

Annual Report 2026

The Scottish Oriental
Smaller Companies Trust plc

Annual Report 2026

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Investment Objective

The investment objective of The Scottish Oriental Smaller Companies Trust plc (the 'Company' or 'Scottish Oriental') is to achieve long-term capital growth by investing mainly in smaller Asian quoted companies.

Financial Highlights

Total Return Performance for the year ended 31 August 2026

Net Asset Value[A]	(6.5)%	MSCI AC Asia ex Japan Small Cap Index (£)	19.8%
Share Price[A]	(7.9)%	MSCI AC Asia ex Japan Index (£)	40.4%
Final dividend of 2.9p per share		FTSE All-Share Index (£)	21.3%

Summary Data at 31 August 2026

Shares in issue	111,305,482	Shareholders' Funds	£341.6m
Net Asset Value per share	306.9p	Market Capitalisation	£303.9m
Share Price	273.0p	Share Price Discount to Net Asset Value[A]	11.0%
Ongoing Charges Ratio[A]	0.99%	Active Share (MSCI AC Asia ex Japan Small Cap Index)[B]	96.8%

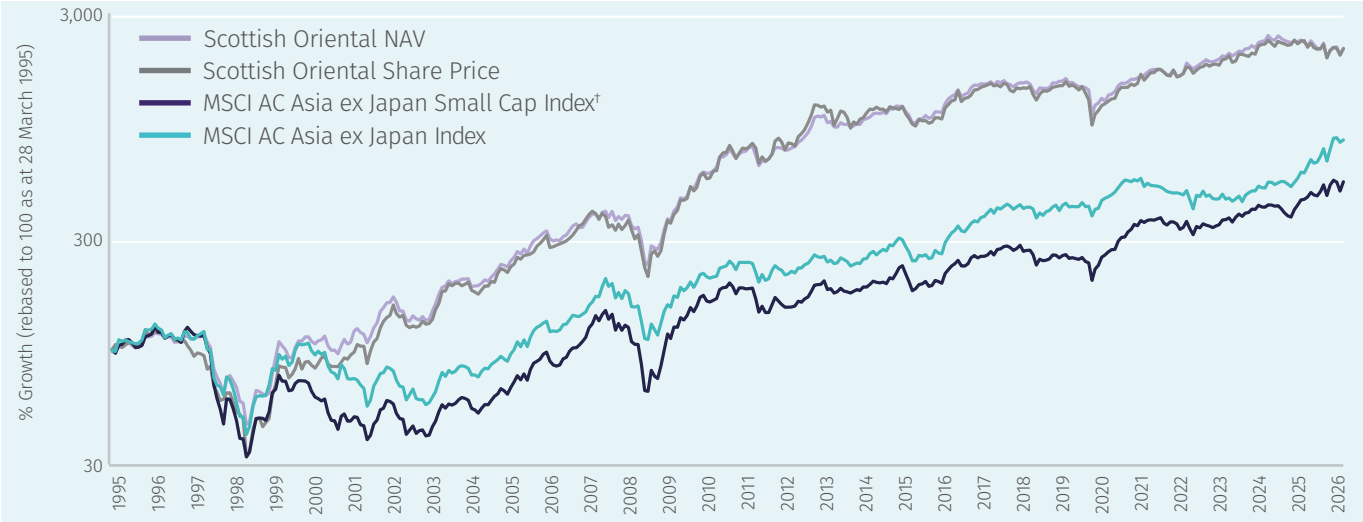
[A] Alternative Performance Measure.

[B] The Active Share ratio figures illustrate the extent to which The Scottish Oriental Smaller Companies Trust plc's portfolio differs from the index; 100 per cent would indicate that there is no overlap whatsoever.

A Glossary of Terms and Alternative Performance Measures is provided on pages 68 to 70.

Total Return Performance

Since 28 March 1995*



* The date on which the Company was launched.

† The MSCI AC Asia ex Japan Small Cap Index was launched on 1 June 2007, growth shown prior to this is an estimate based on the historical results of the companies in the index.

Chairman's Statement

The year to 31 August 2026 was a challenging period for the Company. It also marked the end of the five-year performance period under the Company's conditional tender offer, over which the Company underperformed its benchmark.

During the year under review, the Company's NAV decreased by 6.5 per cent, on a total return basis, compared to the MSCI AC Asia ex Japan Small Cap Index, the MSCI AC Asia ex Japan Index and the FTSE All-Share Index, which increased by 19.8 per cent, 40.4 per cent and 21.3 per cent respectively (on a total return basis) during the same period. The Company's share price fell by 9.0 per cent during the year which, including dividends paid, produced a share price total return of negative 7.9 per cent.

This was a poor result, both in absolute terms and against the benchmark, and the Board shares the disappointment of the Company's shareholders. Over the course of the year, the Board carried out a detailed review of historic performance and the potential for future outperformance with the Investment Manager. Alongside this, it engaged extensively with shareholders to seek their views on the Company's future. That process culminated in the Board's announcement on 13 October 2026 of a formal Strategic Review, which is described below.

Conditional Tender Offer

On 23 November 2021, the Board announced a performance-related conditional tender offer ("CTO") linked to the Company's investment performance over the five-year period that commenced on 1 September 2021 (the "Performance Period"). Under the CTO's terms, a tender offer for up to 25 per cent. of the Company's issued share capital was to be put to shareholders if, over the Performance Period, the Company's NAV total return in Sterling on a cum-income basis did not exceed the total return of the MSCI AC Asia ex Japan Small Cap Index (in Sterling) (the "Index") over the same timeframe.

The Company outperformed its benchmark comfortably during the first three years of the Performance Period, with a NAV total return of 17.5 per cent compared to 0.9 per cent for the Index. However, this lead was more than offset by relative underperformance in the subsequent two years, where the NAV returned 9.0 per cent versus an Index total return of 47.2 per cent. During this period market gains were concentrated in Taiwan, Korea and technology – where the portfolio was under exposed – whilst consumer companies and India – where the portfolio was much more exposed – struggled. As a result, over the Performance Period, which ended on 31 August 2026, the Company's NAV total return was 28.0 per cent compared with 48.5 per cent for the MSCI AC Asia ex Japan Small Cap Index (on a total return basis) and, consequently, the CTO was triggered.

Strategic Review

On 2 September 2026, the Board confirmed that the performance criteria for the CTO had been met and that it was continuing to engage with a number of shareholders to consider whether additional actions were required to ensure that the Company meets their needs on an ongoing basis. Those discussions highlighted the importance of scale and secondary market liquidity, alongside investment performance, and that many shareholders wanted the Board to consider the Company's options more broadly.

Accordingly, and given the indications of voting intentions received with respect to the shareholder approval required to implement the CTO, the Board announced on 13 October 2026 that it would not proceed with the CTO at that time and would instead undertake a formal strategic review of the Company's future options (the "Strategic Review").

In assessing proposals for the future of the Company, based upon shareholder feedback received to date, the Board continues to believe in the merits of investing in Asian smaller companies. It also remains mindful of shareholders' expectations for a 25 per cent cash exit opportunity which was to be delivered promptly following the triggering of the CTO, alongside its objective of providing continuing shareholders with an investment vehicle of greater scale and liquidity.

The Board has appointed Investec Bank plc to assist with the Strategic Review and will update shareholders as appropriate as the process develops.

Management Fee Arrangements

Following discussions with the Investment Manager, revised management fee arrangements were introduced with effect from 1 March 2026. The annual management fee was reduced from 0.75 per cent per annum of net assets as follows:

- 0.70 per cent per annum on the lower of market capitalisation and net assets up to £250 million; and
- 0.65 per cent per annum on the lower of market capitalisation and net assets above £250 million.

In addition, the performance fee was removed entirely.

Chairman's Statement cont'd

Proposed Amendment to the Investment Policy

As previously stated in my statement in the last Interim Report, at the forthcoming Annual General Meeting, shareholders will be asked to approve an amendment to the Company's investment policy. Under the current policy, the Company is permitted to invest in companies with a market capitalisation of up to US$5,000 million at the time of first investment. This limit has been amended as a defined numerical figure on a number of occasions over the Company's history, as the opportunity set available to the Portfolio Managers has changed. Rather than proposing a further numerical amendment, the Board is recommending a new upper limit that would allow investment in Asian quoted investments with float-adjusted market capitalisations equal to or lower than that of the largest constituent of the MSCI AC Asia ex Japan Small Cap Index at the time of first investment.

The proposed change would not alter the Company's objective of investing primarily in Asian smaller companies, nor would it represent any change to the Portfolio Managers' portfolio construction process, which starts with a blank slate rather than using the index as a guide. The Board believes the new upper limit would provide additional flexibility to access a broader opportunity set across the region, and would help ensure that the Company can continue to invest in businesses that meet its quality and long-term growth criteria.

Revenue and Dividend

Revenue earnings per share were 2.58p compared with 4.51p last year. As highlighted in the Portfolio Manager's Report in the last Interim Report, the reduction primarily reflects lower dividend income from the portfolio compared with the unusually strong dividend income levels including significant special dividends received in recent years. The Board has recommended a final dividend of 2.9p per share which, subject to shareholder approval at the Annual General Meeting, will be paid on 5 February 2027 to shareholders on the register at the close of business on 8 January 2027. The shares will be marked ex-dividend on 7 January 2027. This dividend is unchanged from the previous year and is partly funded from revenue reserves.

Discount Management

The Company's discount widened modestly during the year, ending the period at 11.0 per cent compared with 9.6 per cent at the start of the period. The average discount over the year was 11.6 per cent.

The Board remains committed to active discount management. During the year the Company bought back 3,810,848 ordinary shares for treasury, representing approximately 3.3 per cent of the shares in issue at the beginning of the period. Since the introduction of enhanced discount management measures in recent years, the Board has continued to use buybacks selectively to moderate both the level and volatility of the discount.

Board Composition and Succession

Following a recruitment process, David Benda joined the Board in April 2026. David brings extensive experience of investment companies and capital markets and has already made a valuable contribution to Board discussions.

As previously announced, Andrew Baird retired from the Board in July 2026 after nine years of service. On behalf of the Board and shareholders, I would like to thank Andrew for his significant contribution to the Company, including his service as Senior Independent Director, and wish him every success for the future.

I intend to retire from the Board in April 2027. However, I have agreed to remain as Chairman beyond that date if necessary to oversee the conclusion of the Strategic Review.

Should the Company continue in its current form following the Strategic Review, Michelle Paisley, who has been appointed as Chair Elect, will succeed me as Chair on my retirement. Michelle has served on the Board for 6 years and has developed a deep understanding of the Company, its investment approach and its shareholders. The Board is confident that Michelle will provide strong leadership and continuity.

Annual General Meeting

The Annual General Meeting will be held on Wednesday, 27 January 2027 at 2.00 pm at Investec Bank plc, 30 Gresham Street, London, EC2V 7QP.

Outlook

The period since the year end has been one of substantial change for the Company. The announcement of the Strategic Review reflects the Board's determination to evaluate thoroughly the Company's future options and identify the course of action that best serves the long-term interests of shareholders as a whole. The Board has received a number of proposals as part of the Strategic Review process and we look forward to providing an update to shareholders in due course.

Whilst the Strategic Review proceeds, the portfolio continues to be managed by FSSA in line with the Company's investment policy.

As always, the Board welcomes communication from shareholders, and I can be contacted through the Company Secretary at **cosec@junipartners.com**.

Jeremy Whitley
Chairman

10 November 2026

Investment Management Team

The Scottish Oriental Smaller Companies Trust plc is managed by FSSA Investment Managers, part of First Sentier Investors, which is a member of Mitsubishi UFJ Financial Group, a global finance group. FSSA Investment Managers is a trading name for First Sentier Investors (UK) Funds Limited which is authorised and regulated by the Financial Conduct Authority. FSSA Investment Managers will adopt the name First State Investments from 24 November 2026. The change reflects a return to the manager's heritage brand and does not affect the investment team, investment process or philosophy.



Sreevardhan Agarwal
Lead Manager

Sreevardhan Agarwal joined FSSA Investment Managers in 2014. As well as being the Company's lead portfolio manager, Sreevardhan is the lead portfolio manager of the FSSA Asia Pacific All-Cap strategy and the Indian Subcontinent Strategy. His portfolio management and research focus is on companies in India, South East Asia, Australia, and on regional smaller companies. He graduated from the National University of Singapore with a Bachelor's degree in Business Administration (specialisation in Finance).



Martin Lau
Deputy Manager

Martin Lau is a Managing Partner of FSSA Investment Managers and the Company's Deputy Manager. He has been with the team for over 20 years, starting with the firm as Director, Greater China Equities, in 2002. Martin is the lead manager of a number of FSSA Investment Managers' funds, based in Hong Kong. He has more than 25 years of investment experience and graduated from Cambridge University with a Bachelor of Arts degree and a Master's degree in Engineering. He is also a CFA charterholder.

Investment Management team holdings in the Company

At the date of signing this report members of the FSSA team own 3,227,305 shares (2025: 3,227,305) in the Company.

Portfolio Managers' Report

In this report, we address the following topics:

Company Performance
Evolution of the Portfolio
Recent Portfolio Activity
Ten Largest Investments as at 31 August 2026
Sector & Geographical Analysis
Outlook

1. Company Performance

Over the 12 months to 31 August 2026, Scottish Oriental's net asset value fell by 6.5 per cent on a total return basis, compared to a gain of 19.8% in the MSCI AC Asia ex Japan Small Cap Index. Performance has been disappointing.

The portfolio's positioning has suffered from two issues. Firstly, the substantial exposure to consumer companies. These have been significant detractors. Secondly, the relatively lower exposure to the industrial and information technology sectors, which have performed strongly over this period.

Since 2016, the portfolio's exposure was concentrated in consumer companies, primarily those operating in South Asia and Southeast Asia. As a result, the portfolio had too much exposure to India, Indonesia and the Philippines, and relatively limited exposure to South Korea and Taiwan. This positioning has been the key reason for the weak performance over the past year.

This speaks to a broader point about our positioning. The portfolio's substantial exposure to consumer companies in South Asia and Southeast Asia was the result of individual stock-selection decisions made over many years. These markets and industries had previously generated healthy returns, but their representation had become too large over time. Since the change in lead portfolio manager in 2024, we have been adjusting the portfolio to capture a broader spread of the opportunities being created across Asian markets. In the sections that follow, we will highlight these changes in detail.

Top Five Contributors

Company	Country	Sector	Absolute Return (Sterling) %	Contribution Performance %
ASMPT	Singapore	Technology	75.9	1.6
Lite-On Technology	Taiwan	Technology	66.6	1.4
Airtac International	Taiwan	Industrials	77.3	1.4
Silergy	Taiwan	Technology	29.1	1.2
Impro Precision	China	Industrials	62.3	0.9

ASMPT is a leader in semiconductor assembly and packaging equipment. Its equipment is used across a range of industries, from automotive and industrial applications to consumer electronics and computing applications. Headquartered in Singapore, the company's recent progress in advanced packaging – a collection of manufacturing processes that combines multiple semiconductor chips into a single electronics package, helping to increase capability while reducing power consumption and cost – has enabled it to win contracts from major chipmakers. It is seeing particularly robust demand for its thermo-compression bonding (TCB) tools, which can be deployed to combine layers of chips, and photonics tools, which are used to build and test light-based semiconductor components.

> *"Ongoing technological progress continues to drive the semiconductor industry, with artificial intelligence expanding existing applications while creating entirely new markets and opportunities. From a long-term perspective, we remain committed to optimising our product portfolio in advanced and high-growth markets, driving innovation, and sustaining value creation."*
>
> ***Chairman John Lok Kam Chong, ASMPT annual report***
>
> ASMPT enabling the digital world

Lite-On Technology is a Taiwan-based technology company which is focused on providing power management solutions to technology customers globally. Although its legacy consumer electronics business has faced challenges, Lite-On has emerged as a leading supplier of critical high-wattage power units for the AI data centres of Big Tech ("hyper-scaler") customers. This AI server power segment has emerged as the core growth engine of the business and is expected to account for nearly a third of total revenue in 2026. (We discuss Lite-On in further detail in section 2).

Airtac International is a leader in pneumatic components. A longstanding holding, the company is distinguished by its operational excellence and a management team with a long track record of execution. Airtac has been gaining market share in China amid the rise of automation and industrial upgrading, and recent results have been encouraging, with profit margins improving and management raising forward guidance. However, we have been controlling the position size as the company's valuation approaches our assessment of fair value.

Silergy is a leading analogue semiconductor company. Its power-management chips are used in consumer electronics, industrial equipment, data centres and electric vehicles. Its growth has accelerated over the last 12 months thanks to a combination of industry demand recovery and the company's forward-looking product development efforts, which have started to bear fruit: Silergy's data-centre business is benefiting from the surge of AI demand, while the automotive segment is continuing to grow despite weakness in China's car market.

Impro Precision is China's leading high-precision casting manufacturer. It has performed strongly thanks to rising demand for high-powered engines used in data-centre infrastructure. At the same time, demand has recovered in several non-AI businesses, including construction equipment, and the company has continued to gain market share from European competitors. Meanwhile, Impro's Mexico plant has strengthened its bargaining power in winning new orders and supporting customers seeking to diversify their supply chains. (We discuss Impro in further detail in section 2)

Portfolio Managers' Report cont'd

Top Five Detractors

Company	Country	Sector	Absolute Return (Sterling) %	Contribution Performance %
DPC Dash	China	Consumer Discretionary	(62.8)	(3.3)
NetEase Cloud Music*	China	Communication Services	(62.2)	(2.1)
Philippine Seven	Philippines	Consumer Staples	(37.6)	(1.8)
Whirlpool of India*	India	Consumer Discretionary	(40.5)	(0.9)
Colgate-Palmolive India	India	Consumer Staples	(25.8)	(0.8)

* No longer held in the portfolio.

DPC Dash is the exclusive franchise operator of Domino's Pizza in China. As with many Chinese consumer businesses, sluggish domestic demand has affected market sentiment towards the company despite solid underlying results. DPC Dash saw a particularly sharp decline in March 2026 after disclosing its 2025 earnings; although revenue and net profit margins grew strongly, investors were concerned by a fall in same-store sales growth (SSSG). The SSSG decline is partly a function of the company's rapid recent expansion (new locations typically experience an initial surge in daily sales, after which sales moderate before gradually rising again). As performance at newer stores stabilises, we expect overall SSSG to improve. We believe the stock has fallen to levels that no longer reflect the long-term value in the business and have consequently been adding to the position on weakness.

NetEase Cloud Music is the second-largest online music platform in China after Tencent Music Entertainment, the market leader. Having been the portfolio's best-performing stock in 2025, rising 180% over the year, its shares have since fallen on market concerns over potential AI disruption to its business and intensifying competition from rivals such as Soda Music. While its earnings base looks stable for the time being, its music catalogue is at risk of being commoditised over the coming years, which will likely constrain growth. We therefore exited the position to raise cash for other opportunities.

Philippine Seven is the exclusive franchise operator of 7-Eleven in the Philippines. The company has been affected by challenges such as bad weather, the government's crackdown on Philippine offshore gaming operators (which affected footfall in its stores), and increasing competition from hard discounters in Metro Manila. However, the company's same-store-sales metrics have started to improve and it continues to add stores in less-penetrated islands in the archipelago, where competition remains limited. This should provide Philippine Seven with an extended runway for growth over the longer term.

Whirlpool of India produces consumer durable products in India, such as refrigerators, washing machines and air conditioners. Its shares declined in early 2026 after the parent, Whirlpool Corporation, sold a further stake in the business to reduce its own debt. We were disappointed by this decision, especially as the owner sold the stake on the open market having previously stated its intention to sell to a long-term strategic buyer. Concerned that this revealed a lack of alignment with our own interests as minority shareholders, we sold our position in January 2026.

Colgate-Palmolive India is the leader in oral care in India. The company has suffered due to greater competition and volume decline, and its management has admitted tactical mistakes, including an aggressive move to cut prices in response to competitive pressures in 2024. While demand has improved, with the company returning to double-digit growth in recent quarters, this is not yet reflected in profit growth due to higher advertising and brand building spends. However, our confidence in the company has been bolstered by the management's proactive efforts to respond to shifts in the retail landscape in India. For example, Colgate-Palmolive is investing in digital advertising and embracing quick commerce in order to improve its positioning in key channels of the future.

2. Evolution of the Portfolio

Since the inception of Scottish Oriental in 1995, we have always followed a bottom-up investment philosophy. The team meets over 800 smaller companies each year. These meetings inform our perspective on the most attractive opportunities in our investment universe, based on the outlook for their growth, return on invested capital and evolving industry structures. However, periodically, we also observe broad changes in the countries where we are finding the most attractive opportunities.

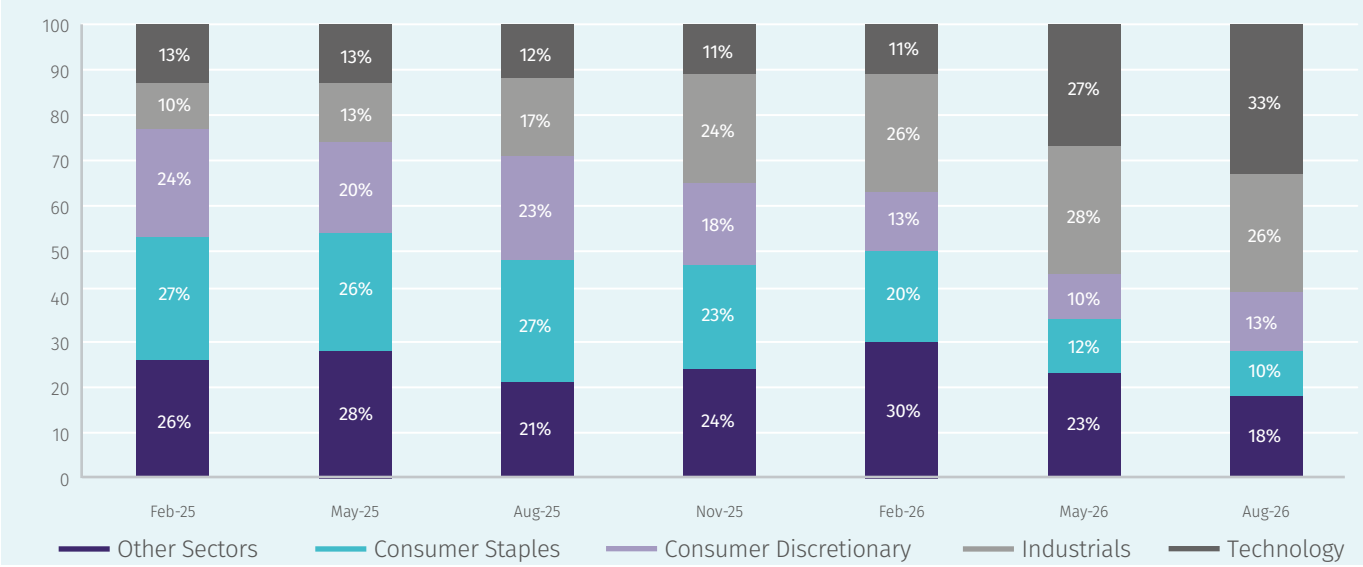
For example, two decades ago, the Company's largest holdings were businesses located in Hong Kong and Southeast Asia, such as Malaysia, Singapore and Thailand. As those markets matured in the mid-2010s, and corporate earnings growth began to slow, we began to find better opportunities in faster-growing economies such as India, Indonesia and the Philippines. Between 2016 and 2019 we redeployed capital towards investments in high-quality companies in these markets, which improved the portfolio's aggregate earnings growth and average return on equity (ROE). This contributed to a strong period of performance following the pandemic.

