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

Amendment No. 1 to
FORM 10-K

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

For the fiscal year ended: December 31, 2013
Or

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

For the transition period from: _____________ to _____________

PINGTAN MARINE ENTERPRISE LTD.

(Exact name of registrant as specified in its charter)

Cayman Islands	**001-35192**	**N/A**
(State or Other Jurisdiction of Incorporation or Organization)	(Commission File Number)	(I.R.S. Employer Identification No.)

18/F, Zhongshan Building A,
No. 154 Hudong Road
Fuzhou, P.R.C. 350001
(Address of Principal Executive Office) (Zip Code)

(86) 591-8727-1266
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	**Name of each exchange on which registered**
Ordinary Shares, $0.001 par value	The NASDAQ Capital Market

Securities registered pursuant to Section 12(g) of the Act:

None
(Title of Class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
☐ Yes ☒ No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.
☐ Yes ☒ No

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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company.

Large accelerated filer	☐	Accelerated filer	☒
Non-accelerated filer	☐	Smaller reporting company	☐

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

The aggregate market value of the voting and non-voting stock held by non-affiliates of the registrant was approximately $127.3 million as of June 29, 2013, the last business day of the registrant's most recently completed second fiscal quarter.

The number of shares of the registrant's ordinary shares outstanding as of March 10, 2014 was 79,055,053.

DOCUMENTS INCORPORATED BY REFERENCE

Part III incorporates information by reference from the Proxy Statement relating to the 2014 Annual Meeting of Stockholders.

EXPLANATORY NOTE

This Amendment No. 1 on Form 10-K/A (this "Amendment") of Pingtan Marine Enterprise Ltd. ("PME" or the "Company") for the period ended December 31, 2013 is amending the Annual Report on Form 10-K originally filed with the U.S. Securities and Exchange Commission ("SEC") on March 10, 2014 (the "Original Report"). We are filing this Amendment to reflect the restatement of our audited consolidated financial statements contained herein for the years ended December 31, 2013 and 2012. We incorrectly reflected certain balances of China Growth Equity Investments Ltd. in our consolidated financial statements that should have been reflected as part of the recapitalization of the Company on the effective date of the share exchange agreement dated February 25, 2013. Accordingly, we amended our consolidated financial statements for the years ended December 31, 2013 and 2012 to reflect the historical consolidated financial statements of China Dredging Group Co., Ltd. ("CDGC") and Merchant Supreme jointly as the accounting acquirer prior to February 25, 2013 and the consolidated financial statements of PME, CDGC and Merchant Supreme and related subsidiaries for all periods subsequent to the effective date.

Additionally, we restated the following in our consolidated financial statements for the year ended December 31, 2013:

a) We incorrectly accounted for prepaid operating license rights for 20 vessels at its appraised fair value in Original Report. The management concluded that prepaid operating license rights should be considered a capital lease and recorded at the historical cost of the vessels to the related party which is under common control and considered a common control transaction in accordance with ASC 805-50. We restated prepaid operating license rights, property, plant and equipment, related depreciation and amortization expense, and reflected any excess amounts paid for the operating rights as a capital distribution;
b) We further clarified certain disclosure related to the acquisition of 46 vessels from a related party in June 2013 and disclosure related to the acquisition of operating license rights of 20 vessels from a related party in December 2013; and
c) We recorded other miscellaneous adjustments.

Item 15. under Note 23 "Restatement" in the Notes to Consolidated Financial Statements of this Form 10-K/A provides a discussion of the full effects of the restatements to the Company's previously reported Consolidated Balance Sheets, Consolidated Statements of Income and Comprehensive Income, and Consolidated Statement of Cash Flows.

In addition, this Amendment which replaces in its entirety Items 1 through 15 of the Original Filing, is in response to and to revise certain disclosures pursuant to the comment letters we received from the SEC, dated August 6, 2014 and September 10, 2014, respectively.

This Amendment also contains currently dated certifications as Exhibits 31.1, 31.2 and 32.1. No attempt has been made in this Amendment to modify or update the other disclosures presented in the report as previously filed, except as set forth herein. This Amendment does not reflect events occurring after the filing of the Original Report or modify or update those disclosures that may be affected by subsequent events. Accordingly, this Amendment should be read in conjunction with our other filings with the SEC made by the Company with the SEC pursuant to Section 13(a) or Section 15(d) of the Exchange Act subsequent to the filing of the Original Filing.

2013 ANNUAL REPORT ON FORM 10-K

TABLE OF CONTENTS

CAUTIONARY STATEMENT FOR PURPOSES OF THE "SAFE HARBOR" STATEMENT UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

Statements in this report that are not historical facts or information are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Words such as "estimate," "project," "forecast," "plan," "believe," "may," "expect," "anticipate," "intend," "planned," "potential," "can," "expectation" and similar expressions, or the negative of those expressions, may identify forward-looking statements. Such forward-looking statements are based on management's reasonable current assumptions and expectations. Such forward-looking statements involve risks, uncertainties and other factors, which may cause our actual results, levels of activity, performance or achievement to be materially different from any future results expressed or implied by such forward-looking statements, and there can be no assurance that actual results will not differ materially from management's expectations. Such factors include, among others, the following:

- anticipated growth and growth strategies;
- need for additional capital and the availability of financing;
- our ability to successfully manage relationships with customers, distributors and other important relationships;;
- technological changes;
- competition;
- demand for our products and services;
- the deterioration of general economic conditions, whether internationally, nationally or in the local markets in which we operate;
- legislative or regulatory changes that may adversely affect our business; and
- other risks, including those described in the "Risk Factors" discussion of this annual report.

We undertake no obligation to update any such forward looking statement, except as required by law.

PART I

ITEM 1. BUSINESS

Our Business

We are a marine enterprises group primarily engaging in ocean fishing through our wholly-owned PRC operating subsidiary and VIE, Fujian Provincial Pingtan County Ocean Fishing Group Co., Ltd., or Pingtan Fishing. We harvest a variety of fish species with our owned and 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.

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. We began operating the vessels in the third quarter of 2013 and since then we have been entitled to their operations and net profits. 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. Currently we operate 104 trawlers and 22 drifters (including 20 drifter vessels we operating pursuant to an operating license rights agreement) and our fleet has an average useful life of approximately 17 years. These vessels are fully licensed to fish in Indonesian or Indian waters. 114 of these vessels are operating in 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 cold storage warehouse at nearby onshore fishing bases. We then arrange periodic charted transportation ships to deliver frozen stocks to our 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 spawning 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 increasing harvest volume in the coming years, we will continue to develop new customers from existing and new territories in China.

Government Permits and Approvals

We are required to go through series of procedures to obtain all approvals necessary to fish in the dedicated fishing areas.

<u>Step one</u>: Obtaining Vessel Building Permits

First, we have to file a vessel building application to the relevant governmental authorities in Fujian to obtain the Fishing Vessel and Net Tools Building Permits. Governmental authorities in Fujian verify Pingtan Fishing's qualifications for pelagic fishing and pass on the verified and approved application documents to affiliates of the Ministry of Agriculture for further confirmation. Once confirmed, the certificates are issued to Pingtan Fishing.

Step two: Vessels Building and Inspection

After obtaining the Fishing Vessel and Net Tools Building Permits, we start building the new vessels through contracting with third party vessel manufacturers. During the period of construction, inspection of the vessels is performed several times by the relevant governmental authorities. Once the construction is completed, a Vessel Inspection Certificate is issued, after which we can apply for certificates of ownership and certificates of nationality for new vessels.

Step three: Fishing Project Application

After obtaining all certificates in step two, we file applications to the relevant governmental authorities to obtain approvals for pelagic fishing projects in the specified fishing areas. Meanwhile, we start the application process for obtaining fishing permits from the relevant governmental authorities in the applicable fishing destination countries.

Step four: Preparations Before Departure

Once the approval for pelagic fishing projects is issued, we can complete all relevant departure procedures within six months from the time the notification of approval is issued. Departure procedures include obtaining visas for fishing vessels and crew members, submitting required certificates to the PRC customs in Fujian, and obtaining other relevant documents from governmental authorities, such as Vessel Departure Certificates.

Step five: Fishing Project Approval and Departure to Fishing Areas

After we have submitted all required documents to the relevant governmental authorities and completed all procedures required for departure, we receive confirmation of pelagic fishing project approval from affiliates of the Ministry of Agriculture. Once we obtain such confirmation, our vessels can departure to the applicable fishing destination country. Fish caught at the destination may then be shipped back and be declared at the PRC customs.

Operations

Harvesting Operations

The fishing vessels can carry up to one-month of supplies. The captains of the vessels utilize sophisticated technology to identify, among other things, fishing areas, time to cast and draw in the nets, vessel speed and sailing direction allowing the vessels to optimize the catch and resource value. Nearby fishing groups share real-time fishing information through wireless radio equipment. The catch is separated based on species and sizes, and is frozen immediately.

Once the storage of a fishing vessel is at capacity, it returns to the fishing base and transfers the catch to a transportation vessels docked at the fishing base port. We have entered into a contract with Avona Mina Lestari ("Avona"), which operates a fishing base owned by Mr. Xinrong Zhuo, our founder and chairman, to obtain access to the base and secure certain services including custom declaration and fishing permits registrations. We also use the fishing base to repair our vessels, if necessary.

Transportation

Transportation vessels are responsible for the shipment of fishing supplies and fish between the fishing areas and China. Pingtan Fishing ships its goods by contracting with three affiliate marine transportation firms and Avona. The transportation cycle takes no more than 30 days, depending mainly on the fishing seasons. There is always a transportation vessel anchored in the port of the fishing base.

Seasonality

The peak season for the fishing industry in Indonesia is from October to January, which is when harvesting is most productive. During the low season, from May to July, there are fewer fish as they migrate to different areas. There is no off season for fishing in Pingtan Fishing's dedicated fishing zone in Indonesia.

In addition to seasonality, our annual catches are affected by a number of unpredictable factors, such as weather patterns and fish migration, which are likely to vary from year to year.

Cold Storage

Fish are stored separately according to different species and sizes for best practices of cold storage management, goods selectivity and delivery. When Pingtan Fishing unloads the fish, it places the fish on a wood pallet according to fishing vessel number, species and size. The cold storage administrator counts the number of bags on each pallet and weighs each pallet to record the weight. Pallets with bags of fish are then placed in specified positions within the cold storage facilities.

We have secured eight cold storages located in one of China's largest seafood trading center, MaWei seafood market. The monthly rent for the cold storage is RMB80 ($13) per square meter and the leases are renewable annually. The following table sets forth information regarding the cold storages we currently rent as of December 31, 2013:

Cold Storage	Storage Capacity (sq. meters)	Monthly rent
#301	1,045	13,613
#302	717	9,340
#602	717	9,340
#103	776	10,109
#303	1,045	13,613
#401	1,045	13,613
#402	717	9,340
#403	1,045	13,613
Total	7,107	92,581

Sales, Marketing and Distribution

We market, sell and distribute products all over China, including the Guangdong, Fujian and Zhejiang provinces. Ribbon fish and shrimp were the main types of seafood sold for the year ended December 31, 2013, representing over 55% of the sales.

We have established long-term relationships with a number of customers, who send purchasing representatives to our cold storage facilities to select goods to purchase. The customer indicates the type, size and quantity as well as price and delivery schedules before the fish is moved into our cold storage facilities. Handling and transportation fees are borne by the customer when the goods are delivered. The proportion of these sales depends on the season and the nature of the catch including species, size and quality. Remaining products are sold out of cold storage within three months of landing.

As of December 31, 2013, we sold our fish to over 200 distributors and retailers by acting as a wholesaler. We serve a wide customer base and no customer accounted for more than 10% of the sales.

Vessels

As of December 31, 2013, we owned 104 trawlers and 2 drifter vessels and have an operating license right to 20 drifter vessels. Our fleet has an average useful life of approximately 17 years. These vessels are fully licensed to fish in Indonesian or Indian waters. 114 of these vessels are operating in Arafura Sea in Indonesia, and the remaining 12 vessels are operating in the Bay of Bengal in India.

Single trawling vessels drag pocket-shaped nets and therefore force the fish into the nets. The trawl net on a trawling vessel is drawn by a winch on the deck of the vessel. Fish are sorted and stored in the cold storage on board the vessel. Single trawling vessels can catch species living in the upper layer of water. It has the advantage of catching multiple species of fish, which leads to a varied catch. Single trawling vessels are the majority of fishing vessels we currently use. As of December 31, 2013, we operated 104 trawling vessels. 92 of the trawling vessels were in operation in Indonesian waters and the others were in Indian waters.

Drifter vessels, as known as drifter netter vessels, have a gill net that is tied to the drift netter floats with weights attached to the net to keep it vertical, so that fish crossing the path of a drift net gets caught in it. Operations are generally carried out at night and the position of gill nets can be adjusted according to the water depth in which the fish move at any time. Drifter netter vessels are mainly used to catch dispersed fish or fish swimming in the upper layer of water. We operate 2 drifter vessels which are owned and 20 which we hold operating license rights to those vessels as of December 31, 2013 and all of them are fishing in Indonesian waters.

Business Strategy

We are committed to developing our business to become a global, integrated seafood company. We plan to enlarge our fishing fleet in the next few years through organic growth and acquisition opportunities of potential targets, domestically and abroad, which will significantly increase our fishing capability and our market share.

We are actively seeking opportunities to expand to other fishing grounds worldwide including North America, South America and the High Sea, which will further diversify the fish types we harvest as well as decrease our dependence on Indonesia. We are also planning to extend to fish processing business. If we operate fish processing plants, we will market processed food products throughout all of China and worldwide. At the same time, we will strengthen our brand recognition in the market, which will allow us to achieve forward integration of the industrial chain and hence increase its profitability.

Competition

We engage in the 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 currently overfished.

Competition in the market in China is high as fish compete with other sources of protein. 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 generally been able to sell our catch at market prices, which have been increasing over the past 3 years.

Employees

As of December 31, 2013, we had 1,535 employees. The following table sets forth the number of employees by function as of December 31, 2013:

	Number of Employees	% of Total
Management and administrative staff	45	2.9%
Crew members	1,490	97.1%
Total	1,535	100.0%

We also use local Indonesian and Indian contract labor to supplement the Chinese crew, which varies based on seasons. In addition, we engage Avona as our agent to contract with third party labor companies to hire local crew members and we pay the hiring costs based on the actual fees incurred. The Company and Avona settle this payment on a quarterly basis. Welfare and benefit payments for such personnel are covered by the company supplying the crew members.

Company History

China Equity Growth Investment Ltd. ("CGEI") was 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. in February 2013.

China Dredging Group Co., Ltd ("CDGC" or "China Dredging") and Merchant Supreme Co., Ltd ("Merchant Supreme") are limited liability companies incorporated on April 14, 2010 and June 25, 2012, respectively, in the British Virgin Islands ("BVI").

China Dredging, through its PRC Variable Interest Entity ("VIE"), Fujian Xinggang Port Service Co., Ltd ("Fujian Service"), provided specialized dredging services exclusively to the PRC marine infrastructure market and is, based on the number and capacity of the dredging vessels it operates, one of the leading independent (not state-owned) providers of such services in the PRC. Since its inception, China Dredging has functioned exclusively as a specialist subcontractor, performing dredging services for other companies licensed to function as general contractors. China Dredging engages in capital dredging (dredging carried out to create a new harbor, berth or waterway or to deepen existing facilities in order to allow larger ships access), maintenance dredging and reclamation dredging projects and primarily sources its projects by subcontracting projects from general contractors.

Merchant Supreme, through its PRC VIE, Fujian Provincial Pingtan County Ocean Fishing Group Co., Ltd. ("Pingtan Fishing") engages in ocean fishery with its fleet of self- owned vessels and vessels with exclusive operating license rights 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.

CGEI and CDGC entered into the Merger Agreement dated October 24, 2012, providing for the combination of CGEI and CDGC. Pursuant to the Merger Agreement, CDGC would continue 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 as per Share Purchase Agreement dated October 24, 2012. Following the completion of the business combination on February 25, 2013, CDGC and Merchant Supreme became the wholly-owned subsidiaries of the Company (the "Business Combination"). The ordinary shares, par value $0.001 per share were listed on The NASDAQ Capital Market under the symbol "PME".

On June 19, 2013, the Company entered into a master agreement ("Master Agreement") with a related party, Fuzhou Honglong Ocean Fishery Co., Ltd ("Hong Long") to acquire 46 fishing vessels with total consideration of $410.1 million. The major shareholder of Hong Long is Ms. Ping Lin, spouse of Xinrong Zhuo, the Company's Chairman and CEO, who holds 66.5%. Mr. Zhuo currently holds about 56.2% of PME. On September 1, 2013, the Company further entered into a Memorandum with Hong Long to clarify the procedure of delivery of such 46 vessels to Pingtan Fishing. Due to additional time required prepare the vessels for operations, the parties agreed under the Memorandum to deliver the vessels for operation on September 1, 2013. Since June 2013, the Company has had full ownership of the vessels and the full right to operate the vessels and is in the process of registering the vessels under the name of the Company's PRC operating company. Currently, 9 of the 46 vessels are formally registered to the Company. The vessels are in the process of being registered under the name of the Company's PRC operating company and it will obtain the entire title registration document for the vessels, as required by Chinese laws and regulations according to the terms of the Master Agreement.

In December 2013, we completed the sale of CDGC, which has been reported as a discontinued operation since the third quarter of 2013, to Hong Long. In July 2013, we received an offer from Mr. Zhuo 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; (ii) the assignment of the 25-year exclusive operating license rights for 20 new fishing vessels, with such rights appraised at $216.1 million; and (iii) offset of PME's current accounts due to CDGC with amount $172.5 million. 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.

The Board, excluding Mr. Zhuo and our Senior Officer, Mr. Bin Lin, retained our independent financial advisor to provide a fairness opinion on the transaction proposed by Mr. Zhuo. Subsequent to the receipt of the fairness opinion from our independent financial advisor on October 28, 2013, the Board agreed to evaluate any potential alternative proposals received during a 30 day period. After receiving no alternative proposals, on December 3, 2013, the Board, excluding Mr. Zhuo and Mr. Lin approved the completion of the transaction and executed and closed the Share Purchase Agreement. The total consideration of the transaction is approximately $543.8 million with a gain on sale of $117.5 million accounted for in stockholders equity as it was sold to a related party with common control.

The PME/Pingtan Fishing VIE Relationship

Pingtan Fishing and WFOE, Pingtan Guansheng Ocean Fishing Co., Ltd., our wholly-owned subsidiary, has entered into a series of variable interest entity agreements ("VIE Agreements"). Under the VIE Agreements, we, among other things, fully control Pingtan Fishing's business operations, policies and management, approve all matters requiring shareholders' approval, and receive 100% of the annual net income earned Pingtan Fishing. Below is a summary of the Pingtan VIE Agreements.

The VIE Agreements

Our relationship with Pingtan Fishing and its shareholders are governed by a series of contractual arrangements, which agreements provide as follows.

Exclusive Purchase Right of Equity Interest. In October 2012, Pingtan Fishing, its shareholders and the WFOE entered into an exclusive option agreement, pursuant to which the shareholders of Pingtan Fishing irrevocably granted to the WFOE an exclusive right to purchase up to all of the equity interest in Pingtan Fishing, to the extent allowed under the current PRC laws. Accordingly, if and when the current limitations on direct ownership of Pingtan Fishing by the current shareholders are eased or ceased to apply under the PRC laws, WFOE may exercise its option to purchase and directly own the equity interests of Pingtan Fishing. The purchase price for the equity interest in Pingtan would be the minimum price as permitted by PRC laws at the time of the transfer. The term of the exclusive option agreement is 20 years, which term continuously renews unless the option is exercised in full or the agreement is otherwise terminated by the parties. The agreement also provides that upon consummation of the exercise of the option, the shareholders will contribute, without additional consideration, any funds actually received by it from the WFOE for the transfer of its equity interest in Pingtan Fishing to the WFOE. The agreement further provides that, as of the date of the agreement, the WFOE is entitled to all the future payments by Pingtan Fishing to the shareholders, together with all the profits of Pingtan Fishing.

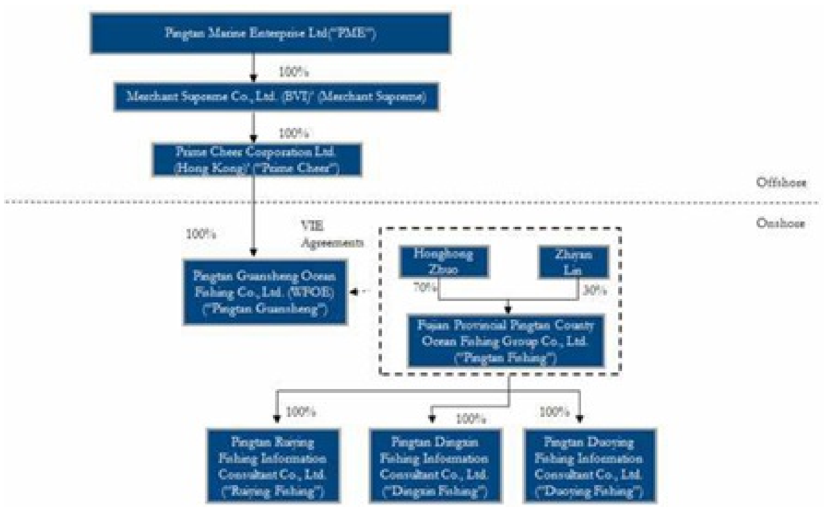
Contracted Management Agreement. In October 2012, the WFOE, Pingtan Fishing and its shareholders entered into a management agreement pursuant to which the WFOE has the exclusive right to manage, operate and control the business operations of Pingtan Fishing, including, but not limited to, establishing and implementing policies for management, using all of the assets of Pingtan Fishing, appointing Pingtan Fishing directors and senior management, directing Pingtan Fishing to enter into loan agreement, making administrative decisions regarding employee wages or hiring and firing employees and other actions customarily associated with the Pingtan Fishing senior management and directors of Pingtan Fishing and its subsidiaries. As consideration for its business management services, the WFOE pays an annual fee to Pingtan Fishing, and Pingtan Fishing pays to the WFOE 100% of the net profits of Pingtan Fishing. The management agreement terminates upon the earlier of (i) the WFOE's exercise in full of the option to purchase the equity interests of Pingtan Fishing, pursuant to the exclusive option agreement, and the WFOE and/or its designees individually or jointly own all of the equity interests in Pingtan Fishing, or (ii) 20 years after the effective date of the agreement subject to the right of the WFOE to renew the term of the management agreement for additional consecutive 20-year period.

The Contracted Management Agreement provides that the WFOE will pay an annual fee, which is currently RMB 1,000,000, to Pingtan Fishing as consideration for obtaining the operation and management rights of Pingtan Fishing, as well as 100% of its net profits. PRC law permits a company to manage and operate another company as an independent contractor. The amount of the consideration, which is customarily paid, may be agreed to by the parties and there is no statutory limit with regard to such compensation. In the Contracted Management Agreement executed between the WFOE and Pingtan Fishing, the consideration was agreed to by both parties in formalizing the contract.

Power of Attorney. In October 2012, the shareholders of Pingtan Fishing executed an irrevocable power of attorney granting to the WFOE or its designees the power to vote, pledge or dispose of all equity interests in Pingtan Fishing that the shareholders hold. Additionally, the power of attorney grants to the WFOE or its designees the power to appoint directors and senior management of Pingtan Fishing.

Equity Interest Pledge Agreement. In October 2012, the WFOE, Pingtan Fishing and it shareholders entered into an equity interest pledge agreement. To ensure that Pingtan Fishing and its shareholders perform their obligations under the exclusive call option agreement, the management agreement and the power of attorney, the shareholders have pledged their entire interest in Pingtan Fishing to the WFOE. The equity interest pledge agreement will terminate upon the earlier of (i) the purchase of the entire equity interest in Pingtan Fishing by the WFOE or (ii) 20 years after the effective date of the agreement, subject to the right of the WFOE to renew the term of the equity interest pledge agreement for additional consecutive 20 year periods in case of the WFOE or its designee's failure to purchase the entire equity interest in Pingtan Fishing within the initial 20 year term. The Equity Interest Pledge Agreement was registered with Fuzhou AIC by Ms. Honghong Zhuo and Mr. Zhiyan Lin in December 2012, in order to legally pledge the entire equity interest of Pingtan Fishing as required by the agreement.

The following diagram illustrates our corporate structure as of the date of this annual report:



Available Information

Our website address is www.ptmarine.com. Our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and amendments to reports filed pursuant to Sections 13(a) and 15(d) of the Securities Exchange Act of 1934, as amended (Exchange Act), are filed with the U.S. Securities and Exchange Commission (SEC). We are subject to the informational requirements of the Exchange Act and file or furnish reports, proxy statements, and other information with the SEC. Such reports and other information filed by the Company with the SEC are available free of charge on our website at ir.ptmarine.com when such reports are available on the SEC's website. We use our ir.ptmarine.com website as a means of disclosing material non-public information and for complying with our disclosure obligations under Regulation FD. Accordingly, investors should monitor such portions of ir.ptmarine.com, in addition to following SEC filings and public conference calls and webcasts.

The public may read and copy any materials filed by Pingtan Marine with the SEC at the SEC's Public Reference Room at 100 F Street, NE, Room 1580, Washington, DC 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC maintains an Internet site that contains reports, proxy and information statements and other information regarding issuers that file electronically with the SEC at www.sec.gov.

The contents of the websites referred to above are not incorporated into this filing. Further, our references to the URLs for these websites are intended to be inactive textual references only.

ITEM 1A. RISK FACTORS

You should carefully consider each of the following risks associated with an investment in our publicly traded securities and all of the other information in our 2013 Annual Report. Our business may also be adversely affected by risks and uncertainties not presently known to us or that we currently believe to be immaterial. If any of the events contemplated by the following discussion of risks should occur, our business, prospects, financial condition and results of operations may suffer.

Risks Relating to Our Business

We depend significantly on our Chief Executive Officer.

We are dependent on the principal members of our management staff, and in particular Xinrong Zhuo, our Chief Executive Officer. While we have entered into a three-year employment agreement with Mr. Zhuo, there are circumstances under the agreement in which Mr. Zhuo may elect to terminate his employment. Even if Mr. Zhuo were to terminate employment in breach of his agreement, we would have little or no practical recourse against Mr. Zhuo under PRC law. Mr. Zhuo may not continue to be employed by us for as long as we require his services. In addition, we rely on members of our senior management team with industry experience for important aspects of our operations, and we believe that losing the services of these executive officers could be detrimental to our operations, and our operations because they would be difficult to replace. We do not have key-man life insurance for any of our executive officers or other employees.

We will need additional financing in order to execute our business plan, which may not be available to us.

We will need to obtain additional capital in order to execute its business plan to expand our operations by enlarging the fishing vessel fleet, expanding fishing ground worldwide and extend its business to fishmeal processing. Such additional capital may be raised by issuing securities through various financing transactions or arrangements, including joint ventures of projects, debt financing, equity financing or other means. Additional financing may not be available when needed on commercially reasonable terms or at all. The inability to obtain additional capital may reduce our ability to continue to conduct our business operations as currently contemplated.

Regulation of the fishing industry may have an adverse impact on our business.

For years, the international community has been aware of and concerned with the worldwide problem of depletion of natural fish stocks. In the past, these concerns have resulted in the imposition of quotas that subject individual countries to strict limitations on the amount of fish they are allowed to catch. Environmental groups have been lobbying to have additional limitations on fishing imposed and have even made suggestions that would limit the activities of fish farms. If international organizations or national governments were to impose additional limitations on fishing, this could have a negative impact on our results of operations.

The growth of our business depends on our ability to secure fishing licenses directly or through third parties.

Fishing is a highly regulated industry. Our operations require licenses, permits and in some cases renewals of licenses and permits from various governmental authorities. For example, commercial fishing operations are subject to government license requirements that permit them to make their catch. Our ability to obtain, sustain or renew such licenses and permits on acceptable terms is subject to changes in regulations and policies and to the discretion of the applicable governments, among other factors. Our inability to obtain, or a loss or denial of extensions, to any of these licenses or permits could hamper our ability to produce revenues from fishing operations. We operate 20 of our fishing vessels under 25-year exclusive operating license rights from our affiliate Hong Long. The fishing licenses for such 20 leased fishing vessels are held in the name of Hong Long and are therefore renewed by Hong Long. If Hong Long for any reason fails to renew such licenses, it may have a negative impact on our business.

We are dependent on affiliates and third parties for our operations.

A large portion of our transportation operations are conducted by three of our related parties, Haifeng Dafu Enterprise Company Limited, Hai Yi Shipping Limited and Hong Fa Shipping Limited. If for any reason these three companies became unable or unwilling to continue to provide services to us, this would likely lead to a temporary interruption in transportation at least until we found another entity that could provide these services. Failure to find a suitable replacement, even on a temporary basis, may have an adverse effect on our results of operations.

A large portion of our operations are conducted from a base owned by our related party PT. Avona Mina Lestari, or Avona. We contract with Avona for the right to use the base. Avona also handles certain agency services, including customs applications and fees for Merchant Supreme. If for any reason Avona became unable or unwilling to continue to provide its services to us, this would likely lead to a temporary interruption in our operations, at least until we found another entity that could provide these services. Failure to find a suitable replacement for Avona, even on a temporary basis, may have an adverse effect on our results of operations.

We may be adversely affected by fluctuations in raw material prices and selling prices of products.

The products and raw materials we use may experience price volatility caused by events such as market fluctuations, weather conditions or changes in governmental programs. Raw materials consist primarily of bait, including sardines, anchovies, mackerel and other small fish. The market price of these raw materials may also experience significant upward adjustment, if, for instance, there is a material under-supply or over-demand in the market. These prices changes may ultimately result in increases in the selling prices of products, and may, in turn, adversely affect our sales volume, revenue and operating profit.

We may not be able to effectively manage our growth, which may harm our profitability.

Our strategy is to expand our business. If we fail to effectively manage this growth, our financial results could be adversely affected. Growth may place a strain on management systems and resources, including business development capabilities, systems and processes and access to financing sources. As we grow, we must continue to hire, train, supervise and manage new employees. In connection with our fishing business, we may not be able to:

- meet capital needs;
- expand systems effectively or efficiently, or in a timely manner;
- allocate human resources optimally;
- identify and hire qualified employees or retain valued employees; or
- incorporate effectively the components of any business that may be acquired in our effort to achieve growth.

If we are unable to manage growth, our operations and financial results could be adversely affected by inefficiency, which could diminish our profitability.

Our business requires talented personnel who we may not be able to attract and retain.

We depend in large measure on the abilities, expertise, judgment, discretion, integrity and good faith of our management and other personnel in conducting the business of the company. We have a small management team, and the loss of a key individual or inability to attract suitably qualified staff could materially adversely impact the fishing business.

