UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2014

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _______ to _______

Commission File Number: 001-35192

PINGTAN MARINE ENTERPRISE LTD.
(Exact name of registrant as specified in its charter)

Cayman Islands	**N/A**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

18/F, Zhongshan Building A,
No. 154 Hudong Road
Fuzhou, P.R.C. 350001
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: **86-591-8727-1266**

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definition of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated filer ☐	Accelerated filer ☒	Non-accelerated filer ☐ (Do not check if a smaller reporting company)	Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of August 6, 2014, the outstanding number of shares of the registrant's common stock, par value $0.001 per share, was 79,055,053.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements contained in this report, and the information incorporated by reference herein, which reflect our current views with respect to future events and financial performance, and any other statements of a future or forward-looking nature, constitute "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Forward-looking statements give current expectations or forecasts of future events. Our forward-looking statements include, but are not limited to, statements regarding our expectations, hopes, beliefs, intentions or strategies regarding the future. In addition, any statements that refer to projections, forecasts or other characterizations of future events or circumstances, including any underlying assumptions, are forward-looking statements. The words "anticipate," "believe," "continue," "could," "estimate," "expect," "intends," "may," "might," "plan," "possible," "potential," "predict," "project," "should," "would" and similar expressions may identify forward-looking statements, but the absence of these words does not mean that a statement is not forward-looking.

The forward-looking statements contained or incorporated by reference in this report are based on our current expectations and beliefs concerning future developments and their potential effects on us and speak only as of the date of such statement. There can be no assurance that future developments affecting us will be those that we have anticipated. These forward-looking statements involve a number of risks, uncertainties (some of which are beyond our control) or other assumptions that may cause actual results or performance to be materially different from those expressed or implied by these forward-looking statements. These risks and uncertainties include, but are not limited to, those factors described under the heading "Risk Factors." Should one or more of these risks or uncertainties materialize, or should any of our assumptions prove incorrect, actual results may vary in material respects from those projected in these forward-looking statements. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required under applicable securities laws.

References in this report to "we," "us" or "our company" refer to Pingtan Marine Enterprise Ltd.

PINGTAN MARINE ENTERPRISE LTD.

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PART I — FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

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

	June 30, 2014 (Unaudited)	December 31, 2013 (A)
Assets		
Current assets		
Cash	$ 13,628,063	$ 8,156,599
Accounts receivable	25,273,649	9,133,130
Inventories	13,847,641	9,095,736
Prepaid expenses and deposits - third parties	1,258,409	2,380,874
Prepaid expenses and deposits - related parties	832,684	-
Other receivables	2,371	11,665
Total current assets	54,842,817	28,778,004
Other assets		
Other receivables	1,184,119	1,213,440
Long-term investment	3,385,131	3,468,953
Prepaid fixed asset deposits	22,252,016	1,928,700
Prepaid operating license rights	211,059,322	215,381,356
Property, plant and equipment, net	103,970,136	107,178,269
Total other assets	341,850,724	329,170,718
Total assets	**$ 396,693,541**	**$ 357,948,722**
Liabilities and equity		
Current liabilities		
Accounts payable - third parties	$ 839,385	$ 2,184,964
Accounts payable - related parties	10,191,525	13,807,605
Receipt in advance	-	297,034
Short-term loans	20,958,121	9,085,353
Long-term loans - current portion	26,678,058	20,252,077
Accrued liabilities and other payables	4,744,457	3,851,047
Deferred income	1,691,598	1,733,485
Total current liabilities	65,103,144	51,211,565
Other liabilities		
Long-term loans, net of current portion	44,345,219	54,499,727
Total other liabilities	44,345,219	54,499,727
Total liabilities	109,448,363	105,711,292

PINGTAN MARINE ENTERPRISE LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (…/CONT'D)
(IN U.S. DOLLARS)

	June 30, 2014 (Unaudited)	December 31, 2013 (A)
Shareholders' equity		
Ordinary shares, 225,000,000 shares authorized with $0.001 per share; 79,055,053 shares issued and outstanding as of June 30, 2014 and December 31, 2013	79,055	79,055
Statutory reserves	22,410,773	22,410,773
Retained earnings	235,342,599	199,341,512
Accumulated other comprehensive income	29,412,751	30,406,090
Total shareholders' equity	287,245,178	252,237,430
Total liabilities and shareholders' equity	**$ 396,693,541**	**$ 357,948,722**

(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, 2013 rather than on February 25, 2013.

See accompanying notes to unaudited consolidated financial statements.

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,	
	2014	**2013 (A)**	**2014**	**2013 (A)**
Revenue	$ 56,909,432	$ 21,362,357	$ 122,492,384	$ 41,031,833
Cost of revenue	(40,143,919)	(12,235,475)	(81,685,913)	(26,527,609)
Gross profit	16,765,513	9,126,882	40,806,471	14,504,224
Selling and marketing expenses	(568,422)	(174,046)	(1,239,373)	(368,734)
General and administrative expenses	(957,925)	(866,194)	(1,578,840)	(1,167,536)
Operating income	15,239,166	8,086,642	37,988,258	12,967,954
Other income/(expense)				
Interest income	5,747	1,460	9,171	2,556
Interest expenses	(1,036,260)	(710,365)	(2,409,201)	(1,395,742)
Dividend income	345,983	69,071	345,983	69,071
Subsidy income	-	205	524,421	35,592
Sundry income	-	11	89	2,014
Loss on foreign exchange, net	(234,401)	(428,389)	(457,634)	(220,405)
Total other expense	(918,931)	(1,068,007)	(1,987,171)	(1,506,914)
Income from continuing operations before income tax	**14,320,235**	**7,018,635**	**36,001,087**	**11,461,040**
Income tax expense	-	-	-	-
Net income from continuing operations	**14,320,235**	**7,018,635**	**36,001,087**	**11,461,040**
Net income from discontinued operations, net of income tax expense	-	17,759,118	-	27,099,254
Consolidated net income	**$ 14,320,235**	**$ 24,777,753**	**$ 36,001,087**	**$ 38,560,294**
Basic and diluted earnings per share				
From continuing operations	$ 0.18	$ 0.09	$ 0.46	$ 0.15
From discontinued operations	-	0.22	-	0.34
Net income	$ 0.18	$ 0.31	$ 0.46	$ 0.49
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 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, 2013 rather than on February 25, 2013.

See accompanying notes to unaudited consolidated financial statements.

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

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2014	2013 (A)	2014	2013 (A)
Net income	$ 14,320,235	$ 24,777,753	$ 36,001,087	$ 38,560,294
Other comprehensive income				
Foreign currency translation gain /(loss)	266,750	4,202,178	(993,339)	5,754,677
Total comprehensive income	$ 14,586,985	$ 28,979,931	$ 35,007,748	$ 44,314,971

(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, 2013 rather than on February 25, 2013.

See accompanying notes to unaudited consolidated financial statements.

PINGTAN MARINE ENTERPRISE LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)
(IN U.S. DOLLARS)

	Ordinary Shares, with Par Value of $0.001 per share					
	Number of Shares	**Amount**	**Statutory reserves**	**Retained earnings**	**Accumulated other comprehensive income**	**Total shareholders' equity**
Balance as of January 1, 2014	**79,055,053**	**$ 79,055**	**$22,410,773**	**$199,341,512**	**$ 30,406,090**	**$ 252,237,430**
Net income	-	-	-	36,001,087	-	36,001,087
Foreign currency translation loss	-	-	-	-	(993,339)	(993,339)
Balance as of June 30, 2014	**79,055,053**	**$ 79,055**	**$22,410,773**	**$235,342,599**	**$ 29,412,751**	**$ 287,245,178**

See accompanying notes to unaudited consolidated financial statements.

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

	For the Six Months Ended June 30, 2014	For the Six Months Ended June 30, 2013 (A)
Cash flows from operating activities		
Net income	$ 36,001,087	$ 38,560,294
Discontinued operations, net of tax	-	(27,099,254)
Income from continuing operations	36,001,087	11,461,040
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation of property, plant and equipment	1,993,816	1,529,723
Amortization of operating license rights	4,322,034	-
Changes in operating assets and liabilities		
Accounts receivable	(16,401,659)	7,439,389
Inventories	(4,983,981)	(2,025,416)
Prepaid expenses and deposits - third parties	1,067,631	394,949
Prepaid expenses and deposits - related parties	(834,743)	-
Other receivables	9,034	274,998
Accounts payable - third parties	(1,295,979)	2,611,720
Accounts payable - related parties	(3,290,557)	331,367
Receipt in advance - third parties	(290,574)	358,176
Receipt in advance - related parties	-	(12,942,680)
Accrued liabilities and other payables	(446,629)	9,145,867
Net cash provided by operating activities from continuing operations	15,849,480	18,579,133
Cash flows from investing activities		
Deposit paid for acquisition of fishing vessels	-	(200,000,000)
Proceeds from deferred income	-	1,861,416
Payment for property deposits	(22,307,032)	-
Purchase of property, plant and equipment	(595,233)	(14,831,031)
Refunds from fixed assets deposits	1,886,749	-
Advance to related parties	-	(8,731,951)
Net cash used in investing activities from continuing operations	(21,015,516)	(221,701,566)
Cash flows from financing activities		
Proceeds from short-term loans	29,524,941	24,994,395
Repayment of short-term loans	(17,402,742)	(30,680,742)
Proceeds from long-term loans	3,716,691	-
Repayment of long-term loans	(5,643,715)	(1,884,778)
Advance from a director	650,000	-
Advance from related parties	-	203,779,276
Net cash provided by financing activities from continuing operations	10,845,175	196,208,151

PINGTAN MARINE ENTERPRISE LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED) (…/CONT'D)
(IN U.S. DOLLARS)

	For the Six Months Ended June 30,	
	2014	**2013 (A)**
Cash flow from discontinued operations		
Net cash provided by operating activities from discontinued operations	-	40,030,992
Net cash used in investing activities from discontinued operations	-	(193,780,034)
Net cash provided by in financing activities from discontinued operations	-	4,363,800
Net cash used in discontinued operations	-	(149,385,242)
Net increase/(decrease) in cash	5,679,139	(156,299,524)
Effect of exchange rate	(207,675)	1,617,223
Cash at the beginning of period (1)	8,156,599	175,488,715
Cash at the end of period (2)	$ 13,628,063	$ 20,806,414
Supplemental disclosure of cash flow information:		
Cash paid:		
Interest paid	$ 2,984,513	$ 1,395,742
Supplemental disclosure of non-cash transaction eliminated in above:		
Payable for purchase of ship equipment	$ 778,712	$ -
Proceeds from deferred income	$ -	$ 7,594,182
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 $nil and $168,627,930 at the beginning of the year in 2014 and 2013, respectively.

(2) Includes cash and cash equivalents of discontinued operations of $nil and $20,196,391 as of June 30, 2014 and 2013, respectively.

(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, 2013 rather than on February 25, 2013.

See accompanying notes to unaudited consolidated financial statements.

(IN U.S. DOLLARS)

1. DESCRIPTION OF BUSINESS AND ORGANIZATION

China Growth Equity Investment Ltd. ("CGEI") incorporated in the Cayman Islands as an exempted limited liability company, was incorporated as a blank check company on January 18, 2010 with the purpose of directly or indirectly acquiring, through a merger, share exchange, asset acquisition, plan of arrangement, recapitalization, reorganization or similar business combination, an operating business, or control of such operating business through contractual arrangements, that has its principal business and/or material operations located in the PRC. In connection with its initial business combination, CGEI changed its name to Pingtan Marine Enterprise Ltd. (“the Company” or “PME”) in February 2013.

CGEI and China Dredging Group Co., Ltd. (“CDGC”) entered into the Merger Agreement dated October 24, 2012, providing for the combination of CGEI and CDGC. Pursuant to the Merger Agreement, CDGC continued as the surviving company and a wholly-owned subsidiary of CGEI. CGEI also acquired all of the outstanding capital shares and other equity interests of Merchant Supreme Co., Ltd (“Merchant Supreme”) as per Share Purchase Agreement dated October 24, 2012. Following the completion of the business combination held on February 25, 2013, CDGC and Merchant Supreme became the wholly-owned subsidiaries of the Company.

On December 4, 2013, the Company completed the sale of CDGC and its subsidiaries (Note 2). 25-year operating license rights to the 20 new fishing vessels assigned from Fuzhou Honglong Ocean Fishery Co., Ltd. (“Hong Long”) to the Company as part of the sale consideration on the disposal of CDGC and its subsidiaries. The license operating rights fair market value was estimated at $216.1 million. The value of license rights are recorded in the prepaid operating license rights.

Merchant Supreme is limited liability company incorporated on June 25, 2012, in British Virgin Island (“BVI”). Merchant Supreme, through its PRC Variable Interest Entity (“VIE”), Fujian Provincial Pingtan County Ocean Fishing Group Co., Ltd. (“Pingtan Fishing”) engages in ocean fishery with its owned and licensed vessels within Indian EEZ and Arafura Sea of Indonesia. Pingtan Fishing is ranked highly as one of the leading private (not state-owned) supplier and trader of oceanic aquatic products in PRC.

Details of the Company’s subsidiaries and VIEs which are included in these consolidated financial statements as of June 30, 2014 are as follows:

Name of subsidiaries	Place and date of incorporation	Percentage of ownership	Principal activities
Merchant Supreme Co., Ltd. (“Merchant Supreme”)	BVI, June 25, 2012	100% held by PME	Intermediate holding company
Prime Cheer Corporation Ltd. (“Prime Cheer”)	Hong Kong, May 3, 2012	100% held by Merchant Supreme	Intermediate holding company
Pingtan Guansheng Ocean Fishing Co., Ltd. ("Pingtan Guansheng")	PRC, October 12, 2012	100% held by Prime Cheer	Intermediate holding company

1. DESCRIPTION OF BUSINESS AND ORGANIZATION (…/Cont'd)

The following wholly owned or majority owned VIE's are consolidated into financial statements.

Name of VIEs
Fujian Provincial Pingtan County Fishing Group Co., Ltd. ("Pingtan Fishing")
Pingtan Dingxin Fishing Information Consulting Co., Ltd. ("Pingtan Dingxin")
Pingtan Duoying Fishing Information Consulting Co., Ltd. ("Pingtan Duoying")
Pingtan Ruiying Fishing Information Consulting Co., Ltd. ("Pingtan Ruiying")

On June 12 2014, Pingtan Fishing incorporated a joint venture, known as Global Deep Ocean Fishing (Pingtan) Industrial Limited, with other two unrelated companies in PRC. Pingtan Fishing and the other joint venture entities accounted for 35% and 65% of the total ownership, respectively. Total registered capital of the joint venture is $161.2 million (RMB 1 billion) and Pingtan Fishing will contribute $56.4 million (RMB 350 million). No company holds 50% or more of the total shares. The joint venture will process, cold storage, and transport deep ocean fishing products. The Company will treat the investment in the joint venture in the consolidated financial statements under the equity method. Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Company's share of the incorporated-date fair values of the investee's identifiable net assets over the cost of the investment (if any). Thereafter, the investment is adjusted for the post incorporation change in the Company's share of the investee's net assets and any impairment loss relating to the investment.

2. DISCONTINUED OPERATIONS

In order to place increased focus on fishing business and pursue more effective growth opportunities, the Company decided to exit and sell the specialized dredging services operated by CDGC to its affiliate, Hong Long, and the sale was completed on December 4, 2013 with payment in kind consideration of $543.8 million. Pursuant to ASC Topic 205-20, Presentation of Financial Statements-Discontinued Operations, the business of CDGC is considered as a discontinued operation because: (a) the operations and cash flows of CDGC were eliminated from the Company's operations; and (b) the Company would not have ability to influence the operation or financial policies of CDGC subsequent to the sale.

