



 COTECCONS

 BUILDING FUTURES  
COTECCONS

# NEWSLETTER #2 - 2023

# UNANIMITY

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# 01. HIGHLIGHT

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## COTECCONS AND MICROSOFT VIETNAM SIGNED A COMPREHENSIVE COOPERATION AGREEMENT - LAYING THE FOUNDATION FOR THE DIGITAL TRANSFORMATION JOURNEY

Coteccons and Microsoft Vietnam officially signed a digital transformation comprehensive cooperation agreement for the period 2023 - 2025. Under the agreement, Coteccons will leverage Microsoft's technology and solutions to drive digital transformation strategies across four core areas, including enhancing customer experiences, establishing a safe and modern working environment, optimizing business operations, and innovating Coteccons's products and services. In the future, Coteccons commits to investing all necessary resources to undertake various projects aimed at harnessing the power of Microsoft's technology and solutions. The collaboration with Microsoft will serve as the backbone throughout Coteccons' digital transformation journey.



2

## COTECCONS AND TRUNG THUY GROUP SIGNED A STRATEGIC PARTNERSHIP AGREEMENT

On June 3rd, 2023, Coteccons and Trung Thuy Group officially signed a strategic partnership agreement, and at the same time, initiated the Nam O Project in Lien Chieu District, Da Nang City. With the reputation and shared values that both parties are contributing to society, Coteccons committed to bringing the project to completion with the highest quality in terms of both technical aspects and aesthetic standards.



3

## UNICONS APPOINTED THE NEW COMMERCIAL DIRECTOR

On June 19th, Unicons achieved another milestone in its development as Mr. Vuong Minh Hung, the Head of Cost and Contracts Management Department officially received the appointment decision to the position of Commercial Director of Unicons. Mr. Hung presented his vision for the future development of the Commercial Division. Specifically, he will closely monitor the activities of the departments such as Bidding, Cost and Contract Management, aiming to enhance bidding success while maintaining the company's profitability. Mr. Hung also shared plans to improve the operations of the Equipment Department and the Safety-Construction Force Department in the future.



4

## A MEETING BETWEEN THE SENIOR LEADERSHIP OF COTECCONS AND LEGO VIETNAM TO EVALUATE THE LEGO FACTORY PROJECT

During the meeting, Coteccons and LEGO Vietnam had the opportunity to reflect on their collaboration on the LEGO Factory Project in Binh Duong, objectively assess progress and discuss positive changes. Additionally, Coteccons presented its development plan, mission and vision, leadership structure, and corporate culture. Particularly, the sustainable development program, Environmental, Social and Governance (ESG), was highlighted, which is being implemented for employees, with the aim of providing the best collaborative experience for LEGO Vietnam.



5

## COTECCONS WAS HONORED TO RECEIVE THE TOP ENTERPRISE IN DIVERSITY, EQUITY AND INCLUSION AWARD (DEI)

On June 29th, Coteccons was awarded the Top Enterprise in Diversity, Equity, and Inclusion (DEI) at 'Vietnam Top 50 Outstanding Sustainable Development Enterprises in 2023', organized by the Nhip Cau Dau Tu Magazine. The award acknowledged Coteccons's commitment to placing people at the center of its business activities and its pursuit of ESG goals.



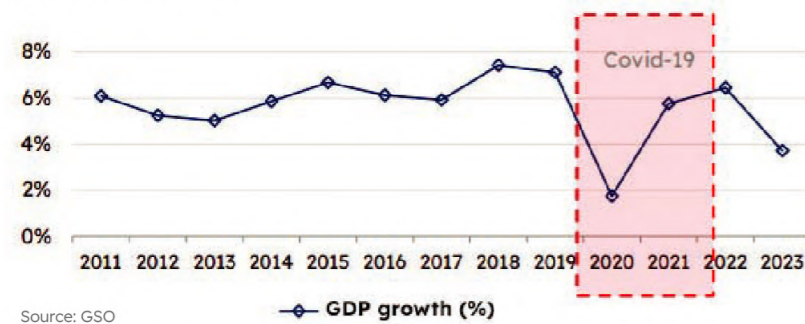
# 02. MARKET INFORMATION

## THE REAL ESTATE MARKET

### FACTORS AFFECTING THE REAL ESTATE MARKET

#### GDP

For the first 6 months of 2023, GDP **increased by 3.72%**, which is only higher than the growth rate of 1.74% of the first 6 months of 2020 for the period 2011-2023.



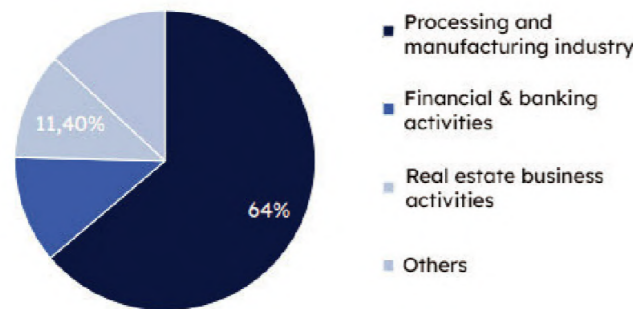
Source: GSO

— GDP growth (%)

Chart: GDP Growth for the first 6 months of 2023 (%)

#### FDI

From January 1st to June 20th of 2023, the total registered FDI capital in Vietnam reached **13.43 billion USD**. The real estate business sector **ranked third** with a total registered capital of **1.53 billion USD, a decrease of 51.5%** compared to the same period.



