**LNC: Explanation for the qualified opinion**

On 16 Apr 2020, LeNinh Joint Stock Company explained the qualified opinion as follows:

The Company's auditor provided the qualified opinion that the influence of the qualified opinion in the audit report of the previous years might have an impact on this year's audit report. The reason for the qualified opinion came from the event that occurred in 2017, due to the severe impact of typhoon No.10 hitting Quang Binh province and southern Ha Tinh province in the afternoon of September 15, 2017, at that time, the business rubber garden of LeNinh Joint Stock Company suffered loss on 20.52 hectares. According to the Company's estimated figures, the remaining value of damaged rubber plantations is VND 2,020,752,748. Immediately after this event, the Company must prepare a financial statement for the operation period from January 1, 2016 to September 30, 2017 in accordance with Circular 127/2014/ TT - BTC dated 05 Sep 2014 of the Ministry of Finance on "Guidance on financial handling and enterprise valuation when transforming 100% state-owned enterprises into joint stock companies"; this is the period the Company operates in the form of one-member company limited before officially transforming into a Joint Stock Company

Accordingly, in the financial statements prepared for this period of operation, the Company recorded a decrease in the cost of fixed assets based on the residual value of the rubber farm damaged by typhoon No.10 in 2017. However, the time affected by the typhoon was September 15, 2017 but through the process of checking and determining the value of damage of Departments, committees and branches, it took a long time and on March 9, 2018, Quang Binh People’s Committee issued Decision No.109/ QD - UBND dated March 9, 2018 approving the damage by storm No.10 for the Company and was treated to reduce state capital

In addition, in the period of official transformation into a Joint Stock Company and preparation for financial statements for the above period, all employees of the Company must gather all their energy and time to deal with the damage caused by the storm No.10, aiming to stabilize as soon as possible to continue production and business activities, ensuring jobs for many employees and local labor. On the other hand, the preparation for the financial statement for the transition period (from the time of valuation of the enterprise to equitize until officially transferred into Joint Stock Company) took place urgently to keep pace with the time of making financial statements to submit the competent levels for approval. In addition, the Company's Rubber Garden is a special asset, with continuous investment from the basic rubber tree gardens (rubber gardens in the process of caring, ineligible for exploitation) over a number of periods, resulting in investment costs and depreciation difficult to identify individually while the effects of the typhoon on the garden are not distributed in specific areas (the trees which can be still exploited are retained; the trees that cannot be exploited must be removed)

Regarding the accounting process with this issue, the Company reported to the competent State management agencies in the locality and was approved and had specific explanations with the auditors. Accordingly, the auditor noted in the financial statements to ensure compliance with the provisions of the current standards and regulations. However, from the Company's perspective, the above mentioned matter does not materially affect 2019 financial statements as well as shareholders' benefits