**PVA: Explanation on Auditor's opinion**

On April 14, 2017, PetroVietnam Nghe An Construction Joint Stock Corporation announced the Explanation on Auditor's opinion as follows:

1. Specific statement of the Company for the fiscal year ended as at December 31, 2016 was made based on the assumption that the company worked continuously. However, as at December 31, 2017, total short- term debts exceeded short- term assets with an amount of VND 20,483,031,276, and cumulative loss of the company was VND 196,679,337,358. Board of Management has made new business plan in order to ensure the solvency of the company in at least one year.

In particular: at present, the company is making appropriation for short- term receivables: VND 33,139,708,357. In 2017, the company shall focus on the main task of collecting debts, especially bad debts, that have not been paid before in order to offset this appropriation.

2. As at December 31, 2016, receivables and payables of the company have not been fully compared and certified. We have sent letter to confirm them, but at the date of releasing this report, we have not fully received letter of confirmation for the above debts.

Because of economic crisis from 2012 to now, the company could not arrange jobs and its centrally administered divisions had to find their own jobs or leave the job temporarily, causing interruption in the work of the company. As a result, comparing to confirm debts in accordance with legal regulations was not promptly conducted as regulated. The company commits to fully gather such comparison of receivables and payables in accordance with legal regulations within the first 6 months of 2017.

3. The Company has not make appropriation for loss of investment in subsidiaries and associates with the amounts of VND 23,565,529,728 and VND 1,274,875,901 respectively. Consequently, indicators of long- term financial investment provision, financial expenses in the specific financial statement in the fiscal year ended as at December 31, 2016 of the company were missing compared to the corresponding amounts.

Reason: At present, the company is conducting divestment in PetroVietnam Cua Lo Urban Investment Joint Stock Company and plans to conduct divestment in Nghe An Petroleum Tourism & Investment Joint Stock Company (Hoang Mai Ngoc). As a result, the company could not make appropriation for long- term financial investment for in these two subsidiaries.

4. The company has not appropriate deducted tangible fixed assets with an amount of VND 1,568,157,290. Therefore, indicators of accumulated depreciation and corporate management expense indicated in the specific financial statements as at December 31, 2016 of the company were missing compared to the corresponding amounts.

Reason: From 2012 to now, the company has had no jobs, generating no revenue. Some equipment has not worked until now. Consequently, the company did not conduct depreciation of assets as regulated.

5. The company has not recognized fine for tax payment delay with an amount of VND 1,212,592,199. Consequently, indicators of other expenses and profit after corporate income tax specified in specific financial statements for the fiscal year ended as at December 31, 2016 of the company were missing compared to the corresponding amounts.

At present, PVNC is making all efforts to pay tax debts in order to ask to reduce the interest on delayed payment. As a result, it has not account the amount in the period.

6. The Company has not recognized loan interest with an amount of VND 5,129,842,519. As a result, indicators of payables and financial expenses specified in specific financial statements for the fiscal year ended as at December 31, 2016 of the company were missing compared to the corresponding amounts.

Reason: Since our company had no revenue, we only recognize loan interest to be paid only when such interest arisen.

7. In the year, the company recognized revenue from construction of Hoang Mai Industrial Park with an amount of VND 65,542,175,250. However, we have not had auditing evidence in order to ensure the existence and value of the above revenue. Therefore, we did not give our opinion on the existence and value of such amount as well as its impacts on indicators specified in specific financial statements for the fiscal year ended as at December 31, 2016 of the company.

Clause 9.17, Article 9 of internal exchange contracts specifies that “… in case settlement for the construction is reduced due to assessment, inspection and audit by competent authority after the construction is accepted, transferred and put into operation, the Team (construction unit) shall cooperate with the company to explain and protect data and return the reduced amount”. Consequently, construction units shall bear such reduced amount and PVNC shall recognize its revenue in 2016. At present, PVNC is focusing on directing internal settlement in order to compare and collect debts in Hoang Mai Project.

8. In the year, the company did not recognize interest from lending other companies and individuals with the amount of VND 5,779,998,456. Therefore, indicators of other receivables and revenue from activities specified in specific financial statements for the fiscal year ended as at December 31, 2016 of the company were missing compared to the corresponding amounts.

Reason: Subsidiaries of the company did not have jobs, gaining no revenue, failing to collect debts, and unable to pay principals and interest as well. As a result, the company has not calculated loan interest to be paid to the divisions.

9. The entire audited financial statements were posted in the website: www.pvnc.com.vn.

We undertake that the above information is true and correct and we shall take full responsibilities to the law for such information.