The last 18 months have represented another period of transition. We have been actively selling out of positions where we see weaker long-term growth prospects, and investing the proceeds into businesses that we believe can generate superior returns on capital and an acceleration in their growth. This has resulted in significantly reduced exposure to consumer companies, particularly in South and Southeast Asia, and increased exposure to industrial and technology businesses, notably in South Korea and Taiwan (see charts below). This has not been a "top-down" portfolio re-allocation exercise; it reflects where our country visits and management meetings are uncovering the most compelling opportunities.

Our recent investments in South Korea are a good illustration of this process in action. Historically, we had found few good opportunities in South Korea, partly due to governance concerns (complaints about the slow pace of reforms among the chaebol, the country's family-controlled conglomerates, have been a common refrain in our manager's letters over the years). But in 2025, we were encouraged to revisit the market when the government's "Corporate Value-Up Program" – a structural shift in favour of shareholder-friendly reforms, similar to those successfully introduced in Japan in the early 2020s – began to gain traction.

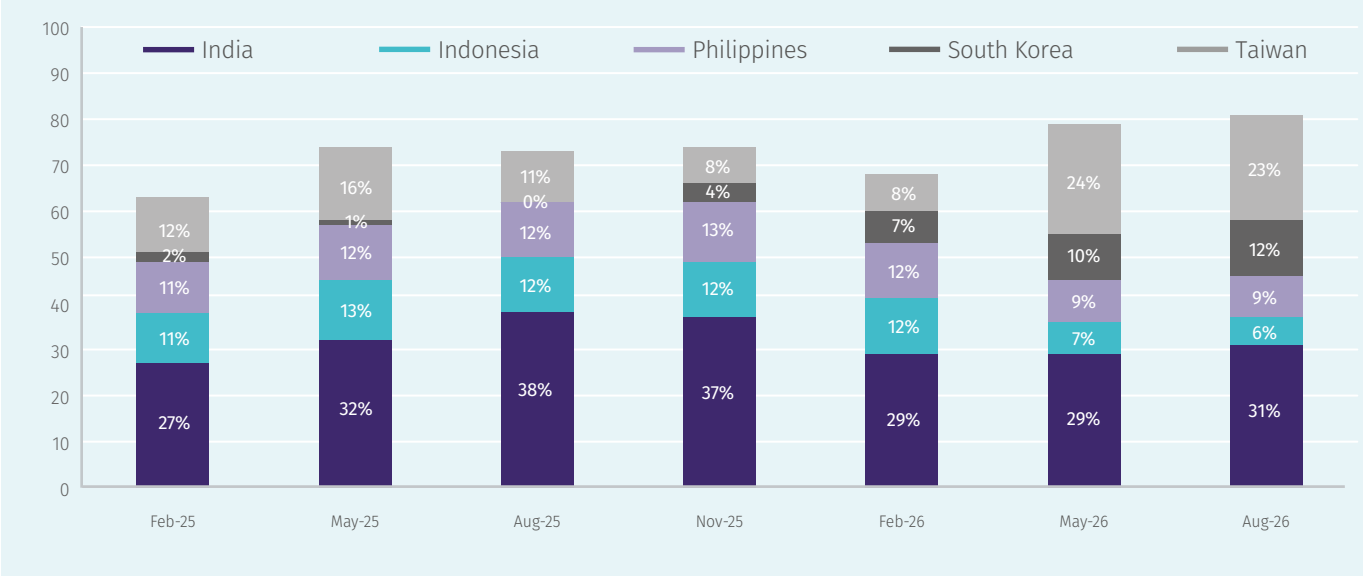
Our team visited South Korea four times over the last year. On these visits, many of the companies we met were making changes aligned with the Value-Up initiative, such as clearer dividend policies, improved board accountability and a sharper focus on shareholder returns. Of particular interest was a group of companies operating in the country's semiconductor value chain, whose high-end engineering know-how and close customer relationships indicated durable competitive advantages in their respective niches. Attracted by this combination of improving governance, technological capability and growth potential, we added companies including **Hansol Chemical**, **Park Systems**, **Eugene Technology** and **ISC** to the portfolio (you can read more about these businesses in section 3).

Allocation to selected sectors, February 2025 – August 2026



Portfolio Managers' Report cont'd

Allocation to selected markets, February 2025 – August 2026



Source: Scottish Oriental at dates shown.

A similar expansion of the opportunity set has taken place in Taiwan, although here it has been driven less by governance reform and more by the strength of the country's technology companies. Our increased exposure is partly a reflection of improved performance among longstanding Taiwan-based holdings, such as **Silergy** and **Airtac International**. But we have also added several new Taiwanese companies that the FSSA team have long been familiar with: **Realtek Semiconductor**, **Tripod Technology** and **Lite-On Technology**.

We also added China's **Sunny Optical**. These are high-quality companies that share attractive characteristics, including high ROE and robust prospects for future earnings expansion, and all were available at reasonable valuations at the time of our purchase (see table below). Given their positioning within Asia's technology supply chains, these additions should strengthen the Company's exposure to one of the region's most compelling longer-term structural growth trends.

	2 year estimated EPS CAGR* %	ROE** %	Forward† P/E	Dividend Yield %
Realtek Semiconductor	14.3	29.0	16.9x	4.8
Sunny Optical	25.4	12.3	15.3x	1.4
Tripod Technology	30.1	22.0	18.4x	3.1
Lite-On Technology	29.7	19.8	19.8x	3.9
Median	**27.6**	**20.9**	**17.7x**	**3.5**

Source: FactSet, Bloomberg. Data as at 23 April 2026.

* The forecast average annual growth in earnings per share over the next two years.

** Return on equity – net profit divided by shareholders' equity.

† Forward price-to-earnings ratio: the share price divided by forecast earnings per share for the next financial year.

New growth drivers

We believe the changes outlined above have improved the portfolio's ability to capture opportunities arising from longer-term structural themes in Asia. In particular, we have been monitoring three key shifts: technological development, rising industrialisation, and the evolution of consumer spending towards discretionary products and services.

Starting with technology, the dominant market narrative of the last year has been the AI capital expenditure cycle, under which Big Tech hyper-scalers are competing for the advanced hardware and components necessary to run their state-of-the-art AI models. While this has accelerated growth across Asia's tech ecosystem, we believe that the region's manufacturing hubs have been moving up the value chain for decades now. Asia's increasingly complex and sophisticated hardware supply chains should continue to claim a disproportionate share of the growth in the technology profit pool even if AI spending moderates.

In this context, it is worth looking more closely at **Lite-On**, which is a great example of a company that has smartly positioned itself within these broader supply networks. Having followed the company for many years, we were struck by the improvements introduced under the second generation of the founding family, who took control in 2020 under chairman Tom Soong. Since then, Lite-On has been exiting non-core operations and concentrating on higher-value segments, particularly power-supply equipment. This helped the company improve its return on capital invested substantially. It has also been gaining market share with global Big Tech customers (at the time of writing in October 2026, Lite-On provides power supplies to three of the five largest global hyper-scalers). At the time of our purchase (May 2026), the company was available at a valuation of less than 20 times forward price-to-earnings, with a 4% dividend yield. It is expected to grow its earnings per share at almost 30% compound annual growth rate over the next two years, while earning high returns on capital. We saw this as a compelling entry point.

The second key theme is industrialisation. Asian economies are increasingly seeking to build their manufacturing capabilities to serve their domestic markets as well as gain market share globally. In this context, we are increasingly finding smaller industrial businesses that are competitive across a range of applications; in many cases, these firms have been able to establish dominant positions at home and then use either cost advantages or proprietary technology to wield increasing clout overseas.

Impro Precision, a Chinese manufacturer of high-precision castings, is one such example. We have known the company since its listing in 2017. We initiated a position for Scottish Oriental in 2025, having observed an inflection point in Impro's growth: increasingly, it had begun to gain market share from more-mature businesses in Europe that were struggling following a prolonged period of higher costs and declining competitiveness. Impro seized this opportunity by combining its cost-competitive manufacturing base with a growing presence in markets such as Mexico, enabling it to more effectively serve major customers including Caterpillar. This has led to accelerating growth and a significant improvement in profitability across applications, including commercial vehicles and aerospace. The company is also moving into new areas, such as castings for the high-horsepower engines used in data centres. Impro's shares were available at 14 times earnings when we invested, with a reasonable dividend yield, and we expect earnings per share to grow at a compound annual rate of more than 20% over the coming years.

In several economies, we are also observing a change in consumer spending habits. A disproportionate share of the increase in consumer incomes is being allocated towards discretionary purchases, ranging from travel, two-wheelers and four-wheelers, as well as discretionary financial products, compared to meeting more basic needs in the past. This has led to strong tailwinds for businesses operating in these segments.

Our holding **Atour Lifestyle**, added to the portfolio in July 2025, is a good illustration of this. It is a hotel-management platform in China that provides hotel owners with its brand and common services; for their part, customers are attracted by reliable room quality and service standards. Atour has been consolidating China's fragmented hotel industry while earning high returns on capital thanks to its asset-light model. Over the last five years, it has grown revenue at a compound annual rate of more than 40% a year, while earning an ROE of more than 50% on average. Its growth has remained resilient despite the pressures faced by the broader Chinese consumer sector – indeed, weaker conditions have enabled Atour to rapidly gain market share, as more independent property owners recognise they can earn higher yields as Atour franchisees. We expect the business to maintain its high earnings growth and return on equity over the coming years, and it is also implementing a meaningful share repurchase programme.

In the following section, we will examine the recent additions and sales in more detail.

3. Recent Portfolio Activity

The period has seen meaningful changes in the portfolio, which has been re-positioned to capture stronger growth opportunities across areas such as technology, industrial development and consumer discretionary industries. This is primarily through new ideas in countries including India, Taiwan, South Korea and China. The investment team has followed these businesses and also been shareholders of several of them for many years, in their country or other regional strategies.

New holdings

In Korea, we see particularly attractive opportunities among companies that have established competitive advantages within specialised niches in the chipmaking value chain. A good example is **Hansol Chemical**, originally a producer of hydrogen peroxide for paper and textile applications, which has repositioned itself as a key supplier of speciality chemicals for the semiconductor industry. It is also incubating new businesses in niche areas such as binding materials and adhesive tapes used in battery manufacturing. We have been impressed by the company's culture and the openness of the leadership team, who have been happy to engage with our questions about shareholder alignment. There is a broad employee share ownership plan – a rarity in Korea – and the company has a track record of consistently returning cash to shareholders through dividends and buybacks, with a target payout ratio of around 20%. Combined with the firm's strong profitability and attractive valuation, these factors led us to initiate a position.

Park Systems is the market leader in atomic force microscopes (AFM), tools with applications in the semiconductor industry. While it operates in a niche category, the company has built a dominant position thanks to its ability to commercialise a technology that had previously been restricted to advanced academic research. Park Systems is also profitable, with a gross profit margin of more than 60% over the last five years, and has continued to generate strong free cashflow despite a recent rise in capital expenditure related to the construction of a new factory. We have met the company several times and have been consistently impressed with the calibre of the management team.

Eugene Technology is a semiconductor equipment company that focuses on chemical vapour deposition (CVD), a process used to create ultra-thin layers on silicon wafers as part of chipmaking. We believe it is likely to be a key beneficiary of the substantial growth in semiconductor capital expenditure among its major domestic customers. As with our other additions in Korea, we found good alignment with the management team and were able to initiate the position at a reasonable valuation.

ISC makes test sockets for the semiconductor industry. These small but critical components connect semiconductors to testing equipment to verify a chip's functionality, performance and reliability before it is integrated into technology systems. ISC's years of investment are starting to pay off through new customer wins, and rubber sockets are increasingly being used as the new standard. Orders are fully booked through the second half of 2026, with strong earnings visibility over the next three years.

In Taiwan, as in Korea, we have focused our investments in technology companies that have displayed durable competitive advantages, whether deriving from their management capabilities, technical expertise or customer relationships. We have tended to find better value in companies that act as enablers of technology upgrades, whose exposure to the AI theme is indirect – **Lite-On**, with its growing business providing power-supply equipment, is a good example.

Another is **Tripod Technology**, a leading manufacturer of printed circuit boards (PCBs). In a market fixated on the most complex AI-related circuitry, Tripod has sensibly avoided chasing the highest-end technology, where returns can be volatile. Instead, it focuses on high-layer-count PCBs for general servers, memory modules and automotive applications, where it sees potential for more stable returns. We find this pragmatic mindset refreshing, and the approach has allowed Tripod to generate consistently high returns and strong free cashflow.

Realtek Semiconductor is a designer of connectivity chips, a fundamental component of most electronic devices. The market has historically viewed Realtek as tied to the mature PC and consumer electronics markets, which are currently facing cyclical challenges. However, its growth is increasingly being supported by specification upgrades to next-generation networking standards, alongside broader demand for higher-performance connectivity. We also like that the company maintains a strong balance sheet and an attractive dividend yield. Its long-standing relationships with customers, meanwhile, create high switching costs.

Sinbon Electronics is a cable assembler whose products are used across a range of industries, from automotive to industrials and medical devices. The company focuses on customised orders, where profitability tends to be higher, and volumes lower, than in other categories. The company is benefiting from increasing demand from semiconductor companies and has also started to build a presence in new areas such as humanoid robotics, which could open new opportunities in the coming years.

In China, purchases included **Sunny Optical**, a leading supplier of optical components. The company is gaining market share in camera modules for the automotive industry and this segment now accounts for a growing proportion of its revenue. Sunny Optical also sees growth opportunities in other areas, such as augmented-reality glasses and industrial cameras for warehouse management.

Centre Testing is the biggest private testing, inspection and certification (TIC) company in China. We like the company's prospects, given the potential for industry consolidation, the fact it is gaining market share from inefficient state-owned enterprises (SOEs), and its deepening business with key accounts such as Walmart. After a period of slower growth, the company is witnessing stronger momentum in recent quarters. This improvement is broad-based, from the pharmaceutical and medical sectors to industrial growth and a turnaround in its semiconductor testing division. The company has a strong track record of generating attractive returns on capital employed (ROCE), and its cash-generative business also allows it to grow through bolt-on acquisitions. We believe Centre Testing has the potential to be substantially larger in the coming years, while maintaining its attractive profitability levels.

In India, our purchases included several industrial businesses that stand to benefit from the economy's ongoing transition from consumer-driven to capital expenditure-led growth. For example, **Tube Investments of India**, which forms part of the Murugappa Group, is a holding company with a stable and growing core business manufacturing automotive components. Tube has entered a number of new segments over the last five years, both through organic investments and acquisitions; in 2020, it bought a majority stake in CG Power, a maker of power-generation and transmission equipment, and that investment has proven transformative. The value of its holding in CG Power alone now exceeds Tube's entire market capitalisation, which means we gain its other fast-growing businesses – which span electric vehicles, medical devices and automotive components – at a substantial discount to its net asset value.

Elgi Equipments is a manufacturer of air compressors, backed by a reputable owner-manager who has spent the last decade steadily building the overseas franchise. Globally, the air compressor market is large and attractive, with high barriers to entry. Elgi has been gaining market share as one of a handful of Indian industrial companies with a global presence and increasing credibility. The risk/reward looked attractive, given the company's growth rates in India and the expansion of its distribution and product portfolio globally. A high element of aftersales and servicing in its business mix should also help drive future growth and profits.

Triveni Turbines is a leading maker of steam turbines. The company has maintained healthy margin and return ratios across cycles, and the management team has a history of strong execution. The company is currently focused on a number of growth initiatives that we believe can help it become larger on a five-year view. This includes scaling up its aftermarket servicing and refurbishment solutions and developing new products in areas such as energy storage.

JSW Infrastructure is the second-largest port and terminal operator in India. Ports are a structurally attractive business, as they come with natural moats of location and connectivity, which create barriers to entry and switching costs. Competition is limited, there are no pricing regulations in India (unlike other infrastructure assets), and there should be a long runway for expansion as the Indian government continues to privatise terminals. JSW's ports are well run, with a strong anchor customer in JSW Steel, and future growth should be supported by increasing third-party cargo and diversification into container and liquid cargo.

Craftsman Automation is involved in steel precision machining, where its engineering expertise has enabled it to build a strong position in a profitable niche with few domestic competitors. The company's management, led by CEO S. Ravi, has a good track record of successfully moving into new growth areas, such as aluminium components. The outlook is positive, particularly given the company's recent entry into the machining of large metal components used in generator sets, or "gensets", which provide backup power for data centres. While Craftsman's valuations are not cheap, we think they are justified given its positioning in these growth areas.

Info Edge is an internet company that operates Naukri, India's dominant online recruitment platform, and 99acres, the country's largest real estate classifieds platform. The company is benefiting from the development of artificial-intelligence related services in its core online recruitment platform. Demand for specialised jobs with these capabilities has grown strongly, providing Naukri with stronger pricing power with its key customers. At the same time, it has also launched new services for consumers, such as AI-led interview training and CV editing, which has led to strong growth and higher profitability levels. Its 99acres real estate platform should also benefit from reducing competitive intensity, following a consolidation in the industry.

Portfolio Managers' Report cont'd

360 One WAM is India's largest independent wealth-management company. The company operates its own funds, distributes third-party products and offers complementary services such as tax planning – a breadth of capability that deepens client relationships and underpins strong competitive advantages. As India's wealth-management sector formalises and domestic families increasingly want to gain access to both domestic and foreign assets, we believe 360 One's robust growth is likely to continue.

Purchases elsewhere in the region included **ASMPT**, a Singapore-headquartered company specialising in surface mount technology (SMT) and semiconductor packaging. At the time of investment, ASMPT's earnings had been cyclically depressed, but we believed this masked an improving business mix and quality, as reflected in the company's strengthening profit margins. We also like that the management has made changes in recent years to improve returns, such as divesting businesses and shutting down plants with lower profitability. ASMPT's shares have risen since our investment as demand for AI-related products has increased and the company was a key positive contributor to Scottish Oriental's performance over the past year (see section 1).

Kelington Group is a Malaysian company that offers engineering, procurement and construction (EPC) services for high-purity gas systems used in semiconductor fabrication facilities; it also supplies industrial gases. Kelington's EPC business has high barriers to entry and is benefiting from rising capital expenditure among major chipmakers. More pertinent to the investment case is the scaling-up of its industrial gases business, which is starting to contribute a greater share of profit. As this happens, Kelington is becoming a stronger franchise, with higher margins and more recurring revenue.

Sales

The bulk of our sales during the period were divestments of consumer businesses where we see a slower growth trajectory over the long term (such as **Stella International**, **Uni-President China**, **Haw Par Corporation**, **Crompton Greaves Consumer Electronics**, **Unilever Indonesia** and **Mitra Adiperkasa**). Other consumer holdings were divested either due to a lack of alignment with the ownership (**Whirlpool of India**) or because valuations looked expensive (**Radico Khaitan**, **United Breweries** and **JNBY Design**). These sales have reduced the Company's overall exposure to consumer sectors.

Industry challenges also informed sales of companies in other sectors. For example, **Kansai Nerolac Paints** has been executing a turnaround under its new CEO, after it failed to respond quickly enough to increasing competitive intensity in decorative paints. While we saw some positive signs, progress has been gradual and we decided to sell in order to redeploy capital into higher-conviction positions.

Elsewhere, AI-related disruption to business models affected our conviction and formed part of the rationale behind divestments. For example, the IT services business of Vietnam-based **FPT** looks to be at risk from disintermediation by AI-powered agents; the company has also suffered from a fall in spending on IT transformation projects among global customers. In China, **NetEase Cloud Music** also faces a threat from AI, despite its recent efforts to integrate the technology into its platform. In addition, we were concerned about rising competition from rivals such as Soda Music (as discussed in section 1).

Other sales included **Mainfreight**, **Poya International**, **Sinoseal Holdings**, **Haitian International**, **Godrej Agrovet**, **Escorts Kubota**, **RHI Magnesita India**, **Mahindra & Mahindra Financial Services** and **Blue Star** as we raised cash for better opportunities.

Bought and subsequently sold

Corona Remedies is an Indian pharmaceutical company. We invested at its initial public offering (IPO) in December 2025, attracted by factors including high returns on capital, strong alignment with the management team, and the opportunity for steady growth in a fragmented industry. However, the share price rose strongly early in the year, after the announcement of robust earnings results generated significant interest among domestic investors. We decided to sell in May 2026 when valuations reached our assessment of fair value.

