MIE HOLDINGS CORPORATION
MI能源控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1555)

INTERIM RESULTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

SUMMARY OF OPERATIONAL AND FINANCIAL PERFORMANCE

	Six months ended June 30,			
	2024	2023	**Change**	**% Change**
Average realized price of crude oil *(US$ per barrel)*	**81.31**	76.72	4.59	6.0%
Gross production of crude oil *(barrels)*	**1,698,093**	2,705,390*(Note)*	(1,007,297)	(37.2%)
Net production of crude oil *(barrels)*	**797,321**	990,394*(Note)*	(193,073)	(19.5%)
Net sales of crude oil *(barrels)*	**798,902**	960,760	(161,858)	(16.8%)
Average daily net crude oil production *(barrels)*	**4,381**	5,472	(1,091)	(19.9%)
Wells drilled during the period *(Gross)*	**–**	16	(16)	(100.0%)
Revenue *(RMB'000)*	**461,288**	511,829	(50,541)	(9.9%)
Profit from operations *(RMB'000)*	**113,611**	171,003	(57,392)	(33.6%)
Loss for the period *(RMB'000)*	**(110,090)**	(60,508)	(49,582)	81.9%
Basic loss per share *(RMB per share)*	**(0.03)**	(0.02)	(0.01)	50.0%
EBITDA *(RMB'000)*	**286,652**	354,046	(67,394)	(19.0%)
Adjusted EBITDA *(RMB'000)*	**281,215**	340,270	(59,055)	(17.4%)

Note:

Out of these production, a gross production of 817,549 barrels of oil and a net production of 46,650 barrels of oil were from Moliqing oilfield. As the Group disposed all of its interest in Moliqing oilfield in December 2023, its production is no longer consolidated from 2024 and onwards.

CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Six months ended June 30,	
		2024	2023
	Notes	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
Revenue from contracts with customers	*4*	**461,288**	511,829
Depreciation, depletion and amortization		**(173,041)**	(183,043)
Taxes other than income taxes	*5*	**(24,949)**	(19,654)
Employee benefit expenses		**(46,177)**	(47,251)
Purchases, services and other direct costs		**(110,811)**	(106,293)
Other gains/(losses), net		**7,301**	15,415
Interest income		**85**	88
Finance costs		**(193,884)**	(192,385)
Loss before income tax		**(80,188)**	(21,294)
Income tax expense	*6*	**(29,902)**	(39,214)
Loss attributable to owners of the Company for the period		**(110,090)**	(60,508)

CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Continued)

		Six months ended June 30,	
		2024	2023
	Note	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
Other comprehensive income, net of tax:			
Item that may be reclassified to profit or loss:			
Exchange differences arising on translation of foreign operations		**(8,438)**	(44,824)
Items that will not be reclassified to profit or loss:			
Exchange differences arising on translation of presentation currency		**(6,427)**	(33,677)
Other comprehensive income for the period, net of tax		**(14,865)**	(78,501)
Total comprehensive income attributable to the owners of the Company for the period		**(124,955)**	(139,009)
Loss per share for loss attributable to ordinary shareholders of the Company (expressed in RMB per share)			
— Basic	*7*	**(0.03)**	(0.02)
— Diluted	*7*	**(0.03)**	(0.02)

CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at June 30, 2024 RMB'000 (Unaudited)	As at December 31, 2023 RMB'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		**1,196,445**	1,338,914
Intangible assets		**28,971**	33,057
Right-of-use assets		**7,079**	7,654
Financial assets at fair value through other comprehensive income ("FVOCI")		**13,623**	13,539
Prepayments, deposits and other receivables		**1,406**	322
Restricted cash		**138,540**	123,406
Total non-current assets		**1,386,064**	1,516,892
Current assets			
Inventories		**30,157**	30,439
Prepayments, deposits and other receivables		**41,397**	29,077
Trade receivables	*9*	**80,903**	85,584
Restricted cash		**2,526**	1,429
Cash and cash equivalents		**76,086**	62,905
Total current assets		**231,069**	209,434
Total assets		**1,617,133**	1,726,326
Equity			
Equity attributable to owners of the Company			
Share capital and share premium		**1,108,175**	1,108,175
Reserves		**(3,135,629)**	(3,010,674)
Total shareholders' deficit		**(2,027,454)**	(1,902,499)

CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

	Note	**As at June 30, 2024** *RMB'000* **(Unaudited)**	As at December 31, 2023 *RMB'000* (Audited)
LIABILITIES			
Non-current liabilities			
Borrowings	*11*	**2,636,609**	2,550,953
Lease liabilities		**2,934**	3,398
Deferred income tax liabilities		**153,925**	175,933
Trade payables	*10*	**59,058**	37,892
Provisions, accruals and other payables		**250,358**	229,429
Total non-current liabilities		**3,102,884**	2,997,605
Current liabilities			
Trade payables	*10*	**145,493**	228,294
Provisions, accruals and other payables		**147,826**	150,284
Lease liabilities		**4,429**	4,564
Current income tax liabilities		**40,885**	36,283
Borrowings	*11*	**203,070**	211,795
Total current liabilities		**541,703**	631,220
Total liabilities		**3,644,587**	3,628,825
Total shareholders' deficit and liabilities		**1,617,133**	1,726,326
Net current liabilities		**310,634**	421,786
Total assets less current liabilities		**1,075,430**	1,095,106

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

1. GENERAL INFORMATION

MIE Holdings Corporation (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 Company and its subsidiaries (together, the "Group") are principally engaged in the exploration, development, production and sale of crude oil in the People's Republic of China (the "PRC") under production sharing contracts (the "PSCs").

On February 24, 2023, the Group obtained approval from China National Petroleum Corporation (the "CNPC") to extend the expiry date of the Daan PSC from December 31, 2024 to February 29, 2028.

As at June 30, 2024, the Company is indirectly controlled by Far East Energy Limited ("FEEL"), which owns 43.39% of the Company's shares and is also the ultimate holding company of the Group. FEEL is a limited liability company incorporated in Hong Kong and its ultimate beneficial owners are Mr. Zhang Ruilin, Mr. Zhao Jiangwei and Ms. Zhao Jiangbo ("Mrs. Zhang", Mr. Zhang Ruilin's spouse). The controlling shareholder of the ultimate holding company is Mr. Zhang Ruilin.

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

Unless otherwise stated, the condensed interim consolidated financial information is presented in Renminbi ("RMB"). The condensed interim consolidated financial information has been approved and authorized for issue by the board of directors of the Company (the "Board of Directors") on August 8, 2024.

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. ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS ACCOUNTING STANDARDS")

Except for the adoption of new and amended standards as set out 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, 2023.

New and amended standards adopted by the Group

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

Amendments to IFRS 16	Lease Liability in a Sale and Leaseback
Amendments to IAS 1	Classification of Liabilities as Current or Non-current and Non-current liabilities with covenants
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements

The directors of the Company (the "Directors") anticipate that the application of other new or amended IFRS Accounting Standards will have no material impact on the condensed interim consolidated financial information.

3. BASIS OF PREPARATION

This condensed interim consolidated financial information for the six months ended June 30, 2024 has been prepared in accordance with International Accounting Standards ("IASs") 34 "Interim Financial Reporting".

The condensed interim consolidated financial information does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual financial report for the year ended December 31, 2023 and any public announcements made by the Company during the interim reporting period.

3.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with all International Financial Reporting Standards, International Accounting Standards and Interpretations (hereinafter collectively referred to as the "IFRS Accounting Standards") issued by the International Accounting Standards Board and the disclosure requirements of the Hong Kong Companies Ordinance. The consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

3.2 Basis of measurement

The consolidated financial statements have been prepared under the historical cost basis except for certain financial instruments that are measured at fair values as explained in the accounting policies set out below and assets held for sale that are measured at the lower of carrying amount and fair value less costs to sell.

The preparation of consolidated financial statements in accordance with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies of the Group.

3.3 Going concern assumption

In recent years, the Group's performance was significantly affected by the high borrowing costs associated with general funding and re-financing activities and the volatility of the price of crude oil. During the period of six months ended June 30, 2024, the Group incurred a loss of RMB110.1 million. As at June 30, 2024, the Group's current liabilities exceeded its current assets by RMB310.6 million and there was a deficit on the shareholders' fund of RMB2,027.5 million. As at the same date, the Group had total borrowings of RMB2,839.7 million and cash and cash equivalents of RMB76.1 million only.

