

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the action you should take, you are recommended to seek your own independent financial advice from your stockbroker, solicitor, accountant, bank manager or other independent financial adviser authorised under the Financial Services and Markets Act 2000 if you are in the United Kingdom or, if not, from another appropriately authorised financial adviser.**

If you have sold or otherwise transferred all of your shares in The Scottish Oriental Smaller Companies Trust plc, please forward this document, together with the accompanying form of proxy, immediately to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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## **THE SCOTTISH ORIENTAL SMALLER COMPANIES TRUST PLC**

*(Incorporated in Scotland with registered number SC156108)*

*(An investment company within the meaning of section 833 of the Companies Act 2006)*

### **Recommended proposals to make certain changes to the Company's investment policy and Notice of General Meeting**

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Notice of a general meeting of The Scottish Oriental Smaller Companies Trust plc to be held at 9.00 a.m. on 20 September 2013 at 10 St. Colme Street, Edinburgh EH3 6AA is set out at the end of this document. To be valid, the form of proxy accompanying this document must be completed and returned, in accordance with the instructions printed on it, so as to be received by the Company's registrars, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY, as soon as possible, but in any event not later than 9.00 a.m. on 18 September 2013.

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## EXPECTED TIMETABLE

	<i>2013</i>
Latest time and date for receipt of forms of proxy	9.00 a.m. on 18 September
General Meeting	9.00 a.m. on 20 September

**Notes:**

- (i) References to times in this document are to London time.
- (ii) The dates set out in the expected timetable may be adjusted by the Company, in which event details of the new dates will be notified to the UK Listing Authority and the London Stock Exchange and an announcement made through a Regulatory Information Service.

# THE SCOTTISH ORIENTAL SMALLER COMPANIES TRUST PLC

*(Incorporated in Scotland with registered number SC156108)  
(An investment company within the meaning of section 833 of the Companies Act 2006)*

*Directors:*

James Ferguson (*Chairman*)  
Alexandra Mackesy  
Dr Janet Morgan CBE  
Anne West

*Registered Office:*

10 St. Colme Street  
Edinburgh  
EH3 6AA

28 August 2013

Dear Shareholder

## RECOMMENDED PROPOSALS TO MAKE CERTAIN CHANGES TO THE COMPANY'S INVESTMENT POLICY

### Introduction

As announced today, the Board is proposing to make certain changes to its investment policy to give the Investment Manager flexibility to invest in companies with greater market capitalisations.

This document explains the proposed changes to the Company's investment policy and why we believe these proposals to be in the best interests of Shareholders as a whole. Before the proposed changes to the Company's investment policy can become effective, the Listing Rules require the proposed policy to be approved by Shareholders.

We are therefore convening a General Meeting at which Shareholders will be asked to consider and, if thought fit, approve the proposed changes to the Company's investment policy. The General Meeting is to be held at 9.00 a.m. on 20 September 2013 at 10 St. Colme Street, Edinburgh EH3 6AA and the notice convening the General Meeting is set out at the end of this document.

### Proposed changes to the investment policy

The Company's current investment objective is to achieve long-term capital growth by investing in mainly smaller Asian quoted companies. There is no intention to change this investment objective. However, in order to facilitate its achievement, permission is being sought to widen the definition of what constitutes a smaller company for the purposes of the Company's investment policy. The full text of the Company's current investment policy is set out on page 5 of this document.

From the launch of the Company in March 1995 until the end of July 2013, the Company's benchmark, Morgan Stanley Capital International AC Asia ex Japan Index, has increased by 149 per cent. and the value of the Company has risen by more than 940 per cent. to £263 million. At launch, the maximum market capitalisation of any individual holding at time of purchase was set at US\$500 million with allowance for up to 20 per cent. of the Company's net assets to be held in stocks with a market capitalisation of between US\$500 million and US\$1,000 million. In 2001, the market capitalisation for any individual holding was increased to US\$750 million. In 2006, on the basis that the market capitalisation of Asian stock markets had more than doubled since the Company's launch, these limits were raised to the current limits of US\$1,000 million for each individual holding with allowance to hold up to 20 per cent. of the Company's net assets in stocks with a market capitalisation of between US\$1,000 million and US\$2,000 million.