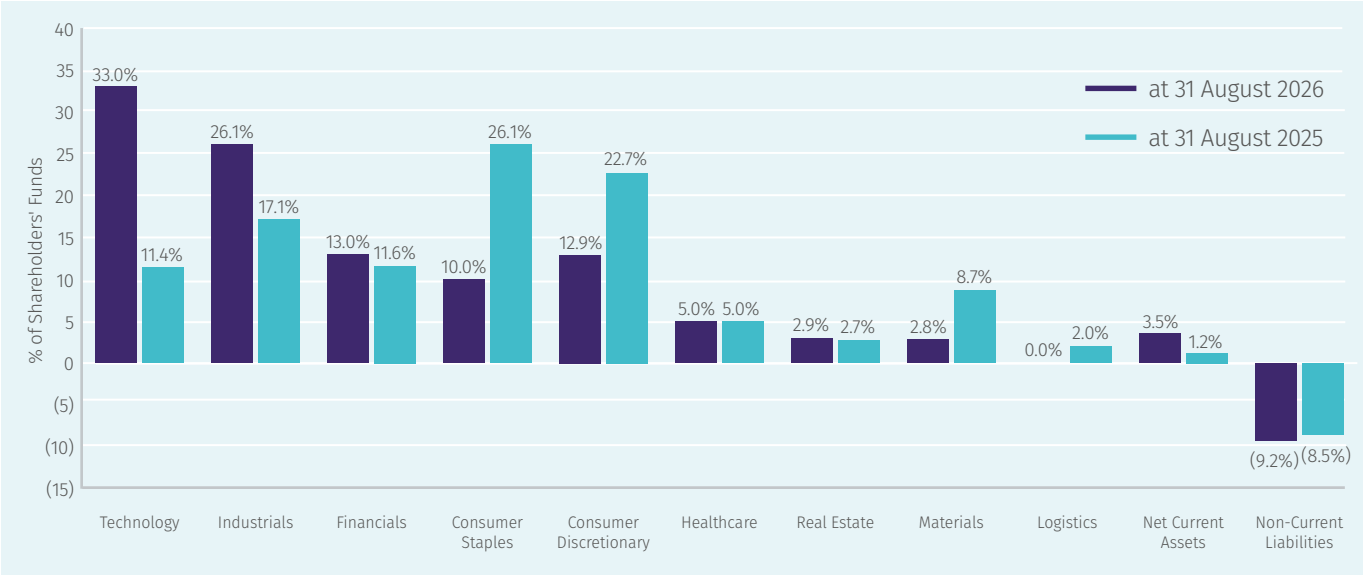
4. Ten Largest Investments as at 31 August 2026

Name	Country	Sector	% of Shareholders' Funds
Hansol Chemical	**South Korea**	**Industrials**	**5.4%**
Hansol Chemical is a South Korean supplier of speciality chemicals to the semiconductor industry, having repositioned itself from its origins in hydrogen peroxide for paper and textiles. It is also developing new businesses in battery materials, and has a strong record of returning cash to shareholders.			
Tripod Technology	**Taiwan**	**Technology**	**4.2%**
Tripod Technology is a leading Taiwanese manufacturer of printed circuit boards for general servers, memory modules and automotive applications. Its pragmatic focus on segments with more stable returns, rather than the most complex AI-related circuitry, has allowed it to generate consistently high returns and strong free cash flow.			
Century Pacific Food	**Philippines**	**Consumer Staples**	**4.2%**
Century Pacific Food is the largest canned food producer in the Philippines. The company is gaining traction in emerging categories such as milk and pet food products which should drive steady growth over the medium term. The company continues to gain market share from higher priced competitors in the Philippines, based on its positioning of value-for-money products. Its revenue and operating profit both grew by 15% in 1H FY2026 over the same period last year. This is in contrast to several peers in the consumer staples industry in the region, which have observed pressure on their earnings.			
Impro Precision	**China**	**Industrials**	**3.9%**
Impro Precision is China's leading high-precision casting manufacturer, serving customers including Caterpillar. It is gaining market share from European competitors and expanding into new areas such as castings for the high-horsepower engines used in data centres.			
Atour Lifestyle	**China**	**Consumer Discretionary**	**3.8%**
Atour Lifestyle is an asset-light hotel management platform in China, providing hotel owners with its brand and common services. It has been consolidating China's fragmented hotel industry while earning high returns on capital, and is implementing a meaningful share repurchase programme.			
Lite-On Technology	**Taiwan**	**Technology**	**3.7%**
Lite-On Technology is a Taiwanese technology company that has become a leading supplier of high-wattage power units for the AI data centres of the largest global technology companies. This segment is now the core growth engine of the business and is expected to account for nearly a third of revenue in 2026.			
Sunny Optical	**China**	**Technology**	**3.6%**
Sunny Optical is a leading supplier of optical components and is gaining market share in camera modules for the automotive industry. It also sees growth opportunities in augmented-reality glasses and industrial cameras for warehouse management.			
Sinbon Electronics	**Taiwan**	**Technology**	**3.4%**
Sinbon Electronics is a Taiwanese cable assembler that focuses on higher-margin customised orders for the automotive, industrial and medical sectors. It is benefiting from rising demand from semiconductor companies and is building a presence in new areas such as humanoid robotics.			
Eugene Technology	**South Korea**	**Technology**	**3.3%**
Eugene Technology is a South Korean semiconductor equipment company specialising in chemical vapour deposition, a process used to create ultra-thin layers on silicon wafers. It is well placed to benefit from growing semiconductor capital expenditure among its major domestic customers.			
Mobile World Investment	**Vietnam**	**Consumer Discretionary**	**3.1%**
Mobile World Investment is Vietnam's largest retailer of mobile phones and consumer electronics, and also operates the Bach Hoa Xanh grocery chain. Its scale, nationwide store network and growing grocery business position it well to benefit from rising consumer spending in Vietnam.			

Portfolio Managers' Report cont'd

5. Sector & Geographical Analysis

Sector Allocation at 31 August 2026



Country Allocation at 31 August 2026 (based on geographical area of activity)

	Scottish Oriental 2026	Scottish Oriental 2025	MSCI† 2026	MSCI Small Cap* 2026
Country/Region	%	%	%	%
China	**15.7**	24.6	23.0	10.0
Hong Kong	**0.5**	2.6	3.7	3.8
Taiwan	**23.5**	10.4	30.7	31.3
Greater China	**39.7**	37.6	57.4	45.1
Indonesia	**6.4**	11.8	0.5	1.4
Malaysia	**1.2**	–	1.1	3.2
Philippines	**9.0**	12.2	0.3	0.9
Singapore	**2.5**	2.3	3.7	5.3
Thailand	**–**	–	1.1	2.9
Vietnam	**3.1**	3.2	–	–
South East Asia	**22.2**	29.5	6.7	13.7
India	**30.8**	37.4	12.6	24.3
Indian Subcontinent	**30.8**	37.4	12.6	24.3
Australia	**0.8**	0.8	–	–
New Zealand	**–**	2.0	–	–
South Korea	**12.2**	–	23.3	16.9
Net Current Assets	**3.5**	1.2	–	–
Non-Current Liabilities	**(9.2)**	(8.5)	–	–
Net Assets	**100.0**	100.0	100.0	100.0

* Morgan Stanley Capital International AC Asia ex Japan Small Cap Index
† Morgan Stanley Capital International AC Asia ex Japan Index

6. Outlook

Over three decades of managing Scottish Oriental, we have applied a consistent investment process and philosophy through market cycles. This has stood the test of time. Periods of weak absolute and relative performance have been observed before, most recently over 2020 – 2021. During these periods, our focus has consistently been on assessing the merits of each investment. We have added to those holdings where the business outlook remains attractive, while dispassionately reducing or exiting exposure where the fundamental characteristics are not as attractive as they were in the past. The idea-generation process, driven by consistent visits across our countries of investment, has remained robust. This has allowed us to find several attractive investment ideas across countries and sectors, which are discussed above. While the performance over the past year has been disappointing to us, we believe the changes made during the past 18 months are likely to drive a period of significantly improved investment performance going forward.

While the Board's Strategic Review is ongoing, and is a matter for the Board, our day-to-day management of the portfolio continues unchanged. We remain fully committed to the Trust and confident in the portfolio's positioning for future growth.

Our confidence in the outlook is supported by the portfolio's underlying characteristics (see table, below). The Trust's investment philosophy has always been anchored around owning high-quality businesses in Asia. This is best represented by the superior return on invested capital and ROE, in both absolute terms as well as compared to that of the index.

The net cash balance sheets of Scottish Oriental's holdings should help the companies to remain resilient during a period of rising funding costs, as well as gain market share from companies with weaker funding positions. The Trust's portfolio is expected to grow its earnings at over 20% CAGR over the next two years. It is also cheaper on a price-to-free-cash-flow basis (that is, when comparing each company's share price with the free cashflow generated per share), despite superior growth and returns on capital.

When viewed as a single company, we believe the metrics below represent a compelling opportunity – with high ROIC, a net cash position, strong growth and reasonable valuations, supported by strong free cash flow generation. In both absolute and relative terms, we are excited about this portfolio's ability to deliver strong performance going forward.

Scottish Oriental portfolio metrics vs the index

	The Scottish Oriental Smaller Companies Trust	MSCI AC Asia ex Japan Small Cap Index
ROIC*/ROA (financials**)	17%/8.0%	9.3%/4.3%
ROE†	19%	11%
Net debt to EBITDA††	-0.8x	+0.4x
Next 2 years EPS growth – CAGR#	23%	21%
P/E (FY1 fwd)‡	20x	14x
FCF yld##/ P/FCF‡‡	4.5%/22x	3.2%/31x
Dividend yield	1.8%	2.1%

Source: FSSA Investment Managers, MSCI, as at 31 August 2026.

* Return on invested capital: a company's operating profit after tax divided by the capital invested in the business (equity plus debt). It measures how efficiently a company turns its capital into profit.

** Return on assets: net profit divided by total assets. It is used instead of ROIC for banks and other financial companies, where invested capital is not a meaningful measure.

† Return on equity: net profit divided by shareholders' equity.

†† A company's borrowings less its cash, divided by EBITDA. A negative figure means the company holds more cash than debt (a net cash position).

Next 2 years EPS growth – CAGR is the forecast average annual growth in earnings per share over the next two years.

‡ Forward price-to-earnings ratio: the share price divided by forecast earnings per share for the next financial year.

‡‡ Price-to-free-cash-flow: the share price divided by free cash flow per share. This is the inverse of the FCF yield.

Free cash flow yield: free cash flow per share divided by the share price, as a percentage.

List of Investments at 31 August 2026

	% of Shareholders' Funds
Australia (0.8)	
Consumer Staples (0.8)	
Guzman Y Gomez	0.8
China (15.7)	
Consumer Discretionary (6.0)	
Atour Lifestyle	3.8
DPC Dash	2.2
Industrials (5.3)	
Hongfa Technology	1.4
Impro Precision	3.9
Technology (4.4)	
Centre Testing	0.8
Sunny Optical	3.6
Hong Kong (0.5)	
Consumer Discretionary (0.5)	
Fairwood Holdings	0.5
India (30.8)	
Consumer Staples (1.6)	
Colgate-Palmolive India	1.6
Financials (8.1)	
360 One WAM	1.4
Computer Age Management	3.0
CRISIL	1.8
Tube Investments of India	1.9
Healthcare (5.0)	
Metropolis Healthcare	1.1
NIVA Bupa Health Insurance	2.4
Solara Active Pharma	1.5
Industrials (8.5)	
Craftsman Automation	1.2
Elgi Equipments	2.4
KEI Industries	2.1
Triveni Turbines	1.7
JSW Infrastructure	1.1

	% of Shareholders' Funds
India (30.8) *(continued)*	
Materials (2.8)	
Akzo Nobel	1.3
Godrej Industries	1.5
Real Estate (2.9)	
Oberoi Realty	2.9
Technology (1.9)	
Info Edge	1.9
Indonesia (6.4)	
Consumer Discretionary (2.8)	
Sarimelati Kencana	0.5
Selamat Sempurna	2.3
Consumer Staples (1.3)	
Hero Supermarket	0.4
Uni-Charm Indonesia	0.9
Financials (2.3)	
Bank OCBC Nisp	2.3
Malaysia (1.2)	
Industrials (1.2)	
Kelington Group	1.2
Philippines (9.0)	
Consumer Discretionary (0.5)	
Max's Group	0.5
Consumer Staples (6.3)	
Century Pacific Food	4.2
Philippine Seven	2.1
Financials (1.5)	
GT Capital Holdings	1.5
Industrials (0.7)	
Concepcion Industrial	0.7

	% of Shareholders' Funds
Singapore (2.5)	
Financials (1.1)	
Credit Bureau Asia	1.1
Technology (1.4)	
ASMPT	1.4
South Korea (12.2)	
Industrials (5.4)	
Hansol Chemical	5.4
Technology (6.8)	
Eugene Technology	3.3
Park Systems	3.0
ISC	0.5
Taiwan (23.5)	
Industrials (5.0)	
Airtac International	3.0
Sporton International	2.0
Technology (18.5)	
Lite-On Technology	3.7
Parade Technologies	1.5
Realtek Semiconductor	2.0
Silergy	3.1
Sinbon Electronics	3.4
Tripod Technology	4.2
Voltronic Power	0.6
Vietnam (3.1)	
Consumer Discretionary (3.1)	
Mobile World Investment	3.1

Environmental, Social and Governance ('ESG') Policy

ESG integration is core to our investment process; it is not an overlay or after-thought. We seek to invest in companies with the strongest management, franchise and financials. Sustainability analysis is incorporated into all three of these areas. As long-term investors, we expect that the governance, societal and environmental costs will have a material financial impact on companies and therefore on investment outcomes, over our holding period.

In our experience, most small Asian companies are keen to improve their ESG practices but in several instances, do not have the resources or exposure to global best practice. To help address this, we engage on a range of issues from board composition to the safety of workers and the environmental impact of their operations, and proactively vote on all shareholder resolutions. We also seek to introduce domain experts to company management teams. We have been encouraged to see that the management teams of Scottish Oriental's holdings have been receptive to our engagement.

The key components of our approach towards sustainability are detailed below.

(1) Integration of ESG into the investment process: Our investment philosophy is focused on identifying quality companies. The search for quality starts with people. We believe that management teams with integrity and good governance structures will also ensure progress in environmental and social outcomes. We assess how a company treats each of its stakeholders, including employees, business partners, tax authorities, local communities and the environment. We do not expect minority shareholders to be treated fairly unless other stakeholders are also treated well. After an investment is made, we engage consistently with the management on a range of relevant issues.

(2) Exclusion lists: We believe that there is not a price for everything. This means that there are certain people we would not invest with and some businesses that we would not own, irrespective of the potential financial returns. We do not invest in companies with direct exposure to coal mining or processing where it is a key part of the business. We expect companies that source or use palm oil to adhere to the policies of the Roundtable on Sustainable Palm Oil (RSPO) and No Deforestation, No Peat, No Exploitation (NDPE). We exclude companies involved in the production of tobacco products, those involved in gambling operations and weapon manufacturers from our investment universe. We also do not invest in companies where there is believed to be systemic bribery or those which persistently do not adhere to local tax legislation.

(3) Use of indices and third-party data: We do not place emphasis on ESG ratings or sustainability indices, which we believe are typically focused on a box-ticking approach, rather than assessing whether sustainability is being fundamentally incorporated into business practices. We use third-party research data from organisations such as RepRisk and Sustainalytics as a part of our holistic analysis.

(4) Active engagement: Constructive engagement is critical in our assessment of the quality of the companies in which we invest. We meet over 800 companies each year and consider every meeting to be an opportunity to engage on critical strategic and sustainability related issues. The way in which a company responds to our questions often provides more insight into their approach towards sustainability than a glossy ESG report. Management teams which are not forthcoming or disregard concerns are typically those which are plagued by issues in the future. We also appreciate that we can play an important role in helping smaller companies in Asia gain access to global best practices and introduce them to domain experts. This helps us contribute to an improvement in their sustainability footprint and monitor their execution progress as well.

(5) Voting on company resolutions: We always exercise our right to vote on company resolutions. If we have concerns on a company's proposal, we discuss these with the management. If our concerns are not allayed or understood during this engagement process, we will vote against the proposal. We also document our rationale for voting against proposals in formal communication to the management.

Environmental, Social and Governance ('ESG') Policy cont'd

Voting During the Year

During the year ended 31 August 2026 we voted on 477 resolutions at 85 meetings of 57 companies. Our voting is summarised below and the full voting record is available on request.

Voting	
Meetings	
Meetings voted at	85
Companies voted at	57
Meetings where voted against management or abstained	20
Resolutions	
Voted with management	422
Voted against management	54
Abstained	–
Voted in favour – no management recommendation	1
Total resolutions voted	**477**

Voting compared with proxy adviser	
Resolutions where proxy adviser recommended voting against management	64
Voted against management in line with proxy adviser	30
Voted with management contrary to proxy adviser	34
Voted against management where proxy adviser supported management	24
Voted in line with proxy adviser recommendation	419

Most of our votes against management (28 of 54) were at three companies whose management did not respond to our engagement. This reflects our approach in (5) above: where concerns are not resolved through engagement, we vote against.

We take account of our proxy adviser's recommendations but reach our own decisions. We voted against management on 30 of the 64 resolutions where the proxy adviser recommended doing so. In the remaining cases we preferred to continue engaging with the company, or disagreed with the adviser's reasoning.

We consistently oppose open-ended authorities, such as 'transaction of other business' items, and dilutive share issuance where the issue price discount is not disclosed. We also voted against excessive share option and award grants, and against non-independent directors sitting on key board committees.

Global standards on ESG issues are constantly evolving. We engage with non-governmental organisations and third-party experts, as well as collaborating with like-minded peers in order to remain well informed of the key issues.

Ten Year Record

Capital

Year ended 31 August	Market Capitalisation £m	Shareholders' Funds £m	NAV p	Share Price p	Discount to NAV* %
2017	330.19	369.26	1,192.68	1,066.50	10.6
2018	304.71	345.40	1,156.20	1,020.00	11.8
2019	301.73	346.06	1,158.42	1,010.00	12.8
2020	249.73	289.45	992.14	856.00	13.7
2021	297.80	345.46	1,264.54	1,090.00	13.8
2022	295.32	343.20	1,382.93	1,190.00	14.0
2023	310.59	354.58	1,455.58	1,275.00	12.4
2024	346.59	403.07	1,709.53	1,470.00	14.0
5 for 1 share split effective 28 February 2025					
2025	345.35	381.87	331.72	300.00	9.6
2026	**303.86**	**341.61**	**306.91**	**273.00**	**11.0**

Revenue

Year ended 31 August	Gross revenue £000	Available for ordinary shareholders £000	Earnings per share* p	Dividends per share p	Ongoing charges (excluding performance fee)* %	Ongoing charges %*	Net gearing*	Gross gearing*
2017	6,431	2,097	6.77	11.50	0.99	0.99	91	100
2018	7,004	2,825	9.19	11.50	1.01	1.01	94	100
2019	7,648	3,734	12.50	11.50	1.01	1.01	88	100
2020	6,308	2,439	8.19	11.50	1.03	1.03	92	100
2021	6,872	2,548	9.02	11.50	1.02	1.02	105	110
2022	9,239	4,352	16.66	14.00†	0.97	0.97	107	110
2023	8,453	3,496	14.19	13.00	0.95	1.60	100	108
2024	12,462	6,645	27.74	22.00‡	0.95	0.98	98	107
5 for 1 share split effective 28 February 2025								
2025	11,164	5,243	4.51	3.40#	0.99	0.99	106	108
2026	**8,122**	**2,909**	**2.58**	**2.90**	**0.99**	**0.99**	**105**	**109**

* A glossary of terms and definitions and Alternative Performance Measures is provided on pages 68 to 70.
† Included a special dividend of 1.00p per share.
‡ Included a special dividend of 8.00p per share.
# Includes a special dividend of 0.50p per share.

Performance (taking year ended 31 August 2016 as 100)

Year ended 31 August	NAV*	Share Price*	MSCI AC Asia ex Japan Small Cap Index*	FTSE All-Share Index*	Earnings per share*	Total dividends per share*
2016	100	100	100	100	100	100
2017	116	119	116	114	71	100
2018	113	116	117	120	97	100
2019	114	116	108	120	132	100
2020	101	99	115	105	86	100
2021	128	128	159	133	95	100
2022	141	141	158	135	175	122
2023	150	153	161	142	149	113
2024	177	178	182	166	292	191
2025	174	185	197	187	237	148
2026	**163**	**170**	**236**	**226**	**136**	**126**

* Performance is shown on a total returns basis.

Directors

Jeremy Whitley (Chairman)

Jeremy joined the Board in March 2017. Following a 29 year investment career, he left full time employment at Aberdeen Asset Management at the end of March 2017, where he held the position of Head of UK and European equities since July 2009. Previous roles there include being a Senior Investment Manager on the Global Equities team as well as the Asian equities team, based in Singapore, where he was lead manager of the Edinburgh Dragon Trust plc. He began his investment career at SG Warburg & Co in 1988. He is the Chairman of JP Morgan India Growth & Income plc and a non-executive director of Polar Capital Global Healthcare Trust plc.

Jeremy is also a member of the Remuneration, Management Engagement and Nomination Committees.

Michelle Paisley

Michelle joined the Board in April 2020. She is a partner at global boutique advisory firm CC Strategic Partners focused on venture capital funds and early stage companies. Prior to that she was Managing Director at MVision, a global third-party advisor to private equity funds. Michelle moved to Hong Kong in 2006 to head up Macquarie Securities' Hong Kong/China institutional equities business, leading a 50-strong team of traders, salespeople and analysts across Hong Kong and Shanghai. She was a fund manager during the dot com boom with Bankers Trust. Michelle started as an analyst at HSBC James Capel in London, before relocating to Australia with Citigroup in 1996.

Michelle is the Chair of the Audit Committee, and a member of the Remuneration, Management Engagement and Nomination Committees.

David Benda

David joined the Board in April 2026. He is an experienced investment banking and investment company specialist, and a qualified accountant. Prior to retiring in 2025 he was a Managing Director, heading up the corporate side of the listed funds team at Deutsche Numis and co-heading the team overall. Having joined Numis in 2008, he advised a diverse group of investment trusts, including several focused on Asia. David is also a non-executive Director of both Ecofin Global Utilities and Infrastructure Trust plc and Albion Technology & General VCT PLC.

David is also a member of the Audit, Remuneration, Management Engagement and Nomination Committees.

