MIE HOLDINGS CORPORATION
MI能源控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1555)

(1) ANNUAL RESULTS FOR THE YEAR ENDED DECEMBER 31, 2022 AND (2) CONTINUED SUSPENSION OF TRADING

SUMMARY OF OPERATIONAL AND FINANCIAL PERFORMANCE

	Year ended December 31,			
	2022	2021	**Change**	**% Change**
Average realized price of crude oil *(US$ per barrel)*	**93.97**	64.06	29.91	46.7%
Average realized price of natural gas *(US$ per Mscf)*	**6.32**	6.63	(0.31)	(4.7%)
Gross production of crude oil *(million barrels)*	**5.40**	4.80	0.60	12.5%
Net production of crude oil *(million barrels)*	**2.29**	2.48	(0.19)	(7.7%)
Net sales of crude oil *(million barrels)*	**2.27**	2.45	(0.18)	(7.3%)
Average daily net crude oil production *(barrels)*	**6,279**	6,799	(520)	(7.6%)
Wells drilled during the year *(Gross)*	**85**	154	(69)	(44.8%)
Revenue *(RMB'000)*	**1,431,294**	1,017,835	413,459	40.6%
Profit/(loss) for the year *(RMB'000)*	**2,378,790**	(338,361)	2,717,151	N/A
Basic earnings/(loss) per share *(RMB per share)*	**0.72**	(0.10)	0.82	N/A
EBITDA *(RMB'000)*	**3,489,816**	810,613	2,679,203	330.5%
Adjusted EBITDA *(RMB'000)*	**947,361**	652,084	295,277	45.3%

2023 Guidance

On June 4, 2020, the Group and China National Petroleum Corporation (the "**CNPC**") signed a modification and supplemental agreement of the petroleum development and production contract for Daan Oilfield ("**Supplemental PSC**") , conditionally extending the commercial production period of Daan Oilfield from December 31, 2024 to February 29, 2028 (being the PSC expiration date). Pursuant to the Supplemental PSC, the Group will continue to operate the Daan Oilfield and shall invest in and drill a minimum of 268 wells within three years after the effective date of the Supplemental PSC. As at December 31, 2022, the Group has completed the drilling of the 268 new wells, several months ahead of the deadline requirement contemplated in the Supplemental PSC.

Our 2023 capex and production guidance is set out in the table below.

	Interest *(%)*	**Numbers of Wells** *(net)*	**Group Net Capex Investment** *(Note 2)* *(millions of US$)*	**Net production** *(Note 1)*
China Onshore Projects (Daan, Moliqing) — Crude oil	Daan foreign contractor 100%	28	25	5,000–6,000 barrels/day
	Moliqing foreign contractor 10%	1	2	200–300 barrels/day
Group Total		**29**	**27**	**5,200–6,300 barrels/day**

Notes:

1. The Group's net production is affected by the proportion of production share allocated to the Group under the PSC, which is affected by oil prices. Therefore, net production will decrease as oil prices rise, and vice versa;

2. The Group entered into a sale and purchase agreement with the purchaser on November 18, 2022 and will dispose the interest held by the Group in the Moliqing PSC during 2023, pursuant to which no cash will flow from the Group to the Moliqing PSC project in 2023.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Year ended December 31,	
		2022	2021
	Notes	***RMB'000***	*RMB'000*
Revenue from contracts with customers	*3*	**1,431,294**	1,017,835
Depreciation, depletion and amortization		**(386,825)**	(263,924)
Taxes other than income taxes	*4*	**(140,422)**	(17,639)
Employee benefit expenses		**(93,086)**	(101,870)
Purchases, services and other direct costs		**(256,529)**	(262,799)
Net impairment losses on financial assets		**(1,514)**	(17,732)
(Provision for)/reversal of impairment losses on assets		**(44,260)**	183,713
Gains from the Debt Restructuring Plans	*5*	**2,530,909**	–
Other gains/(losses), net		**63,424**	9,105
Interest and other income		**110**	17,773
Finance costs		**(596,598)**	(802,887)
Profit/(loss) before income tax		**2,506,503**	(238,425)
Income tax expense	*6*	**(127,713)**	(99,936)
Profit/(loss) attributable to owners of the Company for the year		**2,378,790**	(338,361)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Continued)

		Year ended December 31,	
		2022	2021
	Note	***RMB'000***	*RMB'000*
Other comprehensive income, net of tax:			
Item that may be reclassified to profit or loss:			
Exchange differences arising on translation of foreign operations		**110,717**	55,477
Items that will not be reclassified to profit or loss:			
Change in fair value of equity investments at fair value through other comprehensive income ("**FVOCI**"), net of tax		**(8,487)**	7,925
Exchange differences arising on translation of presentation currency		**(233,039)**	70,398
Other comprehensive income for the year, net of tax		**(130,809)**	133,800
Total comprehensive income attributable to the owners of the Company for the year		**2,247,981**	(204,561)
Earnings/(loss) per share for profit/(loss) attributable to ordinary shareholders of the Company (expressed in RMB per share)			
— Basic	*7*	**0.72**	(0.10)
— Diluted	*7*	**0.70**	(0.10)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at December 31,	
		2022	2021
	Notes	***RMB'000***	*RMB'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**1,575,516**	1,573,534
Intangible assets		**42,459**	54,121
Right-of-use assets		**5,599**	6,215
Financial assets at FVOCI		**8,183**	15,498
Prepayments, deposits and other receivables		**982**	1,847
Restricted cash		**87,171**	17,831
Total non-current assets		**1,719,910**	1,669,046
Current assets			
Inventories		**16,385**	19,466
Prepayments, deposits and other receivables		**38,594**	40,439
Trade receivables	*9*	**111,876**	85,132
Restricted cash		**9,168**	63,761
Cash and cash equivalents		**120,342**	36,495
		296,365	245,293
Assets of disposal group classified as held for sale	*12*	**415,889**	350,356
Total current assets		**712,254**	595,649
Total assets		**2,432,164**	2,264,695
EQUITY			
Equity attributable to owners of the Company			
Share capital and share premium		**1,108,175**	1,101,249
Reserves		**(2,828,399)**	(5,073,954)
Total shareholders' deficit		**(1,720,224)**	(3,972,705)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

	Notes	As at December 31, 2022 RMB'000	2021 RMB'000
LIABILITIES			
Non-current liabilities			
Borrowings	*11*	**2,411,520**	–
Lease liabilities		**2,078**	1,604
Deferred income tax liabilities		**215,267**	282,399
Trade payables	*10*	**85,824**	120,432
Provisions, accruals and other payables		**189,754**	110,660
Total non-current liabilities		**2,904,443**	515,095
Current liabilities			
Trade payables	*10*	**353,548**	374,070
Provisions, accruals and other payables		**161,095**	1,724,765
Lease liabilities		**4,274**	4,822
Current income tax liabilities		**68,605**	19,320
Borrowings	*11*	**642,711**	3,597,474
		1,230,233	5,720,451
Liabilities of disposal group classified as held for sale	*12*	**17,712**	1,854
Total current liabilities		**1,247,945**	5,722,305
Total liabilities		**4,152,388**	6,237,400
Total shareholders' deficit and liabilities		**2,432,164**	2,264,695
Net current liabilities		**535,691**	5,126,656
Total assets less current liabilities		**1,184,219**	(3,457,610)

NOTES

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**" or "**China**") under production sharing contracts (the "**PSCs**").

