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MIE HOLDINGS CORPORATION
MI能源控股有限公司

(In Provisional Liquidation)
(For the Purposes of Presenting a Compromise or Arrangement to Creditors)
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1555)

ANNOUNCEMENT
INTERIM RESULTS
FOR THE SIX MONTHS ENDED JUNE 30, 2021

SUMMARY OF OPERATIONAL AND FINANCIAL PERFORMANCE

	Six months ended June 30,			
	2021	2020	**Change**	**% Change**
Average realized price of crude oil *(US$ per barrel)*	**57.20**	40.97	16.23	39.6%
Average realized price of natural gas *(US$ per Mscf)*	**6.60**	6.20	0.4	6.5%
Gross production of crude oil *(million barrels)*	**2.29**	2.33	(0.04)	(1.7%)
Net production of crude oil *(million barrels)*	**1.14**	1.03	0.11	10.7%
Net sales of crude oil *(million barrels)*	**1.13**	1.01	0.12	11.9%
Net production of natural gas *(Mscf)*	**975**	848	127	15.0%
Net sales of natural gas *(Mscf)*	**975**	848	127	15.0%
Wells drilled during the period *(Gross)*	**62**	–	62	N/A
Revenue *(RMB'000)*	**417,643**	289,495	128,148	44.3%
Loss for the period *(RMB'000)*	**(304,670)**	(834,471)	529,801	(63.5%)
Basic loss per share *(RMB per share)*	**(0.09)**	(0.26)	0.17	(65.4%)
EBITDA *(RMB'000)*	**248,648**	(353,418)	602,066	N/A
Adjusted EBITDA *(RMB'000)*	**270,031**	159,275	110,756	69.5%

CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Six months ended June 30,	
		2021	2020
	Note	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
Revenue from contracts with customers	*4*	**417,643**	289,495
Depreciation, depletion and amortisation		**(126,644)**	(181,706)
Taxes other than income taxes	*5*	**(3,974)**	(3,453)
Employee benefit expenses		**(51,324)**	(50,039)
Purchases, services and other direct costs		**(79,401)**	(49,957)
Distribution costs		**(9,656)**	(8,709)
General and administrative expenses		**(11,725)**	(26,912)
(Provision)/reversal of impairment losses on financial assets, net		**(15,666)**	21,335
Impairment charges		**–**	(528,968)
Other gains, net	*6*	**2,751**	3,790
Finance income		**15,682**	26,412
Finance costs		**(397,714)**	(323,873)
Loss before income tax		**(260,028)**	(832,585)
Income tax expense	*7*	**(44,642)**	(1,886)
Loss attributable to owners of the Company for the period		**(304,670)**	(834,471)

CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Continued)

	Note	Six months ended June 30, 2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Other comprehensive income/(losses):			
Items that may be reclassified to profit or loss			
Currency translation differences		**30,949**	(50,111)
Items that will not be reclassified to profit or loss			
Change in the fair value of equity instruments at fair value through other comprehensive income		**4,707**	(1,808)
Currency translation differences		**21,046**	(23,117)
Other comprehensive income/(losses) for the period, net of tax		**56,702**	(75,036)
Total comprehensive losses attributable to the owners of the Company for the period		**(247,968)**	(909,507)
Loss per share for loss attributable to ordinary equity holders of the Company for the period (expressed in RMB per share)			
— Basic	*8*	**(0.09)**	(0.26)
— Diluted	*8*	**(0.09)**	(0.26)

CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at June 30, 2021 RMB'000 (Unaudited)	As at December 31, 2020 RMB'000 (Audited)
Assets			
Non-current assets			
Property, plant and equipment		**1,110,152**	1,079,358
Intangible assets		**54,492**	58,582
Right-of-use assets		**10,441**	12,504
Deferred income tax assets		**816**	816
Financial assets at fair value through other comprehensive income		**12,465**	7,841
Prepayments, deposits and other receivables		**357,348**	361,030
Restricted cash		**9,812**	4,002
		1,555,526	1,524,133
Current assets			
Inventories		**23,558**	20,666
Prepayments, deposits and other receivables		**34,158**	31,239
Trade and note receivables	*10*	**94,713**	51,717
Restricted cash		**–**	43,224
Cash and cash equivalents		**51,427**	20,353
		203,856	167,199
Total assets		**1,759,382**	1,691,332
Equity			
Equity attributable to owners of the Company			
Share capital		**1,101,249**	1,101,249
Other reserves		**293,961**	233,266
Accumulated losses		**(5,411,316)**	(5,106,646)
Total shareholders' deficit		**(4,016,106)**	(3,772,131)

CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

	Note	**As at June 30, 2021** *RMB'000* **(Unaudited)**	As at December 31, 2020 *RMB'000* (Audited)
Liabilities			
Non-current liabilities			
Lease liabilities		**3,903**	4,990
Deferred income tax liabilities		**251,811**	213,320
Trade and notes payables	*12*	**115,109**	32,840
Provisions, accruals and other liabilities	*13*	**161,389**	153,723
		532,212	404,873
Current liabilities			
Trade and notes payables	*12*	**269,694**	325,561
Provisions, accruals and other liabilities	*13*	**1,313,548**	1,037,923
Lease liabilities		**7,292**	8,163
Current income tax liabilities		**4,324**	810
Borrowings	*11*	**3,648,418**	3,686,133
		5,243,276	5,058,590
Total liabilities		**5,775,488**	5,463,463
Total shareholders' deficit and liabilities		**1,759,382**	1,691,332

1. GENERAL INFORMATION

MIE Holdings Corporation (the "Company") and its subsidiaries (together, the "Group") are principally engaged in the exploration, development, production and sale of oil in the People's Republic of China (the "PRC") under production sharing contracts (the "PSCs"). The Group also participates as associates in the exploration, development, production and sale of petroleum and other petroleum products located in the Republic of Kazakhstan (the "Kazakhstan").