Karen Roydon

Karen joined the Board in December 2023. She is a CFA Charterholder and an experienced investment manager. Karen started her career at BlackRock and in 2006 moved to Genesis Investment Management, a long-only Emerging Markets equities specialist. During her seventeen years as a portfolio manager at Genesis she focused primarily on investing in listed businesses in Asia across the full range of market capitalisations. Since 2020 Karen has also chaired the GenEM Foundation, which funds sustainable, long-term income generation opportunities for marginalised communities in developing countries. In June 2026 Karen was appointed as a non-executive Director of Ashoka India Equity Investment Trust plc.

Karen is the Senior Independent Director and Chair of the Management Engagement, Remuneration and Nomination Committees, and a member of the Audit Committee.

Business Review

The purpose of this report is to provide shareholders with details of the Company's strategy, objectives and business model as well as the principal and emerging risks and challenges the Company has faced during the year under review. It should be read in conjunction with the Chairman's Statement on page 3 and the Portfolio Managers' Report on pages 6 to 17, which provide a review of the Company's investment activity and a look to the future.

The Board is responsible for the stewardship of the Company, including overall strategy, investment policy, borrowings, dividends, corporate governance procedures and risk management. Biographies of the Directors can be found on page 22.

The Board assesses its performance in meeting the Company's objectives against the following Key Performance Indicators, details of which can be found in the Financial Highlights, Ten Year Record, Chairman's Statement and Portfolio Managers' Report:

- the movement in NAV per ordinary share on a total return basis;
- the movement in the share price on a total return basis;
- the share price discount to NAV; and
- ongoing charges.

Strategic Review and Tender Offer

The five-year performance period for the conditional tender offer ended on 31 August 2026. Over the period from 1 September 2021 to 31 August 2026, the Company's NAV total return was 28.0 per cent., compared with a total return of 48.5 per cent. for the MSCI AC Asia ex Japan Small Cap Index. As the Company's NAV total return did not exceed that of the Index, the conditional tender offer was triggered.

On 2 September 2026, the Board announced proposals for a tender offer for up to 25 per cent. of the Company's issued share capital. However, a number of the Company's largest shareholders indicated that they would prefer the Board to consider broader strategic options. On 13 October 2026, the Board therefore announced that it would not proceed with the tender offer and had commenced a Strategic Review.

The Strategic Review will consider the Company's future options. The Board will take into account shareholders' expectations of a 25 per cent. cash exit. Investec Bank plc is assisting the Board, and FSSA continues to manage the portfolio. There is no certainty that the review will result in a transaction, and the Board will update shareholders as appropriate.

Business and Status

The Company is an investment company within the meaning of section 833 of the Companies Act 2006.

The Company carries on the business of an investment trust. The Company has been approved as an investment trust by HM Revenue and Customs subject to the Company continuing to meet eligibility conditions. The Company intends to conduct its affairs so as to enable it to comply with the ongoing requirements.

Investment Objective

The Scottish Oriental Smaller Companies Trust plc aims to achieve long-term capital growth by investing mainly in smaller Asian quoted companies.

Investment Policy

- The Company invests mainly in the shares of smaller Asian quoted companies, that is, companies with market capitalisations of below US$5,000 million, or the equivalent thereof, at the time of first investment.
- 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 Australasia, China, Hong Kong, India, Indonesia, Japan, 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 total 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.

A review by the Portfolio Managers is given on pages 6 to 17 and the investments held at the year end are listed on page 18.

Changes to Investment Policy

In accordance with the UK Listing Rules, no material change will be made to the Company's investment objective and investment policy without the prior approval of the FCA and of shareholders by ordinary resolution.

At the Company's Annual General Meeting to be held on 27 January 2027, the Board will seek shareholder approval to amend the investment policy. The FCA has already given its approval to the proposed amendment (as required by the UK Listing Rules) which is, in summary, to replace the fixed US$5,000 million upper limit in determining what constitutes a smaller company with one linked to the float-adjusted market capitalisation of the largest constituent of the MSCI AC Asia ex Japan Small Cap Index. Under the amended investment policy, a smaller company would, therefore, be defined as one with a float-adjusted market capitalisation equal to or lower than that of the largest constituent of the MSCI AC Asia ex Japan Small Cap Index at the time of the Company's first investment.

The rationale for the changes to the investment policy is explained in the Chairman's statement on page 4.

The full text of the proposed amended investment policy is set out on page 79, and a comparison against the current investment policy, is set out on pages 77 to 78.

Business Model and Strategy for Achieving Objectives

- We aim to maximise the rate of return with due regard to risk. Risk is principally contained by focusing on soundly managed and financially strong companies, and by ensuring that the portfolio is reasonably well diversified geographically and by sector at all times. Quantitative analysis demonstrating the diversification of the Company's portfolio of investments is contained in the country allocation and sector allocation analysis within the Portfolio Managers' Report.
- While cultural, political, economic and sectoral influences play an important part in the decision-making process, the availability of attractively-priced, good quality companies with solid long-term growth prospects is the major determinant of investment policy.
- Our country weightings are not determined by reference to regional stock market indices. We do not consider ourselves obliged to hold investments in any individual market, sector or company.
- Existing holdings are carefully scrutinised to ensure that our corporate performance expectations are likely to be met, and that market valuations are not excessive. Where otherwise, disposals are made.
- Strong emphasis is placed on frequent visits to countries of the Investment Region and on meeting the management of those companies in which the Company is invested, or might invest.

Purpose and Values

Purpose

- To achieve long-term capital growth by investment mainly in smaller Asian quoted companies.

Values

Independence: to act independently in the interests of shareholders.

Sustainability: to ensure that the companies in which the Company invests are supportive of good environmental, social and governance practices and that the manager encourages continuous improvement in these areas.

Transparency: to report transparently and accurately to shareholders on the condition, performance and prospects of the Company.

Culture

The Board considers that its culture of open debate combined with strong governance and the benefits of a diverse board is central to delivering its purpose, values and strategy.

Investment Manager

First Sentier Investors (UK) Investment Management Limited has been Investment Manager since 20 March 1995. On 2 July 2014 the Company appointed First Sentier Investors (UK) Funds Limited as its Alternative Investment Fund Manager ('AIFM'). First Sentier Investors (UK) Funds Limited delegated portfolio management services to First Sentier Investors (UK) Investment Management Limited.

Investment Management Agreement

The Investment Manager's appointment is subject to termination on three months' notice. The Company is entitled to terminate the Investment Manager's appointment on less than the specified notice period, subject to compensation being paid to the Investment Manager for the period of notice not given. Prior to 1 March 2026, the management fee was 0.75% per annum of the Company's net assets.

With effect from 1 March 2026, the management fee was reduced to 0.70% per annum on the lower of the Company's market capitalisation and net assets up to £250 million and 0.65% per annum on amounts above £250 million. Compensation in the case of termination is calculated by reference to the management fee rates applicable at the date of termination, on a pro rata basis for the period of notice not given. The performance fee arrangements were also removed with effect from 1 March 2026.

A summary of the terms of the Investment Management Agreement is contained in note 2 to the Financial Statements on page 57.

The Board regularly appraises the performance and effectiveness of the investment management arrangements of the Company. As part of this process, such arrangements are reviewed formally once a year by the Management Engagement Committee. In relation to the Management Engagement Committee's formal review, the performance and effectiveness of such arrangements are measured against certain criteria. These include the Company's growth and return; performance against the Company's peer group; the success of the Company's investment strategy; the effectiveness, quality and standard of investment resource dedicated by the Investment Manager to the Company; and the level of the Investment Manager's fee in comparison to its peer group.

Whether the continuing appointment of the Investment Manager on the terms agreed is in the interests of shareholders as a whole is being considered as part of the Strategic Review. The review is ongoing, and the Board will update shareholders once it has concluded.

Matters reserved for the Board

The Investment Management Agreement sets out matters over which the Investment Manager has authority and the limits above which Board approval is required. In addition, the Board has a formal schedule of matters specifically reserved to it for decision. This includes determination and monitoring of the Company's investment objectives and policy and its future strategic direction, gearing policy, matters relating to the buyback and issuance of the Company's shares, appointment and removal of third party service providers, review of key investment and financial data and the Company's corporate governance and risk control arrangements.

Responsible Investing

The Investment Manager takes a strategic approach to responsible investing and stewardship, focused on quality investment processes, a culture of stewardship across the organisation and engaging all employees in responsible investing. The team believes that environmental, social and governance ('ESG') issues comprise sources of long-term risk and return and can therefore impact long-term investment value. Each analyst understands that it is their responsibility to consider and identify ESG opportunities and risks and to incorporate this into all bottom-up company analysis, stock selection and engagement. Just as the analysis of a company's financials would never be outsourced to a team of accountants, the manager believes there is no reason to separate the ESG and sustainability elements from its research process. The Portfolio Managers also believe that, as stewards of shareholders' funds, it can achieve better long-term investment outcomes through active company engagement and by exercising the voting rights it holds on behalf of shareholders.

The Investment Manager is a signatory to the UK Stewardship Code 2026. The Investment Manager is also a signatory to the Principles for Responsible Investment (PRI), achieving in its most recent assessment seven A+ ratings and one A rating for the eight areas of assessment, and it is fully compliant with the CFA Institute's Code of Ethics and Standards of Professional Conduct for asset managers.

Gearing

Details of the Company's £30 million fixed rate loan notes can be found in note 11 on page 61.

Social, Community and Human Rights Issues

The Board undertakes an annual review of environmental, social and governance factors in the context of the Company's investment portfolio. As part of its review, the Board considers the Investment Manager's approach to the responsible investment of shareholders' funds, details of which can be found on page 19 of this report.

The Company has given discretionary voting powers to the Investment Manager. The Board supports the integration by the Investment Manager of environmental, social and governance issues in its investment decision making. In the Investment Manager's view, this assists the sustainable performance of the Company.

The Board

At the date of signing this report, the Company has four Directors. Two are men and two are women. The Company has no employees.

On behalf of the Board

Juniper Partners Limited
Company Secretary

10 November 2026

Section 172 Statement

In accordance with section 172(1) of the Companies Act 2006, the Directors of the Company are required to describe to shareholders how they have discharged their duties and responsibilities over the course of the financial year. This statement provides an explanation of how the Directors have promoted the success of the Company for the benefit of its members as a whole, taking into account the likely long-term consequences of their decisions and the need to foster relationships with all stakeholders.

The Board is focused on promoting the long-term success of the Company and regularly reviews the Company's long-term strategic objectives, including consideration of the impact of the Investment Manager's actions on the marketability and reputation of the Company, and the likely impact on the Company's stakeholders of the Company's principal strategies.

Stakeholders

The Company's main stakeholders are its shareholders, Investment Manager, AIFM, and other key service providers. The Investment Manager also engages with investee companies where appropriate, particularly on performance and corporate governance related issues.

The Board considers its stakeholders at each Board meeting as part of its decision making process.

Shareholders

The Board welcomes the views of shareholders and places considerable importance on communications with them. The Investment Manager reports back to the Board on meetings with shareholders and the Chairman and other Directors are available to meet shareholders upon request. The Annual General Meeting of the Company and presentations held in London provide a forum, both formal and informal, for shareholders to meet and discuss issues with the Board.

Investment Manager and AIFM

The Company's primary business relationships are with its Investment Manager and AIFM, First Sentier Investors (UK) Investment Management Limited and First Sentier Investors (UK) Funds Limited, (together 'First Sentier').

First Sentier are specialists in Asia Pacific and Global Emerging Markets equity strategies with a team of dedicated investment professionals based in Hong Kong, Singapore and the United Kingdom. They are bottom-up investors, using fundamental research and analysis to construct high-conviction portfolios. First Sentier conduct more than 800 direct company meetings a year, seeking to identify high quality companies that they can invest in for the long term. As responsible, long-term shareholders, First Sentier engage extensively on environmental, labour and governance issues and are signatories to the UN Principles for Responsible Investment.

The Portfolio Managers' Report on pages 6 to 17 details the key investment decisions taken during the year. The Investment Manager has continued to manage the Company's assets in accordance with the mandate provided by shareholders, under the oversight of the Board. The Board regularly reviews the Company's performance against its investment objective and undertakes an annual strategy review to ensure that the Company is positioned well for the future delivery of its objective. The Board receives presentations from the Investment Manager at every Board meeting to enable it to exercise effective oversight of the Investment Manager.

As part of its role, the Investment Manager also engages with investee companies on performance and corporate governance related issues and provides feedback to the Board at its quarterly meetings or more frequently as required.

On an annual basis the Management Engagement Committee conducts a formal evaluation of the performance of the Investment Manager.

Service Providers

In addition to the Investment Manager and AIFM, the Company's other key service providers are Juniper Partners Limited (Company Secretary and Administrator), JP Morgan Chase Bank N.A. (Custodian), JP Morgan Europe Limited (Depositary), Computershare Investor Services plc (Registrar), Johnston Carmichael LLP (Auditor) and Investec Bank plc (Corporate Broker).

The Management Engagement Committee conducts an annual review of the performance, terms and conditions of the Company's service providers to ensure they continue to perform in line with the terms of their appointment and provide value for money. The findings of this review are reported to the Board.

Key decisions

The Board is always mindful of its responsibilities to the Company's stakeholders and this forms part of every Board decision. Key decisions made by the Board during the year were:

Key Decision	Stakeholder(s) affected	Outcome
Strategic Review and Tender Offer	**Shareholders; Directors, Service Providers**	The Company did not meet the performance condition set for the five-year measurement period, which triggered the conditional tender offer. On 2 September 2026, the Board announced proposals for a tender offer for up to 25 per cent. of the Company's issued share capital. Following further consultation, many of the Company's largest shareholders indicated that they would prefer the Board to consider broader strategic options. On 13 October 2026, the Board therefore announced that it would not proceed with the tender offer and had commenced a Strategic Review. The review will consider the Company's future options and will take into account shareholders' expectations of a 25 per cent. cash exit. Investec Bank plc is assisting the Board, and FSSA Investment Managers continues to manage the portfolio. There is no certainty that the review will result in a transaction, and the Board will keep shareholders updated as appropriate.
Management fee arrangements	**Shareholders; Investment Manager**	The Board reviewed the Company's management fee arrangements, with particular consideration given to the overall cost to shareholders and the competitiveness of the fee structure. Following discussions with the Investment Manager, the Board secured a reduction in the annual management fee from 0.75% of net assets to 0.70% on the lower of market capitalisation and net assets up to £250 million and 0.65% above £250 million, with effect from 1 March 2026. The performance fee was also removed in its entirety. The Board considers that the revised arrangements provide a more competitive cost base and improved value for shareholders.
Amendment to the Investment Policy	**Shareholders, Investment Manager**	The Board decided to propose replacing the US$5 billion market capitalisation limit at the time of initial investment with a limit linked to the largest constituent of the MSCI AC Asia ex Japan Small Cap Index. This removes the need for repeated numerical amendments as the opportunity set evolves. The change will not alter the Company's objective of investing primarily in Asian smaller companies or the Portfolio Managers' approach to portfolio construction. The Board believes the added flexibility will benefit shareholders by giving access to a broader opportunity set across the region. Shareholders will be asked to approve the change at the forthcoming AGM.

Section 172 Statement cont'd

Key Decision	Stakeholder(s) affected	Outcome
Board composition and succession planning	**Shareholders; Directors**	The Board continued its succession planning during the year, taking into account the balance of skills, experience, independence and diversity required for the effective oversight of the Company. Following a recruitment process, David Benda was appointed as a Director, supporting the Board's planned succession arrangements. The Board considers that his appointment maintains an appropriate balance of skills and experience and supports an orderly transition in the Board's composition. As previously announced, Jeremy Whitley will retire as Chairman in April 2027, subject to the conclusion of the Strategic Review. The Board has appointed Michelle Paisley as Chair Elect to succeed him.

Principal Risks and Uncertainties

The Board has carried out a thorough assessment of risks faced by the Company. The Company's principal and emerging risks are detailed below, together with a summary of the mitigating actions taken to manage these risks.

Emerging Risks

Risk	Mitigation
Sector Consolidation The investment trust sector is under pressure to provide companies of sufficient scale to remain relevant to larger investors. In addition the sector is experiencing heightened pressure from activist investors, which may result in high costs of navigating potential campaigns that may not be in the interests of the majority of shareholders.	The Board reviews the Company's strategy and growth opportunities regularly. Its priority is to offer shareholders a relevant and attractive investment proposition. After the year end, and following consultation with a number of the Company's largest shareholders, the Board announced on 13 October 2026 that it had commenced a Strategic Review of the Company's future options, focusing on investment performance, scale and secondary market liquidity.
Technology and AI The advancement of AI and machine learning across the asset management industry may lead to challenges from similarly managed portfolios at lower costs. There is also the risk that AI may impact on the investment process at FSSA and the business models and competitiveness of underlying businesses in the portfolio.	The Investment Manager's process relies heavily not only on financial data but on relationships built with the management of investee companies which would be hard to replicate using AI alone. The Investment Manager reports regularly to the Board on the investment process, and any significant changes are reported to the Board.

Principal Risks

Risk	Mitigation
Investment objective and strategy An inappropriate or unattractive investment objective and strategy may have an adverse effect on shareholder returns or cause a reduction in demand for the Company's shares, both of which could lead to a widening discount. **Heightened awareness of this risk due to the recent performance of the Company**	The Board monitors the Company's investment objective and strategy to make sure they remain appropriate. It carries out annual strategy reviews, and throughout the year it considers investment performance, shareholder views, developments in the marketplace and emerging risks that could affect the Company.
Investment performance Poor investment performance may have an adverse effect on shareholder returns. In extreme circumstances, poor investment performance could lead to the Company breaching loan covenants. **Heightened awareness of this risk due to the recent performance of the Company**	The Board reviews investment performance at each quarterly Board meeting. The Investment Manager reports on the Company's performance, transaction activity, individual holdings, portfolio characteristics and outlook. The Investment Manager reports regularly to the Board on the investment process. The Board formally reviews compliance with the Company's loan covenants on a quarterly basis. After the year end, and following consultation with shareholders, the Board commenced a Strategic Review of the Company's future options, as announced on 13 October 2026.

Principal Risks and Uncertainties cont'd

Principal Risks

Risk	Mitigation
Financial and Economic The Company's investments are impacted by financial and economic factors including market prices, interest rates, foreign exchange rates, liquidity and credit which could cause losses to the investment portfolio. **No change to this risk**	The Board regularly reviews and agrees policies for managing market price risk, interest rate risk, foreign currency risk, liquidity risk and credit risk. These are explained in detail in note 16 to the financial statements on pages 62 to 66.
Share price discount/premium to net asset value A significant share price discount or premium to the Company's net asset value per share, or related volatility, could lead to high levels of uncertainty or speculation and the potential to reduce investor confidence. **No change to this risk**	The Board has established a share buyback process to assist in the moderation of share price discount to net asset value. Shareholders are kept informed of developments as far as practicable and are encouraged to attend briefings, such as the Company's Annual General Meeting, to understand the implementation of the investment policy to achieve the Company's objectives.
Operational The Company is reliant on third party service providers including FSSA Investment Managers as Investment Manager, Juniper Partners as Company Secretary and Administrator, JP Morgan Europe as Depositary, JP Morgan Chase Bank as Custodian and Computershare as Registrar. Failure of the internal control systems of these third parties could result in inaccurate information being reported or risk to the Company's assets. **Heightened awareness of this risk due to the increased frequency of cyber attacks, which could impact on the Company's third party service providers and their supply chains**	The Audit Committee formally reviews each service provider at least annually, considering their reports on internal controls, with a specific focus on IT security. Further details of the Company's internal control and risk management system are provided on pages 34 and 35.
Regulatory The Company operates in a regulatory environment. Failure to comply with s1158 of the Corporation Tax Act 2010 could result in the Company losing investment trust status and being subject to tax on capital gains. Failure to comply with other regulations could result in financial penalties or the suspension of the Company's listing on the London Stock Exchange. **No change to this risk**	Compliance with relevant regulations is monitored on an ongoing basis by the Company Secretary and Investment Manager who report regularly to the Board. The Board monitors changes in the regulatory environment and receives regulatory updates from the Company Secretary, Lawyers and Auditor as relevant.

Directors' Report

The Directors have pleasure in presenting the Annual Report for the year to 31 August 2026.

Results and Dividend

The table below shows the revenue position and dividend payable by the Company, subject to shareholders' approval of the final dividend of 2.9p per share. The dividend is proposed to be paid on 5 February 2027. The basis of accounting is to reflect the dividend in the year in which the Company pays it.

	£000
Revenue reserve as at 31 August 2025 (per Statement of Financial Position)	11,356
Dividends paid for year ended 31 August 2025	(3,855)
Net revenue earned in the year ended 31 August 2026	2,909
Revenue reserve as at 31 August 2026 (per Statement of Financial Position)	10,410
Dividends proposed for year ended 31 August 2026	(3,228)
Revenue reserve as at 31 August 2026 (after payment of proposed dividend)	7,182

Share Capital and Share Buybacks

The Company's buyback authority was last renewed at the Annual General Meeting on 28 January 2026 in respect of 16,971,000 ordinary shares of 5p each.

During the year the Company bought back 3,810,848 ordinary shares of 5p each. The Company held 45,762,833 ordinary shares of 5p each in Treasury at the year end.

Each ordinary shareholder is entitled to one vote on a show of hands and, on a poll, to one vote for every ordinary share held.

Substantial Shareholders

At 31 August 2026 the Company was aware of the following substantial shareholdings representing (directly or indirectly) three per cent or more of the voting rights attaching to the issued share capital of the Company:

	Number of shares held	Percentage held
Clients of City of London Investment Management	19,421,875	17.4%
Clients of Columbia Threadneedle Investments	12,110,576	10.9%
Clients of Interactive Investor	10,179,944	9.1%
Clients of Lazard Asset Management	7,114,401	6.4%
Clients of Hargreaves Lansdown	6,259,934	5.6%
Clients of Overseas Asset Management	5,750,000	5.2%
Clients of Allspring Global Investments	4,822,965	4.3%
Clients of Raymond James Investment Services	3,657,136	3.3%
Clients of RBC Brewin Dolphin	3,423,992	3.1%
Clients of AJ Bell	3,373,348	3.0%

Going Concern and Viability Statement

Strategic Review

On 13 October 2026, the Board announced that it had commenced a Strategic Review (the "review") of the Company's future options. The review may result in proposals that mean the Company does not continue in its current form, such as a combination with another investment company, a reconstruction or a winding-up. As at the date of this report no decision has been made, there is no certainty that the review will result in any transaction, and any such proposals would be subject to the approval of shareholders, which is not within the control of the Board. The Board therefore considers that the outcome of the review represents a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern in its current form. This uncertainty arises solely from the decisions that may be taken by the Board and shareholders as a result of the review. It does not arise from the Company's financial position. As set out below, the Board's assessments demonstrate that, in the absence of any proposals arising from the review, the Company has the financial resources to meet its liabilities as they fall due and to continue in operation over both the going concern and viability periods.

