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MIE HOLDINGS CORPORATION

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1555)

INTERIM RESULTS FOR THE SIX MONTHS ENDED JUNE 30, 2016

FINANCIAL SUMMARY

	Unaudited Six Months Ended June 30	
	2016	2015
	RMB'000	*RMB'000*
Revenue	**229,425**	412,600
EBITDA	**(159,255)**	161,628
Adjusted EBITDA	**87,977**	251,297
Loss for the period	**(1,399,205)**	(324,369)
— Continuing operations	**(554,319)**	(309,059)
— Discontinued operations	**(844,886)**	(15,310)
Basic loss per share (RMB per share)	**(0.485)**	(0.127)
Diluted loss per share (RMB per share)	**(0.484)**	(0.127)

	As at	
	June 30, 2016	December 31, 2015
	RMB'000	*RMB'000*
Property, plant and equipment	**2,327,636**	5,214,718
Cash and cash equivalents	**500,688**	199,166
Assets of disposal group classified as held for sale	**3,492,064**	448,052
Total assets	**7,025,024**	8,090,105
Total equity	**699,691**	2,210,996

CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Unaudited Six months ended June 30,	
		2016	2015
	Notes	***RMB'000***	*RMB'000*
			Re-presented
			Note 3 (a)
Continuing operations			
Revenue		**229,425**	412,600
Depreciation, depletion and amortization		**(157,918)**	(273,652)
Taxes other than income taxes	*12*	**(6,524)**	(13,401)
Employee compensation costs		**(63,406)**	(76,952)
Purchases, services and others		**(48,706)**	(53,907)
Distribution expenses		**(9,073)**	(10,494)
General and administrative expenses		**(28,288)**	(32,785)
Impairment		**(196,154)**	(85,031)
Other (losses)/gains, net	*13*	**(33,739)**	34,239
Finance income	*14*	**10,895**	17,990
Finance costs	*14*	**(181,436)**	(201,524)
Share of losses of investments accounted for using the equity method		**(2,790)**	(12,641)
Loss before income tax		**(487,714)**	(295,558)
Income tax expense	*15*	**(66,605)**	(13,501)
Loss for the period from continuing operations		**(554,319)**	(309,059)
Discontinued operations			
Loss for the period from discontinued operations	*8*	**(844,886)**	(15,310)
Loss for the period		**(1,399,205)**	(324,369)

CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Continued)

		Unaudited	
		Six months ended June 30,	
		2016	2015
	Notes	***RMB'000***	*RMB'000*
			Re-presented
			Note 3 (a)
Other comprehensive (loss)/income:			
Items that will not be reclassified to profit or loss			
Currency translation differences		**(23,312)**	(1,225)
Items that may be reclassified to profit or loss			
Change in value of available-for-sale financial assets		**6,303**	(8,623)
Reclassification of accumulated change in value of available-for-sale financial assets upon disposal		**–**	(842)
Other comprehensive loss for the period, net of tax		**(17,009)**	(10,690)
Total comprehensive loss for the period		**(1,416,214)**	(335,059)
(Loss)/profit for the period attributable to:			
Owners of the Company		**(1,399,452)**	(324,499)
Non-controlling interests		**247**	130
		(1,399,205)	(324,369)
Loss for the period attributable to owners of the Company arising from:			
Continuing operations		**(554,319)**	(309,059)
Discontinued operations		**(844,886)**	(15,310)
		(1,399,205)	(324,369)
Total comprehensive loss for the period attributable to:			
Owners of the Company		**(1,416,461)**	(335,189)
Non-controlling interests		**247**	130
		(1,416,214)	(335,059)

CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Continued)

		Unaudited	
		Six months ended June 30,	
		2016	2015
	Notes	***RMB'000***	*RMB'000*
			Re-presented
			Note 3 (a)
Total comprehensive loss attributable to owners of the Company arising from:			
Continuing operations		**(576,268)**	(319,529)
Discontinued operations		**(839,946)**	(15,530)
		(1,416,214)	(335,059)
Earning per share for loss attributable to owners of the Company for the period (expressed in RMB per share)			
Basic losses per share			
From continuing operations	*17*	**(0.192)**	(0.121)
From discontinued operations	*17*	**(0.293)**	(0.006)
		(0.485)	(0.127)
Diluted losses per share			
From continuing operations	*17*	**(0.192)**	(0.121)
From discontinued operations	*17*	**(0.292)**	(0.006)
		(0.484)	(0.127)

CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**Unaudited June 30, 2016 RMB'000**	Audited December 31, 2015 RMB'000
Assets			
Non-current assets			
Property, plant and equipment		**2,327,636**	5,214,718
Intangible assets		**9,131**	355,810
Investments accounted for using the equity method		**–**	505,994
Deferred income tax assets		**46,526**	23,795
Available-for-sale financial assets		**37,384**	27,105
Prepayments, deposits and other receivables	*6*	**107,082**	496,214
Restricted cash		**–**	8,495
		2,527,759	6,632,131
Current assets			
Inventories		**18,624**	44,308
Prepayments, deposits and other receivables	*6*	**264,922**	221,184
Trade receivables	*7*	**69,487**	82,595
Derivative financial instruments		**101,746**	–
Restricted cash		**49,734**	462,669
Cash and cash equivalents		**500,688**	199,166
		1,005,201	1,009,922
Assets of disposal group classified as held for sale	*8*	**3,492,064**	448,052
		4,497,265	1,457,974
Total assets		**7,025,024**	8,090,105
Equity			
Equity attributable to owners of the Company			
Share capital		**1,068,796**	1,068,796
Other reserves		**(7,087)**	65,457
(Accumulated losses)/Retained earnings		**(362,018)**	1,037,434
		699,691	2,171,687
Non-controlling interests		**–**	39,309
Total equity		**699,691**	2,210,996

CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

	Notes	**Unaudited June 30, 2016** *RMB'000*	Audited December 31, 2015 *RMB'000*
Liabilities			
Non-current liabilities			
Borrowings	*11*	**4,382,060**	4,424,247
Deferred income tax liabilities		**–**	120,130
Trade and notes payable	*9*	**13,891**	36,589
Provisions, accruals and other liabilities	*10*	**48,068**	82,340
		4,444,019	4,663,306
Current liabilities			
Trade and notes payable	*9*	**71,567**	354,151
Provisions, accruals and other liabilities	*10*	**742,083**	281,933
Current income tax liabilities		**59,419**	4,412
Derivative financial instruments		**14,704**	–
Borrowings	*11*	**559,872**	529,872
		1,447,645	1,170,368
Liabilities of disposal group classified as held for sale	*8*	**433,669**	45,435
		1,881,314	1,215,803
Total liabilities		**6,325,333**	5,879,109
Total equity and liabilities		**7,025,024**	8,090,105
Net current assets		**2,615,951**	242,171
Total assets less current liabilities		**5,143,710**	6,874,302

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

		Unaudited	
		Six months ended June 30,	
		2016	2015
	Notes	***RMB'000***	*RMB'000*
			Re-presented
			Note 3 (a)
Cash flows from operating activities			
Continuing operations			
Cash (used in)/generated from operations	*18*	**(37,750)**	324,119
Interest paid		**(189,542)**	(162,012)
Income tax paid		**(5,524)**	(6,301)
Discontinued operations	*8*	**9,148**	(68,830)
Net cash (used in)/generated from operating activities		**(223,668)**	86,976
Cash flows from investing activities			
Continuing operations			
Purchases of property, plant and equipment		**(37,657)**	(245,695)
Capital investment in associate accounted for using the equity method		**(43,490)**	(2,543)
Net cash flow from investment in available for sale financial assets		**(3,009)**	28,324
Loans to investments accounted for using the equity method		**(12,952)**	(106,371)
Net decrease in restricted bank deposits		**412, 935**	2,780
Received from disposal of subsidiaries		**595,768**	–
Interest received		**20,171**	915
Acquisition of non-controlling interests		**(90,537)**	–
Purchase of derivative financial instruments		**(123,984)**	–
Proceeds from disposal of derivative financial instruments		**26,664**	–
Others		**–**	(235)
Discontinued operations	*8*	**(118, 628)**	(63,861)
Net cash generated from/(used in) investing activities		**625,281**	(386,686)

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

		Unaudited	
		Six months ended June 30,	
		2016	2015
	Notes	***RMB'000***	*RMB'000*
			Re-presented
			Note 3 (a)
Cash flows from financing activities			
Continuing operations			
Proceeds from borrowings		**481,534**	253,080
Payment made to repurchase 2019 Notes		**(110,739)**	–
Repayments of borrowings		**(463,158)**	(1,455)
Payment for repurchase and cancellation of shares		**–**	(17,645)
Payment for shares repurchased under Share Award Scheme		**–**	(11,063)
Payment of loan arrangement and other fees		**(14,374)**	–
Increase in pledged deposit		**–**	(244,427)
Net cash used in financing activities		**(106,737)**	(21,510)
Net increase/(decrease) in cash and cash equivalents		**294,876**	(321,220)
Cash and cash equivalents at beginning of the period		**202,967**	689,208
Exchange gains/(losses) on cash and cash equivalents		**8,139**	(1,225)
Cash and cash equivalents at end of the period		**505,982**	366,763
Included in cash and cash equivalents per the condensed interim consolidated statement of financial position		**500,688**	359,982
Included in the assets of disposal group classified as held for sale		**5,294**	6,781

Notes:

1. GENERAL INFORMATION

MIE Holdings Corporation (the "Company") and its subsidiaries (together, the "Group") are principally engaged in the exploration, development, production and sale of oil and other petroleum products in the People's Republic of China (the "PRC") and the Republic of Kazakhstan (the "Kazakhstan") under production sharing contracts ("PSC") and other similar arrangements. The Group currently has two producing oil PSCs in the PRC, an exploration contract and four production contracts in Kazakhstan and a working interest in the Niobrara shale oil and gas assets in the United States of America ("USA"). The Group also participates through a joint venture in the exploration of unconventional gas assets in the PRC and as an associate in the exploration of petroleum assets located in the northern part of the South China Sea in the PRC, as further explained below.

