

This Circular is important and requires your immediate attention. If you are in any doubt about the contents of this Circular you should consult an authorised financial or other professional adviser. If you have sold or transferred your shares in Vietnam Equity Holding please send this Circular and the accompanying Forms of Proxy to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale was affected, for transmission to the purchaser or transferee.

VIETNAM EQUITY HOLDING (the “Company”)

(A Company incorporated with registration number HL-193017 under the laws of the Cayman Islands as an exempted company with limited liability)

Notice of Extraordinary General Meeting to consider and approve the Board’s proposal to continue the operations of the Company as an open-ended fund and the Board’s proposal to repurchase the Company’s own shares

AND

Notice of Class Meeting to consider amendments to Shareholders’ Class Rights

Notice of convening (i) an Extraordinary General Meeting of the Company and (ii) the Class Meeting of the Company to be held consecutively on June 14, 2013 at 15:30 and 15:45 (Vietnam time) at the Boardroom of Saigon Asset Management, 12th Floor, TMS Building, 172 Hai Ba Trung Street, District 1, Ho Chi Minh City, Vietnam are set out in this Circular.

A Form of Proxy for use in relation to the aforementioned meetings is enclosed with this Circular. To be valid, the Proxy should be completed and returned, in accordance with the instructions printed thereon, to the fax number +84 854043487 or email (with scanned copy thereof) to IR@saigonam.com attention Mr. Kevin Lau-Hansen, Investor Relations Analyst of the Company, as soon as possible and no later than **15:30** (Vietnam time) on June 12, 2013.

VIETNAM EQUITY HOLDING
(Incorporated and registered in the Cayman Islands)

NOTICE OF EXTRAORDINARY GENERAL MEETING
NOTICE OF CLASS MEETING

Directors:

Dr. Lee G. Lam (*Chairman and Independent Non-executive Director*)
Howard Golden
Kathryn Vagneur
Louis T. Nguyen

Registered Office:

c/o Deutsche Bank
(Cayman) Limited
Boundary Hall, Cricket
Square, PO Box 1984,
Grand Cayman KY1-1104,
Cayman Islands

NOTICE OF EXTRAORDINARY GENERAL MEETING AND NOTICE OF CLASS MEETING

NOTICE IS HEREBY GIVEN THAT the Extraordinary General Meeting (“EGM”) and a Class Meeting (“Class Meeting”) of Vietnam Equity Holding (the “Fund”) will be held consecutively at the Board Room of Saigon Asset Management, 12th Floor, TMS Building, 172 Hai Ba Trung Street, District 1, Ho Chi Minh City, Vietnam on June 14, 2013 at 15:30 Vietnam time followed by the second meeting at 15:45 Vietnam time (the “Meetings”) for the purpose of considering and, if thought fit, passing the following resolutions and seek the following Class consent:

AT THE EGM

1. Approve a Special Resolution that the Articles of Association of the Company be and are hereby amended by the adoption of the new conformed Articles of Association attached hereto in substitution for the existing Articles of Association of the Company.
2. Approve an Ordinary Resolution that the proposal to amend the Company’s Prospectus to reflect its conversion to an open-end fund and is hereby approved.
3. Approve an Ordinary Resolution for the Board’s proposal to repurchase the Company’s own shares.

AT THE CLASS MEETING

Consent to any variation in the special rights of the Shares consequent upon the approval of the new conformed Articles of Association attached hereto in substitution for the existing Articles of Association of the Company.

We invite you to attend the meeting in person. However, whether or not you are able to attend, it is important that your shares be represented at the meeting. Therefore, you are requested to complete the enclosed Proxy and return it as soon as possible, and in any event, no later than **15:30** (Vietnam time) on June 12, 2013 in accordance with the instructions set out upon it. Completing and returning the Proxy will not preclude you from attending the meeting and voting in person if you wish to do so.

If your shares are registered under your name, please indicate, on the enclosed Form of Proxy, your voting instructions, OR appoint an individual or entity to attend on your behalf and vote on your behalf at the Meetings.

Shareholders holding their shares through Euroclear or Clearstream should not execute the enclosed Form of Proxy themselves but should ask their custodian bank to instruct Euroclear or Clearstream accordingly, as such forms are only valid if executed by or on behalf of the registered holder of the Shares. PLEASE NOTE: Submission of proxy forms through Euroclear or Clearstream may be subject to earlier deadlines than the one stated on this notice. Please coordinate with your custodian bank or broker for information to this regard.

If your shares are held through a custodian or broker, then the custodian or broker must sign and complete the proxy.

