VIETNAM DAILY NEWS

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Market Analysis

1. Shares reverse to fall on selling force

Shares reversed course to end lower on Friday, pressured by the selling force hitting a series of large-cap stock groups.

On the Hồ Chí Minh Stock Exchange (HoSE), the VN-Index lost 0.94 per cent to end at 1,203.28 points.

The index had gained 0.34 per cent, to close Thursday at 1,214.7 points.

Nearly 485.4 million shares were traded on the southern bourse, equivalent to VNĐ11.3 trillion (US$476.6 million).

Market breadth was negative with 162 losers and 287 gainers.

Banking stocks all decreased sharply with losers including Military Bank (MBB), Techcombank (TCB), Tiên Phong Bank (TPB), Vietcombank (VCB), Bank for Investment and Development of Vietnam (BID), VietinBank (CTG), Việt Nam International Commercial JS Bank (VIB) and Saigon-Hanoi Commercial JS Bank (SHB).

Energy stocks declined from the previous session with losers such as Việt Nam National Petroleum Group (PLX), PetroVietnam Technical Services Corporation (PVS), PetroVietnam Drilling and Well Services Corporation (PVD) and Drilling Mud Joint Stock Corporation (PVC) and Bình Sơn Refinery (BSR).

The securities and steel sector also performed negatively with losers being SSI Securities Co (SSI), VNDirect Securities Co (VND), Việt Capital Inc (VCI), Hồ Chí Minh City Securities Corporation (HCM), SMC Trading Investment JSC (SMC), Hoa Sen Group (HSG), Nam Kim Group (NKG) and Hoà Phát Group (HPG).

The 30 biggest stock tracker VN30-Index decreased 1.1 per cent, to end at 1,215.41 points.

In the basket, two stocks climbed, and 27 slid, the other was flat.

On a sector basis, 20 out of 25 sector indices on the stock market lost ground, including retail, oil and gas, banking, wholesale, construction, rubber production, IT, logistics, agriculture, real estate, securities, food and beverage, and construction materials.

Regarding the transactions of foreign investors, they were net sellers on both HoSE and HNX.

Foreign investors net sold VNĐ330.98 billion on HOSE, including VNDirect Securities Co (VND) with VNĐ60.6 billion, Masan Group (MSN) with VNĐ57.06 billion, Khang Điền House (KDH) with VNĐ39.08 billion. Foreign investors were net sellers on HNX with a value of VNĐ4.18 billion.

On the Hà Nội Stock Exchange (HNX), the HNX-Index lost 0.45 per cent, to end Friday at 264.44 points.

The northern market index had gained 0.21 per cent, to end Thursday at 265.64 points.

More than 56 million shares were traded on the northern exchange, worth VNĐ1.1 trillion.

Macro & Policies

2. Vietnam's economic growth counts on high-tech FDI

Vietnam's economic growth has been accelerating in 2022, with experts considering high-tech foreign investments as a driver.

The World Bank (WB), International Monetary Fund (IMF) and others have sharply revised up their GDP growth forecasts for the country, with an increasing number of economists now expecting it to exceed 8% this year.

High-tech foreign investments will continue to propel Vietnam's economic growth for years to come, said Michael Kokalari, chief economist at investment fund VinaCapital, has said.

In a note, Kokalari said, quoting newly published research by economists at Harvard University, that one reason Vietnam is an economic outlier is that FDI is supporting the country's manufacturing while also driving an increase in the complexity of products produced in Vietnam.

An increase in the complexity of the products a country is able to make is the single most powerful growth driver for a developing country's economy, according to the economist.

"The recent announcements by Samsung, Apple and others make us confident that high-tech foreign investments will continue propelling Vietnam's economic growth for years to come," he said.

Samsung, Vietnam's single largest foreign investor, announced that it would start producing semi-conductor parts in the country.

Apple said it would begin producing watches and MacBooks in Vietnam, the first time they will be made outside China.