The payment consideration for the sale consisted of the following items:

(a) offset the Company's current $155.2 million promissory note which matures on June 19, 2015 and bears an interest rate of 4%;
(b) the transfer to the Company of the 25-year license operating rights for 20 new fishing vessels, with such rights appraised at $216.1 million at the fair market value ; and
(c) offset of current accounts of $172.5 million made between the Company and CDGC.

(IN U.S. DOLLARS)

2. DISCONTINUED OPERATIONS (…/Cont'd)

The results of operation of CDGC and its subsidiaries have been presented as discontinued operations for the three and six months ended June 30, 2013. There were no discontinued operations in 2014. The following table provides the financial results included in net income from discontinued operations during the period presented:

	April 1 to June 30, 2013	January 1 to June 30, 2013
Revenue	$ 50,547,631	$ 77,286,702
Income from discontinued operations before income tax	$ 23,032,445	$ 34,575,832
Income tax	$ (5,273,327)	$ (7,476,578)
Net income from discontinued operations	$ 17,759,118	$ 27,099,254

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of presentation

These interim consolidated financial statements of the Company and its subsidiaries and variable interest entities (each, a "VIE", and together with the Company and its subsidiaries, the "Group") are unaudited. In the opinion of management, all adjustments (consisting of normal recurring accruals) and disclosures necessary for a fair presentation of these interim consolidated financial statements have been included. The results reported in the consolidated financial statements for any interim periods are not necessarily indicative of the results that may be reported for the entire year. The accompanying consolidated financial statements have been prepared in accordance with the rules and regulations of the Securities and Exchange Commission and do not include all information and footnotes necessary for a complete presentation of financial statements in conformity with accounting principles generally accepted in the United States ("U.S. GAAP").

The unaudited consolidated financial statements include the accounts of the Company, its wholly-owned subsidiaries and VIEs in which the Company is the primary beneficiary. All significant intercompany balances and transactions have been eliminated. The consolidated financial statements of the Company have been prepared as if the existing corporate structure had been in existence throughout the periods presented and as if the reorganization had occurred as of the beginning of the earliest period presented.

Certain information and footnote disclosures normally included in the annual consolidated financial statements prepared in accordance with U.S. GAAP have been condensed or omitted. These unaudited financial statements should be read in conjunction with the Company's audited consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2013 filed with the Securities and Exchange Commission on March 10, 2014.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (…/Cont'd)

(a) Basis of presentation (…/Cont'd)

Reclassifications

Certain prior period information has been reclassified to be comparable with the current period presentation. This reclassification has no effect on previously reported net income.

(b) Consolidation of VIE

The Company has no direct or indirect legal or equity ownership interest in Pingtan Fishing. Moreover, another set of VIE agreements have been entered between Pingtan Guansheng and the shareholders of Pingtan Fishing. The shareholders of Pingtan Fishing also have assigned all their rights as shareholders, including voting rights and disposition rights of their equity interest in Pingtan Fishing to Pingtan Guansheng, our direct, wholly-owned subsidiary. Accordingly, by virtue of the VIE Agreements, Pingtan Guansheng is the primary beneficiary of Pingtan Fishing as defined by ASC 810 "Consolidation of Variable Interest Entities". Therefore, Pingtan Fishing is consolidated as VIE.

In accordance with ASC 810-10-15-14, Pingtan Fishing and its subsidiaries; namely Pingtan Dingxin, Pingtan Duoying and Pingtan Ruiying are deemed VIEs for two reasons. First, the equity stockholders of Pingtan Fishing do not significantly enjoy the benefits of income or suffer the consequences of losses. Second, the equity stockholders of Pingtan Fishing do not possess the direct or indirect ability through voting or similar rights to make decisions regarding their activities that have a significant effect on the success of Pingtan Fishing. Therefore, in accordance with ASC 810-10-25-38A, the Company is deemed to be the primary beneficiary of Pingtan Fishing and the financial statements of Pingtan Fishing are consolidated in the Company's consolidated financial statements.

The following tables show the assets and liabilities of the Company's VIEs after eliminating the intercompany balances as of June 30, 2014 and December 31, 2013. The VIEs include Pingtan Fishing Group which comprises of Pingtan Fishing itself and its three subsidiaries; namely Pingtan Dingxin, Pingtan Duoying and Pingtan Ruiying. The creditors of Pingtan Fishing Group do not have recourse against the general creditors of their primary beneficiaries or other Group members.

(IN U.S. DOLLARS)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (…/Cont'd)

(b) Consolidation of VIE (…/Cont'd)

	June 30, 2014 (Unaudited)	December 31, 2013
ASSETS		
Cash	$ 13,328,705	$ 7,736,308
Accounts receivable	25,273,649	9,133,130
Other receivables	1,186,459	1,225,073
Inventories	13,847,641	9,095,736
Prepaid expenses and deposits - third parties	1,257,867	2,378,054
- related parties	832,684	-
Long-term investment	3,385,131	3,468,953
Prepaid fixed asset deposits	22,252,016	1,928,700
Property, plant and equipment, net	103,970,136	107,178,269
TOTAL ASSETS	$ 185,334,288	$ 142,144,223
LIABILITIES		
Accounts payable - third parties	$ 839,385	$ 2,184,964
- related parties	10,191,525	13,807,605
Receipt in advance	-	297,034
Short-term loans	20,958,121	9,085,353
Accrued liabilities and other payables	3,912,577	3,631,622
Long-term loans	71,023,277	74,751,804
Deferred income	1,691,598	1,733,485
TOTAL LIABILITIES	$ 108,616,483	$ 105,491,867

The following tables show the revenue and cost of revenue, and net income of the Company's VIEs after eliminating the intercompany balances for the three and six months ended June 30, 2014 and 2013.

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2014 (Unaudited)	2013 (Unaudited)	2014 (Unaudited)	2013 (Unaudited)
Revenue	$ 56,909,432	$ 21,362,357	$ 122,492,384	$ 41,031,833
Cost of revenue	$ (37,982,902)	$ (12,235,475)	$ (77,363,879)	$ (26,527,609)
Net income attributable to the Company	$ 17,186,246	$ 7,727,927	$ 41,369,703	$ 12,234,219

(IN U.S. DOLLARS)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (…/Cont'd)

(c) Use of estimates

The preparation of the consolidated financial statements in conformity with U.S. GAAP requires management of the Company to make a number of estimates and assumptions relating to the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the years. Significant items subject to such estimates and assumptions include the recoverability of the carrying amount and the estimated useful lives of long-lived assets; valuation allowances for receivables, and realizable values for inventories. Accordingly, actual results could differ from those estimates.

(d) Foreign currency translation

The Company uses United States dollars ("U.S. Dollar" or "US$" or "$") for financial reporting purposes. The subsidiaries within the Company maintain their books and records in their respective functional currency, Chinese Renminbi ("RMB") and Hong Kong dollars ("HKD"), being the lawful currency in the PRC and Hong Kong, respectively. Assets and liabilities of foreign subsidiaries are translated at the rate of exchange in effect on the balance sheet date; income and expenses are translated at the average rate of exchange prevailing during the period. The related transaction adjustments are reflected in "Accumulated other comprehensive income'' in the equity section of the Company's consolidated balance sheet. A summary of exchange rate is as follows:

	June 30, 2014	December 31, 2013
Balance sheet items, except for equity accounts	RMB6.2036=$1	RMB6.0537=$1
	HKD7.7502=$1	HKD7.7539=$1

	For the Three Months Ended June 30,	
	2014	2013
Items in statements of income and cash flows	RMB6.2366=$1	RMB6.1454=$1
	HKD7.7517=$1	HKD7.7597=$1

	For the Six Months Ended June 30,	
	2014	2013
Items in statements of income and cash flows	RMB6.1883=$1	RMB6.1811=$1
	HKD7.7562=$1	HKD7.7588=$1

(e) Cash

Cash consists of cash on hand and at banks.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (…/Cont'd)

(f) Accounts receivable

The Company only grants credit terms to established customers who are deemed to be financially responsible. Credit periods to customers are within 60 days after customers received the purchased goods.

The Company maintains allowances for doubtful accounts for estimated losses. The Company reviews customer credit worthiness, past transaction history, and changes in payment terms when determining the adequacy of these allowances. Accounts are written off against the allowance when it becomes evident collection will not occur.

No allowance for doubtful accounts has been provided for accounts receivable from third party customers for the three and six months ended June 30, 2014 and 2013, respectively. The company collected a majority of receivable balances from third party customers as of June 30, 2014 and December 31, 2013 within 60 days subsequent to respective balance sheet dates, and historically has not experienced uncollectible accounts from customers granted with credit sales.

(g) Revenue recognition

The Company recognizes revenue when persuasive evidence of an arrangement exists, delivery has occurred, the price to the customer is fixed or determinable, and collection of the resulting receivable is reasonably assured.

With respects to the sale of frozen fish and other marine catches to third party customers, most of which are sole proprietor regional wholesalers in China, the Company recognizes revenue when customers pick up purchased goods at the Company's cold storage warehouse, after payment is received by the Company or credit sale is approved by the Company for recurring customers who have history of financial responsibility. The Company does not offer promotional payments, customer coupons, rebates or other cash redemption offers to its customers. The Company does not accept returns from customers. Deposits or advance payments from customers prior to delivery of goods are recorded as receipt in advance.

(h) Government grant

Government grants are recognized at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognized as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, the fair value is credited to the cost of the asset and is released to the income statement over the expected useful life in a consistent manner with the depreciation method for the relevant asset.

(i) Deferred income

Deferred income represents income collected but not earned as of the report date. This is primarily composed of receipts of the government grants to construct new fishing vessels. Upon the completion of the construction of the fishing vessels, the grant is deducted from the cost of the fishing vessels.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (…/Cont'd)

(j) Fishing licenses

Each of the Company's fishing vessels requires an approval from Ministry of Agriculture of the People's Republic of China to carry out ocean fishing projects in foreign territories. These approvals are valid for a period from three to twelve months, and are awarded to the Company at no cost. The Company applies for the renewal of the approval prior to expiration to avoid interruptions of fishing vessels' operations.

Each of the Company's fishing vessels operated in Indonesia water requires a fishing license granted by the authority in Indonesia. Indonesia fishing licenses remain effective for a period of twelve months and the Company applies for renewal prior to expiration. The Company records cost of Indonesia fishing licenses in prepaid expenses and amortizes over the effective period of the licenses.

(k) Inventories

Inventories are stated at the lower of cost or market. Cost comprises of fuel, depreciation, amortization, direct labor, shipping, consumables, and government levied charges and taxes. Consumables include fishing nets and metal containers used by fishing vessels. The Company's fishing fleets in India and Indonesia waters operate throughout the year, although the May to July period demonstrates lower catch quantities compared to the October to January which is the peak season. Cost of frozen fish and other marine catches at period-ends is calculated using the weighted average method. There was no inventory valuation reserve provided as at June 30, 2014 and December 31, 2013.

(l) Prepaid operating license rights

Prepaid operating license rights is recorded at the lower of the net present value of the minimum license payments or the fair value of the licenses at the inception of the agreement. No interest element of the finance cost is charged to the comprehensive income over the license period as the license payment is fully satisfied. Amortization expense is computed using the straight-line method over the term of the license.

(m) Property, plant and equipment

Property, plant and equipment are recorded at cost less accumulated depreciation. Expenditures for major additions and betterments are capitalized. Depreciation of property, plant and equipment is computed by the straight-line method over the assets estimated useful lives.

Upon sale or retirement of property, plant and equipment, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is reflected in operations.

(IN U.S. DOLLARS)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (…/Cont'd)

(m) Property, plant and equipment (…/Cont'd)

The estimated useful lives of the assets are as follows:

	Estimated lives
Fishing vessel	10-20
Major improvement on fishing vessel	4-20
Motor vehicle	3-5
Ship and office equipments	3-5

Expenditures for repairs and maintenance, which do not extend the useful life of the assets, are expensed as incurred.

(n) Capitalized interest

Interest associated with the construction of a fishing vessel is capitalized and included in the cost of the fishing vessels. When no debt is incurred specifically for the construction of a fishing vessel, interest is capitalized on amounts expended on the construction using weighted-average cost of the Company's outstanding borrowings. Capitalization of interest ceases when the construction is substantially complete or the construction activity is suspended for more than a brief period. The Company capitalized interest of $295,822 and $25,220 for the three months ended June 30, 2014 and 2013, respectively; $592,998 and $25,220 for the six months ended June 30, 2014 and 2013, respectively in the fishing vessels under construction.

(o) Impairment of long-lived assets

In accordance with FASB ASC Topic 360, "Property, Plant and Equipment", the Company tests long-lived assets or asset groups for recoverability when events or changes in circumstances indicate that their carrying amount may not be recoverable. Circumstances which could trigger a review include, but are not limited to: significant decreases in the market price of the asset; significant adverse changes in the business climate or legal factors; accumulation of costs significantly in excess of the amount originally expected for the acquisition or construction of the asset; current period cash flow or operating losses combined with a history of losses or a forecast of continuing losses associated with the use of the asset; and current expectation that the asset will more likely than not be sold or disposed significantly before the end of its estimated useful life. Recoverability is assessed based on the carrying amount of the asset and its fair value which is generally determined based on the sum of the undiscounted cash flows expected to result from the use and the eventual disposal of the asset, as well as specific appraisal in certain instances. An impairment loss is recognized when the carrying amount is not recoverable and exceeds fair value. If long-lived assets are to be disposed, depreciation is discontinued, if applicable, and the assets are reclassified as held for sale at the lower of their carrying amounts or fair values less costs to sell.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (…/Cont'd)

(p) Income taxes

Under the current laws of the Cayman Islands and British Virgin Islands, the Company and Merchant Supreme are not subject to any income or capital gains tax, and dividend payments that the Company may make are not subject to any withholding tax in the Cayman Islands or British Virgin Islands. Under the current laws of Hong Kong, Prime Cheer is not subject to any capital gains tax and dividend payments and are not subject to any withholding tax in Hong Kong.

The Company is not incorporated nor does it engage in any trade or business in the United States and is not subject to United States federal income taxes. The Company did not derive any significant amount of income subject to such taxes after completion of the Share Exchange and accordingly, no relevant tax provision is made in the consolidated statements of operations.

The Company's VIE, Pingtan Fishing, is a qualified ocean fishing enterprise certified by the Ministry of Agriculture of the PRC. The qualification is renewed on April 1 each year. Pingtan Fishing is exempt from income tax derived from its ocean fishing operations in the periods it processes a valid Ocean Fishing Enterprise Qualification Certificate issued by the Ministry of Agriculture of the PRC.

In addition, Pingtan Fishing is not subject to foreign income taxes for its operations in India and Indonesia Exclusive Economic Zones.

Deferred income tax assets and liabilities are determined based upon differences between the financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates and laws that will be effective when the differences are expected to reverse.

Deferred tax assets are reduced by a valuation allowance to the extent that management concludes it is more likely than not that the assets will not be realized. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the consolidated statements of income in the period that includes the enactment date.