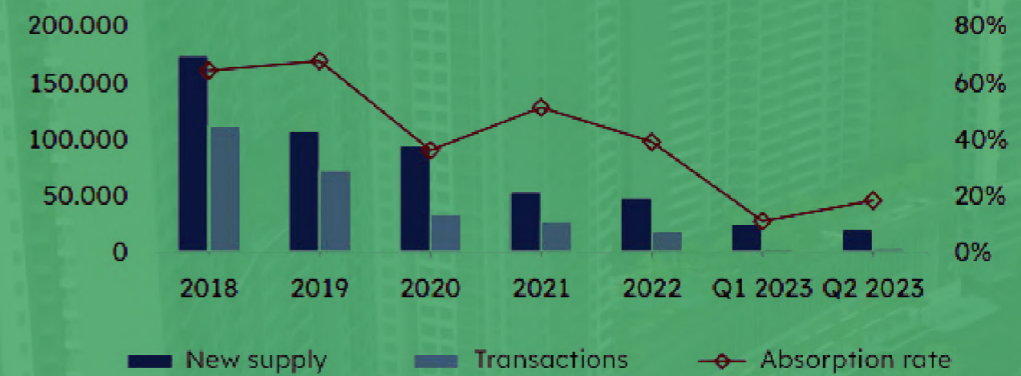
Source: MPI

Chart: FDI attraction in the first 6 months of 2023 by sector (%)

There are also other factors, such as the legal frameworks, temporary halt in interest rate hikes, positive changes in the disbursement of public investment capital, increase in real estate credit, etc.

### COMMERCIAL - RESIDENTIAL REAL ESTATE

- Several commercial centers have been purposely closed for renovations and upgrades. This change is a promising signal for the market in the context of increasingly discerning customer demands.
- Rental spaces have experienced a sales slump, especially in townhouses.
- As businesses have gradually scaled down, the risk of temporary surplus in supply became evident, particularly in the office and retail rental segments.



Source: Vars 2023

Chart: Housing supply and transactions during the period of 2018 - 2023.

In the second quarter of 2023, Vietnam recorded more than 200 housing projects being opened for sale, most of which are projects in the next phases, providing the market with around 20,000 products.

- The majority of the supply source modestly consists of low-rise developments and land plots, accounting for 53% of the total housing supply nationwide.
- New supply sources are primarily concentrated in the Southwestern market (accounting for 44% nationwide).



Coteccons is simultaneously implementing various sections for the LEGO factory.

## INDUSTRIAL REAL ESTATE

- Industrial real estate continued to be **the highlight in the Vietnamese real estate market** in the first half of 2023, with a favorable absorption rate recorded in industrial land, factories, and ready-built warehouses.
- The occupancy rate in the existing industrial zones nationwide reached approximately **80%** in the Northern region and over **85%** in the Southern region.
- Land rental prices in industrial zones during the first six months maintained a strong growth rate of about **5-7%** compared to the same period last year.

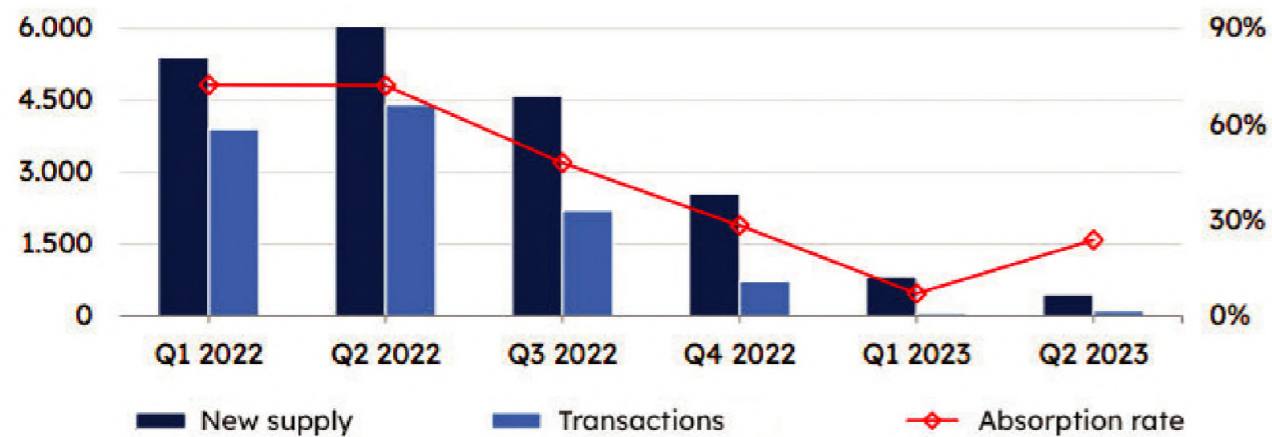


The LEGO factory project has just achieved the milestone of

One million safe hours.

## TOURISM - RESORT REAL ESTATE

- In Q2 2023, there were **17 tourism and resort projects** open for sale, introducing 455 units to the market.
- The supply continued its strong downward trend, **decreasing by over 90%** compared to the same period last year.
- Market demand has slightly increased, with **an absorption rate of only about 24%** of the units offered for sale.
- Many ongoing resort projects were facing disruptions due to **a lack of funding from the investors**. Numerous high-end projects were being put on hold, with their opening dates continuously postponed.



Source: Vars 2023

Chart: Supply and transactions of tourism and resort real estate over the quarters.

## INFRASTRUCTURE

One of the key tasks in the Government's program for economic-social recovery and development is to **accelerate the disbursement of public investment capital**. This serves as a driving force as well as a resource to aid economic recovery and offers an opportunity for infrastructure-capable enterprises. The Government has set a target for the whole country to reach 3,000 km of expressways by 2025 and 5,000 km by 2030.