Going Concern

In assessing the Company's ability to continue as a going concern, the Directors have considered:

- the Company's investment objective, detailed on page 2
- its risk management policies, detailed on pages 29 and 30
- the nature of its portfolio
- its expenditure projections

The Directors believe that the Company has adequate resources, an appropriate financial structure and suitable management arrangements in place to continue in operational existence for the foreseeable future and for at least 12 months from the date of approval of the financial statements. In addition, the Board has had regard to the Company's investment performance (see page 2), the price at which the Company's shares trade relative to their NAV (see page 2) and ongoing investor interest in the continuation of the Company, including feedback from meetings and conversations with shareholders.

The Directors performed an assessment of the Company's ability to meet its liabilities as they fall due. In performing this assessment, the Directors took into consideration the following factors:

- cash and cash equivalents balances and the portfolio of readily realisable securities which can be used to meet short-term funding commitments;
- the ability of the Company to meet all of its liabilities and ongoing expenses from its assets;
- revenue, operating and finance cost forecasts for the forthcoming year;
- continued adherence to the loan covenants;
- the ability of third-party service providers to continue to provide services; and
- three potential downside scenarios, stress testing the Company for a 30 per cent fall in the value of the investment portfolio, a 50 per cent fall in dividend income, and a similar level of share buybacks to the current year.

The cumulative impact of these three downside scenarios would leave the Company with a negative cash position. However, there are sufficient liquid assets which could be used if required.

Notwithstanding the material uncertainty arising from the Strategic Review based on its assessment the Board is confident that the Company has sufficient financial resources to continue in operation and to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements. It has therefore concluded that it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result if the Company were unable to continue as a going concern.

Viability Statement

The Board considered its obligation to assess the viability of the Company over a period longer than the 12 months from the date of approval of the financial statements required by the 'going concern' basis of accounting. The Board considers the Company, which has no fixed life, to be a long-term investment vehicle. For the purposes of this viability statement, however, it has decided that five years is an appropriate period over which to report. This period balances looking out over a long-term horizon against the inherent uncertainties of looking further than five years ahead.

When deciding on this period, the Directors considered the Company's portfolio of Asian smaller companies, which are typically held for three to five years. The Directors have also carried out a robust assessment of the principal and emerging risks facing the Company over the period of the review, including those that would threaten its business model, future performance, solvency or liquidity. These risks are set out on pages 29 and 30 and discussed in note 16 to the Financial Statements.

The Directors have also taken account of the liquidity of the portfolio, which consists predominantly of listed equities, and of the level of ongoing charges.

Based on the results of this analysis, and in the absence of any proposals arising from the Strategic Review described above, the Board has a reasonable expectation that the Company has the financial capacity to continue in operation and meet its liabilities as they fall due over the five-year period of its assessment.

Principal Risks and Risk Management

Information on the principal and emerging risks of the Company, and the management of these risks can be found on pages 29 and 30 and in note 16 to the Financial Statements on pages 62 to 66.

Directors' Indemnity

The Company's Articles of Association entitle any Director or Officer of the Company to be indemnified out of the assets of the Company against any loss or liability incurred by him or her in the execution of his or her duties in relation to the Company's affairs to the extent permitted by law. The Company maintains insurance in respect of Directors' and Officers' liability in relation to their acts on behalf of the Company.

Corporate Governance

The Company's Corporate Governance Report is set out on pages 40 to 42 and forms part of the Directors' Report.

Greenhouse Gas Emissions and Streamlined Energy & Carbon Reporting ('SECR')

All of the Company's activities are outsourced to third parties. The Company therefore has no greenhouse gas emissions to report from its operations, nor does it have responsibility for any other emissions producing sources under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013. For the same reasons as set out above, the Company is a low energy user under the SECR regulations and has no energy and carbon information to disclose.

Criminal Finances Act 2017

The Company has a commitment to zero tolerance towards the criminal facilitation of tax evasion.

Disclosure of Information to the Auditor

The Directors confirm that as far as they are aware, as at the date of this Report, there is no relevant audit information of which the Company's auditor is unaware and that each Director has taken all the steps he or she might reasonably be expected to have taken as a Director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Annual General Meeting

The Notice of Annual General Meeting to be held on Wednesday 27 January 2027 at 2.00 pm is set out on pages 71 to 76. Resolutions 1 to 12 will be proposed as Ordinary Resolutions and Resolutions 13 to 15 will be proposed as Special Resolutions. Please refer to pages 73 and 74 for a full explanation of all Resolutions.

Recommendation

The Directors consider that the passing of each of the resolutions to be proposed at the Annual General Meeting are in the best interests of the Company and its shareholders as a whole and they unanimously recommend that all shareholders vote in favour of these resolutions.

Relations with Shareholders

The Board places great importance on communication with shareholders. In addition to the regular annual and half year reports, monthly factsheets, and investment updates, a wealth of additional information is available on the Company's website **www.scottishoriental.com**. The Investment Manager has a policy of meeting major shareholders and reports to the Board following such meetings. The Chairman and members of the Board are also available to meet with shareholders as appropriate. Any shareholder wishing to communicate with a member of the Board may do so by contacting the Company Secretary as detailed on page 81. Proxy voting figures for each resolution are made available to shareholders after the AGM via the Company's website. The Annual Report is sent to shareholders at least 21 days before the AGM.

Exercise of Voting Powers

The Investment Manager decides whether and how to vote on investee company resolutions on behalf of the Company in accordance with the Investment Manager's judgement of what is best for the Company and its shareholders in each individual case.

On behalf of the Board

Juniper Partners Limited
Company Secretary

10 November 2026

Report of the Audit Committee

The Audit Committee is chaired by Michelle Paisley and also comprises David Benda and Karen Roydon.

The Audit Committee has clearly defined written terms of reference which are available on the Company's website. The main functions of the Audit Committee are as follows:

- to monitor the integrity of the financial statements of the Company and any formal announcements relating to the Company's financial performance, and to review significant financial reporting judgements contained in them;
- to consider the appointment of the external auditor, the audit fee, and any questions of the external auditor's resignation or dismissal;
- to review the half-year and annual financial statements before submission to the Board;
- to monitor and review the effectiveness of the Company's statements on corporate governance and internal control systems (including financial, operational and compliance controls and risk management) prior to endorsement by the Board; and
- to review and monitor the external auditor's independence and the effectiveness of the audit process, taking into consideration relevant UK professional and regulatory requirements. The Audit Committee also reviews the objectivity of the auditor and the terms under which they are appointed to perform non-audit services. Johnston Carmichael LLP ('Johnston Carmichael') provided no non-audit services for the year ended 31 August 2026.

At the request of the Board, the Audit Committee considered whether the 2026 Annual Report was fair, balanced and understandable and whether it provided the necessary information for shareholders to assess the Company's performance, business model and strategy. The Audit Committee having reviewed the Annual Report, is satisfied that, taken as a whole, it is fair, balanced and understandable. In reaching this conclusion the Audit Committee has assumed that the reader of the Annual Report has a reasonable level of knowledge of the investment industry.

Auditor

As part of its review of the scope and results of the audit, the Audit Committee considered and approved Johnston Carmichael's plan for the audit of the financial statements for the year ended 31 August 2026. At the conclusion of the audit, Johnston Carmichael did not highlight any issues to the Audit Committee which would cause it to qualify its audit report, nor did it highlight any fundamental internal control weaknesses. Johnston Carmichael issued an unqualified audit opinion which is included on pages 44 to 50.

As part of the review of auditor independence and effectiveness, Johnston Carmichael confirmed that it has remained independent of the Company and has complied with relevant auditing standards. In evaluating Johnston Carmichael, the Audit Committee has taken into consideration the standing, skills and experience of the firm and the audit team. The Audit Committee, from direct observation and enquiry of the Investment Manager and Company Secretary, is satisfied that Johnston Carmichael continues to provide effective and independent challenge in carrying out its responsibilities. Following professional guidelines, the audit principal rotates after five years. The current audit principal, Richard Sutherland, is in the fourth year of his appointment. On the basis of this assessment, the Audit Committee has recommended to the Board that Johnston Carmichael continues to be appointed as auditor. Johnston Carmichael's performance will continue to be reviewed annually taking into account all relevant guidance and best practice.

The Audit Committee does not consider that an internal audit function is necessary as the Company has outsourced all of its functions to third party service providers. The Company also has no employees.

Internal Controls

The Directors are ultimately responsible for the internal controls of the Company which aim to ensure that proper accounting records are maintained, the assets are safeguarded and the financial information used within the business and for publication is reliable. The Directors are required to review the effectiveness of the Company's system of internal control. The AIC Corporate Governance Code states that the review should cover all material controls, including financial, operational and compliance controls and risk management systems. Operational and reporting systems are in place to identify, evaluate and monitor the operational risks potentially faced by the Company and to ensure that effective internal controls have been maintained throughout the period under review and up to the date of approval of this Annual Report. The Audit Committee receives and examines reports on internal controls from all key service providers. The Board confirms that there is a process for identifying, evaluating and managing the significant risks faced by the Company. A full review of all internal controls is undertaken annually and the Board confirms that it has reviewed the effectiveness of the system of internal control.

These controls include:

- reports at regular Board meetings of all security and revenue transactions effected on the Company's behalf. These transactions can be entered into only following appropriate authorisation procedures determined by the Board, the Investment Manager and the Company Secretary;
- custody of the Company's assets has been delegated to JP Morgan Chase Bank N.A. ('JP Morgan'). The records maintained by JP Morgan permit the Company's holdings to be readily identified. The Investment Manager and Administrator carry out regular reconciliations with the custodian's records of the Company's cash and holdings;
- the Investment Manager's compliance and risk department monitors compliance by individuals and the Investment Manager's operations with the rules of the Financial Conduct Authority and provides regular reports to the Board; and
- a risk matrix is prepared which identifies the principal and emerging risks faced by the Company and the Investment Manager's and Company Secretary and Administrator's controls in place to manage these risks effectively.

These systems are designed to manage rather than eliminate risk and can provide only reasonable and not absolute assurance against material misstatement or loss.

Significant Accounting Matters

Significant accounting matter	Actions taken
Valuation of investments	The Company's accounting policy for valuing investments is set out on page 55 and the prices of all investments are reconciled against an independent source by the Administrator.
Existence/ownership of investments	The assets held within the investment portfolio are reconciled daily to the custodian's records by the Administrator.
Revenue recognition	The recognition of investment income is undertaken in accordance with Accounting Policy (b) on page 55. The Administrator reviews each special dividend received and assesses whether it is revenue or capital in nature.

Michelle Paisley
Director

10 November 2026

Directors' Remuneration Report

Statement by the Chairman

This report has been prepared in accordance with the requirements of the Companies Act 2006. An ordinary resolution for the approval of this report will be put to shareholders at the forthcoming Annual General Meeting. The remuneration policy, which was approved by shareholders at the Company's Annual General Meeting in December 2023 (resolution received 99.76 per cent of votes for, 0.18 per cent of votes against, and 0.06 per cent of votes were withheld), will again be put to shareholders at the forthcoming Annual General Meeting.

Remuneration Committee

The Remuneration Committee is chaired by Karen Roydon and comprises all independent non-executive Directors. Appointments are periodically reviewed. The Remuneration Committee's terms of reference are available on the Company's website and clearly define the Remuneration Committee's responsibilities.

Policy on Directors' Remuneration

The Board's policy is that the remuneration of non-executive Directors should reflect the experience of the Board as a whole and be fair and comparable to that of other investment trusts that are similar in size and have similar objectives and structures. Furthermore the level of remuneration should be sufficient to attract and retain the high calibre of Directors needed to oversee the Company properly and to reflect the specific circumstances of the Company, the duties and responsibilities of the Directors and the value and amount of time committed to the Company's affairs.

The fees of the non-executive Directors are set within maximum limits as defined in the Company's Articles of Association, and may be amended from time to time subject to shareholder approval at a general meeting. Following shareholder approval at the Annual General Meeting held in January 2026, the aggregate limit on Directors' fees was increased from £200,000 to £250,000 per annum.

The Directors are not eligible for bonuses, pension benefits, share options, long-term incentive schemes or other benefits. The Directors' fees are not performance related.

Directors' Service Contracts

The Directors do not have contracts of service with the Company. All of the Directors have entered into letters of appointment. The letters of appointment provide that Directors are appointed for an initial period of three years and are subject to election by shareholders at the first Annual General Meeting after their appointment. Thereafter, they must retire at intervals of no more than three years. Their re-election is subject to shareholder approval. The letters of appointment are available for inspection on request. Any Director who has served on the Board for more than nine years will submit himself or herself for re-election annually. There is no notice period and no provision for compensation upon early termination of appointment. The Board believes that long-term appointments are a benefit to the Company in terms of awareness and industry experience.

Annual Report on Remuneration

The Board carried out a review of the level of Directors' fees during the year. It was resolved to increase the level of the Chairman's fee from £44,800 to £48,000 per annum, the Audit Committee Chair's fee from £38,400 to £40,300 per annum and Directors' fees from £32,000 to £33,600 per annum. The Senior Independent Director will also continue to receive an additional annual fee of £2,000, all increases were effective from 1 July 2026. In setting these rates, the Board considers the factors set out in the Policy on Directors' Remuneration adjacent to this paragraph. The Board has not received any views from the Company's shareholders in respect of the levels of Directors' remuneration.

The law requires the Company's auditor to audit certain of the disclosures provided. Where disclosures have been audited, they are indicated as such. The auditor's opinion is included in their report on pages 44 to 50.

Directors' Interests

The Directors at the year end had the following interests in the share capital of the Company. All the Directors' interests, save as otherwise disclosed, are beneficial interests in the share capital of the Company. The following table has been audited:

	31 August 2026 ordinary 5p shares	31 August 2025 ordinary 5p shares
Jeremy Whitley	488,750	418,750
David Benda	17,893	–
Michelle Paisley	–	–
Karen Roydon	33,552	33,552

The Company has no service contracts with its Directors and has not entered into any other contract in which a Director has an interest.

Directors' Emoluments for the Year

The following emoluments in the form of fees were received by the Directors who served in the year. The following table has been audited:

	Fees 2026 £	Fees 2025 £	% change
Jeremy Whitley (Chairman)	45,333	43,050	5.3
Andrew Baird*	29,016	31,083	(6.6)
David Benda**	11,474	–	–
Uma Bhugtiar†	4,997	30,750	(83.7)
Michelle Paisley (Audit Committee Chair)	38,717	36,900	4.9
Karen Roydon††	32,562	30,750	5.9
	162,099	**172,533**	**(6.0)**

* Retired from the Board and stepped down as Senior Independent Director on 8 July 2026.

** Appointed to the Board on 23 April 2026.

† Retired from the Board on 28 October 2025.

†† Appointed Senior Independent Director on 8 July 2026.

The Directors are not eligible for bonuses, pension benefits, share options, long-term incentive schemes or other benefits. The Directors' fees are not performance related.

Directors' Remuneration Report cont'd

The table below contains the annual percentage change in remuneration in the five financial years prior to the current year in respect of each Director.

Fee Rates	Year to 31 August 2022 £	Year to 31 August 2023 £	Year to 31 August 2024 £	Year to 31 August 2025 £	Year to 31 August 2026 £
Chairman	34,333	36,500	39,617	43,050	45,333
	+4.8%	+6.3%	+8.5%	+8.7%	+5.3%
Audit Committee Chair	27,250	28,917	31,933	36,900	38,717
	+4.1%	+6.1%	+10.4%	+15.6%	+4.9%
Non-executive Director	24,250	25,833	28,000	30,750	32,267
	+4.7%	+6.5%	+8.4%	+9.8%	+4.9%
Senior Independent Director	–	–	–	333	2,000
	–	–	–	–	+500.6%

The Senior Independent Director has received an additional fee since July 2025. As a result, the figures for the two periods are not fully comparable.

Statement of Voting at Annual General Meeting

Voting on the resolutions to approve the Directors' Remuneration Report at the Company's AGM on 28 January 2026 was as follows:

Resolution	Votes For	Votes Against	Votes Withheld
Approve Directors' Remuneration Report	55,986,651	462,524	157,560

Relative Importance of Directors' Fees

	2026 £000	2025 £000
Directors' fees	162	173
Buyback of ordinary Shares	10,566	8,099
Dividend(s) paid	3,855	5,140
Expenses	3,437	3,913

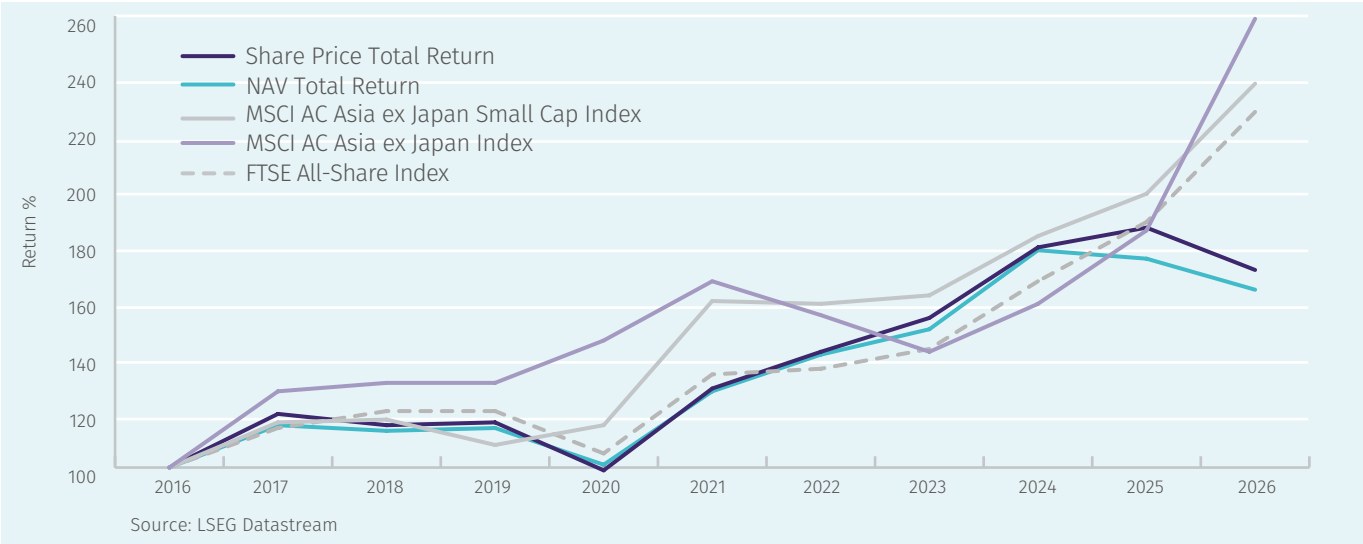
	2026 %	2025 %
Directors' fees as a percentage of buyback of ordinary shares	1.5	2.1
Directors' fees as a percentage of dividend paid	4.2	3.4
Directors' fees as a percentage of expenses	4.7	4.4

Further details of the Company's expenses can be found in notes 2 and 3 on page 57.

Company Performance

The graph below compares the total return (assuming all dividends are reinvested) to ordinary shareholders for the last ten financial years compared to the total shareholder return on the MSCI AC Asia ex Japan Small Cap Index. This index was chosen for comparison purposes, as it is the index used for investment performance measurement purposes. The total returns for the MSCI AC Asia ex Japan Index and the FTSE All-Share Index are also displayed for comparison purposes.

Total Return – Scottish Oriental versus comparator indices



The Directors' Remuneration report on pages 36 to 39 was approved by the Board of Directors on 10 November 2026 and signed on its behalf by

Karen Roydon
Chair of the Remuneration Committee

10 November 2026

Corporate Governance

Directors' Statement on Corporate Governance

The Board has considered the Principles and Provisions of the AIC Corporate Governance Code ('AIC Code'). The AIC Code addresses the Principles and Provisions set out in the UK Corporate Governance Code (the 'UK Code'), as well as setting out additional Provisions on issues that are of specific relevance to the Company. The Board considers that reporting against the Principles and Provisions of the AIC Code, which has been endorsed by the Financial Reporting Council provides more relevant information to shareholders.

The Company has complied with the Principles and Provisions of the AIC Code during the year ended 31 August 2026.

The AIC Code is available on the AIC website (www.theaic.co.uk). It includes an explanation of how the AIC Code adapts the Principles and Provisions set out in the UK Code to make them relevant for investment companies.

A revised AIC Code was issued in August 2024, and came into effect for accounting periods beginning on or after 1 January 2025 (with the exception of Provision 34 which will come into effect for accounting periods beginning on or after 1 January 2026). Provision 34 will first apply to the Company for its financial year beginning 1 September 2026. The Board will consider the requirements of Provision 34 ahead of that date, and will continue to keep the Company's governance arrangements under review to ensure ongoing compliance with the AIC Code.

The Board

As Chairman, Jeremy Whitley is responsible for leading the Board and ensuring its effectiveness in all aspects of its role. In line with the requirements of the AIC Code, the responsibilities of the Chairman and the Senior Independent Director ('SID') have been agreed by the Board and are available to view on the Company's website: **www.scottishoriental.com**.

The Board has formalised the arrangements under which the Directors, in the furtherance of their duties, may take independent professional advice. The Company also maintains Directors' and Officers' liability insurance. There were no third party indemnity provisions over the course of the year or since the year end.

Other than their letters of appointment, none of the Directors has a contract of service nor have there been any contracts or arrangements between the Company and any Director at any time during the year.

The Board has engaged external companies to undertake the Company's investment management, administrative and custodial activities. Clear, documented contractual arrangements are in place between the Company and its service providers that define the areas where the Board has delegated functions to them. Further details of the Investment Management Agreement are given on page 24. A schedule of matters specifically reserved to the Board for its decision has been adopted. These reserved matters include the approval of Annual and Interim Reports; the recommendation of dividends; the approval of press releases and circulars; Board appointments and resignations; and the membership of committees. Decisions regarding the capital structure of the Company (including share buybacks and treasury share transactions) are also taken by the Board, while the day-to-day investment of the portfolio is delegated to the Investment Manager.