The Company is a limited liability company incorporated in 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's shares are listed on The Stock Exchange of Hong Kong Limited ("Stock Exchange").

On March 5, 2016, the Company, Palaeontol Cooperatief U.A., an indirectly wholly-owned subsidiary of the Company (the "Seller") and Reach Energy Berhad (the "Purchaser" or "Reach") entered into a sale and purchase agreement in relation to the disposal of the shares in 60% equity interest in Palaeontol B.V., which holds 100% interest in Emir-Oil, LLP ("Emir-Oil"), by the Seller to the Purchaser and the assignment and transfer of the shareholder loans in proportion to the relevant percentage by the Company to the Purchaser at a consideration of approximately US$154.9 million (subject to adjustments based on agreed parameters). The completion of this transaction is subject to fulfilment of certain conditions. Upon completion, the Palaeontol B.V. will cease to be an indirectly wholly owned subsidiary of the Group. As at June 30, 2016, the disposal group met the criteria for classification as held for sale and discontinued operation as Emir-Oil represents the Kazakhstan operation of the Group. Further details are given in Note 8.

On April 1, 2016, the Company acquired all the 7.82% non-controlling interests in Asia Gas & Energy Ltd. ("Asia Gas") for a consideration of RMB105.1 million. On April 26, 2016, the Company entered into an agreement with China New Energy Mining Limited, an independent third party purchaser("China New Energy"), pursuant to which the Company agreed to sell and China New Energy agreed to purchase the entire issued share capital of Asia Gas and the shareholder's loan. As at the date of the purchase and sale agreement, Asia Gas is a 100% wholly owned subsidiary of the Company. The principal business activity of Asia Gas is, through its joint venture Sino Gas & Energy Limited ("SGE"), the exploration and development of unconventional gas assets located on the eastern flank of the Ordos Basin in the PRC pursuant to two separate PSCs. The disposal has been completed on July 20, 2016. The adjusted purchase price at completion is US$208.2 million (equivalent to approximately RMB1,380.4 million). Asia Gas ceased to be a subsidiary of the Group upon completion. As at June 30, 2016, the disposal group met the criteria for classification as held for sale but is not a discontinued operation. Further details are given in Note 8.

On May 25, 2016, the Company acquired 34% equity interest in PetroBroad Copower Limited ("PetroBroad"). PetroBroad is a company incorporated in Hong Kong and its principal business is exploration of petroleum assets within the 28/03 block of the Pearl River Mouth Basin in the northern part of the South China Sea pursuant to the PSC with China National Offshore Oil Corporation ("CNOOC").

The condensed interim consolidated financial information is presented in Chinese Renminbi ("RMB") unless otherwise stated. This condensed interim consolidated financial information has been approved for issue by the board of directors ("Board of Directors") on August 24, 2016.

This condensed interim consolidated financial information has not been audited.

2. BASIS OF PREPARATION

This condensed interim consolidated financial information for the six months ended June 30, 2016 has been prepared in accordance with International Accounting Standards ("IAS") 34, 'Interim financial reporting'. The condensed interim consolidated financial information should be read in conjunction with the annual financial statements for the year ended December 31, 2015, which have been prepared in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standard Board ("IASB").

3. SIGNIFICANT ACCOUNTING POLICIES

Except as described below, the accounting policies applied are consistent with those described in the annual financial statements for the year ended December 31, 2015.

(a) Re-presentation of comparative figures

The directors regard the Kazakhstan segment as discontinued operations in accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" ("IFRS 5") in this condensed interim consolidated financial information. The comparative information in this condensed interim consolidated financial information has been re-presented on a consistent basis.

(b) Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business or geographic area of operations, or is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

When an operation is classified as discontinued, a single amount is presented in the consolidated statement of comprehensive income, which comprises the post-tax profit or loss of the discontinued operations and the post-tax gain or loss recognized on the measurement to fair value less costs to sell, or on the disposal, of the assets or disposal group(s) constituting the discontinued operations.

(c) Income taxes in the interim periods are accrued using the tax rate that would be applicable to expected total annual profit or loss.

Amendments to IFRS effective for the financial year ending December 31, 2016 are not expected to have a material impact on the Group.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) (Continued)

New and amended standards issued but not yet adopted by the Group

Amendments to IAS 7	Statement of Cash Flows[1]
IFRS 9	Financial Instruments[2]
Amendments to IAS 12	Income Taxes[3]
IFRS 15	Revenue from Contracts with Customers[4]
IFRS 16 Lease5	
Amendments to IFRS 10 and IAS 28	Sale and Contribution of Assets Between An Investor and Its Associate or Joint Venture[6]

1. Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.
2. Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.
3. Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.
4. Effective for annual periods beginning in or after 1 January 2018, earlier application is permitted.
5. Effective for annual periods beginning on or after 1 January 2019, with earlier application permitted, if IFRS 15 is also applied.
6. Effective date is to be determined, with earlier application permitted.

There are no other new and amended standards that are not yet effective that would be expected to have a material impact on the Group.

4. ESTIMATE

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed interim consolidated financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended December 31, 2015.

5. SEGMENT INFORMATION

The Board of Directors assesses the performance of the operating segments based on each segment's profit.

The segment information provided to the Board of Directors for the reportable segments for the six months ended June 30, 2016 is as follows:

	PRC *RMB'000*	Kazakhstan *(Note)* *RMB'000*	USA *RMB'000*	Corporate and other segments *RMB'000*	Total *RMB'000*
From continuing operations:					
Segment revenue	**227,612**	**–**	**1,813**	**–**	**229,425**
Depreciation, depletion and amortization	**(155,922)**	**–**	**(1,770)**	**(226)**	**(157,918)**
Taxes other than income taxes *(Note 12)*	**(1,246)**	**–**	**–**	**(5,278)**	**(6,524)**
Employee compensation costs	**(32,248)**	**–**	**(768)**	**(30,390)**	**(63,406)**
Purchases, services and others	**(46,454)**	**–**	**(2,252)**	**–**	**(48,706)**
Distribution expenses	**(9,073)**	**–**	**–**	**–**	**(9,073)**
General and administrative expenses	**(7,716)**	**–**	**(1,533)**	**(19,039)**	**(28,288)**
Impairment	**(150,246)**	**–**	**(3,030)**	**(42,878)**	**(196,154)**
Other gains/(losses), net	**1,987**	**–**	**42**	**(35,768)**	**(33,739)**
Finance income	**591**	**–**	**2,665**	**7,639**	**10,895**
Finance costs	**(10,917)**	**–**	**(7)**	**(170,512)**	**(181,436)**
Share of losses of investments accounted for using the equity method	**–**	**–**	**–**	**(2,790)**	**(2,790)**
Loss before income tax	**(183,632)**	**–**	**(4,840)**	**(299,242)**	**(487,714)**
Income tax (expense)/credit	**(61,344)**	**–**	**(5,590)**	**329**	**(66,605)**
Loss for the period from continuing operations	**(244,976)**	**–**	**(10,430)**	**(298,913)**	**(554,319)**
From discontinued operations					
Loss for the period from discontinued operations	**–**	**(844,886)**	**–**	**–**	**(844,886)**
Loss for the period	**(244,976)**	**(844,886)**	**(10,430)**	**(298,913)**	**(1,399,205)**

As at June 30, 2016:

	PRC *RMB'000*	Kazakhstan *RMB'000*	USA *RMB'000*	Corporate and other segments *RMB'000*	Total *RMB'000*
Total assets	**4,029,419**	**2,179,638**	**46,162**	**769,805**	**7,025,024**
Total liabilities	**362,167**	**353,452**	**4,143**	**5,605,571**	**6,325,333**

5. **SEGMENT INFORMATION (Continued)**

For the six months ended June 30, 2015:

	PRC *RMB'000*	Kazakhstan Re-presented *(Note)* *RMB'000*	USA *RMB'000*	Corporate and other segments *RMB'000*	Total *RMB'000*
From continuing operations:					
Segment revenue	409,250	–	3,350	–	412,600
Depreciation, depletion and amortization	(273,081)	–	(333)	(238)	(273,652)
Taxes other than income taxes *(Note 12)*	(2,453)	–	(134)	(10,814)	(13,401)
Employee compensation costs	(35,861)	–	–	(41,091)	(76,952)
Purchases, services and others	(51,071)	–	(2,836)	–	(53,907)
Distribution expenses	(10,494)	–	–	–	(10,494)
General and administrative expenses	(12,018)	–	(2,657)	(18,110)	(32,785)
Impairment	(85,031)	–	–	–	(85,031)
Other gains	3,163	–	28,864	2,212	34,239
Finance income	14,838	–	1,509	1,643	17,990
Finance costs	(26,492)	–	(4,323)	(170,709)	(201,524)
Share of losses of investments accounted for using the equity method	–	–	–	(12,641)	(12,641)
(Loss)/profit before income tax	(69,250)	–	23,440	(249,748)	(295,558)
Income tax expense	(13,361)	–	–	(140)	(13,501)
(Loss)/profit for the period from continuing operations	(82,611)	–	23,440	(249,888)	(309,059)
From discontinued operations					
Loss for the period from discontinued operations	–	(15,310)	–	–	(15,310)
(Loss)/profit for the period	(82,611)	(15,310)	23,440	(249,888)	(324,369)

As at December 31, 2015:

	PRC *RMB'000*	Kazakhstan *RMB'000*	USA *RMB'000*	Corporate and other segments *RMB'000*	Total *RMB'000*
Total assets	3,942,814	3,036,764	47,177	1,063,350	8,090,105
Total liabilities	744,088	553,499	4,519	4,577,003	5,879,109

5. SEGMENT INFORMATION (Continued)

Note:

The results of the Kazakhstan segment for the six months ended June 30, 2016 are presented in the condensed interim consolidated financial information as a discontinued operation (Note 1). Accordingly, the corresponding information has been re-presented on a consistent basis of this segment information.

All segment information above represents segment results after elimination of inter-segment transactions, which primarily include interest income or expense from intra-group accounts and loans.

The revenue reported to the Board of Directors is measured consistently with that in the condensed Interim consolidated statement of comprehensive income.

Analysis of revenue by category

	Six months ended June 30,	
	2016	2015
	RMB'000	*RMB'000*
Sales of oil and gas	**229,162**	412,477
Provision of services	**263**	123
	229,425	412,600

For the six months ended June 30, 2016, total revenue from crude oil and gas sales in the PRC amounting to RMB227.3 million (2015: RMB409.1 million) are derived solely from PetroChina.

6. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

At June 30, 2016, prepayments, deposits and other receivables are summarized as follows:

	As at	
	June 30, 2016	December 31, 2015
	RMB'000	*RMB'000*
Amounts due from related parties	**187,775**	488,507
Loans and other receivables	**189,158**	107,578
Interest receivable	**4,606**	16,867
Consideration receivables from disposal of subsidiaries	**14,077**	41,307
Deposits	**56,365**	55,196
Advances to employees	**2,895**	2,715
	454,876	712,170
Less: provision for bad debt *(Note)*	**(92,997)**	(68,183)
	361,879	643,987
Value-added-tax recoverable	**–**	36,454
Prepaid expenses	**5,997**	11,966
Advances to suppliers	**23,055**	41,409
Current income tax prepayment	**–**	4,825
Less: provision for bad debt of advances to suppliers *(Note)*	**(18,927)**	(21,243)
	372,004	717,398
Current	**264,922**	221,184
Non-current	**107,082**	496,214
	372,004	717,398

Note:

As of June 30, 2016, prepayments and other receivables of RMB111.9 million (December 31,2015: RMB89.4 million) were made bad debt provisions. The individual prepayments, and other receivables made bad debt provisions mainly relate to debtors that have indications of experiencing significant financial difficulty and default.

The creation and release of provision for bad debt of receivables have been included in other (losses)/gains, net in the condensed interim consolidated statement of comprehensive income.

The other classes within prepayments and other receivables do not contain assets made bad debt provisions. The maximum exposure to credit risk at the reporting date is the carrying value of each class of prepayments and other receivables mentioned above. The Group does not hold any collateral as security.

The fair value of loans and receivables approximates to their carrying amounts.

7. TRADE RECEIVABLES

The aging analysis of trade receivables is as follows:

	As at	
	June 30,	December 31,
	2016	2015
	RMB'000	*RMB'000*
Up to 30 days	**66,617**	73,649
31–180 days	**368**	7,004
Over 180 days	**2,502**	1,942
	69,487	82,595

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

8. DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS

(a) Discontinued operations — Kazakhstan operation

As at June 30, 2016, following the approval of the Group's management and shareholders to dispose the Kazakhstan operation, the assets and liabilities related to the Kazakhstan segment have been presented as held for sale. The completion date for the transaction is expected to be within one year from the date of classification as held for sale. The results from the Kazakhstan operation for the period are presented in the condensed interim consolidated financial information as a discontinued operation and the comparative information has been represented accordingly.

The assets and liabilities related to the Kazakhstan operation were classified as held for sale and remeasured at the lower of carrying amount and fair value less cost to sell at the date of held for sale classification. The property, plant and equipment and intangible assets were written down by RMB663.0 million and RMB202.9 million to RMB1,927.3 million and RMB143.3 million respectively. The fair value less cost to sell is estimated based on the purchase consideration as stated in the sale and purchase agreement between the Group and Reach less the related transaction costs.

8. **DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS (Continued)**

(a) **Discontinued operations — Kazakhstan operation (Continued)**

The major classes of assets and liabilities in the disposal group are as follows:

	As at June 30, 2016 *RMB'000*
Assets and liabilities classified as held for sale	
Property, plant and equipment	**1,927,273**
Intangible assets	**143,315**
Trade receivables	**37,878**
Prepayments, deposits and other receivables	**39,596**
Cash and cash equivalents	**3,546**
Other current assets	**11,527**
Other non-current assets	**16,503**
Total assets of the disposal group	**2,179,638**
Trade and other payables	**185,947**
Deferred income tax liabilities	**65,500**
Income tax payable	**2,463**
Provisions, accruals and other liabilities	**99,542**
Total liabilities of the disposal group	**353,452**
Total net assets of the disposal group	**1,826,186**

Analysis of the result of discontinued operations, and the result recognized on the re-measurement of assets or disposal group, is as follows:

	Six months ended June 30,	
	2016 *RMB'000*	2015 *RMB'000*
Revenue	**155,805**	183,799
Expenses	**(190,265)**	(201,261)
Loss before tax from discontinued operations	**(34,460)**	(17,462)
Income tax credit	**55,421**	2,152
Profit/(loss) after tax from discontinued operations	**20,961**	(15,310)
Post-tax loss recognized on the re-measurement of assets of disposal group	**(865,847)**	–
Loss from discontinued operations attributable to the owners of the company	**(844,886)**	(15,310)

8. DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS (Continued)

(a) Discontinued operations — Kazakhstan operation (Continued)

Cumulative income or expense recognized in other comprehensive income/(expense) relating to disposal group classified as held for sale

	Six months ended June 30,	
	2016	2015
	RMB'000	*RMB'000*
Currency translation differences	**4,940**	(220)

Cash flows

	Six months ended June 30,	
	2016	2015
	RMB'000	*RMB'000*
Operating cash flows	**9,148**	(68,830)
Investing cash flows	**(118,628)**	(63,861)
Financing cash flows	**–**	–
Total cash flows	**(109,480)**	(132,691)

(b) Disposal groups classified as held for sale — Asia Gas

As set out in Note 1, as at June 30, 2016, the assets and liabilities related to Asia Gas have been presented as held for sale. The assets and liabilities of Asia Gas are a disposal group. However, Asia Gas is not a discontinued operation as it does not represent a major line of business of the Group.

Asia Gas's assets and liabilities were remeasured at the lower of carrying amount and fair value less cost to sell. The fair value less cost to sell is calculated based on the purchase consideration as stated in the sale and purchase agreement between the Group and the purchaser less the related transaction costs. As at June 30, 2016, the fair value less costs to sell is RMB1,374.0 million, which is higher than the carrying amount of the assets and liabilities of the disposal group.

8. DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS (Continued)

(b) Disposal groups classified as held for sale — Asia Gas (Continued)

The major classes of assets and liabilities in the disposal group are as follows:

	June 30, 2016 *RMB'000*
Assets and liabilities classified as held for sale	
Investments accounted for using the equity method	**499,502**
Prepayments, deposits and other receivables	**365,095**
Total assets of the disposal group	**864,597**
Total liabilities of the disposal group	**–**
Total net assets of the disposal group	**864,597**

(c) Disposal groups classified as held for sale — Riyadh

The assets and liabilities related to Riyadh Energy Limited ("Riyadh") have been classified as held for sale following the approval of the Group's management and shareholders on June 30, 2015. During the six months ended June 30, 2016, the Group is involved in a program to actively locate a buyer and complete the sale. As at June 30, 2016, the Directors of the Company considered that the criteria of held for sale under IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" ("IFRS 5") are still met and therefore the assets and liabilities related to Riyadh would continue to be classified as held for sale. The completion date for the transaction is expected within one year from June 30, 2016 by the Group.