For the purpose of assessing the appropriateness of the use of the going concern basis for the preparation of the consolidated financial statements, the management has prepared a cash flow forecast up to December 31, 2025 ("Forecast"). When preparing the Forecast, 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 drilling new wells to maintain the production for generating sufficient operating cashflows; and

(b) the Group will continue to seek alternative financing, to the extent that is permitted under the New Finance Documents (as defined in Note 11), to finance the settlement of its existing financing obligations and future operating and capital expenditures.

The Directors have reviewed the Forecast prepared by management and 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 forecast period. Accordingly, the Directors are satisfied that it is appropriate to prepare the condensed interim consolidated financial information on a going concern basis.

However, there are inherent uncertainties associated with the future outcomes of the above measures and these indicate the existence of material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. Whether the Group will be able to continue as a going concern will depend upon the following:

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

(ii) the Group's ability to generate operating cash flows and to obtain additional sources of financing, to the extent that is permitted under the New Finance Documents, to finance the Group's oil exploration and production business, including capital expenditures need 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.

4. SEGMENT INFORMATION

(a) Description of segment

The chief operating decision-maker (the "CODM") has been identified as the executive directors and chief executive 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 segment which is principally engaged in exploration, development, production and sale of oil under PSCs in the PRC.

(b) Revenue from contracts with customers

	Six months ended June 30,	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Entity-wide information		
Analysis of revenue by category		
Timing of revenue recognition		
At a point in time		
— Sale of crude oil and gas	**461,231**	511,152
Transferred over time		
— Provision of services	**57**	677
	461,288	511,829

For the period of six months ended June 30, 2024 and 2023, total revenue from crude oil and gas sales in the PRC are derived solely from PetroChina Company Limited (the "PetroChina"). Crude oil and gas sales revenues from PetroChina accounted for 99.99% of the Group's total revenue (For the period of six months ended June 30, 2023: 99.86%).

For the contracts from consultation services that have an original expected duration of one year or less, as permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

(c) Geographical information

All of the Group's revenue is derived in the PRC during the period of six months ended June 30, 2024, and 2023. As at June 30, 2024, and 2023, the non-current assets of the Group, excluding financial assets at FVOCI, are mainly located in the PRC.

5. TAXES OTHER THAN INCOME TAXES

	Six months ended June 30,	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Special oil gain levy *(Note)*	**23,469**	17,961
Urban construction tax and education surcharge	**1,458**	1,671
Others	**22**	22
	24,949	19,654

Note: According to the relevant tax rules and regulations, the proceeds from sale of crude oil in the PRC derived by the Group is subject to special oil gain levy when the selling price is above US$65/barrel.

6. INCOME TAX EXPENSE

	Six months ended June 30,	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current income tax	**51,906**	62,574
Deferred income tax	**(22,004)**	(23,360)
	29,902	39,214

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.

7. LOSS PER SHARE

The calculation of basic and diluted loss per share is based on the following:

	Six months ended June 30,	
	2024	2023
	(Unaudited)	(Unaudited)
Loss for the period attributable to owners of the Company *(RMB'000)*	**(110,090)**	(60,508)
Weighted average number of ordinary shares in issue *(in thousands)*	**3,386,526**	3,386,526
Adjustment for potential dilutive effect in respect of outstanding share options *(in thousands)*	**–**	–
Weighted average number of diluted potential ordinary shares for diluted loss per share *(in thousands)*	**3,386,526**	3,386,526
Basic loss per share *(RMB)*	**(0.03)**	(0.02)
Diluted loss per share *(RMB)*	**(0.03)**	(0.02)

The Group incurred a loss for the period of six months ended June 30, 2024. The effect of share options was anti-dilutive and is excluded from the calculation of the diluted loss per share. The diluted loss per share is calculated in the same way with the basic loss per share.

8. DIVIDENDS

The Board of Directors did not recommend the payment of final dividend for the period of six months ended June 30, 2024(Six months ended June 30, 2023: Nil).