The key personnel of our fishing business are Mr. Deming Chen, vice general manager, Mr. Dong Wang, general coordinator of the shipping department, Mr. Qing Lin, assistant of the chairman of the board of directors, Mr. Longhao Zhuo, chief supervisor of the sales department, who is mainly responsible for wholesale and fresh sea food retail business. Mr. Lin assists the chairman in dealing with daily operating matters, such as developing business plans and managing and supervising related projects.

Our success depends on the ability of our management and employees to interpret and respond to economic, market and environmental conditions in its operating areas correctly. Further, our key personnel may not continue their association or employment, which and replacement personnel with comparable skills may not be available, which may adversely affect our business.

Our insurance coverage may be inadequate to cover we may incur or to fully replace a significant loss of assets.

Our involvement in the fishing industry may result in liability for pollution, property damage, personal injury or other hazards. Although we believe we have obtained insurance in accordance with PRC industry standards to address such risks, such insurance has limitations on liability and/or deductible amounts that may not be sufficient to cover the full extent of such liabilities or losses. In addition, such risks may not, in all circumstances, be insurable or, in certain circumstances, we may choose not to obtain insurance to protect against specific risks due to the high premiums associated with such insurance or for other reasons. The payment of such uninsured liabilities would reduce the funds available to us. If we suffer a significant event or occurrence that is not fully insured, or if the insurer of such event is not solvent, we could be required to divert funds from capital investment or other uses towards covering any liability or loss for such events.

Earthquakes, tsunamis, adverse weather or oceanic conditions or other calamities may disrupt our operations and could adversely affect sales.

Our fishing expeditions are based out of the Arafura Sea, Indonesia, and Merchant Supreme has cold storages located in MaWei in the Fujian province on the southeast coast of China. In 2004, an undersea earthquake occurred off the west coast of Sumatra Indonesia. This earthquake triggered a series of devastating tsunamis along the costs of most landmasses boarding the Indian Ocean. More than 225,000 people in 11 countries were killed, and coastal communities were inundated with waves up to 100 feet. Due to the location of our business, it may be at risk of experiencing another tsunami, earthquake or other adverse weather or oceanic conditions. This may result in the breakdown of facilities, such as its cold storage facilities, which could lead to deterioration of products with the potential for spoilage. This could also adversely affect the ability to fulfill sales orders and, accordingly, adversely affect profitability. Adverse weather conditions affecting the fishing grounds where our fishing vessels operate, such as storms, cyclones and typhoons, or cataclysmic events such as tsunamis, may also decrease the volume of fish catches or hamper fishing operations. Our operations may also be adversely affected by major climatic disruptions such as El Nino which in the past has caused significant decreases in seafood catches worldwide.

We may be affected by global climate change or by legal, regulatory or market responses to such changes.

The growing political and scientific sentiment is that increased concentrations of carbon dioxide and other greenhouse gases in the atmosphere are influencing global weather patterns. Fresh products, including seafood products, are vulnerable to adverse weather conditions, including windstorms, floods, drought and temperature extremes, which are quite common but difficult to predict and may be influenced by global climate change. Similarly, changing weather patterns, along with the increased frequency or duration of extreme weather conditions, could impact the availability of the fish species we catch.

Concern over climate change, including global warming, has led to legislative and regulatory initiatives directed at limiting greenhouse gas, or GHG, emissions. For example, proposals that would impose mandatory requirements on GHG emissions may be considered by policy makers in the territories in which we operate. Laws enacted that directly or indirectly affect fishing, distribution, packaging, cost of raw materials, fuel, and water could all adversely impact our business and financial results.

A dramatic reduction in fish resources may adversely affect our business.

We are in the business of catching and selling marine catch. Due to over-fishing, the stocks of certain species of fish may be dwindling and to counteract such over-fishing, governments may take action that may be detrimental to our ability to conduct operations. If the solution proffered or imposed by the governments controlling the fishing grounds were to limit the types, quantities and species of fish that we are able to catch, our operations and prospects may be adversely affected.

Changes in the policies of the PRC government impacting the fishing industry may adversely affect our business.

The fishing industry in the PRC is subject to policies implemented by the PRC government. The PRC government may impose restrictions on aspects of our business such as regulations for the management and ownership of vessels. If the raw materials used by us or our products become subject to any form of government control, then depending on the nature and extent of the control and our ability to make corresponding adjustments, we may face a material adverse effect on our business and operating results.

Separately, our business and operating results also could be adversely affected by changes in policies of the Chinese government such as: changes in laws, regulations or the interpretation thereof; confiscatory taxation; restrictions on currency conversion, imports on sources of supplies; or the expropriation or nationalization of private enterprises. Although the Chinese government has been pursuing economic reform policies for approximately two decades to liberalize the economy and introduce free market aspects, the government may not continue to pursue such policies and such policies may be significantly altered, especially in the event of a change in leadership, social or political disruption, or other circumstances affecting China's political, economic and social life.

We have entered into certain pledge agreements pledging 22 fishing vessels as collateral to secure a loan to Hong Long, a fishing company controlled by spouse of Mr. Xinrong Zhuo. The pledge has no beneficial purpose for us and we could lose our fishing vessels if Hong Long were to default on the loans, which could be detrimental for our operations.

In October 2012, we entered into two pledge contracts with China Minsheng Banking Corp., Ltd. pursuant to which we pledged 10 fishing vessels with carrying amounts of approximately $9,500,000, as collateral to secure Hong Long's $10,300,000 in long-term loans from the financial institution, which are due April 18, 2015. In September 2013, we entered into two additional pledge contracts with China Minsheng Banking Corp., Ltd. pursuant to which we pledged another 12 fishing vessels with carrying amounts of approximately $10,900,000, as collateral to secure Hong Long's $9,911,300 in short-term loans from the financial institution, which are due June 25, 2014. Consequently, if Hong Long was to default on the loans and we would lose the vessels, it could be detrimental for our operations.

Risks Relating to Doing Business in the PRC

Certain political and economic considerations relating to PRC could adversely affect us.

The PRC is passing from a planned economy to a market economy. The Chinese government has confirmed that economic development will follow a model of market economy under socialism. While the PRC government has pursued economic reforms since its adoption of the open-door policy in 1978, a large portion of the PRC economy is still operating under five-year plans and annual state plans adopted by the government that set down national economic development goals. Through these plans and other economic measures, such as control on foreign exchange, taxation and restrictions on foreign participation in the domestic market of various industries, the PRC government exerts considerable direct and indirect influence on the economy. Many of the economic reforms are unprecedented or experimental for the PRC government, and are expected to be refined and improved. Other political, economic and social factors can also lead to further readjustment of such reforms. This refining and readjustment process may not necessarily have a positive effect on our operations or our business development. Our operating results may be adversely affected by changes in the PRC's economic and social conditions as well as by changes in the policies of the PRC government, which we may not be able to foresee, such as changes in laws and regulations (or the official interpretation thereof), measures which may be introduced to control inflation, changes in the rate or method of taxation, and imposition of additional restrictions on currency conversion.

The recent nature and uncertain application of many PRC laws applicable to us create an uncertain environment for business operations and they could have a negative effect on us.

The PRC legal system is a civil law system. Unlike the common law system, such as the legal system used in the United States, the civil law system is based on written statutes in which decided legal cases have little value as precedents. In 1979, the PRC began to promulgate a comprehensive system of laws and has since introduced many laws and regulations to provide general guidance on economic and business practices in the PRC and to regulate foreign investment. Progress has been made in the promulgation of laws and regulations dealing with economic matters such as corporate organization and governance, foreign investment, commerce, taxation and trade. The promulgation of new laws, changes of existing laws and the abrogation of local regulations by national laws could have a negative impact on our, business and prospects. In addition, as these laws, regulations and legal requirements are relatively recent, their interpretation and enforcement involve significant uncertainty.

The political and economic policies of the PRC government could affect our businesses and results of operations.

The economy of the PRC differs from the economies of most developed countries in a number of respects, including the degree of government involvement, control of capital investment, and the overall level of development. Before its adoption of reform and open up policies in 1978, China was primarily a planned economy. In recent years the PRC government has been reforming the PRC economic system and the government structure. These reforms have resulted in significant economic growth and social progress. Economic reform measures, however, may be adjusted, modified or applied inconsistently from industry to industry or across different regions of the country. As a result, we may not continue to benefit from all, or any, of these measures. In addition, it cannot be predicted whether changes in the PRC's political, economic and social conditions, laws, regulations and policies will have any adverse effect on our business, financial condition and results of operations.

The PRC legal system is evolving and has inherent uncertainties regarding interpretation and enforcement of PRC laws and regulations that could limit the legal protections available to you.

Pingtan Fishing, our PRC operating company, is organized under the laws of the PRC. The PRC legal system is based on written statutes. Prior court decisions may be cited for reference but have limited weight as precedents. Since 1979, the PRC government has been developing a comprehensive system of commercial laws and considerable progress has been made in introducing laws and regulations dealing with economic matters such as foreign investment, corporate organization and governance, commerce, taxation and trade. However, because these laws and regulations are relatively new, and because of the limited number and non-binding nature of published cases, the interpretation and enforcement of these laws and regulations involve uncertainties.

Our operations and assets in the PRC are subject to significant political and economic uncertainties.

Changes in PRC laws and regulations, or their interpretation, or the imposition of confiscatory taxation, restrictions on currency conversion, imports and sources of supply, devaluations of currency or the nationalization or other expropriation of private enterprises could have a material adverse effect on our business, results of operations and financial condition. The PRC government has been pursuing economic reform policies that encourage private economic activity and greater economic decentralization. The PRC government may continue to pursue these policies, and it may significantly alter these policies from time to time without notice.

The consummation of the acquisition by the Pingtan Fishing share purchase agreement and the reorganization plan carried out by Pingtan Fishing may require prior approval from MOFCOM or the CSRC, which may subject us to sanctions or adversely affect our business, results of operations, reputation and prospects.

On August 8, 2006, six PRC regulatory authorities, including the Ministry of Commerce, or MOFCOM, the State Assets Supervision and Administration Commission, the State Administration for Taxation, the State Administration for Industry and Commerce, the China Securities Regulatory Commission, or the CSRC, and the State Administration of Foreign Exchange, or SAFE, jointly issued the Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors, which became effective on September 8, 2006 and was amended on June 22, 2009 by the MOFCOM, or the M&A Regulations. The M&A Regulations, among other things, require that the approval from MOFCOM be obtained for acquisitions of affiliated domestic entities by foreign entities established or controlled by domestic natural persons or enterprises, and also require that an offshore special purpose vehicle, or SPV, formed for purposes of overseas listing of equity interests in PRC companies and controlled directly or indirectly by PRC companies or individuals, obtain the approval of the CSRC prior to the listing and trading of such SPV's securities on an overseas stock exchange. On September 21, 2006, the CSRC published on its official website procedures regarding its approval of overseas listings by SPVs. The CSRC approval procedures require the filing of a number of documents with the CSRC.

The application of the M&A Regulations remains unclear as of the date of this 10-K/A submission, with no consensus among leading PRC law firms regarding the scope and applicability of the CSRC approval requirement. Pingtan Fishing's PRC legal counsel has advised, based on its understanding of current PRC laws, regulations and rules, that the M&A Regulations are not applicable to the consummation of the acquisition by the Pingtan Fishing share purchase agreement and the reorganization plan carried out by Pingtan Fishing because Merchant Supreme's founder and controlling shareholder, Mr. Xinrong Zhuo, is not a mainland PRC natural person. However, the relevant PRC government authorities, including MOFCOM and the CSRC, may reach a different conclusion. If it is decided that the prior approval from MOFCOM or the CSRC is required, we may face sanctions by MOFCOM, the CSRC or other PRC regulatory agencies. Consequently, it is possible that MOFCOM, the CSRC or other PRC regulatory agencies may impose fines and penalties on our operations in the PRC, limit such operations, or take other actions that could have a material adverse effect on our business, financial condition, results of operations, reputation and prospects.

The Circular of Security Review and the Regulations of Security Review provide that any foreign investor should file an application with MOFCOM for the merger and acquisition of domestic enterprises in sensitive sectors or industries. Further, MOFCOM has, for its inner review process, stipulated a range of the business operation items which are required to be reviewed. With reference to such business items, Pingtan Fishing believes that the Regulations of Security Review do not apply to the business operations of Pingtan Fishing. However, the relevant PRC regulatory authorities may have a different view or interpretation in this regard when implementing the Regulations of Security Review. If it is decided that the acquisition by the Pingtan Fishing share purchase agreement may materially affect the state security of the PRC, we may be ordered to restore the shareholding structure to the status before the consummation of the said acquisition, which could have a material adverse effect on our business, financial condition, results of operations, reputation and prospects.

If SAFE determines that its foreign exchange regulations concerning "round-trip" investment apply to our shareholding structure, a failure by our shareholders or beneficial owners to comply with these regulations may restrict our ability to distribute profits, restrict our overseas and cross-border investment activities or subject us to liability under PRC laws, which may materially and adversely affect our business and prospects.

SAFE Circular No. 75 provides that those domestic individuals who hold a PRC identity card, passport or other legal identity supporting document, or who have no such legal identity in mainland PRC but are habitually residing in PRC for the sake of economic interest, whether they hold a PRC identity supporting document or not, should register with the local SAFE branch prior to their establishment or control of an offshore SPV. In addition, any PRC citizen, resident, or entity which is a direct or indirect shareholder of an SPV is required to update the previously filed registration with the local branch of SAFE, with respect to that SPV, to reflect any material change. Moreover, a PRC subsidiary of an SPV is required to urge its shareholders who are PRC citizens, residents, or entities to update their registration with the local branch of SAFE. If a PRC shareholder with a direct or indirect equity interest in an offshore parent company fails to make the required SAFE registration, the PRC subsidiaries of such offshore parent company may be prohibited from paying the offshore parent proceeds from any reduction in capital, share transfer or liquidation in respect of the PRC subsidiaries. Failure to comply with the SAFE Circular No. 75 could result in liability under PRC law for violation of the relevant rules relating to transfers of foreign exchange.

Our founder and controlling shareholder, Mr. Xinrong Zhuo, obtained his Hong Kong identity card in 2005 and surrendered his PRC identity card subsequently thereto. SAFE Circular No. 75 provides that individuals without PRC identities that habitually reside in mainland China for the sake of economic interest should be considered PRC residents, who are required to register their direct or indirect investments in offshore SPVs with the local branch of SAFE. SAFE Circular No. 75 further provides that individuals who have their permanent domicile in mainland China and have been permanently residing in mainland China after temporary departure should be considered PRC residents, no matter whether they have a PRC identity or not. Although he leaves the PRC from time to time and maintains his Hong Kong identity card, Mr. Xinrong Zhuo has been residing in mainland China for most of the time since the SAFE Circular No. 75 became effective. Accordingly, it is possible that PRC authorities may consider Mr. Zhuo to be PRC resident. As of the date of this10-K/A submission, Mr. Zhuo has not made registrations or filings according to SAFE Circular No. 75. Due to uncertainty over how SAFE Circular No. 75 will be interpreted and implemented, we cannot predict how SAFE Circular No. 75 will affect our business operations or future strategies following the business combination. If SAFE Circular No. 75 is determined to apply to us or any of our PRC resident shareholders, none of whom to our knowledge has made registrations or filings according to SAFE Circular No. 75, a failure by any such shareholders or beneficial owners to comply with SAFE Circular No. 75 may subject the relevant shareholders or beneficial owners to penalties under PRC foreign exchange administrative regulations, and may subject us to fines or legal sanctions, restrict our overseas or cross-border investment activities, limit our subsidiaries' ability to make distributions or pay dividends or affect our ownership structure and capital inflow from the offshore entity, which would have a material adverse effect on our business, financial condition, results of operations and liquidity. In addition, we may not be informed of the identities of our beneficial owners and our Chinese resident beneficial owners, if any, may not comply with SAFE Circular No. 75. The failure or inability of our beneficial owners who are PRC citizens, residents or entities to make or amend any required registrations may subject these PRC residents or our PRC subsidiary to fines and legal sanctions, and may also limit our ability to contribute additional capital into our PRC subsidiary and limit our PRC subsidiary's ability to make distributions or pay dividends to us, as a result of which our business operations and our ability to distribute profits to its shareholders may be materially and adversely affected.

In December 2009, the PRC State Administration for Taxation issued a notice, known as "Circular 698," addressing PRC income tax issues in connection with transfers of equity by a non-PRC resident enterprise that directly or indirectly holds an interest in a PRC resident enterprise. Circular 698 requires certain tax filings with, and the submission of comprehensive information to, the applicable tax authorities regarding transfers of equity by a non-PRC resident enterprise that directly or indirectly holds an interest in a PRC resident enterprise. The filings and submissions are designed to assist the taxing authorities in evaluating whether the transfer has a reasonable business purpose. If the transfer does not have a reasonable business purpose, Circular 698 provides that the seller is subject to PRC income tax on the gains received from the transfer of the PRC resident enterprise. Although the tax obligations generally apply to the seller, the PRC resident enterprise that is transferred is also subject to certain requirements to assist the PRC tax authorities in collecting the taxes, potentially including withholding agent obligations. Circular 698 is relatively new with limited implementation guidance, and it is uncertain how it will be interpreted, implemented or enforced. For example, there is no clear guidance regarding what constitutes a "reasonable business purpose" or the assistance obligation applicable to the transferred PRC resident enterprise. We cannot predict how Circular 698 will apply to current or future acquisition strategies and business operations. For example, if our affiliated PRC entities are deemed to have been sold through an offshore holding company, we may face comprehensive filing obligations that could result in significant taxes, potential sanctions or other enforcement action, or other adverse considerations, which could have an adverse impact on our ability to consummate such a transaction or expand our business and market share.

We may be classified as a PRC "resident enterprise" under the PRC enterprise income tax law, which could result in unfavorable tax consequences for us and our shareholders and have a material adverse effect on our results of operations.

Under the Enterprise Income Tax Law of the PRC, or the EIT Law, dividends, interests, rent, royalties and gains on transfers of property payable by a foreign-invested enterprise in China to its foreign investor who is a non-resident enterprise will be subject to a 10% withholding tax, unless such non-resident enterprise's jurisdiction of incorporation has a tax treaty with China that provides for a reduced rate of withholding tax. Under the arrangement for avoidance of double taxation between mainland China and Hong Kong, the effective withholding tax applicable to a Hong Kong non-resident company is 5% if it directly owns no less than a 25% stake in the Chinese foreign-invested enterprise.

Under the EIT Law, an enterprise established outside China with its "de facto management body" within China is considered a "resident enterprise" in China and is subject to the Chinese enterprise income tax at the rate of 25% on its worldwide income. We may be deemed to be a PRC resident enterprise under the EIT Law and be subject to the PRC enterprise income tax at the rate of 25% on its worldwide income. If the Chinese tax authorities determine that we should be classified as a resident enterprise, foreign securities holders will be subject to a 10% withholding tax upon dividends payable by us and subject to income tax upon gains on the sale of securities under the EIT Law.

Due to various restrictions under PRC laws on the distribution of dividends by PRC operating companies, we may not be able to pay dividends to our shareholders.

The Wholly-Foreign Owned Enterprise Law (1986), as amended, The Wholly-Foreign Owned Enterprise Law Implementing Rules (1990), as amended, and the Company Law of the PRC (2006) contain the principal regulations governing dividend distributions by Wholly-Foreign Owned Enterprises, or WFOEs. Under these regulations, WFOEs may pay dividends only out of their accumulated profits, if any, determined in accordance with PRC accounting standards and regulations. Additionally, they are required to set aside each year 10% of its net profits, if any, based on PRC accounting standards, to fund a statutory surplus reserve until the accumulated amount of such reserve reaches 50% of their respective registered capital. These reserves are not distributable as cash dividends except in the event of liquidation and cannot be used for working capital purposes. The PRC government also imposes controls on the conversion of RMB into foreign currencies and the remittance of currencies out of the PRC. We may experience difficulties in completing the administrative procedures necessary to obtain and remit foreign currency for the payment of dividends from the profits of our WFOE.

Furthermore, if our subsidiaries in the PRC incur debt on their own in the future, the instruments governing the debt may restrict their ability to pay dividends or make other payments. If we or our subsidiaries are unable to receive all of the economic value from the operations of our PRC subsidiary through contractual or dividend arrangements, we may be unable to pay dividends on our ordinary shares.

Because our principal assets are located outside of the United States and our directors and officers reside outside of the United States, it may be difficult for you to enforce your rights based on the United States federal securities laws against us and our officers and directors in the United States or to enforce foreign judgments or bring original actions in the PRC against us or our management.

All of our officers and directors reside outside of the United States. In addition, our operating subsidiaries are located in the PRC and all of their assets are located outside of the United States. The PRC does not have a treaty with United States providing for the reciprocal recognition and enforcement of judgments of courts. Therefore, it may be difficult for investors in the United States to enforce their legal rights based on the civil liability provisions of the United States federal securities laws against us in the courts of either the United States or the PRC and, even if civil judgments are obtained in courts of the United States, to enforce such judgments in PRC courts.

In addition, since we are incorporated under the laws of the Cayman Islands and our corporate affairs are governed by the laws of the Cayman Islands, it may not be possible for investors to originate actions against us or our directors or officers based upon PRC laws, and it may be difficult, if possible at all, to bring actions based upon Cayman Islands laws in the PRC in the event that you believe that your rights as a shareholder have been infringed.

Our employment practices may be adversely impacted under the labor contract law of the PRC.

The PRC National People's Congress promulgated the Labor Contract Law, which became effective on January 1, 2008. Compared to previous labor laws, the Labor Contract Law provides stronger protection for employees and imposes more obligations on employers. According to the Labor Contract Law, employers have the obligation to enter into written labor contracts with employees to specify the key terms of the employment relationship. The law also stipulates, among other things, (i) that all written labor contracts shall contain certain requisite terms; (ii) that the length of trial employment periods must be in proportion to the terms of the relevant labor contracts, which in any event may not be longer than six months; (iii) that in certain circumstances, a labor contract is deemed to be without a fixed term and thus an employee can only be terminated with cause; and (iv) that there are certain restrictions on the circumstances under which employers may terminate labor contracts as well as the economic compensations to employees upon termination of the employee's employment.

In addition, if we decide to significantly change or downsize our workforce, the Labor Contract Law could restrict our ability to terminate employee contracts and adversely affect our ability to make such changes to our work force in a manner that is most favorable to our business or in a timely and cost effective manner, which in turn may materially and adversely affect our financial condition and results of operations. If we are subject to severe penalties or incur significant legal fees in connection with labor law disputes or investigations, our business, financial condition and results of operations may be adversely affected.

Investors will have limited access to corporate records filed with the relevant PRC government authorities by the PRC operating entities.

All our PRC subsidiaries are companies registered in Fujian Province. The PRC State Administration for Industry and Commerce and its local counterparts, or collectively SAIC, is the PRC government authority governing the market supervision and administrative enforcement of various business licensing laws. According to the relevant SAIC regulations, certain corporate records of a company should be filed with SAIC, for example, the annual financial report, shareholder changes, amendments of articles of association, registered capital changes, capital verification reports and equity interest pledge registration. In Fujian Province, an individual can gain access to information filed with SAIC only with the authorization of the company for which such information is filed. Alternatively, access to information can be granted by an order of a PRC people's court, provided that the individual requesting the information is a party to litigation involving the company in question. Due to such restrictions, investors will have limited access to corporate records filed with the SAIC by our PRC affiliates.

Currency fluctuations and restrictions on currency exchange may adversely affect our business, including limiting our ability to convert Renminbi into foreign currencies and, if Renminbi were to decline in value, reducing our revenue in U.S. dollar terms.

Our reporting currency is the U.S. dollar and our operations in the PRC use their local currency as their functional currencies. Substantially all of our revenue and expenses are in Renminbi. Accordingly, we are subject to the effects of exchange rate fluctuations with respect to any of these currencies. For example, the value of the Renminbi depends to a large extent on PRC government policies and the PRC's domestic and international economic and political developments, as well as supply and demand in the local market. Since 1994, the official exchange rate for the conversion of Renminbi to the U.S. dollar had generally been stable and the Renminbi had appreciated slightly against the U.S. dollar. However, in July 2005, the PRC government changed its policy of pegging the value of Renminbi to the U.S. dollar. Under the new policy, Renminbi may fluctuate within a narrow and managed band against a basket of certain foreign currencies. As a result of this policy change, Renminbi appreciated more than 20% against the U.S. dollar in the following three years. Since July 2008, however, the Renminbi has traded within a narrow range against the U.S. dollar. As a consequence, the Renminbi has fluctuated significantly since July 2008 against other freely traded currencies, in tandem with the U.S. dollar. On June 19, 2010, the People's Bank of China, or the PBOC, announced that the PRC government would further reform the Renminbi exchange rate regime and increase the flexibility of the exchange rate. It is difficult to predict how this new policy may impact the Renminbi exchange and the Renminbi may not be stable against the U.S. dollar or any other foreign currency.

The statements of our operations are translated into U.S. dollars at the average exchange rates in each applicable period. To the extent the U.S. dollar strengthens against foreign currencies, the translation of these foreign currency denominated transactions results in reduced revenue, operating expenses and net income for our operations. Similarly, to the extent the U.S. dollar weakens against foreign currencies, the translation of these foreign currency denominated transactions results in increased revenue, operating expenses and net income for our operations. We are exposed, to foreign exchange rate fluctuations in converting the financial statements of foreign subsidiaries into U.S. dollars in consolidation. If there is a change in foreign currency exchange rates, the conversion of the foreign subsidiaries' financial statements into U.S. dollars will lead to a translation gain or loss which is recorded as a component of other comprehensive income. In addition, if we have, assets or liabilities that are denominated in currencies other than the relevant entity's functional currency, changes in the functional currency value of these assets and liabilities would create fluctuations that lead to a transaction gain or loss. Although our major operations are conducted overseas, our sales are conducted in the PRC and in RMB, which is our functional currency. The average exchange rate used in translating the results of operations and cash flows for the years ended December 31, 2013 and 2012 from RMB to U.S. dollars was 6.1412 and 6.3116, respectively, which represented a 2.7% increase from 2012 to 2013 in the value of the RMB against the U.S. dollar. The average exchange rate used in translating the results of operations and cash flows for the years ended December 31, 2012 and 2011 was 6.3116 and 6.4640, respectively, which represented a 2.4% increase from 2011 to 2012 in the value of the RMB against the U.S. dollar. We have not entered into agreements or purchased instruments to hedge exchange rate risks, although we may do so in the future. The availability and effectiveness of any hedging transaction may be limited and we may not be able to successfully hedge its exchange rate risks.

Although PRC governmental policies were introduced in 1996 to allow the convertibility of Renminbi into foreign currency for current account items, conversion of Renminbi into foreign exchange for capital items, such as foreign direct investment, loans or securities, requires the approval of SAFE, which is under the authority of the PBOC. These approvals, however, do not guarantee the availability of foreign currency conversion. We may not be able to obtain all required conversion approvals for our operations and PRC regulatory authorities may impose greater restrictions on the convertibility of Renminbi. Because we expect a significant amount of our revenue to continue to be in the form of Renminbi, our inability to obtain the requisite approvals or any future restrictions on currency exchanges could limit our ability to utilize revenue generated in Renminbi to fund our business activities outside of the PRC, or to repay foreign currency obligations, including our debt obligations, which would have a material adverse effect on our financial condition and results of operations.

Contractual arrangements, including voting proxies, with our affiliated entities for Pingtan Fishing's fishing business may not be as effective in providing operational control as direct or indirect ownership.

Pursuant to our contractual arrangements, if Pingtan Fishing, Merchant Supreme's PRC operating company, or the shareholders of Pingtan Fishing fail to perform their obligations under these contractual arrangements, we may be forced to (i) incur substantial costs and resources to enforce such arrangements, including the voting proxies, and (ii) rely on legal remedies available under PRC law, including exercising the call option right over the equity interests in Pingtan Fishing, seeking specific performance or injunctive relief, and claiming monetary damages. However, there are various difficulties related to the enforcement of these contractual arrangements. For example, any legal remedies must be sought by Pingtan Guansheng Ocean Fishing Co., Ltd., or Pingtan GuanSheng because Pingtan GuanSheng, Pingtan Fishing's WFOE, is the direct contract party to the contractual arrangements, and injunctive relief is not likely to be available under PRC law in the circumstances of a breach of these arrangements. Limitations on foreign ownership may prevent us from exercising the call option. In addition, even in the event of a grant of monetary damages by a PRC court, Pingtan GuanSheng may not collect such damages if the opposite party(ies) in a litigation are incapable of payment. Pingtan GuanSheng may exercise the rights underlying the equity pledge agreement to receive payment of the proceeds from disposal of the pledged equity interest in Pingtan Fishing, but in such event the monetary damages will be limited to the amount pledge under the equity pledged agreement. In the event that we are unable to enforce these contractual arrangement, or if suffer significant time delays or other obstacles in the process of enforcing these contractual arrangements our business, financial condition and results of operations could be materially and adversely affected.

Due to historical defects in its capital contributions of Pingtan Fishing, we may be subject to administrative liability.

The current PRC Companies Law provides that shareholders must make the full amount of capital contribution subscribed to by such shareholder under the articles of association of the company. The form of capital contribution may be currency or non-currency property, such as property, intellectual property rights and land-use rights that can be evaluated in the form of currency and transferred in accordance with the applicable law. Under the PRC Companies Law, the non-currency property to be contributed as capital shall undergo an asset valuation and verification, and shall not be overvalued or undervalued. The property rights of such non-currency property shall be transferred in accordance with legally prescribed procedures. If a company obtains company registration in violation of the PRC Companies Law by making false statement of registered capital, submitting false certificates or by concealing material facts through other fraudulent means, the company shall be ordered to make rectification. In the event false statements regarding registered capital were made, the company shall also be fined no less than five percent but no more than fifteen percent of the amount of registered capital falsely stated. Further, a company submitting false certificates or concealing material facts may be fined no less than RMB50,000 but no more than RMB500,000.

Pingtan Fishing was established in February 1998 with registered capital of RMB10,000,000, by three founders, Fujian Pingtan County Fishing Development Co., Fujian Pingtan County Shengfa Pingtan Fishing Co., Ltd. and Fujian Pingtan County Shunda Fishing Co., Ltd., all of whom made in-kind contributions to Pingtan Fishing. However, no information regarding any specific category of in-kind contribution was disclosed in the registration records of Pingtan Fishing in Pingtan County SAIC. Further, no assessment report or materials regarding the title transfer for such in-kind contributions were disclosed in the registration record.

In September 2002, Fujian Pingtan County State-owned Asset Operation Co., Ltd., or Pingtan State-owned Co., a PRC state-owned enterprise, injected investment of non-currency property, which was half of its land-use right in an area in Pingtan County, at the price of RMB7,000,000 and obtained 70% equity interest in Pingtan Fishing. However, the transfer procedure for such land-use right has not been conducted and the registered capital of Pingtan Fishing was never changed.

The local government authority for company registration has confirmed that since its establishment no information record has been found regarding the violation of the applicable governmental company management laws by Pingtan Fishing. However, due to the lack of certain documents in the registration record of Pingtan Fishing, if the applicable company registration authority determines that Pingtan Fishing has had one or more deficiencies in it historical capital contributions, we may be subject to the fines.

