**PVR: Explanation for the disclaimer of opinion**

On 04 Aug 2020, Hanoi PVR Investment Joint Stock Company explained the disclaimer of opinion follows:

According to the Independent Auditing Report No. 030820.001/BCTC.KT7 of AASC Auditing Company Limited on August 3, 2020. The disclaimer of opinion of the Auditing Company in the financial statement of PVR on June 30, 2020 related to the following issues:

+ The Company did not declare and temporarily pay corporate income tax on the deposits with customers for Van Phu Project in accordance with the current tax regulations

+ The Company did not make a provision for devaluation of long-term financial investments in Binh An Investment and Development Joint Stock Company (Binh An Company) with a value of VND 205.08 billion. In addition, the auditor was unable to provide the correctness of the share transfer contract at Binh An Company on June 30, 2011 between Ocean Hospitality and Service Joint Stock Company (OCH) and Hanoi PVR Investment Joint Stock Company (PVCR) and it was impossible to determine whether the founding shareholders and ordinary shareholders of Binh An Company fully contributed capital or not

+ The value of construction in progress of Tan Vien high-class international tourist area project accumulated until June 30, 2020 with the amount of VND 67.89 billion. We could not collect all documents, evidence of investment efficiency as well as specific implementation orientation of the Company to assess the possibility of losses on the investment costs of this Project

+ Capital investments in Vietnam Petroleum Investment and Construction Joint Stock Company and Lam Kinh Petroleum Hotel Joint Stock Company with the value of VND 21.35 billion and VND 5 billion respectively. The Company did not collect the financial statement on 30 Jun 2020 of these entities as a basis for making provision for devaluation of financial investments

+ On 30 Jun 2020, the Company could not accurately evaluate the investment efficiency of the CT10-11 Van Phu Project because the current market calculation parameters were not sufficient and might be volatile. Accordingly, the Company did not determine and make any provision for devaluation of inventory for uncompleted expenses of this Project at VND 692.53 billion

+ Receivables and payables of the Company on 30 Jun 2020 were not collated and confirmed fully. The specific balances were as follows: Receivable debt: VND 36.91 billion; payables: VND 500.65 billion. We did not collect sufficient evidence about whether or not it is necessary to make provision for doubtful debts

PVR would like to explain the disclaimer of opinion of the auditing company as follows:

At the time of preparing the financial statement of 30 Jun 2020, PVR did not collect the financial statement of Binh An Development and Investment Joint Stock Company. The Company sent a written request to Binh An company to provide a financial statement as a basis for the provision but Binh An Company did not provide it to us. Therefore, PVR had no basis to make provisions for this investment

At the time of making the financial statement on June 30, 2020, due to the time of making financial statement early and not able to contact the Vietnam Petroleum Investment and Construction Joint Stock Company to request for the financial statement Therefore, bases for PVR making provision for investments of Vietnam Petroleum Investment and Construction Joint Stock Company and Lam Kinh Petroleum Hotel Joint Stock Company were of financial statements on December 31, 2016 and December 31, 2019 respectively

Inventory: For financial statement on 30 Jun 2020, the Company was able to accurately assess the investment efficiency of the CT10-11 Van Phu project due to the incomplete accounting parameters on market. Therefore, the Company did not have grounds to make provision for devaluation of inventories

For financial investments, the receivables and payables were monitored, however due to the time of making financial statement early, we were not able to send a full confirmation letter for many debts. We will endeavor to fully complete and provide the auditor, and we recognize that receivables and payables and uncollated financial investments are correct

For the project of Tan Vien high-class international tourist area, the Company has been performing related work to complete the necessary legal documents