9. TRADE RECEIVABLES

The aging analysis of trade receivables is as follows:

	As at June 30, 2024 *RMB'000* **(Unaudited)**	As at December 31, 2023 *RMB'000* (Audited)
Within 30 days	**80,903**	85,584
	80,903	85,584

The Group has a policy granting its customers credit periods normally ranging from 30 to 180 days. The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables. The Group does not hold any collateral as security.

The carrying amount of trade receivables approximates to their fair value.

The Group measures the loss allowance for all trade receivables at an amount equal to lifetime expected credit losses ("**ECLs**"). No impairment loss on trade receivables is recognized as the ECLs assessed is not material to the financial statements.

Trade receivables under the Daan PSC held by Gobi are pledged as a security for secured borrowings.

10. TRADE PAYABLES

Aging analysis of trade payables based on invoice date is as follows:

	As at June 30, 2024 *RMB'000* **(Unaudited)**	As at December 31, 2023 *RMB'000* (Audited)
Within 6 months	**104,993**	100,686
6 months–1 year	**31,206**	49,745
1-2 years	**46,919**	92,067
2-3 years	**16,853**	18,594
Over 3 years	**4,580**	5,094
	204,551	266,186

The carrying amounts of trade payables approximates to their fair value.

11. BORROWINGS

	As at June 30, 2024 RMB'000 (Unaudited)	As at December 31, 2023 RMB'000 (Audited)
Liability component		
— Secured borrowings	**1,222,012**	1,288,454
— Senior Notes	**1,222,118**	1,147,824
— Interest payable at coupon rates	**374,026**	299,662
	2,818,156	2,735,940
Derivative component		
— Secured borrowings	**18,423**	23,005
— Senior Notes	**3,100**	3,803
	21,523	26,808
Less: current portion	**(203,070)**	(211,795)
Non-current portion	**2,636,609**	2,550,953

On May 11, 2020, upon the expiry of a 30 day grace period, the Group did not pay the interest accrued on the senior notes listed on the Singapore Stock Exchange Securities Trading Limited with a contractual due date on April 12, 2022 (the "2022 Senior Notes"), which resulted in an event of default by the Group. This event of default also triggered the cross-default of all the secured borrowings of the Group (the "Cross-Defaulted Borrowings"). In addition, the Cross-Defaulted Borrowings subsequently defaulted on a stand-alone basis due to non-repayment at their respective due dates. As a result, the entire balance of the principal and related outstanding interest due on the 2022 Senior Notes and the Cross-Defaulted Borrowings were classified as current liabilities on the same date.

The Group had actively negotiated with all lenders of the Cross-Defaulted Borrowings (the "Lenders") and certain key noteholders of the 2022 Senior Notes to undertake a debt restructuring (the "Debt Restructuring Plans") of the Cross-Defaulted Borrowings and the 2022 Senior Notes. The restructuring support agreement was entered into with the Lenders and noteholders of the 2022 Senior Notes (the "Noteholders") on October 28, 2021.

The Debt Restructuring Plans became effective on March 30, 2022, after completion of the relevant legal procedures, including the signing of relevant agreements revising the terms of the Cross-Defaulted Borrowings and the 2022 Senior Notes (the "New Finance Documents") in accordance with the terms of a restructuring support agreement.

The 2022 Senior Notes was cancelled and the new notes with a contractual due date on December 31, 2024 (the "2024 Senior Notes"), extendable to February 29, 2028 upon fulfilment of extension conditions, was issued and listed on the Singapore Exchange Securities Trading Limited on March 31, 2022. The revised terms under the Debt Restructuring Plans are set out below:

- Capitalization of the unpaid accrued interest on the Cross-Defaulted Borrowings and the 2022 Senior Notes as at June 30, 2020, into the respective principal amounts outstanding;

- Waiver of all accrued default interest and the unpaid interest on the Cross-Defaulted Borrowings and the 2022 Senior Notes from July 1, 2020, to the effective date of the Debt Restructuring Plans;

- Interest rates on the new secured borrowings have been revised to either 5% or 11% per annum, depending on the agreement with the respective lender, while the 2024 Senior Notes bear no interest for the remaining term. The interests on the new secured borrowings will start to be paid once the respective principal amounts have been fully repaid;