The Company is a limited liability company incorporated in the Cayman Islands. The address of its registered office is Maples Corporate Services Limited, P.O. Box 309 Ugland House, Grand Cayman KY1-1104, Cayman Islands.

The Group is indirectly controlled by Far East Energy Limited (the "FEEL"), which owns 44.95% of the Company's shares and is also the ultimate parent company of the Group. FEEL is a limited liability company incorporated in Hong Kong and its ultimate benefit owners are Mr. Zhang Ruilin, Mr. Zhao Jiangwei and Ms. Zhao Jiangbo ("Mrs. Zhang", Mr. Zhang Ruilin's spouse).

The Company's shares have been listed on the Stock Exchange of Hong Kong Limited since December 14, 2010.

The condensed interim consolidated financial information is presented in Chinese Renminbi ("RMB") unless otherwise stated. The condensed interim consolidated financial information has been approved for issue by the board of directors of the Company (the "Board of Directors") on August 24, 2021.

This condensed interim consolidated financial information has been reviewed by the Audit Committee of the Company but has not been reviewed or audited by the Company's auditor.

2. BASIS OF PREPARATION

This condensed interim consolidated financial information for the six months ended June 30, 2021 has been prepared in accordance with International Accounting Standards ("IAS") 34 "Interim Financial Reporting". The condensed interim consolidated financial information should be read in conjunction with the annual financial statements for the year ended December 31, 2020, which have been prepared in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standard Board ("IASB").

2.1 Going concern

In the recent years, the Group's performance was significantly affected by the relatively low commodity prices of oil and the high borrowing costs for general funding and re-financing purposes. During the period, the Group incurred a net loss of RMB304.7 million, mainly due to the recovery of commodity prices of oil.

As at June 30, 2021, the Group had a shareholders' deficit of RMB4,016.1 million and its current liabilities exceeded its current assets by RMB5,039.4 million. As at the same date, the Group had total borrowings of RMB3,648.4 million. Included in the current liabilities as at June 30, 2021 were (1) the senior notes listed on the Singapore Exchange Securities Trading Limited in the principal amount of US$248.4 million (equivalent to approximately RMB1,604.7 million) with a contractual due date on April 12, 2022 (the "2022 Senior Notes"); (2) a secured borrowing of US$58.8 million (equivalent to approximately RMB379.9 million) (the "On-Demand Borrowing"); and (3) all of the Group's remaining secured borrowings totalling RMB1,663.9 million. As at June 30, 2021, the Group had bank balances totalling RMB61.2 million, of which RMB51.4 million was unrestricted.

On May 11, 2020, the Group did not pay the interest accrued on the 2022 Senior Notes of RMB120.5 million (US$17.1 million) due on April 12, 2020, which resulted in an event of default by the Group after the expiry of the 30-day grace period. As a result, the entire balance of the principal and related outstanding interest due on the 2022 Senior Notes became immediately repayable if requested by the holders of such notes (the "Noteholders") and was classified as a current liability since then. This event of default also triggered the cross-default of the borrowings under (2) and (3) (collectively the "Cross-Defaulted Borrowings") and immediate repayment of all such borrowings if requested by the respective lenders of these borrowings (the "Lenders"). In addition, all the Cross-Defaulted Borrowings were also subsequently defaulted because of non-payment at their respective due dates. Up to the date of approval of these condensed interim consolidated financial statements, the Noteholders and the Lenders have not requested immediate repayments of any of the funding provided to the Group, nor any written waiver has been obtained from them. No additional borrowings were undertaken by the Group subsequent to June 30, 2021.

The above conditions indicate the existence of material uncertainties which may cast significant doubt regarding the Group's ability to continue as a going concern. In view of such circumstances, management has given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern, and has taken the following measures to mitigate the liquidity pressure and to improve its cash flows:

(a) The Group will continue its ongoing efforts in convincing the Lenders and the Noteholders not to take any actions against the Group for immediate payment of the principals and interest of the Cross-Defaulted Borrowings and the 2022 Senior Notes. Based on latest communications with the Lenders and certain key Noteholders, there is no indication that these parties have any current intention to take action against the Group to demand immediate payment;

(b) The Group has been in active negotiations with the Lenders and certain key Noteholders for a debt restructuring of the Cross-Defaulted Borrowings and the 2022 Senior Notes (the "Debt Restructuring Plans") to revise certain key terms and conditions of the original borrowing agreements and indenture, including but not limited to extension of principal and interest payment schedules and reduction in applicable interest rates. The Debt Restructuring Plans will involve entering into restructuring agreements (the "Restructuring Agreements") among the Group, the Lenders and the key Noteholders participating in the negotiations; and the execution of such Restructuring Agreements is subject to, among others, the necessary legal proceedings and ultimate approval by Noteholders representing over 50% by number and 75% by value of the holders of the 2022 Senior Notes participating in the voting;

(c) On June 4, 2020, the Group successfully obtained approval from its production sharing counterparty, China National Petroleum Corporation (the "CNPC"), to extend the expiry date of the production period from December 31, 2024 to February 29, 2028 (the "Supplemental Production Sharing Contract") on the condition that the Group shall drill a minimum number of new wells in the Daan oilfield as agreed within a period of three years from June 2020. As a result, the Group will be able to improve its operating cash flows through increased production; and

(d) The Group will also continue to seek other alternative financing, including proceeds from the disposal of assets, to finance the settlement of its existing financial obligations and future operating and capital expenditures.