Due to the defect in the state-owned equity interest transfer in Pingtan Fishing's past, it, and we may be subject to a determination of invalidity of such equity interest transfer and may be liable for the applicable administrative liability.

According to the Provisional Regulations of Supervision and Administration of State-owned Assets in the Enterprise, promulgated by the State Council on May 27, 2003, and the Provisional Management Measure for the Transfer of the State-owned Equity in an Enterprise, promulgated by State-owned Assets Supervision and Administration Commission and Ministry of Finance on December 31, 2003, or collectively the State-owned Assets Regulations, the State-owned assets supervision and administration authority shall determine the matters of the transfer of its state-owned equity in an enterprise which it has invested. Further, the sale of state-owned equity in a company by a state-owned entity shareholder must be approved by the governmental authority at the same ranking as that of the state-owned entity shareholder, provided that after the transfer the state-owned entity may not hold more than 50% equity interest in such company.

On December 10, 2004, Fujian Yihai Investment Co., Ltd and Chen Cheng obtained all the equity interest in Pingtan Fishing by an equity interest transfer from the former shareholders, or the 2004 Equity Transfer, including Pingtan State-owned Co., and the registered capital of Pingtan Fishing increased to RMB25,000,000. A state-owned asset transfer was involved in the equity interest transfer, as Pingtan State-owned Co. is a state-owned company. According to State-owned Assets Regulations, such equity interest transfer should be determined by the Fuzhou municipal state-owned asset supervising authority and approved by the Fuzhou Municipal Government. However, the applicable approval was not obtained at the time of the 2004 Equity Transfer, which was only approved by Pingtan County Government. According to 1999 PRC Contract Law, a contract shall be null and void under any of the following circumstances: (1) a contract is concluded through the use of fraud or coercion by one party to damage the interests of the state; (2) malicious collusion is conducted to damage the interests of the state, a collective or a third party; (3) an illegitimate purpose is concealed, under the guise of legitimate acts; (4) public interests are damaged; or (5) a violation the compulsory provisions of the laws and administrative regulations. Currently, none of the violations described above have been found with regard to the equity transfer contract for the 2004 Equity Transfer. Given that the 2004 Equity Transfer has been confirmed by Pingtan Government, Pingtan Fishing believes that it is unlikely that the transfer will be determined to be invalid. However, the government authority may reach the different conclusion and we may face an order of rectification, which would be time consuming and our business operations may be adversely affected.

We may be subject to certain penalties due to Pingtan Fishing lacking various PRC certificates or licenses and our business may be affected by the failure to renew some such certificates or licenses.

According to the PRC Fishing Vessels Inspection Regulation promulgated by PRC National Council in June 2003, if a fishing vessel operates without the Inspection Certificate after the applicable inspection process, such vessel may be confiscated by the relevant authority. The owner of a fishing vessel who does not apply for the required operation inspection for such vessel can be ordered to cease operations and apply for inspection within the time limit required by the relevant authority. In the event that a company fails to apply for an annual inspection, as ordered by the relevant authority, the company may be fined between RMB1,000 to RMB10,000 and the Annual Inspection Certificates held by the company may be temporarily suspended.

According to to PRC Radio Management Regulations promulgated by the PRC National Council and PRC Centre Military Committee in September 1993, as well as the License of Radio Station Management Regulations promulgated by Ministry of Industry and Information Technology in February 2009, a company who sets up or uses a radio station in a vessel must obtain a Radio Station License. Failing to do so may result in a fine of up to RMB5,000 and the radio station facilities may be confiscated.

The PRC is a member of 1973 International Pollution Prevention Convention, amended in 1978. According to the provisions of such convention and relevant PRC laws and regulations, the vessels owned by Pingtan Fishing should have a Sewage Pollution Prevention Certificates. We may be subject to a fine of up to RMB200,000 once its vessels enter into PRC territorial seas due to lacking the certificate and relevant facilities for pollution prevention.

According to the PRC Fishery Management Regulation promulgated by PRC Ministry of Agriculture in April 2003, in the event that an enterprise has not obtained a valid inspection certificate or any other applicable certificates, such company may be subject to penalties imposed by applicable governmental authorities. Further, an enterprise carrying out its ocean fishery business without the approval of the Ministry of Agriculture may be subject to penalties imposed by applicable governmental authority pursuant to applicable laws and regulations. The most serious penalty is permanent suspension of its fishing business operation.

In addition, under PRC laws and regulations, Pingtan Fishing is required to hold certain certificates or licenses in order to use its vessels to conduct fishing outside PRC territorial seas. Some of the certificates or licenses are subject to renewal on a regular basis. We may not be able to renew such certificates or licenses. Failure to renew such certificates or licenses may cause temporary or even permanent suspension of Pingtan Fishing's operations, which would have adverse effects on our business and financial condition. In addition, we may face fines pursuant to the above-mentioned laws and regulations.

Pingtan Fishing has neither entered into employment contracts with its employees nor bought the required social insurance for its employees and we may be imposed fines by the relevant authority.

Compared to previous labor laws, the Labor Contract Law provides stronger protection for employees and imposes more obligations on employers. The Labor Contract Law stipulates, among other things, that (i) that all written labor contracts shall contain certain requisite terms; (ii) that the length of trial employment periods must be in proportion to the terms of the relevant labor contracts, which in any event may not be longer than six months; (iii) that in certain circumstances, a labor contract is deemed to be without a fixed term and thus an employee can only be terminated with cause; and (iv) that there are certain restrictions on the circumstances under which employers may terminate labor contracts as well as the economic compensations to employees upon termination of the employee's employment.

The PRC Social Insurance Law provides that the employers should apply for the social insurance registration to the social insurance authority for their employees within thirty days from the employment date. The employees should have the basic endowment insurance, basic medical insurance, work-related injury insurance, unemployment insurance and applicable maternity insurance for its employees. The premium of work-related injury insurance and maternity insurance should be paid by the employers and the premium of the other three kind of insurance should be paid by the employees and employers jointly. Employers who have not managed the application of social insurance registration in time may be ordered by the social insurance authority to make the rectification and may fined for the twice or triple of the unpaid premium for any delay in such rectification. Employers who have not paid the premium of applicable social insurance for their employees should be ordered to make the payment in time and be charged an overdue fine in the amount of 5/10,000 per day of the unpaid premium from the due date, and, if they have not paid in time as required by such order, may be fined for an amount of twice to triple the unpaid premium. Further, employers have the obligations to withhold the premium of endowment insurance, medical insurance and unemployment insurance and for their employees, and should be charged 5/10,000 per day of the overdue withholding premium by the social insurance authority.

Pingtan Fishing has not entered into employment agreements with some of its employees, basically the root-level employees, none of whom has endowment insurance, basic medical insurance, insurance against injury at work, maternity insurance and unemployment insurance. Due to this lack of insurance, we may be subject to overdue payment and fines and in turn our financial condition and results of operations may be adversely affected. We are actively endeavoring to enter into the employment contracts with these employees, purchase the social insurance for these employees and taking other remedial action. However, such actions may not be completed on a timely basis, or at all, and may not avoid fines or other penalties. As of December 31, 2013, there had been no fines nor penalties requested by the social insurance authority. Based on our estimate, the social insurance not provided is approximately $246,000, which is immaterial.

We may be subject to fines for the violation of Fishing Management Regulations.

PRC laws set forth rigorous standards to the amount and qualification of the seamen serving on vessels. The applicable laws include, among other things, the 1983 PRC Navigation Safety Act, Pingtan Fishing Management Regulations which was promulgated by Ministry of Agriculture on April 14, 2003, the PRC Seamen Regulations which was promulgated by State Council on March 28, 2007, Fishing Port Navigation Safety Management Regulations which was promulgated by State Council on May 5, 1989, and PRC Administrative Penalty Regulations for the Supervising of the Water Safety which was promulgated by Ministry of Communications on November 26, 1997. All these laws and regulations, collectively referred to as the Fishing Management Regulations, provide that the vessels should be equipped with qualified seamen, in a number required by the standard criteria to ensure the safety of such vessels and the seamen in Pingtan Fishing's vessels should be trained by the professional training institution permitted by Ministry of Agriculture and hold a Professional Sailor Certificate and the Professional Training Qualification. Further, the owners of the Pingtan Fishing's enterprises must apply for a Seafarer's Passport for the seamen on their vessels and the seamen in the voyage or assisting with marine engine work must have a Certificate of Competence. The owner of the vessel may be ordered to rectify the failure to equip vessels with qualified seamen and are subject to a fine between RMB5000 to RMB10,000 for such violation or for the seamen on such vessels lacking valid Certificates of Competence.

Pingtan Fishing has not historically had procedures in place to ensure its vessels are equipped with sufficient qualified crews, who have the Seafarer's Passport and Certificate of Job Qualification or other certificates required by applicable Fishing Management Regulations, to ensure the safety of such vessels. Accordingly, we may be subject to fines for such violations.

Pingtan Fishing has not made past housing fund payments for and on behalf of its employees and we may be required to make such payments and be subject to fines or penalties.

Under the Administrative Regulation on Housing Fund, an employer must make a housing fund payment, deposit registration upon its establishment and pay the housing fund for and on behalf of its employees at a percentage between 5% and 12% of the respective employee's monthly average wage of the preceding year. If an employer fails to make the housing fund payment and deposit registration, the housing fund administration authority may order it to complete the registration within a time limit or be assessed a fine of RMB10,000 to RMB50,000. Where an employer fails to make the housing fund payment for and on behalf of its employees within the time limit or under the requisite percentage, it may be ordered by the housing fund administration authority to deposit the fund, together with late fees of 0.03% of such amount. Due to inconsistent implementation and interpretation by local authorities in the PRC and different levels of acceptance of the social security system by employees, Pingtan Fishing has not made the housing fund payment and deposit registration or paid the housing fund for and on behalf of its employees before January 2014. In the future, we may be required to make housing fund payments for the time before January 2014, the amount of which is approximately $27,000, pay late fees and pay fines for non-compliance.

PRC regulation of loans to and direct investments in PRC entities by offshore holding companies may delay or prevent us from financing Pingtan Guansheng.

Any funds we transfer to Pingtan Guansheng, either as a shareholder loan or as an increase in registered capital, are subject to approval by or registration with relevant governmental authorities in China. According to the relevant PRC regulations on foreign invested enterprises in China, capital contributions to Pingtan Guansheng are subject to the approval of the MOFCOM or its local branches and registration with other governmental authorities in China. In addition, (a) any foreign loan procured by Pingtan Guansheng is required to be registered with SAFE or its local branches, and (b) Pingtan Guansheng may not procure loans which exceed the difference between its registered capital and its total investment amount as approved by the MOFCOM or its local branches. Any medium or long term loan to be provided by us to Pingtan Guansheng must be approved by the National Development and Reform Commission and the SAFE or its local branches. We may be unable to obtain these government approvals or complete such registration on a timely basis, if at all, with respect to capital contributions or foreign loans by it to its PRC subsidiaries. If we fail to receive such approvals or complete such registration, the ability to fund our PRC operations may be negatively affected, which could adversely affect our liquidity and ability to fund and expand our business.

On August 29, 2008, SAFE promulgated the Circular on Relevant Operating Issues Concerning the Improvement of the Administration of the Payment and Settlement of Foreign Currency Capital of Foreign Invested Enterprises, or SAFE Circular 142. SAFE Circular 142 provides that any Renminbi capital converted from registered capital in foreign currency of a foreign invested enterprise may only be used for purposes within the business scope approved by PRC governmental authority and such Renminbi capital may not be used for equity investments within the PRC unless otherwise permitted by the PRC law. In addition, SAFE strengthened its oversight of the flow and use of the Renminbi capital converted from registered capital in foreign currency of a foreign invested enterprise. The use of such Renminbi capital may not be changed without SAFE approval, and such Renminbi capital may not in any case be used to repay Renminbi loans if the proceeds of such loans have not been utilized. Any violation of SAFE Circular 142 could result in severe monetary or other penalties. As a result, after the consummation of the business combination, we will be required to apply Renminbi funds converted within the business scope of Pingtan Guansheng. SAFE Circular 142 significantly limits our ability to transfer the net proceeds from us prior or any future offering of additional equity securities to Pingtan Guansheng or invest in or acquire any other companies in the PRC. On November 19, 2010 SAFE promulgated the Circular on the Policy of further Improvement and Adjustment of the Administration of the Direct Investment by Foreign Currency, or SAFE Circular 59, requiring SAFE to closely examine the authenticity of settlement of net proceeds from offshore offerings. In particular, it is specifically required that any net proceed settled from offshore offerings shall be applied in the manner described in the offering documents. On November 9, 2011, SAFE promulgated the Notice on Relevant Issues Concerning further Defining and Managing Part of the Foreign Currency Business in Capital Projects, or SAFE Circular 45. SAFE Circular 45 further provides that a foreign-investment enterprise should not use the Renminbi capital converted from registered capital in foreign currency in the equity investment. Due to the fact that the business scope of Pingtan Guansheng does not include equity investment, according to the aforementioned regulations, Pingtan Guansheng may not use Renminbi converted from foreign currency-denominated capital for purposes equity investment, and it must use such capital within its business scope, such as the sales of aquatic products or import and export of various commodities and technologies. Therefore, SAFE Circulars 142, 59 and 45 may significantly limit our ability to convert, transfer and use the net proceeds from our prior or any future offering of equity securities in China, which may adversely affect our business, financial condition and results of operations.

Risks Relating to Our Securities

Our corporate actions are substantially controlled by our officers, directors and principal shareholders and their affiliated entities.

Our executive officers, directors and principal shareholders and their affiliated entities beneficially own approximately 56.2% of our issued and outstanding shares. These shareholders, if they acted together, would control matters requiring approval by our shareholders, including the election of directors and the approval of mergers or other business combination transactions, and they may not act in the best interests of minority shareholders. This concentration of ownership may also discourage, delay or prevent a change in control of us, which could deprive our shareholders of an opportunity to receive a premium for their shares as part of a sale of our company. These actions may be taken even if they are opposed by our other shareholders.

We may need additional capital, and the sale of additional equity securities could result in additional dilution to our shareholders.

We believe that our cash and cash equivalents, and anticipated cash flow from operations will be sufficient to meet our anticipated cash needs for the foreseeable future. We may, however, require additional cash resources due to changed business conditions or other future developments, including any investments or acquisitions we may decide to pursue. If these resources are insufficient to satisfy our cash requirements, we may seek to sell additional equity or debt securities or obtain a credit facility. The sale of additional equity securities could result in additional dilution to our shareholders. The incurrence of indebtedness would result in increased debt service obligations and could result in operating and financing covenants that would restrict our operations. It is uncertain whether financing will be available in amounts or on terms acceptable to us, if at all.

Our auditor, like other independent registered public accounting firms operating in China, is registered with the U.S. Public Company Accounting Oversight Board, or the PCAOB, but has not yet been inspected, and as such, investors currently do not have the benefit of PCAOB oversight.

Auditors of companies that are registered with the SEC and traded publicly in the United States, including our independent registered public accounting firm, must be registered with the PCAOB and are required by U.S. law to undergo regular inspections by the PCAOB to assess their compliance with U.S. law and professional standards in connection with their audits of public company financial statements filed with the SEC. Because our auditor is located in China, a jurisdiction where the PCAOB is currently unable to conduct inspections without the approval of the Chinese authorities, the audit work and practices of its auditor, like other registered audit firms operating in China, is currently not inspected by the PCAOB. The inability of the PCAOB to conduct inspections of auditors in China also makes it more difficult to evaluate the effectiveness of our auditor's audit procedures or quality control procedures as compared to auditors outside of China that are subject to PCAOB inspections. As a result, investors may lose confidence in our reported financial information and procedures and the quality of our financial statements**.**

You must rely on price appreciation of our shares and not on dividends for return on your investment.

We have never declared or paid any cash dividends on our ordinary shares or preferred shares. We do not, anticipate paying any cash dividends on ordinary shares and plan to retain earnings, if any, for use in the development of the Company or our business. Therefore, you should not expect to receive any future dividend income. Our board of directors has significant discretion as to whether to distribute dividends. Even if dividends are paid, the timing, amount and form of future dividends, if any, will depend on, among other things, future results of operations and cash flow, capital requirements and surplus, the amount of distributions, if any, received from PRC subsidiaries, financial position, contractual restrictions, Cayman and PRC laws, and other factors deemed relevant. Accordingly, the return on your investment will likely depend entirely upon any future price appreciation of our shares. Our shares may not appreciate in value or even maintain the price at which you invested.

Shareholders may face difficulties in protecting their interests, and their ability to protect their rights through the United States federal courts may be limited because we re incorporated under Cayman Islands law, we conduct substantially all of our operations in China and all of our directors and officers reside outside the United States.

We are incorporated in the Cayman Islands and conduct substantially all of our operations in China through our PRC subsidiaries. All of our directors and officers reside outside the United States and a substantial portion of their assets are located outside of the United States. As a result, it may be difficult or impossible for our shareholders to bring an action against us or these individuals in the Cayman Islands or in China in the event that you believe that your rights have been infringed under the securities laws or otherwise. Even if shareholders are successful in bringing an action of this kind, the laws of the Cayman Islands and of China may render you unable to enforce a judgment against our assets or the assets of our directors and officers.

If we fail to comply with the requirements of Section 404 of the Sarbanes-Oxley Act of 2002, our business prospects and stock valuation could be adversely affected.

Section 404 of the Sarbanes-Oxley Act of 2002 requires our management to report on, and our independent registered public accounting firm to attest to, the effectiveness of our internal control over financial reporting. We have expended significant resources to comply with our obligations under Section 404 with respect to the year ended December 31, 2013. If we are unable to comply with our obligations under Section 404 in the future or experience delays in future reports of our management and outside auditors on our internal control over financial reporting, or if we fail to respond timely to any changes in the Section 404 requirements, we may be unable to timely file with the SEC our periodic reports and may be subject to, among other things, regulatory or enforcement actions by the SEC and the NASDAQ, including delisting from the NASDAQ, securities litigation, events of default under our new credit facilities, debt rating agency downgrades or rating withdrawals and a general loss of investor confidence, any one of which could adversely affect our business prospects and the valuation of our common stock.

Compliance with rules and requirements applicable to public companies will cause us to incur additional costs, and any failure by us to comply with such rules and requirements could negatively affect investor confidence in us and cause the value of our securities to decline.

As a relatively new public company, we are incurring significant legal, accounting and other expenses that we did not incur as a private company, many of which are not reflected in our historical financial statements. In addition, the Sarbanes-Oxley Act, as well as rules adopted by the SEC, has required changes in the corporate governance practices of public companies. We expect these rules and regulations to increase our legal, accounting and financial compliance costs and to make certain corporate activities more time-consuming and costly. Complying with these rules and requirements may be especially difficult and costly for us because it may have difficulty locating sufficient personnel in China with experience and expertise relating to U.S. GAAP and United States public company reporting requirements, and such personnel may command high salaries. If we cannot employ sufficient personnel to ensure compliance with these rules and regulations, we may need to rely more on outside legal, accounting and financial experts, which may be very costly.

The prices at which shares of our ordinary shares are traded will likely be volatile.

You should expect the prices at which our ordinary shares are traded to be highly volatile. Our progress in developing and commercializing our products, the impact of government regulations on our products and industry, the potential sale of a large volume of our ordinary shares by shareholders, our quarterly operating results, changes in general conditions in the economy or the financial markets and other developments affecting us or our competitors could cause the market price of our ordinary shares to fluctuate substantially with significant market losses. As a result, this may make it difficult or impossible for holders of our ordinary shares to sell shares when they want and at prices they find attractive.

The market price of the warrants is directly affected by the market price of our ordinary shares, which may be volatile.

We believe that the market price of the Warrants is significantly affected by the market price of our ordinary shares. We cannot predict how our ordinary shares will trade in the future. This may result in greater volatility in the market price of the warrants than would be expected for non-exercisable securities.

Under certain circumstances, holders may have to pay U.S. federal income tax as a result of a deemed distribution with respect to our ordinary shares or warrants—even if holders do not receive a corresponding distribution of cash—such as, if we adjust, or fail to adjust, the exercise price of the warrants in certain circumstances.

Holders of our ordinary shares or warrants may be treated as having received a constructive distribution in certain circumstances, for example if we make certain adjustments to (or fail to make adjustments to) the exercise price of the warrants and such adjustment (or failure to make an adjustment) has the effect of increasing the proportionate interest of certain holders in our earnings and profits or assets. Such a distribution could be treated as a taxable dividend or capital gain for U.S. federal income tax purposes even though holders do not receive any cash with respect to such constructive distribution. In addition, you may be subject to U.S. federal withholding tax on any such constructive distribution on our ordinary shares or warrants. You are advised to consult your independent tax advisor regarding the possibility and tax treatment of any deemed distributions for U.S. federal income tax purposes.

Until the exercise of the warrants, holders of these securities do not have identical rights as holders of our ordinary shares, but they will be subject to all changes made with respect to our ordinary shares.

Holders of the warrants are not entitled to any rights with respect to our ordinary shares (including, without limitation, voting rights and rights to receive any dividends or other distributions on our ordinary shares), but they will be subject to all changes affecting our ordinary shares. Holders of warrants will have rights with respect to our ordinary shares only if they receive our ordinary shares upon exercise of the warrants and only as of the date when such holder becomes a record owner of our ordinary shares upon such exercise. For example, with respect to warrants, if an amendment is proposed to our memorandum and articles of incorporation requiring shareholder approval and the record date for determining the shareholders of record entitled to vote on the amendment occurs prior to the date a warrant holder is deemed to be the owner of our ordinary shares due upon exercise of the warrants, the exercising warrant holder will not be entitled to vote on the amendment, although such holder will nevertheless be subject to any changes in the powers, preferences or special rights of our ordinary shares.

The market price of our ordinary shares may or may not exceed the exercise price of the warrants.

As of the date of this prospectus, the market price of our ordinary shares did not exceed the exercise price of our warrants, and we cannot provide you with any assurance that that the market price of our ordinary shares will ever exceed the exercise price of the warrants in any or all periods prior to the date of expiration. Any warrants not exercised by their date of expiration will expire worthless and we will be under no further obligation to the warrant holders.

Since the warrants are executory contracts, they may have no value in a bankruptcy or reorganization proceeding.

In the event a bankruptcy or reorganization proceeding is commenced by or against us, a bankruptcy court may hold that any unexercised warrants are executory contracts that are subject to rejection by us with the approval of the bankruptcy court. As a result, holders of the warrants may, even if we have sufficient funds, not be entitled to receive any consideration for their warrants or may receive an amount less than they would be entitled to if they had exercised their warrants prior to the commencement of any such bankruptcy or reorganization proceeding.

We may sell equity securities in the future, which would cause dilution.

We may sell equity securities in the future to obtain funds for general corporate or other purposes. We may sell these securities at a discount to the market price. Any future sales of equity securities will dilute the holdings of existing holders of our ordinary shares, possibly reducing the value of their investment.

The exercise of warrants to purchase our ordinary shares will increase the number of shares eligible for future resale in the public market and result in dilution to our existing shareholders.

There are outstanding warrants to purchase an aggregate of 8,966,667 of our ordinary shares. To the extent such warrants are exercised, additional shares of our ordinary shares will be issued, which will result in dilution to the existing holders of our ordinary shares and increase the number of shares eligible for resale in the public market. Sales of substantial numbers of such shares in the public market could adversely affect the market price of our ordinary shares.

Although our ordinary shares are currently listed on The NASDAQ Capital Market, there can be no assurance that we will be able to comply with the continued listing standards.

The NASDAQ Capital Market may delist our ordinary shares from trading on its exchange for failure to meet the continued listing standards. If our ordinary shares were delisted from The NASDAQ Capital Market, we and our shareholders could face significant material adverse consequences including:

☐ a limited availability of market quotations for our ordinary shares;

☐ a determination that our ordinary shares is a “penny stock” would require brokers trading in our ordinary shares to adhere to more stringent rules, possibly resulting in a reduced level of trading activity in the secondary trading market for our ordinary shares;

☐ a limited amount of analyst coverage; and

☐ a decreased ability to issue additional securities or obtain additional financing in the future.

Our ordinary shares are currently listed for trading on The NASDAQ Capital Market under the symbol “PME”.

The warrants may be thinly traded, so you may be unable to sell at or near ask prices or even at all if you need to sell your warrants to raise money or otherwise desire to liquidate your warrants.

The warrants are quoted on the Over-the-Counter Bulletin Board and may be “thinly-traded,” meaning that the number of persons interested in purchasing the warrants at or near bid prices at any given time may be relatively small or non-existent. This situation could be attributable to a number of factors, including the fact that we are a relatively new company that may be unknown to stock analysts, stock brokers, institutional investors and others in the investment community that generate or influence sales volume, and that even if we came to the attention of such persons, they tend to be risk averse and would be reluctant to follow an unproven company such as ours or purchase or recommend the purchase of our shares until such time as we became more seasoned and viable. As a consequence, there may be periods of several days, weeks or months when trading activity in the warrants is minimal or non-existent, as compared to a seasoned issuer which has a large and steady volume of trading activity that will generally support continuous sales without an adverse effect on the price of the warrants. We cannot give you any assurance that a broader or more active public trading market for the warrants will develop or be sustained, or that current trading levels will be sustained or not diminish.

Our management will have broad discretion over the use of the proceeds that we receive from the exercise of the warrants and might not apply the proceeds in ways that increase the value our ordinary shares.

We will receive the proceeds from the exercise of our warrants, but not from the sale of the underlying ordinary shares. We also will not receive the proceeds from any resales by the selling security holders of any ordinary shares or warrants. Our management will have broad discretion to use the proceeds that we receive from the exercise of the warrants, and you will be relying on the judgment of our management regarding the application of these proceeds. Our management might not apply these proceeds in ways that increase the value our ordinary shares. We intend to use these proceeds primarily for general corporate purposes, including working capital, sales and marketing activities, general and administrative matters, repayment of indebtedness, and capital expenditures. We may also use a portion of these proceeds to acquire or invest in complementary products or businesses. Pending the foregoing uses, we intend to invest the proceeds that we receive from the exercise of our warrants in short-term, investment-grade, interest-bearing securities, and these investments may not yield a favorable rate of return. If we do not invest or apply the proceeds that we receive from the exercise of our warrants in ways that enhance shareholder value, we may fail to achieve expected financial results, which could cause the price of our ordinary shares to decline. You will not have the opportunity to influence our decisions on how we use the proceeds that we receive from the exercise of the warrants.

If securities or industry analysts do not publish or cease publishing research or reports about us, our business, or our market, or if they change their recommendations regarding our ordinary shares adversely, the price and trading volume of our securities could decline.

Securities and industry analysts do not currently, and may never, publish research on us. If securities or industry analysts do not publish or cease publishing research or reports about us, our business, or our market, or if they change their recommendations regarding our ordinary shares adversely, the price and trading volume of our securities could decline. The trading markets for our securities will be influenced by the research and reports that industry or securities analysts may publish about us, our business, our market, or our competitors. If no securities or industry analysts commence coverage of us, the market price and trading volume of our securities would likely be negatively impacted. If any of the analysts who may cover us change their recommendation regarding our securities adversely, or provide more favorable relative recommendations about our competitors, the price of our securities would likely decline. If any analyst who may cover us were to cease coverage of us or fail to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause the market price or trading volume of our securities to decline.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

Our principal executive offices are located at 18/F, Zhongshan Building A, No. 154 Hudong Road, Fuzhou, PRC. On July 31, 2012, we entered into an office lease agreement with Ping Lin, the wife of Xinrong Zhuo, the Company’s Chairman and Chief Executive Officer, for approximately 100 square meters of space. Annual lease payments were approximately $13,700 in 2013.

On July 1, 2013, we entered into a service agreement with Hai Yi Shipping Limited, an affiliate company domiciled in Hong Kong, that provided the Company the use of premises of approximately 194 square meters located at Suites 5201-6, 52/F, The Center, 99 Queen's Road Central, Central, Hong Kong as office, and clerical and administrative support and consultation services. We paid approximately $231,000 in 2013.

We have secured eight cold storages located in one of China's largest seafood trading center, MaWei seafood market. Five of which are subleased from Hong Long, our related party. The monthly rent for the cold storage is RMB80 ($13) per square meter and the leases are renewable annually. The following table sets forth information regarding the cold storages we currently rent as of December 31, 2013:

Cold Storage	Storage Capacity (sq. meters)	Monthly rent
#301	1,045	13,613
#302	717	9,340
#602	717	9,340
#103	776	10,109
#303	1,045	13,613
#401	1,045	13,613
#402	717	9,340
#403	1,045	13,613
Total	7,107	92,581

We believe that our current offices and facilities are adequate to meet our needs, and that additional facilities will be available for lease, if necessary, to meet our future needs.

ITEM 3. LEGAL PROCEEDINGS

From time to time, we may be subject to legal proceedings and claims in the ordinary course of business. We are not currently a party to any litigation the outcome of which, if determined adversely to us, would individually or in the aggregate be reasonably expected to have a material adverse effect on our business, operating results, cash flows or financial condition.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information

Our ordinary shares are listed on the NASDAQ Capital Market under the symbol "PME" and our warrants are quoted on the Over-the-Counter Bulletin Board under the symbol "PMEWW."

The following table sets forth, for the periods indicated, the range of quarterly high and low sales prices for ordinary shares and warrants as reported by the NASDAQ Capital Market and the Over-the-Counter Bulletin Board, respectively.

	Ordinary Shares		Warrants	
	High	Low	High	Low
2013				
First Quarter	$ 12.49	$ 9.00	$ 0.49	$ 0.23
Second Quarter	$ 10.12	$ 3.49	$ 0.35	$ 0.25
Third Quarter	$ 3.89	$ 1.44	$ 0.25	$ 0.05
Fourth Quarter	$ 3.97	$ 1.81	$ 0.15	$ 0.10
2012				
First Quarter	$ 9.82	$ 9.54	$ 0.55	$ 0.49
Second Quarter	$ 9.80	$ 9.60	$ 0.55	$ 0.51
Third Quarter	$ 10.36	$ 9.36	$ 0.51	$ 0.24
Fourth Quarter	$ 10.36	$ 9.82	$ 0.25	$ 0.20

Holders of Record

On March 7, 2014, the closing sale price of our shares of ordinary shares was $3.11 per share and there were 79,055,053 ordinary shares and warrants to purchase 8,966,667 ordinary shares outstanding. On that date, our ordinary shares and warrants were held by approximately 198 and 4 holders of record, respectively. The number of record holders was determined from the records of our transfer agent and does not include beneficial owners of our ordinary shares or warrants whose shares are held in the names of various security brokers, dealers, and registered clearing agencies.