The completed and duly signed Form of Proxy must be sent not later than **15:30** (Vietnam time) on June 12, 2013 (subject to the chairman of the Meetings sole discretion to accept late Proxies) to the following email address and/or fax number:

Email address: IR@saigonam.com, to the attention of Mr. Kevin Lau-Hansen, Investor Relations Analyst of the Company

or

Fax number: +84-8-5404-3487, to the attention of Mr. Kevin Lau-Hansen, Investor Relations Analyst of the Company.

IF YOU SIGN, DATE, AND RETURN THE FORM OF PROXY BUT GIVE NO VOTING INSTRUCTIONS, THE PROXIES WILL, BY DEFAULT, VOTE IN FAVOUR OF THE RESOLUTIONS.

Should you have any questions, please email them to Mr. Kevin Lau-Hansen, Investor Relations Analyst of the Company, at IR@saigonam.com

Respectfully,
On Behalf of the Board
Vietnam Equity Holding



Dr. Lee G. Lam
Chairman and Independent Non-executive Director

VIETNAM EQUITY HOLDING
(Incorporated and registered in the Cayman Islands)

PROXY STATEMENT

**EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS AND
CLASS MEETING OF SHAREHOLDERS**

1. The enclosed Form of Proxy is for use at the Extraordinary General Meeting and the Class Consent Meeting of the Company's Shareholders (collectively the "Meetings"). The Form of Proxy is to be sent to the address, fax or email address listed in the Notice, 48 hours prior to the Meeting time.
2. If the registered Shareholder is a corporation, the Form of Proxy must be executed under seal or by a director of the corporation. A Proxy or corporate representative need not be a Shareholder of the Company.
3. All joint holders should be names but the signature of any one is sufficient. In all cases, names must be entered as they appear on the Company's Register held by the Administrator.
4. Only Shareholders who are Shareholders of record at a minimum of 48 hours prior to the time of the Meetings will be entitled to vote. There are 21,496,810 shares of the Company outstanding, each of which entitles the holder to one vote. Each valid Proxy received will be voted in accordance with the instructions on the Form of Proxy.
5. The Company's organizational documents require that one or more Shareholders holding in the aggregate not less than one-fifth of the total issued share capital of the Company present in person or by Proxy and entitled to vote shall be a quorum.
6. In the event that a quorum is not achieved, Meeting will be adjourned until the same time on June 21, 2013, and the adjourned Meeting will be held at the same place as the originally scheduled meeting.
7. Please refer to the Memorandum, which you should have received together with the Notice of Extraordinary General Meeting and the Notice of the Class Meeting or downloaded from the website: www.saigonam.com.

VIETNAM EQUITY HOLDING
(Incorporated and registered in the Cayman Islands)
(the "Company")

**FORM OF PROXY - APPOINTMENT OF PROXY TO ATTEND AT MEETINGS
EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS AND
CLASS MEETING OF SHAREHOLDERS COLLECTIVELY (THE "MEETINGS")**

The undersigned, a registered Shareholder of the Company, hereby appoints the Chairman of the Meetings, or _____ of _____ as my/our proxy to act on my/our behalf at the Extraordinary General Meeting of the Company and the Class Meeting of the Company to be held on June 14, 2013, at 15:30 and 15:45 respectively, Vietnam Time, at the Board Room of Saigon Asset Management, 12th Floor, TMS Building, 172 Hai Ba Trung Street, District 1, Ho Chi Minh City, Vietnam (and any adjournment thereof) for the purpose of conducting business as may properly come before the Meetings.

Dated: _____

Name of Shareholder: _____

Number of shares held: _____

Type of Shareholding: Book Registry Euroclear Clearstream

Signature of Shareholder: _____

In respect of the Resolutions that are to be considered at the Meetings, my/our proxy is to vote as indicated by an "X" below (with the power of the appointed proxy to vote in its discretion on any other matter coming before the meeting including without limitation on the election of the Chairman of the Meeting).

EGM MEETING - VOTE	For	Against
Approve an Ordinary Resolution that the proposal to amend the Company's Prospectus to reflect its conversion to an open-end fund be and is hereby approved.		
Approve a Special Resolution that the Articles of Association of the Company be and are hereby amended by the adoption of the new conformed Articles of Association attached hereto in substitution for the existing Articles of Association of the Company.		
Approve an Ordinary Resolution that the Board of Directors is authorised to use up to €652,807 (six hundred fifty two thousand eight hundred and seven Euros) to repurchase the Company's own Shares in such amounts and at such times as they may determine appropriate in its sole discretion, in accordance with all applicable laws and regulations for cancellation.		

CLASS MEETING - CLASS CONSENT VOTE	For	Against
Consent to any variation in the special rights of the Shares consequent upon the approval of the new conformed Articles of Association attached hereto in substitution for the existing Articles of Association of the Company.		