Given both the higher valuations now generally prevailing in Asian stock markets and the increased size of the Company, the Board believes that its investment policy should be amended to allow the Investment Manager to invest in stocks with a larger market capitalisation than they are currently permitted.

In this regard, it is noted that the Investment Manager is not even close to using the current allowance of investing up to 20 per cent. of the Company's portfolio in stocks with a market capitalisation of between US\$1,000 million and US\$2,000 million at the time of purchase. However, if Asian stock

markets continue to advance over the longer term and the Company's size grows alongside them, the Board believes it would be in their Shareholders' interests for the Investment Manager to have the flexibility to invest this 20 per cent. allowance into stocks with a market capitalisation of up to US\$3,000 million rather than the US\$2,000 million limit now prevailing. It remains the Board and the Investment Manager's expectation that a majority of holdings on purchase will be relatively small and continue to have a market capitalisation of under US\$1,000 million.

To allow an easy comparison to be made between the current and proposed investment policies, the full terms of each are set out on page 5 of this document (with the changes to the existing investment policy highlighted in bold).

### **General Meeting**

As explained above, the changes to the Company's investment policy are conditional upon the approval of the Shareholders. Therefore, an ordinary resolution to approve the changes to the Company's investment policy will be proposed at the General Meeting. You will find the notice convening the General Meeting set out on page 7 of this document. The General Meeting will be held on Friday, 20 September 2013 at 9.00 a.m. at 10 St. Colme Street, Edinburgh EH3 6AA.

### **Action to be taken**

Shareholders will find enclosed with this document a form of proxy for use in connection with the General Meeting. Whether or not Shareholders propose to attend the General Meeting, they are requested to complete, sign and return the form of proxy as soon as possible, in accordance with the instructions printed on it.

To be valid, the enclosed form of proxy must be lodged with the Company's registrars, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY, as soon as possible, but in any event not later than 9.00 a.m. on 18 September 2013. The completion and return of the form of proxy will not prevent a Shareholder from attending and voting in person at the General Meeting.

### **Recommendation**

The Board considers that the proposed changes to the Company's investment policy are in the best interests of the Shareholders as a whole. Accordingly, the Board unanimously recommends all Shareholders to vote in favour of the Resolution to be proposed at the General Meeting.

The Directors intend to vote in favour of the Resolution to be proposed at the General Meeting in respect of their own beneficial holdings of Shares (amounting to 309,460 Shares in aggregate representing 0.98 per cent. of the issued shares capital of the Company).

Yours faithfully

**James Ferguson**  
*Chairman*

## CURRENT AND PROPOSED INVESTMENT POLICIES

### Current investment policy

The Company's investment objective is to achieve long-term capital growth by investing in mainly smaller Asian quoted companies.

The Company invests mainly in the shares of smaller Asian quoted companies, that is companies with market capitalisations of below US\$1,000 million, or the equivalent thereof, at the time of first investment.

The Company may also invest in companies with market capitalisations of between US\$1,000 million and US\$2,000 million at the time of first investment, although not more than 20 per cent. of the Company's net assets at the time of investment will be invested in such companies.

To enable the Company to participate in new issues, it may invest in companies which are not quoted on any stock exchange, but only where the Investment Manager expects that the relevant securities will shortly become quoted.

For investment purposes, the investment Region includes China, Hong Kong, India, Indonesia, Malaysia, Pakistan, Philippines, Singapore, South Korea, Sri Lanka, Taiwan, Thailand and Vietnam. Countries in other parts of Asia may be considered with approval of the Board.

With the objective of enhancing capital returns to shareholders, the Directors of the Company will consider the use of long term borrowings up to a limit of 50 per cent. of the net assets of the Company at the time of borrowing.