On January 20, 2022, the Group entered into an agreement with Hammer Capital Asia Limited, an independent party, and also one of the lenders to the Group, for the sale (the "**Disposal**") of the Group's 40% equity interest in Palaeontol B.V. ("**PBV**") which owns the entire equity interest in Emir-Oil LLP, a company registered in Kazakhstan and primarily engaged in the exploration, development, production and sale of petroleum and other petroleum products in Kazakhstan, and certain receivables related to this associate. On June 24, 2022, an extraordinary general meeting was held by the Company and the Disposal set out in the agreement has been voted and approved by the shareholders of the Company. Further information about the Disposal is set out in Note 12.

On March 30, 2022, the Group completed the Debt Restructuring Plans, the details of which are set out in Note 11.

On November 18, 2022, the Group entered into an agreement with Reliant Honor International Holdings Corporation, an independent third party, for the sale of the Group's 10% foreign contractors' interest in Moliqing PSC at a consideration of US$5.0 million (equivalent to approximately HK$39.3 million). Upon completion of the transaction, the Group will no longer hold any rights and interests in the Moliqing PSC. Further information about the Disposal is set out in Note 12.

By the end of the year 2022, the Group has fulfilled the requirements for a minimum number of new wells drilled in the Daan oilfield as agreed with CNPC within a period of three years from June 2020 in order to achieve the condition to extend the expiry date of the Daan PSC with CNPC from December 31, 2024 to February 29, 2028. The Group has obtained approval from CNPC on February 24, 2023.

As at December 31, 2022, the Group 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 financial statements are presented in Renminbi ("**RMB**"). These financial statements have been approved and authorized for issue by the board of directors of the Company (the "**Board of Directors**") on November 29, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

2.1.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with all International Financial Reporting Standards, International Accounting Standards ("**IASs**") and Interpretations (hereinafter collectively referred to as the "**IFRSs**") issued by the International Accounting Standards Board (the "**IASB**") 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**").

Non-compliance relating to a guarantee provided by a subsidiary of the Company ("Matter A")

During the year, it was found that Gobi Energy Limited ("**Gobi Energy**"), a subsidiary of the Company provided a joint and several guarantee in 2016 ("**Guarantee**") for the chairman of the Board, Mr. Zhang's repayment obligations, including the loan principal and relevant interest. The details were set out in the announcement made by the Company on February 27, 2023. The Guarantee was released upon the fulfillment of Mr. Zhang's repayment obligations in May 2021.

At the times of entering into such Guarantee, Mr. Zhang was an executive Director and substantial Shareholder, therefore, pursuant to Chapter 14 of the Listing Rules, Mr. Zhang was a connected person of the Company. No fee was charged and no security was taken by the Group in relation to the provision of the Guarantee. The Board believed that the Guarantee would constitute a notifiable and connected transaction of the Group under the Listing Rules, and should have been subject to the reporting, announcement, circular and independent Shareholders' approval requirements. The provision of the Guarantee also constituted a related party transaction under IASs and should have been accounted for in Group's prior periods consolidated financial statements.

Repayments of loan on behalf of Mr. Zhang ("Matter B")

As disclosed in the announcement made by the Company on February 27, 2023, it was mentioned in a civil judgement issued by the Huai'an Intermediate People's Court of Jiangsu Province in the PRC that Camel Oil and Gas Technology Service (Tianjin) Co., Ltd ("**Camel Oil**"), a subsidiary of the Company issued a confirmation statement ("**Statement**") for a loan repayment of RMB10.0 million to a supplier on behalf of Mr. Zhang in 2017 (the "**Alleged Payment**"). The Alleged Payment was not recorded in the books of Camel Oil, but a payment of RMB10.0 million by Camel Oil to the supplier was recorded in its books and records in 2017 as a deposit for an asset purchase agreement with the supplier. Such amount was subsequently provided for and written off by Camel Oil.

Investigation Review

With the recommendation of the audit committee ("**AC**") of the Company, an independent investigation committee (the "**IIC**"), comprising all independent non-executive directors, was established on February 8, 2023 and the AC and IIC engaged BT Corporate Governance Limited as the independent consultant (the "**Independent Consultant**") to assist with and conduct an investigation on the Guarantee, the Alleged Payment and other related matters including the internal control deficiencies of the Group (the "**Investigation Review**").

The first phase and second phase of Investigation Review were completed on September 13, 2023 and October 11, 2023 respectively. The scope, major procedures, findings and limitation of the Independent Review was set out in the announcements made by the Company on September 18, 2023 and October 12, 2023.

With the assistance of Investigation Consultant and their findings on the Investigation Review, the IIC come to the following conclusions:

Matter A

The IIC assents to the findings of Investigation Review, with which the AC and the management of the Company concurred, that the entering into of the Guarantee by Gobi Energy constituted non-compliance under the Listing Rules and this non-compliance arose from insufficient internal communication and certain internal control deficiencies of the Group. Considering that (i) the Guarantee had been released when the relevant loan was repaid in full; and (ii) there was no other evidence found by the Investigation Consultant that the Group had provided any other guarantees or other forms of credit enhancement including collaterals and pledge of assets at all material times for the years ended December 31, 2021 and 2022, the management of the Company is of view that the consolidated financial statements of the Group for the years ended December 31, 2022 and 2021 have been prepared in accordance with the disclosure requirements of IFRSs.

Matter B

Based on findings of the Investigation Review, the IIC is of the view that the Statement was mistakenly prepared and approved by the relevant personnel of Camel Oil in 2021, without verifying its contents or cross-checking against supporting documents. There was nothing to suggest that the related assets purchase agreement was not genuine nor without commercial substance. The management is of the view that the deposits of RMB10.0 million made by Camel Oil to the supplier and the subsequent write-off was properly accounted for in the prior periods consolidated financial statements of the Group.

2.1.2 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 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.

2.1.3 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 year ended December 31, 2022, excluding the gains from the debt restructuring plans *(Note 5)*, the Group incurred a loss of RMB152.1 million. As at December 31, 2022 the Group's current liabilities exceeded its current assets by RMB535.7 million and there was a deficit on the shareholders' fund of RMB1,720.2 million. As at the same date, the Group had total borrowings of RMB3,054.2 million and cash and cash equivalents of RMB120.3 million only.