The Directors have reviewed the Group's cash flow projections prepared by management, which cover a period of not less than twelve months from June 30, 2021. They are of the opinion that, taking into account the above-mentioned plans and measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations when they fall due within the next twelve months from the end of the reporting period. Accordingly, the Directors are satisfied that it is appropriate to prepare the condensed interim consolidated financial information on a going concern basis.

Notwithstanding the above, significant uncertainties exist as to whether management of the Company will be able to achieve its plans and measures as described above. Whether the Group will be able to continue as a going concern would depend upon the following:

(i) the Lenders and the Noteholders not taking any actions against the Group to exercise their rights to demand immediate payment of the principals and interests of the Cross-Defaulted Borrowings and the 2022 Senior Notes before the finalisation of the Debt Restructuring Plans and execution of the Restructuring Agreements;

(ii) successfully securing the required agreement of the Lenders and the Noteholders and completion of all necessary procedures by the Group for the Restructuring Agreements to be executed; and the Group's ability to continuously comply with the terms and conditions stipulated therein upon execution;

(iii) actual oil prices throughout the forecast period being in line with the projected levels included in the cashflow projections; and

(iv) the Group's ability to generate operating cash flows and to obtain additional sources of financing, other than those mentioned above, to finance the Group's oil exploration and production business, including capital expenditures needed to drill new wells, as well as other funding needs.

Should the Group fail to achieve the above-mentioned plans and measures, it might not be able to continue to operate as a going concern, and adjustments would have to be made to write down the carrying value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities. The effect of these adjustments has not been reflected in the condensed interim consolidated financial information.

3. SIGNIFICANT ACCOUNTING POLICIES

Except as described below, the accounting policies applied in the preparation of this unaudited condensed interim consolidated financial information are consistent with those used in the preparation of the annual financial statements for the year ended December 31, 2020.

Amended standards adopted by the Group

The following amended standards became applicable for the current reporting period:

- Covid-19-related Rent Concessions — Amendments to IFRS 16

- Interest Rate Benchmark Reform — Phase 2 — Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

These amended standards did not have any significant impact on the Group's accounting policies and did not require retrospective adjustments.

4. SEGMENT INFORMATION

(a) Description of segment

The chief operating decision-maker (the "CODM") has been identified as the Board of Directors and chief executive officer of the Company who review the Group's internal reporting in order to assess performance and allocate resources. The CODM has determined the operating segments based on these reports.

The CODM considers the business performance of the Group from a geographic perspective. There is only one operating segment which is principally engaged in exploration, development, production and sale of oil under PSCs in the PRC. Management reviews the operating results of the segment to make strategic decisions.

The measurement of results and assets of the operating segment are the same as those described in the summary of significant accounting policies. The CODM evaluates the performance of the operating segment based on profit/(loss) before income tax, depreciation and amortisation, interest income, finance costs and exchange gains/(losses) (the "EBITDA") and the adjusted EBITDA.

(b) Segment information to CODM

The segment information provided to the CODM for the reportable segment is as follows:

EBITDA and adjusted EBITDA

	Six months ended June 30,	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Operating segment:		
Profit/(loss) before income tax	**68,027**	(562,395)
Finance income	**(16)**	(325)
Finance costs	**96,462**	57,392
Depreciation, depletion and amortisation	**124,613**	177,652
EBITDA	**289,086**	(327,676)
Share-based payments to employees	**2,067**	761
Impairment charges	**–**	528,968
Adjusted EBITDA	**291,153**	202,053

Segment revenue and segment results

	Six months ended June 30,	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Segment revenue	**417,643**	289,495
Purchases, services and other direct costs	**(79,401)**	(49,957)
Impairment charges	**–**	(528,968)
Income tax expense	**(44,642)**	(1,725)
Profit/(loss) for the period	**23,385**	(564,120)

Segment assets and segment liabilities

	As at	As at
	June 30	December 31
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Total segment assets	**1,347,708**	1,300,181
Total segment assets include:		
Property, plant and equipment	**1,109,395**	1,078,702
Intangible assets	**54,492**	58,582
Additions to non-current assets (other than deferred income tax assets)	**155,923**	48,941
Total segment liabilities	**1,969,614**	1,869,743

(c) Reconciliation of segment information

A reconciliation of EBITDA to loss before income tax is provided as follows:

	Six months ended June 30,	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Total EBITDA for reportable segments	**289,086**	(327,676)
Headquarter and other overheads	**(40,438)**	(25,742)
Finance income	**15,682**	26,412
Finance costs	**(397,714)**	(323,873)
Depreciation and amortisation expense	**(126,644)**	(181,706)
Loss before income tax	**(260,028)**	(832,585)

Reportable segments' assets are reconciled to total assets as follows:

	As at June 30, 2021 *RMB'000* **(Unaudited)**	As at December 31, 2020 *RMB'000* (Audited)
Total segment assets	**1,347,708**	1,300,181
Unallocated		
Unallocated cash and cash equivalents	**23,869**	3,747
Other receivables	**365,579**	368,180
Others	**22,226**	19,224
Total assets per consolidated statement of financial position	**1,759,382**	1,691,332

Reportable segments' liabilities are reconciled to total liabilities as follows:

	As at June 30, 2021 *RMB'000* **(Unaudited)**	As at December 31, 2020 *RMB'000* (Audited)
Total segment liabilities	**1,969,614**	1,869,743
Unallocated		
Unallocated borrowings	**2,697,427**	2,725,602
Provisions, accruals and other liabilities	**1,100,407**	858,779
Others	**8,040**	9,339
Total liabilities per consolidated statement of financial position	**5,775,488**	5,463,463

(d) Revenue from contracts with customers

	Six months ended June 30,	
	2021 *RMB'000* **(Unaudited)**	2020 *RMB'000* (Unaudited)
Entity-wide information		
Analysis of revenue by category		
Timing of revenue recognition		
At a point in time		
— Sales of crude oil	**417,643**	289,495

All of the Group's revenue is derived in the PRC during the period.