Meetings

The Board meets at least four times per year and has a formal schedule of matters specifically reserved to it for decision including investment policy and agreement of the terms of appointment of the Investment Manager. In addition, the Board met on a number of occasions during the year on an ad hoc basis to consider specific matters as they arose. The number of scheduled meetings of the Board, Audit Committee, Remuneration Committee, Nomination Committee and Management Engagement Committee held during the year and the attendance of the individual directors at those meetings is shown in the table below. Board papers are distributed prior to all meetings in a form and of a quality appropriate to enable the Board to discharge its duties. Directors can in addition raise any matters at meetings.

Number of Meetings	Board	Audit Committee	Remuneration Committee	Management Engagement Committee	Nomination Committee
Jeremy Whitley	4/4	3/3*	1/1	1/1	0/0
Andrew Baird	4/4	3/3	1/1	1/1	0/0
David Benda**	2/2	2/2	1/1	1/1	0/0
Uma Bhugtiar†	–	–	–	–	–
Michelle Paisley	4/4	3/3	1/1	1/1	0/0
Karen Roydon	4/4	3/3	1/1	1/1	0/0

* Attendance by invitation.

** Appointed to the Board on 23 April 2026.

† Retired from the Board on 28 October 2025.

Independence of Directors and Tenure

The Board has considered the independent status of each Director under the AIC Code and has determined that all Directors are independent.

The Board believes that length of service does not necessarily compromise the independence or contribution of directors of an investment trust company. Indeed, in its opinion, continuity and experience often add significantly to the strength of the board. The Directors are mindful of the need for a carefully considered succession plan and will continue to focus on this area.

The Board considers its non-executive Directors to be free from any business or other relationship with the Investment Manager or its employees which could interfere with or compromise the exercise of his or her independent judgement and, therefore, independent of the Investment Manager.

Performance Appraisals

Performance appraisals of the Chairman and Directors were carried out during the accounting period through a discussion based process. The Chairman's appraisal was led by the Senior Independent Director. The Board concluded that the Chairman and each Director contributed effectively and demonstrated commitment to his or her role. The Board also concluded that the performance of the Board as a whole and its Committees was effective. The Board has given consideration to appointing an external Board evaluator, however, it does not believe it is necessary at this time. The training and development needs of Directors are discussed prior to and during the annual appraisal.

Election/Re-election of Directors

The Articles of Association provide that each Director is subject to election at the first AGM after his or her appointment and must retire by rotation every three years. The Board has adopted annual re-election of Directors.

Each re-election is subject to shareholder approval, based upon the recommendations of the full Board. Biographical details of all Directors are set out on page 22 of this Annual Report to enable shareholders to take an informed decision on their re-election.

From these details, it will be seen that the Board has a breadth of investment, commercial and professional experience with an international and, more specifically, Asian perspective. The Board confirms that each of these Directors makes a significant contribution to Board deliberations.

The Board therefore believes that it is in the interests of shareholders that all Directors be elected/re-elected.

Board Diversity

The Nomination Committee considers diversity, including balance of skills, knowledge, gender, social and ethnic backgrounds, cognitive and personal strengths and experience, amongst other factors when reviewing the composition of the Board.

The Nomination Committee does not consider it appropriate to establish diversity targets or quotas at this time. However, it is conscious of the diversity targets set out in the UK Listing Rules and the AIC Code of Corporate Governance in appointing appropriately diverse, independent non-executive Directors who set the operational and moral standards of the Company and aims to have an appropriate level of diversity on the Board. In accordance with UK Listing Rule 6 Annex 1R the Board has provided the following information in relation to its diversity as at 31 August 2026, being the financial year end of the Company.

The information included in the following tables has been obtained following confirmation from the individual Directors.

The Company does not currently meet the FCA's diversity targets in respect of ethnic background. The Board will take the FCA's diversity targets into consideration as part of its future succession planning.

Board gender as at 31 August 2026

	Number of Board members	Percentage of the Board	Number of senior positions on the Board[3]	Number in executive management[1]	Percentage of executive management[1]
Male	2	50	1	–	–
Female	2	50[2]	1	–	–
Not specified/prefer not to say	–	–	–	–	–

[1] The number of Directors in executive management is not applicable for an investment trust.

[2] This meets the Listing Rules target of 40 per cent.

[3] The rules state that the senior board positions consist of Chair, CEO, SID or Chief Financial Officer.

Board ethnic background as at 31 August 2026

	Number of Board members	Percentage of the Board	Number of senior positions on the Board[2]	Number in executive management[1]	Percentage of executive management[1]
White British or other white (including minority groups)	4	100	2	n/a	n/a
Mixed/multiple ethnic groups	–	–	–	n/a	n/a
Asian/Asian British	–	–	–	n/a	n/a
Black/African/Caribbean/Black British	–	–	–	n/a	n/a
Other ethnic group, including Arab	–	–	–	n/a	n/a
Not specified/prefer not to say	–	–	–	n/a	n/a

[1] The number of Directors in executive management is not applicable for an investment trust.

[2] The rules state that the senior board positions consist of Chair, CEO, SID or Chief Financial Officer.

Relations with Shareholders

The Company welcomes the views of shareholders and places great importance on communication with its shareholders. Please refer to page 26 for details of engagement activity in the year to 31 August 2026.

Board Committees

The Chair of each Board Committee fulfils an important leadership role similar to that of the Chairman of the Board, particularly in creating the conditions for overall Committee and individual Director effectiveness.

Audit Committee

This Committee is comprised of all Directors (excluding Jeremy Whitley, the Company's Chairman) and is chaired by Michelle Paisley, who is an experienced investment professional, with significant experience in reviewing statutory accounts. The Board is satisfied that Ms Paisley has recent and relevant financial experience to guide the Committee in its deliberations.

The Board is also satisfied that other members of the Audit Committee have relevant and recent financial experience to fulfil their role effectively and also have sufficient experience relevant to the closed ended investment company sector and UK listed companies. The report from this Committee is set out on pages 34 and 35.

Nomination Committee

The Board as a whole fulfils the functions of a Nomination Committee which is chaired by Karen Roydon.

The Nomination Committee terms of reference are available on the Company's website and clearly define the Committee's responsibilities. Once a decision is made to appoint a new Director, each Director is invited to submit potential candidates for consideration by the Nomination Committee. The Nomination Committee considers a broad range of skills and experience when seeking potential candidates including diversity and gender.

The Nomination Committee meets as required.

Management Engagement Committee

The Committee comprises all the independent non-executive Directors of the Company and is chaired by Karen Roydon. The Committee meets at least annually to consider the performance and remuneration of the Investment Manager and to review the terms of the investment management contract.

Risk Management and Internal Controls

Details of the principal risks and internal controls applied by the Board are set out on pages 29 and 30 and pages 34 and 35 respectively.

By order of the Board

Juniper Partners Limited
Company Secretary

10 November 2026

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year.

Under that law the Directors have elected to prepare the Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the Directors must not approve the Annual Report unless they are satisfied that it gives a true and fair view of the assets, liabilities, financial position and profit or loss of the Company for that period. In preparing the Annual Report, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the Annual Report.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the Financial Statements and the Remuneration Report comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors confirm that suitable accounting policies, applied consistently and supported by reasonable and prudent judgements and estimates, have been used in the preparation of the Financial Statements and that applicable accounting standards have been followed.

The Directors consider that the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy. In reaching this conclusion, the Directors have assumed that the reader of the Annual Report has a reasonable level of knowledge of the investment industry.

The Annual Report is published on the Company's website www.scottishoriental.com which is maintained by the Investment Manager. The maintenance and integrity of the corporate and financial information relating to the Company is the responsibility of the Investment Manager. The work carried out by the auditor does not involve consideration of the maintenance and integrity of this website and, accordingly, the auditor accepts no responsibility for any changes that may have occurred to the Annual Report since they were initially presented on the website. Visitors to the website need to be aware that legislation in the United Kingdom governing the preparation and dissemination of accounts may differ from legislation in other jurisdictions.

Each of the Directors confirms that to the best of his or her knowledge:

- the Financial Statements, prepared in accordance with applicable United Kingdom accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- the Strategic Report and the Directors' Report include a fair review of the development and performance of the business and the position of the Company, together with a description of the principal and emerging risks and uncertainties that the Company faces.

By order of the Board

Jeremy Whitley
Chairman

10 November 2026

Report of the Independent Auditor

Independent Auditor's Report To the members of The Scottish Oriental Smaller Companies Trust plc

Opinion

We have audited the financial statements of The Scottish Oriental Smaller Companies Trust plc ("the Company"), for the year ended 31 August 2026, which comprise the Income Statement, Statement of Financial Position, Cash Flow Statement, Statement of Changes in Equity, and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 August 2026 and of its net return for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Accounting Policy (a) in the financial statements, which indicates that the Directors have commenced a Strategic Review, which introduces a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. As indicated in Accounting Policy (a), the Directors have concluded that, notwithstanding this uncertainty, they have a reasonable expectation that the Company will continue to operate and meet its liabilities as they fall due. Accordingly, the financial statements have been prepared on a going concern basis. Our opinion is not modified in respect of this matter.

Our evaluation of the Directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- Evaluating management's method of assessing going concern, including assessment of loan note covenants, Strategic Review and consideration of market conditions and macro economic uncertainties;
- Performing arithmetical and consistency checks on management's base forecast;
- Assessing the accuracy of management's forecasting by comparing the reliability of past forecasts to actual results;
- Assessing and challenging the forecast cashflows and associated sensitivity modelling used by the Directors in support of their going concern assessment;
- Assessing the implications of the Strategic Review announced by the Company on the 13 of October 2026 and the potential impact of the decision on going concern overall;
- Obtaining and recalculating management's assessment of the Company's ongoing maintenance of investment trust status;
- Evaluating management's assessment of the business continuity plans of the Company's main service providers; and
- Assessing the adequacy of the Company's going concern disclosures included in the Annual Report.

In relation to the Company's reporting on how it has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Our approach to the audit

We planned our audit by first obtaining an understanding of the Company and its environment, including its key activities delegated by the Board to relevant approved third-party service providers and the controls over provision of those services.

We conducted our audit using information maintained and provided by Juniper Partners Limited (the "Company Secretary", and "Administrator"), JP Morgan Chase Bank N.A. (the "Custodian"), JP Morgan Europe Limited (the "Depositary"), First Sentier Investors (UK) Investment Management Limited (the "Investment Manager"), First Sentier Investors (UK) Funds Limited (the "Alternative Investment Fund Manager"), and Computershare Investor Services plc (the Registrar") to whom the Company has delegated the provision of services.

We tailored the scope of our audit taking into account the types of investments within the Company, the involvement of the Administrator, the accounting processes and controls, and the industry in which the Company operates.

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in the evaluation of the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

We summarise below the key audit matters in arriving at our audit opinion above, together with how our audit addressed these matters and the results of our audit work in relation to these matters.

Key audit matter	How our audit addressed the key audit matter and our conclusions
Valuation of investments As described on page 35 in the Report of the Audit Committee and as per the accounting policy on page 55 and note 8. At 31 August 2026 the valuation of the investment portfolio was £361.1m (2025: £409.6m). The investments portfolio constitutes the most significant element of the Company's Statement of Financial Position and is a primary driver of both net asset value and total return. Furthermore, there is a risk that certain investments held at fair value may not be actively traded, and as such, the listed market prices may not be a reliable representation of their fair value. Accordingly, the risk has been identified as a key audit matter, reflecting one of the most significant assessed risks of material misstatement due to error.	In order to address the risks associated with the valuation of investments, we: • Obtained and assessed the controls reports for the Administrator to evaluate the design and implementation of key controls within the valuation of investment process. • Verified the market prices and exchange rates applied to all listed equity investments held at 31 August 2026 by comparing them to independent third-party source and recalculating the investment valuations to confirm accuracy. • Obtained management's active market assessment and compared it with average trading volumes from an independent third-party source for all investments held at 31 August 2026, as evidence of an active market. Where trading volumes indicate lower liquidity, we challenged management's assessment. From our completion of these procedures, we identified no material misstatements in relation to the valuation of investments.

Key audit matter	How our audit addressed the key audit matter and our conclusions
Revenue recognition, including the allocation of special dividends as revenue or capital returns As described on page 35 in the Report of the Audit Committee and as per the accounting policy on page 55 and note 1. The income from investments for the year to 31 August 2025 was £8.4m (2025: £11.0m) consisting of dividends received from listed investments. Revenue-based performance metrics are often one of the key performance indicators for stakeholders. The income from investments received by the Company during the year directly impacts these metrics and the minimum dividend required to be paid by the Company. There is a risk that revenue is incomplete, did not occur or is inaccurate through failure to recognise income entitlements or failure to appropriately account for their treatment. It has therefore been designated as a key audit matter being one of the most significant assessed risks of material misstatement due to error. We consider it appropriate to rebut the ISA (UK) presumed fraud risk relating to revenue recognition, given the straightforward nature of the revenue stream and the involvement of third parties. However, a specific fraud risk exists in relation to the incorrect allocation of special dividends as either revenue or capital returns, as judgement is required when determining their appropriate allocation within the Income Statement and there could be incentive for management to increase capital or revenue returns.	In order to address the risks associated with revenue recognition, including allocation of special dividends as revenue or capital returns, we: • Obtained and assessed the controls reports provided by the Administrator to evaluate the design and implementation of key controls within the revenue recognition process, including the process for allocating special dividends. • Assessed whether income had been appropriately recognised and disclosed in accordance with the applicable financial reporting framework, including the AIC Statement of Recommended Practice (SORP) and the Company's accounting policies. • Independently recalculated all dividend income due to the Company from listed investments, utilising the investment holdings throughout the year and dividend announcements issued by the respective investee companies. • Traced a sample of dividend receipts to corresponding entries in bank statements to confirm their occurrence and accuracy. • Evaluated the completeness of the special dividend population with reference to third-party market data and assessed management's judgements in classifying special dividends as either revenue or capital returns, with consideration given to the underlying commercial rationale of each payment. From our completion of these procedures, we identified no material misstatements with revenue recognition, including allocation of special dividends as revenue or capital returns.

Our application of materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality in determining the nature and extent of our work and in evaluating the results of that work.

Materiality measure	Value
Materiality for the financial statements as a whole – We have set materiality as 1% of net assets as we believe that net assets is the primary performance measure used by investors and is the key driver of shareholder value. We determined the measurement percentage to be commensurate with the risk and complexity of the audit and the Company's listed status.	£3.42m (2025: £3.80m)
Performance materiality – Performance materiality represents amounts set by the auditor at less than materiality for the financial statements as a whole, to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole. In setting this we consider the Company's overall control environment and any experience of the audit that indicates a lower risk of material misstatements. Based on our judgement of these factors, we have set performance materiality at 75% of our overall financial statement materiality.	£2.56m (2025: £2.90m)

Materiality measure	Value
Specific materiality – Recognising that there are transactions and balances of a lesser amount which could influence the understanding of users of the financial statements we calculate a lower level of materiality for testing such areas. Specifically, given the importance of the distinction between revenue and capital for the Company, we applied a separate testing threshold for the revenue column of the Income Statement set at the higher of 5% of the revenue net return on ordinary activities before taxation and our Audit Committee Reporting Threshold. We have also set a separate specific materiality in respect of related party transactions and Directors' remuneration. We used our judgement in setting these thresholds and considered our past experience and industry benchmarks for specific materiality.	£0.21m (2025: £0.32m)
Audit Committee reporting threshold – We agreed with the Audit Committee that we would report to them all differences in excess of 5% of overall materiality in addition to other identified misstatements that warranted reporting on qualitative grounds, in our view. For example, an immaterial misstatement as a result of fraud.	£0.17m (2025: £0.19m)

During the course of the audit, we reassessed initial materiality and found no reason to alter the basis of calculation used at year-end.

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- The information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- Adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- The financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- Certain disclosures of Directors' remuneration specified by law are not made; or
- We have not received all the information and explanations we require for our audit; or
- A corporate governance statement has not been prepared by the Company.

Corporate governance statement

The Listing Rules require us to review the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit:

- the Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 32;
- the Directors' explanation as to its assessment of the Company's prospects, the period this assessment covers and why the period is appropriate set out on page 32;
- the Directors' statement on fair, balanced and understandable set out on page 43;
- the Directors' statement on whether it has a reasonable expectation that the Company will be able to continue in operation and meets its liabilities set out on page 32;
- the Directors' confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 29;
- the section of the Annual Report that describes the review of the effectiveness of risk management and internal control systems set out on pages 34 and 35; and
- the section describing the work of the Audit Committee set out on pages 34 and 35.

Responsibilities of Directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 43, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: **http://www.frc.org.uk/auditorsresponsibilities**. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We assessed whether the engagement team collectively had the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations by considering their experience, past performance and support available.

All engagement team members were briefed on relevant identified laws and regulations and potential fraud risks at the planning stage of the audit. Engagement team members were reminded to remain alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and the sector in which it operates, focusing on those provisions that had a direct effect on the determination of material amounts and disclosures in the financial statements. The most relevant frameworks we identified include:

- Companies Act 2006;
- Financial Conduct Authority (FCA) listing and Disclosure Guidance and Transparency Rules (DTR);
- The principles of the UK Corporate Governance Code applied by the AIC Corporate Governance Code (the "AIC Code");
- Industry practice represented by the Statement of Recommended Practice: Financial Statements of Investment Trust Companies and Venture Capital Trusts ("the SORP") issued by the Association of Investment Companies (the 'AIC') in July 2022;
- Financial Reporting Standard 102; and
- The Company's qualification as an investment trust under section 1158 of the Corporation Tax Act 2010.

We gained an understanding of how the Company is complying with these laws and regulations by making enquiries of management and those charged with governance. We corroborated these enquiries through our review of relevant correspondence with regulatory bodies and board meeting minutes.

We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur, by meeting with management and those charged with governance to understand where it was considered there was susceptibility to fraud. This evaluation also considered how management and those charged with governance were remunerated and whether this provided an incentive for fraudulent activity. We considered the overall control environment and how management and those charged with governance oversee the implementation and operation of controls. In areas of the financial statements where the risks were considered to be higher, we performed procedures to address each identified risk. We identified a heightened fraud risk in relation to:

- Allocation of special dividends as revenue or capital returns; and
- Management override of controls

Audit procedures performed in response to the risks relating to the allocation of special dividends as revenue or capital returns are set out in the section on key audit matters above, and audit procedures performed in response to the risk of management override of controls are included below.

In addition to the above, the following procedures were performed to provide reasonable assurance that the financial statements were free of material fraud or error:

- Reviewing minutes of meetings of those charged with governance for reference to: breaches of laws and regulation or for any indication of any potential litigation and claims; and events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud;
- Reviewing the level of and reasoning behind the Company's procurement of legal and professional services;
- Performing audit procedures over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, recalculating the investment management fee and performance fee, evaluating the business rationale of significant transactions outside the normal course of business and assessing judgements made by management in their calculation of accounting estimates for potential management bias;

- Completion of appropriate checklists and use of our experience to assess the Company's compliance with the Companies Act 2006 and the Listing Rules; and
- Agreement of the financial statement disclosures to supporting documentation.

Our audit procedures were designed to respond to the risk of material misstatements in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve intentional concealment, forgery, collusion, omission or misrepresentation. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it.

Other matters which we are required to address

Following the recommendation of the Audit Committee, we were appointed by the Board on 24 March 2021 to audit the financial statements for the year ended 31 August 2021 and subsequent financial periods. The period of our total uninterrupted engagement is six years, covering the years ended 31 August 2021 to 31 August 2026.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Company and we remain independent of the Company in conducting our audit.

Our audit opinion is consistent with the additional report to the Audit Committee.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Richard Sutherland (Senior Statutory Auditor)
For and on behalf of Johnston Carmichael LLP
Statutory Auditor
Edinburgh, United Kingdom

10 November 2026

Income Statement

For the year ended 31 August 2026

	Note	2026 Revenue	2026 Capital	2026 Total*	2025 Revenue	2025 Capital	2025 Total*
		£000	£000	£000	£000	£000	£000
Losses on investments	8	–	(27,980)	(27,980)	–	(15,233)	(15,233)
Income from investments	1	8,035	411	8,446	11,028	8	11,036
Other income	1	87	–	87	136	–	136
Investment management fee	2	(2,453)	–	(2,453)	(2,900)	–	(2,900)
Currency losses		–	(968)	(968)	–	(288)	(288)
Other administrative expenses	3	(984)	–	(984)	(1,013)	–	(1,013)
Net return on ordinary activities before finance costs and taxation		**4,685**	**(28,537)**	**(23,852)**	**7,251**	**(15,513)**	**(8,262)**
Finance costs	4	(835)	–	(835)	(835)	–	(835)
Net return on ordinary activities before taxation		**3,850**	**(28,537)**	**(24,687)**	**6,416**	**(15,513)**	**(9,097)**
Tax on ordinary activities	5	(941)	(205)	(1,146)	(1,173)	2,308	1,135
Net return attributable to equity shareholders		**2,909**	**(28,742)**	**(25,833)**	**5,243**	**(13,205)**	**(7,962)**
Net return per ordinary share	7	2.58p	(25.47p)	(22.89p)	4.51p	(11.36p)	(6.85p)

* The total column of this statement is the Profit & Loss Account of the Company. The revenue and capital columns are supplementary to this and are prepared under guidance published by the Association of Investment Companies.

There are no items of other comprehensive income, therefore this statement is the single statement of comprehensive income of the Company.

The Board is proposing a final dividend of 2.9p per share for the year ended 31 August 2026 (2025: final dividend of 2.9p and a special dividend of 0.5p per share) which if approved, will be payable on 5 February 2027 to shareholders recorded on the Company's shareholder register on 8 January 2027.

The accounting policies on pages 55 and 56 and the notes on pages 57 to 67 form part of these Financial Statements.

All revenue and capital items derive from continuing operations.