In addition, upon the discovery of Matter A and Matter B, the IIC was established to investigate these matters and the publication of the 2022 annual results and 2023 interim results have been delayed. As a consequence, the Company's shares have been suspended for trading since April 3, 2023 (as detailed in the Company's announcement dated March 31, 2023) and up to the date of this announcement. These events constituted event of defaults pursuant to the New Finance Documents (Note 11) under the Debt Restructuring Plans. Accordingly, the Lenders and the Noteholders (as defined in Note 11) have been entitled to an unconditional right to demand immediate settlement of all the outstanding principal and interest of the secured borrowings of RMB2,943.0 million and senior notes of RMB1,871.6 million as at December 31, 2022.

The above events or conditions may cast significant doubt on the Group's ability to continue as a going concern.

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, 2024 ("**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) On October 11, 2023, the disposal of its 40% equity interests in PBV (Note 12) was completed. The consideration of US$55.0 million has been netted off against part of the secured borrowings on a dollar-to-dollar basis in accordance with the Debt Restructuring Plans;

(b) On November 18, 2022, the Group announced the proposed disposal of 10% foreign contractors' interest in the Moliqing PSC to a third-party purchaser at the consideration of US$5.0 million (Note 12) where the disposal transaction is subject to the approval from the Chinese PSC party, CNPC. Upon the completion of the disposal, the cash consideration of US$5.0 million will be used for repayment of a secured borrowing which the 10% foreign contractors' interest was pledged to;

(c) The Group will continue drilling new wells to maintain the production for generating sufficient operating cashflows;

(d) In October and November 2023, the Group has obtained waiver letters from the Lenders pursuant to which the events of default under the New Finance Documents resulting from the Investigation Review and suspension of the ordinary shares from trading on the Stock Exchange have been permanently and absolutely waived by each of the Lenders. In consideration of the Lenders' consent to waive the events of default, the Company has undertaken to ensure the resumption of trading of its ordinary shares on the Stock Exchange by no later than six months after the date of the waive letters; and

(e) The Group will continue the discussion with the Noteholders for the consent to grant grace period to the Company to rectify the breach of the New Finance Documents relating to the senior notes.

The directors of the Company (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 over the forecast period. Accordingly, the Directors are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Notwithstanding the above, a material uncertainty exists about 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 Company's ability and timing to obtain the approval from the Stock Exchange for trading resumption of its shares;

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

(iii) successfully receiving the required approval from CNPC for the completion of the disposal of the 10% foreign contractors' interest in the Moliqing PSC; and

(iv) the Noteholders not exercising their rights to demand immediate settlement of all the outstanding principal and interest of the senior notes before the successful rectification of the events of default (i.e. to have the Company's ordinary shares resumed for trading).

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 consolidated financial statements.

2.1.4 New or amended standards adopted by the Group from January 1, 2022

The following amendments are effective for annual periods beginning on or after January 1, 2022.

Amendments to IAS 16	Property, Plant and Equipment: Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts — Cost of Fulfilling a Contract
Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41	Annual Improvements to IFRS Standards 2018–2020
Amendments to IFRS 3	References to Conceptual Framework

The adoption of the above amended IFRSs had no material impact on how the results and financial position for the current and prior periods have been prepared and presented. The Group has not early applied any new or amended IFRSs that is not yet effective for the current accounting period.

2.1.5 New or amended standards not yet effective

There are a number of standards and amendments to standards which have been issued by the IASB that are effective in future accounting periods that the Group has decided not to adopt early.

The directors of the Company anticipate that the application of other new or amended IFRSs will have no material impact on the results and the financial position of the Group.

3. 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

	Year ended December 31,	
	2022	2021
	RMB'000	*RMB'000*
Entity-wide information		
Analysis of revenue by category		
Timing of revenue recognition		
At a point in time		
— Sale of crude oil and gas	**1,429,026**	1,014,683
Transferred over time		
— Provision of services	**2,268**	3,152
	1,431,294	1,017,835

For the years ended December 31, 2022 and 2021, total revenue from crude oil and gas sales in the PRC are derived solely from PetroChina Company Limited ("**PetroChina**"). Crude oil and gas sales revenues from PetroChina accounted for 99.8% of the Group's total revenue (2021: 99.7%).

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 years ended December 31, 2022 and 2021. As at December 31, 2022 and 2021, the non-current assets of the Group, excluding financial assets at FVOCI, are mainly located in the PRC.

4. TAXES OTHER THAN INCOME TAXES

	Year ended December 31,	
	2022	2021
	RMB'000	*RMB'000*
PRC:		
Special oil gain levy *(Note)*	**135,700**	9,581
Urban construction tax and education surcharge	**4,678**	4,502
Others	**44**	91
	140,422	14,174
Corporate and others:		
Withholding tax and others	**–**	3,465
	140,422	17,639

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

5. GAINS FROM THE DEBT RESTRUCTURING PLANS

	Year ended December 31,	
	2022	2021
	RMB'000	*RMB'000*
Gains from the Debt Restructuring Plans *(Note)*	**2,530,909**	–

Note:

As mentioned in Notes 11, the Group completed the Debt Restructuring Plans on March 30, 2022. The management of the Group considered that the terms of the New Finance Documents are substantially different from those of the Cross-Defaulted Borrowings and the 2022 Senior Notes. Accordingly, such modification of terms is accounted for as an extinguishment of the Cross-Defaulted Borrowings and the 2022 Senior Notes and recognition of new financial liabilities. The new secured borrowings and the 2024 Senior Notes should be measured at fair value as at the date of initial recognition. The differences between the outstanding principals and interests balance of the Cross-Defaulted Borrowings and the 2022 Senior Notes and the fair value of the new secured borrowings and the 2024 Senior Notes are recognized in profit or loss for the year as gains from the Debt Restructuring Plans.

6. INCOME TAX EXPENSE

	Year ended December 31,	
	2022	2021
	RMB'000	*RMB'000*
Current income tax	**194,869**	30,041
Deferred income tax	**(67,156)**	69,895
	127,713	99,936

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

7. EARNINGS/(LOSS) PER SHARE

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

	Year ended December 31,	
	2022	2021
Profit/(loss) attributable to owners of the Company *(RMB'000)*	**2,378,790**	(338,361)
Weighted average number of ordinary shares in issue *(in thousands)*	**3,314,655**	3,269,421
Adjustment for potential dilutive effect in respect of outstanding share options *(in thousands)*	**75,476**	–
Weighted average number of diluted potential ordinary shares for diluted earnings/(loss) per share *(in thousands)*	**3,390,131**	3,269,421
Basic earnings/(loss) per share *(RMB)*	**0.72**	(0.10)
Diluted earnings/(loss) per share *(RMB)*	**0.70**	(0.10)

8. DIVIDENDS

The Board of Directors did not recommend the payment of final dividend for the year ended December 31, 2022 (2021: Nil).

9. TRADE RECEIVABLES

	As at December 31,	
	2022	2021
	RMB'000	*RMB'000*
Trade receivables from:		
— PSC partner	**109,276**	83,046
— Third parties	**2,600**	2,086
	111,876	85,132
Less: loss allowance	**–**	–
	111,876	85,132

As at January 1, 2021, the Group's trade receivables from contracts with customers amounted to approximately RMB51.7 million.