For the six months ended June 30, 2021, total revenue from crude oil sales in the PRC are derived solely from PetroChina Company Limited (the "PetroChina"). Crude oil sales revenues from PetroChina accounted for 100% of the Group's total revenue for the period (Six months ended June 30, 2020: 100%).

5. TAXES OTHER THAN INCOME TAXES

	Six months ended June 30,	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
PRC		
Urban construction tax and education surcharge	**2,203**	1,524
Others	**47**	43
	2,250	1,567
Headquarter and others		
Withholding tax and others *(Note)*	**1,724**	1,886
	3,974	3,453

Note:

During the period, all (Six months ended June 30, 2020: all) withholding tax is related to interest income on the shareholder's loan to an associate.

6. OTHER GAINS, NET

	Six months ended June 30,	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Management fee income as the PSC operator	**2,154**	2,143
Others	**597**	1,647
	2,751	3,790

7. INCOME TAX EXPENSE

	Six months ended June 30,	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current income tax	**6,151**	1,501
Deferred income tax	**38,491**	385
	44,642	1,886

Note:

The Company and its subsidiaries incorporated under respective jurisdiction of the Cayman Islands and the British Virgin Islands are exempted from payment of local income tax.

No provision for Hong Kong profits tax has been provided as the Group did not derive any assessable profits in Hong Kong during the period.

According to the PRC Corporate Income Tax Law promulgated by the PRC government, the tax rate applicable to the Group's subsidiary established in the PRC and the PRC branches of the Group's subsidiaries is 25%. Corporate income tax in the PRC is calculated based on the estimated taxable profit of the Company or branches established in the PRC.

Taxation has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the countries in which the Group operates.

8. LOSS PER SHARE

(a) Basic

Basic loss per share is calculated by dividing the loss attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period.

	Six months ended June 30,	
	2021	2020
	(Unaudited)	(Unaudited)
Loss for the period attribute to owners of the Company used to determine basic loss per share *(RMB'000)*	**(304,670)**	(834,471)
Weighted average number of ordinary shares *(thousands)*	**3,257,445**	3,257,416
Basic loss per share *(RMB)*	**(0.09)**	(0.26)

(b) Diluted

For the six months ended June 30, 2021, the Group made a loss therefore the effect of share options was anti-dilutive and is excluded from the calculation of diluted loss per share. The diluted loss per share is calculated in the same way with basic loss per share.

9. DIVIDENDS

The Board of Directors did not recommend payment of a dividend for the six months ended June 30, 2021 (Six months ended June 30, 2020: nil).

10. TRADE RECEIVABLES

The aging analysis of trade receivables is as follows:

	As at June 30, 2021 *RMB'000* **(Unaudited)**	As at December 31, 2020 *RMB'000* (Audited)
Up to 30 days	**93,248**	50,987
Over 180 days	**1,465**	730
	94,713	51,717

Note:

(a) The Group's trade receivables have credit terms of between 30 days to 180 days.

(b) The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables.

(c) The Group does not hold any collateral as security.

(d) The fair value of trade receivables approximates their carrying amounts.

(e) Trade receivables under the Daan PSC held by Gobi are pledged as a security for other loans (Note 11).

11. BORROWINGS

	As at June 30, 2021 *RMB'000* **(Unaudited)**	As at December 31, 2020 *RMB'000* (Audited)
Current		
— 2022 Senior Notes	**1,604,650**	1,620,746
— On-Demand Borrowing	**379,854**	383,664
— Other loans	**1,663,914**	1,681,723
	3,648,418	3,686,133

Note:

The Group is in discussion with certain Noteholders and the relevant lenders for the Debt Restructuring Plans (Note 2.1). As at the date of approving these condensed interim consolidated financial statements, the Debt Restructuring Plans have not been completed.

12. TRADE AND NOTES PAYABLES

The aging analysis of the trade and notes payables is as follows:

	As at June 30, 2021 *RMB'000* (Unaudited)	As at December 31, 2020 *RMB'000* (Audited)
Up to 6 months	**186,972**	162,972
6 months–1 year	**73,172**	34,213
1–2 years	**70,210**	100,180
2–3 years	**31,806**	39,236
Over 3 years	**22,643**	21,800
	384,803	358,401

The fair values of trade and notes payables approximate their carrying amounts.