Statement of Financial Position

As at 31 August 2026

	Note	2026		2025	
		£000	£000	£000	£000
Investments held at fair value through profit or loss	8				
Australia			2,769		3,141
China			53,633		93,838
Hong Kong			1,771		9,767
India			105,339		142,990
Indonesia			21,881		45,062
Malaysia			4,042		–
New Zealand			–		7,710
Philippines			30,733		46,764
Singapore			8,630		8,992
South Korea			41,672		–
Taiwan			80,082		39,143
Vietnam			10,576		12,210
			361,128		**409,617**
Current Assets					
Debtors	9	924		944	
Cash and deposits		12,056		6,650	
		12,980		**7,594**	
Current Liabilities					
Creditors	10	(1,116)		(3,051)	
		(1,116)		**(3,051)**	
Net Current Assets			**11,864**		**4,543**
Non-Current Liabilities					
Deferred tax liabilities on Indian capital gains	11		(1,518)		(2,442)
Loan notes	11		(29,861)		(29,851)
			(31,379)		**(32,293)**
Total Assets less Liabilities			**341,613**		**381,867**
Capital and reserves					
Ordinary share capital			7,853		7,853
Share premium account			34,259		34,259
Capital redemption reserve			58		58
Capital reserves			289,033		328,341
Revenue reserve			10,410		11,356
Total equity shareholders' Funds			**341,613**		**381,867**
Net asset value per share	13		**306.91p**		**331.72p**

These Financial Statements were approved and authorised for issue by the Board on 10 November 2026 and signed on its behalf by

Jeremy Whitley
Director

The accounting policies on pages 55 and 56 and the notes on pages 57 to 67 form part of these Financial Statements.

Cash Flow Statement

For the year ended 31 August 2026

	Note	2026	2025
		£000	£000
Net cash outflow from operations before dividends, interest, purchases and sales of investments	14	**(3,470)**	**(3,920)**
Dividends received from investments		8,203	11,055
Interest received from deposits		87	136
Cash inflow from operations		**4,820**	**7,271**
Taxation		(1,266)	(1,422)
Net cash inflow from operating activities		**3,554**	**5,849**
Investing activities			
Purchases of investments		(234,639)	(194,115)
Sales of investments		253,494	175,236
Capital gains tax paid on the sale of investments		(789)	(3,713)
Net cash inflow/(outflow) from investing activities		**18,066**	**(22,592)**
Financing activities			
Interest paid		(825)	(825)
Equity dividends paid		(3,855)	(5,140)
Buyback of ordinary shares		(10,566)	(8,326)
Net cash outflow from financing activities		**(15,246)**	**(14,291)**
Increase/(decrease) in cash and cash equivalents		6,374	(31,034)
Cash and cash equivalents at the start of the year		6,650	37,972
Effect of currency losses		(968)	(288)
Cash and cash equivalents at the end of the year*		**12,056**	**6,650**

* Cash and cash equivalents represents cash at bank.

Total tax paid for the year ended 31 August 2026 was £2,055,000 (2025: £5,135,000).

The accounting policies on pages 55 and 56 and the notes on pages 57 to 67 form part of these Financial Statements.

Statement of Changes in Equity

For the year ended 31 August 2026

	Ordinary Share Capital	Share Premium Account	Capital Redemption Reserve	Capital Reserves	Revenue Reserve	Total
	£000	£000	£000	£000	£000	£000
Balance at 31 August 2025	7,853	34,259	58	328,341	11,356	381,867
Total comprehensive income:						
Return for the year	–	–	–	(28,742)	2,909	(25,833)
Transactions with owners recognised directly in equity:						
Dividends paid in year*	–	–	–	–	(3,855)	(3,855)
Buyback of Ordinary shares	–	–	–	(10,566)	–	(10,566)
Balance at 31 August 2026	**7,853**	**34,259**	**58**	**289,033**	**10,410**	**341,613**

* See note 6.

For the year ended 31 August 2025

	Ordinary Share Capital	Share Premium Account	Capital Redemption Reserve	Capital Reserves	Revenue Reserve	Total
	£000	£000	£000	£000	£000	£000
Balance at 31 August 2024	7,853	34,259	58	349,645	11,253	403,068
Total comprehensive income:						
Return for the year	–	–	–	(13,205)	5,243	(7,962)
Transactions with owners recognised directly in equity:						
Dividends paid in year*	–	–	–	–	(5,140)	(5,140)
Buyback of Ordinary shares	–	–	–	(8,099)	–	(8,099)
Balance at 31 August 2025	**7,853**	**34,259**	**58**	**328,341**	**11,356**	**381,867**

* See note 6.

The accounting policies on pages 55 to 56 and the notes on pages 57 to 67 form part of these Financial Statements.

Accounting Policies

Basis of accounting

(a) The Scottish Oriental Smaller Companies Trust plc is a public company limited by shares, incorporated and domiciled in Scotland, and carries on business as an investment trust. Details of the Company's registered office can be found in the 'Company Information' section on page 81.

These Financial Statements have been prepared under the historical cost convention (modified to include the revaluation of fixed asset investments which are recorded at fair value) and in accordance with the Companies Act 2006, UK Generally Accepted Accounting Practice ('UK GAAP'), including FRS 102, and the Statement of Recommended Practice "Financial Statements of Investment Trust Companies and Venture Capital Trusts" issued in July 2022 (the 'SORP'). These Financial Statements are prepared on a going concern basis.

The Directors have also commenced a Strategic Review, which introduces a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. Notwithstanding this uncertainty, the Directors have a reasonable expectation that the Company will continue to operate and meet its liabilities as they fall due. Accordingly, the financial statements have been prepared on a going concern basis.

In order to better reflect the activities of the Company and in accordance with guidance issued by the AIC, supplementary information which analyses the Company's returns between items of revenue and capital nature has been presented in the Income Statement.

The Financial Statements have also been prepared on the assumption that approval as an investment trust will continue to be granted.

The functional and reporting currency of the Company is pounds sterling as this is the currency of the Company's share capital and the currency in which most of its shareholders operate.

Income

(b) Dividends on securities are recognised on the date on which the security is quoted "ex dividend" on the stock exchange in the country in which the security is listed. Foreign dividends include any withholding taxes payable to the tax authorities. Where a scrip dividend is taken in lieu of cash dividends, the net amount of the cash dividend declared is credited to the revenue account. Any excess in the value of shares received over the amount of cash dividend foregone is recognised as capital. Special dividends are credited to revenue or capital based on the underlying circumstances related to the dividend and whether in substance they represent a revenue return or a return of capital.

(c) Overseas income is recorded at rates of exchange ruling at the date of receipt.

(d) Bank interest receivable is accounted for on an accruals basis and taken to revenue.

Expenses

(e) Expenses are accounted for on an accruals basis and are charged through the revenue column of the Income Statement.

(f) The investment management fee has been charged in full to the revenue column of the Income Statement.

Financial Instruments

(g) The Company has elected to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

(h) Financial assets and liabilities are recognised in the Company's Statement of Financial Position when it becomes party to the contractual provisions of the instrument.

(i) Listed investments have been classified as fair value through profit or loss. Investments are recognised and de-recognised at trade date where a purchase or sale is under a contract whose terms require delivery within the time frame established by the market concerned, and are initially measured at cost (excluding any transaction costs). Subsequent to initial recognition, investments are valued at fair value which for listed investments is deemed to be bid price or last traded price as at the close of business on the year-end date. Gains and losses arising from changes in fair value are included as a capital item in the Income Statement and are ultimately recognised in the Capital Reserve. Gains and losses arising on realisation of investments are shown in the Capital Reserve.

The AIFM is responsible for ensuring that investments are held at fair value and may make adjustments in the absence of a market price or where strong evidence exists that the market price or price provided by the pricing source does not represent a fair value for the investment. At 31 August 2026 no adjustments were made to the quoted price of any investment (31 August 2025: none).

As part of this process the AIFM monitors liquidity of the investments. When historic trading data suggests an investment is illiquid, these investments are categorised as level 2 in the fair value hierarchy. An investment is deemed to be illiquid when the Company's holding is greater than 25% of the last year's traded volume in that investment.

(j) Equities include ordinary shares and warrants.

(k) Cash and cash equivalents include cash at hand, deposits held on call with banks and other short term highly liquid investments with maturities of three months or less.

Accounting Policies cont'd

(l) Debtors and creditors do not carry any interest, are short term in nature, and are stated as nominal value less any allowance for irrecoverable amounts as appropriate.

Loan notes

(m) Loan notes are initially recognised at cost, being the fair value of the consideration received, net of any issue expenses. Subsequently, they are measured at amortised cost using the effective interest method. Finance charges are accounted for on an accruals basis using the effective interest rate method and are 100% charged to revenue.

Foreign currency

(n) Exchange rate differences on capital items are included in the Capital Reserve, and on income items in the Revenue Reserve.

(o) All assets and liabilities denominated in foreign currencies have been translated at year end exchange rates.

Dividends

(p) Final and special dividends are recognised in the period in which they are approved by the Company's shareholders.

Taxation

(q) Current tax payable is based on taxable profit for the year. In accordance with the SORP, any tax relief on expenses is allocated on the marginal basis using the Company's effective rate of corporation tax for the year.

Deferred taxation is provided using the liability method on all timing differences, calculated at the rate at which it is anticipated the timing differences will reverse. Deferred tax assets are recognised only when, on the basis of available evidence, it is more likely than not that there will be taxable profits in the future against which the deferred tax asset can be offset.

Owing to the Company's status as an investment trust, and the intention to continue to meet the conditions required to obtain approval in the foreseeable future, the Company has not provided deferred tax on any capital gains and losses arising on the revaluation of investments, except in relation to Indian capital gains tax (see note 5).

Significant judgements and estimates

(r) The preparation of the Company's financial statements requires the Directors to make judgements, estimates and assumptions that affect the reported amounts recognised in the financial statements and disclosure of contingent liabilities. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The following areas are considered to involve a higher degree of judgement or complexity:

Deferred tax on Indian capital gains

The Directors use their judgement in selecting the appropriate rate of capital gains tax to apply to unrealised gains on Indian investments. The Directors have chosen to apply the long-term rate of capital gains tax on unrealised gains on Indian investments. Please refer to note 5 (a) for further details.

Special dividends

The Directors use their judgement in recognising and classifying special dividends received as either revenue or capital in nature.

Reserves

Share premium account

(s) The share premium represents the difference between the nominal value of new ordinary shares issued and the consideration the Company receives for these shares. This account is non-distributable.

Capital redemption reserve

(t) The capital redemption reserve represents the nominal value of ordinary shares bought back for cancellation. This reserve is non-distributable.

Capital reserve

(u) Gains and losses on the realisation of investments, realised exchange differences of a capital nature and returns of capital are accounted for in this reserve. Increases and decreases in the valuation of investments held at the year end and unrealised exchange differences of a capital nature are also accounted for in this reserve. The cost of shares bought back to be held in Treasury is also deducted from this reserve. The Articles of the Company stipulate that this reserve is distributable.

Revenue reserve

(v) Any surplus/deficit arising from the net revenue return for the year is taken to/from this reserve. This reserve is distributable to shareholders by way of dividend.

Notes to the Financial Statements

1. Income

Income from investments relates to dividends. Other income relates to bank deposit interest.

2. Fees payable to the Investment Manager

	2026			2025		
	Revenue	Capital	Total	Revenue	Capital	Total
	£000	£000	£000	£000	£000	£000
Investment management fee	2,453	–	2,453	2,900	–	2,900
	2,453	**–**	**2,453**	**2,900**	**–**	**2,900**

Investment management fee

Prior to 1 March 2026, the management fee was 0.75% per annum of the Company's net assets. With effect from 1 March 2026, the management fee was reduced to 0.70% per annum on the lower of the Company's market capitalisation and net assets up to £250 million and 0.65% per annum on amounts above £250 million. The performance fee arrangements were also removed with effect from 1 March 2026.

3. Other Administrative Expenses

	2026	2025
	£000	£000
Auditor's remuneration for audit services	42	40
Directors' fees	162	173
Company secretarial and administration fees	251	241
Bank, custodial and other expenses	529	559
	984	**1,013**

Expenses are shown net of recoverable VAT where relevant.

4. Finance Costs

	2026	2025
	£000	£000
On loan notes	825	825
Amortisation of set up costs	10	10
	835	**835**

Finance costs relate to the interest charged on the Company's loan notes, details of which are disclosed in note 11. Issue costs of £192,000 are being amortised over the life of the loan notes on an effective interest rate basis.

5. Taxation

(a) Analysis of charge in the year

Overseas tax:

	2026			2025		
	Revenue	Capital	Total	Revenue	Capital	Total
	£000	£000	£000	£000	£000	£000
Irrecoverable tax on overseas dividends	941	9	950	1,173	–	1,173
Indian capital gains tax charge incurred on sales	–	1,120	1,120	–	3,957	3,957
Movement in deferred tax liability on Indian capital gains	–	(924)	(924)	–	(6,265)	(6,265)
	941	**205**	**1,146**	**1,173**	**(2,308)**	**(1,135)**

Capital gains tax

The Company is liable to pay Indian capital gains tax under Section 115 AD of the Indian Income-tax Act 1961.

On 23 July 2024 the Indian Government introduced The Finance (No. 2) Act, 2024, this legislation revised the tax rates on capital gains. Indian capital gains tax is charged on sales of investments at 20% (previously 15%) where the investment has been held for less than 12 months (the 'short-term rate'), this is reduced to 12.5% (previously 10%) if the investment has been held for longer than 12 months (the 'long-term rate'). The revised rates apply to all disposals made on or after 23 July 2024, irrespective of when the investment was acquired.

The deferred tax liability has been calculated using the long-term rate, as the Investment Manager has a long term investment focus and it is likely that Indian investments will be held for longer than 12 months.

At 31 August 2025 the Company had a deferred tax liability of £2,442,000, due to unrealised gains on Indian investments. This has reduced by £924,000 and therefore the deferred tax liability at 31 August 2026 is £1,518,000. If the assumption that all Indian investments will be held for a period in excess of 12 months was removed, the deferred tax liability would have been £2,107,000 (2025: £2,496,000).

(b) Factors affecting the tax charge for the year

The tax assessed for the year is different from that calculated when corporation tax is applied to the total return. The differences are explained below:

	2026			2025		
	Revenue	Capital	Total	Revenue	Capital	Total
	£000	£000	£000	£000	£000	£000
Return for the year before taxation	3,850	(28,537)	(24,687)	6,416	(15,513)	(9,097)
Total return for the year before taxation multiplied by the standard rate of corporation tax of 25% (2025: 25%)	962	(7,134)	(6,172)	1,604	(3,878)	(2,274)
Effect of:						
Non-taxable losses/(gains) on investments	–	6,995	6,995	–	3,807	3,807
Non-taxable losses on foreign currency	–	242	242	–	71	71
Non-taxable income	(2,009)	(103)	(2,112)	(2,758)	–	(2,758)
Overseas tax	941	205	1,146	1,173	(2,308)	(1,135)
Unutilised management expenses	1,047	–	1,047	1,154	–	1,154
Total tax charge for the year	**941**	**205**	**1,146**	**1,173**	**(2,308)**	**(1,135)**

Under changes enacted in the Finance Act 2009, dividends and other distributions received from foreign companies from 1 July 2009 are largely exempt from corporation tax.

5. Taxation cont'd

(c) Provision for deferred tax

The Company has a deferred tax asset of £17,226,000 at 31 August 2026 (2025: £16,179,000) in respect of unrelieved tax losses carried forward. This asset has not been recognised in the Financial Statements as it is unlikely under current legislation that it will be capable of being offset against future taxable profits.

6. Dividends

	2026	2025
	£000	£000
Dividends paid in the year		
Final dividend of 2.9p (2025 – 2.8p)	3,288	3,271
Special dividend of 0.5p (2025 – 1.6p)	567	1,869
	3,855	**5,140**

The below proposed dividends in respect of the financial year ended 31 August 2026 are the basis upon which the requirements of section 1158 of the Corporation Tax Act 2010 are considered. The proposed dividends are subject to approval by shareholders at the Annual General Meeting and have not been included as a liability in these Financial Statements.

	2026	2025
	£000	£000
Income available for distribution	2,909	5,243
Proposed dividend for the year ended 31 August 2026		
Final dividend of 2.9p (2025 – 2.9p)	(3,228)	(3,303)
Special dividend of nil (2025 – 0.5p)	–	(569)
Amount transferred (from)/to retained income	**(319)**	**1,371**

7. Return per Ordinary Share

	2026			2025		
	Revenue	Capital	Total	Revenue	Capital	Total
Net return per share (pence)	**2.58**	**(25.47)**	**(22.89)**	4.51	(11.36)	(6.85)

	2026	2025
Revenue return	£2,909,000	£5,243,000
Capital return	(£28,742,000)	(£13,205,000)
Weighted average ordinary shares in issue	112,870,900	116,254,122

There are no dilutive or potentially dilutive instruments in issue.

8. Equity Investments

	2026	2025
	£000	£000
Opening book cost	426,528	374,129
Unrealised (losses)/gains	(16,911)	35,629
Opening valuation	409,617	409,758
Purchases at cost	232,840	188,566
Sales – proceeds	(253,349)	(173,474)
Losses on investments	(27,980)	(15,233)
Closing valuation	**361,128**	**409,617**
Closing book cost	411,052	426,528
Closing unrealised losses	**(49,924)**	**(16,911)**

The Company received £253,349,000 (2025: £173,474,000) from investments sold in the year. The average book cost of these investments when they were purchased was £248,316,000 (2025: £136,167,000). These investments have been revalued over time and until they were sold any unrealised gains/losses were included in the fair value of investments.

All investments are listed on recognised stock exchanges.

Transaction Costs

During the year the Company incurred transaction costs of £298,000 (2025: £319,000) on the purchase of investments and £556,000 (2025: £401,000) on the sale of investments.

9. Debtors

	2026	2025
	£000	£000
Sales awaiting settlement	32	177
Accrued income	696	466
Prepayments	9	12
Recoverable tax on Indian dividends	187	289
	924	**944**

10. Creditors (amounts falling due within one year)

	2026	2025
	£000	£000
Purchases awaiting settlement	–	1,799
Management fee payable	575	719
Other creditors	173	165
Accrued interest	368	368
	1,116	**3,051**

11. Non-current Liabilities

	2026	2025
	£000	£000
Deferred tax liability on Indian capital gains	1,518	2,442
Loan notes	29,861	29,851
	31,379	**32,293**

On 23 March 2021 the Company issued £30 million of long-term, fixed rate, senior, unsecured privately placed notes providing the Company with long-term financing. The privately placed notes were issued in one tranche with a fixed coupon of 2.75% to be repaid by 24 March 2041. The coupon will be payable semi-annually. The funding date was 24 March 2021. Issue costs of £192,000 will be amortised over the life of the loan notes on an effective interest rate basis.

The terms of the loan facility contain covenants that adjusted assets shall not at any time be less than £90 million, net borrowings to adjusted assets shall not exceed 30% and the investment portfolio contains a minimum of 30 different investments. All covenants have been complied with throughout the year.

12. Share Capital

On 28 February 2025 the ordinary shares of the Company were split on a five for one basis and the nominal value of each ordinary share decreased from 25p per share to 5p per share.

The allotted and fully paid share capital is £7,853,416 (2025: £7,853,416) represented by 157,068,315 ordinary shares of 5p each (2025: 157,068,315 ordinary shares of 5p each). During the year the Company bought back 3,810,848 ordinary shares of 5p each (2025: 338,100 ordinary shares of 25p each and 1,082,000 ordinary shares of 5p each). The Company held 45,762,833 ordinary shares of 5p each in Treasury at the year end (2025: 41,951,985 ordinary shares of 5p), being 29.1 per cent of share capital (2025: 26.7 per cent of share capital), with a nominal value of £2,288,142 (2025: £2,097,599).

The Board monitors and reviews the broad structure of the Company's capital on an ongoing basis. This will include:

- the level of equity shares in issue; and
- the extent to which revenue in excess of that which is required to be distributed should be retained.

The capital of the Company is the ordinary share capital and the other reserves. It is managed in accordance with its investment policy in pursuit of its investment objective, detailed on page 2.

13. Net Asset Value per Ordinary Share

The net asset value per share is based on total net assets of £341,613,000 (2025: £381,867,000) divided by 111,305,482 (2025: 115,116,330) ordinary shares of 5p each in issue (excludes shares held in Treasury).

14. Cash Flow Statement

	2026	2025
	£000	£000
Reconciliation of net return before finance costs and taxation to net cash outflow from operations before dividends, interest, purchases and sales		
Net return on activities before finance costs and taxation	(23,852)	(8,262)
Net losses on investments	27,980	15,233
Currency losses	968	288
Dividend income	(8,446)	(11,036)
Interest income	(87)	(136)
Decrease in creditors	(137)	(122)
Decrease in debtors	104	115
Net cash outflow from operations before dividends, interest, purchases and sales	**(3,470)**	**(3,920)**

15. Analysis of changes in net debt

	At 31 August 2025	Non-cash movements	Cash flows	At 31 August 2026
	£000	£000	£000	£000
Cash and cash equivalents	6,650	(968)	6,374	12,056
Loan notes	(29,851)	(10)	–	(29,861)
	(23,201)	**(978)**	**6,374**	**(17,805)**

16. Risk Management, Financial Assets and Liabilities

The Company invests mainly in smaller Asian quoted companies. Other financial instruments comprise cash balances and short-term debtors and creditors. The Investment Manager follows the investment process outlined on pages 6 to 17 and in addition the Board conducts quarterly reviews with the Investment Manager. The Investment Manager's Risk and Compliance department monitors the Investment Manager's compliance with the Company's investment and borrowing powers to ensure that risks are controlled and minimised. Additionally, its Compliance and Risk Committee reviews risk management processes monthly.

The main risks that the Company faces from its financial instruments are market risk (comprising interest rate, currency and other price risks) and credit risk. As the Company's assets are mainly in readily realisable securities, other than in exceptional circumstances there is no significant liquidity risk. The Board, in conjunction with the Investment Manager, regularly reviews and agrees policies for managing each of these risks. The Investment Manager's policies for managing these risks are available on the website and summarised below.

Market Risk

The fair value of, or future cash flows from, a financial instrument held by the Company will fluctuate because of changes in market prices.