The Company has not recorded deferred income taxes applicable to undistributed earnings of the subsidiary and VIEs located in the PRC because it is the present intention of management to reinvest the undistributed earnings indefinitely in PRC. Undistributed earnings amounted to approximately $124.1 million and $82.7 million as of June 30, 2014 and December 31, 2013, respectively. If the earnings of such foreign subsidiaries were not definitely reinvested, a deferred tax liability of approximately $6.2 million and $4.1 million would have been required at June 30, 2014 and December 31, 2013, respectively. Generally, such earnings become subject to the PRC tax upon the remittance of dividends and under certain other circumstances. It is not practicable to estimate the amount of deferred tax liability on such undistributed earnings.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (…/Cont'd)

(p) Income taxes (…/Cont'd)

The Company prescribes a more-likely-than-not threshold for financial statement recognition and measurement of a tax position taken in the tax return. This interpretation also provides guidance on de-recognition of income tax assets and liabilities, classification of current and deferred income tax assets and liabilities, accounting for interest and penalties associated with tax positions, accounting for income taxes in interim periods and income tax disclosures. As of June 30, 2014 and December 31, 2013, there were no amounts that had been accrued with respect to uncertain tax positions.

(q) Fair value measurements

In January 2010, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update "ASU 2010-06" "Fair Value Measurements and Disclosures". The new guidance clarifies two existing disclosure requirements and requires two new disclosures as follows: (1) a "gross" presentation of activities (purchases, sales, and settlements) within the Level 3 rollforward reconciliation, which will replace the "net" presentation format; and (2) detailed disclosures about the transfers in and out of Level 1 and 2 measurements. This guidance is effective for the first interim or annual reporting period beginning after December 15, 2009, except for the gross presentation of the Level 3 rollforward information, which is required for annual reporting periods beginning after December 15, 2010, and for interim reporting periods thereafter. The Company adopted the amended fair value disclosures guidance on January 1, 2012.

As of June 30, 2014 and December 31, 2013, none of the Company's financial assets or liabilities were measured at fair value on a recurring basis. As of June 30, 2014 and December 31, 2013, none of the Company's non-financial assets or liabilities was measured at fair value on a nonrecurring basis.

The carrying values of the Company's financial assets and liabilities, including accounts receivable, other receivables, other current assets, short-term loans, accounts payable, and accrued liabilities and other payables, are a reasonable estimate of fair value because of the short period of time between the origination of such instruments and their expected realization and if applicable, their stated interest rate approximates current rates available. It is not practicable to estimate the fair values of advance to and advance from related parties because of the related party nature of such advances.

(r) Commitments and contingencies

In the normal course of business, the Company is subject to contingencies, including legal proceedings and environmental claims arising out of the normal course of businesses that relate to a wide range of matters, including among others, contracts breach liability. The Company records accruals for such contingencies based upon the assessment of the probability of occurrence and, where determinable, an estimate of the liability. Management may consider many factors in making these assessments including past history, scientific evidence and the specifics of each matter.

The Company's management has evaluated all such proceedings and claims that existed as of June 30, 2014 and December 31, 2013. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the Company's financial position, liquidity or results of operations.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (…/Cont'd)

(s) Economic and political risks

The Company's operations are conducted in the PRC. Accordingly, the Company's business, financial condition and results of operations may be influenced by the political, economic and legal environment in the PRC, and by the general state of the PRC economy.

The Company's operation in the PRC is subject to special considerations and significant risks not typically associated with companies in North America and Western Europe. These include risks associated with, among others, the political, economic and legal environment and foreign currency exchange. The Company's
results may be adversely affected by changes in the political and social conditions in the PRC, and by changes in governmental policies with respect to laws and regulations, anti-inflationary measures, currency conversion, remittances aboard, and rates and methods of taxation, among other things.

According to the sale agreement signed on December 4, 2013, the Company does not own 20 fishing vessels but has the license operating rights to operate these vessels which are owned by Hong Long and the Company is entitled to 100% of net profit (loss) of the vessels. The Company has latitude in establishing price and discretion in supplier selection. There were no economic risks associated with the license operating rights but the Company may need to bear the operation risks and credit risks as aforementioned.

(t) Pension and employee benefits

Cost for pension and employee benefits was $12,428 and $5,268 for the three months ended June 30, 2014 and 2013, respectively; $25,632 and $5,268 for the six months ended June 30, 2014 and 2013, respectively.

(u) Segment information

ASC 280 "Segment reporting" establishes standards for reporting information on operating segments in interim and annual financial statements. The Company currently has only one segment, all of the Company's operations and customers are in the PRC and all income is derived from ocean fishery.

(v) Earnings per ordinary share

Earnings per ordinary share (basic and diluted) is based on the net income attributable to ordinary shareholders divided by the weighted average number of ordinary shares outstanding during each period. Ordinary share equivalents are not included in the calculation of diluted earnings per ordinary share if their effect would be anti-dilutive. Retroactive treatment as required by FASB ASC paragraph 260-10-55-12 has been applied in computing earnings per share to reflect the business combination held on February 25, 2013.

(IN U.S. DOLLARS)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (…/Cont'd)

(v) Earnings per ordinary share (…/Cont'd)

The following table sets forth the computation of basic and diluted net income per ordinary share:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2014 (Unaudited)	2013 (Unaudited)	2014 (Unaudited)	2013 (Unaudited)
Net income				
From continuing operations	$ 14,320,235	$ 7,018,635	$ 36,001,087	$ 11,461,040
From discontinued operations	-	17,759,118	-	27,099,254
	$ 14,320,235	$ 24,777,753	$ 36,001,087	$ 38,560,294
Weighted average number of ordinary shares outstanding (Basic and diluted)	79,055,053	79,055,053	79,055,053	79,055,053
Earnings per ordinary share (Basic and diluted)				
From continuing operations	$ 0.18	$ 0.09	$ 0.46	$ 0.15
From discontinued operations	-	0.22	-	0.34
Net income	$ 0.18	$ 0.31	$ 0.46	$ 0.49

For the three and six months ended June 30, 2014 and 2013, the number of securities convertible into ordinary shares (8,966,667) not included in diluted EPS because the effect would have anti-dilutive consists of the followings:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2014 (Unaudited)	2013 (Unaudited)	2014 (Unaudited)	2013 (Unaudited)
Warrants to purchase common stock	$ 8,966,667	$ 8,966,667	$ 8,966,667	$ 8,966,667

(w) Recently issued accounting standards

There are no new significant accounting standards applicable to the Company that have been issued but not yet adopted by the Company as of June 30, 2014.

(IN U.S. DOLLARS)

4. CASH

Cash is classified by geographical areas is set out as follows:

	June 30, 2014 (Unaudited)	December 31, 2013
Hong Kong	$ 143,547	$ 269,299
The PRC	13,484,516	7,887,300
	$ 13,628,063	$ 8,156,599
Maximum exposure to credit risk	$ 13,628,063	$ 8,156,599

Cash is denominated in the following currencies:

	June 30, 2014 (Unaudited)	December 31, 2013
USD	$ 279,497	$ 381,516
RMB	13,334,398	7,752,468
HKD	14,168	22,615
	$ 13,628,063	$ 8,156,599

In the PRC and Hong Kong, there are currently no rules or regulations mandating obligatory insurance of bank accounts. Management believes these financial institutions are of high credit quality.

Renminbi is not a freely convertible currency and the remittance of funds out of the PRC is subject to the exchange restrictions imposed by the PRC government.

5. ACCOUNTS RECEIVABLE

	June 30, 2014 (Unaudited)	December 31, 2013
Accounts receivable from independent third parties	$ 25,273,649	$ 9,133,130

(IN U.S. DOLLARS)

6. INVENTORIES

Inventories as of June 30, 2014 and December 31, 2013 consisted of the following:

	June 30, 2014 (Unaudited)	December 31, 2013
Frozen fish and marine catches in warehouse	$ 13,847,641	$ 9,095,736

7. PREPAID EXPENSES AND DEPOSITS

As of June 30, 2014 and December 31, 2013, prepaid expenses and deposits comprised following items:

	June 30, 2014 (Unaudited)	December 31, 2013
Third parties		
Prepaid fishing licenses	$ 180,312	$ 668,589
Prepaid fuel, consumables and equipment	881,362	1,709,383
Deposit of tax exemption application for import of ship equipment	163,453	-
Others	33,282	2,902
	$ 1,258,409	$ 2,380,874
Related parties		
Prepaid vessel maintenance services		
- PT. Avona Mina Lestari	$ 832,684	$ -

Prepaid vessel maintenance services were $832,684 as of June 30, 2014 which would cover six months of service charged by PT. Avona Mina Lestari. The prepayment charged as part of direct cost of revenue and $416,342 per quarter.

8. OTHER RECEIVABLES – NON-CURRENT PORTION

Other receivables as of June 30, 2014 and December 31, 2013 consisted of the following:

	June 30, 2014 (Unaudited)	December 31, 2013
Grants receivable from the PRC Government	$ 1,184,119	$ 1,213,440

Other receivables represented grant receivables for construction of new fishing vessels.

(IN U.S. DOLLARS)

9. LONG-TERM INVESTMENT

Long-term investment represents the Company's VIE, Pingtan Fishing's interest in Fujian Pingtan Rural-Commercial Bank Joint-Stock Co., Ltd. ("Pingtan Rural-Commercial Bank''), a private financial institution. Pingtan Fishing completed its registration as a shareholder on October 17, 2012 and paid RMB 21 million, or approximately $3.4 million to subscribe 5% of the common stock of Pingtan Rural-Commercial Bank. Pingtan Fishing held 15,113,250 shares and accounted for 4.8 % investment in the total equity investment of the bank as of June 30, 2014 and December 31, 2013. These shares were as collateral for the Company's long term loan amounting to $2.3 million as of June 30, 2014 and December 31, 2013.

Pingtan Fishing used the cost method of accounting to record its investment since Pingtan Fishing does not have the ability to exercise significant influence over the operating and financing activities of Pingtan Rural-Commercial Bank. The Company determined that there was no impairment on this investment as of June 30, 2014 and December 31, 2013.

Long-term investment for which there are no quoted market prices, a reasonable estimate of fair value could not be made without incurring excessive costs.

10. PREPAID FIXED ASSET DEPOSITS

Prepaid fixed asset deposits as of June 30, 2014 and December 31, 2013 consisted of the following:

	June 30, 2014 (Unaudited)	December 31, 2013
Prepaid property deposits	$ 22,252,016	$ -
Prepaid ship equipment	-	1,928,700
	$ 22,252,016	$ 1,928,700

In June 2014, Pingtan Fishing prepaid $22,252,016 to property developers to purchase shops located in Hubei and Anhui Province, PRC. These shops will be used for market expansion in the fishery product markets of central and western areas of PRC and capturing more sales directly to final customers. The total considerations will be $26,795,280 (RMB166,227,200) and ownership will be transferred to Pingtan Fishing before December 31, 2014.

11. PREPAID OPERATING LICENSE RIGHTS

On December 4, 2013, 25-year operating license rights to the 20 new fishing vessels assigned from Hong Long to the Company. Subsequent to the licensing of the operating rights, the Company is entitled to 100% of the operations and net profits (losses) from the vessels. The Company has latitude in establishing price and discretion in supplier selection. The cost of the operating license rights was $211,059,322 ($5,042,373 net of accumulated amortization) and $215,381,356 ($720,339 net of accumulated amortization) as of June 30, 2014 and December 31, 2013, respectively. Amortization expense in the amount of $2,161,017 and $nil is included in the cost of revenue for the three months ended June 30, 2014 and 2013, respectively; $4,322,034 and $nil is included in the cost of revenue for the six months ended June 30, 2014 and 2013, respectively.

(IN U.S. DOLLARS)

11. PREPAID OPERATING LICENSE RIGHTS (.../Cont'd)

The future minimum amounts of the operating license rights will be charged to earnings in future years as of June 30, 2014, are as follows:

For the years ended December 31,		
2014	$	4,322,034
2015		8,644,068
2016		8,644,068
2017		8,644,068
2018		8,644,068
Thereafter		172,161,016
	$	211,059,322

The 25-year exclusive operating rights are fully satisfied and there are no further commitments and obligations.

12. PROPERTY, PLANT AND EQUIPMENT, NET

		June 30, 2014 (Unaudited)		December 31, 2013
Fishing vessels	$	61,040,152	$	62,551,611
Office and other equipment		146,550		147,894
Fishing vessels under construction		49,424,176		49,245,794
		110,610,878		111,945,299
Less: Accumulated depreciation		(6,640,742)		(4,767,030)
	$	103,970,136	$	107,178,269

Depreciation expenses were $989,118 and $769,322 for three months ended June 30, 2014 and 2013, respectively, of which $981,960 and $762,642, were included in cost of revenue, respectively; $7,158 and $6,680 was charged to general and administrative expenses, respectively.

Depreciation expenses were $1,993,816 and $1,529,723 for six months ended June 30, 2014 and 2013, respectively, of which $1,979,458 and $1,516,551, were included in cost of revenue, respectively; $14,358 and $13,172 was charged to general and administrative expenses, respectively.

As of June 30, 2014, there are 32 new fishing vessels under construction, including (i) 3 fishing vessels ordered in September 2012 which would be delivered in the second half of 2014; and (ii) 29 fishing vessels ordered in June 2013 as a continuation of the Company's fleet replacement plan, the expected delivery time would be 2015. The Company is intended to replace existing older vessels with these new vessels.

All fishing vessels under construction were fully paid and without further commitments and obligations. Interests associated with the construction of these fishing vessels are capitalized and included in the costs of fishing vessels under construction. There are no other additional costs associated with the purchases.

As of June 30, 2014 and December 31, 2013, the Company had 16 fishing vessels which were fully depreciated with estimated useful lives of 10 years. These fishing vessels were contributed by registered equity owners in exchange for Pingtan Fishing's paid-in capital and were recorded at the equity owners' historical cost of $nil at the time of contribution.

(IN U.S. DOLLARS)

12. PROPERTY, PLANT AND EQUIPMENT, NET (…/Cont'd)

As of June 30, 2014 and December 31, 2013, the Company had 26 and 38 fishing vessels with net carrying amount of $21,017,644 and $33,117,389 respectively pledged as collateral for its term loans and term loan of a related party. The term loans of the related party were in the amount of approximately $10.5 million and $20.7 million as of June 30, 2014 and December 31, 2013, respectively (Note 14 (c)).

As of June 30, 2014 and December 31, 2013, the Company pledged $19,182,410 and $19,657,400 of fishing vessels under construction as collateral for its term loans.

13. ACCOUNTS PAYABLE - RELATED PARTIES

Accounts payable to related parties as of June 30, 2014 and December 31, 2013 consisted of the following:

	June 30, 2014 (Unaudited)	December 31, 2013
PT. Avona Mina Lestari	$ 1,697,646	$ 1,967,151
Fuzhou Honglong Ocean Fishery Co., Ltd. ("Hong Long")	5,781,634	6,214,491
Hai Yi Shipping Limited	187,447	251,341
Haifeng Dafu Enterprise Company Limited	1,035,130	377,216
Hong Fa Shipping Limited	1,488,540	4,996,031
Zhiyan Lin	-	1,375
Ping Lin	1,128	-
	$ 10,191,525	$ 13,807,605

Accounts payable to related parties are not collateralized, carry no interest, and do not have specific repayment terms.

See Note 17(a) for the relationship of related parties.