Some notable projects:

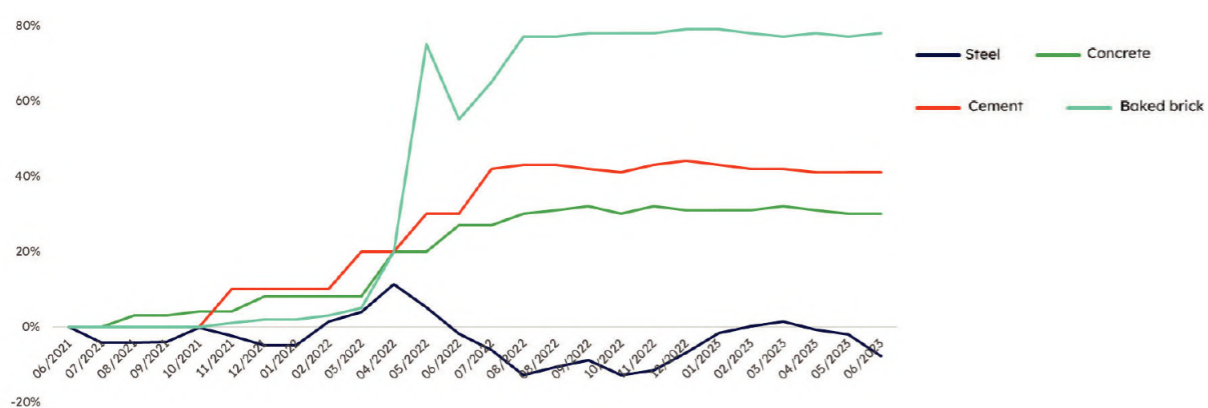
- **The Dau Giay - Phan Thiet expressway** with a total investment capital of 12.5 trillion VND.
- **Vanh Dai 3** with a total investment capital of 75 trillion VND.
- The resumption of construction for the **Ben Luc - Long Thanh expressway** (after a 4-year hiatus) with a total investment capital of 31 trillion VND.



# 02. MARKET INFORMATION

## CONSTRUCTION INDUSTRY

In the first 6 months of 2023, despite a **0.82% decrease** in the growth rate of the real estate sector, the growth rate of the construction industry **increased by 4.74%** compared to the same period in 2022, which is higher than the overall GDP growth rate of Vietnam.

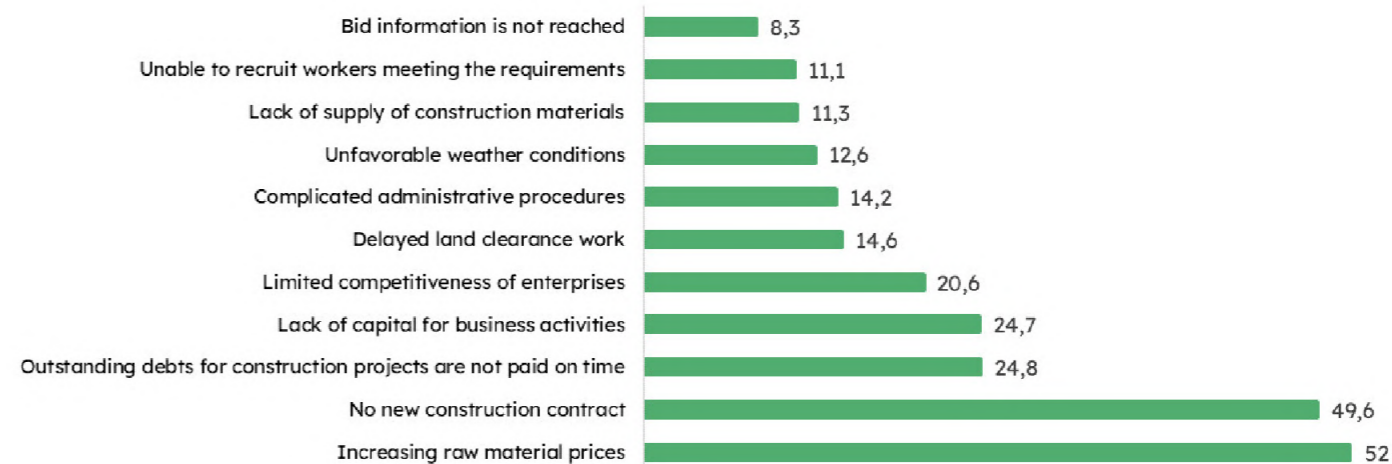


### Report on Construction Material Prices in Q2 2023

**Steel:** In Q2, steel prices decreased rapidly and reached the price levels seen at the end of 2022 due to challenging economic conditions, low domestic demand, high inflation, and an unfavorable economic outlook for 2023. However, the prices of raw materials imported from China and the global market are either stable or experiencing slight increases, forecasting that steel prices will remain steady or slightly increase in the upcoming quarters.

#### Other materials:

- The concrete market remained stable.
- Prices of other construction materials were stable, with low domestic demand. Other construction materials for new projects negotiated after fluctuations had more competitive pricing, and this trend is expected to continue in Q3.



Factors Affecting the Business Operations of Construction Companies in Q2 2023

According to the "Report on Production and Business Trends in the Construction Industry in Q2 2023" by the General Statistics Office, based on a survey of over 5,300 construction companies, the two most significant factors influencing the production and business activities of construction companies are **"High raw material prices"** and **"Lack of new construction contracts"**. Specifically, 52% of the surveyed companies cited "High raw material prices" as a major concern, while 49.6% of the companies identified "Lack of new construction contracts" as a factor impacting their production and business activities in Q2 2023.