In accordance with the requirements of IFRS 5, as at June 30, 2016, where the disposal group continues to be classified as held for sale, the assets and liabilities of Riyadh as disposal group should be remeasured at the lower of its carrying amount and the fair value less cost to sell at the reporting date following initial classification as held for sale. As at June 30, 2016, the fair value less costs to sell is higher than the carrying amount of the assets and liabilities of the disposal group.

9. TRADE AND NOTES PAYABLE

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

	As at **June 30, 2016** *RMB'000*	As at December 31, 2015 *RMB'000*
Up to 6 months	**14,668**	184,216
6 months–1 year	**35,399**	151,579
1–2 years	**11,724**	44,359
2–3 years	**16,503**	6,090
Over 3 years	**7,164**	4,496
	85,458	390,740

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

10. PROVISIONS, ACCRUALS AND OTHER LIABILITIES

	As at **June 30, 2016** *RMB'000*	As at December 31, 2015 *RMB'000*
Asset retirement obligations *(Note)*	**9,732**	41,160
Interest payable	**90,645**	93,198
Salary and welfare payable	**23,460**	30,112
Withholding and other tax payable	**38,683**	35,000
Deposit received related to disposal of Asia Gas	**583,546**	–
Other payables	**44,085**	164,803
	790,151	364,273
Less: non-current portion of		
— Asset retirement obligations	**(9,732)**	(41,160)
— Withholding tax payable	**(38,336)**	(32,892)
— Other payables	**–**	(8,288)
	(48,068)	(82,340)
Current	**742,083**	281,933

10. PROVISIONS, ACCRUALS AND OTHER LIABILITIES (Continued)

Note:

Movements of asset retirement obligations are as follows:

	RMB'000
At January 1, 2016	41,160
Additional provision	1,548
Amortization of discounts	485
Exchange differences	(797)
Transferred to disposal group classified as held for sale	(32,664)
At June 30, 2016	9,732

11. BORROWINGS

	As at	
	June 30, 2016	December 31, 2015
	RMB'000	*RMB'000*
Non-current		
— senior notes payable *(Note (a))*	**4,382,060**	4,424,247
Current		
— secured bank loans *(Note (b))*	**162,000**	529,872
— secured loans from a third party institution *(Note (c))*	**397,872**	–
	559,872	529,872
	4,941,932	4,954,119

Note(a)

			As at	
	Coupon rate	**Due date**	**June 30, 2016**	December 31, 2015
			RMB'000	*RMB'000*
2018 Notes	6.875%	February 6, 2018	**1,300,690**	1,266,562
2019 Notes	7.5%	April 25, 2019	**3,081,370**	3,157,685
			4,382,060	4,424,247

The 2018 Notes and 2019 Notes (collectively "Senior Notes") are general obligation of the Company and are senior in right of payment to any existing and future obligations of the Company and its subsidiaries expressly subordinated in right of payment to the Senior Notes, respectively.

The Senior Notes and the guarantees provided by the certain subsidiaries will limit the ability of the Company and certain of its subsidiaries to, among other things (and subject to certain qualifications and exceptions) incur additional indebtedness, issue preferred stock and make investment.

11. BORROWINGS (Continued)

Note(a) (Continued)

At any time on or after February 6, 2016 and April 25, 2017, the Company may at its option redeem the 2018 Notes and 2019 Notes, respectively, in whole or in part, at a redemption price equal to the percentage of principal amount set forth below, plus accrued and unpaid interest to the redemption date, if redeemed during the 12-month period commencing on February 6 and April 25, respectively, of any year set forth below:

	Redemption Price
2018 Notes	
2016	103.438%
2017	101.719%
2019 Notes	
2017	103.750%
2018	101.875%

At any time prior to February 6, 2016 and April 25, 2017, the Company may at its option redeem the 2018 Notes and the 2019 Notes, respectively, in whole but not in part, at a redemption price equal to 100% of the principal amount of the 2018 Notes and 2019 Notes, respectively, plus the applicable premium and accrued and unpaid interest to the redemption date.

In addition, at any time prior to February 6, 2016, the Company may redeem up to 35% of the aggregate principal amount of the 2018 Notes, with the net cash proceeds of one or more sales of common stock of the Company in an equity offering at a redemption price of 106.875% of the principal amount of 2018 Notes, plus accrued and unpaid interest, if any to (but excluding) the redemption date, provided that at least 65% of the aggregate principal amount of the 2018 Notes issued on the original issue date remains outstanding after each such redemption and any such redemption takes place within 60 days after the closing of the related equity offering.

At any time prior to April 25, 2017 the Company may redeem up to 35% of the aggregate principal amount of the Notes with the Net Cash Proceeds of one or more sales of Common Stock of the Company in an equity offering at a redemption price of 107.50% of the principal amount of the 2019 Notes, plus accrued and unpaid interest, if any, to (but excluding) the redemption date; provided that at least 65% of the aggregate principal amount of the 2019 Notes issued on the original issue date remains outstanding after each such redemption and any such redemption takes place within 60 days after the closing of the related equity offering.

Note(b)

As at June 30, 2016, the secured bank loans totalling RMB162.0 million is secured by the Group's right to receive its share of revenue allocated under Daan PSC. As at December 31, 2015, the secured bank loans totalling RMB96.1 million was secured by the Group's right to receive its share of revenue allocated under Daan PSC. The remaining secured bank loans totalling RMB433.8 million were secured by Group's bank deposits.

11. BORROWINGS (Continued)

Note(c)

On April 6, 2016, the Group entered into a term loan facility agreement with a third party financial institution (the "Lender"), whereby the Lender has given a commitment to the Company in aggregate of US$120.0 million to the Group. An amount of US$60.0 million was drawn down by the Company. The loan is secured by the charge over shares in respect of the entire issued share capital of Asia Gas. On July 11, 2016, the Group repaid the loan in full to the Lender.

Movements in borrowings during the six months ended June 30, 2016 are analysed as follows:

	Bank borrowings *RMB'000*	**Senior Notes** *RMB'000*	**Third party institution** *RMB'000*	**Total** *RMB'000*
Carrying amounts as at January 1, 2016	529,872	4,424,247	–	4,954,119
Drawdown of new borrowing	94,000	–	387,534	481,534
Repayments of bank borrowing	(463,158)	–	–	(463,158)
Repurchase of a portion of 2019 Notes *(Note)*	–	(152,967)	–	(152,967)
Amortization of discounts	–	18,942	–	18,942
Exchange differences	1,286	91,838	10,338	103,462
Carrying amounts as at June 30, 2016	162,000	4,382,060	397,872	4,941,932

Note:

During the six months ended June 30, 2016, the Company repurchased a portion of the 2019 Notes from the open market of US$24.0 million (equivalent to RMB159.1 million) in aggregate principal amount. The purchase consideration paid was US$17.1 million (equivalent to RMB110.7 million) and a gain of US$6.3 million (equivalent to RMB40.9 million) arose by comparing the consideration paid with the unamortized carrying amount of this portion of 2019 Notes (Note 14). On August 12, 2016, the repurchased portion of the 2019 Notes has been cancelled by the Company and as at the date of cancellation, US$476.0 million (equivalent to RMB3,156.5 million) in aggregate principal amount of the 2019 Notes remains outstanding (Note 20).

12. TAXES OTHER THAN INCOME TAXES

	Six months ended June 30,	
	2016	2015
	RMB'000	*RMB'000*
PRC		
Urban construction tax and education surcharge	**1,196**	2,169
Others	**50**	284
	1,246	2,453
Corporate and other segments		
Withholding tax and others *(Note)*	**5,278**	10,948
	6,524	13,401

Note: For the six months ended June 30, 2016, all (2015: all) withholding tax is related to interest expense arising from the intra-group loans.

13. OTHER (LOSSES)/GAINS, NET

	Six months ended June 30,	
	2016	2015
	RMB'000	*RMB'000*
Provisions for bad debt	**(23,040)**	–
Losses on changes in value of derivative financial instruments	**(12,251)**	–
Gains on write-off payables ,net	**–**	28,864
Service income	**–**	874
Others	**1,552**	4,501
	(33,739)	34,239

14. FINANCIAL COSTS — NET

	Six months ended June 30,	
	2016	2015
	RMB'000	*RMB'000*
Finance income		
Interest income on deposits	**10,895**	17,990
Finance costs		
Interest expense at coupon rates/bank rates	**(185,984)**	(170,436)
Amortization of discounts	**(24,825)**	(29,774)
Gains on repurchase of a portion of 2019 Notes *(Note 11)*	**40,873**	–
Other fees	**(3,945)**	(4,269)
	(173,881)	(204,479)
Exchange(losses)/gains, net	**(7,555)**	2,955
	(181,436)	(201,524)
Finance costs — net	**(170,541)**	(183,534)

Note: For the six months ended June 30, 2016 and 2015, the Group did not capitalize any borrowing costs.