Dividend Policy

We currently intend to retain all available funds and any future earnings for use in the operation and expansion of our business and do not anticipate paying any cash dividends on our ordinary shares for the foreseeable future. Investors seeking cash dividends in the immediate future should not purchase our ordinary shares. Future cash dividends, if any, will be at the discretion of our board of directors and will depend upon our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors as our board of directors may deem relevant. We can pay dividends only out of our profits or other distributable reserves and dividends or distribution will only be paid or made if we are able to pay our debts as they fall due in the ordinary course of business. Payment of future dividends, if any, will be at the discretion of the board of directors after taking into account various factors, including current financial condition, operating results, current and anticipated cash needs and regulations governing dividend distributions by wholly foreign owned enterprises in China.

Securities Authorized for Issuance Under Equity Compensation Plans

As of the date of this annual report, we have no equity compensations plans for any of our employees, directors and consultants.

Purchases of Equity Securities

During the year ended December 31, 2013, we did not purchase any of our equity securities, nor did any person or entity purchase any of our equity securities on our behalf.

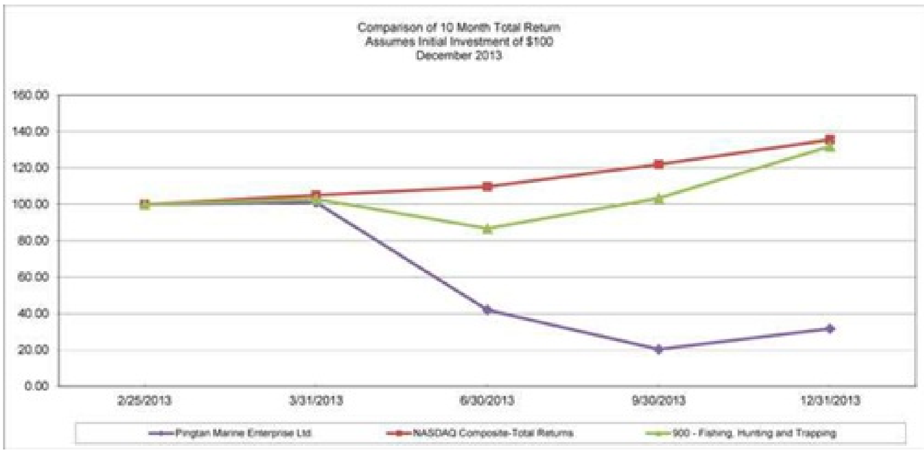
Recent Sales of Unregistered Securities and Use of Proceeds

None.

Stock Performance Graph

This performance graph shall not be deemed "soliciting material" or to be "filed" with the SEC for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (Exchange Act), or otherwise subject to the liabilities under that Section, and shall not be deemed to be incorporated by reference into any filing of Pingtan Marine Enterprise Ltd. under the Securities Act of 1933, as amended, or the Exchange Act.

The following graph shows a comparison from February 25, 2013 (the date our ordinary shares commenced trading on the NASDAQ capital Market under its current ticker “PME” after our initial business combination) through December 31, 2013 of the cumulative total return for our common stock, the Nasdaq Composite Index (NASDAQ Composite) and to our peer group index SIC Code 900—Fishing, Hunting and Trapping. These comparisons assume the investment of $100 on February 25, 2013 and the reinvestment of dividends. The stock price performance of the following graph is not necessarily indicative of future stock price performance.



ITEM 6. SELECTED FINANCIAL DATA

The following table sets forth selected consolidated statement of financial data as of and for the years ended December 31, 2013, 2012 and 2011, which are derived from our audited consolidated financial statements. Our consolidated financial statements are prepared in accordance with U.S. GAAP. Our historical results for any period are not necessarily indicative of results to be expected for any future period. You should read the following selected financial information in conjunction with the consolidated financial statements and related notes and the information under “Management’s Discussion and Analysis of Financial Condition and Results of Operations” included elsewhere in this annual report.

	Year Ended December 31,					
	2013 (As restated) US$	% of Revenue	2012 (As restated) US$	% of Revenue	2011 US$	% of Revenue
	(in thousands, except for percentages, per share and operating data)					
Consolidated Statement of Income Data:						
Revenue						
Ribbon fish	$ 47,169	38.5%	$ 29,163	43.2%	$ 12,800	50.0%
Indian white shrimp	20,859	17.0%	9,659	14.3%	9	-
Croaker fish	15,242	12.4%	8,306	12.3%	3,014	11.8%
Pomfret	10,022	8.2%	2,283	3.4%	417	1.6%
Red fish	3,575	2.9%	726	1.1%	-	-
Threadfin	3,379	2.8%	596	0.9%	-	-
Others	22,422	18.2%	16,728	24.8%	7,976	31.2%
Rental	-	-	-	-	1,385	5.4%
Total Revenue	122,668	100.0%	67,461	100.0%	25,601	100.0%
Cost of Revenue						
Fuel cost	46,562	38.0%	28,113	41.7%	8,564	33.4%
Freight	9,055	7.4%	4,893	7.2%	2,017	7.9%
Labor cost	6,694	5.4%	3,072	4.6%	1,008	3.9%
Maintenance fee	3,761	3.0%	2,675	4.0%	1,604	6.3%
Spare parts	3,759	3.0%	1,189	1.8%	770	3.0%
Depreciation	2,653	2.2%	135	0.1%	438	0.5%
License fee	1,565	1.3%	1,059	1.6%	122	0.3%
Service fee	934	0.8%	434	0.6%	78	1.7%
Total cost of Revenue	74,983	61.10%	41,570	61.6%	14,601	57.0%
Gross profit	47,685	38.9%	25,891	38.4%	11,000	43.0%
Selling expenses	(1,618)	(1.3)%	(648)	(1.0)%	(384)	(1.5)%
Admin expenses	(3,192)	(2.6)%	(463)	(0.7)%	(251)	(1.0)%
Operating income from continuing operations	42,875	35.0%	24,780	36.7%	10,365	40.5%
Income from continuing operations before income taxes	47,136	38.4%	24,280	36.0%	10,440	40.8%
Income tax	-	-	-	-	-	-
Net income from continuing operations	47,136	38.4%	24,280	36.0%	10,440	40.8%
Net income from discontinued operations, net of taxes	51,910		84,494		90,258	
Consolidated net income	$ 99,046		$ 108,775		$ 100,698	
Basic and diluted earnings per share						
—From continuing operations	$ 0.60		$ 0.32		$ 0.14	
—From discontinued operations	0.66		1.09		1.17	
—Net income	$ 1.26		$ 1.41		$ 1.31	
Other Consolidated Financial Data:						
Gross profit margin	38.9%		38.4%		43.0%	
Operating profit margin	35.0%		36.7%		40.5%	
Net profit margin	38.4%		36.0%		40.8%	
Consolidated Operating Data:						
Sales volume (kg)						
Ribbon fish	19,249,641		15,229,701		9,522,550	
Indian white shrimp	3,041,471		1,275,801		1,400	
Croaker fish	6,817,575		4,740,661		1,958,600	
Pomfret	4,249,796		1,318,409		286,000	
Red fish	795,835		221,250		-	
Threadfin	1,025,272		205,560		-	
Others	7,991,721		6,223,249		3,330,871	
Average selling price ($ per kg)						
Ribbon fish	2.45		1.91		1.34	

Indian white shrimp	6.86	7.57	6.43
Croaker fish	2.24	1.75	1.54
Pomfret	2.36	1.73	1.46
Red fish	4.49	3.28	-
Threadfin	3.30	2.90	-
Others	2.81	2.69	2.39
Consolidated Balance Sheet Data:			
Cash and cash equivalents	$ 8,157	$ 6,861	$ 1,795
Accounts receivable	9,133	11,478	5,455
Inventories	9,096	194	2,572
Property, plant and equipment	101,971	37,748	6,368
Total assets	$ 170,131	$ 481,027	$ 358,683
Secured short-term bank loans and current portion of long-term bank loans	$ 29,337	$ 33,264	$ 21,691
Total liabilities and commitments	105,290	83,711	124,309
Total shareholders’ equity	64,841	397,316	234,374
Total liabilities and shareholders’ equity	$ 170,131	$ 481,027	$ 358,683

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

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-K/A 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-K/A, 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.

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. 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 acquisition 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.

On December 4, 2013, in connection with the sale of CDGC to Hong Long, we acquired 25-year operating license rights in connection with the lease of 20 fishing vessels for the appraised fair market value of approximately $216.1 million, whereby we are entitled to 100% of the operations and net profits (losses) from the vessels for the term of the lease. The 20 vessels were leased from Hong Long, a related party under common control. Accordingly, the transaction between us and Hong Long was accounted as a common control transaction pursuant to ASC 805-50 and it related subsections. Pursuant to ASC 805-50, we recorded the value of $26,435,403 as the cost of the vessels which was the net historical carrying amount recorded in Hong Long's books at the date of sale of CDGC to Hong Long. Pursuant to our analysis of ASB 840-10-25, we determined that the lease term is over 75% of the estimated economic life of the vessels and the present value at the beginning of the lease term of the minimum lease payments equals or exceeds 90 percent of the excess of the fair value of the leased property from Hong Long at lease inception. Additionally pursuant to ASB 840-10-25-26, leases between related parties shall be classified in accordance with the lease classification criteria of ASB 840-25. Accordingly, we treated the lease for the 20 vessels as a capital lease and recorded $26,435,403 in property and equipment which will be depreciated over the lease term.

As of December 31, 2013, we owned 104 trawlers and 2 drifter vessels and have a leased operating license rights to 20 drifter vessels (see details above). Our fleet has an average useful life of approximately 17 years. These vessels are fully licensed to fish in Indonesian or Indian waters. 114 of these vessels are operating in 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.

Revenue by Territory

Our customers are from the following PRC territories:

	For the Years Ended December 31,		
	2013	2012	2011
Guangdong Province	46%	55%	45%
Fujian Province	26%	27%	39%
Zhejiang Province	17%	11%	9%
Shandong Province	4%	4%	4%
Liaoning Province	2%	2%	2%
Other areas	5%	1%	1%
Total	100%	100%	100%

Discontinued operations

In December 2013, we completed the sale of the China Dredging Group ("CDGC") business, which has been reported as discontinued operations for 2013 and 2012, to Hong Long, a related party owned by the wife of our Chairman and CEO, Mr. Xinrong Zhuo. The consideration received for the sale of CDGC consisted of (i) the offset of our current $155.2 million 4% promissory note due to Hong Long; (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) the offset of PME's current accounts payable due to CDGC with amount $172.5 million. In connection with these 20 fishing vessels, Hong Long 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. At the end of the 25-year exclusive operating lease period, which is the estimated operating life of the vessels, the vessels will be returned to Hong Long, since the ownership of such vessels never transferred to the Company.

The Board, excluding Mr. Zhuo and our Senior Officer, Mr. Bin Lin, retained our independent financial advisor to provide a fairness opinion on the transaction proposed by Mr. Zhuo. Subsequent to the receipt of the fairness opinion from our independent financial advisor on October 28, 2013, the Board would evaluate potential alternative proposals received during a 30 day period. After receiving no alternative proposals, on December 3, 2013, the Board, excluding Mr. Zhuo and Mr. Lin approved moving forward with the transaction and executed and closed the Share Purchase Agreement. The total consideration of the transaction is approximately $543.8 million with a gain on sale of $117.5 million which 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, as fish compete with other sources of protein. 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 were quite stable during 2010 and 2011, but increased significantly during 2012 and 2013.

- 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. We operate 20 of our fishing vessels under 25-year exclusive operating license rights from our affiliate Hong Long, and the fishing licenses for such vessels are held in the name of Hong Long and are therefore renewed by Hong Long. If Hong Long for any reason fails to renew such licenses, it may have a negative impact on our business.

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, 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 83% of cost of sales for the year ended December 31, 2013. The fluctuation of fuel price, freight price and exchange rates may significantly affect the Company's cost level and gross profit.

Selling, General and Administrative Expenses

Our selling, general and administrative expenses include 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 expenses have been relatively small as a percentage of our revenue.

We anticipate that our selling, general and administrative expenses will increase with the anticipated growth of our business and continued upgrades to our information technology infrastructure. We expect that our selling, general and administrative 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 and subsidy 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.

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.

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 year-end rate as of December 31, 2013 for RMB into one U.S. dollar was 6.0537. Average rates for the years ended December 31, 2013, 2012 and 2011 were 6.1412, 6.3116 and 6.4640, 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 December 31, 2013 and 2012, the accumulated foreign currency translation gain was approximately $4.5 million and $22.2 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 are not included in the calculation of diluted earnings per ordinary share if their effect would be anti-dilutive.

RESULTS OF CONTINUING OPERATIONS

YEAR ENDED DECEMBER 31, 2013 COMPARED TO YEAR ENDED DECEMBER 31, 2012

Revenue

Revenue is derived from sales of aquatic products. Revenue in 2013 increased by 81.8% to $122.7 million from $67.5 million in 2012, 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 began operating in the third quarter of the year, and increased unit selling prices.

Our top 6 species of fish sold including ribbon fish, Indian white shrimp, croaker fish, pomfret, red fish and threadfin together accounted for about 82% of revenue for 2013. 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)

	For the Years Ended December 31,							
	2013				2012			
	Revenue	Volume(KG)	Average price	% of Revenue	Revenue	Volume(KG)	Average price	% of Revenue
Ribbon fish	$ 47,169	19,249,641	2.45	38.5%	$ 29,163	15,229,701	1.91	43.2%
Indian white shrimp	20,859	3,041,471	6.86	17.0%	9,659	1,275,801	7.57	14.3%
Croaker fish	15,242	6,817,575	2.24	12.4%	8,306	4,740,661	1.75	12.3%
Pomfret	10,022	4,249,796	2.36	8.2%	2,283	1,318,409	1.73	3.4%
Red fish	3,575	795,835	4.49	2.9%	726	221,250	3.28	1.1%
Threadfin	3,379	1,025,272	3.30	2.8%	596	205,560	2.90	0.9%
Others	22,422	7,991,721	2.81	18.2%	16,728	6,223,249	2.69	24.8%
Total	$ 122,668	43,171,311	2.84	100.0%	$ 67,461	29,214,631	2.31	100.0%

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 years ended December 31, 2013 and 2012:

(Amounts in thousands, except for percentage)

	For the Years Ended December 31				Percentage Change
	2013 (As restated)		2012 (As restated)		
	US$	% of Revenue	US$	% of Revenue	%
Revenue	$ 122,668	100.0%	$ 67,461	100.0%	81.8%
Cost of sales	74,983	61.1%	41,570	61.6%	80.4%
Gross profit	$ 47,685	38.9%	$ 25,891	38.4%	85.0%

	For the Years Ended December 31,					
	2013 (As restated)			2012 (As restated)		
	US$	% of COS	% of Revenue	US$	% of COS	% of Revenue
Fuel cost	$ 46,562	62.1%	38.0%	$ 28,113	67.6%	41.7%
Freight	9,055	12.1%	7.4%	4,893	11.8%	7.2%
Labor cost	6,694	8.9%	5.4%	3,072	7.4%	4.6%
Maintenance fee	3,761	5.0%	3.0%	2,675	6.4%	4.0%
Spare parts	3,759	5.0%	3.0%	1,189	2.9%	1.8%
Depreciation	2,653	3.6%	2.2%	135	0.4%	0.1%
License fee	1,565	2.1%	1.3%	1,059	2.5%	1.6%
Service fee	934	1.2%	0.8%	434	1.0%	0.6%
Total cost of sales	$ 74,983	100.0%	61.1%	$ 41,570	100.0%	61.6%

Cost of sales for the year ended December 31, 2013 was $75.0 million, representing an increase of 80.4% as compared to $41.6 million in the same period of 2012. The increase was principally due to increase in fuel cost for our fishing vessels as a result of the fleet expansion. Freight, labor cost and maintenance fee also increased which was in line with the increase in revenue.

Gross margin increased slightly to 38.9% in the year ended December 31, 2013 from 38.4% in the same period of 2012, primarily due to increase in unit selling price and change in products mix. Gross profit for the year ended December 31, 2013 was $47.7 million, representing an increase of 84.2% as compared to $25.9 million in the same period of 2012 as a result of business expansion.

Selling, 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 years ended December 31, 2013 and 2012:

(Amounts in thousands, except for percentage)

	For the Years Ended December 31,				Percentage
	2013 (As restated)		2012 (As restated)		Change
	US$	% of Revenue	US$	% of Revenue	%
Gross profit	$ 47,685	38.9%	$ 25,891	38.4%	85.0%
Operating Expenses:					
Selling expenses	(1,618)	(1.3)%	(648)	(1.0)%	149.8%
General & administrative expenses					
Legal and professional fees	(1,541)	(1.3)%	(364)	(0.5)%	323.4%
Salaries and staff welfare	(637)	(0.5)%	(179)	(0.3)%	255.4%
Service fee	(231)	(0.2)%	-	-	-
Others	(783)	(0.6)%	80	0.1%	(1079.6)%
Total G&A expenses	(3,192)	(2.6)%	(463)	(0.7)%	588.6%
Total SG&A expenses	(4,810)	(3.9)%	(1,111)	(1.7)%	332.8%
Income from operations	$ 42,875	35.0%	$ 24,780	36.7%	74.0%

Total SG&A expenses increased by 332.8% to $4.8 million in the year ended December 31, 2013 from $1.1 million in the same period of 2012. The increase in SG&A expenses was primarily attributable to higher selling 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 3.9% in the year ended December 31, 2013, compared to 1.7% in the same period of 2012.

Other Income and Expenses

Net other income in the year ended December 31, 2013 was $4.3 million, as compared to net other expenses of $0.5 million in the same period of 2012. Included in other income and expenses, there was government subsidy of $7.3 million and $2.4 million in the years ended December 31, 2013 and 2012, respectively. Excluding the impact of subsidy income, net other expenses increased by $0.2 million, mainly due to an increase in interest expenses of $425,000 offset by an increase on foreign exchange gain of $150,000.

Income Tax

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

Net Income from continuing operations

Net income from continuing operations for the year ended December 31, 2013 was $47.1 million, or 38.4% of revenue, compared to $24.3 million, or 36.0% of revenue, in the same period of 2012.

(Amounts in thousands, except for percentage)

For the Years Ended December 31,					
2013 (As restated)			2012 (As restated)		
Revenue	Net income	Net margin	Revenue	Net income	Net margin
$ 122,668	$ 47,136	38.4%	$ 67,461	$ 24,280	36.0%

Foreign Currency Translation Gain

During the year ended December 31, 2013, the RMB rose against the US dollar, and we recognized a foreign currency translation gain of $8.2 million.

YEAR ENDED DECEMBER 31, 2012 COMPARED TO YEAR ENDED DECEMBER 31, 2011

Revenue

Revenue from continuing operations is derived from sales of aquatic products and fishing vessels rental. In the year ended December 31, 2011, revenue from sales of aquatic products and fishing vessels rental were $24.2 million and $1.4 million, respectively. Revenue in 2012 increased by 163.5% to $67.5 million from $25.6 million in 2011, primarily due to increase in sales of aquatic products, which accounted for 100% and 94.6% of the total revenue in the years ended December 31, 2012 and 2011, respectively.

In the year ended December 31, 2012, revenue derived from sales of aquatic products increased by 178.6% to $67.5 million from $24.2 million in the same period of 2011, primarily due to increase in sales volume as a result of the addition of 20 fishing vessels in 2012 and increased unit selling prices.

Our top 6 species of fish sold including ribbon fish, Indian white shrimp, croaker fish, squid, conger eel and pomfret together accounted for about 83% of revenue for 2012. 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)

	For the Years Ended December 31,							
	2012				2011			
	Revenue	Volume(KG)	Average price	% of Revenue	Revenue	Volume(KG)	Average price	% of Revenue
Ribbon fish	$ 29,163	15,229,701	1.91	43.2%	$ 12,800	9,522,550	1.34	50%
Indian white shrimp	9,659	1,275,801	7.57	14.3%	9	1,400	6.43	-
Croaker fish	8,306	4,740,661	1.75	12.3%	3,014	1,958,600	1.54	11.8%
Squid	3,436	1,192,555	2.88	5.1%	1,532	558,000	2.75	6.0%
Conger eel	2,928	830,115	3.53	4.3%	1,287	493,500	2.61	5.0%
Pomfret	2,283	1,318,409	1.73	3.4%	417	286,000	1.46	1.6%
Others	11,686	4,627,389	2.53	17.4%	5,157	2,279,371	2.26	20.2%
Total	$ 67,461	29,214,631	2.31	100.0%	$ 24,216	15,099,421	1.60	94.6%

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 years ended December 31, 2012 and 2011:

(Amounts in thousands, except for percentage)

	For the Years Ended December 31,				Percentage Change
	2012 (As restated)		2011		
	US$	% of Revenue	US$	% of Revenue	%
Revenue	$ 67,461	100.0%	$ 25,601	100.0%	163.5%
Cost of sales	41,570	61.6%	14,601	57.0%	184.7%
Gross profit	$ 25,891	38.4%	$ 11,000	43.0%	135.4%

	For the Years Ended December 31,					
	2012 (As restated)			2011		
	US$	% of COS	% of Revenue	US$	% of COS	% of Revenue
Fuel cost	$ 28,113	67.6%	41.7%	$ 8,564	58.7%	33.4%
Freight	4,893	11.8%	7.2%	2,017	13.8%	7.9%
Labor cost	3,072	7.4%	4.6%	1,008	6.9%	3.9%
Maintenance fee	2,675	6.4%	4.0%	1,604	11.0%	6.3%
Spare parts	1,189	2.9%	1.8%	770	5.3%	3.0%
License fee	1,059	2.5%	1.6%	122	0.8%	0.5%
Depreciation	135	0.4%	0.1%	438	3.0%	1.7%
Service fee	434	1.0%	0.6%	78	0.5%	0.3%
Total cost of sales	$ 41,570	100.0%	61.6%	$ 14,601	100.0%	57.0%

Cost of sales for the year ended December 31, 2012 was $41.6 million, representing an increase of 184.7% as compared to $14.6 million in the same period of 2011. The increase was principally due to increase in fuel cost for our fishing vessels as a result of the fleet expansion. Freight, labor cost and maintenance fee also increased which was in line with the increase in revenue.

Gross profit for the year ended December 31, 2012 was $25.9 million, representing an increase of 135.4% as compared to $11.0 million in the same period of 2011 as a result of business expansion. Gross margin decreased to 38.4% in the year ended December 31, 2012 from 43.0% in the same period of 2011, primarily due to the following reasons:

(i) 20 newly built vessels were put into operation in succession during 2012. In the initial stage, the equipment and machines of the new vessels also require a certain run-in time to reach design-capacity. Therefore, certain part of the cost incurred since April 2012 was mainly due to the experimental operation of the new vessels; and

(ii) the harvest volume of 2012 in Indian was approximately 4,424 tons, approximately 7,183 tons lower than that of 2011, due to an unusually slack season for fishing in India during 2012. Therefore, the much lower harvest volume in 2012 caused the gross margin decrease.

Selling, 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 years ended December 31, 2012 and 2011:

(Amounts in thousands, except for percentage)

	For the Years Ended December 31,				Percentage Change
	2012 (As restated)		2011		
	US$	% of Revenue	US$	% of Revenue	%
Gross profit	$ 25,891	38.4%	$ 11,000	43.0%	135.4%
Operating Expenses:					
Selling expenses	(648)	(1.0)%	(384)	(1.5)%	68.9%
General & administrative expenses					
Legal and professional fees	(364)	(0.5)%	(6)	-	5966.7%
Salaries and staff welfare	(179)	(0.3)%	(23)	(0.1)%	696.2%
Others	80	0.1%	(222)	(0.9)%	(135.8)%
Total G&A expenses	(463)	(0.7)%	(251)	(1.0)%	84.4%
Total SG&A expenses	(1,111)	(1.7)%	(635)	(2.5)%	75.1%
Income from operations	$ 24,780	36.7%	$ 10,365	(40.5)%	139.1%

Total SG&A expenses increased by 75.1% to $1.1 million in the year ended December 31, 2012 from $0.6 million in the same period of 2011. The increase in SG&A expenses was primarily attributable to professional fees incurred for business combination and public listing, as well as our expanded scale of operations. As a percentage of revenue, SG&A expenses were 1.7% in the year ended December 31, 2012, compared to 2.5% in the same period of 2011.

Other Income and Expenses

Net other expenses in the year ended December 31, 2012 was $0.5 million, as compared to net other income of $0.1 million in the same period of 2011. Included in other income and expenses, there was government subsidy of $2.4 million and $0.8 million in the years ended December 31, 2012 and 2011, respectively. Excluding the impact of subsidy income, net other expenses increased by $2.1 million, mainly due to increase in interest expenses of $2.1 million.

Income Tax

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

Net Income from continuing operations

Net income from continuing operations for the year ended December 31, 2012 was $24.3 million, or 35.1% of revenue, compared to $10.4 million, or 40.8% of revenue, in the same period of 2011.

(Amounts in thousands, except for percentage)

For the Years Ended December 31,					
2012 (As restated)			2011		
Revenue	Net income	Net margin	Revenue	Net income	Net margin
$ 67,461	$ 24,280	36.0%	$ 25,601	$ 10,440	40.8%

Foreign Currency Translation Gain

During the year ended December 31, 2012, the RMB rose against the US dollar, and we recognized a foreign currency translation gain of $4.1 million.

LIQUIDITY AND CAPITAL RESOURCES

As of December 31, 2013, we had total cash of $8.2 million, an increase of $1.3 million from cash of continuing operations at December 31, 2012. Approximately $7.9 million is held in our Chinese subsidiary and VIEs. The company has no plans to repatriate these funds. Our current assets totaled $30.0 million as of December 31, 2013 while our current liabilities totaled $49.9 million. We have financed our activities to date primarily through cash generated from operating activities and loans from the banks and related parties, private placements of our securities.

Working capital deficit

In spite of net working capital deficit of $20.0 million as of December 31, 2013, we believe that our operating cash flows and available capital will be sufficient to maintain our operations for at least the next 12 months.

We expect our operations in 2014 to have increased profitability based on the expanded fleet and operating capacity. We believe that our operating cash inflows from the increased operations will be sufficient to meet the bank interest or principal repayments and other current liabilities as when they fall due.

As of December 31, 2013, we had undrawn borrowing facilities of approximately $23 million available for future operating activities and to settle capital commitments. 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.

In additional to bank loans and private placements, we may also consider alternative means of debt and equity financing, to support our future expansions.

As part of our efforts to expand our fishing capacity, we are continuing to actively explore opportunities to expand our fleet, and in June 2013, we expanded our fishing fleet from 40 to 86 vessels through a purchase transaction of 46 fishing trawlers from a related party for a total consideration of $410.1 million. We have financed the transaction through i) $200.0 million cash generated from operating activities; ii) the relief of $54.9 million outstanding amount of related party debt to be repaid by Fuzhou Honglong Ocean Fishery Co., Ltd., or “Hong Long”, the seller of vessels; and iii) an amount of $155.2 million in accordance with the terms of a promissory note issued by the Company to Hong Long. The total transaction value equals the fair market value of such fishing vessels as determined by management. In September 2013, we further increased our fleet to 106 vessels with the addition of 20 newly-built fishing trawlers. We have financed the vessel production cost of $26.1 million through cash generated from operating activities and financing activities.

As of December 31, 2013, we had approximately $8.2 million in cash, an increase of $1.3 million from $6.9 million of cash from continuing operation at December 31, 2012. The following table summarizes our cash flows for each of the periods indicated:

(Amounts in thousands) clarify the portions from continuing operations in each of the titles of the following lines

	For the Years Ended December 31,	
	2013 (As restated)	2012 (As restated)
Net cash provided by operating activities	$ 52,267	$ 45,249
Net cash used in investing activities	(336,513)	(77,351)
Net cash provided by financing activities	31,148	37,151
Net cash provided by discontinued operations	86,299	50,943
Effect of exchange rate on cash and cash equivalents	3,033	1,727
Cash and cash equivalents at beginning of year *(1)*	171,923	114,204
Cash and cash equivalents at end of year *(2)*	$ 8,157	$ 171,923

(1) Includes cash and cash equivalents of discontinued operations of $165.1 million and $112.4 million at the beginning of the year in 2013 and 2012, respectively.

(2) Includes cash and cash equivalents of discontinued operations of $nil and $165.1 million as of December 31, 2013 and 2012, respectively.

Operating activities

For the year ended December 31, 2013, cash provided by operating activities totaled $52.3 million compared to $45.2 million in the same period of 2012. This was primarily attributable to i) $47.13 million of earnings in 2013; ii) a $16.0 million increase in accounts payable due to the expansion of our fleet and growth of operations; and iii) a $12.7 million decrease in receipt in advance from customers as a result of delivery of our products.

Investing activities

For the year ended December 31, 2013, we had a net cash outflow of $336.5 million from investing activities. This was primarily attributable to: i) $257.7 million purchases of property, plant and equipment related to the \acquisition of new fishing vessels as a part of our planned expansion; ii) a decrease in cash of $84.9 million due to the sale of subsidiary; offset by $8.3 million in proceeds from deferred income.

Financing activities

For the year ended December 31, 2013, we had a net cash inflow of $31.1 million from financing activities which was primarily driven by: i) $99.5 million proceeds from term loans, ii) $71.9 million outflow for the repayments of loans and iii) $3.6 million proceeds received in recapitalization.

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 August and September 2013, Pingtan Fishing entered into two pledge contracts with China Minsheng Banking Corp., Ltd. Pursuant to the terms of the pledge contracts, Pingtan Fishing assigned 12 fishing vessels, as collateral to provide maximum guarantees of $9.9 million to Hong Long's term loans, which are due on June 25, 2014.

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-K, 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.

On January 6, 2014, the Company borrowed a short term loan from Industrial & Commercial Bank of China, Fuzhou Dongjiekou Branch, in amount of $1,849,120. The loan is due on March 25, 2014.

On January 20 and 21, 2014, the Company borrowed short term loans from Industrial & Commercial Bank of China, Fuzhou Dongjiekou Branch, in amounts of $1,717,040 and $3,501,660 respectively. These loans are due on April 15 and 20, 2014 respectively.

On Juanuary 15, 2014, the Company borrowed a short term loan from The Export-Import Bank of China, Fujian Branch, in amount of approximately $3,303,765. The loan is due on November 27, 2023.

Pursuant to the Shares Purchase Agreement (“the Agreement”) dated December 4, 2013, where the Company exited and sold China Dredging Group to Hong Long ("the buyer") (Please see Note 2 of consolidated financial statements included in this report), the Company is required to indemnify the buyer and the same indemnification responsibility applies to the buyer for the events arising out of any breach of the 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 will 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 Agreement.

Contractual Obligations

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 December 31, 2013, the Company’s potential minimum cash obligation to these employees was approximately $10,059.

On July 1, 2013, the Company entered into a service agreement with Hai Yi Shipping Limited that provided to use of a portion of the premises, and to provide clerical, administrative support and consultation services upon the agreement expires on December 31, 2014. The service fee is approximately $231,000 for the year ended December 31, 2013.