13. PROVISIONS, ACCRUALS AND OTHER LIABILITIES

	As at June 30, 2021 *RMB'000* (Unaudited)	As at December 31, 2020 *RMB'000* (Audited)
Asset retirement obligations *(Note)*	**103,440**	96,932
Interest payable	**1,126,391**	824,060
Salary and welfare payable	**65,840**	77,059
Withholding and other tax payable	**58,018**	57,195
Other payables	**121,248**	136,400
	1,474,937	1,191,646
Less:		
Non-current portion of		
— Asset retirement obligations	**(103,440)**	(96,932)
— Withholding tax payable	**(57,949)**	(56,791)
	(161,389)	(153,723)
Current	**1,313,548**	1,037,923

Note:

Movements of asset retirement obligations are as follows:

	Six months ended June 30,	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
As at January 1	**96,932**	86,264
Additional provision	**663**	–
Accretion expenses	**5,845**	10,404
As at June 30	**103,440**	96,668

BUSINESS REVIEW AND PROSPECTS

During the six months ended June 30, 2021("1H2021"), with the gradual control of the COVID-19 outbreak in the world's major economies and the strong economic recovery represented by China, Europe and America, downstream demand was further released. Coupled with the steady implementation of OPEC+'s record cuts in production, the oil market has rapidly recovered from the historic collapse and crude oil prices continue to rise. The Group assessed the overall market and decided to seize the opportunity of rising crude oil prices. The Group expanded the drilling program in a timely manner, endeavored to increase new production capacity and to further improve operating performance. During the 1H2021, the Group's oil and gas production decreased by 1.7% to about 2.29 million barrels oil equivalent ("BOE", where 1 BOE = 6,000 standard cubic feet natural gas) compared with the amount for the six months ended June 30, 2020 ("1H2020") and net oil and gas production increased by 10.7% to about 1.14 million BOE compared with the amount of 1H2020. During 1H2021, net sales of crude oil increased by 11.9% to approximately 1.13 million barrels from that of 1H2020, while natural gas sales increased by 15.0% to 975 thousand standard cubic feet ("Mscf").

In 1H2021, the average realized crude oil price of the Group increased by 39.6% to US$57.20 per barrel as compared with that of 1H2020, and the average realized natural gas price increased to US$6.60 per Mscf. In 1H2021, revenue of the Group, which was derived entirely from China, increased by 44.3% to RMB417.6 million as compared with 1H2020. In 1H2021, loss for the period decreased by 63.5% to RMB304.7million as compared with RMB834.5 million in 1H2020 and the respective loss per share was RMB0.09 in 1H2021.

The EBITDA of the Group in 1H2021 increased by RMB602.0 million to RMB248.6 million from negative RMB353.4 million in 1H2020 and the respective adjusted EBITDA increased by RMB110.7 million to RMB270.0 million.

The following table sets out a summary of expenditures incurred in our exploration, development, and production activities for the six months ended June 30, 2021:

(RMB millions)	**Exploration expenditures**	**Development expenditures**	**Production/ operating expenditures**
China Onshore Projects (Daan, Moliqing)	–	167	98
Total	–	167	98

The Group incurred development expenses of RMB167 million and production expenses of RMB98 million in the PRC during the six months ended June 30, 2021.

China Operations (Daan, Moliqing)

Our projects in northeastern China maintained a relatively stable production in 1H2021. As at June 30, 2021, the Group held a participating interest of 100% and 10% in the Daan production sharing contract ("PSC") and the Moliqing PSC respectively. The total gross operated production for Daan and Moliqing for 1H2021 decreased by 1.7% from 2.33 million barrels in 1H2020 to 2.29 million barrels. Total net production allocated to the Group increased by 10.7% from 1.03 million barrels in 1H2020 to 1.14 million barrels. The gross operated production in 1H2021 decreased by 1.5% to 12,629 barrels per day ("BOPD") as compared to 1H2020, and net production allocated to the Group increased by 11.1% to 6,293 BOPD. The average oil price of Daan and Moliqing increased by 39.6% from US$40.97 per barrel in 1H2020 to US$57.20 per barrel in 1H2021. At the same time, Daan increased the well stimulation of old wells in a timely manner, and the lifting costs for Daan increased by US$4.37/barrel, or 52.2%, from US$8.37/barrel for 1H2020 to US$12.74/barrel for 1H2021. Due to the continuously rising international crude oil prices in the 1H2021, Daan endeavoured to increase new production capacity and drilled 62 wells in the first half of the year.

In accordance with the supplemental agreement for the PSC regarding the Daan oilfield ("Supplemental PSC") signed between the Group and CNPC on June 4, 2020, the Group shall invest in and drill a minimum of 268 wells within three years after the effective date of the Supplemental PSC. During 1H2021, the Group drilled 62 new wells, and totally 91 wells have been drilled after the effective date of the Supplemental PSC. The Group will continue to focus on drilling and increase investment in the project, which will provide support for the Group to fulfill the requirement of the Supplemental PSC and generate steady operating cash flow.

Kazakhstan Operations (Emir-Oil)

We hold an indirect 40% interest in Emir-Oil in Kazakhstan. Currently, Emir-Oil holds one exploration contract and six production contracts covering the Aksaz, Dolinnoe, Emir, Kariman, North kariman and Yessen producing oilfields. As at the end of 1H2021, Emir-Oil had a total of 20 producing wells. The daily production of crude oil attributable to the Group decreased by 7.1% from 659 BOPD in 1H2020 to 612 BOPD in 1H2021.

OUTLOOK FOR 2021

At present, a number of COVID-19 vaccines have been approved globally, and the effectiveness of the vaccines has been verified, bringing hope to the world to defeat COVID-19 eventually. Signs of global economic recovery are strengthening, but there are still risk factors such as variant of COVID-19 and unstable vaccine supply. With the rise in crude oil prices, the OPEC and other major oil-producing countries have gradually eased their production restrictions. The U.S.-Iran nuclear talks are at a deadlock, the U.S. plans to impose stricter sanctions on Iranian oil exports, and there are still many uncertainties in the overall world economic outlook.