- Repayments of principal amounts and then interest due, where applicable, on the new secured borrowings and the 2024 Senior Notes are revised to semi-annually. The minimum amounts settled semi-annually depend on the average crude oil price. Other than the minimum amounts, the Group is also required to apply all of its available cash balances as defined in the New Finance Documents towards the repayment of principal and interest at each settlement date (early repayment feature); and

- All principal amounts and interest of the new secured borrowings and the 2024 Senior Notes outstanding as at December 31, 2024 (the "Repayment Date") will become due immediately, unless the Group is able to successfully extend the termination date of the Daan PSC with CNPC to February 29, 2028. If the term of the Daan PSC is extended beyond March 1, 2028, the Repayment Date will be further extended to the last day of the extended term of the Daan PSC provided no event of default has occurred and is continuing on February 29, 2028.

On February 24, 2023, the Group obtained approval from CNPC on the extension of the expiry date of the Daan PSC with CNPC from December 31, 2024 to February 29, 2028.

BUSINESS REVIEW AND PROSPECTS

In the first half year of 2024, the world economy maintained a slow recovery trend. Under the influence of tight supply, loose demand margins and geopolitical risk premiums, oil prices showed a high sideways trend. OPEC+ extended the agreement on production cuts, China's economy maintained a long-term improvement, and the bottom support of oil prices still existed. Frequent geopolitical conflicts have raised energy security to a new level, and the world is promoting the upstream oil and gas development with a more positive attitude. In the face of external opportunities and challenges, the Group is unswervingly committed to continuously optimizing production and operation, insisting on improving quality, reducing costs and increasing efficiency, and continuously creating value for shareholders.

Our project in northeastern China maintained a relatively stable production for the six months ended June 30, 2024. As at June 30, 2024, the Group held a 100% foreign contractors' interest in Daan PSC in China. The Group's total gross production of crude oil for the six months ended June 30, 2024 decreased by 37.2% from 2.71 million barrels for the six months ended June 30, 2023 to 1.70 million barrels. The decrease of the gross production was mainly due to the disposition of the 10% foreign contractors' interest in the Moliqing PSC. Total net production of crude oil allocated to the Group decreased by 19.5% from 0.99 million barrels for the six months ended June 30, 2023 to 0.80 million barrels. The gross daily production of crude oil for the six months ended June 30, 2024 decreased by 37.6% to 9,330 barrels per day ("**BOPD**"), and the net daily production of crude oil allocated to the Group decreased by 19.9% to 4,381 BOPD as compared to the six months ended June 30, 2023. Other than the impact of the Moliqing disposition, the decrease in the net production of crude oil was also driven by the decrease in the gross production and lower production allocation percentage. The average realized oil price of the Group increased by 6.0% from US$76.72 per barrel for the six months ended June 30, 2023 to US$81.31 per barrel for the six months ended June 30, 2024. During the six months ended June 30, 2024, the lifting costs for Daan oilfield increased by US$3.56/barrel, or 26.1%, from US$13.65/barrel for the six months ended June 30, 2023 to US$17.21/barrel. The increase was mainly due to the Group's continued optimization of old wells and the implementation of measures to increase oil production from old wells. The Group didn't drill any new wells in the first half of 2024 in the Daan oilfield.

The revenue of the Group, which was derived entirely from China, decreased by 9.9% to RMB461.3 million compared to the same period last year. During the six months ended June 30, 2024, net loss for the period was RMB110.1 million, as compared to a net loss of RMB60.5 million for the six months ended June 30, 2023, the net loss increased by RMB49.6 million and the basic losses per share was RMB0.03 for the six months ended June 30, 2024.

The EBITDA of the Group for the six months ended June 30, 2024 decreased by RMB67.3 million to RMB286.7 million from RMB354.0 million for the six months ended June 30, 2023 and the adjusted EBITDA decreased by RMB59.1 million to RMB281.2 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, 2024:

(RMB millions)	**Exploration expenditures**	**Development expenditures**	**Production/ operating expenditures**
China Daan Project	–	22	104
Total	–	22	104

The Group incurred development expenditures of RMB22 million and production expenditures of RMB104 million in the PRC during the six months ended June 30, 2024.