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 $13,678. The total future minimum lease payments under non-cancellable operating leases with respect to service fee, cold storage warehouse and office as of December 31, 2013 were as follows:

Rental expenses and service fee under operating leases for the years ended December 31, 2013, 2012 and 2011 was $827,282, $307,559 and $488,861 respectively, of which $244,281, $212,043 and $488,861 are paid to the related parties.

	Payments due by period				
Contractual Obligations	Total	< 1 year	1 – 3 years	3 – 5 years	> 5 years
Operating lease obligations					
- related party transactions	$ 483,931	$ 475,837	$ 8,094	$ -	$ -
- non-related party transactions	244,637	244,637	-	-	-
Term Loan					
- related party transactions	-	-	-	-	-
- non-related party transactions	83,837,157	29,337,430	48,965,922	3,055,982	2,477,823
Total	$ 84,565,725	$ 30,057,904	$ 48,974,016	$ 3,055,982	$ 2,477,823

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 OPERATIONS-DISCONTINUED OPERATION

PERIOD FROM JANUARY 1 TO DECEMBER 4, 2013 COMPARED TO YEAR ENDED DECEMBER 31, 2012

During the year ended December 31, 2013, we determined our Dredging businesses would be exited (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 exits, 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. The results of the business operations in prior years have been reclassify to conform with the 2013 presentation. Our operating results for the years ended December 31, 2013, 2012 and 2011 have been adjusted to properly reflect discontinued operation. The transaction involved no cash and the Company's $155.2 million, 4% promissory note due on June 19, 2015 would be forgiven. We do not foresee there should be material impact on our liquidity and financial condition as a result of this disposal. We also do not anticipate there shall be any contingencies which we shall require to accrue and include in our 2013 financials.

Revenue is derived from contract revenue of our dredging services. For the period from January 1 to December 4, 2013, revenue from dredging services decreased by 23.0% to $161.5 million from $209.6 million in the year ended December 31, 2012. This decrease was primarily due to decrease of dredging volume as: i) we terminated the leasing agreements of four dredgers in the second half of 2012 because these four dredgers did not fit our new BT project which has higher unit price; ii) four of our dredgers working in a project in northern China were only operated at 30% of their dredging capacity because of the unusually inclement weather in northern China during the first quarter of 2013. As a result, we only completed 63.0 million cubic meters of dredging volume in the period from January 1 to December 4, 2013, compared to 114.7 million cubic meters in the year ended December 31, 2012, representing a decrease of 45.1%.

(Amounts in thousands, except for percentage)

	For the Period from January 1 to December 4, 2013 (Disposal)		For the Year Ended December 31, 2012		Percentage Change
	US$	% of Revenue	US$	% of Revenue	%
Revenues	$ 161,497	100.0%	$ 209,619	100.0%	(23.0)%
Cost of revenue	90,352	55.9%	97,248	46.4%	(7.1)%
Gross profit	$ 71,145	44.1%	$ 112,371	53.6%	(36.7)%

Cost of sales for the period from January 1 to December 4, 2013 was $90.4 million, representing a decrease of 7.1% as compared to $97.2 million in the year ended 2012. The decrease was primarily due to decreases in costs of consumable parts and leasing fees for dredgers of $39.0 million which were in line with the drop in revenue of our dredging services; being partly offset by reclamation cost of $29.1 million incurred during the period for the BT project.

Gross margin decreased to 44.1% in the period from January 1 to December 4, 2013 from 53.6% in 2012, primarily due to the low gross margin of the BT project which accounted for 27.0% of revenue of our dredging services in the period from January 1 to December 4, 2013. In spite of the relatively high unit price, the BT project has a gross margin of about 20%, which is lower than that of regular dredging contracts. Gross profit for the period from January 1 to December 4, 2013 was $71.1 million, representing a decrease of 36.7% as compared to $112.4 million in the year ended 2012.

(Amounts in thousands, except for percentage)

	For the Period from January 1 to December 4, 2013 (Disposal)		For the Year Ended December 31, 2012		Percentage Change
	US$	% of Revenue	US$	% of Revenue	%
Gross profit	71,145	44.1%	112,371	53.6%	(36.7)%
Operating Expenses:					
Total G&A expenses	(6,839)	(4.2)%	(8,761)	(4.2)%	(21.9)%
Operating income	64,306	39.8%	103,610	49.4%	(37.9)%
Income before income taxes	67,252	41.6%	110,805	52.9%	(39.3)%
Income taxes	(15,341)	(9.5)%	(26,311)	(12.6)%	(41.7)%
Net income	51,911	32.1%	84,494	40.3%	(38.6)%

Total SG&A expenses decreased by 21.9% to $6.8 million in the period from January 1 to December 4, 2013 from $8.8 million in the year ended December 31, 2012. The decrease in SG&A expenses was primarily attributable to decrease in revenue tax for dredging services as a result of decrease in revenue of dredging services. The tax is calculated as 3% of revenue of dredging services. As a percentage of revenue of dredging services, SG&A expenses were 4.2% in the period ended December 4, 2013, and the year ended December 31, 2012.

YEAR ENDED DECEMBER 31, 2012 COMPARED TO YEAR ENDED DECEMBER 31, 2011

Revenue is derived from contract revenue of our dredging services. For the year ended December 31, 2012, revenue from dredging services decreased by 7.6% to $209.6 million from $227.0 million in the year ended December 31, 2011. This decrease was primarily due to decrease of dredging volume as we terminated the leasing agreements of four dredgers in the second half of 2012 because these four dredgers did not fit our new BT project which has higher unit price. As a result, we only completed 114.7 million cubic meters of dredging volume in 2012, compared to 126.6 million cubic meters in 2011, representing a decrease of 9.4%.

(Amounts in thousands, except for percentage)

	For the Year Ended December 31, 2012		For the Year Ended December 31, 2011		Percentage Change
	US$	% of Revenue	US$	% of Revenue	%
Revenues	$ 209,619	100.0%	$ 226,953	100.0%	(7.6)%
Cost of sales	97,248	46.4%	98,907	43.6%	(1.7)%
Gross profit	$ 112,371	53.6%	$ 128,046	56.4%	(12.2)%

Cost of sales for the year ended December 31, 2012 was $97.2 million, representing a decrease of 1.7% as compared to $98.9 million in the year ended December 31, 2011. The decrease was primarily due to decreases in costs of consumable parts and leasing fees for dredgers which were in line with the drop in revenue of our dredging services.

Gross margin decreased to 53.6% in 2012 from 56.4% in 2011. In 2012, average unit price increased by 2.2% compared to 2011, while average unit construction cost in 2012 increased by 9.0% compared to 2011. Gross profit in 2012 was $112.4 million, representing a decrease of 12.2% as compared to $128.0 million in 2011.

(Amounts in thousands, except for percentage)

	For the Year Ended December 31, 2012		For the Year Ended December 31, 2011		Percentage Change
	US$	% of Revenue	US$	% of Revenue	%
Gross profit	112,371	53.6%	128,046	56.4%	(12.2)%
Operating Expenses:					
Total G&A expenses	(8,761)	(4.2)%	(9,445)	(4.2)%	(7.2)%
Operating income	103,610	49.4%	118,601	52.3%	(12.6)%
Income before income taxes	110,805	52.9%	126,499	55.7%	(12.4)%
Income taxes	(26,311)	(12.6)%	(30,107)	(13.3)%	(12.6)%
Accretion of discount on Class A Preferred Shares	-	-	(6,135)	(2.7)%	-
Net income	84,494	40.3%	90,257	39.8%	(6.4)%

Total SG&A expenses decreased by 7.2% to $8.8 million in the year ended December 31, 2012 from $9.4 million in the year ended December 31, 2011. The decrease in SG&A expenses was primarily attributable to decrease in revenue tax for dredging services as a result of decrease in revenue of dredging services. The tax is calculated as 3% of revenue of dredging services. As a percentage of revenue of dredging services, SG&A expenses were 4.2% in 2012 and 2011.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Commodity Price Risk

Oil cost accounts for over 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 for 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 December 31, 2013 and did not employ any commodity price derivatives in 2013.

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 $1.9 million based on our revenues, costs and expenses, assets and liabilities denominated in RMB as of December 31, 2013. 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 $83.8 million as of December 31, 2013. 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 $0.8 million. The potential change in cash flows and earning is calculated based on the change in the net interest expense over a one year 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 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Financial Statement Schedules (Item 15(a)(2))

Financial statement schedules have been omitted because either they are not applicable or the required information is included in the financial statements or the notes thereto.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Conclusion Regarding the Effectiveness of Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including our Chief Executive officer and Chief Financial officer, we conducted an evaluation of our disclosure controls and procedures, as such term is defined under Rule 13a-15(e) promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Controls and other procedures that are designed to provide reasonable assurance that the information that we are required to disclose in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were not effective at the reasonable assurance level as of December 31, 2013.

We performed additional analyses and other procedures to ensure that our consolidated financial statements included in this Annual Report were prepared in accordance with US GAAP. These measures included, among other things, expansion of our year-end closing procedures, including the consolidation process, and dedication of significant internal resources and external consultants to scrutinize account analyses and reconciliations at a detailed level. As a result, we concluded that the consolidated financial statements included in this Annual Report present fairly, in all material respects, our financial position, results of operations and cash flows for the periods presented in conformity with US GAAP.

Management's Report on Internal Control Over Financial Reporting

Our management, under the supervision of our Chief Executive Officer and Chief Financial Officer, is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP. Internal control over financial reporting includes policies and procedures that:

(i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;

(ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and

(iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with existing policies or procedures may deteriorate.

Under the supervision of our Chief Executive Officer and Chief Financial Officer, our management conducted an assessment of our internal control over financial reporting as of December 31, 2013, based on the framework and criteria established in *Internal Control — Integrated Framework (1992),* issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO").

A material weakness is a control deficiency, or combination of control deficiencies, that results in more than a remote likelihood that a material misstatement of the annual or interim financial statements will not be prevented or detected. In connection with management's assessment of our internal control over financial reporting described above, management has identified the material weakness in our internal control over financial reporting as of December 31, 2013 that we did not maintain a sufficient complement of personnel with an appropriate level of experience and training in the application of US GAAP commensurate with our financial reporting requirements.

We concluded that our disclosure controls and procedures were not effective at the reasonable assurance level as of December 31, 2013 because we did not maintain a sufficient complement of personnel with an appropriate level of experience and training in the application of US GAAP commensurate with the financial reporting requirements.

Plan for Remediation of Material Weaknesses

In response to the identified material weaknesses, our management, with oversight from our audit committee, has dedicated significant resources, including the engagement of external consultants to support management and additional training for the senior management and staff in its efforts to improve our control environment and to remedy the identified material weakness.

Attestation Report of Independent Registered Public Accounting Firm

Our independent registered public accounting firm, UHY VOCATION HK CPA LIMITED, has issued an audit report with respect to our internal control over financial reporting, which appears in this Part II, Item 9A of this Annual Report on Form 10-K.

Changes in Internal Controls

As disclosed in the quarterly reports for the quarters ended March 31, June 30, and September 30, 2013, our management evaluated and concluded that our internal control over financial reporting was not effective as of March 31, June 30, and September 30, 2013, 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.

During the period covered by this Annual Report on Form 10-K/A, we have undertaken significant steps to remediate the material weakness described above and to improve our internal control over financial reporting. On April 18, 2013, we appointed Mr. Roy Yu as Chief Financial Officer of the Company. Mr. Yu has over 8 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 will bring to the Company necessary professional knowledge and will 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 financing 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. We have also trained our accounting, internal audit and finance staff with these functions, and implemented additional financial and management controls, reporting systems and procedures.

We believe that our remediation measures and our continuing plan have significantly remediated the material weakness.

Limitations on Effectiveness of Controls and Procedures and Internal Control over Financial Reporting

In designing and evaluating the disclosure controls and procedures and internal control over financial reporting, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures and internal control over financial reporting must reflect the fact that there are resource constraints and that management is required to apply judgment in evaluating the benefits of possible controls and procedures relative to their costs.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

TO THE BOARD OF DIRECTORS AND SHAREHOLDERS
OF PINGTAN MARINE ENTERPRISE LTD.

We have audited Pingtan Marine Enterprise Ltd. and its subsidiaries' (the "Company") internal control over financial reporting as of December 31, 2013, based on criteria established in Internal Control—Integrated Framework (1992) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Annual Report on Internal Control over Financial Reporting, appearing in Item 15. Our responsibility is to express an opinion on management's assessment and an opinion on the effectiveness of the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

TO THE BOARD OF DIRECTORS AND SHAREHOLDERS
OF PINGTAN MARINE ENTERPRISE LTD. (Continued)

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

A material weakness is a control deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis. The following material weakness has been identified and included in management's assessment. The Company did not maintain effective monitoring controls to determine the adequacy of its internal control over financial reporting and related policies and procedures because the Company did not maintain a sufficient complement of personnel with an appropriate level of experience and training in the application of US GAAP commensurate with its financial reporting requirements. This material weakness was considered in determining the nature, timing, and extent of audit tests applied in our audit of the 2013 financial statements, and this report does not affect our report dated March 7, 2014 on those financial statements.

In our opinion, because of the effect of the material weakness described above on the achievement of the objectives of the control criteria, Pingtan Marine Enterprise Limited and its subsidiaries has not maintained effective internal control over financial reporting as of December 31, 2013, based on criteria established in internal control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets as of December 31, 2013 and 2012, as restated, and the related consolidated statements of income, comprehensive income, shareholders' equity, and cash flows, as restated, of Pingtan Marine Enterprise Ltd and its subsidiaries and our report dated March 7, 2014, except for Note 1, Note 2, Note 3, Note 9, Note 13 and Note 23 as to which the date is November 7, 2014 expressed an unqualified opinion.

/s/ UHY VOCATION HK CPA LIMITED
Certified Public Accountants
Hong Kong, the People's Republic of China,
March 7, 2014 and November 7, 2014

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Board of Directors and Executive Officers

The following table sets the names, positions and ages of our current executive officers and directors. Our directors serve until the annual meeting of shareholders or until their successors are elected and qualified. Our officers are elected by the Board and their terms of office are, except to the extent governed by an employment contract, at the discretion of the Board.

Name	Age	Position
Xinrong Zhuo	49	Chief Executive Officer and Chairman of the Board
Roy Yu	31	Chief Financial Officer and Secretary
Lin Bao	52	Director
Yeliang Zhou	64	Director
Zengbiao Zhu	64	Director
Xuesong Song	45	Director
Jin Shi	44	Director

Directors

Xinrong Zhuo has served as chairman of our board since the business combination in February 2013. Prior to that he served as the chairman of CDGC's board and as its chief executive officer from August 2010. Mr. Zhuo has served as director of Fujian Road & Bridge Construction Co., Ltd., an infrastructure construction company, since December 2008, has served as the sole director of Tian Yuan Co., Ltd., a real estate investment company, since September 2007, has served as the chairman and legal representative of Fuzhou Dongxing Longju Real Estate Development Co., Ltd., a real estate development company, since March 2007, has served as the vice general manager of Fujian Huashang Real Estate Development Co., Ltd., a real estate development company, since December 2006, and has served as the supervisor of Fuzhou Haiyiyongyu Import & Export Co., Ltd., a trading company, since June 1995. From November 2005 to December 2008, Mr. Zhuo served as the legal representative and the chairman of Fujian Road & Bridge Construction Co., Ltd. From June 2005 to September 2007, Mr. Zhuo served as vice general manager of Tian Yuan Co. Ltd. From February 2002 to September 2009, Mr. Zhuo served as the legal representative and executive director of Fuzhou Baojie Haiyi Pingtan Fishing Co., Ltd., an aquatic products company. From June 1995 to September 2006, Mr. Zhuo served as the supervisor at Fuzhou Hong Long Ocean Fishing Co., Ltd., a marine fishery. Mr. Zhuo is qualified to serve on the board of directors due to his experience in the real estate development and trading business, as well as his extensive experience in the fishing industry, his legal background and prior executive experience.

Lin Bao has served as a member of the Board since the business combination in February 2013. He has served as the general manager of Fuzhou Hong Long Ocean Fishing Co., Ltd., a marine fishery company since February 2013. From April 1989 to January 1997, he served as the general manager of Fuzhou Tang Cheng Plaza, a hotel affiliated to China Railway Construction Corporation Limited. Mr. Bao is the vice chairman of China Fisheries Association since 2012. Mr. Bao received his Associate degree in Accounting from Beijing Society Correspondence University in 1989. He obtained the Certificate of Highway Engineer in 2006. Mr. Bao's background in the fishing industry, as well as his executive experience, led the Board to conclude that he should be nominated to serve another term as a director.

Yeliang Zhou has served as an independent director on our board since the business combination in February 2013. Prior to that he served as a director of CDGC from April 2011. Mr. Zhou has served as an advisor to the PBOC and as the deputy director of Zhejiang Province People's Political Consultative Conference, economic committee, since January 2009, and has served as the president of Zhejiang Province Venture Capital and Private Equity Association since May 2010. Mr. Zhou has served as a supervisor of Industrial Bank, a commercial bank listed in the Shanghai stock exchange in China, since November 2010, and has served as an independent director of Union Trust Limited in China, since November 2009. From 2004 to September 2009, he served as the president of the PBOC, Zhejiang sub-branch and the director of SAFE Zhejiang sub-branch, and from 1993 to 2004, he first served as the vice-president and then president of PBOC Fujian sub-branch and the director of SAFE Fujian sub-branch. Mr. Zhou received his bachelor's degree in Finance from Xiamen University in 1974 Mr. Zhuo is qualified to serve on the board of directors due to his experience in the financial industry, as well as his prior board experience.

Zengbiao Zhu has served as an independent director on our board since the business combination in February 2013. Prior to that he served as a director of CDGC from April 2011. Mr. Zhu has been a member of the National People's Congress, or NPC, Standing Committee of Fujian Province and a member of the NPC Financial and Economic Committee of Fujian Province since January 2008. From 2004 to December 2009 he served as the director of the China Insurance Regulatory Commission Fujian Bureau, from 2000 to 2004 he first served as the deputy director and then the director of the China Insurance Regulatory Commission Fujian Bureau Fuzhou Office, and from 1995 to 2000 he served as the president of PBOC Fuzhou sub-branch. Mr. Zhu received his bachelor's degree in Finance from Xiamen University in 1974. Mr. Zhu is qualified to serve on the board of directors due to his extensive political and regulatory background and contacts in the Fujian region.

Xuesong Song has served as an independent director on our board since the business combination in February 2013. Prior to that he served as CGEI's chairman of the board of directors and chief financial officer since CGEI's inception. Currently, Mr. Song serves as Executive Chairman of You on Demand Holdings, Inc. (NASDAQ: YOD) and as a member of its board of directors. Mr. Song also serves as the chairman of the board of directors and chief executive officer of C Media Limited. From May 2006 through January 2009, Mr. Song served as the chairman of China Growth North Acquisition Corporation, a special purpose acquisition company, which acquired UIB Group Limited in January 2009, the second largest insurance brokerage firm in China. Following the acquisition, Mr. Song served as a director of UIB Group Limited from January 2009 through May 2010. From May 2006 through January 2009, Mr. Song also served as the executive vice president of business development and a director of the board of ChinaGrowth South Acquisition Corporation, a special purpose acquisition company, which acquired Olympia Media Holdings Ltd. in January 2009, the largest privately owned newspaper aggregator and operator in China. Mr. Song has been a principal of Chum Capital Group Limited since August 2001, a merchant banking firm that invests in growth Chinese companies and advises them in financings, mergers & acquisitions and restructurings, which successfully acted as the sole advisor of Origin Agritech Ltd. (NASDAQ: SEED) and Hollysys Automation Technologies, Ltd (NASDAQ: HOLI) in their respective mergers with Chardan China Acquisition Corporation and Chardan North China Acquisition Corporation, respectively, and chief executive officer of Beijing Chum Investment Co., Ltd. since December 2001. Mr. Song was the chairman and chief executive officer of Shanghai Jinqiaotong Enterprise Developments Corporation Ltd. from April 2005 to May 2010, a direct investment company that owned approximately 18.4% of equity interest in Hollysys Automation Technologies, Ltd. before its merger with Chardan North China Acquisition Corporation. Mr. Song has been a director of Mobile Vision Communication Ltd. since July 2004. Between February 2001 and December 2001, Mr. Song was the vice president of ZZNode Holdings Ltd. Prior to joining ZZNode, Mr. Song held various positions from president assistant, vice president to deputy executive president at China Resources Investment & Management Co., Ltd. from October 1997 to December 2000. From January 1994 to July 1995, Mr. Song assumed positions from deputy representative of Beijing Office to representative of Hainan Office at Wins Group Holdings Ltd. Between July 1989 and January 1994, Mr. Song was an engineer with Tianjin Office, General Administration of Civil Aviation of China. Mr. Song received a Masters of Business Administration degree from Oklahoma City/Tianjin Program and an Associates degree in electrical engineering from Civil Aviation University of China. Mr. Song is well-qualified to serve as a member of the board of directors due to his prior service as an executive and director of special purpose acquisition companies focused on China, as well as his contacts.

Jin Shi has served as an independent director on our board since the business combination in February 2013. Prior to that he served as CGEI's Chief Executive Officer from March 2011, and Mr. Shi served as a director since CGEI's inception. Mr. Shi served as vice-chairman of CGEI's Board of Directors from its inception until March 2011. Currently, Mr. Shi serves on the board of director of You on Demand Holdings, Inc. (NASDAQ: YOD). From May 2006 through January 2009, Mr. Shi served as the chief executive officer and a director of the board of ChinaGrowth North Acquisition Corporation, which acquired UIB Group Limited in January 2009, the second largest insurance brokerage firm in China. From May 2006 through January 2009, Mr. Shi also served as the chief financial officer and a director of the board of ChinaGrowth South Acquisition Corporation, which acquired Olympia Media Holdings Ltd. in January 2009, the largest privately owned newspaper aggregator and operator in China. Mr. Shi has been a principal of Chum Capital Group Limited since February 2007, a merchant banking firm that invests in growth Chinese companies and advises them in financings, mergers & acquisitions and restructurings, which successfully acted as the sole advisor of Origin Agritech Ltd. (NASDAQ: SEED) and Hollysys Automation Technologies, Ltd. (NASDAQ: HOLI) in their respective mergers with Chardan China Acquisition Corporation and Chardan North China Acquisition Corporation, respectively, and a principal of Global Vestor Capital Partners LLC since November 2005. Mr. Shi has also been the chairman of Shanghai RayChem Industries Co., Ltd., a research & development based active pharmaceutical ingredient producer, since he founded the company in January 2005. Since September 2004, Mr. Shi has been the chief executive officer of Yihua Investment Co. Ltd., a direct investment company and the parent holding company of Shanghai RayChem Industries Co. Ltd. in China. Mr. Shi is also the president of PharmaSource Inc., a company he founded in 1997. Between June 1995 and October 1997, Mr. Shi was vice president of Sales and Marketing of Darsheng Trade & Technology Development Co., Ltd., the U.S. subsidiary of Tianjin Pharmaceuticals Corporation. From August 1992 through May 1995, Mr. Shi was with Tianjin Pharmaceuticals Corporation in China. Mr. Shi received a Bachelor of Science degree in Chemical Engineering from Tianjin University. Mr. Shi is well-qualified to serve as a member of the board of directors due to his prior service as an executive and director of special purpose acquisition companies focused on China, as well as his contacts.

Executive Officers

Roy Yu has served as our chief financial officer since April 2013. Prior to joining the Company, Mr. Yu served as the Chief Financial Officer of Lihua International, Inc. (NASDAQ: LIWA) from October 2008 until November 2012. He also served as a member of the board of directors of Lihua International Inc. from June 24, 2008 until his resignation on December 8, 2008. Between June 2006 and April 2008, Mr. Yu was the Executive Vice President at Fushi Copperweld, Inc. (NASDAQ: FSIN), where his responsibilities included corporate governance and finance. From May 2005 until June 2006, Mr. Yu was the Chief Financial Officer of Songzai International Holding Group, Inc. (OTCBB: SGZH). From October 2004 until May 2005, Mr. Yu was the Vice President at Yinhai Technology and Development Co. Mr. Yu attended London Southbank University from 2001 to 2004, where he holds a degree in accounting and finance.

Board Leadership Structure and Corporate Governance

In accordance with our Amended and Restated Memorandum and Articles of Association, our Board elects our officers, including Chief Executive Officer, Chief Financial Officer and such other officers as our Board may appoint from time to time. In addition, our Board may appoint a Chairman of the Board. Mr. Zhuo has served as our Chairman and Chief Executive Officer since the consummation of our February 2013 business combination, overseeing our day-to-day operations while also leading our Board. The Board believes that the current model is effective for our continued growth in that the combined position of Chief Executive Officer and Chairman maximizes strategic advantages and Mr. Zhuo's industry expertise. Mr. Zhuo, given his extensive knowledge of China's fishing industry, coupled with the fact that he has overseen our operations since inception, is the director most familiar with our business and industry, and is best positioned to set and execute strategic priorities. Mr. Zhuo provides a strong link between management and the Board, which promotes clear communication and enhances strategic planning and implementation of corporate strategies. Mr. Zhuo's leadership, driven by his deep business and industry expertise, enhances the Board's exercise of its responsibilities. In addition, this model provides enhanced efficiency and effective decision-making and clear accountability.

The Chairman may preside at meetings of our Board. In his absence, any other director or any member of any committee designated by the Board may chair a meeting of the Board or such committee. A director is not required to hold any shares in us by way of qualification. A director may vote with respect to any contract, proposed contract or arrangement in which he is materially interested, provided that the nature of his interest is disclosed by him at or prior to its consideration and any vote by our Board thereon. The directors may exercise all the powers of the company to borrow money and to mortgage or charge its undertaking, property and uncalled capital and to issue debentures, debenture stock, mortgages, bonds and other such securities whether outright or as security for any debt, liability or obligation of the company or of any third party.

The Company's corporate governance serves to ensure that members of the Board are independent from management and that the Board adequately performs its function to ensure that the interests of the Board and management are in alignment with the interests of the shareholders. The Board has adopted Corporate Governance Guidelines to promote effective governance of the Company. The Corporate Governance Guidelines are available on our website at *www.ptmarine.com* under "Investors — Governance DOCS."

On an annual basis, each director and executive officer is required to complete a Director and Officer Questionnaire. Within this questionnaire are requirements for disclosure of any transactions with the Company in which the director or executive officer, or any member of his or her immediate family, have a direct or indirect material conflict of interest.

Board's Role in Risk Oversight

Risk is inherent in every business, and how well a business manages risk can ultimately determine its success. We face a number of risks, including strategic risks, enterprise risks, financial risks, regulatory risks, and others. Management is responsible for the day-to-day management of risks that the company faces, while our Board, as a whole and through its committees, has responsibility for the oversight of risk management, and is tasked with assuring that the long-term interests of our shareholders are being served. In its risk oversight role, our Board has the responsibility to satisfy itself that the risk management processes designed and implemented by management are adequate and functioning as designed.

Our Board believes that establishing the right "tone at the top," and full and open communication between management and our Board, are essential for effective risk management and oversight. Our Chairman meets regularly with other senior officers to discuss strategy and the risks we face. Senior management is available to address any questions or concerns raised by our Board on risk management-related and any other matters. Our Chairman holds strategic planning sessions with senior management to discuss strategies, key challenges, and risks and opportunities for us.

While our Board is ultimately responsible for risk oversight at our company, our Board committees assist our Board in fulfilling its oversight responsibilities in certain areas of risk as further set forth below. Our Board committees report to our Board on significant risks and other matters.

Executive Sessions

The independent members of our Board meet in executive session (without the participation of executive officers or other non-independent directors) at least once a year, after a regularly scheduled Board meeting, and at any other time requested by any independent director. The secretary of the Board is responsible for calling and the independent director who has the most seniority presides over the executive sessions.

Committees and Meeting Attendance

Our Board held 8 meetings and acted 8 times by unanimous written consent in connection with matters related to the fiscal year ended December 31, 2013. Our Board has an Audit Committee, a Compensation Committee and a Nominating and Governance Committee. The Audit Committee held 3 meetings during the fiscal year ended December 31, 2013. The Compensation Committee and the Nominating and Governance Committee each held 1 meeting during the fiscal year ended December 31, 2013.

During 2013, each member of the Board attended or participated in 90% or more of the aggregate of (i) the total number of meetings of the Board (held during the period for which such person has been a director) and (ii) the total number of meetings held by all committees of the Board on which such person served (during the periods that such person served). Our Amended and Restated Memorandum and Articles of Association provide that the Chairman of our Board shall preside at all meetings of our shareholders. Each director is expected to make reasonable efforts to attend Board meetings, meetings of committees of which such director is a member and the Annual Meetings of Shareholders. All of our then sitting directors participated in the 2013 Annual Meetings of Shareholders (4 in person and 2 by teleconference phone).

Committee Composition

The following table sets forth the current membership of our Audit Committee, Compensation Committee and Nominating and Governance Committee. Each committee conducts its business pursuant to a written charter approved by our Board, copies of which are available on our website at *www.ptmarine.com* under "Investors — Governance Docs."

Audit Committee	Compensation Committee	Nominating and Governance Committee
Yeliang Zhou*	Zengbiao Zhu*	Xuesong Song*
Zengbiao Zhu	Xuesong Song	Yeliang Zhou
Xuesong Song	Yeliang Zhou	Zengbiao Zhu

* Chairman of the committee.

Audit Committee. Messrs. Zhou, Zhu and Song currently serve on the Audit Committee, which is chaired by Mr. Zhou. Our Audit Committee falls within the definition of "audit committee" under Section 3(a)(58)(A) of the Securities Exchange Act of 1934, or the Exchange Act. In addition to meeting The NASDAQ Stock Market's tests for director independence, directors serving on our Audit Committee must meet two basic criteria set forth in the rules promulgated by the Commission. First, Audit Committee members are barred from accepting, directly or indirectly, any consulting, advisory or other compensatory fee from us or any affiliate of us, other than in the member's capacity as a member of our Board and any Board committee. Second, a member of our Audit Committee may not be an affiliated person of us or any subsidiary of us, apart from his or her capacity as a member of our Board and any Board committee. Our Board has determined that each member of our Audit Committee meets these independence requirements, in addition to the independence criteria established by The NASDAQ Stock Market. Our Board has determined that each Audit Committee member has sufficient knowledge in financial and auditing matters to serve on the Audit Committee. Our Board has designated Mr. Zhou as an "audit committee financial expert," as defined in Item 407(d) of Regulation S-K. Our Audit Committee assists our Board in fulfilling its oversight responsibilities with respect to risk management in the areas of financial reporting, internal controls and compliance with legal and regulatory requirements, and, in accordance with The NASDAQ Stock Market requirements, discusses policies with respect to risk assessment and risk management. Our Audit Committee's primary duties and responsibilities include:

- reviewing and discussing our financial statements and financial reports with management and the independent auditor;
- reviewing the effectiveness and adequacy of our internal control structure and procedures for financial reporting;
- reviewing management's assessment of our disclosure controls and monitoring procedures designed to improve the quality and reliability of the disclosure of our financial results and operations;
- overseeing the appointment, compensation, evaluation of the qualifications and independence of our independent auditors;

- overseeing our compliance with legal and regulatory requirements;
- overseeing the adequacy of our internal controls and procedures to promote compliance with accounting standards and applicable laws and regulations;
- engaging advisors as necessary; and
- determining the funding from us that is necessary or appropriate to carry out the audit committee's duties.

