

THIS LETTER AND THE ACCOMPANYING DOCUMENTS ARE IMPORTANT AND REQUIRE YOUR IMMEDIATE ATTENTION. If you are in any doubt as to any aspect of this Notice, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional advisor.

If you have sold, redeemed or transferred all your shares in Vietnam Emerging Equity Fund Limited, you should immediately hand this Notice to the purchaser or transferee or to the bank, stockbroker or other agent through which the sale, redemption or transfer was effected for transmission to the purchaser or transferee.

VIETNAM EMERGING EQUITY FUND LIMITED

(Incorporated in the Cayman Islands)

Participating Shareholder Circular

Concerning Proposed Merger with Vietnam Lotus Fund Limited

SHAREHOLDER CIRCULAR

VIETNAM EMERGING EQUITY FUND LIMITED

(Incorporated under the laws of Cayman Islands with Limited Liability)

To the participating shareholders (the “**Shareholders**”) of Vietnam Emerging Equity Fund Limited (“**VEEF**”)

2 November 2010

Dear Shareholder,

PROPOSED MERGER WITH VIETNAM LOTUS FUND LIMITED

INTRODUCTION

The Investment Manager of VEEF, PXP Vietnam Asset Management Limited, has submitted a proposal to the Board of Directors of VEEF (the “**Board**”) that VEEF merge with Vietnam Lotus Fund Limited (“**VLF**”), a Cayman Islands company limited by shares, operating as a closed-ended fund, which is also managed by the Investment Manager (the “**Merger**”).

The rationale for the proposal is that the Merger would create a fund of sufficient size for the shareholders of both constituent entities to enjoy economies of scale. Both funds currently have similar investment policies, objectives and restrictions, with the main difference relating to the proportion of pre-listed assets that may be held in the respective funds. The Merger will have the effect of imposing VEEF’s restriction on pre-listed assets at 10% of assets.

Shareholders of VEEF will benefit from the increased size of the fund, with more flexibility in terms of portfolio realisations to fund redemptions.

As you are aware VEEF became open-ended with effect from January 2010 and is regulated by CIMA, the Cayman Islands Monetary Authority.

INFORMATION CONCERNING VIETNAM LOTUS FUND

VLF is a closed-ended, non-regulated fund organised along identical lines to those of VEEF prior to VEEF’s open-ending.

The portfolios of both VEEF and VLF are currently managed by the same individual, Kevin Snowball, and thus shareholders in the new merged entity will benefit from centralised portfolio construction. Shareholders of both VEEF and VLF will benefit from economies of scale in terms of fees following the Merger; existing VLF Shareholders will benefit (as VEEF Shareholders currently benefit) through becoming shareholders in an open-ended fund by being able to redeem their shares at Net Asset Value (less a redemption fee of 1%) on a monthly basis following the Merger, without penalty.

DETAILS OF THE MERGER

The surviving entity in the Merger will be VEEF, and so current VEEF shareholders will hold their shares on exactly the same terms as before. The Merger will be made on the basis of the respective NAV and NAV per Share of each of VEEF and VLF, and so shareholders will suffer no economic disadvantage from the Merger.

Pursuant to the Merger, Shareholders in VLF will have their VLF shares cancelled in return for the issue of new participating shares in VEEF on an NAV so as to ensure that the total NAV of the VLF Shares held by each individual VLF shareholder prior to the Merger will be equal to that of the VEEF shares held by each such shareholder post Merger. The respective NAV and NAV per Share of each of VEEF and VLF for this purpose will be calculated on the valuation date.

The valuation date for the purpose of the Merger will be 29 October 2010.

The Merger will be effective (subject to shareholder approval) on 1 December 2010.

All VLF shares shall be cancelled by operation of the Merger.

Worked example

By way of example, if the Merger took effect as of 21 October 2010:

The NAV of VEEF was US\$9,186,676 as at 21 October 2010.

VEEF had 2,023,497 Shares in issue at that date, giving a NAV per Share of US\$4.54.

The NAV of VLF was US\$20,391,113 as at 21 October 2010.