Number of shares voted: _____

VIETNAM EQUITY HOLDING (the “Company”)

Directors’ Proposal To Convert The Company Into An Open-End Fund

Dear Shareholders,

In the proposal presented by the Directors at the last Extraordinary General Meeting held on October 3rd, 2012 (the “Continuation Vote”), the Directors advised that, if the Shareholders passed the Continuation Vote, we would table a proposal to initiate the process to convert the Company from closed-end to open-end at the AGM in June 2013.

In the months since the Continuation Vote passed, Vietnam’s economy has continued on its path to reform with several positive macroeconomic statistics emerging despite GDP growth of “only” 5.03%. Vietnam’s central bank has maintained the exchange rate set at the end of 2011; the country’s export sector has continued to grow at 18.2% p.a. and because of this extraordinary level of growth, along with a lower increase of imports, Vietnam has recorded its first trade surplus since the early 1990’s. The banking sector has continued its deleveraging process and the government has been considering the role that state-owned enterprises (SOEs) have played in the economy and the effect of the preferential treatment that SOEs have received from banks, which potentially has been a contributor to the economic slowdown.

After consultation with the Investment Manager and a wide group of experts on Vietnam’s economy, the Directors believe that market conditions are improving and that the Company is well placed to reap the benefits of these improvements as they develop.

Following up on our undertaking in the Continuation Vote, we hereby present our proposal to convert the Company to open-end structure along with proposed amended Articles of Association and Prospectus that will need to be adopted following the successful passing of the required shareholder resolutions to convert to an open-end structure. Please note that following the conversion, the Company will be registered as a mutual fund with the Cayman Islands Monetary Authority (CIMA).

In the Continuation Vote proposal, we explained to Shareholders that we recommended a continuation of the Company, but to satisfy the wishes of Shareholders who wanted to be able to access their capital, we proposed to convert the Company into an open-end fund based on the following conditions:

1. That the Company continue in its present structure (i.e. as a closed-end fund) until March 31st, 2014 by virtue of a lock-up period and then allow for redemptions as follows: 10% redemption of original outstanding shares (“original outstanding shares” determined as of date of conversion to open-end) available quarterly for redemption with two months’ notice period beginning at the end of Q2 2014 and a further 10% of original outstanding shares available for redemption at the end of Q3 2014. For all quarters thereafter, 15% of original outstanding shares will be available for redemption.
2. The Board will be authorized to levy a redemption fee of no more than 3% of the redemption request after it reviews the anticipated costs and expenses of redemptions and liquidation. Currently it appears that the fee will be 3%. A redemption fee is required so that each Shareholder pays its fair share of the estimated costs of liquidation and those costs are not left to be paid by those who choose to remain Shareholders in the Company.
3. In the event that the Board concludes that the Company is no longer viable, the Board has the right to compulsorily redeem the remaining Shareholders’ shares and place the Company into liquidation.

The Board and the Investment Manager have worked with its Cayman Islands and Vietnamese legal counsel to prepare documents to reflect the new structure and these changes. The proposed new Articles of Association and Prospectus are available on Saigon Asset Management’s website, www.saigonam.com.

In developing the new Prospectus, the Board has modified one element of the terminology above, changing it from “original outstanding shares” to “total outstanding shares” because the total number of outstanding shares may increase or decrease after the date of the open-ending. Thus, the Board has used the term “total outstanding shares” for practicality in the new Prospectus.

Additionally, the Directors have decided to introduce an option into the proposed new Articles of Association and Prospectus to be allowed to designate certain illiquid investments as “Special Situation Investments”. The Articles and Prospectus provide that such Special Situation Investments shall not exceed 10% of total Net Asset Value (“NAV”). Special Situation Shares cannot be redeemed at the option of the shareholder. Shareholders will hold Special Situation Shares in a separate Class from their other shareholding until the Board determines that the assets underlying those Shares have become sufficiently liquid to enable their sale, whereupon the Special Situation Shares will be redeemed to the Shareholders in accordance with the terms in the Prospectus.

Other than the above changes, the Directors have maintained the original plan, including the lock-up period for the shares. Therefore, if this proposal is passed there will be a lock-up period until March 31, 2014, with the first quarterly redemption occurring at the end of Q2 2014. While the Directors and the Investment Manager have been working on how to make the Company’s portfolio as liquid as possible in preparation for the conversion to open-end, the fact is that there are still illiquid assets in the portfolio that will be difficult to liquidate, hence the need for the nine months lock-up period.