Compensation Committee. Messrs. Zhu, Zhou and Song currently serve on the Compensation Committee, which is currently chaired by Mr. Zhu. Each member of the Compensation Committee is "independent" as that term is defined in the rules of the Commission and within the meaning of such term as defined under the listing standards of The NASDAQ Stock Market, a "nonemployee director" for purposes of Section 16 of the Exchange Act and an "outside director" for purposes of Section 162(m) of the Internal Revenue Code of 1986, as amended. Our Compensation Committee assists our Board in fulfilling its oversight responsibilities with respect to the management of risks arising from our compensation policies and programs. The Compensation Committee's responsibilities include:

- reviewing and advising the Board concerning our overall compensation philosophy, policies and plans, including a review of both regional and industry compensation practices and trends;
- reviewing and approving corporate and personal performance goals and objectives relevant to the compensation of all executive officers, and make recommendations regarding all executive compensation;
- recommending establishment and terms of incentive compensation plans and equity compensation plans, and administer such plans;
- making and approving grants of options and other equity awards to all executive officers and directors under our compensation plans;
- reviewing and making recommendations to the Board regarding compensation-related matters outside the ordinary course, including but not limited to employment contracts, change-in-control provisions, severance arrangements, and material amendments thereto;
- reviewing and discussing with management the disclosures in our "Compensation Discussion and Analysis" and any other disclosures regarding executive compensation to be included in the our public filings or shareholder reports; and
- reviewing and discussing with management the risks associated with our compensation policies.

For more information regarding our compensation programs and processes, see the discussion below under the heading "Compensation Discussion and Analysis."

Nominating and Governance Committee. Messrs. Song, Zhou and Zhu currently serve on the Nominating and Governance Committee, which is chaired by Mr. Song. Each member of the Nominating and Governance Committee is "independent" as that term is defined in the rules of the Commission and within the meaning of such term as defined under the listing standards of The NASDAQ Stock Market.

Our Nominating and Governance Committee makes recommendations to our Board regarding the nomination of candidates to stand for election as members of our Board, evaluates our Board's performance, and provides oversight of corporate governance and ethical standards. Our Nominating and Governance Committee has the responsibility to develop and review on an ongoing basis the adequacy of, the corporate governance principles applicable to us. Our Nominating and Governance Committee assists our Board in fulfilling its oversight responsibilities with respect to the management of risks associated with Board organization, membership and structure, succession planning for our directors and executive officers, and corporate governance. For more information regarding our director nomination processes, see the discussion below under the heading "Director Nominations."

Compensation Committee Interlocks and Insider Participation

Messrs. Song, Zhou and Zhu currently serve on the Compensation Committee, which is currently chaired by Mr. Zhu. No member of the Compensation Committee is one of our executive officers, and no member of the Compensation Committee had any relationships requiring disclosure by us under the Commission's rules requiring disclosure of certain relationships and related-party transactions. None of our executive officers served as a director or a member of a Compensation Committee (or other committee serving an equivalent function) of any other entity, the executive officers of which served as one of our directors or member of the Compensation Committee during 2013.

Director Nominations

As noted above, the Board has determined that each member of the Nominating and Governance Committee (referred to in this section as the “Committee”) is independent as defined under the rules of the Commission and within the meaning of such term as defined under the listing standards of The NASDAQ Stock Market.

The Committee’s process for considering all candidates for election as directors, including shareholder-recommended candidates, is designed to ensure that the Committee fulfills its responsibility to recommend candidates that are properly qualified and are not serving any special interest groups, but rather the best interest of all of the shareholders.

In identifying candidates for membership on the Board, the Committee seeks directors with established strong professional reputations and experience in areas relevant to the strategy and operations of our business. The Committee seeks directors who possess the qualities of integrity and candor, who have strong analytical skills and who are willing to engage management and each other in a constructive and collaborative fashion. The Committee also seeks directors who have the ability and commitment to devote significant time and energy to service on the Board and its committees. Directors should have varied educational and professional experiences and backgrounds that, collectively, provide meaningful guidance and counsel to management.

We believe that all of our directors meet the foregoing qualifications. While we do not have a formal policy with respect to diversity, as a company, we are committed to creating and sustaining a culture of inclusion and fairness.

If there is a need for a new director because of an open position on the Board or because the Board has determined to increase the total number of directors, the Committee may retain a third-party search firm to locate candidates that meet the needs of the Board at that time. When a search firm is used, the firm typically provides information on a number of candidates for review and discussion by the Committee. If appropriate, the Committee chair and some or all of the members of the Committee may interview potential candidates. If in these circumstances the Committee determines that a potential candidate meets the needs of the Board and possesses the relevant qualifications, the Committee will vote to recommend to the Board the election of the candidate as a director.

The Committee will consider director candidates recommended by shareholders if properly submitted to the Committee. Shareholders wishing to recommend persons for consideration by the Committee as nominees for election to the Board can do so by writing to the Nominating and Governance Committee, c/o Mr. Xuesong Song, Pingtan Marine Enterprise Ltd., 18/F, Zhongshan Building A, No. 154 Hudong Road, Fuzhou, P.R.C. 350001. Recommendations must include the proposed nominee’s name, detailed biographical data, work history, qualifications and corporate and charitable affiliations, as well as a written statement from the proposed nominee consenting to be named as a nominee and, if nominated and elected, to serve as a director. The Committee will then consider the candidate and the candidate’s qualifications using the criteria as set forth above. The Committee may discuss with the shareholder making the nomination the reasons for making the nomination and the qualifications of the candidate. The Committee may then interview the candidate and may also use the services of a search firm to provide additional information about the candidate prior to making a recommendation to the Board.

Code of Business Conduct and Ethics

We have adopted a code of business conduct and ethics that applies to all of our employees, officers and directors, including those officers responsible for financial reporting. The most recent version is available on the Investor Relations section of our website at *www.ptmarine.com*. The information contained on our website is not incorporated by reference into this Annual report. If we make any substantive amendments to the code or grant any waiver from a provision of the code to any executive officer or director, we will promptly disclose the nature of the amendment or waiver on our website, as well as via any other means required by applicable law.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires our officers and directors, and persons who own more than ten percent of a registered class of our equity securities, to file reports of securities ownership and changes in such ownership with the SEC. Officers, directors and greater than ten percent shareholders also are required by rules promulgated by the SEC to furnish us with copies of all Section 16(a) forms they file. Based solely upon a review of the copies of such forms furnished to us or written representations that no Forms 5 were required, we believe that all Section 16(a) filing requirements were timely as of the date of this report.

ITEM 11. EXECUTIVE COMPENSATION

Compensation Committee Report

The following report of the Compensation Committee shall not be deemed to be "soliciting material" or to otherwise be considered "filed" with the SEC, nor shall such information be incorporated by reference into any future filing under the Securities Act of 1933 (the "Securities Act") or the Exchange Act except to the extent that the Company specifically incorporates it by reference into such filing.

The compensation committee has reviewed and discussed with management the disclosures contained in the following section entitled "Compensation Discussion and Analysis." Based on this review and discussion, the Compensation Committee recommended to the Board that the section entitled "Compensation Discussion and Analysis" be included in this Proxy Statement.

Submitted by the Compensation Committee of the Board of Directors

Zengbiao Zhu
Xuesong Song
Yeliang Zhou

Compensation Discussion and Analysis

Compensation Objectives

We operate in a highly competitive and rapidly changing industry. The key objectives of our executive compensation programs are to:

- Supervise and review the affairs of the Company as they relate to the compensation and benefits of executive officers and directors of the Company.
- Perform any other activities consistent with the Company's Amended and Restated Memorandum and Articles of Association and governing law, as the Committee or the Board deems necessary or appropriate.

Our Compensation Program

In carrying out its objectives, the Compensation Committee of our Board shall review all components of executive and director compensation for consistency with our compensation philosophy and with the interests of our shareholders.

The compensation program is designed to reward each individual named executive officer for his or her contribution to the advancement of our overall performance and execution of our goals, ideas and objectives. It is designed to reward and encourage exceptional performance at the individual level in the areas of organization, creativity and responsibility while supporting our core values and ambitions. This in turn aligns the interest of our executive officers with the interests of our shareholders, and thus with our interests.

Determining Executive Compensation

Our Compensation Committee generally reviews and approves the compensation program for executive officers annually after the close of each year. Reviewing the compensation program at such time allows the Compensation Committee to consider the overall performance of the past year and the financial and operating plans for the upcoming year in determining the compensation program for the upcoming year.

A named executive officer's base salary is determined by an assessment of his sustained performance against individual job responsibilities, including, where appropriate, the impact of his performance on our business results, current salary in relation to the salary range designated for the job, experience and mastery, and potential for advancement. Although we do not engage in benchmarking, the Compensation Committee may also consider compensation levels with comparable positions in the industry to evaluate the total compensation decisions that it makes for our officers.

Role of Executive Officers in Determining Executive Compensation

The Compensation Committee determines the compensation for our chief executive officer, which is based on various factors, such as level of responsibility and contributions to our performance. Our chief executive officer recommends the compensation for our executive officers (other than the compensation of the chief executive officer) to the Compensation Committee. The Compensation Committee reviews the recommendations made by the chief executive officer and determines the compensation of the chief executive officer and the other executive officers.

The Committee shall review on at least an annual basis the scope of responsibilities of the Committee and the Committee's performance of its duties.

Employment Agreements

We have entered into employment agreements with our senior executive officers, as described below. Copies of these employment agreements are filed with the Securities and Exchange Commission as exhibits to our registration statements, annual reports and other filings under applicable rules. Our Board may adjust base salaries annually to reflect increases in the cost of living, but it has not done so to date. An executive's base salary may also be increased if the executive's workload substantially increases as a result of our business expansion. In addition, an executive's base salary may be correspondingly adjusted if the salaries of all of our other employees are adjusted.

Xingrong Zhuo. We have entered into an employment agreement with Xingrong Zhuo, our chief executive officer for a term of three years. Pursuant to the employment agreement, Mr. Zhuo will receive annual compensation of HKD$312,000, equal to $40,248. In addition, Mr. Zhuo's employment agreement provides for an annual bonus based on the executive's performance and our financial performance. Annual bonuses will be determined by us in our sole discretion and will be approved by our Compensation Committee. Mr. Zhuo is eligible for participation in any standard employee benefit plan of the Company that currently exists or may be adopted by the Company in the future, but not limited to, any retirement plan, and travel holiday policy.

We may terminate Mr. Zhuo's employment agreement with cause (as defined in his employment agreement) at any time with one-month written notice. If we dismiss Mr. Zhuo without cause (as defined in his employment agreement), or if he terminates his employment for good reason (as defined in his employment agreement), we will provide Mr. Zhuo with serverance payment in cash in an amount equal to three months of his base salary at the then current rate. Under such circumstance, Mr. Zhuo agrees not to make any further claims for compensation for loss of office, accrued remuneration, fees, wroungful dismissal or any other claim whatsoever against the Company or its subsidiaries or the respective officers or employees of any of them. If Mr. Zhuo terminates his employment other than for good reason, he may resign upon three-month prior written notice to the Company.

Our employment agreement with Mr. Zhuo provides for the protection of confidential information and contains non-competition and non-solicitation provisions applicable for a term of two years following the termination of his employment.

Yang Yu. We entered into an employment agreement with Yang (Roy) Yu, our CFO, effective April 18, 2013. Pursuant to that agreement, Mr. Yu received annual compensation equal to $240,000. During the course of Mr. Yu's employment, the Company shall reimburse back to his any reasonable and necessary fees (travel expenses, accommodation expenses, hospitality expenses and other actual expenses) incurred by him during the fulfillment of his duties under the Agreement upon the production of relevant receipts and/or valid documentation of expenditure.

Mr. Yu's employment can be terminated two month's advance written notice by either party. During the term of his employment, Mr. Yu may not engage in any other employment or business without the prior written consent of the Company or engage in any business which is in competition with the business of the Company.

Summary Compensation of Named Executive Officers

Pursuant to the terms of the employment agreements that Messrs. Zhuo and Yu have with us, both executives are compensated by us for services provided to us and our subsidiaries.

The following table sets forth information concerning cash and non-cash compensation paid to our named executive officers for 2013, 2012 and 2011, respectively.

Name and Position	**Year**	**Salary ($)**	**Bonus ($)**	**Stock Awards ($)**	**Option Awards ($)**	**All other compensation**	**Total**
Xinrong Zhuo	2013	$ 40,224	—	—	—	—	$ 40,224
Chief Executive	2012	$ 40,229	—	—	—	—	$ 40,229
Officer	2011	$ 40,106	—	—	—	—	$ 40,106
Roy Yu	2013	$ 150,000	—	—	—	—	$ 150,000
Chief Financial	2012	—	—	—	—	—	—
*Officer*1)	2011	—	—	—	—	—	—

(1) Mr. Yu was appointed Chief Financial Officer of the Company in April 2013.

Outstanding Equity Awards at 2012 Fiscal Year End

As of December 31, 2012, there were no outstanding equity awards for our named executive officer.

Long-Term Incentive Plans

There are no arrangements or plans in which we provide pension, retirement or similar benefits for directors or executive officers, except that our directors and executive officers may receive stock options at the discretion of our Compensation Committee. Although we do not have a formal broad based bonus plan, we may award bonuses on case-by-case basis depending on the terms of specific of employment agreements and other arrangements based on our financial performance as well as the executive's performance which are determined by the Board in its sole discretion. We do not have any material bonus or profit sharing plans pursuant to which cash or non-cash compensation is or may be paid to our directors or executive officers, except that stock options may be granted at the discretion of our Compensation Committee.

As of the date of this Proxy Statement, we have no compensatory plan or arrangement with respect to any officer that results or will result in the payment of compensation in any form from the resignation, retirement or any other termination of employment of such officer's employment with our company, from a change in control of our company or a change in such officer's responsibilities following a change in control where the value of such compensation exceeds $60,000 per executive officer.

Director Compensation

The following table sets forth a summary of our non-employee directors' compensation for fiscal year 2013. Except for Mr. Bin Lin, who resigned from our Board effective February 1, 2014, we did not pay compensation to any non-employee director during 2013.

Director Compensation — Fiscal Year 2013

Name	Fees Earned or Paid in Cash ($)	Option Awards ($)	Total ($)
Bin Lin(1)	$ 35,583	—	$ 35,583

(1) Mr. Lin's compensation was different from other Board members because he was also Senior Vice President of the Company. Mr. Lin resigned from the Board in January 2014 and currently none of the non-employee directors receive any compensation from the Company.

Our non-employee directors did not hold any outstanding option awards as of December 31, 2013:

We do not pay our directors in connection with attending individual Board meetings, but we reimburse our directors for expenses incurred in connection with such meetings.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The following table provides information concerning beneficial ownership of our capital stock as of April 28, 2014 by:

- each shareholder or group of affiliated shareholders, who owns more than 5% of our outstanding capital stock;
- each of our named executive officers;
- each of our directors; and
- all of our directors and executive officers as a group.

The following table lists the number of shares and percentage of shares beneficially owned based on 79,055,053 our ordinary shares outstanding as of April 28, 2013.

Beneficial ownership is determined in accordance with the rules of the SEC, and generally includes voting power and/or investment power with respect to the securities held. Ordinary shares subject to options and warrants currently exercisable or exercisable within 60 days of April 28, 2014 or issuable upon conversion of convertible securities which are currently convertible or convertible within 60 days of April 28, 2014 are deemed outstanding and beneficially owned by the person holding those options, warrants or convertible securities for purposes of computing the number of shares and percentage of shares beneficially owned by that person, but are not deemed outstanding for purposes of computing the percentage beneficially owned by any other person. Except as indicated in the footnotes to this table, and subject to applicable community property laws, the persons or entities named have sole voting and investment power with respect to all of our ordinary shares shown as beneficially owned by them.

Unless otherwise indicated in the footnotes, the principal address of each of the shareholders below is c/o Pingtan Marine Enterprise Ltd., 18/F, Zhongshan Building A, No. 154 Hudong Road, Fuzhou, P.R.C. 350001.

Name and Address of Beneficial Owner	Ordinary Shares Beneficially Owned	Percent of Ordinary Shares Outstanding
Directors and Named Executive Officers:		
Xinrong Zhuo(1)	44,398,868	56.2%
Xuesong Song(2)	4,799,334	6.1%
Jin Shi(3)	4,799,334	6.1%
Lin Bao	—	—
Yeliang Zhou	—	—
Zengbiao Zhu	—	—
Roy Yu	—	—
All Officers and Directors as a Group (total of 7 persons)	49,198,202	62.2%

(1) Represents 15,780,000 shares held by Heroic Treasure Limited, of which Mr. Zhuo is the controlling shareholder, and 28,079,868 shares held by Mars Harvest Co., Ltd., of which Mr. Zhuo is the sole shareholder and 539,000 shares held by Mr. Zhuo directly.

(2) Represents 1,150,000 shares held by Chum Capital Group Limited, an entity owned entirely by Mr. Xuesong Song and Mr. Jin Shi, and 3,649,334 shares issuable upon exercise of warrants that are exercisable at any time.

(3) Represents 1,150,000 shares held by Chum Capital Group Limited, an entity owned entirely by Mr. Xuesong Song and Mr. Jin Shi, and 3,649,334 shares issuable upon exercise of warrants that are exercisable at any time.

Change in Control

We are not aware of any arrangements including any pledge by any person of our securities, the operation of which may at a subsequent date result in a change in control of the registrant.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

We have established procedures for identifying related parties and related party transactions, and for ensuring that any changes in the status of related parties are brought to the attention of the Board and management in a timely manner. For transactions with related parties in the ordinary course of business, such as customer sales, supply purchases, subcontracting or consulting services, we apply the same review and approval process as we would in the context of other commercial agreements. All such transactions with related parties are summarized and provided to our Audit Committee for review. For transactions with related parties outside the ordinary course of business, such as significant capital expenditures, capital raising activities and mergers and acquisitions, the transactions must be approved by our Audit Committee. In accordance with the Company's Audit Committee charter, the Audit Committee reviews and approves any related-party transactions after reviewing each such transaction for potential conflicts of interests and other improprieties. The Company does not have a separate written policy for related-party transactions; however, such transactions are reported to the Audit Committee or the Company in accordance with the Company's Code of Ethics.

The following is a summary of the related party transactions in which we engaged during the year ended December 31, 2013.

In June 2013, we purchased of 46 fishing trawlers from with Fuzhou Honglong Ocean Fishery Co., Ltd. ("Hong Long"), a company owned by Mr. Zhuo, our Chairman of the Board and the Chief Executive Officer, for a total consideration of $410.1 million. We financed the transaction through i) $200.0 million cash generated from operating activities; ii) the relief of $54.9 million outstanding amount of related party debt to be repaid by Fuzhou Honglong Ocean Fishery Co; and iii) an amount of $155.2 million in accordance with the terms of a promissory note issued by us to Hong Long. The total transaction value equals the fair market value of such fishing vessels as determined by management, based on third-party appraisal reports prepared by BMI Appraisals Limited. 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 the net profits from their operation.

In December 2013, we have completed the sale of our subsidiary China Dredging Group ("CDGC") to Hong Long. In July 2013, we received an offer from Mr. Zhuo 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; (iii) offset of PME's current accounts due to CDGC with amount $172.5 million. The value of the operating license rights of $216.1 million will be 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. The Board, excluding Mr. Zhuo and our Senior Officer, Mr. Bin Lin, retained an independent financial advisor to provide a fairness opinion on the transaction proposed by Mr. Zhuo. Subsequent to the receipt of the fairness opinion from our independent financial advisor on October 28, 2013, the Board would evaluate potential alternative proposals received during a 30 day period. After receiving no alternative proposals, on December 3, 2013, the Board, excluding Mr. Zhuo and Mr. Lin, approved moving forward with the transaction and executed and closed the transaction on December 4, 2013. The total consideration of the transaction was approximately $543.8 million with a gain on sale of $134.7 million which was recorded as an adjustment to our equity as it was sold to a related party under common control.

A large portion of our transportation operations are conducted by three of our related parties, Haifeng Dafu Enterprise Company Limited, Hai Yi Shipping Limited and Hong Fa Shipping Limited, which are all ultimately owned by Xinrong Zhuo. Approximately $9.1 million was paid to these three companies for their services during 2013.

A large portion of our operations are conducted from a base owned by our related party PT. Avona Mina Lestari, or Avona, which is controlled by family members of Xinrong Zhuo. We contract with Avona for the right to use the base. Avona also handles certain agency services, including customs applications and fees for the Company. Approximately $14.7 million was paid to Avona during 2013.

Director Independence

In accordance with the current listing standards of The NASDAQ Stock Market, our Board, on an annual basis, affirmatively determines the independence of each director or nominee for election as a director. Our Board has determined that, four of our current directors, Yeliang Zhou, Zengbiao Zhu, Xuesong Song, and Jin Shi, are "independent directors" as defined under the NASDAQ Rules, constituting a majority of independent directors of our Board as required by the corporate governance rules of NASDAQ. In making these determinations, our Board has concluded that none of those members has an employment, business, family or other relationship which, in the opinion of our Board, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

Independent Auditor’s Fees

The following is a summary of the fees billed to the Company by its principal independent registered accounting firm, UHY VOCATION HK CPA LIMITED, for professional services rendered for the years ended December 31, 2013 and 2012:

	Year Ended December 31,	
	2013	**2012**
Audit Fees	$ 214,000	$ 190,856
Audit-Related Fees	18,500	44,000
Tax Fees	-	-
All Other Fees	-	-
TOTAL	$ 232,500	$ 234,856

“Audit Fees” consisted of the aggregate fees billed for professional services rendered for the audit of our annual financial statements and the reviews of the financial statements included in our Forms 10-Q and for any other services that were normally provided in connection with our statutory and regulatory filings or engagements.

“Audit Related Fees” consisted of the aggregate fees billed for professional services rendered for assurance and related services that were reasonably related to the performance of the audit or review of our financial statements and were not otherwise included in Audit Fees.

“Tax Fees” consisted of the aggregate fees billed for professional services rendered for tax compliance, tax advice and tax planning. Included in such Tax Fees were fees for preparation of our tax returns and consultancy and advice on other tax planning matters.

“All Other Fees” consisted of the aggregate fees billed for products and services provided and not otherwise included in Audit Fees, Audit Related Fees or Tax Fees.

Pre-Approval Policies and Procedures

Under the Sarbanes-Oxley Act of 2002, all audit and non-audit services performed by our auditors must be approved in advance by our Board of Directors to assure that such services do not impair the auditors’ independence from us. In accordance with its policies and procedures, our Board of Directors pre-approved the audit and non-audit service performed by UHY VOCATION HK CPA LIMITED for our consolidated financial statements as of and for the year ended December 31, 2013

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

Financial Statements and Financial Statement Schedules

(1) Financial Statements:
Financial statements are shown in the Index to Financial Statements included in Part II, Item 8 of this Annual Report on Form 10-K/A.

(2) Financial Statement Schedules:
Financial statement schedules have been omitted because either they are not applicable or the required information is included in the financial statements or the notes thereto.

(3) Exhibits

Exhibit No.	Description
2.1	Agreement and Plan of Merger, dated as of October 24, 2012, by and between China Growth Equity Investment Ltd., China Dredging Group Co., Ltd., China Growth Dredging Sub Ltd., and Xinrong Zhuo (incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K (File No. 001-35192) filed with the Securities and Exchange Commission on October 30, 2012)
2.2	Share Purchase Agreement, dated as of October 24, 2012, by and among China Growth Equity Investment Ltd, Merchant Supreme Co., Ltd., Prime Cheer Corporation Limited, Xinrong Zhuo, Fujian Provincial Pingtan County Ocean Fishing Group Co., Heroic Treasure Limited and Fuzhou Honglong Ocean Fishery Co., Ltd. (incorporated by reference to Exhibit 2.2 to the Company's Current Report on Form 8-K (File No. 001-35192) filed with the Securities and Exchange Commission on October 30, 2012)
3.1	Amended and Restated Memorandum and Articles of Association of Pingtan Marine Enterprise Ltd. filed with the Cayman Islands Registrar of on February 26, 2013 (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K (File No. 001-35192) filed with the Securities and Exchange Commission on March 1, 2013)
3.2	Articles and Plan of Merger, filed with the Registry of Corporate Affairs of the British Virgin Islands on February 25, 2013 (incorporated by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K (File No. 001-35192) filed with the Securities and Exchange Commission on March 1, 2013))
3.3	Certificate of Merger, filed with the Registry of Corporate Affairs of the British Virgin Islands on February 25, 2013 (incorporated by reference to Exhibit 3.3 to the Company's Current Report on Form 8-K (File No. 001-35192) filed with the Securities and Exchange Commission on March 1, 2013)
3.4	Amended and Restated Memorandum of Association of China Dredging Group Co., Ltd. (incorporated by reference to Exhibit 1.1 to China Dredging Group Co., Ltd.'s Annual Report on Form 20-F (File No. 000-53465) filed with the Securities and Exchange Commission on November 2, 2010)
3.5	Articles of Association of China Dredging Group Co., Ltd. (incorporated by reference to Exhibit 1.2 to China Dredging Group Co., Ltd.'s Annual Report on Form 20-F (File No. 000-53465) filed with the Securities and Exchange Commission on November 2, 2010)
4.1	Specimen Ordinary Share (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K (File No. 001-35192) filed with the Securities and Exchange Commission on March 1, 2013)
4.2	Specimen Warrant Certificate (incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K (File No. 001-35192) filed with the Securities and Exchange Commission on March 1, 2013)
4.3	Warrant Agreement and between American Stock Transfer & Trust Company and China Growth Equity Investment Ltd. dated May 26, 2011. (incorporated by reference to Exhibit 4.4 to the Company's Registration Statement on Form S-1 (File No. 333-173323) filed with the Securities and Exchange Commission on May 20, 2011)
10.1	Master Agreement by and between Pingtan Marine Enterprise Ltd. and Fuzhou Honglong Ocean Fishery Co., Ltd., dated June 19, 2013 (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K (File No. 001-35192) filed with the Securities and Exchange Commission on June 25, 2013)

10.2	Promissory Note issued by the Company, dated June 19, 2013 (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K (File No. 001-35192) filed with the Securities and Exchange Commission on June 25, 2013).
10.3	Share Purchase Agreement by and between Pingtan Marine Enterprise Ltd. and Fuzhou Honglong Ocean Fishery Co., Ltd., dated December 4, 2013 (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K (File No. 001-35192) filed with the Securities and Exchange Commission on December 9, 2013).
10.4	Employment Contract between Pingtan Marine Enterprise Ltd. and Roy Yu, dated April 18, 2013. (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K (File No. 001-35192) filed with the Securities and Exchange Commission on April 19, 2013). **
10.5	Employment Agreement between Pingtan Marine Enterprise Ltd. and Xinrong Zhuo, dated October 26, 2013. (incorporated by reference to Exhibit 10.5 to the Company's Annual Report on Form 10-K (File No. 001-35192) filed with the Securities and Exchange Commission on March 10, 2014) **
21.1	List of Subsidiaries (incorporated by reference to Exhibit 21.1 to the Company's Annual Report on Form 10-K (File No. 001-35192) filed with the Securities and Exchange Commission on March 10, 2014)
23.1	Consent of UHY VOCATION HK CPA LIMITED*
31.1	Certification of Principal Executive Officer pursuant to Rules 13a-14 and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002*
31.2	Certification of Principal Financial Officer pursuant to Rules 13a-14 and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002*
32.1	Certification of Principal Executive Officer pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002*
32.2	Certification of Principal Financial Officer pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002*
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 Herein
** Indicates a management contract or compensatory plan or arrangement

Pingtan Marine's Annual Report on Form 10-K for the year ended December 31, 2013, at the time of filing with the Securities and Exchange Commission, shall modify and supersede all prior documents filed pursuant to Section 13, 14 or 15(d) of the Securities Exchange Act of 1934 for purposes of any offers or sales of any securities after the date of such filing pursuant to any Registration Statement or Prospectus filed pursuant to the Securities Act of 1933, which incorporates by reference such Annual Report on Form 10-K.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: November 10, 2014

Pingtan Marine Enterprise Ltd.

By: /s/ Xinrong Zhuo
Xinrong Zhuo
Chairman of the Board and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated:

Name	Title	Date
/s/ Xinrong Zhuo Xinrong Zhuo	Chairman of the Board and Chief Executive Officer (Principal Executive Officer)	November 10, 2014
/s/ Roy Yu Roy Yu	Chief Financial Officer (Principal Financial and Accounting Officer)	November 10, 2014
/s/ Lin Bao Lin Bao	Director	November 10, 2014
/s/ Yeliang Zhou Yeliang Zhou	Director	November 10, 2014
/s/ Zengbiao Zhu Zengbiao Zhu	Director	November 10, 2014
/s/ Xuesong Song Xuesong Song	Director	November 10, 2014
/s/ Jin Shi Jin Shi	Director	November 10, 2014

PINGTAN MARINE ENTERPRISE LTD. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

PINGTAN MARINE ENTERPRISE LTD. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS

CONTENTS **Pages**

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

TO THE BOARD OF DIRECTORS AND SHAREHOLDERS OF PINGTAN MARINE ENTERPRISE LTD.

We have audited the accompanying consolidated balance sheets of Pingtan Marine Enterprise Ltd. and its subsidiaries (the "Company") as of December 31, 2013 and 2012, and the related consolidated statements of income and comprehensive income, shareholders' equity, and cash flows, as restated, for each of the three years in the period ended December 31, 2013. The Company's management is responsible for these consolidated financial statements. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As more fully described in Note 23 to the consolidated financial statements, certain errors resulting in improperly reflecting the consolidated financial statements as of December 31, 2012 and for the year ended December 31, 2012 and incorrectly accounting for a related party transaction as of December 31, 2013 and for the year end December 31, 2013, were discovered by management of the Company during the current year.

In our opinion, the consolidated financial statements, as restated, referred to above present fairly, in all material respects, the consolidated financial position of Pingtan Marine Enterprise Ltd. and its subsidiaries as of December 31, 2013 and 2012, and the consolidated results of its income and comprehensive income, and its cash flows, as restated, for each of the three years in the period ended December 31, 2013 in conformity with accounting principles generally accepted in the United States of America.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of December 31, 2013, based on criteria established in Internal Control—Integrated Framework (1992) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated , expressed an unqualified opinion on management's assessment of the effectiveness of the Company's internal control over financial reporting and an adverse opinion on the effectiveness at the Company's internal control over financial reporting.