# 03. IR ACTIVITIES

## BUSINESS EVENTS

- Signed a contract with an auditing firm for the financial reporting of the year 2023
- Announced a change in its financial reporting period to a fiscal year from July 1st to June 30th of the following year
- Co-organized an investor meeting with Rongviet Securities and the analysts

## INFORMATION DISCLOSURE

- Semi-annual governance report for 2023
- Financial statements Q2 2023
- Report on the ownership of the foreign investors group
- Report on principal and interest payments of semi-annual bonds in 2023



Source: TradingView

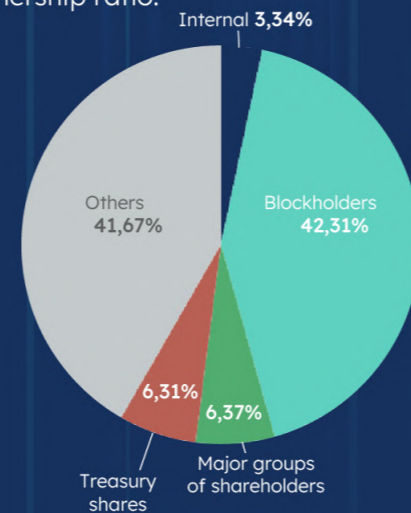
**67,400 VND**

CTD share price on August 14th, 2023

Number of shares outstanding: **74,414,260** shares  
 Trading volume of shares/day: **960,600** shares

Market capitalization: **5,075** billion VND  
 Equity: **8,236** billion VND  
 Free float rate: **55%**

Ownership ratio:

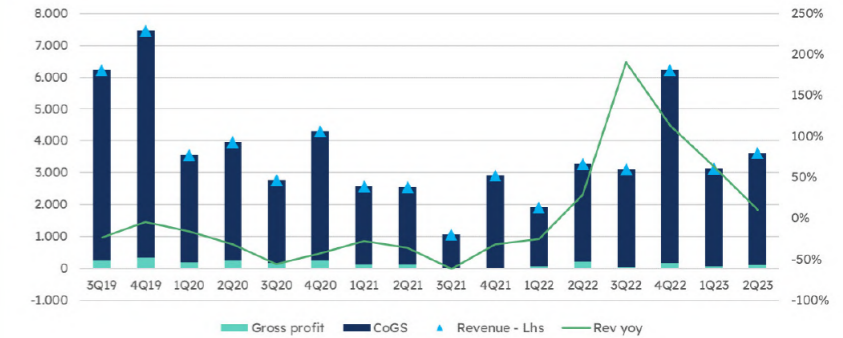


# 04. BUSINESS ACTIVITIES

## FINANCIAL STATEMENTS

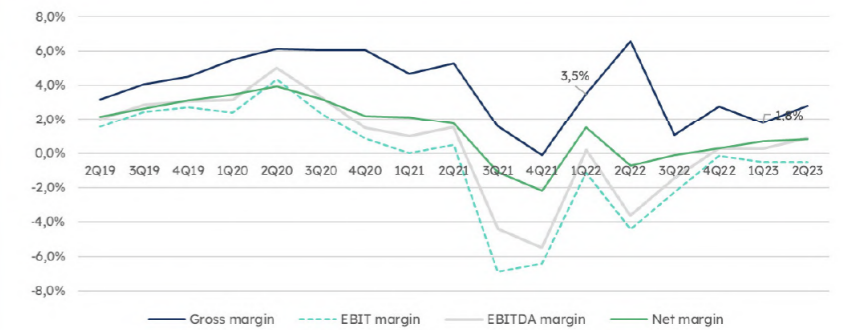
### REVENUE

Second quarter revenue increased by over 10% compared to the same period last year, and the revenue of the entire fiscal year reached 88% of the set plan. Amidst the scarcity of job supply in the market, the real estate market has been “frozen” since 2022. The growth trend demonstrates the stability and robustness of Coteccons’s customer base.



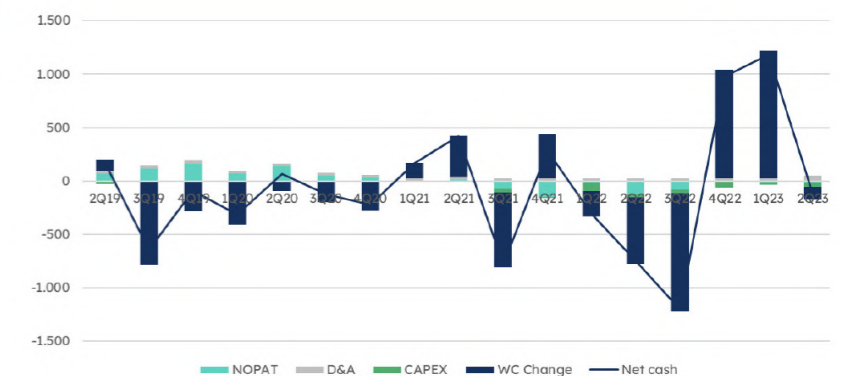
### PROFIT MARGIN

Profit margins were not high, gross margins remained low although the EBIT margin had improved compared to Q1. It is expected that the revenue from newly signed contracts since 2022 will help improve the company’s profit margins in the coming quarters, becoming a driving force to support profit growth.



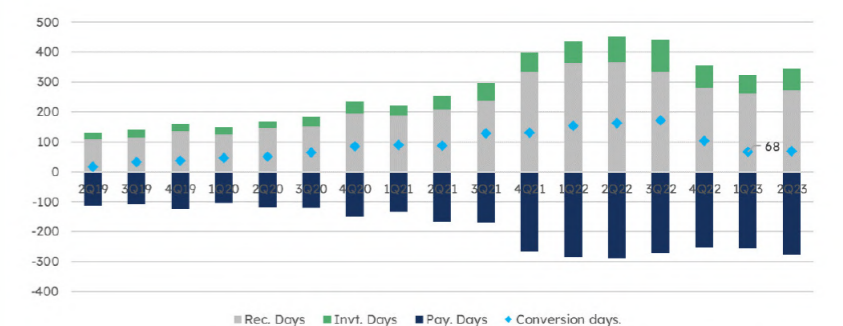
### CASH FLOW

Operating cash flow for Q2 2023 remained significantly positive, exceeding 600 billion VND.



### CASH CONVERSION CYCLE

The asset turnover has shown a gradual improvement, which is expected to continue to improve even more positively in the upcoming quarters.