15. INCOME TAX EXPENSE

	Six months ended June 30,	
	2016	2015
	RMB'000	*RMB'000*
Current income tax *(Note)*	**64,671**	6,897
Deferred income tax	**1,934**	6,604
	66,605	13,501

Note:

During the six months ended June 30, 2016, the Company has reassessed its current income tax position and accrued an income tax liability of RMB59.4 million in regards to a prior year offshore indirect equity transfer transaction which involved the transfer of assets held under the establishment and place in PRC. The reassessment was performed based on the updated relevant tax regulations and clarifications on this subject matter and communications with local tax authority.

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.

Income tax expense is recognized based on management's estimate of the annual income tax rate applicable to the respective group entities expected for the full financial year. The estimated income tax rates applicable to the group entities (excluding group companies that are currently tax exempted) for the year ending December 31, 2016 varies from 20% to 35% (2015: 20% to 35%).

16. DIVIDENDS

The Board of Directors does not recommend the payment of an interim dividend for the six months ended June 30, 2016 (2015: nil).

The Board of Directors does not recommend any payment of final dividend for the year ended December 31, 2015.

17. EARNINGS PER SHARE

(a) Basic

Basic losses per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the six-month period.

	Six months ended June 30,	
	2016	2015
	RMB'000	*RMB'000*
Loss from continuing operations attributable to owners of the Company	**(554,319)**	(309,059)
Loss from discontinued operations attributable to owners of the Company	**(844,886)**	(15,310)
Weighted average number of ordinary shares (thousands)	**2,886,548**	2,551,632
Basic losses per share		
From continuing operations	**(0.192)**	(0.121)
From discontinued operations	**(0.293)**	(0.006)
	(0.485)	(0.127)

17. EARNINGS PER SHARE (Continued)

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has share options outstanding which are potentially dilutive. A calculation is performed to determine the number of ordinary shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to the weighted average number of outstanding share options. The number of ordinary shares calculated above for basic earnings per share is increased by the number of ordinary shares that would have been issued assuming the exercise of the share options at the date later of beginning of the relevant period or the date of issue.

	Six months ended June 30,	
	2016	2015
	RMB'000	*RMB'000*
Losses		
Loss from continuing operations attributable to owners of the Company used to determine diluted earnings per share	**(554,319)**	(309,059)
Loss from discontinued operations attributable to owners of the Company used to determine diluted earnings per share	**(844,886)**	(15,310)
Weighted average number of ordinary shares outstanding (thousands)	**2,886,548**	2,551,632
Adjustments for:		
— Share options (thousands)	**4,700**	–
Weighted average number of diluted potential ordinary shares for diluted earnings per share (thousands)	**2,891,248**	2,551,632
Diluted losses per share		
From continuing operations	**(0.192)**	(0.121)
From discontinued operations	**(0.292)**	(0.006)
	(0.484)	(0.127)

18. CASH GENERATED FROM OPERATING ACTIVITIES

	Six months ended June 30,	
	2016	2015
	RMB'000	*RMB'000*
Loss before income tax	**(487,714)**	(295,558)
Adjustments for:		
Depreciation, depletion and amortization	**157,918**	273,652
Interest expenses — net	**162,986**	186,489
Exchange losses/(gains), net	**7,555**	(2,955)
Impairment	**196,154**	85,031
Losses from changes in fair value of derivative financial instruments *(Note 13)*	**12,251**	–
Gains on write-off payables, net	**–**	(28,864)
Value of employee services under stock option schemes	**9,282**	8,754
Share of losses of investments accounted for using the equity method	**2,790**	12,641
Provision for bad debt *(Note 13)*	**23,040**	–
Changes in working capital:		
Inventories	**(6,571)**	60,085
Trade and other receivable	**(112,339)**	78,964
Trade and other payable	**(3,102)**	(54,120)
Cash(used in)/generated from operations	**(37,750)**	324,119

19. COMMITMENTS AND CONTINGENCIES

(a) Commitments

(i) Capital commitments for the purchase of property, plant and equipment

	As at	
	June 30, 2016	December 31, 2015
	RMB'000	*RMB'000*
Authorized by the board of directors but not contracted for	**344,436**	598,993
Contracted but not provided for	**147,387**	31,377
	491,823	630,370

19. COMMITMENTS AND CONTINGENCIES (Continued)

(a) Commitments (Continued)

(ii) Operating lease commitments

The Group has operating lease commitments related to its non-cancellable operating leases for offices. The future aggregate minimum lease payments under these operating leases are as follows:

	As at	
	June 30, 2016	December 31, 2015
	RMB'000	*RMB'000*
Less than 1 year	**11,990**	10,662
Within 1–2 years	**7,807**	7,680
Within 2–5 years	**4,312**	7,373
Over 5 years	**–**	52
	24,109	25,767

(iii) According to the investment cooperation agreement, the Group has commitment to provide funding to PetroBroad for the sole purpose of financing the related well drilling costs incurred if called by PetroBroad and the maximum funding amount is US$11.5 million (equivalent to RMB76.2 million). As at June 30, 2016, US$ 6.6 million (equivalent to RMB43.5 million) has been funded to PetroBroad.

(b) Contingencies

On August 28, 2000, MI Energy Corporation ("MIE") entered into a PSC with Sinopec for exploration and development of Luojiayi 64 block at Shengli oilfield in Shandong Province, which was suspended since the end of 2004. In April 2005, MIE requested an extension from Sinopec to restart the project. On September 27, 2006, MIE received a letter from Sinopec denying the request to restart the project and seeking to terminate the PSC on the grounds that the extension period of the trial-development phase had expired and MIE had not met its investment commitment under the PSC. The Company believes its investment in the project at Shengli oilfield had met the required commitment amount under the PSC. The PSC with Sinopec has not been formally terminated and the dispute has not entered any judicial proceedings. As advised by the external legal counsel of the Company, the probability of claim from Sinopec for unfulfilled investment commitment, if any, in relation to the pilot-development phase is remote as the statute of limitations has run out.

20. SUBSEQUENT EVENT

(a) Completion of disposal of Asia Gas

On July 20, 2016, the conditions in relation to the disposal of Asia Gas have been fulfilled and completion of the transaction has taken place. The adjusted purchase price at completion, after working capital and net contribution adjustments pursuant to the sale and purchase agreement, amounting to US$208.2 million (equivalent to approximately RMB1,380.4 million). Asia Gas ceased to be a subsidiary of the Group upon completion.

(b) Repurchase and cancellation of a portion of 2019 Notes

On August 12, 2016, the Company announced that US$24.0 million in aggregate principal amount of the 2019 Notes have been purchased by the Company from the open market. As of the date of August 12, 2016,(i)the repurchased portion of the 2019 Notes has been cancelled by the Company and (ii) US$476.0 million (equivalent to RMB3,156.5 million) in aggregate principal amount of the 2019 Notes remains outstanding.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND PROSPECTS

During the first half of 2016 ("1H2016" or the "Current Period"), MIE Holdings Corporation (the "Company"), together with its subsidiaries (collectively, the "Group") continued its strategy of scaling back capital expenditures and enhancing operational efficiency in response to the continually low and volatile international oil price environment. As a result of the above factors, the Group's operated and net oil and gas production decreased period-on-period. The Group's gross operated oil and gas production decreased by 10.6% to 3.4 million barrels of oil equivalent ("BOE") compared with the first half of 2015 ("1H2015" or the "Prior Period"); our net oil and gas production decreased by 8.6% to 1.9 million BOE. The Group's oil production is in line with FY2016 guidance while gas production is slightly lower than FY2016 guidance. During the Current Period, crude oil sales decreased by 6.0% to 1.7 million barrels while gas sales decreased by 6.1% to 964 million standard cubic feet ("MMscf"). The Group's average realized oil price and average realized gas price dropped 35.6% to US$33.24 per barrel, and 28.6% to US$0.80 per thousand standard cubic feet ("Mscf"), respectively. The drop in oil prices, and the reclassification of our Kazakhstan assets as a disposal group held for sale, resulted in realized sales revenue decreasing by 44.4% to RMB229.4 million from the Prior Period. EBITDA decreased by 198.6% to negative RMB159.3 million, whilst Adjusted EBITDA decreased by 65% to RMB88.0 million in the Current Period. Accordingly, the Group accordingly reported a net loss of RMB1,399.2 million during the Current Period.

The Group also announced two major asset divestments during the Current Period: (1) the disposal of 60% equity interest in Palaeontol B.V. (holding company of the Group's Kazakhstan assets, "PBV"); and (2) the disposal of 100% equity interest in Asia Gas (holding company of the Group's 51% equity interest in SGE). These disposals allow the Group to realign resources and provide greater flexibility in balancing between capitalizing on any new acquisition opportunities that may provide more long-term strategic value to the Group and managing the various liabilities on the Group's balance sheet during this period of oil price volatility. Furthermore, regarding the Kazakhstan transaction, the introduction of a strong strategic partner with an experienced management team will bring significant value to the assets and create synergies for Emir-Oil.