Apple has "big plans for Vietnam" according to insiders, who also noted that the Apple Watch is particularly complicated to manufacture because of the challenge of squeezing so many components into such a small case.

According to research by the London School of Economics and the World Bank, FDI is instrumental in helping "developing economies move into higher value-added parts of the value chain," and high-tech FDI has had a big positive impact on Vietnam's economy.

Furthermore, Vietnam achieved the biggest jump in Harvard's Economic Complexity Index ranking in the last two decades, partly because the Samsung and Intel investments attracted a flurry of other high-tech investments from Apple, LG Electronics, Dell, and a number of Japanese firms.

The primary motivations for firms to set up high-tech factories in Vietnam include a high-skill, low-wage workforce and the country's geographic proximity to high-tech supply chains in Asia, according to Kokalari.

Economists said high-tech FDI boosts Vietnam's GDP in two ways: by lifting incomes and improving the country's capability to produce complex products.

The former supports GDP growth in the short-term since domestic consumption accounts for two-thirds of Vietnam's GDP, while the latter boosts the country's long-term economic prospects.

The net result is that the production of smartphones, home electronics and other products with a relatively high degree of complexity ultimately contributed over US$1,000 of Vietnam's US$3,000 per capita GDP in 2020.

The revenues and earnings of most companies listed on Vietnam's stock exchanges are primarily linked either directly or indirectly to domestic consumption.

This gives active stock managers ample opportunities to outperform the benchmark VN-Index by assessing which companies' stock prices are likely to benefit the most from their exposure to the higher spending by Vietnam's emerging middleclass consumers that ultimately results from increased high-tech FDI inflows.

Kokalari said "Foreign-owned factories in Vietnam still import most of the components/production inputs they require to make the products they export, especially high-tech products like consumer electronics and smartphones.

"We expect the imported content of Vietnam's exports to plunge and the local content contribution to soar as local firms develop their ability to supply foreign companies with production inputs in the years ahead.

"Next, the nascent wave of FDI into the production of some of the most complicated products ever manufactured in Vietnam should lead to more 'spillover effects' that will lead local manufacturers to diversify into higher value-added segments in the value chain."

The plans by Apple and Samsung to produce some of the most technologically advanced products ever made in Vietnam would significantly boost Vietnam's GDP growth in the years ahead, and ensure that the economic "decoupling" that Vietnam achieved this year could be sustained in 2023.

"Our day-to-day interactions with a wide range of Vietnamese businesses – from large cap listed companies to ultra tech-savvy small entrepreneurs – continually make us appreciate the strong parallels between Vietnam's economy in the 2020s and Japan in the 1970s, when that country embarked on its multi-decade climb up the global value chain.

"We remain extremely bullish on Vietnam's economic prospects and by extension on the prospects for much higher stock prices in the years ahead."

3. Shares to fluctuate around 1,200 points before going up again

The VN-Index is likely to fluctuate around the threshold of 1,200 points before recovering after the third quarter earning results season of 2022.

On the Hồ Chí Minh Stock Exchange (HoSE), the VN-Index lost 0.94 per cent to end last week at 1,203.28 points.

The southern market index had lost 2.49 per cent last week.

An average of 505.3 million shares were traded on the southern exchange during each session last week, worth VNĐ12.1 trillion (US$510.3 million).

Despite the supportive efforts of cash flow from the previous sessions, the market could not regain the upward momentum on Friday.

"The movement gradually decreased during the session with the closing level near the lowest level and liquidity still not improved, showing cash flow has returned to a cautious state," said Việt Dragon Securities Co (VDSC).

"The support signal from the previous session has not been confirmed with the cautious movement of the money flow, it is likely that the market will retest the 1,195 – 1,200 of VN-Index.

"If this support zone is still unable to attract cash flow, the market may continue to face a weakening state in the near future. Therefore, investors should still keep the portfolio at a safe level and observe the signal of cash flow. In the meantime, wait for a reliable support signal or move back to a reasonable price to accumulate stocks with good valuation."