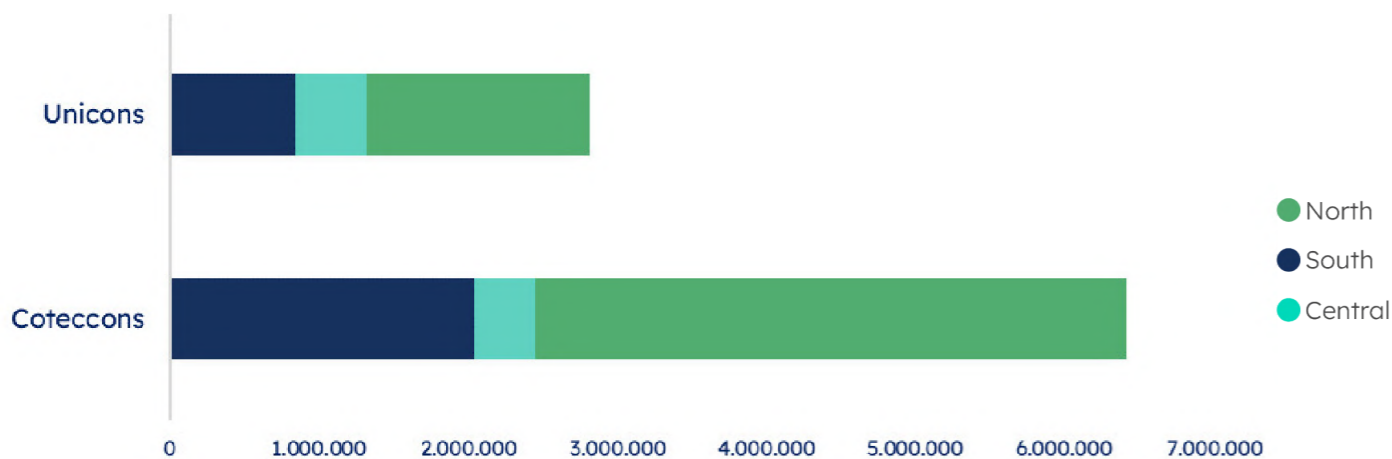


# 04. BUSINESS ACTIVITIES

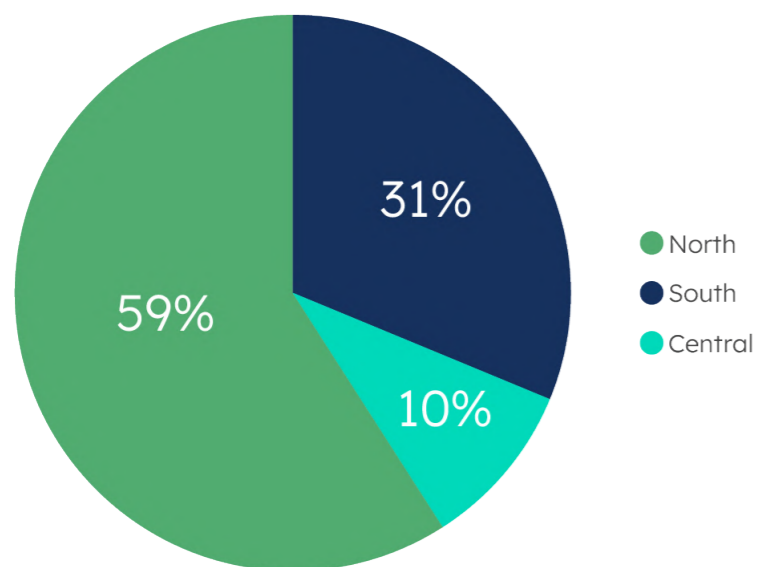
## CONSTRUCTION SITES

The total safe working hours of Coteccons Group in Q2 2023 were

### 9,238,573 million hours



Safe hours in Q2.2023 at Coteccons Group



Safe hours in Q2.2023 at Coteccons Group (by region)