Facing the challenging market environment, the Group will continue to focus on the refined management of Daan and the execution of the expanded drilling program required by the Supplemental PSC. In addition to the extensive application of technical measures such as stimulation of old wells and network fracturing, the Group continues to explore and test advanced new technologies such as hydraulic pumping unit lifting system and high-frequency pulse current method stimulation technology. On the other hand, the Group continues to implement budget control procedures, cut costs and improve margins. With the experience gained from the implementation of an effective cost control system in 2020, the Group will further develop continuous process to reduce cost, increase efficiency and improve the Group's overall risk resistance and profitability.

DEBT RESTRUCTURING OF THE COMPANY

The Company has been continuously discussing with various creditors in relation to the debt restructuring, including but not limited to extension of maturity, deferral of interest payment and reduction of interest rate, which are expected to be conducive to improve the Group's financial position and address the Company's liquidity concerns. On May 28, 2021, the Company's application for appointment of joint provisional liquidators ("JPLs") for the purpose of presenting a compromise or arrangement to creditors was granted by the Grand Court of the Cayman Islands. We believe that the appointment of Cayman JPLs is essential and desirable for the Company's debt restructuring efforts. As at the date of this announcement, no agreement in relation to the debt restructuring has been entered into or agreed between the Company and its creditors.

REVIEW OF FINANCIAL RESULTS

Revenue

The Group's revenue is generated from sales of oil and gas products.

The Group's revenue generated from sales of oil and gas was contributed entirely by our China oil fields, which increased by RMB128.1 million, or 44.3%, from RMB289.5 million for the six months ended June 30, 2020 to RMB417.6 million for the six months ended June 30, 2021. Revenue increase was primarily due to the higher realized oil price, from US$40.97 per barrel for the six months ended June 30, 2020 to US$57.20 per barrel for the six months ended June 30, 2021, and the higher sales volume. Crude oil sales volume increased by 0.12 million barrels, or 11.9%, from 1.01 million barrels for the six months ended June 30, 2020 to 1.13 million barrels for the six months ended June 30, 2021.

Operating expenses

Depreciation, depletion and amortisation

The Group's depreciation, depletion and amortisation decreased by RMB55.1 million, or 30.3%, from RMB181.7 million for the six months ended June 30, 2020 to RMB126.6 million for the six months ended June 30, 2021.The decrease in depreciation, depletion and amortisation was mainly due to the impairment provision amounting to RMB506.7 million in total during the year of 2020, which decreased the net book value and depreciable amount of the Group's property, plant and equipment and intangible assets, partially offset by an increase of depreciation, depletion and amortisation caused by higher sales volume.

Taxes other than income taxes

The Group's taxes other than income taxes increased by RMB0.5 million, or 14.3%, from RMB3.5 million for the six months ended June 30, 2020 to RMB4.0 million for the six months ended June 30, 2021. The following table summarizes the Group's taxes other than income taxes for the six months ended June 30, 2021 and 2020, respectively:

	Six months ended June 30,	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
PRC		
Urban construction tax and education surcharge	**2,203**	1,524
Others	**47**	43
	2,250	1,567
Headquarter and others		
Withholding tax and others	**1,724**	1,886
	3,974	3,453

PRC

With effect from January 1, 2015, the threshold price for special oil income levy was revised from US$55 per barrel to US$65 per barrel. During the first sixth months of 2021, the realized oil price never reached US$65 per barrel and special oil income levy was not applicable.

Headquarter and others

Withholding Tax

Withholding tax represents accrual of withholding tax on interest income on the shareholder's loan to an associate.

Employee benefit expenses

The Group's employee benefit expenses increased by RMB1.3 million, or 2.6%, from RMB50.0 million for the six months ended June 30, 2020 to RMB51.3 million for the six months ended June 30, 2021. There has generally been no change for the employee compensation costs for the same period during the two years.

Purchases, services and other direct costs

The Group's purchases, services and other direct costs increased by RMB29.4 million, or 58.8%, from RMB50.0 million for the six months ended June 30, 2020 to RMB79.4 million for the six months ended June 30, 2021. The increase was primarily due to: (i) more measures implemented on the old oil wells in consideration of the oil price recovery and the control of COVID-19 epidemic in the PRC; (ii) a higher expense allocation percentage to the Group in accordance with the PSCs as a result of the increased capital expenditures for the six months ended June 30, 2021.

Distribution and administrative expenses

The Group's distribution and administrative expenses decreased by RMB14.2 million, or 39.9%, from RMB35.6 million for the six months ended June 30, 2020 to RMB21.4 million for the six months ended June 30, 2021. The decrease in distribution and administrative expenses was primarily due to the continuous implementation of strict budget management and cost control by the Group.

(Provision)/reversal of impairment losses on financial assets, net

The Group had a loss provision of RMB15.7 million for the six months ended June 30, 2021, compared to a reversal of RMB21.3 million for the six months ended June 30, 2020.

Other gains, net

The Group had net other gain of RMB2.8 million for the six months ended June 30, 2021, compared to a net other gain of RMB3.8 million for the six months ended June 30, 2020. There has generally been no change for the other gains for the same period during the two years.

Finance costs, net

The Group's net finance costs increased by RMB84.5 million, or 28.4%, from RMB297.5 million for the six months ended June 30, 2020 to RMB382.0 million for the six months ended June 30, 2021. The increase was mainly due to the higher default interest rate of the loans.

Loss before income tax

The Group's loss before income tax was RMB260.0 million for the six months ended June 30, 2021, compared to the loss before income tax of RMB832.6 million for the six months ended June 30, 2020, representing a decrease of RMB572.6 million, or 68.8%. The decrease was primarily due to the impairment charge amounting to RMB529.0 million on the long-lived assets relating to assets in the PRC, as a result of the significantly lower global oil prices during the six months ended June 30, 2020.