In accordance with the supplemental agreement to the PSC relating to 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. By the end of 2022, the Group's 268 new drilling wells have all been completed. On February 24, 2023, CNPC approval confirmed that the extension of the operating period of Daan PSC to February 29, 2028 became effective.

OUTLOOK FOR 2024

In the second half year of 2024, the supply and demand structure of crude oil still depends on the policy and macroeconomic conditions. In the context of the United States election year, the geopolitical situation may be relatively controllable, but the geopolitical conflict between Russia and Ukraine and the Middle East still poses high risk on the supply side. While OPEC+ continues to reduce production to provide support for the oil market, it is expected that crude oil prices will continue to fluctuate in the second half of the year.

REVIEW OF FINANCIAL RESULTS

Revenue

The Group's revenue is generated from sales of oil product and provision of services.

The Group's revenue generated from sales of oil product was contributed entirely by our China oil fields, which decreased by RMB50.0 million, or 9.8%, from RMB511.2 million for the six months ended June 30, 2023 to RMB461.2 million for the six months ended June 30, 2024. Net crude oil sales volume decreased by 0.16 million barrels, or 16.8%, from 0.96 million barrels for the six months ended June 30, 2023 to 0.80 million barrels for the six months ended June 30, 2024. The average realized crude oil price of the Group increased by US$4.59 per barrel, or 6.0% to US$81.31 per barrel during the six months ended June 30, 2024 from US$76.72 per barrel for the six months ended June 30, 2023.The decrease of revenue was primarily due to the lower oil net sales volume, although there was an increase in the realized oil prices. Other than the impact of the Moliqing disposition, the decrease of the net crude oil sales volume was mainly due to the decrease of the gross of the production and allocation percentage to the Group.

The Group's revenue generated from rendering of services was RMB0.1 million and RMB0.7 million for the six months ended June 30, 2024 and June 30, 2023, respectively.

Operating expenses

Depreciation, depletion and amortization

The Group's depreciation, depletion and amortization decreased by RMB10.0 million, or 5.5%, from RMB183.0 million for the six months ended June 30, 2023 to RMB173.0 million for the six months ended June 30, 2024. The decrease in depreciation, depletion and amortization was mainly due to the decrease in net crude oil production.

Taxes other than income taxes

The Group's taxes other than income taxes increased by RMB5.2 million, or 26.4%, from RMB19.7 million for the six months ended June 30, 2023 to RMB24.9 million for the six months ended June 30, 2024. The following table summarizes the Group's taxes other than income taxes for the six months ended June 30, 2024 and 2023, respectively:

	Six months ended June 30,	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Special oil gain levy	**23,469**	17,961
Urban construction tax and education surcharge	**1,458**	1,671
Others	**22**	22
	24,949	19,654

With effect from January 1, 2015, the threshold price for the special oil gain levy was revised from US$55 per barrel to US$65 per barrel. Special oil gain levy of RMB23.5 million was incurred due to the crude oil price having exceeded US$65 per barrel for the six months ended June 30, 2024. During the six months ended June 30, 2023, the special oil gain levy was RMB18.0 million.

Employee benefit expenses

The Group's employee benefit expenses decreased by RMB1.1 million, or 2.3%, from RMB47.3 million for the six months ended June 30, 2023 to RMB46.2 million for the six months ended June 30, 2024. There has generally been no change for the employee compensation costs for same period during the two years.

Purchases, services and other direct costs

The Group's purchases, services and other direct costs increased by RMB4.5 million, or 4.2%, from RMB106.3 million for the six months ended June 30, 2023 to RMB110.8 million for the six months ended June 30, 2024. The increase was primarily due to:(i) operating expenses increased approximately RMB10.5 million, which was caused by the implementation of measures to increase oil production from old wells in Daan oilfield given the high oil prices; which was partially offset by (ii) a decrease of approximately RMB2.9 million in operating expenses and other direct costs caused by the disposition of the 10% foreign contractors' interest in the Moliqing PSC; and (iii) a decrease of approximately RMB2.4 million in distribution expense which was mainly caused by the decrease of the net sales volume in Daan oilfield.