During the Current Period, there were significant improvements in the Group's cost-efficiency and the Group also achieved satisfactory progress towards certain key operational objectives:

The Group made further progress in reducing operating costs for both our China and Kazakhstan operations. Lifting cost for Daan and Moliqing in China decreased 10.0% from US$8.59/barrel in 1H2015 to US$7.74/barrel during the Current Period, while lifting cost in our Kazakhstan project further decreased by 45.5% to US$2.35/barrel. EBITDA cost for our China projects decreased from US$13.85/barrel to US$13.24/barrel, representing a 4% reduction, while EBITDA cost for our Kazakhstan operations decreased by 44% from US$44.24/barrel to US$24.67/barrel as a result of lower operating costs, lower taxes and the depreciation in Kazakhstan Tenge.

- Emir-Oil entered into a new export sales agreement with our Kazakhstan export oil marketing company, Euro-Asian Oil SA, effective January 2016. Under the previous agreement, the benchmark price was Urals (RCMB) and the commission payable by Emir-Oil was around US$5/barrel. Under the new export sales agreement, the benchmark price is Brent (ICE), the commission is approximately US$5/barrel and the distribution expense decreased by about US$1/barrel. As such, the Group benefited from an overall net gain of approximately US$3/barrel pursuant to this new export sales agreement with Euro-Asian Oil SA, as compared to the previous export sales agreement.

- In May 2016, the Company entered into an investment cooperation agreement to subscribe for 34% shares in PetroBroad for a consideration of HK$3,400 and a shareholder's loan to PetroBroad in the maximum amount of US$11.5 million for the sole purpose of financing any well drilling costs incurred in the PY10–4–3 well. The PY10–4–3 well was spudded in early August 2016. PetroBroad holds a 30-year PSC contract with CNOOC, pursuant to which PetroBroad and CNOOC will jointly conduct exploration, development and production activities within the 28/03 block (67.7 km^2) in the Pearl River Mouth Basin located in the northern part of the South China Sea. There are 4 existing wells drilled by CNOOC in the contract area and 2 of them have oil shows.

OUTLOOK FOR 2016

Oil prices rebounded in the second quarter of 2016, but continued volatile swings, given concerns on the global oversupply situation. In view of continually low and volatile global oil prices, the Group will continue to focus on prudent control of operating costs and capital expenditure. The Group's two asset divestments also enhance our financial strength and liquidity, placing the Group in good stead to weather the downturn in commodity prices.

On July 20, 2016, the Company completed the disposal of the entire issued share capital of Asia Gas (holding company of the Group's 51% equity interest in SGE) for US$208,173,719. The transaction includes the transfer of a shareholder's loan US$91.3 million of to the buyer. Following completion of the disposal, Asia Gas ceased to be a subsidiary of the Company.

Review of Operating Results

Six Months Ended June 30, 2016 Compared to Six Months Ended June 30, 2015

The Group's management and shareholders approved the disposal of 60% equity interest in PBV in the Netherlands on June 20, 2016. Emir-Oil, which is located in Kazakhstan, is the 100% wholly-owned subsidiary of PBV (collectively, the "PBV Group"). The Kazakhstan operation is recognized as a disposal group and a discontinued operation as at June 30, 2016, as Emir-Oil represents the business in Kazakhstan segment, which is a major line of business of the Group. Emir-Oil's operating results from the Kazakhstan operation were recorded as a loss for the period from discontinued operations, and were not included in the results of continuing operations.

Continuing operations

Revenue

The Group's revenue decreased by RMB183.2 million, or 44.4%, from RMB412.6 million for the six months ended June 30, 2015 to RMB229.4 million for the six months ended June 30, 2016.

This decrease was mainly due to the significant decrease in crude oil prices over the same period as well as the decrease in the Group's overall sales volumes. Average realized oil price for continued operations was US$32.16 per barrel for the six months ended June 30, 2016, compared to US$52.98 per barrel for the six months ended June 30, 2015. The Group's total crude oil sales volume for continued operations was 1.09 million barrels for the six months ended June 30, 2016, compared to 1.27 million barrels for the six months ended June 30, 2015.

- **China**

  During the six months ended June 30, 2016, our China oil fields realized revenue of RMB227.6 million, including RMB227.1 million, RMB0.2 million and RMB0.3 million from oil sales, gas sales and service respectively.

  The average realized oil price was US$32.15 per barrel for the six months ended June 30, 2016, compared to US$53.08 per barrel for the six months ended June 30, 2015. Our sales volume was 1.08 million barrels for the six months ended June 30, 2016, compared to 1.26 million barrels for the six months ended June 30, 2015.

- **USA**

  During the Current Period, our USA oil fields realized revenue from crude oil sales of RMB1.8 million. The average realized oil price was US$33.75 per barrel, with sales volume of 7,991 barrels. In six months ended June 30, 2015, our USA oil fields realized revenue from crude oil sales of RMB3.2 million. The average realized oil price was US$43.27 per barrel, with a sales volume of 12,199 barrels for the six months ended June 30, 2015.

USA operation realized revenue from gas sales of RMB49.7 thousand, with a realized gas price of US$1.52 per Mscf and total gas sales volume of 4,998 Mscf for the six months ended June 30, 2016. The realized revenue from gas sales of RMB0.2 million, with realized gas price of USD2.93 per Mscf and total gas sales volume of 8,765 Mscf was recorded for the six months ended June 30, 2015.

Operating expenses

- *Depreciation, depletion and amortization*. The Group's depreciation, depletion and amortization decreased by RMB115.8 million, or 42.3%, from RMB273.7 million for the six months ended June 30, 2015 to RMB157.9 million for the six months ended June 30, 2016. The decrease in depreciation, depletion and amortization was mainly due to: (i) the decrease in sales and production volumes in 2016; (ii) no depreciation, depletion and amortization expenses recorded for Riyadh property, plant and equipment and intangible assets after Riyadh's assets and liabilities were reclassified as "held for sale" on June 30, 2015; and (iii) the impairment charged in year 2015 reduced the net book value of the property, plant and equipment, which reduced the depreciation, depletion and amortization for the six months ended June 30, 2016.

- *Taxes other than income taxes*. The Group's taxes other than income taxes decreased by RMB6.9 million, or 51.5% from RMB13.4 million for the six months ended June 30, 2015 to RMB6.5 million for the six months ended June 30, 2016. The following table summarizes taxes other than income taxes for the six months ended June 30, 2016 and 2015:

	Six months ended June 30,	
	2016	2015
	RMB'000	*RMB'000*
PRC		
Urban construction tax and education surcharge	**1,196**	2,169
Others	**50**	284
	1,246	2,453
Corporate and other segments		
Withholding tax and others	**5,278**	10,948
	6,524	13,401

China

The Ministry of Finance of the People's Republic of China ("MOF") has decided to increase the threshold of the special oil income levy from US$55 to US$65 per barrel, effective from 1 January 2015. As no sales were realized at or above US$65 per barrel during the Current Period, no special oil levy was incurred.

Corporate and other segments

Withholding Tax

Withholding tax represents accrual of withholding tax on interest charged on intercompany loans.

- *Employee compensation costs*. The Group's employee compensation costs decreased by RMB13.6 million, or 17.7%, from RMB77.0 million for the six months ended June 30, 2015 to RMB63.4 million for the six months ended June 30, 2016. The decrease in employee compensation costs was primarily due to (i) a reduction in the total number of personnel, for the six months ended June 30, 2016; and (ii) share based compensation share appreciation right, which decreased by RMB14.3 million.

- *Purchases, services and other expenses*. Our purchases, services and other expenses decreased by RMB5.2 million, or 9.6%, from RMB53.9 million for the six months ended June 30, 2015 to RMB48.7 million for the six months ended June 30, 2016. The decrease in purchases, services and other expenses was primarily due to the decrease of production and sales volumes during Current Period.

- *Distribution and administrative expenses*. The Group's distribution and administrative expenses decreased by RMB5.9 million, or 13.6%, from RMB43.3 million for the six months ended June 30, 2015 to RMB37.4 million for the six months ended June 30, 2016. The decrease in distribution and administrative expenses was primarily due to: (i) the stringent cost control measures implemented by the Group; and (ii) the decrease of production and sales volumes during the Current Period.

- *Impairment*. Due to the lower global oil price for the six months ended June 30, 2016 compared to that during FY2015, the Group has recognized (i) an impairment charge amounting to RMB150.2 million and RMB3.0 million on the long-live assets(including mineral extractions rights) relating to assets in the PRC and USA, respectively, to reflect their carrying value to the respective estimated recoverable amount calculated based on value-in-use; and (ii) an impairment charge amounting to RMB42.9 million on the investment in PetroBroad, which was purchased in May 2016.