The following is an aging analysis of trade receivables net of loss allowance presented based on invoice date which approximate to the respective revenue recognition date at the end of the reporting period.

	As at December 31,	
	2022	2021
	RMB'000	*RMB'000*
Within 30 days	**109,931**	83,767
Over 180 days	**1,945**	1,365
	111,876	85,132

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 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

	As at December 31,	
	2022	2021
	RMB'000	*RMB'000*
Trade payables	**439,372**	494,502
Less: non-current portion	**(85,824)**	(120,432)
Current portion	**353,548**	374,070

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

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

	As at December 31,	
	2022	2021
	RMB'000	*RMB'000*
Within 6 months	**227,218**	367,574
6 months–1 year	**113,214**	58,493
1–2 years	**85,455**	19,741
2–3 years	**3,104**	24,425
Over 3 years	**10,381**	24,269
	439,372	494,502

11. BORROWINGS

	As at December 31, 2022 RMB'000	2021 RMB'000
Liability component		
— Secured borrowings	**1,870,700**	2,013,788
— Senior Notes	**1,008,847**	1,583,686
— Interest payable at coupon rates	**130,807**	–
	3,010,354	3,597,474
Derivative component		
— Secured borrowings	**36,808**	–
— Senior Notes	**7,069**	–
	43,877	–
Less: current portion	**(642,711)**	(3,597,474)
Non-current portion	**2,411,520**	–

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**"), that was originally due on April 12, 2020, 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 were also subsequently defaulted on a stand-alone basis because of 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 from that 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 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 restructuring support agreement was entered into with the Lenders and noteholders of the 2022 Senior Notes (the "**Noteholders**") on October 28, 2021, and was publicly announced in the Stock Exchange on the same date.

The 2022 Senior Notes was cancelled and the new notes with a contractual due date on December 31, 2024 (the "**2024 Senior Notes**"), 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 available cash balances as defined in the New Finance Documents; 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.

By the end of the year 2022, the Group has fulfilled the requirements for a minimum number of new wells drilled in the Daan oilfield as agreed with CNPC within a period of three years from June 2020 in order to achieve the condition to extend the expiry date of the Daan PSC with CNPC from December 31, 2024 to February 29, 2028. The Group has obtained approval from CNPC on February 24, 2023.

12. DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

Assets of disposal group classified as held for sale

		As at December 31,	
		2022	2021
	Notes	***RMB'000***	*RMB'000*
40% equity interest and certain related receivables in PBV:	*(a)*		
Investment in associate		**–**	–
Prepayments, deposits and other receivables			
Amount due from an associate		**969,039**	887,101
Less: loss allowance of amount due from an associate		**(586,322)**	(536,745)
		382,717	350,356
10% foreign contractors' interest in the Moliqing PSC:	*(b)*		
Property, plant and equipment		**77,131**	–
Intangible assets		**277**	–
Deferred income tax assets		**24**	–
		77,432	–
Less: loss allowance		**(44,260)**	–
		33,172	–
		415,889	350,356

Liabilities of disposal group classified as held for sale

		As at December 31,	
		2022	2021
	Notes	***RMB'000***	*RMB'000*
40% equity interest and certain related receivables in PBV:	*(a)*		
Provisions, accruals and other payables		**1,301**	1,854
10% foreign contractors' interest in the Moliqing PSC:	*(b)*		
Provisions, accruals and other payables		**15,558**	–
Asset retirement obligations		**853**	–
		16,411	–
		17,712	1,854

(a) ***Disposal of 40% equity interest and certain related receivables in PBV***

On January 20, 2022, the Group entered into the Disposal Agreement with the Purchaser, Hammer Capital Asia Limited (an independent party and also one of the lenders to the Group), for the sale of the Group's 40% equity interest in PBV which owns the entire equity interest in Emir-Oil LLP, a company registered in Kazakhstan and primarily engaged in the exploration, development, production and sale of petroleum and other petroleum products in Kazakhstan, and certain related receivables. The Disposal Assets Group had been pledged as collateral for the borrowing due to the Purchaser by the Group. The consideration of US$55.0 million for the Disposal will be netted off against portion of the outstanding principal amount.

The completion of this Disposal is subject to the fulfilment of certain conditions, including but not limited to, the approval of the relevant governmental or regulatory bodies. The Group had already been in discussion and agreed certain key terms of the Disposal with the Purchaser in December 2021 and expected to complete the Disposal within one year. Accordingly, the Disposal Assets Group was classified as "disposal group classified as held for sale" as at December 31, 2021.

On October 11, 2023, the Stage 2 Conditions have been satisfied and hence the Disposal has been completed on the same date. Following the completion of Disposal, the Company ceased to hold any shares or other interests in PBV.

At the date of initial classification as held for sale, the carrying amount of the assets and liabilities relating to the Disposal Assets Group was lower than the fair value less cost to sell as at that date. Accordingly, no loss was recognized due to re-measurement at the initial classification.

As at December 31, 2022, the investment of 40% equity interest in PBV and the shareholder loans due from PBV and other receivables from the other shareholders of PBV were classified as "assets of disposal group classified as held for sale" with a carrying value of nil and RMB382.7 million, respectively.

(b) ***Disposal of 10% foreign contractors' interest in the Moliqing PSC***

On November 18, 2022, the Group entered into an agreement with Reliant Honor International Holdings Corporation, an independent third party, for the sale of the Group's 10% foreign contractors' interest in Moliqing PSC at a consideration of US$5.0 million (equivalent to approximately HK$39.3 million).

The disposal agreement between the Group and Reliant Honor International Holdings Corporation has been approved by the Board of Directors on November 11, 2022, and announced on November 18, 2022. The completion of this disposal is subject to the approval of the CNPC.

On September 29, 2023, the Group and the Purchaser entered into an agreement to further extend the Longstop Date from September 30, 2023 to November 30, 2023, due to additional time is required to obtain the relevant written approval from CNPC.

Upon completion of the transaction, the Group will no longer hold any rights and interests in the Moliqing PSC.

At the date of initial classification as held for sale, the carrying amount of the assets and liabilities relating to the 10% foreign contractors' interest in the Moliqing PSC were higher than the fair value less cost to sell as at that date. Accordingly, impairment loss of RMB44.3 million was recognized at the initial classification.

13. SUBSEQUENT EVENTS

Significant events occurred subsequent to the year end and up to the date of approval of these financial statements are set out below:

(a) On February 24, 2023, CNPC approved that the extension of the operating period of Daan PSC to February 29, 2028, has been effective base on the completion of the required minimum wells.

(b) As disclosed in the announcement dated April 3, 2023, as a result of the delay in the finalization of the 2022 annual results of the Group for the year ended 31 December 2022, the trading in the shares of the Company on the Stock Exchange has been suspended since April 3, 2023.