(IN U.S. DOLLARS)

14. TERM LOANS

As of June 30, 2014 and December 31, 2013, The Company's short and long-term loans consisted of the following items:

(a) Short-term loans

	June 30, 2014 (Unaudited)	December 31, 2013
Classified by financial institutions:		
Fujian Haixia Bank	$ -	$ 9,085,353
China Development Bank	20,958,121	-
	$ 20,958,121	$ 9,085,353
Additional information:		
Maximum balance outstanding during period/year	$ 22,458,215	$ 25,169,260
Interest expense for the three months ended June 30, 2014 and 2013	$ 106,969	$ 277,794
Interest expense for the six months ended June 30, 2014 and 2013	$ 496,435	$ 561,217
Weighted average interest rate for the six months ended June 30, 2014 and 2013	1.3%	1.3%

(IN U.S. DOLLARS)

14. TERM LOANS (…/Cont'd)

(a) Short-term loans (…/Cont'd)

The principal payments for the outstanding short-term loans are as follows:

Name of Banks	Principal amount	Current annualized interest rate	Terms of loans	Collateral	Outstanding amount as of June 30, 2014
China Development Bank, Fujian Branch	USD 4,482,960	Fixed rate at 2.770% per annum	Due on October 17, 2014	Guaranteed by Xinrong Zhuo, Honghong Zhuo, Zhiyan Lin and Shuhui Ke	$ 4,482,960
China Development Bank, Fujian Branch	USD 1,513,990	Fixed rate at 2.773% per annum	Due on November 3, 2014	Guaranteed by Xinrong Zhuo, Honghong Zhuo, Zhiyan Lin and Shuhui Ke	1,513,990
China Development Bank, Fujian Branch	USD 3,881,430	Fixed rate at 2.774% per annum	Due on November 14, 2014	Guaranteed by Xinrong Zhuo, Honghong Zhuo, Zhiyan Lin and Shuhui Ke	3,881,430
China Development Bank, Fujian Branch	USD 5,974,741	Fixed rate at 2.771% per annum	Due on December 7, 2014	Guaranteed by Xinrong Zhuo Honghong Zhuo, Zhiyan Lin and Shuhui Ke	5,974,741
China Development Bank, Fujian Branch	USD 5,105,000	Fixed rate at 2.776% per annum	Due on December 14, 2014	Guaranteed by Xinrong Zhuo, Honghong Zhuo, Zhiyan Lin and Shuhui Ke	5,105,000
					$ 20,958,121

(IN U.S. DOLLARS)

14. TERM LOANS (…/Cont'd)

(b) Long-term loans

	June 30, 2014 (Unaudited)	December 31, 2013
China Minsheng Banking Corporation Limited, Fuzhou Branch	$ 9,647,624	$ 14,829,774
Fujian Haixia Bank, Fuzhou Hualin Branch	2,417,951	3,303,764
The Export-Import Bank of China, Fujian Branch	45,578,374	46,706,972
China Development Bank, Fujian Branch	13,379,328	9,911,294
	$ 71,023,277	$ 74,751,804
Less : Current portion within twelve months	(26,678,058)	(20,252,077)
	$ 44,345,219	$ 54,499,727
Additional information:		
Weighted average interest rate for the six months ended June 30, 2014 and 2013	3.5%	3.6%

Interest expenses of long-term loans for the three months ended June 30, 2014 and 2013 amounted to $929,291 and $432,571, respectively. Interest expenses of $295,822 and $25,220 are capitalized to construction in progress for the three months ended June 30, 2014 and 2013, respectively.

Interest expenses of long-term loans for the six months ended June 30, 2014 and 2013 amounted to $1,912,766 and $834,525, respectively. Interest expenses of $592,998 and $25,220 are capitalized to construction in progress for the six months ended June 30, 2014 and 2013, respectively.

As of June 30, 2014 and December 31, 2013, Hong Long collateralized its 0.56% (2013: 2.86%) investment in total equity interest of Fujian Fuqing Rural-Commercial Bank, 1.58% (2013: 1.75%) investment in total equity interest of Xiamen International Bank and 2.5625% (2013: 2.7%) investment in total equity interest of Fujian Pingtan Rural-Commercial bank Joint-Stocked Co., Ltd to guarantee Pingtan Fishing's term loans of $0.7 million (2013: $0.7 million), $19.2 million (2013: $19.6 million) and $1.2 million (2013: $1.3 million) respectively.

As of June 30, 2014 and December 31, 2013, a related company, Fujian International Trading and Transportation Company collateralized its 0.30% investment in total equity interest of Xiamen International bank and 0.96% (2013: 1%) of its investment in total equity interest of Fujian Pingtan Rural-Commercial bank Joint-Stocked Co., Ltd to guarantee Pingtan Fishing's term loans of $ 3.7 million (2013: $3.8 million) and $0.5 million (2013: $0.5 million), respectively.

(IN U.S. DOLLARS)

14. TERM LOANS (…/Cont'd)

(b) Long-term loans (…/Cont'd)

A summary of the principal payments for the outstanding term loans during the following ten fiscal years is as follows:

Name of bank	Collateral	Term of loans	Principal payment due during 2014	2015	2016	2017	2018-2023	Total outstanding loan amount
China Minsheng Banking Corporation Limited, Fuzhou Branch	Pingtan Fishing's and Hong Long's fishing vessels and guaranteed by Xinrong Zhuo	May 4, 2012 to March 16, 2015	$ 2,974,080	$ 2,974,079	$ -	$ -	$ -	$ 5,948,159
China Minsheng Banking Corporation Limited, Fuzhou Branch	Pingtan Fishing's and Hong Long's fishing vessels and guaranteed by Xinrong Zhuo	June 15, 2012 to March 16, 2015	725,386	725,385	-	-	-	1,450,771
China Minsheng Banking Corporation Limited, Fuzhou Branch	Pingtan Fishing's and Hong Long's fishing vessels and guaranteed by Xinrong Zhuo	June 29, 2012 to March 16, 2015	1,124,347	1,124,347	-	-	-	2,248,694
Fujian Haixia Bank, Fuzhou Hualin Branch	Guaranteed by Xinrong Zhuo	April 25, 2012 to March 22, 2015	805,984	1,611,967	-	-	-	2,417,951
The Export-Import Bank of China	Hong Long's investment in equity interest of a PRC local bank	July 5, 2013 to December 10, 2017	3,304,533	4,610,226	5,287,253	5,964,279	-	19,166,291
The Export-Import Bank of China	Hong Long's investment in equity interest of a PRC local bank	July 5, 2013 to December 10, 2017	120,898	177,316	193,436	209,556	-	701,206
The Export-Import Bank of China	Fujian International Trading and Transportation Company Ltd.'s investment in equity interest of a PRC local bank	July 5, 2013 to December 10, 2017	644,787	902,702	999,420	1,144,496	-	3,691,405

(IN U.S. DOLLARS)

14. TERM LOANS (…/Cont'd)

(b) Long-term loans (…/Cont'd)

Name of bank	Collateral	Term of loans	Principal payment due during 2014	2015	2016	2017	2018-2023	Total outstanding loan amount
The Export-Import Bank of China	Guaranteed by Hong Long	July 5, 2013 to December 10, 2017	3,191,695	4,481,269	5,093,816	2,708,105	-	15,474,885
The Export-Import Bank of China	Fujian International Trading and Transportation Company Ltd.'s investment in equity interest of a PRC local bank	September 29, 2013 to December 10, 2017	80,598	96,718	128,957	145,078	-	451,351
The Export-Import Bank of China	Hong Long's investment in equity interest of a PRC local bank	September 29, 2013 to December 10, 2017	209,556	290,154	354,633	370,752	-	1,225,095
The Export-Import Bank of China	Hong Long's investment in equity interest of a PRC local bank	September 29, 2013 to December 10, 2017	-	-	-	2,595,267	-	2,595,267
The Export-Import Bank of China	Pingtan Fishing's investment in equity interest of a PRC local bank	September 29, 2013 to December 10, 2017	386,872	548,069	644,787	693,146	-	2,272,874
China Development Bank , Fujian Branch	Guarantee by Xingrong Zhuo, Honghong Zhuo, Mrs. and Mr. Zhiyan Lin and 14 fishing vessels under construction	November 28, 2013 to November 27, 2023	564,189	1,128,377	1,208,975	1,370,172	9,107,615	13,379,328
			$ 14,132,925	$ 18,670,609	$ 13,911,277	$ 15,200,851	$ 9,107,615	$ 71,023,277

(IN U.S. DOLLARS)

14. TERM LOANS (…/Cont'd)

(c) Guarantees and collaterals provided to related parties

In October 2012, Pingtan Fishing entered into two pledge contracts with China Minsheng Banking Corp., Ltd. Pursuant to the terms of the pledge contracts, Pingtan Fishing assigned 10 fishing vessels, as collateral to secure Hong Long's long-term loans from the financial institution in amount of approximately $10.8 million, which are due on April 18, 2015. In addition to the collateral provided to Hong Long, Pingtan Fishing also guaranteed the repayment of $46.3 million for Hong Long's long-term loans.

In December 2013, Pingtan Fishing entered into a guarantee agreement with Ping An Bank Co., Ltd. Pursuant to the terms of the guarantee agreement, Pingtan Fishing provide maximum guarantees approximately of $8.3 million to Hong Long's credit line in amount of $16.5 million which is due on December 23, 2014.

As of the issuance date of these financial statements, Pingtan Fishing has not receive any demand from the lender that collateralized properties are intended to be disposed of or to make any payments under the guarantee.

Pursuant Accounting Standards Codification ("ASC") 460-10-25-2, the guarantor is obligated in two aspects in every guarantee or indemnification—a noncontingent liability and a contingent liability. The noncontingent liability represents the guarantor's obligation to stand ready to perform under the terms of the guarantee in the event that the specified triggering events or conditions occur. The contingent liability represents the guarantor's obligation to make future payments if those triggering events or conditions occur and based on the probability that the guaranteed party will not perform under the contractual terms of the guaranty agreement.

We have assessed the contingent liabilities arising from the above-described guarantees and have concluded that no liabilities in respect of the guarantees were required to be recognized as of June 30, 2014 and December 31, 2013.

15. ACCRUED LIABILITIES AND OTHER PAYABLES

Accrued liabilities and other payables as of June 30, 2014 and December 31, 2013 consisted of the following:

	June 30, 2014 (Unaudited)	December 31, 2013
Accrued salaries and wages	$ 2,747,076	$ 3,278,245
Accrued expenses	149,286	152,000
Advance from a director – Xinrong Zhuo	650,000	-
Ship equipment payable	776,792	-
Other payables	421,303	420,802
	$ 4,744,457	$ 3,851,047

15. ACCRUED LIABILITIES AND OTHER PAYABLES (…/Cont'd)

As of June 30, 2014, the estimated social insurance and housing fund payment not provided are approximately $511,000 and $60,000, respectively. No accruals have been provided for the Group's PRC social insurance and housing fund payments for the Group's PRC employees.

Advance from a director is not collateralized, carries no interest, and does not have specific repayment terms.

16. CAPITAL

(a) Share Capital

On February 25, 2013, CGEI completed its merger with CDGC and the various transactions contemplated by the Agreement and Plan of Merger (the "Merger Agreement"), dated as of October 24, 2012 among CGEI, CDGC, and China Dredging Sub Ltd. and the share purchase of Merchant Supreme contemplated by the Share Purchase Agreement, dated as of October 24, 2012 (the "Share Purchase Agreement"), among CGEI and Merchant Supreme (collectively, the "Business Combination"). Upon the consummation of the Business Combination, the ordinary shares, $0.001 par value per share of the Company were listed on the NASDAQ Capital Market under the symbol "PME". Pursuant to the terms of the Merger Agreement, upon completion of the Merger, each share of then-issued outstanding ordinary shares and Class A preferred shares of CDGC was automatically cancelled and converted into the right to receive 0.82947 Company Ordinary Shares. Pursuant to the terms of the Share Purchase Agreement, all of the issued and outstanding shares of Merchant Supreme capital shares were purchased by the Company for an aggregate of 25,000,000 Company Ordinary Shares. On February 26, 2013, the Company announced that it had completed the Business Combination.

An aggregate of 30,329,883 ordinary shares and 3,966,667 warrants that were originally issued by CGEI, to Chum Capital Group Limited, in connection with a private placement prior to CGEI's initial public offering, and that became exercisable for the Company's ordinary shares beginning on March 27, 2013 (the "Sponsor Warrants"). The Sponsor Warrants have been registered for resale by the selling security-holders under Form S-3 filed on June 17, 2013 and declared effective on June 19, 2013. On June 2, 2011, the Company sold 5,000,000 units, at an offering price of $10.00 per unit, generating gross proceeds of $50,000,000. Each unit consists of one ordinary share, $0.001 par value, of the Company and one redeemable purchase warrant. Each warrant will entitle the holder to purchase from the Company one ordinary share at an exercise price of $12.00 commencing upon the completion of a business combination and expiring five years from the consummation of a business combination. The Company also registered an aggregate of 8,966,667 ordinary shares that are issuable by the Company upon exercise of the 3,966,667 Sponsor Warrants and 5,000,000 warrants that were issued in the CGEI's initial public offering (the "Public Warrants") and that became exercisable upon the consummation of the transactions contemplated by that certain Agreement and Plan of Merger, dated as of October 24, 2012, between CGEI, CDGC, China Growth Dredging Sub Ltd. and Xinrong Zhuo and by that certain Share Purchase Agreement, dated as of October 24, 2012, between CGEI and Merchant Supreme.

Each Public Warrants and Sponsor Warrant (the "Warrants") entitles the registered holder thereof to purchase one of the Company's ordinary shares upon payment of the exercise price of $12.00 per share.

(IN U.S. DOLLARS)

16. CAPITAL (…/Cont'd)

(a) Share Capital (…/Cont'd)

The Sponsor Warrants are identical to the Public Warrants except that the Sponsor Warrants will be exercisable for cash or on a cashless basis, at the holder's option, and will not be redeemable by the Company, in each case so long as they are still held by these purchases or their transferees.

In accordance with GAAP, the Company accounted for the Warrants as equity instruments.

A summary of all warrants outstanding as of June 30, 2014 is presented below:

	Number of Warrants	Exercise Price	Terms
Exercisable as of June 30, 2014	8,966,667	$ 12	3.7 years

During the three and six months ended June 30, 2014, no warrants were granted, exercised or expired.

(b) Retained earnings and statutory reserves

Pingtan Guansheng and Pingtan Fishing Group operate in the PRC, are required to reserve 10% of their net profits after income tax, as determined in accordance with the PRC accounting rules and regulations. Appropriation to the statutory reserve by the Company is based on profit arrived at under PRC accounting standards for business enterprises for each year. The statutory reserves of the Company represent the statutory reserves of the above-mentioned companies as required under the PRC law.

The profit arrived at must be set off against any accumulated losses sustained by the Company in prior years, before allocation is made to the statutory reserve. Appropriation to the statutory reserve must be made before distribution of dividends to shareholders. The appropriation is required until the statutory reserve reaches 50% of the registered capital. This statutory reserve is not distributable in the form of cash dividends.

As of June 30, 2014, statutory surplus reserves of Pingtan Fishing reached 50% of the registered capital. No appropriation required in accordance with the PRC accounting rules and regulations. The registered capital of Pingtan Fishing is RMB 80 million in statutory record including RMB 29.5 million of capital injection by fishing vessels from related parties. According to SAB Topic 5G, this SAB requires that the assets be recorded at predecessor's cost and the registered capital of Pingtan Fishing per audit is $6,254,178 (RMB50.5 million). Pingtan Guansheng, Pingtan Dingxin, Pingtan Duoying and Pingtan Ruiying had sustained losses since its establishment; therefore no appropriation of net profits to the statutory reserves was required.