/s/ UHY VOCATION HK CPA LIMITED
Certified Public Accountants

Hong Kong, the People's Republic of China,
March 7, 2014, except for Note 1, Note 2, Note 3, Note 9, Note 13 and Note 23, as to which the date is November 10, 2014

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

	December 31,	
	2013	2012
	(As Restated)	(As Restated))
Assets		
Current assets		
Cash	$ 8,156,599	$ 6,860,785
Notes receivable (banker's acceptances) transferred from related parties	-	3,645,817
Accounts receivable	9,133,130	11,478,436
Inventories	9,095,736	194,331
Prepaid expenses	4,309,574	386,966
Other receivables	11,665	29,885
Advances to related parties	-	49,802,821
Assets of discontinued operations	-	361,460,444
Total current assets	30,706,704	433,859,485
Other assets		
Long-term investment	3,468,953	3,328,789
Deposit on potential Joint Venture	-	6,090,302
Prepaid fixed asset deposits	33,985,148	-
Property, plant and equipment, net	101,970,707	37,748,241
Total other assets	139,424,808	47,167,332
Total assets	$ 170,131,512	$ 481,026,817
Liabilities and equity		
Current liabilities		
Accounts payable - third parties	$ 2,184,964	$ 70,732
- related parties	13,807,605	5,765,632
Receipt in advance - third parties	297,034	-
- related parties	-	12,681,102
Short-term loans	9,085,353	25,169,260
Long-term loans - current portion	20,252,077	8,094,308
Accrued liabilities and other payables	4,643,272	1,033,766
Advances from related parties	-	153,961
Deferred income	520,045	-
Liabilities of discontinued operations	-	14,052,751
Total current liabilities	50,790,350	67,021,512
Other liabilities		
Long-term loans, net of current portion	54,499,727	16,689,321
Total other liabilities	54,499,727	16,689,321
Total liabilities	$ 105,290,077	$ 83,710,833

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

	December 31,	
	2013 (As Restated)	2012 (As Restated)
Shareholders' equity		
Ordinary shares, 225,000,000 shares authorized with $0.001 per share; 79,055,053 shares and 77,215,000 issued and outstanding as of December 31, 2013 and 2012, respectively	79,055	77,215
Additional paid-in capital	117,525,377	135,427,182
Statutory reserves	6,412,892	19,421,017
Retained earnings (deficit)	(63,654,445)	220,196,974
Accumulated other comprehensive income	4,478,556	22,193,596
Total shareholders' equity	64,841,435	397,315,984
Total liabilities and shareholders' equity	$ 170,131,512	$ 481,026,817

See accompanying notes to consolidated financial statements

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

	Year Ended December 31,		
	2013 (As Restated)	2012 (As Restated)	2011
Revenue	$ 122,667,769	$ 67,461,468	$ 25,600,636
Cost of revenue	(74,983,290)	(41,570,472)	(14,600,579)
Gross profit	47,684,479	25,890,996	11,000,057
Selling and marketing expenses	(1,618,278)	(647,850)	(383,472)
General and administrative expenses	(3,191,637)	(463,501)	(251,343)
Operating income	42,874,564	24,779,645	10,365,242
Other income/(expense)			
Investment income	69,519	15,138	-
Interest income	8,250	3,276	2,349
Interest expenses	(3,301,696)	(2,876,253)	(844,650)
Subsidy income	7,338,273	2,363,575	830,446
Sundry income	2,144	-	-
Gain/(loss) on foreign exchange, net	144,740	(5,113)	86,950
Total other income/(expense)	4,261,230	(499,377)	75,095
Income from continuing operations before income taxes	47,135,794	24,280,268	10,440,337
Income tax expense	-	-	-
Net income from continuing operations	47,135,794	24,280,268	10,440,337
Net income from discontinued operations, net of income tax expense	51,910,662	84,494,428	90,257,249
Consolidated net income	$ 99,046,456	$ 108,774,696	$ 100,697,586
Basic and diluted earnings per share			
- From continuing operations	$ 0.60	$ 0.32	$ 0.14
- From discontinued operations	0.66	1.09	1.17
- Net income	$ 1.26	$ 1.41	$ 1.31
Weighted average number of ordinary shares outstanding			
- Basic and diluted	78,772,743	77,215,000	77,215,000

See accompanying notes to consolidated financial statements.

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

	Year Ended December 31,		
	2013	2012	2011
	(As Restated)	(As Restated)	
Net income	$ 99,046,456	$ 108,774,696	$ 100,697,586
Other comprehensive income			
Foreign currency translation gain	8,195,045	4,113,599	11,654,835
Unrealized change in fair value of available-for-sale investment	-	(717)	-
Total comprehensive income	$ 107,241,501	$ 112,887,578	$ 112,352,421

See accompanying notes to consolidated financial statements.

PINGTAN MARINE ENTERPRISE LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2013, 2012 AND 2011 (As Restated)
(IN U.S. DOLLARS)

	Ordinary Shares, with Par Value of 0.001 per share		Additional paid-in capital	Statutory reserves	Retained earnings (deficit)	Accumulated other comprehensive income	Total shareholders' equity
	Number of Shares	Amount					
Balance as of January 1, 2011	77,215,000	$ 77,215	$ 135,427,182	$ 10,646,964	$ 19,498,745	$ 6,425,879	$ 172,075,985
Net income	-	-	-	-	100,697,586	-	100,697,586
Appropriation to statutory reserves	-	-	-	6,250,501	(6,250,501)	-	-
Foreign currency translation gain	-	-	-	-	-	11,654,835	11,654,835
Balance as of January 1, 2012	77,215,000	$ 77,215	$ 135,427,182	$ 16,897,465	$ 113,945,830	$ 18,080,714	$ 284,428,406
Net income	-	-	-	-	108,774,696	-	108,774,696
Appropriation to statutory reserves	-	-	-	2,523,552	(2,523,552)	-	-
Foreign currency translation gain	-	-	-	-	-	4,112,882	4,112,882
Balance as of January 1, 2013	77,215,000	$ 77,215	$ 135,427,182	$ 19,421,017	$ 220,196,974	$ 22,193,596	$ 397,315,984
Net income	-	-	-	-	99,046,456	-	99,046,456
Shares effectively issued to former shareholders as part of the recapitalization	1,840,053	1,840	3,587,497	-	-	-	3,589,337
Appropriation to statutory reserves	-	-	-	3,024,131	(3,024,131)	-	-
Foreign currency translation gain	-	-	-	-	-	8,195,045	8,195,045
Disposal of China Dredging Group Co., Ltd.	-	-	117,525,377	(16,032,256)	(130,557,629)	(25,910,085)	(54,974,593)
Acquisition of fishing vessels from related party	-	-	(139,014,679)	-	(249,316,115)	-	(388,330,794)
Balance as of December 31, 2013	79,055,053	$ 79,055	$ 117,525,377	$ 6,412,892	$ (63,654,445)	$ 4,478,556	$ 64,841,435

See accompanying notes to consolidated financial statements.

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

	Year Ended December 31,		
	2013 (As Restated)	2012 (As Restated)	2011
Cash flows from operating activities			
Net income(3)	$ 99,046,456	$ 108,774,696	$ 100,697,586
Discontinued operations, net of tax (3)	(51,910,662)	(84,494,428)	(90,257,249)
Income from continuing operations	47,135,794	24,280,268	10,440,337
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation of property, plant and equipment	2,394,692	2,677,418	1,917,747
Available-for-sales financial instrument fair value adjustment	-	-	705
Short term investment income	-	(15,860)	-
Changes in operating assets and liabilities			
Accounts receivable - third parties	2,788,320	(10,562,176)	1,627,853
- related parties	-	4,584,509	(3,426,607)
Notes receivable (banker's acceptances)	3,745,196	-	-
Other receivables	19,201	6,797,156	(323,246)
Prepaid expenses	(1,925,477)	(218,759)	(157,077)
Inventories	(8,766,511)	2,397,340	(1,848,587)
Accounts payable - third parties	2,081,172	(43,377)	(73,055)
- related parties	13,944,394	3,060,668	(1,423,494)
Receipt in advance - third parties	292,802	(1,160,618)	771,142
- related parties	(13,026,770)	12,675,074	-
Accrued liabilities and other payables	3,583,989	777,587	204,254
Net cash provided by operating activities from continuing operations	52,266,802	45,249,230	7,709,972
Cash flows from investing activities			
Payment for long term investment	-	(2,661,766)	(649,752)
Proceeds from disposition of / (payment for) short-term investment	-	808,052	(774,220)
Proceeds from deferred income	8,320,882	-	-
Payment for fixed asset deposits	(1,901,220)	-	-
Purchase of property, plant and equipment	(257,701,854)	(33,992,757)	(7,086,080)
Advance to related parties	(312,569)	(41,505,027)	(21,574,926)
Decrease in cash related to sale of subsidiary	(84,917,899)	-	-
Net cash used in investing activities from continuing operations	(336,512,660)	(77,351,498)	(30,084,978)
Cash flows from financing activities			
Proceeds from short-term loans	43,713,708	51,384,055	21,337,156
Repayment of short-term loans	(64,358,336)	(48,079,121)	(10,055,693)
Proceeds from long-term loans	55,811,568	26,617,656	-
Repayment of long-term loans	(7,584,023)	(1,845,808)	-
Cash acquired in recapitalization	3,565,355		
Advance from related parties, net of reception in form of note receivable	(777)	9,075,004	12,361,389
Net cash provided by financing activities from continuing operations	31,147,495	37,151,786	23,642,852

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

	Year Ended December 31,		
	2013 (As Restated)	2012 (As Restated)	2011
Cash flow from discontinued operations:			
Net cash provided by operating activities from discontinued operations	79,605,841	92,587,488	67,151,092
Net cash provided by/(used in) investing activities from discontinued operations	7,099,979	(42,204,987)	(47,811,882)
Net cash (used in)/provided by financing activities from discontinued operations	(407,030)	560,216	12,408
Net cash provided by discontinued operations	86,298,790	50,942,717	19,351,618
Effect of exchange rate	3,032,812	1,726,785	4,565,872
Net (decrease)/increase in cash	(163,766,761)	57,719,020	25,185,336
Cash at the beginning of year (1)	171,923,360	114,204,340	89,019,004
Cash at the end of year(2)	$ 8,156,599	$ 171,923,360	$ 114,204,340
Supplemental disclosure of cash flow information:			
Cash paid:			
From discontinued operations			
Income tax paid	$ 17,278,643	$ 29,324,336	$ 26,956,670
From continuing operations			
Interest paid	$ 4,060,069	$ 3,428,193	$ 952,200
Supplemental disclosure of non-cash transaction eliminated in above:			
Purchase of property and equipment pursuant to capital lease	$ 26,435,403	$ -	$ -
Purchase of property, plant and equipment by setting off advances to related parties	$ 55,064,953	$ -	$ -
Deposit on setting up Joint Venture netted of accounts payable - related party	$ 6,090,302	$ -	$ -

(1) Includes cash and cash equivalents of discontinued operations of $165,062,575, $112,409,544 and $88,532,472 at the beginning of the year in 2013, 2012 and 2011, respectively.

(2) Includes cash and cash equivalents of discontinued operations of $nil, $165,062,575 and $112,409,544 as of December 31, 2013, 2012 and 2011, respectively.

(3) Total net income and net income from discontinued operations, net of tax included accretion of discount on Class A Preferred Shares in amount of $6,135,012.

See accompanying notes to consolidated financial statements.

1. DESCRIPTION OF BUSINESS AND ORGANIZATION

China Equity Growth 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.

China Dredging Group Co., Ltd ("CDGC" or "China Dredging") and Merchant Supreme Co., Ltd ("Merchant Supreme") are limited liability companies incorporated on April 14, 2010 and June 25, 2012, respectively, 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.

CGEI and 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 as per Share Purchase Agreement dated October 24, 2012. Following the completion of the business combination which became effective on February 25, 2013, CDGC and Merchant Supreme became the wholly-owned subsidiaries of the Company. The ordinary shares, par value $0.001 per share are listed on The NASDAQ Capital Market under the symbol "PME".

On June 19, 2013, the Company entered into a master agreement with a related company, Fuzhou Honglong Ocean Fishery Co., Ltd ("Hong Long") to acquire 46 fishing vessels with total consideration of $410.1 million representing the fair market value on the date of acquisition. The major shareholder of Hong Long is Ms. Ping Lin, spouse of Xinrong Zhuo ("Mr. Zhuo"), the Company's Chairman and CEO, who holds 66.5% whereas the remaining two shareholders, Mr. Zhuo's cousins, hold 33.5%. Mr. Zhuo currently holds about 56.2% of PME. The transaction between PME and Hong Long is accounted as common control transaction. Based on Accounting Standards Codification ("ASC") 805-50, PME recorded the value of $21.8 million as the cost of the vessels which was the net carrying amount recorded in Hong Long's books at the date of transfer. The balance of $388.3 million above cost was treated as a return of capital in the equity accounts. $249.3 million was recorded as a reduction in retained earnings and the balance of $139.0 million applied to additional paid-in capital.

On December 4, 2013, in connection with the sale of CDGC, the Company and Hong Long entered into an agreement whereby Hong Long assigned its operating rights of 20 vessels for a period of 25 years pursuant to a license agreement to Pingtan Fishing. Subsequent to the licensing of the operating rights, Pingtan Fishing is entitled to 100% operation and operating results from vessels from September 1, 2013 onwards. Hong Long was not able to transfer ownership of these 20 vessels to the Company since Hong Long received subsidies from China's central government budget in 2012 for the construction of these 20 vessels and Hong Long received notification from the Government prohibiting the sale or transfer of ownership of these vessels for a period of 10 years for fishing vessels that have received such subsidies.

(IN U.S. DOLLARS)

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

On December 4, 2013, the Company completed the sale of CDGC and its subsidiaries. (See Note 2)

Details of the Company's subsidiaries and VIEs which are included as continuing operations in these consolidated financial statements as of December 31, 2013 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

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")

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 currently operated by China Dredging 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.

(IN U.S. DOLLARS)

2. DISCONTINUED OPERATIONS (…/Cont'd)

The payment consideration for the sale consisted of following items:

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

The net assets of CDGC and its subsidiaries at the date of the sale of December 4, 2013 was $236.6 million (after offsetting current accounts of $172.5 million made between the Company and CDGC), the disposal resulted in a net gain of $117.5 million, which was presented as part of additional paid-in capital for the year ended December 31, 2013 as it was sold to a related party with common control.

The results of operation of CDGC and its subsidiaries have been presented as a discontinued operations for the years ended December 31, 2013, 2012 and 2011. The following table provides the financial results included in net income from discontinued operations during the periods presented:

	January 1 to December 4 , 2013	January 1 to December 31, 2012	January 1 to December 31, 2011
Revenue	$ 161,497,136	$ 209,619,489	$ 226,953,070
Income from discontinued operations before income tax	$ 67,251,697	$ 110,805,122	$ 126,499,331
Income tax	$ (15,341,035)	$ (26,310,694)	$ (30,107,070)
Net income from discontinued operations	$ 51,910,662	$ 84,494,428	$ 90,257,249

The carrying amounts of the major classes of assets and liabilities as of December 4, 2013 (disposal date) and December 31, 2012 were as follows:

	December 4, 2013	December 31, 2012
Cash	$ 84,917,899	$ 165,062,575
Other current assets	28,821,788	36,613,112
Non - current assets	148,710,213	159,784,757
Total assets of discontinued operations	$ 262,449,900	$ 361,460,444
Current liabilities	$ 25,873,709	$ 14,052,751
Net asset disposed	$ 236,576,191	

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of presentation

The accompanying audited consolidated financial statements and related notes have been prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP).

The 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.

On December 4, 2013, the Company sold its 100% interest in CDGC and its subsidiaries to Hong Long. As such, CDGC's assets and liabilities have been classified on the consolidated balance sheet as assets and liabilities of discontinued operations as of December 31, 2012. The operating results of CDGC have been classified as discontinued operations in our statements of operations for all years presented. Unless otherwise indicated, all disclosures and amounts in the notes to the consolidated financial statements relate to the Company's continuing operations.

As more fully described in Note 23 to the consolidated financial statements, certain errors resulting in improperly reflecting the consolidated financial statements as of December 31, 2012 and for the year ended December 31, 2012 and incorrectly accounting for a related party transaction as of December 31, 2013 and for the year end December 31, 2013, were discovered by management of the Company during the current year.

<u>Reclassifications</u>

Certain prior year 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.

(IN U.S. DOLLARS)

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

(b) Consolidation of VIE (…/Cont'd)

The following tables show the assets and liabilities of the Company's VIEs after eliminating the intercompany balances as of December 31, 2013 and 2012. 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.

	December 31, 2013 (As Restated)	December 31, 2012 (As restated)
ASSETS		
Cash	$ 7,736,309	$ 6,710,472
Notes receivable (banker's acceptances) transferred from related parties	-	3,645,817
Accounts receivable	9,133,130	11,478,436
Other receivables	11,632	29,885
Advances to related parties	-	49,802,897
Inventories	9,095,736	194,331
Prepaid expenses	4,306,753	386,966
Long-term investment	3,468,953	3,328,789
Deposit on potential Joint Venture	-	6,092,302
Prepaid fixed asset deposits	33,985,148	-
Property, plant and equipment, net	75,623,422	37,748,241
	$ 143,361,083	$ 119,418,136
LIABILITIES		
Accounts payable - third parties	$ 2,184,964	$ 70,732
- related parties	13,807,605	5,765,632
Receipt in advance - third parties	297,034	-
- related parties	-	12,681,102
Short-term loans	9,085,353	25,169,260
Accrued liabilities and other payables	4,423,847	1,033,640
Long-term loans (short and long-term)	74,751,804	24,783,629
Deferred income	520,045	-
	$ 105,070,652	$ 69,503,995

(IN U.S. DOLLARS)

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

(b) Consolidation of VIE (…/Cont'd)

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 years ended December 31, 2013, 2012 and 2011.

	Year Ended December 31,		
	2013	2012	2011
Revenue	$122,667,769	$ 67,461,468	$ 25,600,636
Cost of revenue	$(74,895,172)	$(41,570,472)	$(14,600,579)
Net income from continuing operations	$ 49,449,338	$ 24,280,268	$ 10,440,337

(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:

	December 31,	
	2013	2012
Balance sheet items, except for equity accounts	RMB6.0537=$1	RMB6.3086=$1
	HKD7.7539=$1	HKD7.7507=$1

	Year Ended December 31,		
	2013	2012	2011
Items in statements of income and cash flows	RMB6.1412=$1	RMB6.3116=$1	RMB6.4640=$1
	HKD7.7565=$1	HKD7.7556=$1	HKD7.7793=$1

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

(e) Cash

Cash consists of cash on hand and at banks.

(f) Accounts receivable

The Company only grants credit terms to established customers who are deemed to be financially responsible. Credit periods to independent customers are within 180 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 years ended December 31, 2013 and 2012, respectively. The company collected a majority of receivable balances from third party customers as of December 31, 2013 and 2012 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.

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

(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.

(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 around the year, although the May to July period demonstrates lower catch quantities compared to the October to January 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 December 31, 2013 and 2012.

(l) Prepaid fixed asset deposits

Prepaid fixed assets deposits represents prepayments of construction costs for the construction of 32 fishing vessels. Prepaid fixed assets deposits shall be reclassified to property, plant and equipment upon construction completion.

(IN U.S. DOLLARS)

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

(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.

The estimated useful lives of the assets are as follows:

	Estimated lives
Fishing vessel	10-25
Major improvement on fishing vessel	4-20
Motor vehicle	3-5
Ship and office equipment	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 $1,094,589, $545,407 and $109,899 for the years ended December 31, 2013, 2012 and 2011, 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.

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 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 December 31, 2013 and 2012, there were no amounts that had been accrued with respect to uncertain tax positions.

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

(p) Income taxes (…/Cont'd)

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.

(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 December 31, 2013 and 2012, none of the Company's financial assets or liabilities were measured at fair value on a recurring basis. As of December 31, 2013 and 2012, 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 December 31, 2013 and 2012. 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 the sale agreement signed on December 4, 2013, the Company does not own 20 fishing vessels but has the operating license rights to operate these vessels which are owned by Hong Long and 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 operating license 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 $24,502, $nil and $nil for the years ended December 31, 2013, 2012 and 2011, 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 continuing 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:

	Year Ended December 31,		
	2013 (As restated)	2012 (As restated)	2011
Net income	$ 47,135,794	$ 24,280,268	$ 10,440,337
- From continuing operations	51,910,662	84,494,428	90,257,249
- From discontinued operations	$ 99,046,456	$108,774,696	$100,697,586
Weighted average number of ordinary shares outstanding (Basic and diluted) (As restated)	78,772,743	77,215,000	77,215,000
Earnings per ordinary share (Basic and diluted)			
- From continuing operations	$ 0.60	$ 0.32	$ 0.14
- From discontinued operations	0.66	1.09	1.17
- Net income	$ 1.26	$ 1.41	$ 1.31

For the years ended December 31, 2013, 2012 and 2011, the number of securities convertible into ordinary shares not included in diluted EPS because the effect would have been anti-dilutive consists of the following:

	Year Ended December 31,		
	2013	2012	2011
Warrants to purchase ordinary share	8,966,667	8,966,667	8,966,667

(w) Recently issued accounting standards

In February 2013, the FASB issued new authoritative accounting guidance related to the recognition and measurement of obligations arising from joint and several liability arrangements. This authoritative accounting guidance is effective for interim and annual periods beginning after December 15, 2013 and is to be applied retrospectively. Based on its evaluation, the Company determined this guidance does not currently impact the Company's financial statements and disclosures.

In July 2013, the FASB issued new authoritative accounting guidance related to the reporting of unrecognized tax benefits when a net operating loss carryforward, similar tax loss, or tax credit carryforward exists. The guidance states an unrecognized tax benefit, or a portion of an unrecognized tax benefit, should be presented in the financial statements as a reduction to a deferred tax asset for a net operating loss carry-forward, a similar tax loss, or a tax credit carry-forward, with certain exceptions. This authoritative accounting guidance is effective for interim and annual periods beginning after December 15, 2013, and is to be applied prospectively to all unrecognized tax benefits that exist at the effective date. The Company determined this guidance does not significantly impact the Company's financial statements and disclosures.

There are no new significant accounting standards applicable to the Company that have been issued but not yet adopted by the Company as of December 31, 2013.

(IN U.S. DOLLARS)

4. CASH

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

	December 31, 2013	December 31, 2012 (As restated)
Hong Kong	$ 269,299	$ 862
The PRC	7,887,300	6,859,923
	$ 8,156,599	$ 6,860,785
Maximum exposure to credit risk	$ 8,156,599	$ 6,860,785

Cash is denominated in the following currencies:

	December 31, 2013	December 31, 2012 (As restated)
USD	$ 381,516	$ 150,001
RMB	7,737,225	6,709,922
HKD	37,858	862
	$ 8,156,599	$ 6,860,785

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

	December 31, 2013	December 31, 2012
Accounts receivable from independent third parties	$ 9,133,130	$ 11,478,436

(IN U.S. DOLLARS)

6. INVENTORIES

Inventories as of December 31, 2013 and 2012 consisted of the following:

	December 31, 2013	December 31, 2012
Frozen fish and marine catches in warehouse	$ 9,095,736	$ 161,484
Frozen fish and marine catches in transit	-	32,847
	$ 9,095,736	$ 194,331

7. 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 to 15,113,250 shares, or 5% of the common stock of Pingtan Rural-Commercial Bank. There shares were as collateral for the company's long term loan amounting to $2.3 million as of December 31, 2013. None of these shares were collateralized as of December 31, 2012.

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 December 31, 2013 and 2012.

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.

(IN U.S. DOLLARS)

8. DEPOSIT ON POTENTIAL JOINT VENTURE

Deposit on potential Joint Venture as of December 31, 2013 and 2012 consisted of the following:

	December 31, 2013	December 31, 2012
Deposit for an asset interest acquisition and investment in a proposed Indonesia joint venture	$ -	$ 6,090,302

Pursuant to a Cooperative Agreement and a Joint-Venture Contract dated March 1, 2006 entered into between the Company's VIE, Pingtan Fishing and PT. Avona Mina Lestari ("Avona"), a related party, and an Indonesian enterprise engaged in fishing base management and fishing vessel operations, Pingtan Fishing agreed to acquire 80% controlling interest in a fishing base owned by Avona. A joint venture company that would be controlled by Pingtan Fishing was to be established between Pingtan Fishing and Avona following Pingtan Fishing's acquisition of controlling interest in Avona's fishing base. Total investment for the acquisition of Avona fishing base 80% interest and establishment of a joint venture company was $7,200,000, comprising $5,470,000 cash and 14 fishing vessels to be valued at $1,730,000.

In the first quarter of 2013, Pingtan Fishing and Avona, as a result of non-approved of the proposed Joint Venture, entered into an agreement in which the deposit on setting up of joint venture would be used for settling the accounts payable of Avona that who provided ship agency, maintenance and other services to Pingtan Fishing. If the Indonesian Government authority subsequently approved the proposed Joint Venture, both companies would reconsider this investment.

(IN U.S. DOLLARS)

9. PROPERTY, PLANT AND EQUIPMENT, NET

	December 31, 2013 (As restated)	December 31, 2012 (As restated)
Externally purchased fishing vessels	$ 61,840,994	$ 20,587,954
Fishing vessels pursuant to capital lease – related party	26,435,403	-
Office and other equipment	620,435	481,610
Fishing vessels under construction	16,272,875	17,737,182
	105,169,707	38,806,746
Less: accumulated depreciation	(3,199,000)	(1,058,505)
	$ 101,970,707	$ 37,748,241

Depreciation expenses were $2,394,692, $2,677,418 and $1,917,747 for years ended December 31, 2013, 2012 and 2011, respectively. Depreciation of $2,368,010, $2,653,943 and $1,917,747 was charged to cost of revenue for the years ended December 31, 2013, 2012 and 2011, respectively. Depreciation of $26,682, $23,475 and $nil was charged to general and administrative expenses for the years ended December 31, 2013, 2012 and 2011, respectively.

As of December 31, 2013 and 2012, 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.

As of December 31, 2013 and 2012, the Company had 38 and 20 fishing vessels with net carrying amount of $33,117,389 and $17,334,990 respectively pledge 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 $20.7 million and $10.6 million as of December 31, 2013 and 2012 respectively (Note 12 (c)).

As of December 31, 2013 and 2012, the Company pledged $16,236,585 and $nil of fishing vessels under construction as collateral for its term loans.

On December 4, 2013, in connection with the sale of CDGC to Hong Long, a related party, the Company acquired 25-year operating license rights in connection with the lease of 20 fishing vessels for the appraised fair market value of approximately $216.1 million, whereby the Company is entitled to 100% of the operations and net profits (losses) from the vessels for the term of the lease. The 20 vessels were leased from Hong Long, a related party under common control. Accordingly, the transaction between the Company and Hong Long was accounted as a common control transaction pursuant to ASC 805-50 and it related subsections. The major shareholder of Hong Long is spouse of the Company's CEO, Mr. Xinrong Zhuo who holds over 50% share of the Company. Pursuant to ASC 805-50, we recorded the value of $26,435,403 as the cost of the vessels which was the net historical carrying amount recorded in Hong Long's books at the date of sale of CDGC to Hong Long. Pursuant to the Company's analysis of ASB 840-10-25, the Company determined that the lease term is over 75% of the estimated economic life of the vessels and the present value at the beginning of the lease term of the minimum lease payments equals or exceeds 90 percent of the excess of the fair value of the leased property from Hong Long at lease inception. Additionally pursuant to ASB 840-10-25-26, leases between related parties shall be classified in accordance with the lease classification criteria of ASB 840-25. Accordingly, the Company treated the lease for the 20 vessels as a capital lease and recorded $26,435,403 in property and equipment which will be depreciated over the lease term.

(IN U.S. DOLLARS)

10 ACCOUNTS PAYABLE - RELATED PARTIES

Accounts payable to related parties as of December 31, 2013 and 2012 consisted of the following:

	December 31, 2013	December 31, 2012
PT. Avona Mina Lestari	$ 1,967,151	$ 5,589,681
Fuzhou Honglong Ocean Fishery Co., Ltd. ("Hong Long")	6,214,491	175,951
Hai Yi Shipping Limited	251,341	-
Haifeng Dafu Enterprise Company Limited	377,216	-
Hong Fa Shipping Limited	4,996,031	-
Zhiyan Lin	1,375	-
	$ 13,807,605	$ 5,765,632

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

Deposit on setting up joint venture netted off with accounts payable - related parties.

See Note 14(a) for the relationship of related parties.

11. RECEIPT IN ADVANCE - RELATED PARTIES

Receipt in advance from related parties as of December 31, 2013 and 2012, consisted of the following:

	December 31, 2013	December 31, 2012
Shenzhen Western Coast Fisherman Pier Co., Ltd (See Note 14 (a))	$ -	$ 12,681,102

In 2012, the Company received of $12,681,102 in advance from Shenzhen Western Coast Fisherman Pier Co., Ltd to supply fishery products in 2013.

(IN U.S. DOLLARS)

12. TERM LOANS

As of December 31, 2013 and 2012, the Company's short and long-term loans consisted of the following items:

(a) Short-term loans

	December 31, 2013	December 31, 2012
Classified by financial institutions:		
Industrial and Commercial Bank of China	$ -	$ 14,390,323
Fujian Haixia Bank	9,085,353	7,133,120
China Minsheng Banking Corporation Limited	-	3,645,817
	$ 9,085,353	$ 25,169,260
Additional information:		
Maximum balance outstanding during the year	$ 25,169,260	$ 25,169,260
Interest expense for the years ended December 31, 2013 and 2012	$ 1,229,965	$ 1,873,866
Weighted average interest rate	8.7%	4.8%

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 December 31,2013
Fujian Haixia Bank, Fuzhou Hualin Branch	RMB30,000,000	Fixed rate at 8.400% per annum	Due on March 22, 2014	Guaranteed by Xinrong Zhuo	4,955,647
Fujian Haixia Bank, Fuzhou Hualin Branch	RMB10,000,000	Fixed rate at 9.000% per annum	Due on May 9, 2014	Guaranteed by Xinrong Zhuo	1,651,883
Fujian Haixia Bank, Fuzhou Hualin Branch	RMB15,000,000	Fixed rate at 9.000% per annum	Due on April 23, 2014	Guaranteed by Xinrong Zhuo	2,477,823
					$ 9,085,353

(IN U.S. DOLLARS)

12. TERM LOANS (…/Cont'd)

(b) Long-term loans

Term Loans consist of the following:

	December 31, 2013	December 31, 2012
China Minsheng Banking Corporation Limited, Fuzhou Branch	$ 14,829,774	$ 20,028,216
Fujian Haixia Bank, Fuzhou Hualin Branch	3,303,764	4,755,413
The Export-Import Bank of China, Fujian Branch	46,706,972	-
China Development Bank, Fujian Branch	9,911,294	-
	$ 74,751,804	$ 24,783,629
Less: Current portion	(20,252,077)	(8,094,308)
Long-term debt	$ 54,499,727	$ 16,689,321
Additional information:		
Weighted average interest rate	6.8%	7.9%

Interest expenses of long-term loans for the years ended December 31, 2013, 2012 and 2011 amounted to $2,071,731, $599,334 and $nil, respectively. Interest expenses of $1,094,589, $545,407 and $109,899 are capitalized to construction in progress for the years ended December 31, 2013, 2012 and 2011, respectively.