With unconfirmed support signals from the previous sessions and poor support in large-cap stocks, VN-Index might continue to probe below 1,200 points in the next sessions, VDSC said.

If this support zone is still unable to attract money flow, the market might continue to weaken in the near future. Therefore, investors should keep the portfolio at a safe level and observe the signal. At the same time, they should wait for a reliable support signal or a reasonable price to accumulate stocks, VDSC said.

Following a decision by the US Fed on September 22, the State Bank of Việt Nam (SBV) joined the global trend and increased operating interest rates for the Vietnamese đồng (VNĐ) from 4 per cent to 5 per cent.

According to Saigon-Hanoi Securities Joint Stock Company (SHS), with the VNĐ still keeping a good value when the economy maintains growth, companies with a large proportion of cash and a low debt ratio will have an advantage.

According to Hoàng Công Tuấn, Chief Economist of MB Securities Joint Stock Company (MBS), said that the Fed's decisions remain significantly influential globally, because the US dollar is mostly reserved at central banks around the world and circulated in most commercial activities.

All the moves of the State Bank have gradually affected the stock market in recent years. Therefore, the latest interest rate hike by the State Bank of Việt Nam shows a strong message, steadfastly putting the goal of stabilising the macro-economy as the top priority. Inflation and exchange rates will be closely and stably managed in the future.

However, the driving force of Việt Nam's macro economy is still very strong. Việt Nam's growth engine comes from consumption and investment as the economy fully opens after COVID-19.

Experts from MB Securities Co (MBS) said that from this week, the domestic market would receive macro information and business results reports of listed enterprises. The VN-Index was likely to fluctuate around the threshold of 1,200 points before recovering in the third quarter of 2022.

Saigon-Hanoi Securities Co (SHS) said that oil and gas stocks had the most negative movements last week. The main reason came from the continued decline in global oil prices. Some typical losers were Việt Nam National Petroleum Group (PLX) down 4.9 per cent, Bình Sơn Refinery (BSR) down 3 per cent, PetroVietnam Drilling and Well Services Corporation (PVD) down 2.6 per cent and PetroVietnam Technical Services Corporation (PVS) down 1.9 per cent.

4. Petrol and oil price stabilisation fund requires thorough appraisal

The Government needs to carefully evaluate the effectiveness of the petrol and oil price stabilisation fund in keeping the commodity's retail prices stable before deciding to maintain or eliminate the tool, experts said.

Việt Nam is considering amending the Law on Price, which mentions several commodities under the Government's price stabilisation scheme including petrol and oil.

Currently, the Government is using the petrol and oil price stabilisation fund to support its regulation of domestic petrol and oil prices when necessary. Skyrocketing oil prices in the global market over recent months have fueled the rise in retail price of petrol and oil in Việt Nam, forcing State management agencies to make use of the fund to intervene in the market.

Experts raised concerns, as in the first draft Law on Price, which was released in June this year, the Finance Ministry commented it was then suitable to eliminate the petrol and oil price stabilisation fund so that this commodity can run in accordance with market signals. However, in the second draft released recently, the Government suggests keeping this fund without any evaluation or review of the matter.

At a meeting last week to give opinions on the second draft law, Chairman of the National Assembly (NA) Vương Đình Huệ stressed that the Government should look at different opinions on this issue, along with corresponding handling methods for each case.

NA's Standing Vice Chairman Trần Thanh Mẫn said the revised law should be built on the basis of compliance with the market price regulation mechanism to reduce the State's intervention.

Besides, it must overcome shortcomings related to corruption and group interests.