17. RELATED PARTY TRANSACTIONS

(a) Name and relationship of related parties

Name of related party	Relationship
Xinrong Zhuo	CEO, Director and major shareholder of the Company
Panxing Zhuo	Father of Xinrong Zhuo, a Family Member
Honghong Zhuo	Daughter of Xinrong Zhuo
Qing Lin	Brother-in-law of Xinrong Zhuo, a Family Member
Longfei Zhuo	Cousin of Xinrong Zhuo, a Family Member
Sunqiang Zhou	Brother-in-law of Xinrong Zhuo, a Family Member
Cheng Chen	Cousin of Xinrong Zhuo, a Family Member and shareholder of Hong Long
Xiaojie Wu	Brother-in-law of Xinrong Zhuo, a Family Member
Xiaoqin Xu	An employee of an affiliate company
Xiaomei Yang	An employee of the Company and niece of Xinrong Zhuo
Xiaofang Zhuo	Cousin of Xinrong Zhuo, a Family Member
Longhua Zhuo	Sister of Xinrong Zhuo,a Family Member
Zhiyan Lin	Shareholder of Pingtan Fishing
Fujian Yihai Investment Co., Ltd.	An affiliate company majority owned by Longjie Zhuo, sibling of Xinrong Zhuo
Fuzhou Haifeng Dafu Ocean Fishing Co., Ltd.	An affiliate company owned by Longfei Zhuo and Honghong Zhuo
Fujian Lutong Highway Engineering	An affiliate company majority owned by Xiaojie Wu, brother-in-law of Xinrong Zhuo
Fujian Haiyi International Shipping Agency Co., Ltd.	An affiliate company to which the Company acted as a trustee equity owner. Haiyi International is ultimately majority owned and controlled by Sunqiang Zhou, brother-in-law of Xinrong Zhuo and a Family Member
Fujian Xinnong Ocean Fisheries Development Co., Ltd.	An affiliate company to which the Company acted as a trustee equity owner. Xinnong is ultimately owned and controlled by Xiaojie Wu
Fuzhou Haoyouli Fisheries Development Co., Ltd.	An affiliate company to which the Company acted as trustee equity owner. Haoyouli is ultimately owned and controlled by Sunqiang Zhou
Fuzhou Honglong Ocean Fishery Co., Ltd.	An affiliate company majority owned and controlled by Ping Lin, spouse of Xinrong Zhuo, and a Family Member
PT. Avona Mina Lestari	An affiliate company controlled by Xinrong Zhuo family domiciled in Indonesia, engaged in fishing base management and fishing vessel service
PT. Dwikarya Reksa Abadi	An affiliate company controlled by Xinrong Zhuo family domiciled in Indonesia, engaged in fishing base management and fishing vessel service

17. RELATED PARTY TRANSACTIONS (…/Cont'd)

(a) Name and relationship of related parties (…/Cont'd)

Name of related party	Relationship
Haifeng Dafu Enterprise Company Limited	An affiliate company ultimately owned by Xinrong Zhuo and domiciled in the Hong Kong Special Administrative Region of the PRC ("Hong Kong")
Hai Yi Shipping Limited	An affiliate company ultimately owned by Xinrong Zhuo and domiciled in Hong Kong Administrative Region of the PRC ("Hong Kong")
Fuzhou Wanhao Real Estate Property Investment Co., Ltd.	An affiliate company majority-owned and controlled by Qing Lin
China Communication Materials Central and South Co., Ltd.	An affiliate company majority-owned by Fujian Lutong Highway Engineering
Fujian Gangjun Construction Co., Ltd.	An affiliate company ultimately controlled by Xinrong Zhuo
Fujian International Trading and Transportation Co., Ltd.	An affiliate company owned by Yihai Investment and Longhao Zhuo, sibling of Xinrong Zhuo and a Family Member
Fuzhou Dongxing Longju Real Estate Co., Ltd.	An affiliate company owned by Xinrong Zhuo
Shenzhen Western Coast Fisherman Pier Co., Ltd.	An affiliate company owned by Xinrong Zhuo
Pingtan Heshun Fuel Co., Ltd.	An affiliate company under Xinrong Zhuo's common control
Fuzhou Hairong Trading Co., Ltd.	An affiliate company under Xinrong Zhuo's common control
Hong Fa Shipping Limited	An affiliate company ultimately owned by Xinrong Zhuo and domiciled in Hong Kong Administrative Region of the PRC ("Hong Kong")

(IN U.S. DOLLARS)

17. RELATED PARTY TRANSACTIONS (…/Cont'd)

(b) Related party transactions

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2014 (Unaudited)	2013 (Unaudited)	2014 (Unaudited)	2013 (Unaudited)
Service fee				
Hai Yi Shipping Limited (5)	$ 115,521	$ -	$ 230,912	$ -
Sale of frozen fish and other marine catches				
Shenzhen Western Coast Fisherman Pier Co., Ltd	$ -	$ 2,341,114	$ -	$ 10,305,654
Purchase of fuel, fishing nets and other on board consumables (1)				
PT. Avona Mina Lestari	$ -	$ 4,402,490	$ -	$ 11,616,440
Purchase of fuel, fishing nets and other on board consumables paid on behalf				
Fuzhou Honglong Ocean Fishery Co., Ltd.	86,269	419,909	86,269	1,018,331
Zhiyan Lin	33,980	-	33,980	-
Hong Fa Shipping Limited	22,312,040	-	38,551,680	-
	22,432,289	419,909	38,671,929	1,018,331
Purchase of vessel maintenance service (2)				
PT. Avona Mina Lestari	1,138,049	710,708	2,225,338	1,315,374
PT. Dwikarya Reksa Adadi	1,310,726	-	2,521,134	-
	2,448,775	710,708	4,746,472	1,315,374
Purchase of transportation service (2)				
Fuzhou Honglong Ocean Fishery Co., Ltd.	-	-	889,692	-
Haifeng Dafu Enterprise Company Limited	2,547,883	1,248,310	3,924,935	1,723,860
Hai Yi Shipping Limited	889,540	263,737	1,479,763	735,890
Hong Fa Shipping Limited	1,021,618	604,291	3,242,516	1,170,065
PT. Avona Mina Lestari	-	-	-	35,149
	4,459,041	2,116,338	9,536,906	3,664,964
Office rental				
Ping Lin (4)	3,366	3,417	6,786	6,795

(IN U.S. DOLLARS)

17. RELATED PARTY TRANSACTIONS (…/Cont'd)

(b) Related party transactions (…/Cont'd)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2014	2013	2014	2013
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Cold storage warehouse paid on behalf				
Fuzhou Honglong Ocean Fishery Co., Ltd.	178,078	-	358,974	-
Indonesia fleet vessel agency fee (3)				
PT. Avona Mina Lestari	370,372	172,595	743,404	345,037
PT. Dwikarya Reksa Abadi	325,927	-	654,189	-
	696,299	172,595	1,397,593	345,037
Crewmen compensation				
PT. Avona Mina Lestari	857,270	-	1,721,270	-
Indonesia fishing licenses paid on behalf (6)				
PT. Avona Mina Lestari	421,921	293,600	846,865	586,448
PT. Dwikarya Reksa Abadi	479,148	-	961,729	-
	901,069	293,600	1,808,594	586,448
Total purchases and expenses	$ 31,976,187	$ 8,119,057	$ 58,248,524	$ 18,553,389

(1) Fuel, fishing nets and other consumables were sold to Pingtan Fishing.

(2) Vessel maintenance and transportation services were charged to Pingtan Fishing at prices mutually agreed by the related parties and Pingtan Fishing.

(3) Pursuant to a Fishery Cooperative Agreement dated December 31, 2012 with one-year term, entered into between Pingtan Fishing and Avona, Pingtan Fishing is payable to Avona an annual agency fee, calculated at mutually agreed amount of $20,000, for the period from January 1, 2013 to December 31, 2013, Avona acts as an agent for each of Pingtan Fishing's fishing vessels. The agreement continues to executed without disagreement from both parties.

(4) Pingtan Fishing entered into a three-year term office rental lease with Ping Lin on July 31, 2012. The annual lease is $13,574. On July 1, 2013, the Company entered into a service agreement with Hai Yi Shipping Limited that provided the Company a portion of use of premises located in Hong Kong as office, and clerical and administrative support and consultation services. The agreement will expire on December 31, 2014.

(5) On July 1, 2013, the Company entered into a service agreement with Hai Yi Shipping Limited that provided the Company a portion of use of premises located in Hong Kong as office, and clerical and administrative support and consultation services. The agreement will expire on December 31, 2014.

(6) Pingtan Fishing paid to Avona and PT. Dwikarya Reksa Abadi that acted as agencies on behalf of Pingtan Fishing to apply fishing licenses.

(c) Advance from a director

	June 30, 2014	December 31, 2013
	(Unaudited)	
Xinrong Zhuo	$ 650,000	$ -

Advance from a director is not collateralized, carries no interest, and does not have specific repayment terms.

18. CERTAIN RISKS AND CONCENTRATIONS

(a) Credit risk

As of June 30, 2014 and December 31, 2013, a substantial portion part of the Company's cash included bank deposits in accounts maintained within the PRC where there is currently no rule or regulation in place for obligatory insurance to cover bank deposits in the event of bank failure. However, the Company was not experienced any losses in such accounts and believes it is not exposed to any significant risks on its cash in bank accounts.

(b) Major customers

During the three months ended June 30, 2014 and 2013, related company Shenzhen Western Coast Fisherman Pier Co., Ltd. accounted for 0% (2013: 11%) of the Company's revenue. During the six months ended June 30, 2014, related company Shenzhen Western Coast Fisherman Pier Co., Ltd. accounted for 0% (2013: 25%) of the Company's revenue. No customers accounted for over 10% of the Company's revenues for both the three and six months ended June 30, 2014 and 2013.

(c) Major suppliers

During the three months ended June 30, 2014, two suppliers accounted for 65% (2013: 29%) of the Company's purchase. Related company PT. Avona Mina Lestari accounted for 7% (2013: 41%) of the Company's purchase.

During the six months ended June 30, 2014, two suppliers accounted for 68% (2013: 21%) of the Company's purchase. Related company PT. Avona Mina Lestari accounted for 7% (2013: 49%) of the Company's purchase.

19. COMMITMENTS AND CONTINGENCIES

The Company has employment agreements with certain employees that provided severance payments upon termination of employment under certain circumstances, as defined in the applicable agreements. As of June 30, 2014 and December 31, 2013, the Company's potential minimum cash obligation to these employees was approximately $10,064 and $10,059, respectively.

The Company entered into a service agreement with Hai Yi Shipping Limited that provided use of a portion of the premises, and to provide clerical, administrative support and consultation services upon the agreement expires on December 31, 2014. As of June 30, 2014 and December 31, 2013, the Company's potential minimum cash obligation to this agreement was approximately $231,091 and $461,961, respectively.

Pursuant to the Shares Purchase Agreement dated December 4, 2013 ("the Share Purchase Agreement"), where the Company exited and sold CDGC to Hong Long, the Company is required to indemnify Hong Long and the same indemnification responsibility applies to the Hong Long for the events arising out of any breach of the Share Purchase Agreement or the memorandum of agreement in relation to the sale, purchase and delivery of the vessels for two years until December 3, 2015 and would be liable for the full amount of damages that exceed $1,000,000. The amount of damage shall be the amount finally determined by a court of competent jurisdiction or appropriate governmental administrative agency, or the amount agreed to upon settlement in accordance with the terms of the Share Purchase Agreement.

(IN U.S. DOLLARS)

20. OPERATING LEASE COMMITMENT

On July 1, 2013, the Company entered into a service agreement with Hai Yi Shipping Limited that provided for the use of a portion of the premises, and to provide clerical, administrative support and consultation services. The service fee is approximately $116,000 and $231,000 for the three and six months ended June 30, 2014.

Pingtan Fishing leased office from Ping Lin. Pursuant to a rental agreement entered into on July 31, 2012 with three-year term, annual lease is $13,574. The total future minimum lease payments under non-cancellable operating leases with respect to service fee, cold storage warehouse and office as of June 30, 2014 were as follows:

	Service fee	Office rental	Total
For the years ended December 31,			
2014	$ 231,091	$ 6,770	$ 237,861
2015	-	7,899	7,899
	$ 231,091	$ 14,669	$ 245,760

The operating lease commitments below include both the related parties commitments and non-related parties commitments. The total future lease payments as of June 30, 2014 are summarized as follows:

	Service fee	Office rental	Total
Related parties commitments	$ 231,091	$ 14,669	$ 245,760
Non-related parties commitments	-	-	-
	$ 231,091	$ 14,669	$ 245,760

Rental expenses and service fee under operating leases for the three months ended June 30, 2014 and 2013 was $392,353 and $76,024 respectively, of which $296,695 and $3,417 are paid to the related parties (Note 17(b)).

Rental expenses and service fee under operating leases for the six months ended June 30, 2014 and 2013 was $788,958 and $151,177 respectively, of which $596,672 and $6,795 are paid to the related parties (Note 17(b)).

(IN U.S. DOLLARS)

21. CAPITAL COMMITMENT

In June 2014, Pingtan Fishing prepaid $22,252,016 to property developers to purchase shops located in Anhui and Hubei Province, PRC. The total considerations will be $26.8 million (RMB 166.2 million) and ownership will be transferred to Pingtan Fishing before December 31, 2014.

On June 12 2014, Pingtan Fishing incorporated a joint venture with two companies for the fishery processing purpose. Total registered capital of the joint venture is $161.2 million (RMB 1 billion) and Pingtan Fishing accounted for 35% of the total ownership. The Company has not contributed any of the registered captial and will contribute cash of $56.4 million (RMB 350 million) as of June 30, 2014

The Company had the following capital commitments as of June 30, 2014:

	Properties	Capital of joint venture	Total
For the years ended December 31,			
2014	$ 4,543,265	$ -	$ 4,543,265
2015	-	-	-
2016	-	-	-
2017	-	-	-
2018	-	-	-
Thereafter	-	56,418,854	56,418,854
	$ 4,543,265	$ 56,418,854	$ 60,962,119

(IN U.S. DOLLARS)

22. CONDENSED PARENT COMPANY FINANCIAL INFORMATION

For the purpose of preparing these supplemental condensed parent company (unconsolidated) financial statements, the Company records its investment in subsidiaries under the equity method of accounting as prescribed in ASC Topic 323, "Investments - Equity Method and Joint Ventures". Such investment and long-term loans to subsidiaries are presented on the balance sheet as "Investments in subsidiaries" and the income of the subsidiaries is presented as "Equity in income of subsidiaries" on the statements of income.

These supplemental condensed parent company (unconsolidated) financial statements should be read in conjunction with the notes to the Company's consolidated financial statements. Certain information and footnote disclosures normally included in financial statements prepared in accordance with U.S. GAAP have been condensed or omitted.

As of June 30, 2014 and December 31, 2013, there were no material contingencies, significant provisions for long-term obligations, or guarantees of the Company, except as separately disclosed in the Company's consolidated financial statements, if any.