VLF had 9,917,857 Shares in issue at that date, giving a NAV per Share of US\$2.056

The combined NAV of the merged entity post Merger would therefore be US\$29,577,789 as at 21 October 2010 (“**Merged NAV**”).

As VEEF has a higher NAV per share, on a Merged NAV per Share basis each VLF shareholder would receive 1 Share in VEEF for every 2.2081712 VLF Shares.

Thus 4,491,435 new Shares in VEEF would be issued in return for the cancellation of all issued VLF Shares.

In this example, immediately post Merger the total number of issued shares in VEEF would be 6,514,932. The NAV per Share of the Fund would equal US\$4.54 and so would not change as a result of the Merger.

A draft Plan of Merger dated 29 October 2010 is enclosed herewith (the “**Plan of Merger**”).

Note that the relevant Valuation Date in respect of the Merger will be 29 October 2010. The NAVs of both VEEF and VLF will be finalised as soon as possible thereafter, and it is expected that final figures for both funds will be available on 5 November 2010. VLF Shareholders will be informed of their holdings in VEEF (effective 1 December 2010 and subject to approval of the Merger) as soon as possible thereafter.

CONSENTS REQUIRED FOR THE MERGER

The requirements of the Merger are governed by the Companies Law (2010 Revision) of the Cayman Islands (the “**Companies Law**”). Pursuant to Section 233 (6) thereof, the consent of a majority in number representing seventy-five per cent in value of the shareholders voting together as one class is required from each constituent company to approve the Plan of Merger.

For the purpose of the Merger, each of VLF and VEEF is a “constituent company”, with VEEF being the surviving entity.

Please note that if you have submitted a redemption request for your Shares in VEEF, and this redemption request has been accepted and processed and you are waiting for your redemption proceeds to be paid, you are not entitled to participate in the Merger nor in the Merger vote and your consideration of the contents of this Circular is not required.

TIMELINE FOR THE MERGER

29 October 2010	Boards of VEEF and VLF approve the Plan of Merger
29 October 2010	NAV valuation day for Merger share exchange
2 November 2010	Release circulars to shareholders including voting form to approve Plan of Merger
5 November 2010	Announcement of 29 October 2010 NAVs of the Fund and VLF
18 November 2010	Voting deadline for shareholders
19 November 2010	Submit Plan of Merger to the Cayman Islands Registry (expedited basis) for final approval
1 December 2010	Effective date of Merger

CONSENT FORM

Registered Shareholders of VEEF should complete, and persons who hold shares through Euroclear or Clearstream Banking, Luxembourg (“**Clearstream**”) should request Euroclear or Clearstream to complete the enclosed consent form and return it to the Fund Administrator:

Deutsche Bank AG, Singapore Branch
One Raffles Quay
South Tower Level 16
Singapore 048583

marked for the attention of: **Alternative Fund Services**

as soon as possible and, in any event, so as to arrive not later than **5pm** (Singapore time) on **18 November 2010**.

Before sending the hard copy, please send a copy of the completed consent form to the Administrator by either fax or e-mail:

Fax: **+ 65 6227 3013**
E-mail: hw-ta@list.db.com

and a copy to Kevin Snowball at PXP Vietnam Asset Management:

Fax: **+ 84 8 3827 6043**
E-mail: khsnowball@pxpam.com

RECOMMENDATION

The Directors believe that the Merger is in the best interests of Shareholders and VEEF and recommend that you vote in favour of the Merger and approve the Plan of Merger.

Yours sincerely

Philip Smiley
Chairman

CONSENT FORM
VIETNAM EMERGING EQUITY FUND LIMITED

To: **VIETNAM EMERGING EQUITY FUND LIMITED**

In accordance with the Circular to Shareholders dated 2 November 2010 by checking the box following this paragraph, the undersigned Shareholder elects to approve the Merger and the Plan of Merger.

I/We hereby elect to APPROVE the Merger and the Plan of Merger
:

_____ (number of Shares)

I/We hereby DO NOT APPROVE the Merger and the Plan of Merger
:

_____ (number of Shares)

- I/We certify that I/we am/are the owners of the Shares.
- I/We are acting on behalf of the owner(s) of the Shares (please attach evidence of such authority).

Date: _____

Name & Title: _____

Signature: _____