\*Source: Coteccons's Safety Department

## Report on workforce at construction sites

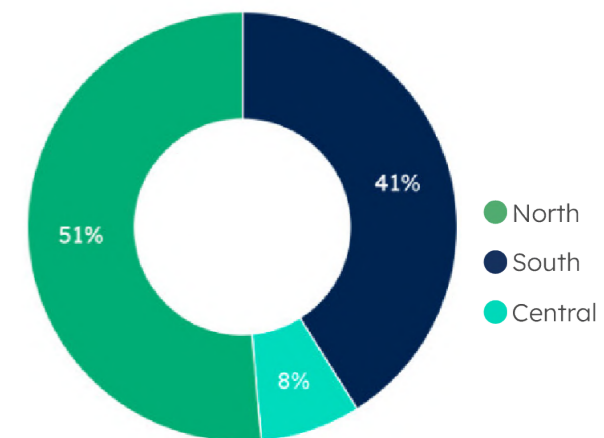
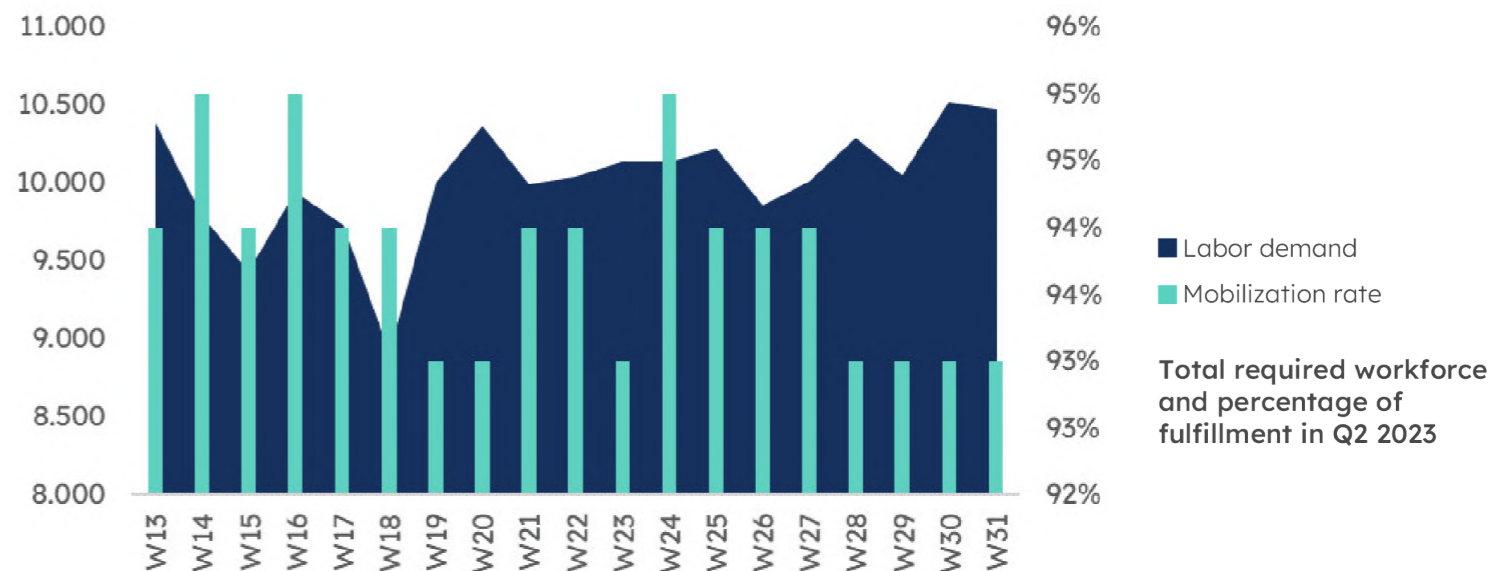
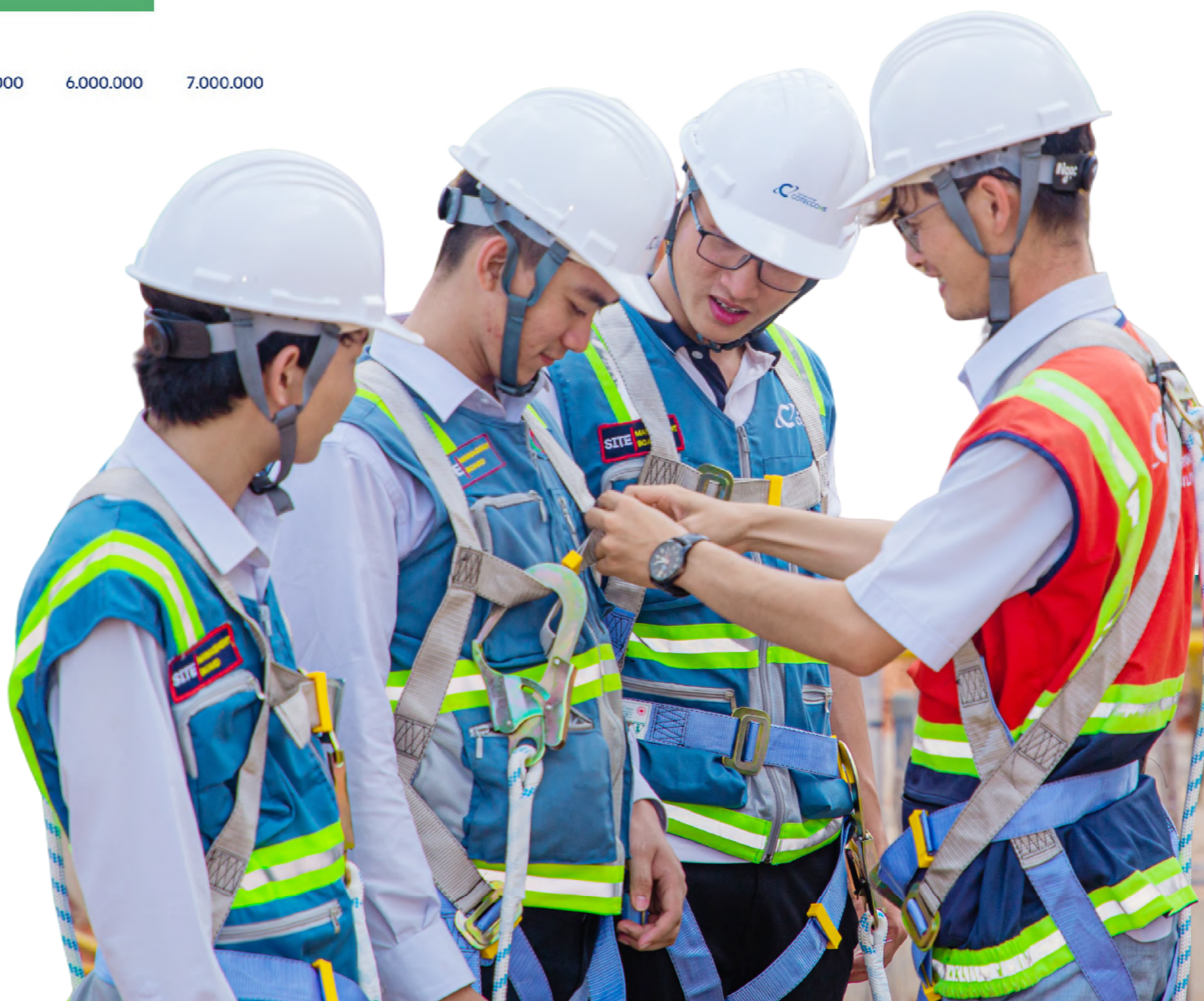


Chart: Workforce by region Q1-Q2 2023

\*Source: Coteccons's Construction Force Department



# 05. ESG NEWS



## 1. ESG SUBCOMMITTEE OFFICIALLY INTRODUCED THEIR NEW LOGO

The new logo has shown the unlimited development of sustainable aspects in the domains of Environment, Social, and Governance (ESG). It aims to contribute positively to building a better, livable world and aligning with the global business community. The transition from IMPACTD logo to ESG logo is a significant step for Coteccons, conveying an encouraging message to the ESG Subcommittee members as well as all Coteccons employees.