The Company invests no more than 15 per cent. of its gross assets in other listed investment companies (including listed investment trusts).

The Company invests no more than 15 per cent. of its total assets in the securities of any one company or group of companies at the time of investment.

The Company reserves the right to invest in equity-related securities (such as convertible bonds and warrants) of companies meeting its investment criteria. In the event that the Investment Manager anticipates adverse equity market conditions, the Company may invest in debt instruments in any country or currency.

The majority of the Company's assets are denominated in Asian currencies or US dollars. The Company reserves the right to undertake foreign exchange hedging of its portfolio.

### Proposed investment policy

The Company's investment objective is to achieve long-term capital growth by investing in mainly smaller Asian quoted companies.

The Company invests mainly in the shares of smaller Asian quoted companies, that is companies with market capitalisations of below **US\$1.500 million**, or the equivalent thereof, at the time of first investment.

The Company may also invest in companies with market capitalisations of between **US\$1.500 million and US\$3.000 million** at the time of first investment, although not more than 20 per cent. of the Company's net assets at the time of investment will be invested in such companies.

To enable the Company to participate in new issues, it may invest in companies which are not quoted on any stock exchange, but only where the Investment Manager expects that the relevant securities will shortly become quoted.

For investment purposes, the investment Region includes China, Hong Kong, India, Indonesia, Malaysia, Pakistan, Philippines, Singapore, South Korea, Sri Lanka, Taiwan, Thailand and Vietnam. Countries in other parts of Asia may be considered with approval of the Board.

With the objective of enhancing capital returns to shareholders, the Directors of the Company will consider the use of long term borrowings up to a limit of 50 per cent. of the net assets of the Company at the time of borrowing.

The Company invests no more than 15 per cent. of its gross assets in other listed investment companies (including listed investment trusts).

The Company invests no more than 15 per cent. of its total assets in the securities of any one company or group of companies at the time of investment.

The Company reserves the right to invest in equity-related securities (such as convertible bonds and warrants) of companies meeting its investment criteria. In the event that the Investment Manager anticipates adverse equity market conditions, the Company may invest in debt instruments in any country or currency.

The majority of the Company's assets are denominated in Asian currencies or US dollars. The Company reserves the right to undertake foreign exchange hedging of its portfolio.

## DEFINITIONS

Unless the context otherwise requires, the following words and expressions have the following meanings in this document:

<b>“Board” or “Directors”</b>	the directors of the Company from time to time;
<b>“Company”</b>	The Scottish Oriental Smaller Companies Trust plc, a company incorporated in Scotland with the registered number SC156108;
<b>“General Meeting”</b>	the general meeting of the Company convened for 9.00 a.m. on Friday, 20 September 2013 or any adjournment of that meeting;
<b>“Investment Manager”</b>	First State Investment Management (UK) Limited;
<b>“Listing Rules”</b>	the listing rules made by the Financial Conduct Authority under Part VI of the Financial Services and Markets Act 2000 (as amended) from time to time;
<b>“London Stock Exchange”</b>	London Stock Exchange plc;
<b>“Resolution”</b>	the resolution to approve the changes to the Company's investment policy as set out in the notice of the General Meeting on page 7 of this document;
<b>“Shares”</b>	ordinary shares of 25p each in the capital of the Company; and
<b>“Shareholders”</b>	holders of Shares.

# THE SCOTTISH ORIENTAL SMALLER COMPANIES TRUST PLC

(Incorporated in Scotland with registered number SC156108)  
(An investment company within the meaning of section 833 of the Companies Act 2006)

## NOTICE OF GENERAL MEETING

NOTICE IS HEREBY GIVEN that a general meeting of The Scottish Oriental Smaller Companies Trust plc (the “**Company**”) will be held at 10 St. Colme Street, Edinburgh EH3 6AA on Friday, 20 September 2013 at 9.00 a.m. to consider and, if thought fit, pass the following resolution which will be proposed as an ordinary resolution.