CONDENSED BALANCE SHEETS

	June 30, 2014 (Unaudited)	December 31, 2013
Assets		
Cash	$ 132,961	$ 246,684
Prepaid expenses	542	2,820
Investments in subsidiaries	76,832,220	36,808,242
Total assets	76,965,723	37,057,746
Other assets		
Prepaid operating license rights	211,059,322	215,381,356
Total assets	**$ 288,025,045**	**$ 252,439,102**

(IN U.S. DOLLARS)

22. CONDENSED PARENT COMPANY FINANCIAL INFORMATION (…/Cont'd)

	June 30, 2014 (Unaudited)	December 31, 2013
Liabilities and equity		
Current liabilities		
Accrued liabilities and other payables	$ 129,867	$ 201,672
Advance from a director	650,000	-
Total current liabilities	779,867	201,672
Shareholders' equity		
Total shareholders' equity	287,245,178	252,237,430
Total liabilities and equity	**$ 288,025,045**	**$ 252,439,102**

CONDENSED STATEMENTS OF INCOME

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2014 (Unaudited)	2013 (Unaudited)	2014 (Unaudited)	2013 (Unaudited)
Cost of revenue	$ (2,161,017)	$ -	$ (4,322,034)	$ -
General and administrative expenses	(633,998)	(704,137)	(952,398)	(714,178)
Other expenses	(161)	-	(327)	-
Equity in income of subsidiaries	17,115,411	7,722,772	41,275,846	12,175,218
Net income	**$ 14,320,235**	**$ 7,018,635**	**$ 36,001,087**	**$ 11,461,040**

CONDENSED STATEMENTS OF CASH FLOWS

	For the Six Months Ended June 30,	
	2014 (Unaudited)	2013 (Unaudited)
Net cash used in operating activities	$ (1,022,252)	$ (562,137)
Net cash (used in)/ provided by investing activities	(47,966)	64,000
Net cash provided by financing activities	956,495	498,137
Net decrease in cash	(113,723)	-
Cash at the beginning of the period	246,684	-
Cash at the end of the period	**$ 132,961**	**$ -**

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

References to the "Company," "us" or "we" refer to Pingtan Marine Enterprise Ltd. The following discussion and analysis of the Company's financial condition and results of operations should be read in conjunction with the condensed financial statements and the notes thereto contained elsewhere in this report. Certain information contained in the discussion and analysis set forth below includes forward-looking statements that involve risks and uncertainties.

Special Note Regarding Forward-Looking Statements

All statements other than statements of historical fact included in this Form 10-Q including, without limitation, statements under "Management's Discussion and Analysis of Financial Condition and Results of Operations" regarding the Company's financial position, business strategy and the plans and objectives of management for future operations, are forward-looking statements. When used in this Form 10-Q, words such as "anticipate," "believe," "estimate," "expect," "intend" and similar expressions, as they relate to us or the Company's management, identify forward-looking statements. Such forward-looking statements are based on the beliefs of management, as well as assumptions made by, and information currently available to, the Company's management. Actual results could differ materially from those contemplated by the forward-looking statements as a result of certain factors detailed in our filings with the SEC. All subsequent written or oral forward-looking statements attributable to us or persons acting on the Company's behalf are qualified in their entirety by this paragraph.

Overview

We are a marine enterprises group primarily engaging in ocean fishing through our wholly-owned PRC operating subsidiary or VIE, Fujian Provincial Pingtan County Ocean Fishing Group Co., Ltd., or Pingtan Fishing. We harvest a variety of fish species with many of our owned or licensed vessels operating within the Indian Exclusive Economic Zone and the Arafura Sea of Indonesia. We provide high quality seafood to a diverse group of customers including distributors, restaurant owners and exporters in the PRC.

We currently operate 126 fishing vessels and is the second largest China based fishery company operating its vessels outside of China waters.

In June 2013, we expanded our fleet from 40 to 86 through a purchase of 46 fishing trawlers from a related party for a total consideration of $410.1 million. The transaction is subject to the receipt of government approvals; however we began operating the vessels in the third quarter of 2013 and since then we have been entitled to their net profits from there operation. These vessels are fully licensed to fish in Indonesian waters. Each vessel carries crew of 10 to 15 persons. These vessels have resulted in additional carrying capacity of approximately 45,000 to 50,000 tons for us.

In September 2013, we further increased our fleet to 106 vessels with the addition of 20 newly-built fishing trawlers, which were initially ordered in September 2012. These vessels have an expected run-in period of 3 - 6 months, during which each is placed into the sea for testing prior to full operation. These vessels are fully licensed to fish in Indian and Indonesian waters. At full operation, each vessel is capable of harvesting 900 to 1,000 tons of fish. We expect that the expansions of our fleet will greatly increase our fish harvest volume and revenue.

Subsequent to our fleet expansions, in September 2013, the Ministry of Agriculture of the People's Republic of China ("MOA") issued a notification that it would suspend accepting shipbuilding applications for tuna harvesting vessels, squid harvesting vessels, Pacific saury harvesting vessels, trawlers operating on international waters, seine on international waters, and trawlers operating on the Arafura Sea, Indonesia. We believe the announcement is a positive indicator for long-term stability and balance in China's fishing industry. We believe that this has helped to ensure our fishing productivity in international waters, while also serving as a major barrier to entry for competitors in our industry and strengthening our competitive position in the markets.

In December 2013, we further expanded our fleet to 126 vessels with the addition of the 25-year exclusive operating license rights for 20 new fishing drifters from a related party.

In June 2014, we finalized our joint venture with China Co-op (Hainan) Industry Development Co., Ltd ("China Co-op") and Yantai Hengyu Trading Limited. Neither company is our affiliate. The joint venture, known as Global Deep Ocean Fishing (Pingtan) Industrial Limited Company, will process, cold storage, and transport deep ocean fishing products. Under this joint venture, the companies will jointly construct a fishing processing plant in Pingtan County as soon as all permits are obtained, and will establish selling branches to distribute the fishing products to end markets directly across China. We believe this joint venture will accelerate our progress to becoming a vertically integrated seafood provider and also enhances our market competitiveness as our products would reach to both inland and remote areas through China Co-op's massive sales network.

As of June 30, 2014, we own 104 trawlers and 2 drifters and have operating license rights to 20 drifters. Our fleet has an average useful life of approximately 16 years. These vessels are fully licensed to fish in Indonesian or Indian waters. Among the 126 fishing vessels, 114 of these vessels are operating in the Arafura Sea in Indonesia, and the remaining 12 vessels are operating in the Bay of Bengal in India.

Currently we catch nearly 30 different species of fish including ribbon fish, Indian white shrimp, croaker fish, pomfret, Spanish mackerel, conger eel, squid and red snapper. All of our catch is shipped back to China. Our fishing vessels transport frozen catch to a cold storage warehouse at nearby onshore fishing bases. We then arrange periodic charted transportation ships to deliver frozen stocks to its eight cold storage warehouses located in one of China's largest seafood trading centers, Mawei Seafood Market in Fujian Province.

We derive our revenue primarily from the sales of frozen seafood products. We sell our products directly to customers including distributors, restaurant owners and exporters, and most of our customers have long-term and trustworthy cooperative relationship with us. Our existing customers also introduce new customers to us from time to time. Our operating results are subject to seasonal variations. Harvest volume is the highest in the fourth quarter of the year and harvest volumes in the second and third quarters are relatively low due to the spawn season of certain fish species, including ribbon fish, cuttlefish, butterfish, and calamari. Based on past experiences, demand for seafood products is the highest from December to January during Chinese New Year. We believe that our profitability and growth are dependent on our ability to expand the customer base. With the expansions of operating capacity and expected increases in harvest volume in the coming years, we will continue to develop new customers from existing and new territories in China.

Discontinued operations

In December 2013, we completed the sale of the China Dredging Group Co., Ltd (''CDGC'') business, which has been reported as discontinued operations for 2013, to Fuzhou Honglong Ocean Fishery Co., Ltd ("Hong Long"), a related party owned by the wife of our Chairman and CEO, Mr. Xinrong Zhuo.

In July 2013, we received an offer from Mr. Zhuo acting on behalf of Hong Long to acquire the business and operating assets of our wholly-owned dredging subsidiary, CDGC and its PRC operating subsidiaries in exchange for (i) offset of our current $155.2 million 4% promissory note due to Hong Long matures on June 19, 2015; (ii) the assignment of the 25-year exclusive operating license rights for 20 new fishing vessels to us, with a fair market value of $216.1 million; and (iii) offset of PME's current accounts due to CDGC with an amount of $172.5 million. The value of the operating license rights of $216.1 million is being amortized over the license term of 25 years. These 20 fishing vessels received subsidies from China's central government budget in 2012, and a recent notification from the Government prohibits the sale or transfer of ownership for a period of 10 years for fishing vessels that have received such subsidies.

On December 3, 2013, the Board, excluding Mr. Zhuo and our Senior Officer, Mr. Bin Lin approved moving forward with the sale and executed and closed the transaction. The total consideration for the transaction is approximately $543.8 million and a gain on sale of $134.7 million was recorded as an adjustment to our equity as it was sold to a related party under common control.

Significant Factors Affecting Our Results of Operations

- *Governmental Policies:* Fishing is a highly regulated industry and our operations require licenses and permits. Our ability to obtain, sustain or renew such licenses and permits on acceptable terms is subject to changes in regulations and policies and is at the discretion of the applicable governments. Our inability to obtain, or loss or denial of extensions, to any of its applicable licenses or permits could hamper our ability to generate revenues from its operations.

- *Resource & Environmental Factors:* Our fishing expeditions are based in India and Indonesia. Any earthquake, tsunami, adverse weather or oceanic conditions or other calamities in such areas may result in disruption to our operations and could adversely affect our sales. Adverse weather conditions such as storms, cyclones and typhoons or cataclysmic events may also decrease the volume of fish catches or may even hamper our operations. Our fishing volumes may also be adversely affected by major climatic disruptions such as El Nino, which in the past has caused significant decreases in seafood catch worldwide. Besides weather patterns, other unpredictable factors, such as fish migration, may also have impact our harvest volume.

- *Fluctuation on Fuel Prices:* Our operations may be adversely affected by fluctuations in fuel prices. Changes in fuel prices may ultimately result in increases in the selling prices of our products, and may, in turn, adversely affect our sales volume, revenue and operating profit.

- *Competition:* We engage in fishing business in the Arafura Sea in Indonesia and the Bay of Bengal in India. Competition within our dedicated fishing areas is not significant as the region is not overfished and regulated by the government, which limits the number of vessels that are allowed to fish in the territories. Competition in the market in China is high. We compete with other fishing companies which offer similar and varied products. There is significant demand for fish in the Chinese market. Our catch appeals to a wide segment of consumers because of the low price points of our products. We have been able to sell our catch at market prices and such market prices have been increasing significantly since 2012.

- *Fishing Licenses*: Each of our fishing vessels requires an approval from the Ministry of Agriculture of the People's Republic of China to carry out ocean fishing projects in foreign territories. These approvals are valid for a period of three to twelve months, and are awarded to us at no cost. We apply for the renewal of the approval prior to expiration to avoid interruptions of our fishing vessels' operations. Each of our fishing vessels operating in Indonesian waters requires a fishing license granted by the authority in Indonesia. Indonesian fishing licenses remain effective for a period of twelve months and we apply for renewal upon expiration. We record cost of Indonesian fishing licenses in prepaid expenses and amortize the cost over the effective period of the licenses.

PRINCIPAL INCOME STATEMENT COMPONENTS

Revenue

We recognize revenue from sales of frozen fish and other marine catches when persuasive evidence of an arrangement exists, delivery has occurred, the price to the customer is fixed or determinable, and collection of the resulting receivable is reasonably assured.

With respect to the sales to third party customers the majority of whom are sole proprietor regional wholesalers in China, we recognize revenue when customers receive purchased goods at our cold storage warehouse, after payment is received or credit sale is approved for recurring customers with excellent payment histories.

We do not offer promotional payments, customer coupons, rebates or other cash redemption offers to customers. We do not accept returns from customers. Deposits or advance payments from customers prior to delivery of goods are recorded as receipt in advance.

Cost of Sales

Our cost of sales primarily consists of fuel costs, freight, direct labor costs, depreciation and amortization, maintenance fees and other overhead costs. Fuel costs generally accounted for the majority of our cost of sales.

Gross Profit

Our gross profit is affected primarily by changes in production cost. Fuel, freight and labor costs together account for about 80% of cost of sales for the six months ended June 30, 2014. The fluctuation of fuel price, freight price and exchange rates may significantly affect our cost level and gross profit.

Sales, General and Administrative (SG&A) Expenses

Our SG&A expenses include storage and transportation fees, salaries and staff welfare, professional service fees, traveling expenses for our sales personnel, insurance and other miscellaneous expenses related to our administrative corporate activities.

Our sales activities are conducted through direct selling by our internal sales staff. Because of the strong demand for our products and services, we do not have to aggressively market and distribute our products, thus our selling and marketing expenses have been relatively small as a percentage of our revenue.

We anticipate that our SG&A expenses will increase with the anticipated growth of our business and continued upgrades to our information technology infrastructure. We expect that our SG&A expenses will also increase as a result of compliance, investor-relations and other expenses associated with being a publicly listed company.

Other Income and Expenses

Other income and expenses mainly include interest income from bank deposits, interest expenses of short-term and long-term borrowings, foreign exchange differences, subsidy income and dividend income.

Income Tax

Under the current laws of the Cayman Islands and British Virgin Islands, we are not subject to any income or capital gains tax, and dividend payments we make are not subject to any withholding tax in the Cayman Islands or British Virgin Islands. Under the current laws of Hong Kong, we are not subject to any income or capital gains tax and dividend payments and are not subject to any withholding tax in Hong Kong.

Our VIE, Pingtan Fishing, is a qualified ocean fishing enterprise certified by the Ministry of Agriculture of the PRC. The qualification is renewed on April 1 each year. Pingtan Fishing is exempt from income tax derived from its ocean fishing operations in the periods it processes a valid Ocean Fishing Enterprise Qualification Certificate issued by the Ministry of Agriculture of the PRC.

In addition, Pingtan Fishing is not subject to foreign income taxes for its operations in India and Indonesia Exclusive Economic Zones.

Other Comprehensive Income

Our comprehensive income consists of net income and foreign currency translation adjustments. We translate our assets and liabilities of foreign operations at the rate of exchange in effect on the balance sheet date. We translate income and expenses at the average rate of exchange prevailing during the period. The period-end rate as of June 30, 2014 for RMB into one U.S. dollar was 6.2036. Average rates for the six months ended June 30, 2014 and 2013 were 6.1883 and 6.1811, respectively. The related translation adjustments are reflected in "Accumulated other comprehensive income" in the equity section of our consolidated balance sheets. Foreign currency gains and losses resulting from transactions are included in earnings. As of June 30, 2014 and December 31, 2013, the accumulated foreign currency translation gain was approximately $29.4 million and $30.4 million, respectively.

Earnings per Ordinary Share

Earnings per ordinary share (basic and diluted) is based on the net income divided by the weighted average number of ordinary shares outstanding during each period. Ordinary share equivalents of 8.9 million are not included in the calculation of diluted earnings per ordinary share if their effect would be anti-dilutive.