Income tax expense

The Group recorded income tax expense of RMB44.6 million for the six months ended June 30, 2021, compared to income tax expense of RMB1.9 million for the six months ended June 30, 2020, representing an increase of RMB42.7 million, or 2,247.4%. The effective tax rate for the six months ended June 30, 2021 was negative 17.2%, compared to the effective tax rate for the six months period ended June 30, 2020 of negative 0.2%.

Loss for the period

The Group's loss for the six months ended June 30, 2021 was RMB304.7 million, compared to the loss of RMB834.5 million for the six months ended June 30, 2020, decreased by RMB529.8 million, or 63.5%. This decrease was primarily due to the cumulative effects of the above factors.

EBITDA AND ADJUSTED EBITDA

We provide a reconciliation of EBITDA and adjusted EBITDA to loss for the six months ended June 30, 2021, with our most directly comparable financial performance calculated and presented in accordance with IFRS. EBITDA refers to earnings before income tax, finance income, finance costs and depreciation, depletion and amortisation. Adjusted EBITDA refers to EBITDA adjusted to exclude non-cash and non-recurring items such as value of employee services under share-based payments plan, provision/(reversal) of impairment losses on financial assets, net, impairment charges, withholding tax related to interest income on the shareholder's loan to an associate, net and any other non-cash or non-recurring income/expenses.

We have included EBITDA and adjusted EBITDA as we believe that EBITDA is a financial measure commonly used in the oil and gas industry. We believe that EBITDA and adjusted EBITDA are used as supplemental financial measures by our management and by investors, research analysts, bankers and others, to assess our operating performance, cash flow and return on capital as compared to those of other companies in our industry, and our ability to take on financing. However, EBITDA and adjusted EBITDA should not be considered in isolation or construed as alternatives to profit from operations or any other measure of performance or as an indicator of our operating performance or profitability. EBITDA and adjusted EBITDA fail to account for tax, finance income, finance costs and other non-operating cash expenses. EBITDA and adjusted EBITDA do not consider any functional or legal requirements of the business that may require us to conserve and allocate funds for any purposes.

The following table presents a reconciliation of EBITDA and adjusted EBITDA to loss before income tax for each period indicated.

	Six months ended June 30,	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Loss before income tax	**(260,028)**	(832,585)
Finance income	**(15,682)**	(26,412)
Finance costs	**397,714**	323,873
Depreciation, depletion and amortisation	**126,644**	181,706
EBITDA	**248,648**	(353,418)
Share-based payments to employees	**3,993**	3,174
Provision/(reversal) of impairment losses on financial assets, net	**15,666**	(21,335)
Impairment charges	**–**	528,968
Withholding tax	**1,724**	1,886
Adjusted EBITDA	**270,031**	159,275

The Group's EBITDA increased by approximately RMB602.0 million, from approximately negative RMB353.4 million for the six months ended June 30, 2020 to approximately RMB248.6 million for the six months ended June 30, 2021. The increase was mainly due to the impairment charge amounting to RMB529.0 million on the long-lived assets relating to assets in the PRC, as a result of the significantly lower global oil prices during the six months ended June 30, 2020.

The Group's adjusted EBITDA increased by approximately RMB110.7 million, or 69.5%, from approximately RMB159.3 million for the six months ended June 30, 2020 to approximately RMB270.0 million for the six months ended June 30, 2021. The increase was mainly due to the significant increase in realized oil price.

The Group's EBITDA and Adjusted EBITDA by operating segment for the six months ended June 30, 2021 and 2020 are set out below:

	Six months Ended June 30, 2021		
	PRC	**Headquarter and others**	**Total**
	RMB'000	***RMB'000***	***RMB'000***
	(Unaudited)	**(Unaudited)**	**(Unaudited)**
Profit/(loss) before income tax	**68,027**	**(328,055)**	**(260,028)**
Finance income	**(16)**	**(15,666)**	**(15,682)**
Finance costs	**96,462**	**301,252**	**397,714**
Depreciation, depletion and amortisation	**124,613**	**2,031**	**126,644**
EBITDA	**289,086**	**(40,438)**	**248,648**
Share-based payments to employees	**2,067**	**1,926**	**3,993**
Provision of impairment losses on financial assets	**–**	**15,666**	**15,666**
Withholding tax	**–**	**1,724**	**1,724**
Adjusted EBITDA	**291,153**	**(21,122)**	**270,031**

	Six months Ended June 30, 2020		
	PRC	Headquarter and others	Total
	RMB'000	*RMB'000*	*RMB'000*
	(Unaudited)	(Unaudited)	(Unaudited)
Loss before income tax	(562,395)	(270,190)	(832,585)
Finance income	(325)	(26,087)	(26,412)
Finance costs	57,392	266,481	323,873
Depreciation, depletion and amortisation	177,652	4,054	181,706
EBITDA	(327,676)	(25,742)	(353,418)
Share-based payments to employees	761	2,413	3,174
Reversal of impairment losses on financial assets	–	(21,335)	(21,335)
Impairment charges	528,968	–	528,968
Withholding tax	–	1,886	1,886
Adjusted EBITDA	202,053	(42,778)	159,275

LIQUIDITY AND CAPITAL RESOURCES

Overview

Our primary source of cash during the six months ended June 30, 2021 was cash generated from operating activities.

