

Who Gets the Capital

Why company growth and shareholder liquidity
require different decisions



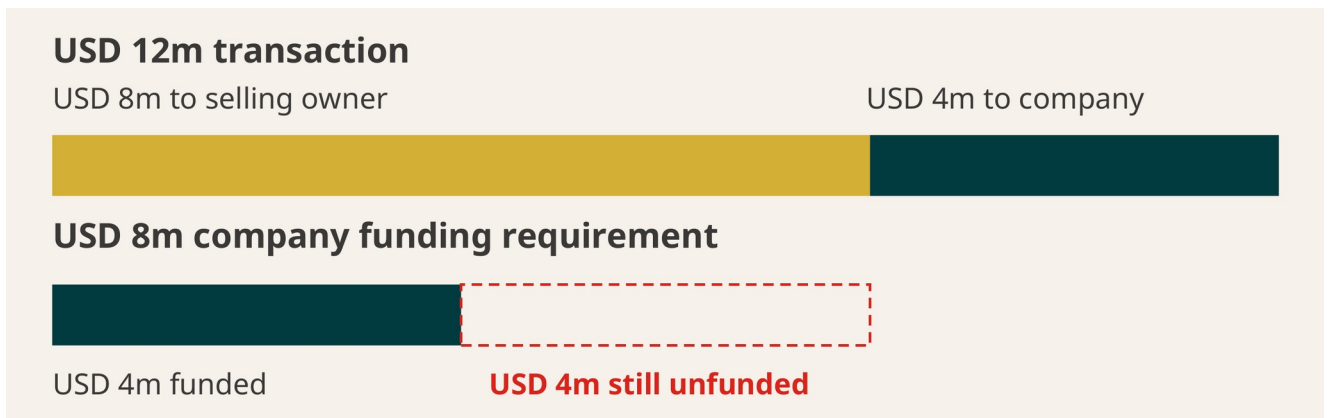
A successful share sale can make the owner liquid while leaving the company's growth plan underfunded. Vietnam's capital-market development makes it timely to separate the two objectives before approaching investors.

Dr. David Sven | VIET Transformation Advisors

Transaction value is not growth funding

On 3 October, Vietnam's Ministry of Finance outlined further reforms following the FTSE Russell upgrade, including measures to facilitate IPOs and listings and improve foreign-investor participation. The proposals create a timely reason for owners to review their capital plans; they do not establish that every announced change is already implemented.

The distinction is simple. New-share subscription proceeds enter the company. Proceeds from an owner's sale of existing shares go to that owner. A transaction combining both needs an explicit allocation: its headline value does not show how much capital is available for growth.



Illustrative manufacturer example. USD million, before transaction costs. Bar lengths use the same scale.

The manufacturer needs USD 8 million for a factory, commissioning and working capital. A USD 12 million transaction directs USD 8 million to the selling founder and USD 4 million to the company. Half of the company's requirement remains unfunded.

The transaction can succeed while the growth plan still needs borrowing, another equity raise or redesign. Each changes the economics or commitments originally presented to investors. The funding gap must therefore be part of the initial decision.

Set the allocation before the process

Owner diversification is a legitimate objective. The management problem arises when it is combined with company funding without separate amounts, evidence and a priority rule. Test the proposed transaction against three questions:

DECISION TEST	EVIDENCE REQUIRED
What must the company retain?	Investment and working-capital budget, contingency and transaction costs.
What do shareholders seek?	Cash sought by each selling owner, shown separately from new company capital.
What happens if proceeds fall short?	Agreed priority, minimum company funding and explicit redesign or stop trigger.

The owners, CEO and CFO should agree a short capital allocation statement before opening the process. State company proceeds net of costs, owner proceeds, the remaining funding gap and acceptable ownership and control changes. If both objectives cannot be funded, apply the agreed priority before committing to the growth plan.

Treat company funding as secured only when the net capital and any additional financing cover the approved plan. Otherwise revise the allocation or the plan, or pause the commitment. A headline transaction value cannot substitute for that test.

Before negotiating how much investors will pay, decide how much the company must retain.

Source basis: Tuoi Tre News, 3 October 2026, "Vietnam's finance ministry outlines next steps after FTSE Russell market upgrade"; SEC, "Investor Bulletin: Investing in an IPO" (general proceeds distinction). Example and management interpretation: VIET TA synthesis.