RESULTS OF OPERATIONS

THREE MONTHS ENDED JUNE 30, 2014 COMPARED TO THREE MONTHS ENDED JUNE 30, 2013

Revenue

Revenue is derived from sales of aquatic products. Our top 6 species of fish sold including ribbon fish, Indian white shrimp, pomfret, croaker fish, red fish together and mackerel accounted for about 82.7% of revenue for the three months ended June 30, 2014. The table below sets forth more detail regarding the revenue breakdown by different species of fish:

(Amounts in thousands, except for percentage and per unit data)

	Three Months Ended June 30,							
	2014				2013			
	Revenue	Volume(KG)	Average price	% of Revenue	Revenue	Volume(KG)	Average price	% of Revenue
Ribbon fish	$ 21,673	8,090,283	2.68	38.1%	$ 5,819	2,524,670	2.30	27.2%
Indian white shrimp	12,010	1,395,830	8.60	21.1%	5,514	563,797	9.78	25.8%
Pomfret	7,200	3,310,840	2.17	12.7%	2,325	878,837	2.65	10.9%
Croaker fish	2,575	1,009,973	2.55	4.5%	2,317	1,025,579	2.26	10.9%
Red fish	1,920	511,188	3.76	3.4%	732	185,453	3.95	3.4%
Mackerel	1,664	570,688	2.92	2.9%	238	77,850	3.06	1.1%
Others	9,867	4,189,189	2.36	17.3%	4,417	1,505,369	2.93	20.7%
Total	$ 56,909	19,077,991	2.98	100.0%	$ 21,362	6,761,555	3.16	100.0%

Revenue in the three months ended June 30, 2014 increased by 166.4% to $56.9 million from $21.4 million in the three months ended June 30, 2013, primarily due to increase in sales volume as a result of the addition of 66 fishing vessels in June and September 2013, which were operating at full capacity in the current period; and the addition of the operating license rights of 20 new fishing vessels in December 2013, which began operating in the first quarter of 2014. Sales volumes in the second quarter of 2014 rose by 182.2% to 19,078 tons from 6,762 tons in the same period of 2013. Average unit selling prices decreased by 5.7% in the second quarter of 2014 compared to the same period of 2013. This was because in the second quarter of 2013, the scarcity of shrimps in Southeast Asia boosted the sales price of our Indian white shrimp, which returned to normal level in the current period.

Cost of Sales and Gross Margin

The following tables set forth our cost of sales and gross profit, both in amounts and as a percentage of revenue for the three months ended June 30, 2014 and 2013:

(Amounts in thousands, except for percentage)

	Three Months Ended June 30,					
	2014			2013		
	US$	% of COS	% of Revenue	US$	% of COS	% of Revenue
Fuel cost	$ 24,442	60.9%	42.9%	$ 7,657	62.6%	35.8%
Freight	4,531	11.3%	8.0%	1,641	13.4%	7.7%
Labor cost	3,037	7.5%	5.3%	872	7.1%	4.1%
Depreciation and amortization	3,093	7.7%	5.4%	667	5.5%	3.1%
Maintenance fee	2,412	6.0%	4.2%	625	5.1%	2.9%
Spare parts	1,113	2.8%	2.0%	354	2.9%	1.7%
License fee and agency fee	1,516	3.8%	2.7%	419	3.4%	2.0%
Total cost of sales	$ 40,144	100.0%	70.5%	$ 12,235	100.0%	57.3%

Cost of sales for the three months ended June 30, 2014 was $40.1 million, representing an increase of 228.1% as compared to $12.2 million in the same period of 2013. The increase was principally due to the increase in fuel cost for our fishing vessels of $16.8 million as a result of the fleet expansion. Depreciation and amortization increased by $2.4 million due to amortization of operating license rights of the 20 new fishing vessels added in December 2013. Freight, labor cost and maintenance fee also increased which was in line with the increase in revenue.

	Three Months Ended June 30,				Percentage
	2014		2013		Change
	US$	% of revenue	US$	% of revenue	%
Revenue	$ 56,909	100.0%	$ 21,362	100.0%	166.4%
Cost of sales	$ 40,144	70.5%	$ 12,235	57.3%	228.1%
Gross profit	$ 16,765	29.5%	$ 9,127	42.7%	83.7%

Gross margin decreased to 29.5% in the second quarter of 2014 from 42.7% in the same period of 2013, primarily due to decrease of 5.7% in average unit sales price, as well as increased amortization cost. Gross profit for the second quarter of 2014 was $16.8 million, representing an increase of 83.7% as compared to $9.1 million in the same period of 2013 as a result of business expansion.

Sales, General and Administrative Expenses

The following table sets forth sales, general and administrative (SG&A) expenses and income from operations both in amounts and as a percentage of revenue for the three months ended June 30, 2014 and 2013:

(Amounts in thousands, except for percentage)

	Three Months Ended June 30,				Percentage
	2014		2013		Change
	US$	% of Revenue	US$	% of Revenue	%
Gross profit	$ 16,765	29.5%	$ 9,127	42.7%	83.7%
Operating Expenses:					
Selling and marketing expenses					
Storage fee	(273)	(0.5)%	(73)	(0.3)%	276.6%
Transportation fee	(152)	(0.3)%	(32)	(0.1)%	380.7%
Insurance	(129)	(0.2)%	(37)	(0.2)%	246.4%
Others	(14)	-	(32)	(0.2)%	59.0%
Total Selling and marketing expenses	(568)	(1.0)%	(174)	(0.8)%	226.6%
General & administrative expenses					
Legal and professional fees	(186)	(0.3)%	(346)	(1.6)%	(46.4)%
Salaries and staff welfare	(212)	(0.4)%	(116)	(0.5)%	82.0%
Service fee	(116)	(0.2)%	-	-	-
Others	(444)	(0.8)%	(404)	(1.9)%	10.3%
Total G&A expenses	(958)	(1.7)%	(866)	(4.0)%	10.6%
Total SG&A expenses	(1,526)	(2.7)%	(1,040)	(4.8)%	46.7%
Income from operations	$ 15,239	26.8%	$ 8,087	37.9%	88.4%

Total SG&A expenses increased by 46.7% to $1.5 million in the three months ended June 30, 2014 from $1.0 million in the same period of 2013. The increase in SG&A expenses was primarily attributable to higher sales expenses including storage and transportation fees, and salaries and staff welfare as a result of our expanded scale of operations, as well as higher administrative costs associated with the company being a publicly listed company. As a percentage of revenue, SG&A expenses were 2.7% in the six months ended June 30, 2014, compared to 4.8% in the same period of 2013.

Other Income and Expenses

Net other expenses decreased by 14.0% to $0.9 million in the three months ended June 30, 2014 from $1.1 million in the same period of 2013. The decrease was primarily driven by a decrease in foreign currency exchange loss of $0.2 million and an increase in dividend income of $0.3 million, being partially offset by an increase in interest expenses of $0.3 million. Dividend income of $0.3 million is distribution of earnings from our bank investment that in the form of cash are paid out of undistributed profits of fiscal year 2013.

Income Tax

We are exempted from income tax derived from our ocean fishing operations in PRC.

Net Income

(Amounts in thousands, except for percentage)

Three Months Ended June 30,					
2014			2013		
Revenue	Net income	Net margin	Revenue	Net income	Net margin
$ 56,909	$ 14,320	25.2%	$ 21,362	$ 7,019	32.9%

Net income for the three months ended June 30, 2014 was $14.3 million, or 25.2% of revenue, compared to $7.0 million, or 32.9% of revenue, in the same period of 2013.

Foreign Currency Translation Gain

During the three months ended June 30, 2014, the RMB rose against the US dollar, and we recognized a foreign currency translation gain of $0.3 million.

SIX MONTHS ENDED JUNE 30, 2014 COMPARED TO SIX MONTHS ENDED JUNE 30, 2013

Revenue

Revenue is derived from sales of aquatic products. Our top 6 species of fish sold including ribbon fish, Indian white shrimp, pomfret, croaker fish, threadfin and conger eel together accounted for about 81.1% of revenue for the six months ended June 30, 2014. The table below sets forth more detail regarding the revenue breakdown by different species of fish:

(Amounts in thousands, except for percentage and per unit data)

	Six Months Ended June 30,							
	2014				2013			
	Revenue	Volume(KG)	Average price	% of Revenue	Revenue	Volume(KG)	Average price	% of Revenue
Ribbon fish	$ 39,135	14,951,732	2.62	31.9%	$ 13,616	7,025,914	1.94	33.2%
Indian white shrimp	23,169	2,676,400	8.66	18.9%	8,192	1,089,118	7.52	20.0%
Pomfret	18,520	8,045,726	2.30	15.1%	3,829	1,663,842	2.30	9.3%
Croaker fish	10,754	4,079,034	2.64	8.8%	6,125	3,300,548	1.86	14.9%
Threadfin	4,102	1,368,188	3.00	3.3%	967	312,528	3.09	2.4%
Conger eel	3,624	1,481,386	2.45	3.1%	534	192,600	2.77	1.3%
Others	23,188	9,321,969	2.49	18.9%	7,769	2,704,769	2.87	18.9%
Total	$122,492	41,924,435	2.92	100.0%	$ 41,032	16,289,319	2.52	100.0%

Revenue in the six months ended June 30, 2014 increased by 198.5% to $122.5 million from $41.0 million in the six months ended June 30, 2013, primarily due to increase in sales volume as a result of the addition of 66 fishing vessels in June and September 2013, most of which were operating at full capacity in the first half of 2014; and the addition of the operating license rights of 20 new fishing vessels in December 2013, which began operating in the current period. Sales volumes in the six months ended June 30, 2014 rose by 157.4% to 41,924 tons from 16,289 tons in the same period of 2013. Average unit sales prices also increased by 15.9% in the six months ended June 30, 2014 compared to the same period of 2013, which was driven by the higher demand of natural seafood in China.

Cost of Sales and Gross Margin

The following tables set forth our cost of sales and gross profit, both in amounts and as a percentage of revenue for the six months ended June 30, 2014 and 2013:

(Amounts in thousands, except for percentage)

	Six Months Ended June 30,					
	2014			2013		
	US$	% of COS	% of Revenue	US$	% of COS	% of Revenue
Fuel cost	$ 49,049	60.0%	40.0%	$ 16,623	62.7%	40.5%
Freight	9,330	11.4%	7.6%	3,587	13.5%	8.8%
Labor cost	6,384	7.8%	5.2%	1,879	7.1%	4.6%
Depreciation and amortization	6,182	7.6%	5.1%	1,409	5.3%	3.4%
Maintenance fee	4,580	5.6%	3.7%	1,218	4.6%	3.0%
Spare parts	3,149	3.9%	2.6%	946	3.5%	2.3%
License fee and agency fee	3,012	3.7%	2.5%	866	3.3%	2.1%
Total cost of sales	$ 81,686	100.0%	66.7%	$ 26,528	100.0%	64.7%

Cost of sales for the six months ended June 30, 2014 was $81.7 million, representing an increase of 207.9% as compared to $26.5 million in the same period of 2013. The increase was principally due to the increase in fuel cost for our fishing vessels of $32.4 million as a result of the fleet expansion. Depreciation and amortization increased by $4.8 million due to amortization of operating license rights of the 20 new fishing vessels added in December 2013. Freight, labor cost and maintenance fee also increased which was in line with the increase in revenue.

	Six Months Ended June 30,				Percentage Change
	2014		2013		
	US$	% of revenue	US$	% of revenue	%
Revenue	$ 122,492	100.0%	$ 41,032	100.0%	198.5%
Cost of sales	$ 81,686	66.7%	$ 26,528	64.7%	207.9%
Gross profit	$ 40,806	33.3%	$ 14,504	35.3%	181.3%

Gross margin slightly decreased to 33.3% in the six months ended June 30, 2014 from 35.3% in the same period of 2013, primarily due to increased amortization and labor costs. Gross profit for the six months ended June 30, 2014 was $40.8 million, representing an increase of 181.3% as compared to $14.5 million in the same period of 2013 as a result of business expansion.

Sales, General and Administrative Expenses

The following table sets forth selling, general and administrative (SG&A) expenses and income from operations both in amounts and as a percentage of revenue for the six months ended June 30, 2014 and 2013:

(Amounts in thousands, except for percentage)

	Six Months Ended June 30, 2014		Six Months Ended June 30, 2013		Percentage Change
	US$	% of Revenue	US$	% of Revenue	%
Gross profit	$ 40,806	33.3%	$ 14,504	35.3%	181.3%
Operating Expenses:					
Selling and marketing expenses					
Storage fee	(551)	(0.5)%	(144)	(0.4)%	281.8%
Transportation fee	(366)	(0.3)%	(63)	(0.1)%	483.3%
Insurance	(272)	(0.2)%	(37)	(0.1)%	629.7%
Others	(50)	-	(125)	(0.3)%	(60.1)%
Total Selling and marketing expenses	(1,239)	(1.0)%	(369)	(0.9)%	236.1%
General & administrative expenses					
Legal and professional fees	(298)	(0.2)%	(560)	(1.4)%	(46.9)%
Salaries and staff welfare	(422)	(0.3)%	(141)	(0.3)%	198.7%
Service fee	(231)	(0.2)%	-	-	-
Others	(628)	(0.6)%	(466)	(1.1)%	34.8%
Total G&A expenses	(1,579)	(1.3)%	(1,167)	(2.8)%	35.2%
Total SG&A expenses	(2,818)	(2.3)%	(1,536)	(3.7)%	83.4%
Income from operations	$ 37,988	31.0%	$ 12,968	31.6%	192.9%

Total SG&A expenses increased by 83.4% to $2.8 million in the six months ended June 30, 2014 from $1.5 million in the same period of 2013. The increase in SG&A expenses was primarily attributable to higher sales expenses including storage and transportation fees, and salaries and staff welfare as a result of our expanded scale of operations, as well as higher administrative costs associated with the company being a publicly listed company. As a percentage of revenue, SG&A expenses were 2.3% in the six months ended June 30, 2014, compared to 3.7% in the same period of 2013.

Other Income and Expenses

Net other expenses increased by 31.9% to $2.0 million in the six months ended June 30, 2014 from $1.5 million in the same period of 2013. The increase was primarily driven by an increase in interest expenses of $1.0 million and an increase in foreign currency exchange loss of $0.2 million, being partially offset by an increase in subsidy income of $0.5 million and an increase in dividend income of $0.3 million. Dividend income of $0.3 million is distribution of earnings from our bank investment that in the form of cash are paid out of undistributed profits of fiscal year 2013.

Income Tax

We are exempted from income tax for income derived from our ocean fishing operations in PRC.

Net Income

(Amounts in thousands, except for percentage)

Six Months Ended June 30,									
2014					2013				
Revenue		Net income		Net margin	Revenue		Net income		Net margin
$	122,492	$	36,001	29.4%	$	41,032	$	11,461	27.9%

Net income for the six months ended June 30, 2014 was $36.0 million, or 29.4% of revenue, compared to $11.5 million, or 27.9% of revenue, in the same period of 2013.

Foreign Currency Translation Loss

During the six months ended June 30, 2014, we recognized a foreign currency translation loss of $1.0 million, as a result of Renminbi depreciation.

LIQUIDITY AND CAPITAL RESOURCES

As of June 30, 2014, we had total cash of $13.6 million, an increase of $5.4 million from $8.2 million at December 31, 2013. Approximately $13.5 million was held by our Chinese subsidiaries and VIEs. Our intent is to permanently reinvest these funds in the PRC and we have no plans to repatriate these funds.

Our current assets totaled $54.8 million as of June 30, 2014 while our current liabilities totaled $65.1 million. We have financed our activities to date primarily through cash generated from operating activities and loans from banks. We have long-term and trustworthy cooperative relationship with major commercial banks in Fujian Province and based on our experience, we did not encounter difficulties in obtaining new bank loans. We believe that our sources of funding will be sufficient to satisfy our currently anticipated cash requirements through at least the next 12 months.

The following table summarizes our cash flows for each of the periods indicated:

(Amounts in thousands)

	Six Months Ended June 30,			
	2014		2013	
Net cash provided by operating activities	$	15,849	$	18,579
Net cash used in investing activities		(21,015)		(221,702)
Net cash provided by financing activities		10,845		196,209
Effect of exchange rate		(208)		664
Cash and cash equivalents at beginning of period		8,157		6,860
Cash and cash equivalents at end of period	$	13,628	$	610

Operating activities

For the six months ended June 30, 2014, cash provided by operating activities totaled $15.8 million compared to $18.6 million in the same period of 2013. This was primarily attributable to i) $36.0 million of earnings in the first half of 2014; ii) a $16.4 million increase in accounts receivable due to the expansion of our fleet and growth of operations; and iii) a $5.0 million increase in inventories to support the increased sales volume.

