

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 effected, 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)

To consider and approve the Board’s proposal on repurchase of the Company’s own shares

Notices convening the Extraordinary General Meeting of the Company to be held on 21 June 2012 are set out at the end of this Circular. A Form of Proxy for use in relation to these 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 19 June 2012.

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

Directors:

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

Registered Office:

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

Dear Shareholder,

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Extraordinary General Meeting of Vietnam Equity holding (the “Company”) will be held 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 Thursday, 21 June 2012 at 15:30 Vietnam time (the “Meeting”) for the following purposes:

1. To consider and approve the Board’s proposal on repurchase of the Company’s own shares.

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 19 June 2012 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 Meeting.

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.

The completed and duly signed Form of Proxy must be sent not later than **15:30** (Vietnam time) on 19 June 2012 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 VOTE CAST BY THE BOARD OF DIRECTORS OF THE COMPANY.

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

Yours faithfully

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
21 JUNE 2012

Voting

The enclosed Form of Proxy is for use at the Extraordinary General Meeting of the Company's Shareholders (the "Meeting"). The Form of Proxy is to be sent to the address, fax or email address listed in the Notice of Extraordinary General Meeting, 48 hours prior to the Meeting time.

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.

Only Shareholders who are Shareholders of record at a minimum of 48 hours prior to the time of the Meeting will be entitled to vote. There are 21,745,510 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.

Quorum

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.

In the event that a quorum is not achieved, the Meeting will be adjourned until the same time on 28 June 2012, and the adjourned Meeting will be held at the same place as the originally scheduled meeting

Resolution 1: Authorise the Board to use the free cash of about €1,000,000 (one million Euros) of the Company's cash to repurchase the Company's own shares at a discount rate as the Board thinks fit and at its discretion through the stock market and in private transactions within the bid/ask spread in accordance with applicable laws and regulations within the next 6 months for holding as treasury shares or cancellation at the Board's discretion.

Please refer to the Memorandum, which you should have received together with the Notice of Extraordinary General 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 MEETING

EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS
21 JUNE 2012

The undersigned, a registered Shareholder of the Company, hereby appoints the Chairman of the Meeting, or _____ of _____ as my/our proxy to act on my/our behalf at the Extraordinary General Meeting of the Company to be held on 21 June 2012, at 15:30 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 such Meeting and I/we waive all notice of the Meeting.

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 Meeting 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).

	For	Against
RESOLVED that the Board be authorised to use the free cash of about €1,000,000 (one million Euros) of the Company’s cash to repurchase the Company’s own shares at a discount rate as the Board thinks fit and at its discretion through the stock market and in private transactions within the bid/ask spread in accordance with applicable laws and regulations within the next 6 months for holding as treasury shares or cancellation at the Board’s discretion.		

Number of shares voted:

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)

DIRECTORS’ PROPOSAL ON SHARE REPURCHASE BY VIETNAM EQUITY HOLDING

(A voting item for the Extraordinary General Meeting on 21 June 2012)

Dear Shareholders,

In view of the request from several Shareholders of Vietnam Equity Holding (“Company”) for the Board of Directors (“Board”) to examine the possibility of initiating a share buy-back program, the Board has both consulted with legal counsel of Cayman Islands and German jurisdictions and has met to discuss the idea with the Investment Manager.

A. THE INVESTMENT MANAGER’S REPORT AND OBSERVATION:

1. As at 25th May 2012, the Company had about €1.77 million in cash and 95% of the portfolio is allocated to listed securities. The Company needs at least €0.6 million to maintain normal business operations for the next 6 months (this assumption is made based on the average monthly operating expenses derived from the total annual operating expenses noted in the audited financial statements of the Company as at 31 December 2011).
2. According to Bloomberg’s statistics, on 25 May 2012, the average daily turnover of VEH’s shares since the beginning of the year on XETRA and the Frankfurt Stock Exchange was 8,141 shares at an average price of €1.18 per share. Even after taking into consideration the more active trading in May and the higher share price, it would take about 6 months for the Company to fully deploy €1 million when taking into account the applicable laws and regulations on share buy-backs that limit the Company to repurchase a maximum of 25% of amount traded in the previous month.
3. The Board understands that the Shareholders believe in the future long-term growth of Vietnam and expects the Company to deploy the capital in a prudent and profitable manner. The share price discount is the result of market disruptions rather than poor performance of the Company itself. The Company’s NAV has increased 21.7% YTD (25 May 2012), and since inception, the Company has outperformed the VN Index (-5.6% vs. -60% in Euro term, respectively) and peer funds.
4. On the one hand, if the Company were able to repurchase its own shares at the current 38-40% discount, it would be beneficial in the short-term since the cancellation of the repurchased shares would increase the Net Asset Value (“NAV”) per share of the remaining shares, benefitting the Shareholders. On the other hand, it is foreseeable that such an action could be detrimental to long-term Shareholders since the Company would have less cash to deploy into investments at excellent valuations. These opportunistic investments are attributed to, among other things, the drop of market prices during the global economic recession and the depression

of local market sentiment mainly due to Vietnam's prolonged high inflation and restrictive monetary policy. The country is now in the recovery stage with inflation trending downwards, enabling the reduction of interest rates and the implementation of stable growth oriented policies. The Vietnamese equity market is expected to recover strongly in the near future, clearly beneficial to the Company's long-term value. Therefore, the Investment Manager suggests the best use of the remaining cash would be to reinvest into Vietnam at this time. However, the final decision shall be made by the Board and the Company's Shareholders.

B. DIRECTOR' PROPOSAL TO REPURCHASE VEH'S SHARES

With due diligence of its fiduciary duties owed toward the Shareholders as a whole and on the balance of probabilities and proportionality, the Board hereby submits to the Shareholders a share buy-back program by the Company for approval and authorization as below:

1. Approve that the Company use the free cash of about **€1,000,000 (one million Euros)** out of €1.77 million (as of 25 May 2012) for the Buy-Back Program to repurchase the Company's own shares at a discount-to-NAV rate as the Board thinks fit and at its discretion through the stock market and private transactions within the bid/ask spread and in accordance with applicable laws and regulations within the next six (6) months for holding as treasury shares or cancellation at the Board's discretion.
2. Authorize the Board to direct the Investment Manager to implement the program as mentioned in 1 above for a period of six (6) months from the date of approval.

Yours truly,

By order of the Board of Directors



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