**PVA: Explanation for the disclaimer of opinion on the audited financial statement of 2019 of PetroVietnam Nghe An Construction JSC**

On 13 May 2020, PetroVietnam Nghe An Construction JSC explained the the disclaimer of opinion on the audited financial statement of 2019 of PetroVietnam Nghe An Construction JSC as follows:

Audit report for the fiscal year ended on December 31, 2018 No.0205/2019/ BCTC-KTV/ HN signed on May 15, 2019 with the disclaimer of opinion. The effects of the issues mentioned in the audited financial statements for the fiscal year ended on December 31, 2018 of PetroVietnam Nghe An Construction JSC still existed in the financial statement for the fiscal year ended on December 31, 2019

We were not allowed to witness the inventory of fixed assets on December 31, 2019 as well as at the time of auditing. We could not perform replacement procedures so we could not assess the existence and accuracy of cash, inventories and fixed assets recorded on the Balance Sheet on December 31, 2019 with the value of VND 198.3 million, VND 83.71 billion, VND 11.13 billion as well as provision for devaluation of inventories (if any) of the Company on December 31, 2019

In 2019, the Company did not deduct depreciation of tangible fixed assets with the amount of VND 2.3 billion. If the Company carried out the depreciation of tangible fixed assets, on the Balance Sheet, the item "accumulated depreciation" (code 223) would increase/ decrease with the amount of VND 2.3 billion and the item "undistributed after-tax profit" (code 421) would reduce with the amount of VND 2.3 billion . At the same time, in the income statement, the target "enterprise management expenses" (code 25) would increase by VND 2.3 billion and "profit after tax" (code 60) would reduce by VND 2.3 billion

We sent a letter for confirming the receivable and payable debts to related subjects. However, at the time of issuing this audit report, we did not receive confirmation of the balance on December 31, 2013 of short-term receivable from customers, short-term prepayment to sellers, the receivable on the schedule of construction contracts, receivables from short-term loans, other short-term receivables, long-term receivables from customers, short-term payables to suppliers, short-term prepayment, payables according to the schedule of construction contracts, short-term loans and finance lease liabilities, other short-term payables and other long-term payables with the amount of VND 106 billion; VND 38.8 billion; 10.62 billion; VND 26.9 billion; VND 201.73 billion; VND 112.41 billion; VND 121.42 billion VND; VND 130.67 billion; VND 10.8 billion; VND 39.78 billion; VND 93.85 billion; VND 150.92 billion respectively. At the same time, the Company did not calculate and made a full provision for short-term receivables of customers, short-term prepayment to suppliers, receivables of short-term loans, other short-term receivables, long-term receivables from customers. According to the Company's books, we could not determine the exact value and make appropriate adjustments to the above mentioned debt balances on the balance sheet on 31 December 2019. We also could not accurately estimate interest on loans and borrowings in the year

We did not receive a confirmation of capital contribution for the investment in PetroVietnam Ha Tinh Investment and Construction Joint Stock Company and PetroVietnam Cua Lo Urban Investment Joint Stock Company on December 31, 2019 with the value of VND 681.93 million and VND 1.27 billion respectively. At the same time, we did not receive the audited financial statement ended on December 31, 2019 of the investments of PetroVietnam Ha Tinh Investment and Construction Joint Stock Company and PetroVietnam Cua Lo Urban Investment Joint Stock Company. Therefore, we could not determine whether or not to adjust the loss of the capital contribution to these entities (if any)

The financial statements of the Company are presented under the assumption of continuous operation although in the fiscal year ended on December 31, 2019, the Company did not generate revenue from the main business and production activities. The loss of VND 1,329,884,730 led to the accumulated loss on December 31, 2019: VND 279,912,916,101, exceeding the equity of VND 32,618,281,132. In addition, the Company did not comply with the tax law, resulting in late tax payment, so from 2015 the Company has been forced for unused invoices by the Tax Department of Nghe An Province. During this period, due to the lack of capital, the activities of the Company were moderated and the, contributing money to the State Budget before each invoice was issued. These issues existed uncertainties affecting the Company's ability of continuous operation. At the time of issuing this Audit Report, we did not have sufficient grounds to give an opinion of a continuous operation assumption of the Company