Chairman of the NA's Economic Committee Vũ Hồng Thanh said the scope of amendments to the law was very wide and would have great influence on the production and business activities of many industries and fields across the country. The law was also related to many other laws that would be amended in the near future, such as the Civil Code, Laws on Land, Enterprise, Procurement and Consumer Protection. Therefore, the handling of overlapping conflicts between the Law on Price and the above-mentioned laws needed to be reviewed to ensure the consistency of the country's legal system.

"It is necessary to review carefully and cautiously to have more convincing explanations for each commodity and service included in the law," Thanh noted.

According to Thanh, many businesses reported that the management of the petrol and oil price stabilisation fund hadn't been flexible and the fund's positive impacts on domestic petrol and oil prices remained modest.

The businesses said Việt Nam's petrol and oil prices were strongly fluctuating along with global prices for the foreseeable future as the country's petrol supply could only meet 70 per cent of domestic demand. While the fund might suffice in the event of slight increases, it was inadequate in responding to strong fluctuations. To make matters worse, it had proven to hinder bringing down prices as retailers lack incentives to improve sales during periods in which domestic prices are lower than the international market.

In addition, the businesses urged the Government to consider shortening the current price adjustment period from 10 to five days to help petrol retailers reduce expenses.

Chairwoman of the NA's Judiciary Committee Lê Thị Nga also suggested that it was necessary to carefully review the effects of the fund in the recent petrol price hikes before recommending to keep or remove it.

Sharing the same view, economist Dr Bùi Trinh said State management agencies should seek to examine the impact of the petrol price stabilisation fund since its inception before drawing any conclusions.

Trinh voiced his support for the common view held by other experts that the Government should consider removing taxes as it seeks to reduce current petrol prices, helping curb inflation and facilitate economic recovery.

At the meeting, Minister of Finance Hồ Đức Phớc said the second draft law maintained regulations on the fuel price stabilisation fund since the global price for the commodity was still unpredictable. The fund still played its necessary role of regulating domestic gas prices to minimise negative impacts on the prices of other merchandise.

"The proposal to still maintain this fund is because, after evaluation, it is clear that the fund has created positive influences on the market, leading to impressive benefits for the economy, especially in such an unstable year for fuel as 2022," he said.

According to Phớc, without this fund, the dependence only on tax and service fee reduction can only address the issue for the short term. There are many synchronous measures to keep the petroleum price stable. The fund is just a tool to stabilise the petrol price besides other tools such as taxes, fees and regulations on diversifying supply or reducing prices for other costs. However, the ministry wants to keep the fund as it can help support adjusting gasoline and oil together with other measures. It is necessary to use the fund and other measures to stabilise the petrol price as petrol and energy are two important economic security areas that must be paid special attention to.

Besides, it is fine to reduce taxes and fees as a short-term solution, but it is very difficult in the long term. Once making the reduction, it will be very difficult to increase the taxes and fees later.

On September 21, petrol and oil prices were adjusted down by the ministries of Industry and Trade, and Finance. The retail price of bio-fuel E5RON92 dropped by VNĐ450 to VNĐ21,781 per litre, while that of the popular RON95-III gasoline was cut by VNĐ631 to no more than VNĐ22,584 per litre.

Diesel 0.05S and kerosene are now sold at VNĐ22,536 and VNĐ22,441 per litre, marking decreases of VNĐ1,644 and VNĐ1,977, respectively.

Meanwhile, the price of mazut 180CST was cut by VNĐ383 to VNĐ14,656 per kilo.

Since the beginning of the year, the domestic petrol price has undergone a total of 25 adjustments, including 13 increases and 11 decreases. The retail bio-fuel E5RON92 and RON95-III gasoline prices are currently the same as they were in October 2021.

The two ministries have agreed to subsidise each litre of E5RON92 with VNĐ451, RON95 with VNĐ450, diesel with VNĐ300, kerosene with VNĐ300, and mazut with VNĐ741, sourced from the petrol and oil price stabilisation fund.