## 2. CTD TALK #5 - RUN YOUR OWN RACE

This marked the conclusion of Season 1 of CTD RUN 2023. It was also an occasion to honor and award the top 3 teams, top 3 male and female athletes who excelled in the past running season. The sharing session revolved around topics that every runner encounters, from sustaining motivation to balancing time for work and training. Through this event, the organizing committee also expected that every staff would continue the habit of exercising, maintaining good health, and conquering new milestones.

## 3. FROM DIVERSITY, EQUITY AND INCLUSION TO NET ZERO GOAL

Coteccons was honored to have received the 'Diversity, Equity, and Inclusion (DEI) Leading Enterprise' award at 'Vietnam Top 50 Outstanding Sustainable Development Enterprises in 2023'. Additionally, Coteccons has a clear direction and strategy for incorporating emission reduction goals into ESG activities, aligning with Vietnamese Government's commitment and with the business community on the Net Zero (achieving a net-zero carbon footprint) objectives. The transition towards Net Zero objectives requires a synchronized shift within each company's internal operations and the entire ecosystem, necessitating changes in production, business methods, consumption, and market behavior.

## 4. CTD TALK - "LAN TOA ESG"

On July 22nd, 2023, all Coteccons employees had the opportunity to engage in a conversation with Dr. Dinh Thi Ngoc Bich, a leading expert in Environment, Social, and Governance (ESG), as well as an independent consultant and a member of the ESG Subcommittee at Coteccons. Through the CTD Talk session titled "Lan toa ESG", participants, along with the ESG Subcommittee, evaluated and reflected on the notable successes of this program. In the context of ESG being an integral part of Coteccons's commitment to continuous sustainable development, the event aimed to underscore its significance.



## 5. "NHA MINH" PROJECT SERIES ON CAT HAI ISLAND

The program's scope comprised two main categories: the renovation and painting of the Nghia Lo Commune Martyrs Cemetery and the refurbishment of the Nghia Lo Commune Medical Station. The total area for the renovation of these two components was approximately 4,000 square meters, including the restoration and repair of over 2,500 square meters of walls, repainting the entire steel fence, refurbishing the gate, and overall site cleaning. The project involved around 15 workers, primarily locals from Cat Hai, and notably garnered enthusiastic participation from the entire Vinfast project team over a span of nearly 2 weeks. Their active engagement made this journey even more meaningful than ever before.



# 06. PROJECTS



## 1. UNICONS WON THE BID FOR “NEW FACILITY IN VSIP” PROJECT

At the end of May, Unicons won the contract for the “New Facility in VSIP” project, located at 38 Doc Lap Boulevard, Vietnam - Singapore Industrial Park (VSIP), An Phu Ward, Thuan An City, Binh Duong Province. The project encompasses various key components, including warehouses, office buildings, manufacturing areas, auxiliary facilities, and guardhouses. The project is expected to be completed by February 2024. Invested in and developed by Behn Meyer Vietnam LLC, this project contributes to elevating and reinforcing the mission of generating added value for farmers and society, aligning with the aspirations of the Investor.



## 2. “REPEAT SALES” - LANCASTER LEGACY PROJECT

On the morning of June 2nd, Coteccons officially commenced the construction of the main structure of the Lancaster Legacy Complex Project at 230 Nguyen Trai, Nguyen Cu Trinh Ward, District 01, Ho Chi Minh City. Mr. Nguyen The Phu, Managing Director of Coteccons, is also committed to working collaboratively with all stakeholders to deliver a successful project in a sincere and cooperative spirit. He emphasized the utmost dedication to fulfilling the highest requirements of all parties involved and reiterated the company's commitment to “repeat sales” through quality, progress, safety, and by prioritizing customer interests above all. With Coteccons's DNA, despite the challenges and barriers faced, we stand united with the Investor to create a truly valuable Lancaster Legacy and shape a distinctly different future!



## 3. THE COMMENCEMENT OF “NAM O” PROJECT

On June 3rd, 2023, the Nam O Project was officially launched in Lien Chieu District, Da Nang City. During the groundbreaking ceremony, Ms. Duong Thanh Thuy, Vice Chairwoman of the Board of Directors at Trung Thuy Group, shared her thoughts: “We aspire to bring the best to the local community, prioritizing their well-being before our own interests as a company. I hope that all employees of Trung Thuy Group and Coteccons will take pride in their contributions to development, delivering happiness and joy, and most importantly, playing a role in transforming the lives of the local residents.”





#### 4. “VINHOMES GRAND PARK” COMPLETED UNDERGROUND STRUCTURE

Unicons has successfully completed the sealing of the underground structure for buildings S11.05 and S11.06 within the “Vinhomes Grand Park” project. This achievement is not only a result of the dedication and efforts of the Site management team but also the collaborative spirit among various stakeholders. Maintaining this momentum, the project’s Site management team is continuing the construction of the building structures.



#### 5. UNICONS WON THE BID FOR “MEYHOMES CAPITAL PHU QUOC” PROJECT

On June 13th, Unicons once again was chosen by the Investor to continue the construction of the structural and exterior finishing of 111 units in Zone 1 Violet of the “Meyhomes Capital Phu Quoc” project. “Meyhomes Capital Phu Quoc” is the inaugural project invested in and developed by Tan A Dai Thanh Group in An Thoi town, located to the south of Bai Truong, Phu Quoc, Kien Giang. With a strong vision and determination, the Investor aims for Meyhomes Capital to become a 5-star standard urban area and a new economic and living center for Phu Quoc after its launch and operation.