(c) Up to the date of approval of these financial statements, trading in the shares of the Company on the Stock Exchange remained in suspension status, for which the Group has triggered (non-payment) events of default in the secured borrowings and 2024 Senior Notes as a result of the trading suspension for more than six months. A waiver of these events of default have been obtained from the Lenders of the secured borrowings in October and November 2023. In consideration of the Lenders' consent to waive the events of default, the Company has undertaken to ensure the resumption of trading of its ordinary shares on the Stock Exchange by no later than six months after the date of the waive letters.

BUSINESS REVIEW

Overview

In 2022, geopolitical conflicts caused a wide range of shocks in international oil prices, inflation, America's benchmark interest rate's increase, the COVID-19 pandemic's repetition and other factors, slowing down the recovery process of the world economy, increasing the uncertainty of global oil supply. With the optimization of China's epidemic prevention policies, the economic growth potential will be further released, and China's economic recovery will boost global oil and gas demand. In terms of supply, the Russia-Ukraine conflict has rewritten the pattern of global oil and gas supply. The West has successively introduced sanctions such as price restrictions and import restrictions on Russian oil, and Russia's oil strategy has shifted from the West to the East, in line with China's new energy security strategy. With the high level of international oil prices, the global oil and gas industry has broad development space, and the investment of oil and gas companies in upstream exploration and development is showing an upward trend. The Group grasps market opportunities, further promotes the construction of new well production capacity, increases exploration and development, vigorously promotes the wide application of new petroleum technologies, and builds high-quality oilfields. At the same time, the successful completion of the Group's debt restructuring on March 30, 2022 is another positive measure for the Group to further improve its financial position, which will greatly improve the Company's operating environment. Pursuant to the PSC extension agreement entered into on June 4, 2020, the Group was required to drill 268 new wells within 3 years after June 2020. The Group increased capital expenditure and drilled new wells in a timely manner, thereby improved the oil production capacity of Daan Oilfield. As at the end of 2022, all the 268 new wells required to be drilled under the Supplemental PSC were completed, several months ahead of the deadline requirement contemplated in the Supplemental PSC.

In 2022, the gross and net production of oil and gas from the PRC segment had different change compared to 2021. The Group's gross production of oil and gas increased by 12.7% to about 5.41 MMBOE compared to 2021. Net production of oil and gas decreased by 7.7% to about 2.29 MMBOE compared to 2021. During 2022, net oil sales volume decreased by 7.3% compared to 2021 to approximately 2.27 million barrels, and net natural gas sales volume increased to 3.08 MMscf.

In 2022, the average realized crude oil price of the Group from the PRC segment increased by 46.7% to US$93.97 per barrel compared to 2021, and the average realized natural gas price decreased slightly to US$6.32 per Mscf. In 2022, the revenue from the PRC segment increased by 40.6% to RMB1,431.3 million compared to 2021. In 2022, profit for the year of the Group is RMB2,378.8 million and the basic earnings per share is RMB0.72.

In 2022, EBITDA from the PRC segment increased by RMB449.8 million to RMB1,355.3 million from RMB905.5 million in 2021 and the adjusted EBITDA increased by RMB295.7 million to RMB1,019.6 million.

As at December 31, 2022, the Group operated a total of 2,674 wells and they are all located in China. The total headcount of the Group increased from 1,005 as at December 31, 2021 to 1,016 as at December 31, 2022 due to the increase in new well's drilling.

The following table provides a recap of the Group's key operational metrics for 2022:

	2022	**2021**	**% Change**
Average Daily Gross Production (BOE/day)	**14,816**	13,161	12.6%
Average Daily Net Production (BOE/day)	**6,280**	6,800	(7.6%)
Average Daily Net Oil Production (barrels/day)	**6,279**	6,799	(7.6%)
Average Daily Net Gas Production (Mscf/day)	**8.45**	5.96	41.8%

Notes:

(1) For reference purpose only, barrels of oil equivalent ("**BOE**") is calculated using a conversion factor of six Mscf of natural gas being equivalent to one barrel of oil

(2) Gross Production means total production from all assets of the Group

(3) Net Production means entitled production from all assets of the Group

The following table sets out the summary of the expenditures incurred in our exploration, development and production activities for 2022:

(millions of RMB)	**Exploration expenditures**	**Development expenditures**	**Production/ operating expenditures**
China Onshore Projects (Daan, Moliqing)	–	445	219
Total	–	445	219

- **China Operations (Daan, Moliqing)**

  With the high level of international oil prices in 2022, Daan Oilfield continued to carry out the construction of new well production capacity and endeavored to increase the production. At the same time, through optimization of water injection, well stimulation and production optimization as well as the implementation of advanced technologies such as network fracturing, the annual oil production of Daan reached the best level during the latest five years. On June 4, 2020, the amendment and supplementary agreement of the "Petroleum Development and Production Contract for Daan Oilfield in Jilin Province of the People's Republic of China" was executed in Beijing, marking the successful extension of the Daan PSC term from December 31, 2024 to February 29, 2028.

  During 2022, the total gross oil production for Daan and Moliqing increased by 12.5% from 4.80 million barrels in 2021 to 5.40 million barrels in 2022. Total net oil production attributable to the Group decreased by 7.7% from 2.48 million barrels in 2021 to 2.29 million barrels in 2022. During 2022, the gross oil production per day increased by 12.5% to 14,785 barrels/day ("**BOPD**") as compared to 2021, and net oil production per day attributable to the Group decreased by 7.6% to 6,279 BOPD. In 2022, a drilling program of 85 wells was carried out in Daan, including 83 directional wells and 2 vertical wells. The total drilling footage was 178,144 meters and the average drilling footage for a single well was about 2,096 meters. With the continued recovery of the international crude oil prices, the average realized oil price of Daan and Moliqing increased by 46.7% from US$64.06/barrel in 2021 to US$93.97/barrel in 2022. The Group timely implemented more on the old well stimulation and accordingly the lifting cost increased by US$0.89/barrel, or 7.3%, from US$12.27/barrel for 2021 to US$13.16/barrel for 2022. Adjusted EBITDA per barrel for Daan and Moliqing increased by US$20.74, or 44.7%, from US$46.43/barrel for 2021 to US$67.17/barrel for 2022, which was primarily due to the significant increase in average realized oil price.

  We hold 10% participating interest in the foreign contractors' entitlement and obligations under the Moliqing PSC. On November 18, 2022, the Group entered into a sale and purchase agreement (the "**Moliqing SPA**") with the purchaser, pursuant to which the vendor agreed to sell and the purchaser agreed to purchase the interest held by the Group in the Moliqing PSC at the Consideration of US$5.0 million. Upon completion, the Group shall cease to own any interest in the Moliqing PSC. For further details, please refer to the Company's announcements dated November 18, 2022, November 23, 2022, March 30, 2023, June 30, 2023 and September 29, 2023, respectively.

- **Kazakhstan Operations (Emir-Oil)**

  We hold an indirect 40% interest in Emir-Oil LLP in Kazakhstan. Emir-Oil LLP holds one exploration contract and six production contracts covering Aksaz, Dolinnoe, Emir, Kariman, North Kariman and Yessen oilfields. As at the end of 2022, Emir-Oil LLP had a total of 23 producing wells. The daily production of crude oil in 2022 increased by 10.7% from 1,911 BOPD in 2021 to 2,116 BOPD.