5. Prime Minister asked to stabilise rice price

Prime Minister Phạm Minh Chính requested relevant ministries and sectors to grasp the situation and have appropriate solutions to stabilise the market and rice prices, and ensure the interests of farmers after information that India will restrict rice exports.

The Government Office has just issued Document No 6263/VPCP-KTTH, conveying the opinion of Prime Minister Phạm Minh Chính about India's restriction on rice exports and its impact on Vietnamese rice production and export.

Accordingly, India issued an export ban on broken rice effective from September 15; imposed an export tax of 20 per cent on white and brown rice products, accounting for 60 per cent of India's total rice exports, as the Government of India is increasingly concerned about declining supply and food price inflation.

The Vietnamese Prime Minister requested the Ministries of Agriculture and Rural Development, Industry and Trade, and Finance to actively monitor and closely follow the situation to implement appropriate and timely measures and solutions according to their competence and legal regulations, ensure food security, efficiency in rice export management, stabilise rice market prices and farmers' benefits; promptly report to the Prime Minister issues beyond the competence of the ministries.

India's restriction on rice exports is said to have an impact on the volume and price of Vietnamese rice exports. The domestic price of rice has increased significantly over the past week.

However, during a conference co-hosted by the Ministry of Agriculture and Rural Development and the People's Committee of the Mekong Delta city of Cần Thơ late last week, Chairman of the Vietnam Food Association Nguyễn Ngọc Nam still forecast that Việt Nam's rice export was likely to surpass the target set for this year.

Nam said Việt Nam earned nearly US$2.4 billion from exporting 4.97 million tonnes of rice in the first eight months of this year, up 20.7 per cent in volume and nearly 9.9 per cent in value from the same period last year.

Việt Nam plans to ship 6.3-6.5 million tonnes of rice this year, or 100,000–200,000 tonnes more than 2021.

Asia is the biggest buyer of Vietnamese rice, accounting for more than 50 per cent, followed by Africa and America.

The Philippines alone bought over $1 billion worth of Vietnamese rice, or nearly half of Việt Nam's total export, mostly jasmine and hi-quality rice, up more than 47 per cent year on year.

In the past eight months, China bought over 520,000 tonnes of rice from Việt Nam, or about 10 per cent of Việt Nam's rice exports, down 29 per cent annually. At present, the neighbouring country has huge demand for glutinous rice but supplies in Việt Nam are insufficient.

Ghana and the Ivory Coast remained stable markets for Việt Nam, with more than 18 per cent of the total rice export.

6. Trade and legal disputes part of the game with UKVFTA

Vietnamese businesses must stay vigilant and do their homework to avoid trade and legal disputes in exporting to the UK to take full advantage of the United Kingdom-Vietnam Free Trade Agreement (UKVFTA), which officially went into effect last May, say industry experts and policymakers.

The agreement was intended to provide both sides with the same trade benefits under the previously signed EU–Vietnam Free Trade Agreement (EVFTA) as the United Kingdom has left the EU.

UKVFTA aims to go even further than the EVFTA to boost trade between Việt Nam and the UK with 65 per cent of all tariffs having been removed so far. In the next six years, the agreement is to remove up to 99.2 per cent of all tariffs on Vietnamese exports, with the Southeast Asian country to remove 48.5 per cent of all tariffs on UK products in return.

Early signs have shown a positive effect on bilateral trade with Vietnamese exports experiencing a 16.4 per cent boost at US$5.76 billion compared to figures recorded in the same period before the agreement went into effect. Vietnamese agricultural products, in particular, have seen the strongest gain with a 16 per cent increase compared to the previous year, reaching over US$230 million.

The trade agreement has provided Vietnamese products with a competitive edge in the UK market over competitors who have yet to sign a trade agreement with the kingdom. Key Vietnamese exports to the UK included seafood, agricultural products, textile, footwear, wood furniture and handicraft.

Huge potential

The UK is considered a major target for Vietnamese exporters with a large margin for growth. The kingdom, prior to Brexit, was Việt Nam's third largest trading partner within the EU.