#### 6. GROUNDBREAKING CEREMONY FOR THE “ICON 40 HA LONG LUXURY APARTMENT TOWER” PROJECT

On the morning of June 15th, the “Icon 40 Ha Long Luxury Apartment Tower” held its groundbreaking ceremony for the structural phase, with the participation of representatives from the BIM Group, Artelia’s Project Management and Supervision Consultant, and the project’s Site management team. The project is set to become an iconic symbol of Ha Long City, capturing the view of countless small and large islands for its residents. Situated in the new center of Ha Long city, “ICON 40 Ha Long” stands proudly tall, a testament to the work of Unicons. After the success of the underground structure construction package, the Site management team continues to leverage the momentum to uphold the commitments regarding progress, quality, and aesthetics along with the Investor.



#### 7. UPDATE ON “NGOI SAO HA NOI II INTER-LEVEL SCHOOL” PROJECT

In late June 2023, Unicons was in the final stages of completing the structural phase of the “Ngoi Sao Ha Noi II Inter-level School” project. Once operational, the school will accommodate 5,000 students, equipped with all necessary facilities such as classrooms, a library, a creative experimentation center, sports areas, etc. With the aim of nurturing a generation of compassionate, honest, proactive, respectful, and responsible citizens, the Leadership of the Ngoi Sao Ha Noi Education System found alignment in values with Unicons. At Cotecons - Unicons, we foster an “OWN IT” culture, empowering individuals, embracing a culture of autonomy, and promoting a sense of taking ownership of every aspect of a project.





**8. UNICONS SECURES THE CONTRACT FOR KN PARADISE PROJECT - PHASE 2 IMMEDIATELY AFTER COMMENCING PHASE 1**

Building on the streak of success, at the end of June, the project investor of "KN Paradise Resort and Entertainment Complex" once again entrusted Unicons with the construction of Phase 2. In this phase, Unicons will undertake the structural construction, basic completion, and rough MEP work for 160 townhouses (Phases 16 and 17) in the Nikko Zone, expanding Unicons's scope of work in the project to nearly 400 units. Located in Bai Dai, Cam Ranh City, Khanh Hoa Province, and covering an area of 800 hectares, "KN Paradise Cam Ranh" is a high-end mixed-use urban resort and entertainment project invested by KN Cam Ranh Company. Benefitting from its strategic transportation location near Cam Ranh International Airport, the project is expected to offer numerous development opportunities and attract investors.



**9. ACCELERATING THE CONSTRUCTION OF "APACHE VIETNAM SHOE FACTORY" PROJECT - PHASE 2**

Having successfully completed Phase 1 with committed progress and quality, the investor has entrusted Unicons to continue with the construction of "Apache Shoe Factory - Phase 2." The project groundbreaking took place in March 2023 at Long Giang Industrial Park, Tan Lap 1 Commune, Tan Phuoc District, Tien Giang Province. After more than three months of construction, the Site management team has successfully completed the main components, including the Dormitory Area and the Operations Center. With efficient construction capabilities and the professional working style of a highly experienced workforce, the Site management team remains proactive in resource deployment to ensure on-time progress and the highest level of quality.



**10. "WINK HOTEL - TUY HOA" PROJECT HAS OFFICIALLY ELECTRIFIED**

Following the topping-out ceremony held in April 2023, the Site management team of the "Residential and Office Complex - Wink Hotel Tuy Hoa" project has achieved another milestone. Specifically, on July 15th, the project successfully completed commissioning and was officially electrified. This marked a significant achievement in the project's completion phase, leading to its handover to the Investor. "Currently, with a high level of dedication, the Site management team is directing all available resources to bring the project to its destination, adhering strictly to the criteria of safety, quality, and schedule, which every member of Unicons holds in high regard."



**11. GROUNDBREAKING CEREMONY OF THE "LUXURY URBAN AREA DAI THANH" - ZONE 01 VIOLET**

On the morning of July 28th, a solemn and enthusiastic Groundbreaking Ceremony was held for the construction package in Zone 01 Violet in the "Luxury Urban Area Dai Thanh" (Meyhomes Capital Phu Quoc Phase II). Prior to Zone 01 Violet - Phase II, Unicons had also earned the trust of the Investor, Tan A Dai Thanh Group, to undertake various contracts: Zone 05 Olive, attached villas in Zone 02, and Clubhouse CC05 in Zone 01 of Meyhomes Capital Phu Quoc Phase I, along with the "Ecotourism Area Bai Lu, Nghe An - Meyresorts Bai Lu" project.



**12. UPDATE ON "HIIVE BINH DUONG" PROJECT**

After 9 months of construction, up to the present moment, the HIIVE Binh Duong Site management team has completed the rough finishing work for the entire building. Basic finishing work, such as ceiling installation and water painting, has been completed over 50%. The project is expected to be handed over by the end of 2023. The HIIVE Binh Duong VSIP II Hotel (HIIVE Binh Duong) is invested in and developed by Tan Thien Khanh Investment Company Limited. The project features a luxurious and upscale style, fully integrated with all amenities, covering a total construction area of 11,000 square meters.



**13. COTECCONS'S SITE MANAGEMENT TEAM EXCEEDING PROGRESS AT THE SKY FOREST ECOPARK PROJECT**

Currently, on the construction site, the team is simultaneously working on the structural flooring of the 8th floor and preparing for the construction of the transfer floor. In addition, to expedite the construction time, the Site management team has utilized tower cranes to construct support columns, reducing construction time by 20 days and accelerating other tasks. This demonstrates the intelligence and adaptability of the Site management team in ensuring project quality, reputation, and progress. It is certain that after the Sky Forest Residences project is handed over, residents will experience 6-star facilities - where their homes are also resorts amidst the lush green Ecopark.



Investors and shareholders are invited to refer to the information disclosure of Coteccons here:  
<https://coteccons.vn/>

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