	(43,230,542)

Cash flows from financing activities

Proceeds from short-term loans	24,994,395	28,556,774
Repayment of short-term loans	(30,680,742)	(30,928,269)
Proceeds from long-term loans	-	21,688,883
Repayment of long-term loans	(1,884,778)	-
Advance from related parties	8,571,161	20,139,296
Advance from a shareholder	(233,705)	1,006
Net cash provided by financing activities	766,331	39,457,690
Net (decrease)/increase in cash	(156,299,524)	45,706,514
Effect of exchange rate	1,617,223	(1,275,105)
Cash at the beginning of period	175,488,715	114,204,340
Cash at the end of period	\$20,806,414	\$158,635,749

Supplemental disclosure of cash flow information:Cash paid:

Income tax paid	\$7,494,648	\$15,576,011
Interest paid	\$1,395,742	\$1,358,650

*Deposit on setting up Joint Venture netted off with accounts payable – related parties.

Represents the consolidation retrospectively restated as if Pingtan Marine Enterprise Ltd. (formerly known as China Growth Equity Investment (A)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.

SOURCE Pingtan Marine Enterprise Ltd.