According to the MoIT, the UK imported $700 billion worth of products in 2019. Of which, Vietnamese products only accounted for $6 billion with key exports including textile, footwear, wooden furniture and rice.

Việt Nam remained the world's top producer of some of the UK's major imports including cashew, pepper and coffee. The UK imported 23,000 tonnes of cashew, and 14,000 tonnes of pepper and last year Việt Nam took the lion's share with 16,000 tonnes of cashew worth $92 million and more than 5,600 tonnes of pepper worth $48 million.

However, Vietnamese coffee and rice exporters have not been able to take advantage of improved bilateral trade with Vietnamese rice and coffee only accounting for 0.45 per cent and little under 5 per cent of the UK's imports, respectively.

Experts say a major hurdle for Vietnamese agricultural produce has been quality. The UK is and will remain a market with the highest standards when it comes to quality and safety. Vietnamese exporters must first acquire either Global GAP or Euro GAP (Good Agricultural Practice) along with a host of other internationally recognised quality standards such as the ISO, SA and ILO before they may attempt to enter the UK market.

In addition, they must seek to improve product quality as competition in the UK market is fierce with strong contenders including products from Thailand, Malaysia, Indonesia, South Africa and India.

Little understanding

Vietnamese businesses, however, will likely see an uptick in the number of trade and legal disputes in the years to come as a side-effect of increased bilateral trade, say industry experts and policymakers.

By the end of the first quarter of 2022, Vietnamese businesses have been involved in more than 210 trade defence cases related to anti-dumping or anti-subsidy activities with more than half of the cases arising in the last five years. The figure will likely continue to rise as the country has been ramping up its efforts to boost exports, said the head of the department of economic integration under the Ministry of Industry and Trade (MoIT) Lâm Thị Quỳnh Anh.

"It has a lot to do with the nature of the new generation FTAs Việt Nam has been committed to," said Anh.

"New generation FTAs, the EVFTA and the UKVFTA for example, cover many more aspects than just commercial activities including labour rights, environmental preservation and fair trade with a focus on sustainable development," she said.

This requires businesses to evolve and take a more comprehensive approach to exporting, which at the moment has been identified as a major weakness for Vietnamese exporters.

According to a recent study by the Việt Nam Chamber of Commerce and Industry (VCCI), 15 per cent of the businesses surveyed admitted they possessed "none to little" understanding of the new generation FTAs, 60 per cent admitted they only possessed a superficial understanding and just over 5 per cent said they possessed "solid understanding" of the pros and cons.

To make matters worse, it showed little improvement over a study by the chamber done in 2019. Of over 8,600 privately-owned businesses in the study, only 3 per cent said they possessed a "solid understanding".

For example, when asked about the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) only one out of 20 businesses said they understood how the CPTPP would affect their business operations. Notably, nearly seven per cent admitted they possessed no understanding of the CPTPP.

Industry experts have voiced their concerns over Vietnamese businesses' lack of preparedness and said they may soon face the consequences of the rising number of trade and legal disputes as the UKVFTA drives up bilateral trade.

Nguyễn Thị Thu Trang, director of VCCI's WTO and integration department, said in order to mitigate damage caused by trade and legal disputes Vietnamese exporters must take the initiative by conducting a comprehensive study of the trade agreement and employ the services of professionals if necessary.

She also urged government agencies and the media to step up efforts to raise awareness of the importance of fully understanding not just the opportunities but also the challenges and potential disputes that are part of the FTAs..

7. Roadmap to develop green ports in Vietnam

A roadmap for a green port system in Vietnam is being put forward to reduce the impact on the environment as well as greenhouse gas (GHG) emissions, and promote energy efficiency.

The Vietnam Maritime Administration (VMA) cited statistics from the International Maritime Organisation (IMO) showing that GHG emissions of the maritime shipping industry increased nearly 9.6% between 2012 and 2018 (from 977 million tonnes to 1,076 million tonnes). CO2 emissions alone climbed from 962 million to 1,056 million tonnes.