- *Other gains, net*. The Group had other losses of RMB33.7 million for the six months ended June 30, 2016, compared to other income of RMB34.2 million for the six months ended June 30, 2015. Other losses for the six months ended June 30, 2016 arose primarily from (i) provision for bad debt amounting to RMB23.0 million; and (ii) non-cash loss on oil options amounting to RMB14.5 million.

Finance costs, net

The Group's net finance cost decreased by RMB13.0 million, or 7.1%, from RMB183.5 million for the six months ended June 30, 2015 to RMB170.5 million for the six months ended June 30, 2016. The decrease in finance cost was mainly due to gain on and unwinding of unamortized costs from open market purchases and cancellation of 2019 Notes amounted to RMB40.9 million; and which are partially set off by an increase of exchange loss amounting to RMB10.5 million. Finance income is RMB10.9 million for the six months ended June 30, 2016 compared to RMB18.0 million for the six months ended June 30, 2015.

Share of loss of joint ventures

The Group holds a 51% interest in SGE. This investment is accounted for as a joint venture by the Group and our share of loss of SGE decreased from RMB12.6 million for the six months ended June 30, 2015 to RMB2.8 million for the six months ended June 30, 2016, as a result of SGE's recognition of pilot gas sales revenue during the Current Period.

Loss before income tax

The Group's loss before income tax was RMB487.7 million for the six months ended June 30, 2016, compared to the loss before income tax of RMB295.6 million for the six months ended June 30, 2015, an increase of RMB192.1 million, or 65.0%. This decrease was primarily due to the cumulative effects of factors given above.

Income tax expense

The Group recorded income tax expense for continued operations of RMB66.6 million for the six months ended June 30, 2016, compared to income tax expense of RMB13.5 million for the six months ended June 30, 2015. This change was primarily due to (i) the tax from the gain on disposal of Pan-China Resources Ltd. in FY2014 of RMB 59.4 million; and (ii) the increase in loss before income tax (in fact loss for certain of our operations) for the period ended June 30, 2016. The effective tax rate for the six months ended June 30, 2016 was -14% compared to an effective tax rate for the six months period ended June 30, 2015 of -5%.

Loss for the period from continuing operations

As a result of the foregoing, our loss for the period from continuing operations ended June 30, 2016 was RMB554.3 million, compared to a net loss of RMB309.1 million for the six months ended June 30, 2015, an increase of RMB245.2 million, or 79.3%.

Loss for the period from discontinued operations

The Group's loss for the six months ended June 30, 2016 from discontinued operations was RMB844.9 million, compared to the loss of RMB15.3 million for the six months ended June 30, 2015, an increase of RMB829.6 million, or 5,422.2%. This increase was primarily due to the fact that property, plant and equipment and intangible assets related to Kazakhstan were written down by RMB663.0 million and RMB202.9 million to RMB1,927.3 million and RMB143.3 million, respectively, which was partially set off by the net profit for Kazakhstan operation amounting to RMB21.0 million.

Loss for the period

The Group's loss for the six months ended June 30, 2016 was RMB1,399.2 million, compared to the loss of RMB324.4 million for the six months ended June 30, 2015, an increase of RMB1,074.8 million, or 331.3%. This increase was primarily due to the cumulative effects of the above factors.

EBITDA AND ADJUSTED EBITDA

We provide a reconciliation of EBITDA and adjusted EBITDA to loss for the period, our most directly comparable financial performance calculated and presented in accordance with IFRS. EBITDA refers to continuing 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 compensation expense, assets impairment loss, geological and geophysical expense, withholding tax arising from intercompany loan, gains on write-off payables and any other non-cash or non-recurring income/expenses.

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

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

	Six months Ended June 30,	
	2016	2015
	RMB'000	*RMB'000*
Loss before income tax	**(487,714)**	(295,558)
Finance income	**(10,895)**	(17,990)
Finance costs	**181,436**	201,524
Depreciation,depletion and amortization	**157,918**	273,652
EBITDA	**(159,255)**	161,628
Value of employee services under stock option schemes	**9,282**	8,754
Impairment	**196,154**	85,031
Losses on changes in fair value of derivative financial instrument	**12,251**	–
Geological and geophysical expense	**1,227**	15,272
Withholding tax	**5,278**	10,814
Gains from investment in available for sale financial assets	**–**	(1,338)
Gains on write-off payables, net	**–**	(28,864)
Provisions for bad debt	**23,040**	–
Adjusted EBITDA	**87,977**	251,297

The Group's EBITDA decreased by approximately RMB320.9 million, or 198.6%, from approximately RMB161.6 million for the six months ended June 30, 2015 to approximately negative RMB159.3 million for the six months ended June 30, 2016. The decrease was due to: (i) the decrease in realized oil price and sales volume; and (ii) the Group recognized an impairment totally amounting to RMB196.2 million on the long-live assets during the six months ended June 30, 2016.

The Group's adjusted EBITDA decreased by approximately RMB163.3 million, or 65.0%, from approximately RMB251.3 million for the six months ended June 30, 2015 to approximately RMB88.0 million for the six months ended June 30, 2016. The decrease in adjusted EBITDA was also due to the decrease in realized oil price and sales volume.

The Group's EBITDA and Adjusted EBITDA by operating segment for the six months ended are out below:

	six months ended June 30, 2016			
	PRC	**USA**	**Corporate**	**Total**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***
Loss before income tax	**(183,632)**	**(4,840)**	**(299,242)**	**(487,714)**
Finance income	**(591)**	**(2,665)**	**(7,639)**	**(10,895)**
Finance cost	**10,917**	**7**	**170,512**	**181,436**
Depreciation,depletion and amortization	**155,922**	**1,770**	**226**	**157,918**
EBITDA	**(17,384)**	**(5,728)**	**(136,143)**	**(159,255)**
Value of employee services under stock options schemes	**1,643**	**–**	**7,639**	**9,282**
Assets impairment loss	**150,245**	**3,030**	**42,879**	**196,154**
Losses from changes in fair value of derivative financial instrument	**–**	**–**	**12,251**	**12,251**
Geological and geophysical expense	**–**	**–**	**1,227**	**1,227**
Withholding tax	**–**	**–**	**5,278**	**5,278**
Provisions for bad debt	**–**	**–**	**23,040**	**23,040**
Adjusted EBITDA	**134,504**	**(2,698)**	**(43,829)**	**87,977**

	six months ended June 30, 2015			
	PRC	USA	Corporate	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Loss before income tax	(69,250)	23,440	(249,748)	(295,558)
Finance income	(14,838)	(1,509)	(1,643)	(17,990)
Finance cost	26,492	4,323	170,709	201,524
Depreciation, depletion and amortization	273,081	333	238	273,652
EBITDA	215,485	26,587	(80,444)	161,628
Value of employee services under stock options schemes	3,436	–	5,318	8,754
Assets impairment loss	85,031	–	–	85,031
Geological and geophysical expense	–	–	15,272	15,272
Withholding tax	–	–	10,814	10,814
Gains from investment in available for sale financial assets	–	–	(1,338)	(1,338)
Gains on write-off payables, net	–	(28,864)	–	(28,864)
Adjusted EBITDA	303,952	(2,277)	(50,378)	251,297

LIQUIDITY AND CAPITAL RESOURCES

Overview

Our primary sources of cash during the six months ended June 30, 2016 were cash flows generated from investing activities.

In 1H2016, we had net cash used in operating activities of RMB223.7 million, net cash generating from investing activities of RMB625.3 million and net cash used in financing activities of RMB106.7 million and a translation gain for foreign currency exchange of RMB8.1 million, resulting in a net increase in cash and cash equivalent of RMB294.9 million compared to the cash balance of RMB203.0 million as at December 31, 2015.

Cash used in operating activities

Net cash used in operating activities was RMB223.7 million for the six months ended June 30, 2016. In 1H2016, our net cash used in operating activities included a loss before income tax of RMB487.7 million adjusted for, among other things, depreciation, depletion and amortization of RMB157.9 million, net interest expenses of RMB163.0 million, an unrealized foreign exchange loss of RMB7.6 million, an impairment loss on assets of RMB196.2 million, loss from changes in fair value of derivative financial instrument of RMB12.3, value of employee services under stock option scheme of RMB9.3 million, share of loss from investments accounted for using the equity method of RMB2.8 million and provision for bad debt of RMB23.0 million. The cash movements from changes in working capital in the six months ended June 30, 2016 included an increase in trade and other receivables of RMB112.5 million; a decrease in trade and other payables of RMB3.1 million; an increase in inventories of RMB6.6 million; interest paid of RMB189.5 million; income tax paid of RMB5.5 million and cash generated from discontinued operations of RMB9.1 million.