Other gains/(losses), net

The Group had net other gains of RMB7.3 million for the six months ended June 30, 2024, compared to net other gains of RMB15.4 million for the six months ended June 30, 2023. The decrease in other gains was mainly due to the gain on changes in fair value of the derivative component of the new secured borrowings and the 2024 Senior Notes decreased by RMB8.3 million.

Finance costs, net

The Group's net finance costs increased by RMB1.5 million, or 0.8%, from RMB192.3 million for the six months ended June 30, 2023 to RMB193.8 million for the six months ended June 30, 2024. There has generally been no change for the finance costs for same period during the two years. All interest expenses are recorded on an accrual basis and no payment is required until the relevant principal has been paid off. Taking out the impact of the accrued interest expenses, there is a net profit amounting to RMB63.8 million during the six months ended June 30, 2024.

Loss before income tax

The Group's loss before income tax was RMB80.2 million for the six months ended June 30, 2024, compared to a loss before income tax of RMB21.3 million for the six months ended June 30, 2023, representing an increase of RMB58.9 million. The increase was primarily due to there was a decrease of approximately RMB50.5 million in revenue while an increase of approximately of RMB6.9 million in the operating expenses for the six months ended June 30, 2024 of the Group compared to the same period last year.

Income tax expense

The Group recorded income tax expense of RMB29.9 million for the six months ended June 30, 2024, compared to income tax expense of RMB39.2 million for the six months ended June 30, 2023, representing a decrease of RMB9.3 million, or 23.7%.

Loss for the period

The Group's loss for the six months ended June 30, 2024 was RMB110.1 million, compared to the loss of RMB60.5 million for the six months ended June 30, 2023, representing an increase of RMB49.6 million. This increase was primarily due to the cumulative effects of the factors mentioned above in this announcement.

EBITDA AND ADJUSTED EBITDA

We have provided a reconciliation of EBITDA and adjusted EBITDA to profit/(loss) before income tax, with our most directly comparable financial performance calculated and presented in accordance with IFRS Accounting Standards. EBITDA refers to earnings before income tax, interest income, finance costs and depreciation, depletion and amortization. Adjusted EBITDA refers to EBITDA adjusted to exclude non-cash and non-recurring items such as share-based payment to employees, net impairment losses on financial assets, impairment charges, changes in fair value of financial instruments 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, interest 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,	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Loss before income tax	**(80,188)**	(21,294)
Interest income	**(85)**	(88)
Finance costs	**193,884**	192,385
Depreciation,depletion and amortization	**173,041**	183,043
EBITDA	**286,652**	354,046
Net change in fair value of the derivative component of the new secured borrowings and the 2024 Senior Notes	**(5,437)**	(13,757)
Write-off of unclaimed portion of the 2024 Senior Notes	**–**	(19)
Adjusted EBITDA	**281,215**	340,270

The Group's EBITDA decreased by approximately RMB67.3 million, from approximately RMB354.0 million for the six months ended June 30, 2023 to approximately RMB286.7 million for the six months ended June 30, 2024. The decrease was mainly due to there was a decrease of approximately RMB50.5 million in revenue for the six months ended June 30, 2024 of the Group compared to the same period last year.

The Group's adjusted EBITDA decreased by approximately RMB59.1 million, or 17.4%, from approximately RMB340.3 million for the six months ended June 30, 2023 to approximately RMB281.2 million for the six months ended June 30, 2024. The decrease was mainly due to there was a decrease of approximately RMB50.5 million in revenue for the six months ended June 30, 2024 of the Group compared to the same period last year.

The Group's EBITDA and adjusted EBITDA by operating segment for the six months ended June 30, 2024 and 2023 are set out below:

	Six months Ended June 30, 2024		
	PRC	**Others**	**Total**
	RMB'000	***RMB'000***	***RMB'000***
	(Unaudited)	**(Unaudited)**	**(Unaudited)**
Profit/(loss) before income tax	**71,287**	**(151,475)**	**(80,188)**
Interest income	**(85)**	**–**	**(85)**
Finance costs	**71,634**	**122,250**	**193,884**
Depreciation,depletion and amortization	**171,346**	**1,695**	**173,041**
EBITDA	**314,182**	**(27,530)**	**286,652**
Net change in fair value of the derivative component of the new secured borrowings and the 2024 Senior Notes	**(2,573)**	**(2,864)**	**(5,437)**
Adjusted EBITDA	**311,609**	**(30,394)**	**281,215**