  On January 20, 2022, the Group entered into a sale and purchase agreement with the Purchaser, pursuant to which (among other things) the Group has conditionally agreed to sell to the Purchaser, and the Purchaser has conditionally agreed to acquire 40% interest in PBV. The consideration to be paid by the Purchaser to the Company (on behalf of the Company and its subsidiaries) shall be US$55.0 million, which shall be netted off against the outstanding amount due by the Company to the Purchaser under the loan agreement at completion on a dollar-for-dollar basis.

  On October 11, 2023, the Disposal has been completed. For further details, please refer to the Company's announcements dated January 20, 2022, April 27, 2022, July 8, 2022, September 20, 2022, December 20, 2022, June 30, 2023, September 29, 2023 and October 11, 2023 and the circular dated June 6, 2022, respectively.

Successful Completion of Debt Restructuring Plans

On October 28, 2021, the Group entered into a restructuring support agreement ("**RSA**") with certain key holders of 2022 Senior Notes and creditors of existing loans to support the Debt Restructuring Plans of the Group. The Debt Restructuring Plans comprise restructuring of then existing Notes and loans, inter-conditional upon the effectiveness of each individual restructuring. On March 30, 2022, the Group announced that the Debt Restructuring Plans successfully completed. The 2022 Senior Notes had been cancelled and the new notes with a contractual due date of December 31, 2024 had been issued. The existing loan agreements had also been amended and restated in the form of new loan agreements on March 30, 2022.

As a result of the implementation of Debt Restructuring Plans, the financial position of the Group had significantly improved and the impact had been reflected in the financial statements for the year ended December 31, 2022.

Reserves

Summaries of the Group's 2022 year-end reserves are as follows:

1. Overall, the Group's total net Proved ("**1P**") oil, gas and natural gas liquid ("**NGL**") reserves decreased by 8% to 15.05 MMBOE, total net Proved + Probable ("**2P**") oil, gas and NGL reserves decreased by 9% to 35.22 MMBOE, and total net Proved + Probable + Possible ("**3P**") oil, gas and NGL reserves decreased by 7% to 51.84 MMBOE.

2. In 2022, Company drilled 85 new wells in China (Daan field) and 3 new wells in Kazakhstan (Emir-Oil), including one new Emir-Oil well that achieved a high production rate of 1,300 barrels per day. The combination of production from the Daan field and Emir-Oil in 2022 resulted in a decrease of Group's net 1P oil reserves for 2022 by 13% to 12.61 million barrels, and a decrease of 2P net oil reserves by 13% to 28.42 million barrels and 3P net oil reserves by 11% to 41.40 million barrels.

3. Based on 2022 year-end reserves estimate reviewed by independent consultants, the Group's 2P net present value, before tax and discounted at 10% ("**NPV10**") is approximately US$651 million, which represents a 8% increase from the reported 2021 year-end 2P NPV10 value of US$604 million.

Segment	**Basin**	**2021**	**2022**
China – Gobi Energy	Songliao	Escalated price profile based on price projections published by Sproule for WTI Crude. An average differential for January to December of 2021 between WTI Cushing Spot and Daqing of negative US$2.56/Barrel was used. The differential is assumed to remain constant in the future.	Escalated price profile based on price projections published by Sproule for WTI Crude. An average differential for January to December of 2022 between WTI Cushing Spot and Daqing of US$0.69/Barrel was used. The differential is assumed to remain constant in the future.
Kazakhstan — Emir-Oil	Mangistau	Export oil at escalated price profile based on price projections published by GCA for Brent Crude which has been estimated to be US$66.09/Stock Tank Barrel in 2022. Domestic oil price is estimated to be US$24.77/Stock Tank Barrel in 2022. Domestic gas price US$0.48/MSCF has been utilized for solution gas sales and assumed to be constant throughout the report.	Export oil at escalated price profile based on price projections published by GCA for Brent Crude which has been estimated to be US$78.83/Stock Tank Barrel in 2023. Domestic oil price is estimated to be US$33.53/Stock Tank Barrel in 2023. Domestic gas price US$0.43/MSCF has been utilized for solution gas sales and assumed to be constant throughout the report.

Note: (i) WTI — West Texas Intermediate
(ii) GCA — Gaffney, Cline & Associates

FINANCIAL RESULTS

Revenue

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

The Group's revenue generated from sales of oil and gas was entirely contributed by our oil fields located in China. The Group's revenue from sales of oil and gas in 2022 increased by RMB414.3 million, or 40.8%, from RMB1,014.7 million in 2021 to RMB1,429.0 million, primarily due to higher oil prices. The average realized oil price was US$93.97 per barrel in 2022, as compared to US$64.06 per barrel in 2021.

The Group's revenue from rendering of services was RMB2.3 million for 2022 and RMB 3.2 million for 2021, respectively.

Depreciation, depletion and amortization

The Group's depreciation, depletion and amortization increased by RMB122.9 million, or 46.6%, from RMB263.9 million in 2021 to RMB386.8 million in 2022. The increase in depreciation, depletion and amortization was mainly due to: (i) the increase of net book value caused by the investment in 2022 and reversal of impairment losses on assets at 2021 year end; and (ii) the decrease of reserve.

Taxes other than income taxes

The Group's taxes other than income taxes increased by RMB122.8 million, or 697.7%, from RMB17.6 million for 2021 to RMB140.4 million for 2022. The following table summarizes taxes other than income taxes for the years ended December 31, 2022 and December 31, 2021:

	Year ended December 31,	
	2022	2021
	RMB'000	*RMB'000*
PRC:		
Special oil gain levy	**135,700**	9,581
Urban construction tax and education surcharge	**4,678**	4,502
Others	**44**	91
	140,422	14,174
Corporate and others:		
Withholding tax and others	**–**	3,465
	140,422	17,639

PRC

Special oil gain levy

With effect from January 1, 2015, the threshold price for special oil gain levy was revised from US$55 per barrel to US$65 per barrel by the announcement of the Ministry of Finance of the PRC. During 2022, special oil gain levy was RMB135.7 million due to the crude oil price exceeded US$65/barrel. Special oil gain levy was RMB9.6 million in 2021.

Corporate and others

Withholding tax and others

Withholding tax represents accrual of withholding tax on interest charged on intercompany loans. The Group stopped accruing such withholding tax during 2022 as the intercompany loans were reclassified to held for sale at the year end of 2021.

Employee compensation costs

The Group's employee compensation costs decreased by RMB8.8 million, or 8.6%, from RMB101.9 million for 2021 to RMB93.1 million for 2022. The decrease in employee compensation costs was primarily due to: (i) the share-based compensation to employees of approximately RMB4.0 million incurred in 2021, and nil in 2022; and (ii) approximately RMB2.6 million due to the lower proportion of expense share undertaken by the Group under the PSC, which was affected by higher oil prices and less capital expenditures compared to 2021.