Net cash generated from operating activities was RMB87.0 million for the six months ended June 30, 2015. In the first half of 2015, our net cash generated in operating activities included a loss before income tax of RMB295.6 million adjusted for, among other things, depreciation, depletion and amortization of RMB273.7 million, net interest expenses of RMB186.0 million, an impairment loss on assets of RMB85.0 million, value of employee services under stock option scheme of RMB8.8 million, an unrealized foreign exchange gain of RMB3.0 million, share of loss from investments accounted for using the equity method of RMB12.6 million and gains on write-off payables of RMB28.9 million. The cash movements from changes in working capital in the six months ended June 30, 2015 included a decrease in trade and other receivables of RMB79.0 million; a decrease in trade and other payables of RMB53.7 million; a decrease in inventories of RMB60.1 million; interest paid of RMB162.0 million; and income tax paid of RMB6.3 million and cash used in discontinued operations of RMB68.8.

Cash generated from investing activities

Net cash generated from investing activities for the six months ended June 30, 2016 amounted to RMB625.3 million, mainly as a result of purchases of: (i) property, plant and equipment of RMB37.7 million, (ii) capital investment in associate accounted for using the equity method of RMB 43.5 million, (iii)net cash flow from investment in available for sale financial assets of RMB3.0 million, (iv) loans to investments accounted for using the equity method of RMB13.0 million, (v) acquisition of non-controlling interests of RMB90.5 million,(vi) purchase of derivative financial instruments of RMB124.0 million, and (vii)cash used in investing activities in discontinued operations of RMB118.6 million, offset by: (i) a decrease in restricted bank deposits of RMB412.9 million, (ii) Received from disposal of subsidiaries of RMB595.8 million, (iii) interest received of RMB20.1 million, and (iv) proceeds from disposal of derivative financial instruments of RMB26.7 million.

Net cash used in investing activities for the six months ended June 30, 2015 amounted to RMB386.7 million, mainly as a result of purchases of: (i) property, plant and equipment of RMB245.7 million, (ii) capital investment in associate accounted for using the equity method of RMB2.5 million, (iii) loans to investments accounted for using the equity method of RMB106.4 million, (iv)cash used in investing activities in discontinued operations of RMB63.9, and (v) others of RMB0.2 million, offset by: (i) net cash inflow from investment in available for sale financial assets(i.e. preferred shares and bonds) of RMB28.3 million, (ii) a decrease in restricted bank deposits of RMB2.8 million, and (iii) interest received of RMB0.9 million.

Cash used in financing activities

Net cash used in financing activities for the six months ended June 30, 2016 amounted to RMB106.7 million due to proceeds from borrowings of RMB481.5 million, offset by: (i) payment made to repurchase of the 2019 Notes of RMB110.7 million; (ii) repayments of borrowings of RMB463.2 million, and (iii) payment of loan arrangement and other fees of RMB14.3 million.

Net cash used in financing activities for the six months ended June 30, 2015 amounted to RMB21.5 million due to proceeds from borrowings of RMB253.1 million, offset by: (i) payment for repurchase and cancellation of shares of RMB17.6 million, (ii) payment for shares purchased under share award scheme of RMB11.1 million, (iii) repayments of borrowings of RMB1.5 million, and (iv) increase in pledged deposit of RMB244.4 million.

As at June 30, 2016, the Group's bank borrowings and Senior Notes amounted to approximately RMB4,941.9 million, representing a decrease of approximately RMB12.2 million as compared to December 31, 2015.Among which, borrowings repayable within one year amounted to approximately RMB559.9 million, representing a decrease of RMB30.0 million as compared to December 31, 2015. All of the Group's bank borrowings and Senior Notes are denominated in RMB and United States Dollars. The Group's bank borrowings and Senior Notes are all at fixed interest rates. No hedging instruments are used for bank borrowings and Senior Notes.

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, increased from 68.3% as at December 31, 2015 to 86.4% as at June 30, 2016.

Our Total Borrowings to Adjusted EBITDA ratio, which is defined as total borrowings divided by Adjusted EBITDA increased from 13.39 as at December 31, 2015 to 28.09 (annualized) as at June 30, 2016.

Market Risks

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

Oil price risk

Our realized oil prices are determined by reference to oil prices in the international market, 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. During the first half of 2016, the Group entered into oil hedge options contracts to manage its price risk.

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 functional currency of the Kazakhstan subsidiary is in US dollars and all export sales are in US dollars. The transactions of the Kazakhstan subsidiary which are denominated in the Kazakhstan Tenge are exposed to fluctuations in the US dollars and Kazakhstan Tenge exchange rate. Management is not in a position to anticipate changes in the PRC foreign exchange regulations or the fluctuations between the US dollar and Kazakhstan Tenge exchange rates, and as such is unable to reasonably anticipate the impacts on the Group's results of operations or financial position arising from future changes in 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 30 June 2016, RMB397.9 million term loan was secured by the charge over shares in respect of the entire issued share capital of a subsidiary. On July 11, 2016, the Group repaid the loan in full. Other than that, RMB162.0 million bank loan was secured by the Group's right to receive its share of revenue allocated under Daan PSC.

EMPLOYEES

As at June 30, 2016, the Company had 1,624 employees, with 1,400 based in China (Mainland and Hong Kong), 220 based in Kazakhstan and 4 based in USA. There have been no material changes to the information disclosed in the Annual Report 2015 in respect of the remuneration of employees, remuneration policies and staff development.

CONTINGENCIES

On August 28, 2000, MI Energy Corporation ("MIE") entered into a PSC with Sinopec for exploration and development of Luojiayi 64 block at Shengli oilfield in Shandong Province, which was suspended since the end of 2004. In April 2005, MIE requested an extension from Sinopec to restart the project. On September 27, 2006, MIE received a letter from Sinopec denying the request to restart the project and seeking to terminate the PSC on the grounds that the extension period of the trial-development phase had expired and MIE had not met its investment commitment under the PSC. The Company believes its investment in the project at Shengli oilfield had met the required commitment amount under the PSC. The PSC with Sinopec has not been formally terminated and the dispute has not entered any judicial proceedings. As advised by the external legal counsel of the Company, the probability of claim from Sinopec for unfulfilled investment commitment, if any, in relation to the pilot-development phase is remote as the statute of limitations has run out.

DIVIDEND

The Board has resolved that no interim dividend will be paid for the six months ended June 30, 2016.

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 interim financial information of the Group for the six months period ended June 30, 2016 are unaudited, but has been reviewed by PricewaterhouseCoopers in accordance with International Standard on Review Engagement 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the entity" issued by the International Auditing and Assurance Standards Board.

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

For the six months ended June 30, 2016, the Company repurchased (the "Repurchase"), from the secondary market, an aggregate principal amount of US$24 million of the US$500 million 7.5% Senior Notes due in 2019 and listed on the Singapore Exchange Securities Trading Limited (the "2019 Notes"). The aggregate price paid by the Company for the Repurchase was US$17.1 million.

Subsequent to the Repurchase, the repurchased 2019 Notes in the aggregate principal amount of US$24 million have been cancelled. As at the date of this announcement, an aggregate principal amount of US$476 million of the 2019 Notes remains outstanding. For further details, please refer to Note 20(b) to the financial information in this announcement.

CORPORATE GOVERNANCE CODE

The Company has complied with the principles and code provisions as set out in the Corporate Governance Code (the "CG Code") as contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the period from January 1, 2016 to June 30, 2016, except for Code Provisions A.2.1 as explained below.

Code Provision A.2.1

Code Provision A.2.1 of the CG Code stipulates that the roles of Chairman and Chief Executive Officer are required to be separated and not to be performed by the same individual. Mr. Zhang Ruilin ("Mr. Zhang") is the Chairman of the Board. In addition to the role of Chairman of the Board, the role of Chief Executive Officer is also designated to Mr. Zhang. This constitutes a deviation from Code Provision A.2.1. The reason for such deviation is set out below.

The Company is engaged in the oil and gas exploration and production business which is different from integrated oil companies engaging in both upstream and downstream operations. In light of this, the Board considers that the interest of the Company's oil and gas exploration and production business is best served when strategic planning decisions are made and implemented by the same person. The Nomination Committee of the Company also agreed that it is in the best interest of the Company that the roles of the Chairman of the Board and Chief Executive Officer be performed by the same individual. In this respect, the Company does not currently propose to designate another person as the Chief Executive Officer of the Company. However, the Company will continue to review the effectiveness of the Group's corporate governance structure and consider whether any changes, including the separation of the roles of Chairman and Chief Executive Officer, are necessary.

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 to all the directors and the directors have confirmed that they have complied with the Model Code throughout the six months ended June 30, 2016. In addition, no incident of non-compliance of the Model Code by the employees was noted by the Company.

MISCELLANEOUS

The Directors are of the opinion that there have been no material changes to the information published in its annual report for the year ended December 31, 2015, other than those disclosed in this interim results announcement.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

The electronic version of this interim results announcement is published on the websites of the Company (http://www.mienergy.com), 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, 2016 containing all the information required by Appendix 16 to the Listing Rules will be dispatched to shareholders of the Company and published on the said websites in due course.

By Order of the Board of
MIE Holdings Corporation
Mr. Zhang Ruilin
Chairman

Hong Kong, August 24, 2016

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