In 1H2021, we had net cash generated from operating activities of RMB165.3 million, net cash used in investing activities of RMB129.8 million and net cash used in financing activities of RMB4.3 million, a translation loss for foreign currency exchange of RMB0.2 million, resulting in a net increase in cash and cash equivalents of RMB31.0 million compared to the cash balance of RMB20.4 million as at December 31, 2020.

Borrowings

As at June 30, 2021, the Group's borrowings amounting to approximately RMB3,648.4 million, representing a decrease of approximately RMB37.7 million as compared to December 31, 2020. All of the balance of borrowings repayable are within one year, representing a decrease of RMB37.7 million as compared to that of December 31, 2020. All of the Group's borrowings are denominated in United States Dollars and Hong Kong Dollars. The Group's borrowings are all at fixed interest rates. No hedging instruments are used for bank borrowings.

Our gearing ratio, which is defined as total borrowings less cash and cash equivalents ("Net Borrowings") divided by the sum of Net Borrowings and total equity, is negative 3,445.2% as at December 31, 2020 and negative 858.3% as at June 30, 2021, respectively.

Our total borrowings to Adjusted EBITDA ratio, which is defined as total borrowings divided by Adjusted EBITDA decreased from 13.6 as at December 31, 2020 to 6.8 as at June 30, 2021.

Market Risks

Our market risk exposures primarily consist of fluctuations in oil and gas prices and exchange rates.

Oil and natural gas price risk

Our realized oil and gas prices are determined by reference to oil and gas prices in the international market, as changes in international oil and gas prices will have a significant impact on us. Unstable and highly volatile international oil and gas prices may have a significant impact on our revenue and profit.

Currency risk

The majority of the Group's China operation sales revenue are in US dollars, while production and other expenses in China are incurred in RMB. The RMB is not a freely convertible currency and is regulated by the PRC Government. Limitations on foreign exchange transactions imposed by the PRC Government could cause future exchange rates to vary significantly from current or historical exchange rates.

The Group currently does not engage in hedging activities designed or intended to manage foreign exchange rate risk. The Group will continue to monitor foreign exchange changes to best preserve the Group's cash value.

CHARGES ON GROUP ASSETS

As at June 30, 2021, the Group's interest under the PSCs in China, bank accounts and shares of subsidiaries and associates of the Group have been pledged to secure borrowings in the aggregate amount of RMB2,043.8 million.

EMPLOYEES

As at June 30, 2021, the Company had 1,010 employees, all of which are based in China (the PRC and Hong Kong). There have been no material changes to the information disclosed in the Company's annual report for the year ended December 31, 2020 ("2020 Annual Report") in respect of the remuneration of employees, remuneration policies and staff development.

RELATED PARTY TRANSACTIONS

The Company would like to confirm that none of the material related party transactions, as disclosed under Note 36 to the financial statements of 2020 Annual Report (other than the transactions described in (a) Purchase for oilfield services; and (b) Rental of vehicles and office premises, which constituted connected transactions or continuing connected transactions (with rental of vehicles and office premises exempted from the reporting and announcement requirements due to de minimis) under Chapter 14A of the Listing Rules) constituted connected transactions or continuing connected transactions under Chapter 14A of the Listing Rules. The Company confirms that the continuing connected transactions as described in the section headed "Continuing Connected Transactions" in the 2020 Annual Report have complied with the requirements under Chapter 14A of the Listing Rules.

Save as disclosed in this announcement, the remaining contents of the 2020 Annual Report remain unchanged.

DIVIDEND

The Board has resolved that no interim dividend will be paid for the six months ended June 30, 2021.

AUDIT COMMITTEE

The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed the internal control and financial reporting matters, including reviewing the unaudited interim results.

The Audit Committee has adopted the terms of reference which are in line with the Corporate Governance Code (the "CG Code") as contained in Appendix 14 to the Listing Rules. The terms of reference were revised on August 24, 2016 and have been made available on the websites of the Stock Exchange and the Company.

BUY-BACK, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Save as disclosed otherwise in this announcement, neither the Company nor any of its subsidiaries purchased, disposed of or redeemed any of the Company's listed securities for the six months ended June 30, 2021.

CORPORATE GOVERNANCE CODE

The Company has complied with the principles and code provisions as set out in the Corporate Governance Code (the "**CG Code**") as contained in Appendix 14 to the Listing Rules throughout the period from January 1, 2021 to June 30, 2021.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules and applied the same to the Directors and the employees who are likely to be in possession of unpublished inside information of the Company.

Specific enquiry has been made of all the Directors and all the Directors have confirmed that they have complied with the required standard set out in the Model Code throughout the six months ended June 30, 2021. In addition, no incident of non-compliance of the Model Code by the employees was noted by the Company.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

The electronic version of this interim results announcement is published on the websites of the Company (www.mienergy.com.cn), Hong Kong Exchange and Clearing Limited (www.hkexnews.hk) and Singapore Exchange Securities and Trading Limited (www.sgx.com).

An interim report for the six months ended June 30, 2021 containing all the information required by Appendix 16 to the Listing Rules will be dispatched to shareholders of the Company and published on the said websites in due course.

By Order of the Board
MIE Holdings Corporation
(In Provisional Liquidation)
(For the Purposes of Presenting a Compromise or Arrangement to Creditors)
Mr. Zhang Ruilin
Chairman

Hong Kong, 24 August 2021

As at the date of this announcement, the Board comprises (1) the executive directors namely Mr. Zhang Ruilin and Mr. Zhao Jiangwei; (2) the non-executive director namely Ms. Xie Na; and (3) the independent non-executive directors namely Mr. Mei Jianping, Mr. Jeffrey Willard Miller and Mr. Guo Yanjun.