### ORDINARY RESOLUTION

“That the proposed investment policy set out in the circular to the shareholders of the Company dated 28 August 2013 (the “**Circular**”), a copy of which has been produced to the meeting and signed by the Chairman for the purposes of identification, be and is hereby adopted as the investment policy of the Company to the exclusion of all previous investment policies of the Company.”

By order of the Board  
**Steven Davidson**  
Company Secretary

Registered Office  
10 St. Colme Street  
Edinburgh  
EH3 6AA

28 August 2013

#### Notes:

1. A shareholder who is entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend, speak and vote on his/her behalf. Such proxy need not also be a shareholder of the Company. If appointing more than one proxy, each proxy must be appointed to exercise rights attaching to different shares held by the shareholder.
2. A proxy form for use by shareholders at the meeting is enclosed with this document. Proxies must be lodged with the Company’s registrar, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY, not less than 48 hours (excluding non-working days) before the time appointed for the meeting together with any power of attorney or other authority (if any) under which it is signed. Completion of the proxy form will not prevent a shareholder from attending the meeting and voting in person.
3. Only those shareholders having their name entered on the Company’s share register not later than 6.00 p.m. on 18 September 2013 or, if the meeting is adjourned, at 6.00 p.m. two days (excluding non-working days) prior to the date of the adjourned meeting, shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their name at that time. Changes to the entries on the Company’s share register after that time shall be disregarded in determining the rights of any shareholder to attend, speak and vote at the meeting, notwithstanding any provision in any enactment, the articles of association of the Company or other instrument to the contrary.
4. Any corporation which is a shareholder can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a shareholder provided that they do not do so in relation to the same shares.
5. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the meeting and any adjournment(s) thereof by using the procedures described in the CREST Manual and by logging on to the website [www.euroclear.com/CREST](http://www.euroclear.com/CREST). CREST personal members or other CREST sponsored members and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by the Company’s registrars, Computershare Investor Services PLC (ID 3RA50) by no later than 9.00 a.m. on 18 September 2013. No such message received through the CREST network after this time will be accepted. The time of receipt will be taken to be the time from which the Registrars are able to retrieve the message by enquiry to CREST.

CREST members and, where applicable, their CREST sponsors or voting service provider(s) should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

6. The right to appoint a proxy does not apply to persons whose shares are held on their behalf by another person and who have been nominated to receive communications from the Company in accordance with section 146 of the Companies Act 2006 ("Nominated Persons"). Nominated Persons may have a right under an agreement with the member who holds the shares on their behalf to be appointed (or to have someone else appointed) as a proxy. Alternatively, if Nominated Persons do not have such a right, or do not wish to exercise it, they may have a right under such an agreement to give instructions to the person holding the shares as to the exercise of voting rights. The statement of the rights of members in relation to the appointment of proxies in notes 1 and 2 above does not apply to Nominated Persons. The rights described in these notes can be exercised only by members of the Company.
7. As at 27 August 2013 the Company's issued share capital comprised 31,643,650 ordinary shares of 25p each. Therefore, as at 27 August 2013, the total number of voting rights exercisable at the meeting is 31,643,650.
8. Any person holding 3 per cent. of the total voting rights in the Company who appoints a person other than the Chairman as his/her proxy will need to ensure that both he/she and such third party comply with their respective disclosure obligations under the Disclosure and Transparency Rules.
9. Information regarding the meeting, including information required by section 311A of the Companies Act 2006, is available from the Company's website, [www.scottishoriental.co.uk](http://www.scottishoriental.co.uk).
10. Under section 319A of the Companies Act 2006, the Company must answer any question relating to the business being dealt with at the meeting put by a member attending the meeting unless:
  - (a) answering the question would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information;
  - (b) the answer has already been given on a website in the form of an answer to a question; or
  - (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
11. Shareholders are advised that, unless otherwise stated, any telephone number, website or e-mail address which may be set out in this notice of meeting or in any related documents (including the proxy form) is not to be used for the purposes of serving information or documents on, or otherwise communicating with, the Company for any purposes other than those expressly stated.