It is forecast that until 2050, GHG emissions in the ndustry will increase 50% over 2018.

According to information released at the International Transport Forum 2020, emissions from maritime shipping activities cost an additional

EUR12 billion a year in the 50 largest ports in the world. Approximately 230 million people have been directly exposed to emissions at 100 seaports around the world in terms of shipping emissions.

Acting Director of the VMA Nguyen Dinh Viet said that on the foundation of the Transport Ministry's approval, the administration has issued a plan to develop green ports in Vietnam.

Under the roadmap, a set of criteria for green ports has been set. From 2023, the green port model will be applied at some domestic ports.

In the 2023-2025 period, relevant regulations will be adjusted and supplemented to suit the criteria, Viet said, adding that national technical standards and criteria for "green ports" will be built and issued within 2025-2030.

Tran Thi Tu Anh, deputy head of the Science, Technology and Environment Office under the VMA, said that green ports in Vietnam will be constructed according to six main criteria - green port perception; resources usage; environmental quality management; energy use; information technology application; and emission reduction and response to climate change and rising sea levels.

Corporate News

8. VIC: Vingroup injects VND6.3 trillion into LFP battery line in central Vietnam

↓ -1.11%

VinES Energy Solutions Joint Stock Company, an affiliate of Vingroup – the largest private conglomerate in Vietnam, has decided to pour VND6,329 billion into a Lithium Iron Phosphate (LFP) battery factory in Ha Tinh province.

VinES' investment plan has been approved by the Ha Tinh Economic Zone Management Board.

The factory will be built on an area of more than 14ha in Vung Ang economic zone. The project will have a total investment capital of VND6,329 billion, including VND2,405 billion sourced from VinES and the remainder from stakeholders.

The facility is designed to produce approximately 30 million LFP rechargeable battery cells mainly used for electric cars batteries and energy storage systems (ESS).

The production line is expected to churn out first commercial products in the third quarter of 2024.

In December 2021, Vingroup broke ground for the first VinES Battery Factory in Vung Ang Economic Zone. In the first phase, the factory is being on an area of 8ha with a total investment of VND4,000 billion.

The factory is designed to supply LFP batteries to electric cars and electric buses of VinFast.

9. HAG suspends registration for private placement of nearly 162 million shares

↑ +0.36%

The Board of Directors of Hoang Anh Gia Lai Joint Stock Company (HOSE : HAG) has approved the suspension of the Company's application for private placement of shares. The pause is to adjust the detailed capital use plan to ensure that it is suitable to the actual needs of the Company and brings investment efficiency.

The company said that after having a plan to use new capital, it will submit a registration dossier to the State Securities Commission.

Previously, HAG registered for a private placement of 161.9 million shares at the price of 10,500 dong/share, to mobilize a total of 1,699 billion dong from professional securities investors. All shares from the offering will be restricted from transferring within 1 year.

The proceeds this time will be used to supplement working capital (in the form of loans) with subsidiaries - namely Hung Thang Loi Gia Lai Co., Ltd., Gia Lai Livestock JSC and Le Cattle JSC. Pang - a total of 1.2 trillion VND. The remaining 500 billion dong will be used to pay the principal of bonds issued by HAG since the end of 2016.

Previously, HAG announced a list of investors participating in share purchase including 2 organizations, Glory Co., Ltd. Land and Viet Cat Management Joint Stock Company, and an individual, Mr. Nguyen Duc Quan Tung. In which, Glory Land will spend VND 1,000 billion to buy 95.2 million shares of HAG (equivalent to 8.74% ownership after the issuance).

Viet Cat Fund bought 47.6 million shares, estimated to spend 500 billion dong. And Mr. Nguyen Duc Quan Tung will pour about 200 billion dong, buying more than 19 million shares.

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