Investment activities

For the six months ended June 30, 2014, we had a net cash outflow of $21.0 million for investment activities. This was primarily attributable to: i) $22.3 million purchases of property, plant and equipment and payment of property deposits in the period; and ii) $1.9 million refunds of fixed assets deposits previously paid.

Financing activities

For the six months ended June 30, 2014, we had a net cash inflow of $10.8 million from financing activities which was primarily driven by: i) $33.2 million proceeds from term loans and ii) $23.0 million outflow for the repayments of loans.

Off-Balance Sheet Arrangements

Guarantees and collateral provided to related parties

In October 2012, Pingtan Fishing entered into two pledge contracts with China Minsheng Banking Corp., Ltd. Pursuant to the terms of the pledge contracts, Pingtan Fishing assigned 10 fishing vessels, as collateral to secure Hong Long's long-term loans from the financial institution in amount of approximately $10.8 million, which are due on April 18, 2015. In addition to the collateral provided to Hong Long, Pingtan Fishing also guaranteed the repayment of $46.3 million for Hong Long's long-term loans.

In December 2013, Pingtan Fishing entered into a guarantee agreement with Ping An Bank Co., Ltd. Pursuant to the terms of the guarantee agreement, Pingtan Fishing provide maximum guarantees approximately of $8.3 million to Hong Long's credit line in amount of $16.5 million which is due on December 23, 2014.

As of the date of this Form 10-Q, Pingtan Fishing did not receive any demand from the lender that collateralized properties are intended to be disposed of or to make any payments under the guarantee.

Other arrangements

Pursuant to the Share Purchase Agreement dated December 4, 2013, where the Company exited and sold China Dredging Group Co., Ltd and its subsidiaries to Hong Long , the Company is required to indemnify Hong Long and the same indemnification responsibility applies to Hong Long breach for the events arriving out of any of the Share Purchase Agreement or the memorandum of agreement in relation to the sale, purchase and delivery of the vessels for two years until December 3, 2015 and would be liable for the full amount of damages that exceed $1 million. The amount of damage shall be the amount finally determined by a court of competent jurisdiction or appropriate governmental administrative agency, or the amount agreed to upon settlement in accordance with the terms of the Share Purchase Agreement.

Contractual Obligations

The Company has the following obligations as of June 30, 2014.

	Payments due by period				
Contractual Obligations	**Total**	**< 1 year**	**1 – 3 years**	**3 – 5 years**	**> 5 years**
Operating lease obligations					
- related party transactions	$ 245,760	$ 237,861	$ 7,899	$ -	$ -
Capital commitment					
- non-related party transactions	60,962,119	4,543,265	-	-	56,418,854
Term Loans					
- non-related party transactions	91,981,398	35,091,046	47,782,737	2,982,139	6,125,476
Total	$ 153,189,277	$ 39,872,172	$ 47,790,636	$ 2,982,139	$ 62,544,330

Operating lease obligations

We have entered into operating lease agreements for office premises, and for administrative support and consultation services with lease periods expiring primarily in 2014. We recognize the relevant expenses under such leases on a straight-line basis over the terms of the leases.

Capital commitment

In June 2014, we entered into three contracts to purchase shops located in Hubei Province and Anhui Province, the PRC. The total considerations are $26.8 million (RMB 166.2 million). We paid $22.3 million as a deposit to the property developers and the remaining amount will be settled when we have ownership of the properties before December 31, 2014.

In June 2014, we incorporated a joint venture with two companies for the processing purposes. Total registered capital of the joint venture is $161.2 million (RMB 1 billion) and we accounted for 35% of the total ownership and will inject $56.4 million (RMB 350 million).

Term loans

Term loan liabilities represent cash obligations recorded on our consolidated balance sheet. The amounts represent principal payments to be made over the lives of the loans.

Recent accounting pronouncements

Management does not believe that any recently issued, but not effective, accounting standards, if currently adopted, would have a material effect on the Company's financial statements.

RESULTS OF DISCONTINUED OPERATIONS

THREE AND SIX MONTHS ENDED JUNE 30, 2013

During the year ended December 31, 2013, we decided to exit our dredging businesses (see *Note 2 — Discontinued Operations*) in order to increase the focus on the Company's core operations and to improve overall profitability. In addition, we established certain targets in the areas of internal control in order to enhance the Company's profitability profile. As a result of this business exit, we believe the Company is better positioned to achieve improved future financial results. The sale of our wholly owned subsidiary of CDGC is reflected as discontinued operations. Our operating results for the three and six months ended June 30, 2013 have been adjusted to properly reflect discontinued operations. The transaction involved no cash but the Company's $155.2 million, 4% promissory note due on June 19, 2015 was forgiven. We do not foresee any material impact on our liquidity and financial condition as a result of this disposal. We also do not anticipate any contingencies which would be required to accrue and include in our 2013 financials.

Revenue is derived from contract revenue of our dredging services. The table below sets forth more detail regarding the results of discontinued operations:

(Amounts in thousands, except for percentage)

	Three Months Ended June 30, 2013		Six Months Ended June 30, 2013	
	US$	**% of Revenue**	**US$**	**% of Revenue**
Revenue	$ 50,548	100.0%	$ 77,287	100.0%
Cost of revenue	(25,218)	(49.9)%	(41,241)	(53.4)%
Gross profit	25,330	50.1%	36,046	46.6%
Operating expenses				
Total general and administrative expenses	(2,309)	(4.6)%	(3,415)	(4.4)%
Operating income	23,021	45.5%	32,631	42.2%
Income before income taxes	23,032	45.6%	34,576	44.7%
Income taxes	(5,273)	(10.5)%	(7,477)	(9.6)%
Net income	$ 17,759	35.1%	$ 27,099	35.1%

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Commodity Price Risk

Oil cost accounts for 60% of our total cost of sales. We are primarily exposed to oil price volatility caused by supply conditions, political and economic variables and other unpredictable factors. We purchase oil used by our vessels at prevailing market prices. We do not have formal long-term purchase contracts with our suppliers and, therefore, we are exposed to the risk of fluctuating oil prices.

We did not have any commodity price derivatives or hedging arrangements outstanding at June 30, 2014 and did not employ any commodity price derivatives in the half year of 2014.

Foreign Currency Exchange Rate Risk

While our reporting currency is the USD, a significant portion of our consolidated revenues and consolidated costs and expenses are denominated in RMB. Furthermore, a significant portion of our assets are denominated in RMB. As a result, we are exposed to foreign exchange risk as our revenues and results of operations may be affected by fluctuations in the exchange rate between USD and RMB.

The value of the RMB against the USD and other currencies is affected by, among other things, changes in the PRC's political and economic conditions. Since July 2005, the RMB has not been pegged to the USD. Although the People's Bank of China regularly intervenes in the foreign exchange market to prevent significant short-term fluctuations in the exchange rate, the RMB may appreciate or depreciate significantly in value against the USD in the medium to long term. Moreover, it is possible that in the future, PRC authorities may lift restrictions on fluctuations in the RMB exchange rate and lessen intervention in the foreign exchange market.

If the RMB depreciates against the USD, the value of our RMB revenues, earnings and assets as expressed in our USD financial statements will decline. A 1% average appreciation (depreciation) of the RMB against the USD would increase (decrease) our comprehensive income by $1.4 million based on our revenues, costs and expenses, assets and liabilities denominated in RMB as of June 30, 2014. To date, we have not entered into any hedging transactions to reduce our exposure to foreign currency exchange risk. While we may decide to enter into hedging transactions in the future, the availability and effectiveness of these hedging transactions may be limited and we may not be able to successfully hedge our exposure at all.

Interest Rate Risk

We are exposed to interest rate risk arising from short-term and long-term variable rate borrowings from time to time. Our future interest expense will fluctuate in line with any change in our borrowing rates. Our bank borrowings amounted to $92.0 million as of June 30, 2014. Based on the variable nature of the underlying interest rate, the bank borrowings approximated fair value at that date.

A hypothetical 100 basis point change in interest rates would impact our earnings and cash flows by approximately seventy-two thousand dollars . The potential change in cash flows and earning is calculated based on the change in the net interest expense over a six month period due to an immediate 100 basis point change in interest rates.

Inflation Risk

Inflationary factors such as increases in the cost of our product and overhead costs may adversely affect our operating results. Although we do not believe that inflation has had a material impact on our financial position or results of operations to date, a high rate of inflation in the future may have an adverse effect on our ability to maintain current levels of gross margin and selling, general and administrative expenses as a percentage of total revenues if the selling prices of our products do not increase with these increased costs.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Disclosure controls and procedures are designed to ensure that information required to be disclosed by us in reports filed or submitted under the Securities Exchange Act of 1934, as amended ("Exchange Act") is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed under the Exchange Act is accumulated and communicated to management, including the principal executive and financial officers, as appropriate to allow timely decisions regarding required disclosure. There are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their control objectives.

In connection with the preparation of the quarterly report on Form 10-Q for the quarter ended June 30, 2014, our management, including our principal executive officer and principal financial officer, carried out an evaluation of the effectiveness of our disclosure controls and procedures, which are defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by an issuer in the reports that it files or submits under the Act is accumulated and communicated to the issuer's management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

Based on this evaluation, management concluded that our disclosure controls and procedures were effective at the reasonable assurance level as of June 30, 2014.

Changes in Internal Control over Financial Reporting

As disclosed in the annual report for the year ended December 31, 2013 and the quarterly report for the quarter ended March 31, 2014, our management evaluated and concluded that our internal control over financial reporting was not effective as of December 31, 2013 and March 31, 2014, due to the identification of a material weakness. The material weakness we identified was that none of our employees had any formal training in U.S. GAAP and SEC rules and regulations.

In response to the identified material weakness, our management, with oversight from our audit committee, has dedicated significant resources to improve our control environment and to remedy the identified material weakness.

On April 18, 2013, we appointed Mr. Roy Yu as Chief Financial Officer of the Company. Mr. Yu has over 9 years' experience in senior management roles in U.S. listed companies and served as Chief Financial Officer or senior financial executive for three companies. Prior to joining the Company, Mr. Yu served as the Chief Financial Officer of Lihua International, Inc. (NASDAQ: LIWA). Mr. Yu attended London Southbank University from 2001 to 2004, where he holds a degree in accounting and finance. In 2005, Mr. Yu was trained in Sarbanes-Oxley Act compliance. On May 6, 2013, the Company appointed Mr. Lam Man Fung as Financial Controller of the Company. Prior to joining the Company, Mr. Lam served as Financial Controller of Shouguang Dili Agri-products Group Company Limited. From 2005 to 2009, Mr. Lam was a senior auditor of Ernst & Young. Management believes Mr. Yu and Mr. Lam has brought to the Company necessary professional knowledge and has lead the Company in taking remediation steps necessary to address the material weakness described above, regarding that none of the Company's employees had any formal training in U.S. GAAP and SEC rules and regulations. On May 16, 2013, the Company appointed an independent compliance consultant of the Company to review and advise on the Company's system of internal control over financial reporting pursuant to the Section 404 requirements of the Sarbanes-Oxley. We have taken further steps to improve our internal control over financial reporting. We have engaged a PCAOB registered and inspected public accounting firm in the United States to provide consulting services to us in matters involving U.S. GAAP and SEC rules and regulations. During the first half of 2014, we also have also expanded our internal control functions by hiring more experienced staff and implemented additional financial and management control procedures. In June 2014, we engaged an external consultant to advise on our internal control systems and to provide U.S. GAAP training to our accounting, internal audit and finance staff. Our staff was trained in regulations regarding financial statement disclosures, differences between U.S. GAAP and PRC GAAP, and the 2013 COSO framework.

We believe that our remediation measures and our continuing plan have significantly remediated the material weakness and management concluded that we have effective internal control over financial reporting as of June 30, 2014.

PART II — OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

None.

ITEM 1A. RISK FACTORS

Factors that could cause our actual results to differ materially from those in this report are any of the risks described in Annual Report on Form 10-K for the fiscal year ended December 31, 2013 filed with the SEC. Any of these factors could result in a significant or material adverse effect on our results of operations or financial condition. Additional risk factors not presently known to us or that we currently deem immaterial may also impair our business or results of operations. As of the date of this Report, there have been no material changes to the risk factors disclosed in Annual Report on Form 10-K for the fiscal year ended December 31, 2013, except we may disclose changes to such factors or disclose additional factors from time to time in our future filings with the SEC.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

None.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

The following exhibits are filed as part of, or incorporated by reference into, this Quarterly Report on Form 10-Q.

Exhibit

31.1*	Certification of the Chief Executive Officer required by Rule 13a-14(a) or Rule 15d-14(a).
31.2*	Certification of the Chief Financial Officer required by Rule 13a-14(a) or Rule 15d-14(a).
32*	Certification of the Chief Executive Officer and Chief Financial Officer required by Rule 13a-14(b) or Rule 15d- 14(b) and 18 U.S.C. 1350.

101.INS**	XBRL INSTANCE DOCUMENT
101.SCH**	XBRL TAXONOMY EXTENSION SCHEMA DOCUMENT
101.CAL**	XBRL TAXONOMY EXTENSION CALCULATION LINKBASE DOCUMENT
101.DEF**	XBRL TAXONOMY EXTENSION DEFINITION LINKBASE DOCUMENT
101.LAB**	XBRL TAXONOMY EXTENSION LABEL LINKBASE DOCUMENT
101.PRE**	XBRL TAXONOMY EXTENSION PRESENTATION LINKBASE DOCUMENT

* Filed herewith

** Furnished herewith

** Pursuant to Rule 406T of Regulation S-T, the Interactive Data Files on Exhibit 101 hereto are deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, are deemed not filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and otherwise are not subject to liability under those sections.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

		PINGTAN MARINE ENTERPRISE LTD. (Registrant)
Date: August 6, 2014	By:	/s/ Xinrong Zhuo Xinrong Zhuo Chairman and Chief Executive Officer
Date: August 6, 2014	By:	/s/ Roy Yu Roy Yu Chief Financial Officer

Exhibit 31.1

Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Xinrong Zhuo, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q (the "report") of Pingtan Marine Enterprise Ltd.

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15 (e) and 15d-15 (e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15 (f) and 15d-15 (f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 6, 2014

By: /s/ Xinrong Zhuo
Xinrong Zhuo
Chairman and Chief Executive Officer

Exhibit 31.2

Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Roy Yu, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q (the "report") of Pingtan Marine Enterprise Ltd;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15 (e) and 15d-15 (e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15 (f) and 15d-15 (f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 6, 2014

By: /s/ Roy Yu
Roy Yu
Chief Financial Officer

Exhibit 32

Certifications Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350

Certification of Chief Executive Officer and Chief Financial Officer Pursuant to 18 U.S.C. Section 1350

The undersigned, Xinrong Zhuo and Roy Yu, in their capacities as Chief Executive Officer and Chief Financial Officer, respectively, of Pingtan Marine Enterprise Ltd. (the "Registrant") do each hereby certify with respect to the Quarterly Report on Form 10-Q of the Registrant for the period ended June 30, 2014, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), that, to the best of his knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant as of, and for, the periods presented in this Report.

Date: August 6, 2014

/s/ Xinrong Zhuo
Xinrong Zhuo
Chairman and Chief Executive Officer

Date: August 6, 2014

/s/ Roy Yu
Roy Yu
Chief Financial Officer