Purchases, services and other direct costs

Our purchases, services and other direct costs decreased by RMB6.3 million, or 2.4%, from RMB262.8 million for 2021 to RMB256.5 million for 2022. The decrease was primarily due to: (i) approximately RMB10.4 million of operating expense due to the lower proportion of expense share undertaken by the Group under the PSC, which was affected by higher oil prices and less capital expenditures compared to 2021; and (ii) expenses related to Debt Restructuring Plans having increased by approximately RMB6.1 million compared to 2021.

Gains from Debt Restructuring Plans

The Group had gains from Debt Restructuring Plans of RMB2,530.9 million for 2022. The gains from Debt Restructuring Plans were mainly due to the differences between the outstanding principals and interests balance of the Cross-Defaulted Borrowings and the 2022 Senior Notes and the fair value of the new secured borrowings and the 2024 Senior Notes. The gains contained accrued default interest and certain ordinary interests waived on the restructuring effective date.

Net impairment losses on financial assets

The Group incurred net impairment losses on financial assets of RMB1.5 million in 2022, which arose primarily from the provision for impairment losses on other receivables.

Impairment losses on assets

The Group recognized impairment losses for assets of disposal group classified as held for sale related to the Moliqing Oilfield amounting to RMB44.3 million.

Other gains/(losses), net

The Group incurred other gains of RMB63.4 million for 2022, compared to other gains of RMB9.1 million for 2021.

Interest and other income

The Group's interest and other income decreased by RMB17.7 million, or 99.4%, from RMB17.8 million for 2021 to RMB0.1 million for 2022. The decrease was mainly due to the Group stopped accruing the interest income from intercompany loan related to the Emir-Oil LLP transaction since it was reclassified to held for sale at the year end of 2021.

Finance costs

Finance costs decreased by RMB206.3 million, or 25.7%, from RMB802.9 million for 2021 to RMB596.6 million for 2022. The decrease was mainly due to the lower interest rate of the debts after the restructuring effective date.

Profit/(loss) before income tax

The Group's profit before income tax was RMB2,506.5 million for 2022, compared to the loss before income tax of RMB238.4 million for 2021, representing an increase of RMB2,744.9 million. The increase was primarily due to the gains from the Debt Restructuring Plans of RMB2,530.9 million for 2022. The gains from Debt Restructuring Plans were mainly due to the differences between the outstanding principals and interests balance of the Cross-Defaulted Borrowings and the 2022 Senior Notes and the fair value of the new secured borrowings and the 2024 Senior Notes. The gains contained accrued default interest and certain ordinary interests waived on the restructuring effective date.

Income tax expense

The Group recorded an income tax expense of RMB127.7 million in 2022, compared to an income tax expense of RMB99.9 million for 2021. The effective tax rate for 2022 is 5% compared to an effective tax rate in 2021 of negative 42%.

Profit/(loss) for the year

The Group's net profit in 2022 was RMB2,378.8 million, compared to the net loss of RMB338.4 million in 2021.

EBITDA AND ADJUSTED EBITDA

We provide a reconciliation of EBITDA and adjusted EBITDA to profit/(loss) before income tax, our most direct comparable financial performance calculated and presented in accordance with IFRS. EBITDA refers to earnings before finance income, finance costs, income tax 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, losses on changes in fair value of financial instruments, withholding tax and any other non-cash or non-recurring income/expenses.

The Group's adjusted EBITDA reflects the Group's recurring cash flow earnings from its core operations.

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 corporate 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 between EBITDA and adjusted EBITDA and profit/(loss) before income tax for the years ended December 31, 2022 and December 31, 2021:

The Group generated EBITDA of RMB3,489.8 million in 2022, compared to RMB810.6 million in 2021. The increase in EBITDA in 2022 was primarily due to the Group had gains from Debt Restructuring Plans of RMB2,530.9 million.

The Group's adjusted EBITDA increased by approximately RMB295.3 million, or 45.3%, from approximately RMB652.1 million in 2021 to approximately RMB947.4 million in 2022. The increase in adjusted EBITDA was primarily due to the increase of the oil and gas sales revenue due to the increase in oil price.

	Year ended December 31,	
	2022	2021
	RMB'000	*RMB'000*
Profit/(loss) before income tax	**2,506,503**	(238,425)
Interest and other income	**(110)**	(17,773)
Finance costs	**596,598**	802,887
Depreciation, depletion and amortization	**386,825**	263,924
EBITDA	**3,489,816**	810,613
Share-based payment to employees	**–**	3,987
Net impairment losses on financial assets	**1,514**	17,732
Provision for/(reversal of) impairment losses on assets	**44,260**	(183,713)
Gains from the Debt Restructuring Plans	**(2,530,909)**	–
Net change in fair value of the derivative components of the 2024 Senior Notes and the new secured borrowings	**21,363**	–
Write-off of unclaimed portion of the 2024 Senior Notes	**(18,561)**	–
Write-off of the withholding tax payables	**(60,122)**	–
Others	**–**	3,465
Adjusted EBITDA	**947,361**	652,084

	Year ended December 31, 2022		
	PRC	**Others**	**Total**
	RMB'000	***RMB'000***	***RMB'000***
Profit before income tax	**734,135**	**1,772,368**	**2,506,503**
Interest and other income	**(110)**	**–**	**(110)**
Finance costs	**239,216**	**357,382**	**596,598**
Depreciation, depletion and amortization	**382,079**	**4,746**	**386,825**
EBITDA	**1,355,320**	**2,134,496**	**3,489,816**
Net impairment losses on financial assets	**33**	**1,481**	**1,514**
Provision for impairment losses on assets	**44,260**	**–**	**44,260**
Gains from the Debt Restructuring Plans	**(391,597)**	**(2,139,312)**	**(2,530,909)**
Net change in fair value of the derivative components of the 2024 Senior Notes and the new secured borrowings	**11,542**	**9,821**	**21,363**
Write-off of unclaimed portion of the 2024 Senior Notes	**–**	**(18,561)**	**(18,561)**
Write-off of the withholding tax payables	**–**	**(60,122)**	**(60,122)**
Adjusted EBITDA	**1,019,558**	**(72,197)**	**947,361**

	Year ended December 31, 2021		
	PRC	Others	Total
	RMB'000	*RMB'000*	*RMB'000*
Profit/(loss) before income tax	449,462	(687,887)	(238,425)
Interest and other income	(40)	(17,733)	(17,773)
Finance costs	195,986	606,901	802,887
Depreciation, depletion and amortization	260,110	3,814	263,924
EBITDA	905,518	(94,905)	810,613
Share-based payment to employees	2,067	1,920	3,987
Net impairment losses on financial assets	–	17,732	17,732
Reversal of impairment losses on assets	(183,713)	–	(183,713)
Others	–	3,465	3,465
Adjusted EBITDA	723,872	(71,788)	652,084

LIQUIDITY AND CAPITAL RESOURCES

The Group's primary source of cash during 2022 was cash generated from operating activities.