As of December 31, 2013, a related company, Fujian International Trading and Transportation Company collateralized its 0.3% investment in total equity interest of Xiamen International bank and 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 $ 3.8 million and $0.5 million respectively.

As of December 31, 2013, Hong Long collateralized its 2.86% investment in total equity interest of Fujian Fuqing Rural-Commercial Bank, 1.75% investment in total equity interest of Xiamen International Bank and 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, $19.6 million and $1.3 million respectively.

PINGTAN MARINE ENTERPRISE LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(IN U.S. DOLLARS)

12. TERM LOANS (…/Cont'd)

(b) Long-term loans (…/Cont'd)

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

Name of bank	Collateral	Term of loans	Principal payment due during 2014	2015	2016	2017	2018-2021	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	$ 6,095,446	$ 3,047,723	$ -	$ -	$ -	$ 9,143,169
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	1,486,694	743,347	-	-	-	2,230,041
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	2,304,376	1,152,188	-	-	-	3,456,564
Fujian Haixia Bank, Fuzhou Hualin Branch	Guaranteed by Xinrong Zhuo	April 25, 2012 to March 22, 2015	1,651,882	1,651,882	-	-	-	3,303,764
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	3,386,359	4,724,383	5,418,174	6,111,965	-	19,640,881
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	123,891	181,707	198,226	214,745	-	718,569
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	660,753	925,054	1,024,167	1,172,836	-	3,782,810
The Export-Import Bank of China	Guarantee of Hong Long	July 5, 2013 to December 10, 2017	3,270,727	4,592,233	5,219,948	2,775,162	-	15,858,070
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	82,594	99,113	132,151	148,669	-	462,527
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	214,745	297,339	363,414	379,933	-	1,255,431
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	-	-	-	2,659,531	-	2,659,531
The Export-Import Bank of China Fujian Branch	Pingtan Fishing's investment in equity interest of a PRC local bank	September 29, 2013 to December 10, 2017	396,451	561,640	660,753	710,309	-	2,329,153
China Development	Guaranteed by	November 28,	578,159	1,156,318	1,238,912	1,404,100	5,533,805	9,911,294

Bank Fujian Branch	Xinrong Zhuo, Honghong Zhuo, Mrs. and Mr. Zhiyan Lin and 14 fishing vessels under construction	2013 to November 27, 2021						
			$ 20,252,077	$ 19,132,927	$ 14,255,745	$ 15,577,250	$ 5,533,805	$ 74,751,804

(IN U.S. DOLLARS)

12. 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 August and September 2013, Pingtan Fishing entered into two pledge contracts with China Minsheng Banking Corp., Ltd. Pursuant to the terms of the pledge contracts, Pingtan Fishing assigned 12 fishing vessels, as collateral to provide maximum guarantees of $9.9 million to Hong Long's term loans, which are due on June 25, 2014.

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 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.

13. ACCRUED LIABILITIES AND OTHER PAYABLES

Accrued liabilities and other payables as of December 31, 2013 and 2012 consisted of the following:

	December 31, 2013 (As restated)	December 31, 2012 (As restated)
Accrued salaries and wages	$ 4,022,049	$ 673,234
Accrued expenses	393,214	-
Other payables	228,009	360,532
	$ 4,643,272	$ 1,033,766

14. ADVANCES TO/FROM RELATED PARTIES

Advances to/from related parties as of December 31, 2013 and 2012 consisted of the following:

(a) Name and relationship of related parties

Name of related party	Relationship
Xinrong Zhuo	CEO, Director and major shareholder of the Company, a Family Member*
Ping Lin	Spouse of Xinrong Zhuo, a Family Member and shareholder of Hong Long
Panxing Zhuo	Father of Xinrong Zhuo, a Family Member
Honghong Zhuo	Shareholder of Pingtan Fishing,daughter of Xinrong Zhuo and a Family Member
Qing Lin	Brother-in-law of Xinrong Zhuo, a Family Member
Longfei Zhuo	Cousin of Xinrong Zhuo
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
XiaoqinXu	An employee of an affiliate company
Xiaomei Yang	An employee of the Company and niece of Xinrong Zhuo
Xiaofang Zhuo	Cousin of Xinrong Zhuo
Longhua Zhuo	Sister of Xinrong Zhuo
Zhiyan Lin	Shareholder and legal representative of Pingtan Fishing, a Family Member
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 Construction Co., Ltd.	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
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
Fujian Province Ocean Fishery Co., Ltd.	An affiliate company majority owned and controlled by Fuzhou Honglong Ocean Fishery Co., Ltd.
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. DwikaryaReksaAbadi	An affiliate company controlled by Xinrong Zhuo family domiciled in Indonesia, engaged in fishing base management and fishing vessel service
Haifeng Dafu Enterprise Company Limited	An affiliate company ultimately controlled 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 controlled by Xinrong Zhuo and domiciled in Hong Kong Administrative Region of the PRC (“Hong Kong”)

(IN U.S. DOLLARS)

14. ADVANCES TO/FROM RELATED PARTIES (…/Cont'd)

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

China Communication Materials Central and South Co., Ltd.	An affiliate company majority-owned by Fujian Lutong Highway Engineering
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")

(b) Advances to related parties

	December 31,	
	2013	2012
Honghong Zhuo	$ -	$ 1,642,203
Panxing Zhuo	-	6,196,248
Qing Lin	-	100,855
Xiaofang Zhuo	-	769,251
Xiaomei Yang	-	7,598,782
China Communication Materials Central and South Co., Ltd	-	6,895,349
Fujian Haiyi International Shipping Agency Co., Ltd.	-	243,117
Fujian Lutong Highway Engineering Construction Co., Ltd.	-	2,161,177
Fujian Yihai Investment Co., Ltd	-	13,467,150
Fuzhou Haifeng Dafu Ocean Fishing Co., Ltd.	-	956,315
Fuzhou Haoyouli Fisheries Development Co., Ltd.	-	7,204,451
Fuzhou Wanhao Real Estate Property Investment Co., Ltd	-	2,567,923
	$ -	$ 49,802,821

Advances to related parties represented loans to related parties. These balances are not collateralized, carry no interest, and do not have specific repayment terms.

(IN U.S. DOLLARS)

14. ADVANCES TO/FROM RELATED PARTIES (…/Cont'd)

(c) Advances from related parties

	December 31, 2013	December 31, 2012
Kit Chan	$ -	$ 153,961

15. 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)

15. 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 December 31, 2013 is presented below:

	Number of Warrants	Exercise Price	Terms
Exercisable as of December 31, 2013	8,966,667	$ 12	4.2 years

During the year ended December 31, 2013 and 2012, no warrant was 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.

Pingtan Fishing allocated $3,024,131 of net profits of the year ended December 31, 2013 to the statutory surplus reserves to reach 50% of the registered capital. 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.

(IN U.S. DOLLARS)

16. RELATED PARTY TRANSACTIONS

	Year Ended December 31, 2013	2012	2011
Service fee			
Hai Yi Shipping Limited (6)	$ 230,903	$ -	$ -
Sale of frozen fish and other marine catches			
Shenzhen Western Coast Fisherman Pier Co., Ltd.	$ 10,372,611	$ -	$ -
Fuzhou Haifeng Dafu Ocean Fishing Co., Ltd.	-	4,574,118	4,312,036
Fujian Xinnong Ocean Fisheries Development Co., Ltd.	-	8,948,761	-
Cheng Chen	-	185,839	179,378
Longhua Zhou	-	78,902	-
Total sales	$ 10,372,611	$ 13,787,620	$ 4,491,414
Purchase of fuel, fishing nets and other on board consumables (1)			
PT. Avona Mina Lestari	$ 14,746,582	$ 10,709,195	$ 3,440,000
PT. Dwikarya Reksa Abadi	757,557	-	-
Zhiyan Lin	1,126	-	-
	15,505,265	10,709,195	3,440,000
Purchase of fuel, fishing nets and other on board consumables paid on behalf			
Fuzhou Honglong Ocean Fishery Co., Ltd.	1,953,494	3,245,177	1,037,441
Hong Fa Shipping Limited	16,065,535	-	-
	18,019,029	3,245,177	1,037,441
Purchase of vessel maintenance service (2)			
PT. Avona Mina Lestari	2,981,043	1,901,250	1,602,900
PT. Dwikarya Reksa Adadi	-	-	1,675,674
	2,981,043	1,901,250	3,278,574
Purchase of vessel maintenance service paid on behalf			
Fuzhou Honglong Ocean Fishery Co., Ltd.	1,196,983	-	-
Purchase of transportation service (2)			
Haifeng Dafu Enterprise Company Limited	4,122,861	2,118,321	237,207
Hai Yi Shipping Limited	1,653,682	505,154	352,252
Hong Fa Shipping Limited	3,345,589	1,016,098	-
PT. Avona Mina Lestari	35,149	573,545	1,402,616
	9,157,281	4,213,118	1,992,075

(IN U.S. DOLLARS)

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

	Year Ended December 31, 2013	2012	2011
Cold storage warehouse and office rental			
Ping Lin (5)	$ 13,678	$ 5,545	$ -
Fuzhou Honglong Ocean Fishery Co., Ltd. (3)	-	206,498	488,861
	13,678	212,043	488,861
Indonesia fleet vessel agency fee payable (4)			
PT. Avona Mina Lestari	1,042,738	410,000	90,000
Crewmen compensation paid on behalf			
Fuzhou Honglong Ocean Fishery Co., Ltd.	-	435,569	155,569
PT. Avona Mina Lestari	1,125,043	550,000	153,156
	1,125,043	985,569	308,725
Indonesia fishing licenses paid on behalf			
PT. Avona Mina Lestari	1,748,239	1,155,774	305,318
Total purchases and expenses	$ 50,789,299	$ 22,832,126	$ 10,940,994

(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) The Company sub-leased office area and cold storage warehouse cells from Hong Long. Pursuant to an Office Space Rental and Staff Dispatch Agreement entered into on January 1, 2010 with a three-year term, annual lease and facilities expenses are RMB1,000,000. Cold storage warehouse cell sub-lease contracts were entered into simultaneously with Hong Long's lease contracts with the third party lessor, which are renewed every 12-to-16 months. The agreements were terminated on July 31, 2012.

(4) 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 be executed without disagreement from both parties.

(5) Pingtan Fishing entered into a three-year term office rental lease with Ping Lin on July 31, 2012. The annual lease is $13,678.

(6) 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.

17. CERTAIN RISKS AND CONCENTRATIONS

(a) Credit risk

As of December 31, 2013 and 2012, 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 does 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 year ended December 31, 2013, two customers accounted for 0% (2012: 13% and 2011: 32%) of the Company's revenue.

During the year ended December 31, 2013, related companies Fujian Xiannong Ocean Fisheries Development Co., Ltd and Haifeng Dafu Enterprise Company Limited accounted for 0% (2012: 13% and 2011: 0%) and 0% (2012: 7% and 2011: 18%) of the Company's revenue respectively.

(c) Major suppliers

During the year ended December 31, 2013, two suppliers accounted for 41% (2012: 37% and 2011: 40%) of the Company's purchase.

During the year ended December 31, 2013, related companies PT. Avona Mina Lestari and PT. Dwikarya Reksa Adadi accounted for 26% (2012: 42% and 2011: 40%) and 1% (2012: 0% and 2011: 10%) of the Company's purchase respectively.

18. COMMITEMTS 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 December 31, 2013, the Company's potential minimum cash obligation to these employees was approximately $10,059.

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 December 31, 2013, the Company's potential minimum cash obligation to this agreement was approximately $461,961.

Pursuant to the Shares Purchase Agreement ("the Agreement") dated December 4, 2013, where the Company exited and sold China Dredging Group to Hong Long ("the buyer") (Please see Note 2 of consolidated financial statements included in this report), the Company is required to indemnify the buyer and the same indemnification responsibility applies to the buyer for the events arising out of any breach of the 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 will 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 Agreement.

(IN U.S. DOLLARS)

19. OPERATING LEASE COMMITMENT

On July 1, 2013, 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. The service fee is approximately $231,000 for the year ended December 31, 2013.

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 $13,678. The total future minimum lease payments under non-cancellable operating leases with respect to service fee, cold storage warehouse and office as of December 31, 2013 were as follows:

	Service fee	Cold storage Warehouse	Office rental	Total
For the years ended December 31,				
2014	$ 461,961	$ 244,637	$ 13,876	$ 720,474
2015	-	-	8,094	8,094
	$ 461,961	$ 244,637	$ 21,970	$ 728,568

The operating lease commitments below include both the related parties commitments and non-related parties commitments. The total future lease payments as of December 31, 2013 are summarized as follows:

	Service fee	Cold storage Warehouse	Office rental	Total
Related parties commitments	$ 461,961	$ -	$ 21,970	$ 483,931
Non-related parties commitments	-	244,637	-	244,637
	$ 461,961	$ 244,637	$ 21,970	$ 728,568

Rental expenses and service fee under operating leases for the years ended December 31, 2013, 2012 and 2011 was $827,282, $307,559 and $488,861 respectively, of which $244,581, $212,043 and $488,861 are paid to the related parties (Note 18).

20. SUBSEQUENT EVENTS

On January 6, 2014, the Company borrowed a short term loan from Industrial & Commercial Bank of China, Fuzhou Dongjiekou Branch, in amount of $1,849,120. The loan is due on March 25, 2014.

On January 20 and 21, 2014, the Company borrowed short term loans from Industrial & Commercial Bank of China, Fuzhou Dongjiekou Branch, in amounts of $1,717,040 and $3,501,660 respectively. These loans are due on April 15 and 20, 2014 respectively.

On January 15, 2014, the Company borrowed a short term loan from The Export-Import Bank of China, Fujian Branch, in amount of approximately $3,303,765. The loan is due on November 27, 2023.

21. 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.

(IN U.S. DOLLARS)

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

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 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

	December 31,	
	2013 (As Restated)	2012 (As restated)
Assets		
Cash	$ 246,684	$ -
Prepaid expenses	2,820	-
Investments in subsidiaries	38,446,318	397,315,984
Total current assets	38,695,822	397,315,984
Other assets		
Property, plant and equipment	26,347,285	-
Total assets	$ 65,043,107	$ 397,315,984
Liabilities and equity		
Current liabilities		
Accrued liabilities and other payables	$ 201,672	$ -
Shareholders' equity		
Total shareholders' equity	64,841,435	397,315,984
Total liabilities and equity	$ 65,043,107	$ 397,315,984

CONDENSED STATEMENTS OF INCOME

	Year Ended December 31,	
	2013 (As Restated)	2012 (As Restated)
Cost of revenue	$ (88,118)	$ -
General and administrative expenses	(2,225,543)	-
Other income	117	-
Equity in income of subsidiaries	101,360,000	108,774,696
Net income	$ 99,046,456	$ 108,774,696

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

CONDENSED STATEMENTS OF CASH FLOW

	Year Ended December 31,	
	2013	2012
	(As Restated)	(As Restated)
Net cash used in operating activities	$ (2,002,592)	$ -
Net cash provided by investing activities	127,430,454	-
Net cash used in financing activities	(125,181,178)	-
Net increase in cash	246,684	-
Cash at the beginning of the year	-	-
Cash at the end of the year	$ 246,684	$ -

(IN U.S. DOLLARS)

22. QUARTERLY CONSOLIDATED FINANCIAL DATA (UNAUDITED)

The following table shows the Company's quarterly consolidated financial data for the four quarters of 2013:

	Three Months Ended			
	March 31 (As restated)	June 30 (As restated)	September 30 (As restated)	December 31 (As restated)
Revenue	$ 19,669,476	$ 21,362,357	$ 20,609,107	$ 61,026,829
Cost of revenue	(14,653,078)	(11,749,639)	(12,976,891)	(35,603,682)
Gross Profit	5,016,398	9,612,718	7,632,216	25,423,147
Operating expenses:				
Selling and marketing expenses	(194,688)	(174,046)	(362,000)	(887,544)
General and administrative expenses	(301,342)	(866,194)	(1,178,033)	(846,068)
Total operating expenses	(496,030)	(1,040,240)	(1,540,033)	(1,733,612)
Operating income	4,520,368	8,572,478	6,092,183	23,689,535
Other income (expenses)				
Investment income	-	69,071	218	230
Interest income	1,096	1,460	2,305	3,389
Interest expenses	(433,681)	(480,158)	(1,209,961)	(1,177,896)
Subsidy income	35,387	205	168,900	7,133,781
Sundry income	2,003	11	7	123
Gain/(Loss) on foreign exchange, net	207,984	(428,389)	194,433	170,712
Income from continuing operations before income taxes	4,333,157	7,734,678	5,248,085	29,819,874
Income tax expense	-	-	-	-
Net income from continuing operations	4,333,157	7,734,678	5,248,085	29,819,874
Net income from discontinued operations, net of taxes	9,340,136	17,963,172	12,158,469	12,448,885
Consolidated net income	$ 13,673,293	$ 25,697,850	$ 17,406,554	$ 42,268,759

23. RESTATEMENT

The Company's consolidated financial statements have been restated for the following errors as of December 31, 2013 and 2012 and for the years ended December 31, 2013 and 2012.

(a) We incorrectly reflected certain balances of CGEI. in our consolidated financial statements at December 31, 2012,

The merger among CGEI, CDGC and Merchant Supreme effective on February 25, 2013 should have been accounted for as a "reverse merger" and recapitalization since the shareholder of CDGC and Merchant Supreme (i) own a majority of the outstanding ordinary shares of PME immediately following the completion of the transaction, and (ii) have significant influence and the ability to elect or appoint or to remove a majority of the members of the governing body of the Company. Based on ASC 805, CDGC and Merchant Supreme jointly are deemed the accounting acquirer and consequently, the transaction is treated as recapitalization of CDGC and Merchant Supreme. Accordingly, the assets and liabilities and the historical operations that are reflected in the consolidated financial statements should be those of CDGC and Merchant Supreme and their subsidiaries at the historical cost basis. CGEI's assets, liabilities and results of operations should be consolidated with the assets, liabilities and results of operations of CDGC and Merchant Supreme subsequent to the merger.

Accordingly, we amended our consolidated financial statements for the year ended December 31, 2013 and 2012 to only reflect the historical consolidated financial statements of CDGC and Merchant Supreme jointly as the accounting acquirer prior to February 25. 2013 and the consolidated financial statements of PME, CDGC and Merchant Supreme and related subsidiaries for all periods subsequent to the closing date.

(b) We incorrectly accounted for prepaid operating license rights for 20 vessels in its appraised fair value in Original Report. The management concluded that prepaid operating license rights should be considered as a capital lease and recorded the historical cost of the related party which is under common control as a common control transaction in accordance with ASC 805-50. We restated prepaid operating license rights, property, plant and equipment, related depreciation and amortization expense, and reflected any excess amounts paid for the operating rights as a capital distribution.

Accordingly, changes have been made to the applicable line items associated with the above errors in the Company's consolidated financial statements. The effect of the restatement on specific amounts provided in the consolidated financial statements is as follows:

Condensed consolidated balance sheet data	December 31, 2012			
	As previously reported	Adjustments		As Restated
Cash	$ 10,426,140	$ (3,565,355)	(a)	$ 6,860,785
Prepaid expenses	410,966	(24,000)	(a)	386,966
Total Current Assets	437,448,840	(3,589,355)	(a)	433,859,485
Property, plant and equipment	37,141,906	606,335		37,748,241
Total Assets	$ 484,009,837	$ (2,983,020)		$ 481,026,817
Accrued liabilities and other payables	1,033,784	(18)	(a)	1,033,766
Total Current Liabilities	67,021,530	(18)		67,021,512
Total Liabilities	83,710,851	(18)		83,710,833
Stockholders' Equity:				
Ordinary shares ($0.001 par value; 225,000,000 shares authorized; 77,215,000 shares issued and outstanding at December 31, 2012)	79,055	(1,840)	(a)	77,215
Additional paid-in capital	141,381,098	(5,953,916)	(a)	135,427,182
Retained earnings	217,224,220	2,972,754	(a)	220,196,974
Total Stockholders' Equity	400,298,986	(2,983,002)		397,315,984
Total Liabilities and Stockholders' Equity	$ 484,009,837	$ (2,983,020)		$ 481,026,817

(a) To remove CEGI's balances in order to correctly reflect the historical consolidated financial statements of CDGC and Merchant Supreme jointly as the accounting acquirer prior to February 25, 2013.

23. RESTATEMENT (continued)

Condensed consolidated statement of income and comprehensive income:	For the Year ended December 31, 2012		
	As previously reported	Adjustments	As Restated
Cost of revenue	$ 41,876,140	$ (305,668)	$ 41,570,472
Gross profit	25,585,328	305,668	25,890,996
General and administrative expenses	$ 2,839,848	$ (2,376,347) (a)	$ 463,501
Operating income	22,097,630	2,682,015	24,779,645
Interest expense	(3,176,920)	300,667	(2,876,253)
Net income from continuing operations	21,297,586	2,982,682	24,280,268
Consolidated net income	$ 105,792,014	$ 2,982,682	$ 108,774,696
Comprehensive income	$ 109,904,896	$ 2,982,682	$ 112,887,578
Basic and diluted earnings per share			
- From continuing operations	$ 0.27	$ 0.05	$ 0.32
- From discontinued operations	1.07	0.02	1.09
- Net income	$ 1.34	$ 0.07	$ 1.41
Weighted average number of ordinary shares outstanding			
- Basic and diluted	79,055,053	(1,840,053)	77,215,000

(a) To remove CEGI's balances in order to correctly reflect the historical consolidated financial statements of CDGC and Merchant Supreme jointly as the accounting acquirer prior to February 25, 2013.

Condensed consolidated statement of cash flows	For the Year ended December 31, 2012		
	As previously reported	Adjustments	As Restated
Cash flows from operating activities:			
Net income	$ 105,792,014	$ 2,982,682 (a)	108,774,696
Income from continuing operations	21,297,586	2,982,682	24,280,268
Depreciation of property, plant and equipment	2,983,086	(305,668) (a)	2,677,418
Accrued liabilities and other payables	763,533	14,054 (a)	777,587
Net cash provided by operating activities from continuing operations	42,558,162	2,691,068	45,249,230
Cash flows from investing activities:			
Purchase of property, plant and equipment	(33,692,090)	(300,667) (a)	(33,992,757)
Net cash used in investing activities from continuing operations	(77,050,831)	(300,667)	(77,351,498)
Cash flows from financing activities:			
Cash acquired in recapitalization	5,955,756	(5,955,756) (a)	-
Net cash provided by financing activities from continuing operations	43,107,542	(5,955,756)	37,151,786
Net increase in cash	61,284,375	(3,565,355)	57,719,020
Cash at the beginning of year	114,204,340	-	114,204,340
Cash at the end of year	$ 175,488,715	$ (3,565,355)	$ 171,923,360

(a) To remove CEGI's balances in order to correctly reflect the historical consolidated financial statements of CDGC and Merchant Supreme jointly as the accounting acquirer prior to February 25, 2013.

23. RESTATEMENT (continued)

Condensed consolidated balance sheet data	December 31, 2013			
	As previously reported	Adjustments		As Restated
Prepaid expenses	$ 2,380,874	$ 1,928,700	(c)	$ 4,309,574
Total Current Assets	28,778,004	1,928,700		30,706,704
Other Assets				
Other receivables	1,213,440	(1,213,440)	(c)	-
Prepaid fixed assets deposits	1,928,700	32,056,448	(c)	33,985,148
Prepaid operating license rights	215,381,356	(215,381,356)	(b)	-
Property, plant and equipment, net	107,178,269	(5,207,562)	(b)(c)	101,970,707
Total Other Assets	329,170,718	(189,745,910)		139,424,808
Total Assets	$ 357,948,722	$ (187,817,210)		$ 170,131,512
Accrued liabilities and other payables	3,851,047	792,225	(c)	4,643,272
Deferred income	1,733,485	(1,213,440)	(c)	520,045
Total Current Liabilities	51,211,565	(421,215)		50,790,350
Total Liabilities	105,711,292	(421,215)		105,290,077
Stockholders' Equity:				
Additional paid-in capital	-	117,525,377	(b)	117,525,377
Statutory reserves	22,410,773	(15,997,881)	(b)	6,412,892
Retained earnings (deficit)	199,341,512	(262,995,957)	(c)(b)	(63,654,445)
Accumulated other comprehensive income	30,406,090	(25,927,534)	(b)	4,478,556
Total Stockholders' Equity	252,237,430	(187,395,995)		64,841,435
Total Liabilities and Stockholders' Equity	$ 357,948,722	$ (187,817,210)		$ 170,131,512

(b) To adjust the prepaid operating license rights from appraisal value to the historical cost of the 20 vessels leased from Hong Long and to reflect the historical cost of the 20 leased vessels as a capital lease and reclassify such amounts to property, plant and equipment, to adjust the related depreciation and amortization expense, and to reflect any excess amounts paid for the leased operating rights as a capital distribution pursuant to ASC 805-50;

(c) To record other miscellaneous adjustments deemed necessary.

Condensed consolidated statement of income and comprehensive income:	For the Year ended December 31, 2013			
	As previously reported	Adjustments		As Restated
Cost of revenues	$ 75,760,033	$ (776,743)	(b)(c)	$ 74,983,290
Gross profit	46,907,736	776,743		47,684,479
Operating income	42,097,821	776,743		42,874,564
Interest expense	(4,171,989)	870,293	(c)	(3,301,696)
Total other income/(expense)	3,390,937	870,293		4,261,230
Net income from continuing operations	45,488,758	1,647,036		47,135,794
Consolidated net income	$ 97,399,420	$ 1,647,036		$ 99,046,456
Comprehensive Income	$ 105,577,539	$ 1,663,962		$ 107,241,501
Basic and diluted earnings per share				
- From continuing operations	$ 0.58	$ 0.01		$ 0.60
- From discontinued operations	0.65	0.03		0.66
- Net income	$ 1.23	$ 0.04		$ 1.26
Weighted average number of ordinary shares outstanding				
- Basic and diluted	79,055,053	(282,310)		78,772,743

(b) To adjust the prepaid operating license rights from appraised fair value to the historical cost of 20 vessels leased from Hong Long and to reflect the historical cost of the 20 leased vessels as a capital lease and reclassify such amounts to property, plant and equipment, to adjust the related depreciation and amortization expense, and to reflect any excess amounts paid for the leased operating rights as a capital distribution pursuant to ASC 805-50;

(c) To record other miscellaneous adjustments deemed necessary.

Condensed consolidated statement of cash flows	For the Year ended December 31, 2013		
	As previously reported	Adjustments	As Restated
Cash flows from operating activities:			
Net income	$ 97,399,420	$ 1,647,036	$ 99,046,456
Income from continuing operations	45,488,758	1,647,036	47,135,794
Depreciation of property, plant and equipment	3,297,751	(903,059)	2,394,692
Amortization of operating license rights	720,339	(720,339)	-
Notes receivable (banker's acceptances)	-	3,745,196	3,745,196
Accrued liabilities and other payables	2,737,334	846,655	3,583,989
Net cash provided by operating activities from continuing operations:	47,651,313	4,615,489	52,266,802
Cash flows from investing activities			
Purchase of property, plant and equipment	(256,831,561)	(870,293)	(257,701,854)
Net cash used in investing activities from continuing operations	(335,642,367)	(870,293)	(336,512,660)
Cash flows from financing activities:			
Cash acquired in recapitalization	-	3,565,355	3,565,355
Repayment of short-term loans	(60,613,140)	(3,745,196)	(64,358,336)
Net cash provided by financing activities from continuing operations	31,327,336	(179,841)	31,147,495
Net decrease in cash	$ (167,332,116)	$ 3,565,355	$ (163,766,761)

EXHIBIT 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Amendment no.2 to Registration Statement Form S-3 (file No. 333-188007) and appearing on Form 8K/A (amendment #1) of our reports dated March 7, 2014, except for Note 1, Note 2, Note 3, Note 9, Note 13 and Note 23, as to which the date is November 10, 2014, with respect to the consolidated balance sheets of Pingtan Marine Enterprise Ltd. ("The Company") as of December 31, 2013 and 2012 and the related consolidated statements of income, comprehensive income, stockholders equity, and cash flows for each of the years in the three-year period ended December 31, 2013, and the effectiveness of internal control over financial reporting, which appear in this Form 10-K/A of the Company for the year ended December 31, 2013.

/s/ UHY VOCATION HK CPA LIMITED
Hong Kong, the People's Republic of China
November 10, 2014

EXHIBIT 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
UNDER
SECTION 302 OF THE SARBANES-OXLEY ACT

I, Roy Yu, certify that:

1. I have reviewed this Amendment No. 1 to Annual Report on Form 10-K/A of Pingtan Marine Enterprise Ltd. (the "registrant");

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 period covered by this report 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 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 control 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: November 10, 2014

/s/ Roy Yu
Roy Yu
Chief Financial Officer

EXHIBIT 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
UNDER
SECTION 302 OF THE SARBANES-OXLEY ACT

I, Xinrong Zhuo, certify that:

1. I have reviewed this Amendment No. 1 to Annual Report on Form 10-K/A of Pingtan Marine Enterprise Ltd. (the "registrant");

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 period covered by this report 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 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 control 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: November 10, 2014

/s/ Xinrong Zhuo
Xinrong Zhuo
Chief Executive Officer

EXHIBIT 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Amendment No. 1 to Annual Report of Pingtan Marine Enterprise Ltd. (the "Registrant") on Form 10-K/A for the year ended December 31, 2013 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned Chairman of the Board and Chief Executive Officer of the Registrant, certifies, in accordance with 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(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.

/s/ Xinrong Zhuo
Xinrong Zhuo
Chairman of the Board and Chief Executive Officer

Date: November 10, 2014

The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, and is not being "filed" as part of the Form 10-K or as a separate disclosure document for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to liability under that section. This certification shall not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act except to the extent that this Exhibit 32.1 is expressly and specifically incorporated by reference in any such filing.

A signed original of this written statement required by Section 906 has been provided to the Registrant and will be retained by the Registrant and furnished to the Securities and Exchange Commission or its staff upon request.

EXHIBIT 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Amendment No. 1 to Annual Report of Pingtan Marine Enterprise Ltd. (the "Registrant") on Form 10-K/A for the year ended December 31, 2013 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned Chief Financial Officer of the Registrant, certifies, in accordance with 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(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.

/s/ Roy Yu
Roy Yu
Chief Financial Officer

Date: November 10, 2014

The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, and is not being "filed" as part of the Form 10-K or as a separate disclosure document for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to liability under that section. This certification shall not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act except to the extent that this Exhibit 32.1 is expressly and specifically incorporated by reference in any such filing.

A signed original of this written statement required by Section 906 has been provided to the Registrant and will be retained by the Registrant and furnished to the Securities and Exchange Commission or its staff upon request.