	Six months Ended June 30, 2023		
	PRC	Others	Total
	RMB'000	*RMB'000*	*RMB'000*
	(Unaudited)	(Unaudited)	(Unaudited)
Profit/(loss) before income tax	108,306	(129,600)	(21,294)
Interest income	(87)	(1)	(88)
Finance costs	87,868	104,517	192,385
Depreciation,depletion and amortization	181,539	1,504	183,043
EBITDA	377,626	(23,580)	354,046
Net change in fair value of the derivative component of the new secured borrowings and the 2024 Senior Notes	(5,464)	(8,293)	(13,757)
Write-off of unclaimed portion of the 2024 Senior Notes	–	(19)	(19)
Adjusted EBITDA	372,162	(31,892)	340,270

LIQUIDITY AND CAPITAL RESOURCES

Overview

Our primary source of cash during the six months ended June 30, 2024 was cash generated from operating activities. Majority of the Group's cash and cash equivalent as at June 30, 2024 were denominated in RMB, United States Dollars and Hong Kong Dollars.

During the six months ended June 30, 2024, the Group had net cash generated from operating activities of RMB255.8 million, net cash used in investing activities of RMB133.3 million and net cash used in financing activities of RMB109.6 million, a translation gain for foreign currency exchange of RMB0.3 million, resulting in an increase in cash and cash equivalents of RMB13.2 million compared to the cash balance of RMB62.9 million as at December 31, 2023.

Borrowings

As at June 30, 2024, the Group's borrowings amounting to approximately RMB2,839.7 million, representing an increase of approximately RMB77.0 million as compared to December 31, 2023. Among the Group's borrowings, borrowings repayable within one year amounted to approximately RMB203.1 million, representing a decrease of RMB8.7 million as compared to that of December 31, 2023. 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 338.6% as at December 31, 2023 and 375.4% as at June 30, 2024, respectively.

Our total borrowings to adjusted EBITDA ratio, which is defined as total borrowings divided by adjusted EBITDA increased from 4.0 as at December 31, 2023 to 5.0 as at June 30, 2024.

Market risk

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

Oil price risk

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

Currency risk

The majority of the Group's China operation sales revenue is 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, 2024, all of the Group's interest under the PSC in China, certain of the bank accounts and shares of certain subsidiaries are pledged to secure the borrowings granted to the Group with the balance of RMB1,614.5 million.

EMPLOYEES

As at June 30, 2024, the Company had 980 employees, all based in PRC (Mainland China and Hong Kong). There have been no material changes to the information disclosed in the annual report of the Company for the year ended 31 December, 2023 in respect of the remuneration of employees, remuneration policies and staff development.

CONTINGENCIES

The Board of Directors is not aware of any material contingent liabilities of the Group as at June 30, 2024.

DIVIDEND

The Board has resolved that no interim dividend will be paid for the six months ended June 30, 2024 (Six months ended June 30, 2023: Nil).

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 Part 2 of Appendix C1 to the Listing Rules on the Stock Exchange. The terms of reference were revised on August 24, 2016 and have been made available on the websites of Hong Kong Exchanges and Clearing Limited and the Company.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended June 30, 2024.

CORPORATE GOVERNANCE CODE

The Company has complied with the principles and code provisions as set out in the CG Code as contained in Part 2 of Appendix C1 to the Listing Rules throughout the period from January 1, 2024 to June 30, 2024.

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 C3 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, 2024. 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, 2024 containing all the information required by Appendix D2 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
Mr. Zhao Jiangwei
Executive Director

Hong Kong, August 8, 2024

As at the date of this announcement, the Board comprises (1) the executive directors namely Mr. Zhao Jiangwei and Mr. Lam Wai Tong; (2) the non-executive directors namely Mr. Zhang Ruilin , Mr. Guan Hongjun and Ms. Gao Yan; and (3) the independent non-executive directors namely Mr. Mei Jianping, Mr. Liu Ying Shun, Mr. Yeung Yat Chuen, Mr. Guo Yanjun and Mr. Ai Min.