In 2022, the Group had net cash of RMB798.1 million generated from operating activities, net cash of RMB494.8 million used in investing activities, net cash of RMB224.2 million used in financing activities, a net increase in cash and cash equivalents of RMB79.1 million and an exchange gain on cash and cash equivalent of RMB4.7 million.

Borrowings

As at December 31, 2022, the borrowings from financial institutions and third parties amounted to approximately RMB3,054.2 million, representing a decrease of approximately RMB543.3 million as compared to December 31, 2021. Among the Group's borrowings, borrowings repayable within one year amounted to approximately RMB642.7 million, representing a decrease of RMB2,954.8 million as compared to that of December 31, 2021. All of the Group's borrowings are denominated in US dollars and Hong Kong dollars. The Group's borrowings are all at fixed interest rates. No hedging instruments were used for 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, changed from negative 865.0% as at December 31, 2021 to 241.7% as at December 31, 2022.

Our total borrowings to adjusted EBITDA ratio, which is defined as total borrowings divided by adjusted EBITDA decreased from 5.5 as at December 31, 2021 to 3.2 as at December 31, 2022.

Market Risks

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

Oil and gas price risk

Our realized oil and gas prices are determined with reference to oil and gas prices in the international market, and 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 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 December 31, 2022, all of the Group's interest under the PSCs in China, certain of the bank accounts and shares of certain subsidiaries and an associate are pledged to secure the borrowings granted to the Group with the balance of RMB2,038.3 million.

EMPLOYEES

As at December 31, 2022, the Company had 1,016 employees, all based in China (Mainland China and Hong Kong). There are no material changes to the information disclosed in the 2021 Annual Report 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 December 31, 2022.

DIVIDEND

The Board of Directors did not recommend the payment of final dividend for the year ended December 31, 2022 (2021: Nil).

CLOSURE OF REGISTER OF MEMBERS

The annual general meeting of the Company ("**AGM**") is scheduled to be held on Friday, January 12, 2024. For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, January 9, 2024 to Friday, January 12, 2024, both days inclusive, during which no transfer of shares will be registered. In order to be eligible to attend and vote at the AGM, all completed transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. (Hong Kong time) on Monday, January 8, 2024, being the last registration date.

MATERIAL DIFFERENCES BETWEEN UNAUDITED AND AUDITED ANNUAL RESULTS

Since the financial information contained in the Company's announcement dated March 31, 2023 in relation to among others, unaudited financial information for the financial year ended December 31, 2022 (the "**Unaudited Results Announcement**") was neither audited nor agreed with the Auditor as at the date of their publication, subsequent adjustments have been made to such information, Shareholders and potential investors of the Company are advised to pay attention to certain differences between the financial information of the unaudited and audited annual results of the Group. Set forth below are principal details and reasons for the material differences in such financial information in accordance with Rule13.49(3)(ii)(b) of the Listing Rules.

	Disclosure in this announcement	Disclosure in the Unaudited Results Announcement	Difference
	RMB'000	*RMB'000*	*RMB'000*
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME			
Purchases, services and other direct costs	(256,529)	(257,089)	560
Gains from the Debt Restructuring Plans	2,530,909	2,497,983	32,926
Other gains/(losses), net	63,424	63,984	(560)
Finance costs	(596,598)	(594,110)	(2,488)
Profit before income tax	2,506,503	2,476,065	30,438
Profit attributable to owners of the Company for the year	2,378,790	2,348,352	30,438
CONSOLIDATED STATEMENT OF FINANCIAL POSITION			
ASSETS			
Current assets			
Prepayments, deposits and other receivables	38,594	50,415	(11,821)
Trade receivables	111,876	100,055	11,821
EQUITY			
Reserves	(2,828,399)	234,745	(3,063,144)
Accumulated losses	—	(3,096,655)	3,096,655
LIABILITIES			
Non-current liabilities			
Provisions, accruals and other payables	189,754	223,265	(33,511)

These differences are mainly due to:

— internal offset adjustments between account items of "Purchases, services and other direct costs" and "Other gains/(losses), net";

— the reclassification between account items of "Prepayments, deposits and other receivables" and "Trade receivables" in current assets;

— the account item of "Accumulated Losses" in the unaudited results announcement are combined into "Reserves" at the time of disclosure in this announcement;

— Changes on account items of "Gains from the Debt Restructuring Plans", "Finance costs", "Other comprehensive income for the year" and "Provisions, accruals and other payables" in non-current liabilities caused by fair value adjustment.

Save as disclosed in this announcement and the corresponding adjustments in totals, percentages, ratios and comparative figures related to the differences, all other information contained in the Unaudited Results Announcement remain unchanged.

AUDIT COMMITTEE

The Audit Committee of the Company has reviewed the consolidated financial information of the Group for the year ended December 31, 2022 including the accounting policies adopted by the Group and has discussed the internal controls and financial reporting matters of the Group.

SCOPE OF WORK OF BDO Limited

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended December 31, 2022 as set out in this announcement have been agreed by the Group's auditor, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO Limited on this announcement.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

The below paragraphs set out an extract of the report by BDO Limited, the auditor of the Company, regarding the consolidated financial statements of the Group for the year ended December 31, 2022:

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("**IFRSs**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Material Uncertainty Related to Going Concern

We draw attention to Note 2.1.3 in the consolidated financial statements, which indicates that during the year ended December 31, 2022, excluding the gains from the Debt Restructuring Plans, the Group incurred a net loss of RMB152.1 million. As at December 31, 2022, the Group's current liabilities exceeded its current assets by RMB535.7 million and there was a deficit on the shareholders' funds of RMB1,720.2 million. As at the same date, the Group had total borrowing of RMB3,054.2 million and cash and cash equivalents of RMB120.3 million only. These events and conditions, along with other matters as set forth in Note 2.1.3 indicate that a material uncertainty exist that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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

Neither the Company nor any of its subsidiaries has purchased, disposed of or redeemed any of the Company's listed securities for the year ended December 31, 2022.

CORPORATE GOVERNANCE CODE

The Company has complied with the principles and code provisions as set out in the Corporate Governance Code as contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") throughout the year ended December 31, 2022.

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 the directors have confirmed that they have complied with the Model Code throughout the year ended December 31, 2022. In addition, no incident of non-compliance of the Model Code by the employees was noted by the Company.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

The electronic version of this annual results announcement is published on the websites of the Company (www.mienergy.com.cn), Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and Singapore Exchange Securities and Trading Limited (www.sgx.com). An annual report for the year ended December 31, 2022 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.

AGM

The AGM of the Company will be held in Hong Kong on Friday, January 12, 2024. Notice of the AGM will be published and sent to shareholders of the Company in due course.

CONTINUED SUSPENSION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended with effect from 9:00 a.m. on April 3, 2023, and will remain suspended until further notice pending fulfilment of the Resumption Guidance and any supplement or modification thereof.

By Order of the Board
MIE Holdings Corporation
Mr. Zhao Jiangwei
Executive Director

Hong Kong, November 29, 2023

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 (suspension of duties), 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.