To illustrate the mechanics of the redemptions, the first redemptions at the end of Q2 2014 will occur as follows: “10% of the total outstanding shares will be made available for redemption”. Thus, the Company will collect redemption requests until two months before the date of redemption (i.e. end of Q2 2014). If these requests exceed 10% of the total outstanding shares (“TOS”), then they will be processed on a pro-rata basis so that not more than 10% of the TOS shall be redeemed. For example, if two Shareholders ask to redeem shareholdings which are 5% and 7% of the TOS respectively (12% of the TOS), the redemption requests will be reduced pro-rata to 4.17% and 5.83% respectively (so that the two requests will jointly equal 10% of the TOS). In contrast, if the redemption requests total only 5% of the TOS, the entire request will be redeemed. Furthermore, the Directors have the authority to redeem all shares held by a Shareholder if the remainder is *de minimus*. Starting at the end of Q4 2014 and for all quarters thereafter, 15% of total outstanding shares will be made available for redemptions using the same process described above.

In an effort to ensure that non-redeeming Shareholders are not negatively impacted by redemptions of existing Shareholders, a redemption fee will be charged. Initially, this fee will be 3% of the redeemed amount; two-thirds (2% of the redeemed amount) will be retained and added to the NAV, which will benefit all remaining Shareholders, while one-third of the fee (1% of the redeemed amount) will be allocated to a “reserve fund” that will be used to cover the cost of winding-up the Company. The Board presently expects these wind-up costs to be in the range of \$50,000 to \$100,000. Once the reserve fund has reached the amount reasonably estimated by the Directors, this portion of the redemption fee will be waived for all remaining Shareholders and the redemption fee will be reduced to 2% of the redeemed amount, all of which will be allocated to increase the overall NAV.

The Directors have found that most open-end funds are generally unlisted, and that the closest form to a listing that many achieve would be a quoting of prices for the shares, which are generally the same or close to the NAV per share prices. However, as the shares will be in a lock-up period until March 31st, 2014, several Shareholders have requested that the Company remains listed through that period and possibly beyond. The listing on the Stuttgart Stock Exchange will be maintained and the Directors will determine, in their sole discretion, if a listing is still warranted at the beginning of Q1 2015. If the Directors find that after the open-ending the volume of shares traded on the listed market are at negligible levels, then the Directors may delist the Company in their sole discretion.

The Directors have maintained their commitment of including clauses concerning “termination of the Company” by stipulating that if NAV of the Company falls below EUR 5.0 million, then they will compulsorily redeem shares. The Directors have the authority to compulsorily redeem shares at any time if they believe that such an action would be in the interests of the Company and its Shareholders. The Directors also will wind-up the Company if the Shareholders pass a Special Resolution (75% approval required) by a quorum (20% required).

To implement the aforementioned conversion and changes, a quorum of not less than 20% of outstanding shares must vote to approve all three of the resolutions that appear on the proxy forms that are included in this shareholder circular. The Prospectus will be approved through an Ordinary Resolution requiring a simple majority of cast votes to pass. The Articles of Association need to be approved by 75% of the votes cast, the Class Consent Resolution also needs to be approved by 75% of votes cast to consent to the change in class rights with a necessary quorum of not less than 33.3% of the issued shares of each class. The Class Consent Resolution provides that the Shareholders agree to changing rights attached to the shares as set forth in the amended Articles of Association; specifically, those changes include, but are not limited to changes to the redemption terms, including the ability to redeem the shares at the option of the Shareholder, subject to the specific terms, conditions and limitations as set out in the Prospectus.

Also appearing on the proxy forms is an Ordinary Resolution to continue the share buyback program. To date, the Company has repurchased 248,700 shares and in so doing has used €347,193 out of the total €1,000,000 that was approved to be used for repurchases at the EGM in June 2012. Provided that the other resolutions concerning the conversion of the Company to open-end fund pass, the Company will be in a lock-up period, with shares traded on the Stuttgart Stock Exchange, and with the first redemptions occurring at the end of Q2 2014. If they do not pass, the Company will remain as a closed-end fund with shares traded on the Stuttgart Stock Exchange. As such, the Directors have deemed that it is in the best interests of the Shareholders and the Company to continue the share buyback program to attempt to narrow the discount, support liquidity of the Company’s shares, and for the benefit of the net asset value. The proposal is for the Board of Directors to repurchase shares at such times and in such amounts as they determine appropriate, until the unused amount of €652,807 is exhausted, and that after any repurchase the bought back shares shall be cancelled.

The Board urges you to review the proposed new Articles of Association and Prospectus carefully and contact the Investment Manager if you have any questions, the contact details are set out below,

Therefore, the Board recommends that Shareholders vote yes on the conversion resolutions.

Respectfully,
On Behalf of the Board,
Vietnam Equity Holding



Dr. Lee G. Lam
Chairman and Independent Non-executive Director

For questions please contact:
Saigon Asset Management
Investor Relations Department
Tel: +84-8-5404-3488 - Fax: +84-8-5404-3487 Email: IR@saigonam.com
Office hours are from 8:30am to 5:30pm Vietnam time (GMT+7), however for convenience, calls may be scheduled by request as late as 10:00pm Vietnam time.