To mitigate this risk, the Investment Manager focuses on investing in soundly managed and financially strong companies with good growth prospects and ensures the portfolio is diversified geographically and by sector at all times. Existing holdings are scrutinised to ensure corporate performance expectations are met and valuations are not excessive. The portfolio valuation and transactions undertaken by the Investment Manager are regularly reviewed by the Board.

16. Risk Management, Financial Assets and Liabilities cont'd

Interest Rate Risk

The possible effects on fair value and cash flows that could arise as a result of changes in interest rates are taken into account when making investment and borrowing decisions.

The Company is exposed to interest rate risk on interest receivable from bank deposits and interest payable on bank overdraft positions and loan notes. The Company faces minimal interest rate risk; cash is not held on deposit with the intention of generating interest income and the interest payable on loan notes is fixed at 2.75% over the life of the loan (twenty years). The interest rate risk profile of the Company at 31 August is shown below.

Interest Rate Risk Profile

	2026	2025
	£000	£000
Cash	12,056	6,650
Loan notes	(30,000)	(30,000)
	(17,944)	**(23,350)**

Interest Rate Sensitivity

Considering effects on cash balances, an increase of 50 basis points in interest rates would have increased net assets and total return for the year by £60,000 (2025: increase of £33,000). A decrease of 50 basis points would have had an equal but opposite effect. The calculations are based on the cash balances at date of the Statement of Financial Position and are not representative of the year as a whole. The impact on the Company's loan notes has been excluded, as these are fixed for the life of the loan.

Foreign Currency Risk

The majority of the Company's assets, liabilities and income were denominated in currencies other than sterling (the currency in which the Company reports its results) as at 31 August 2026. The Statement of Financial Position therefore can be significantly affected by movements in foreign exchange rates. It is not the Company's policy to hedge this risk on a continuing basis but the Company reserves the right to undertake foreign exchange hedging of its portfolio. The revenue account is subject to currency fluctuation arising on dividends paid in foreign currencies. The Company does not hedge this currency risk.

16. Risk Management, Financial Assets and Liabilities cont'd

Foreign Currency Risk Exposure by Currency of Denomination

	31 August 2026			31 August 2025		
	Overseas investments	Net monetary assets	Total currency exposure	Overseas investments	Net monetary assets	Total currency exposure
	£000	£000	£000	£000	£000	£000
Indian rupee	105,339	(258)	105,081	142,990	219	143,209
Taiwanese dollar	80,082	500	80,582	39,143	372	39,515
Hong Kong dollar	55,404	151	55,555	103,605	–	103,605
Korean won	41,672	–	41,672	–	–	–
Philippine peso	30,733	59	30,792	46,764	21	46,785
Indonesian rupiah	21,881	33	21,914	45,062	177	45,239
Vietnamese dong	10,576	–	10,576	12,210	117	12,327
Singapore dollar	8,630	10	8,640	8,992	46	9,038
Malaysian ringgit	4,042	–	4,042	–	–	–
Australian dollar	2,769	–	2,769	3,141	–	3,141
US dollar	–	4	4	–	16	16
New Zealand dollar	–	–	–	7,710	–	7,710
Total foreign currency	**361,128**	**499**	**361,627**	**409,617**	**968**	**410,585**
Sterling	–	(20,014)	(20,014)	–	(28,718)	(28,718)
Total currency	**361,128**	**(19,515)**	**341,613**	**409,617**	**(27,750)**	**381,867**

Currency Risk Sensitivity

At 31 August 2026, if sterling had strengthened by 5 per cent in relation to all currencies, with all other variables held constant, total net assets and total return on ordinary activities would have decreased by the amounts shown below. A 5 per cent weakening of sterling against all currencies, with all other variables held constant, would have had an equal but opposite effect on the financial statement amounts. The analysis is performed on the same basis for 2025.

	2026	2025
	£000	£000
Indian rupee	5,254	7,160
Taiwanese dollar	4,029	1,976
Hong Kong dollar	2,778	5,180
Korean won	2,084	–
Philippine peso	1,540	2,339
Indonesian rupiah	1,096	2,262
Vietnamese dong	529	616
Singapore dollar	432	452
Malaysian ringgit	202	–
Australian dollar	138	157
New Zealand dollar	–	386
US dollar	–	1
Total	**18,082**	**20,529**

16. Risk Management, Financial Assets and Liabilities cont'd

Other Price Risk

Changes in market prices, other than those arising from interest rate or currency risk, will affect the value of quoted investments. It is the Board's policy to hold an appropriate spread of investments in the portfolio in order to reduce the risk arising from factors specific to a particular country or sector. The Investment Manager monitors market prices throughout the year and reports to the Board on a regular basis.

Other Price Risk Sensitivity

If market values at the date of the Statement of Financial Position had been 10 per cent higher or lower with all other variables remaining constant, the return attributable to ordinary shareholders for the year ended 31 August 2026 would have increased/decreased by £36,113,000 (2025: increased/decreased by £40,962,000) and equity reserves would have increased/decreased by the same amount.

Liquidity Risk

This is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. Liquidity risk is not significant as the majority of the Company's assets are investments in quoted securities that are readily realisable. The Company has the power to take out borrowings, which could give it access to additional funding when required.

The contractual maturities of financial liabilities at the year end, based on the earliest date on which payment can be required, are as follows:

	2026			2025		
	3 months or less	3 to 12 months	More than 12 months	3 months or less	3 to 12 months	More than 12 months
	£000	£000	£000	£000	£000	£000
Amounts due to brokers	–	–	–	1,799	–	–
Other creditors and accruals	1,116	–	–	1,252	–	–
Loan	–	–	29,860	–	–	29,851
Deferred tax liability on Indian capital gains	–	–	1,519	–	–	2,442
	1,116	**–**	**31,379**	**3,051**	**–**	**32,293**

Credit Risk

This is the risk that a failure of a counterparty to a transaction to discharge its obligations under that transaction could result in a loss to the Company.

Investment transactions are carried out with a large number of approved brokers, whose credit-standing is reviewed periodically by the Investment Manager. Transactions are ordinarily done on a delivery versus payment basis whereby the Company's custodian bank ensures that the counterparty to any transaction entered into by the Company has delivered on its obligations before any transfer of cash or securities away from the Company is completed.

Cash exposures are carefully managed to ensure that money is placed on deposit with reputable counterparties. All cash is currently placed on deposit with the Company's custodian JP Morgan Chase Bank N.A.

None of the Company's financial assets are past due or impaired.

16. Risk Management, Financial Assets and Liabilities cont'd

In summary, compared to the amounts in the Statement of Financial Position, the maximum exposure to credit risk at 31 August 2026 was as follows:

	2026		2025	
	Statement of Financial Position	Maximum exposure	Statement of Financial Position	Maximum exposure
	£000	£000	£000	£000
Current Assets				
Receivables	915	915	932	932
Cash at bank	12,056	12,056	6,650	6,650
	12,971	**12,971**	**7,582**	**7,582**

Fair Value Hierarchy

Investments in securities are financial assets designated at fair value through profit or loss on initial recognition. In accordance with FRS 102, these investments are analysed using the fair value hierarchy described below. Short term balances are excluded as their carrying value at the reporting date approximates their fair value.

The levels are determined by the lowest level of input that is significant to the fair value measurement for the individual investment in its entirety as follows:

Level 1 – investments with prices quoted in an active market;

Level 2 – investments whose fair value is based directly on observable current market prices or is indirectly being derived from market prices; and

Level 3 – investments whose fair value is determined using a valuation technique based on assumptions that are not supported by observable current market prices or are not based on observable market data.

Financial assets at fair value through profit or loss

	2026				2025			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Listed investments	345,358	15,770	–	361,128	379,137	30,480	–	409,617
Total	**345,358**	**15,770**	**–**	**361,128**	**379,137**	**30,480**	**–**	**409,617**

Listed investments included in fair value Level 1 are actively traded on recognised stock exchanges and the fair value of these investments has been determined by reference to their quoted prices at the reporting date.

Listed investments included in Level 2 are deemed to be illiquid. The fair value of these investments has been determined by reference to their quoted prices at the reporting date.

17. Related Party Transactions

The Directors' fees for the year are detailed in the Directors' Remuneration Report on pages 37 and 38. An amount of £26,985 was outstanding to the Directors at the year end (2025: £31,313). No Director has a contract of service with the Company. During the year no Director had any related party transactions requiring disclosure under section 412 of the Companies Act 2006.

The management fees for the year are detailed in note 2 and amounts payable to the Investment Manager at year end are detailed in note 10. The Investment Management team's individual shareholdings in the Company are set out on page 5.

18. Events after the Reporting Period

On 2 September 2026, following the end of the five-year performance measurement period on 31 August 2026, the Board announced proposals for a tender offer for up to 25 per cent. of the Company's issued share capital.

On 13 October 2026, following consultation with a number of the Company's largest shareholders, the Board announced that it had commenced a Strategic Review of the Company's future options and that it would not proceed with the proposed conditional tender offer. The Strategic Review will consider the broader strategic options available to the Company, with the aim of determining the best outcome for shareholders. Further details are set out in the Chairman's Statement on page 3.

These events are non-adjusting events after the reporting period, and no adjustments have been made to the financial statements as at 31 August 2026 as a result.

Alternative Investment Fund Managers Directive (unaudited)

Under the Alternative Investment Fund Managers Directive the Company is required to publish maximum exposure levels for leverage on a 'Gross' and 'Commitment' basis. The process for calculating exposure under each method is largely the same, except that, where certain conditions are met, the Commitment method allows instruments to be netted off to reflect 'netting' or 'hedging' arrangements and the Company's leverage exposure would then be reduced. The AIFM set maximum leverage levels of 3.0 and 1.7 times the Company's net asset value under the 'Gross' and 'Commitment' methods respectively. At the Company's year end the levels were respectively 1.09 and 1.06 times the Company's net asset value.

The Alternative Investment Fund Managers Directive requires the AIFM to make available certain remuneration disclosures to investors. This information is available from the AIFM on request.

Glossary of Terms and Alternative Performance Measures

Active Share

Active share shows the percentage of the investment portfolio that is different from an index, with 0 per cent representing total overlap and 100 per cent representing no common holdings with the index.

Alternative Performance Measure

Alternative Performance Measures are numerical measures of the Company's current, historical or future performance, financial position or cash flows, other than financial measures defined or specified in the applicable financial framework. The Company's applicable financial framework includes UK GAAP, including FRS 102, and the AIC SORP.

Discount

The amount by which the share price is lower than the net asset value per share, expressed as a percentage of the net asset value per share.

		2026	2025
NAV per share	a	306.91	331.72
Share price	b	273.00	300.00
Discount	c=(b-a)/a	**11.0%**	**9.6%**

Earnings Per Share

The earnings per share is calculated by dividing the net return attributable to equity shareholders by the weighted average number of ordinary shares in issue.

Gearing

Gearing is the ratio of a company's debt to its equity.

Gross Gearing

Gearing excluding positive cash balances, i.e. the gearing level should all cash be employed.

Net Gearing

Gearing after taking account of positive cash balances.

		2026	2025
		£000	£000
Total Assets	a	374,108	417,211
Total Liabilities (excluding Loan Notes)	b	2,635	5,493
Equity Shareholders' funds	c	341,613	381,867
Gross Gearing	d = (a-b)/c	**109**	**108**
Cash	e	12,056	6,650
Net Gearing	f = (a-b-e)/c	**105**	**106**

Net Asset Value or NAV

The value of total assets less liabilities. To calculate the net asset value per share the net asset value is divided by the number of shares in issue (which excludes shares held in Treasury).

Ongoing Charges/ Ongoing Charges Ratio

The management fee and all other administrative expenses expressed as a percentage of the average daily net assets during the year, calculated in accordance with the standard AIC methodology.

	2026	2025
	£000	£000
Investment management fee	2,453	2,900
Administrative expenses	984	1,013
Ongoing charges	3,437	3,913
Average net assets	348,034	395,867
Ongoing charges ratio	**0.99%**	**0.99%**

Prior Charges

The name given to all borrowings including debentures, loan and short term loans and overdrafts that are to be used for investment purposes, reciprocal foreign currency loans, currency facilities to the extent that they are drawn down, index-linked securities, and all types of preference or preferred capital and the income shares of split capital trusts, irrespective of the time until repayment.

Total Assets

Total assets less current liabilities (excluding prior charges as defined above).

Glossary of Terms and Alternative Performance Measures cont'd

Total Return

Net asset value/share price total return measures the change in net asset value per share/share price plus the dividends paid in the year, which are assumed to be reinvested at the time that the share price is quoted ex-dividend.

NAV Total Return

	2026	2025[1]
Opening NAV per share	331.7p	341.9p
Decrease in NAV per share	(24.8)p	(10.2)p
Closing NAV per share	306.9p	331.7p
% decrease in NAV	(7.5)%	(3.0)%
Impact of dividends reinvested*	0.9%	1.4%
NAV total return	**(6.5)%**	**(1.6)%**

[1] Adjusted for 5 for 1 share split on 28 February 2025.

* Assumes that dividends paid by the Company are reinvested at the ex dividend date.

Share Price Total Return

	2026	2025[1]
Opening share price	300.0p	294.0p
(Decrease)/increase in share price	(27.0)p	6.0p
Closing share price	273.0p	300.0p
% (decrease)/increase in share price	(9.0)%	2.0%
Impact of dividends reinvested*	1.1%	1.5%
Share price total return	**(7.9)%**	**3.5%**

[1] Adjusted for 5 for 1 share split on 28 February 2025.

* Assumes that dividends paid by the Company are reinvested at the ex dividend date.

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of The Scottish Oriental Smaller Companies Trust plc (the 'Company') will be held at the offices of Investec Bank plc, 30 Gresham Street, London, EC2V 7QP on 27 January 2027 at 2.00 pm.

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, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 (as amended) if you are in the United Kingdom or, if not, from another appropriately authorised financial adviser. If you have sold or otherwise transferred all your ordinary shares in the Company, please forward this document, but not the accompanying personalised documents immediately to the purchaser or transferee, or to the stockbroker, bank or agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

At the Annual General Meeting shareholders will be asked to consider and, if thought fit, pass Resolutions 1 to 12 which will be proposed as ordinary resolutions and Resolutions 13 to 15 which will be proposed as special resolutions.

1. To receive and adopt the reports of the Directors and Auditor and the Annual Report for the financial year ended 31 August 2026.
2. To approve a final dividend of 2.9 pence per ordinary share of 5 pence each in the capital of the Company in respect of the financial year ended 31 August 2026.
3. To elect David Benda as a Director.
4. To re-elect Michelle Paisley as a Director.
5. To re-elect Karen Roydon as a Director.
6. To re-elect Jeremy Whitley as a Director.
7. To re-appoint Johnston Carmichael LLP, Chartered Accountants and Statutory Auditor, as Auditor of the Company to hold office from the conclusion of the Annual General Meeting until the conclusion of the next annual general meeting of the Company.
8. To authorise the audit committee of the Board of Directors of the Company to determine the remuneration of the Company's Auditor.
9. To receive, adopt and approve the Directors' Remuneration Report for the financial year ended 31 August 2026 which appears on pages 36 to 39 of the Annual Report for the financial year ended 31 August 2026.
10. To approve the Policy on Directors' Remuneration, the full text of which appears in the Directors' Remuneration Report on page 36 of the Annual Report for the financial year ended 31 August 2026.
11. **Amendment of the Company's Investment Objective and Policy**

    That the proposed investment policy of the Company set out on page 79 of the Annual Report for the financial year ended 31 August 2026, a copy of which has been produced to the Annual General Meeting and signed by the Chairman for the purposes of identification, be and is hereby approved and adopted as the investment policy of the Company, with effect from the date of the passing of this resolution, in substitution for the Company's existing investment policy.
12. **Authority to Allot Ordinary Shares**

    That, in substitution for any existing authorities, but without prejudice to the exercise of any such authority, prior to the passing of this resolution, the directors of the Company (the 'Directors') be and are hereby generally and unconditionally authorised for the purposes of Section 551 of the Companies Act 2006 (the 'Act') to exercise all the powers of the Company to allot ordinary shares of 5 pence each in the capital of the Company ('Securities') and to grant rights to subscribe for, or to convert any security into, Securities ('Rights'), up to an aggregate nominal value of £556,527, (being equal to approximately 10 per cent. of the nominal value of the Company's issued share capital (excluding treasury shares) as at 10 November 2026) on such terms as the Directors may determine, such authority to expire at the conclusion of the next annual general meeting of the Company held after the passing of this resolution, or, if earlier, or on the expiry of 15 months from the passing of this resolution unless previously revoked, varied or extended by the Company in a general meeting, save that the Company may at any time prior to the expiry of this authority make offers or enter into agreements which would or might require Securities to be allotted or Rights to be granted after the expiry of such authority and the Directors shall be entitled to allot Securities or grant Rights in pursuance of any such offers or agreements as if the authority conferred by this resolution had not expired.

Notice of Annual General Meeting cont'd

13. Dis-application of Pre-emption Rights

That, subject to the passing of Resolution 12 set out in the notice of the 2026 annual general meeting ('Resolution 12'), and in substitution for all existing powers but without prejudice to the exercise of any such power prior to the passing of this resolution, the directors of the Company (the 'Directors') be and are hereby generally and unconditionally empowered, pursuant to Sections 570 and 573 of the Companies Act 2006 (the 'Act'), to allot, or make offers or agreements to allot, equity securities (as defined in Section 560 of the Act), for cash either pursuant to the authority conferred by Resolution 12 and/or by way of a sale of treasury shares for cash, as if Section 561(1) of the Act did not apply to any such allotment or sale, provided that this power:

(a) shall expire at the conclusion of the next annual general meeting of the Company after the passing of this resolution, or, if earlier, on the expiry of 15 months from the passing of this resolution, save that the Company may, before such expiry, make offers and enter into agreements which would or might require equity securities to be allotted or treasury shares to be sold after such expiry and the Directors may allot equity securities or sell treasury shares in pursuance of any such offer or agreement as if the power conferred by this resolution had not expired; and

(b) shall be limited to the allotment of equity securities and the sale of treasury shares up to an aggregate nominal value of £556,527 (being approximately 10 per cent. of the nominal value of the issued share capital of the Company (excluding treasury shares) as at 10 November 2026).

14. Authority to Repurchase the Company's Ordinary Shares

That, in substitution for any existing authority but without prejudice to the exercise of any such authority prior to the passing of this resolution, the Company be and is hereby generally and unconditionally authorised, pursuant to and in accordance with section 701 of the Companies Act 2006 (the 'Act'), to make market purchases (within the meaning of section 693(4) of the Act) of its ordinary shares of 5 pence each in the capital of the Company on such terms and in such manner as the directors of the Company may from time to time determine (either for cancellation or for retention as treasury shares for future reissue, resale or transfer or for cancellation), provided that:

(a) the maximum aggregate number of ordinary shares hereby authorised to be purchased is 16,684,691 or, if less, the number of ordinary shares representing 14.99 per cent. of the Company's issued share capital (excluding treasury shares) immediately prior to the passing of this resolution;

(b) the minimum price (excluding expenses) which may be paid for an ordinary share purchased pursuant to this authority shall be 5 pence (being the nominal value of an ordinary share);

(c) the maximum price (excluding expenses) which may be paid for an ordinary share purchased pursuant to this authority shall not be more than the higher of:

(i) 5 per cent. above the average of the middle market quotations (as derived from the Daily Official List of the London Stock Exchange) for an ordinary share over the five business days immediately preceding the date of purchase; and

(ii) the higher of the price of the last independent trade of an ordinary share and the highest current independent bid for such a share on the London Stock Exchange at the time the purchase is carried out; and

(d) unless previously varied, revoked or renewed by the Company in a general meeting, the authority hereby conferred shall expire at the conclusion of the next annual general meeting of the Company or, if earlier, 15 months from the passing of this resolution, save that the Company may, prior to such expiry of the authority hereby conferred, enter into a contract to purchase ordinary shares under such authority which will or might be completed or executed wholly or partly after the expiration of such authority and may make a purchase of ordinary shares pursuant to any such contract.

15. Notice of General Meetings

That the Company be and is hereby generally and unconditionally authorised to hold general meetings (other than annual general meetings) on 14 clear days' notice, such authority to expire at the conclusion of the next annual general meeting of the Company.

Dated: 10 November 2026

By Order of the Board

Registered Office:
28 Walker Street
Edinburgh EH3 7HR

Juniper Partners Limited
Company Secretary

Explanation of Notice of Annual General Meeting

Resolution 1 – To receive the Annual Report

The Directors are required to present the audited financial statements, Strategic Report, Directors' Report and Auditor's Report to the Annual General Meeting. These are contained in the Company's annual report for the financial year ended 31 August 2026 (the 'Annual Report'). A resolution to receive the financial statements, together with the Strategic Report, Directors' Report and the Auditor's Report on those financial statements is included as an ordinary resolution.

Resolution 2 – Dividends

The Board proposes a final dividend of 2.9 pence per share, in respect of the financial year ended 31 August 2026. If approved, the dividend will be paid on 5 February 2027 to all ordinary shareholders who are on the Company's register of members on 8 January 2027. The shares will be marked ex dividend on 7 January 2027.

Resolutions 3 to 6 – Election/Re-election of Directors

In line with the recommendations of the 2024 AIC Corporate Governance Code, all Directors of the Company will retire and offer themselves for re-election at each Annual General Meeting. Mr Benda will be standing for election to the Board having been appointed as a Director since the last Annual General Meeting. The Board on the recommendation of the Nomination Committee recommends the election/re-election of all Directors. Full biographies of all of the Directors are set out on page 22.

Resolution 7 – Re-appointment of the Auditor

At each meeting at which the Company's financial statements are presented to its members, the Company is required to appoint an Auditor to serve until the next such meeting. The Board, on the recommendation of the Audit Committee, recommends the re-appointment of Johnston Carmichael LLP as Auditor to the Company. The Auditor's re-appointment will be proposed as Resolution 7.

Resolution 8 - Remuneration of the Auditor

To give authority for the audit committee of the Board of Directors of the Company to determine the remuneration of the Company's Auditor will be proposed as Resolution 8.

Resolutions 9 and 10 – Remuneration

Advisory resolutions to approve the Directors' Remuneration Report and the Policy on Directors' Remuneration (as set out in the Annual Report) are included.

Resolution 11 – Amendment to investment policy

The Board is proposing a change to the Company's investment policy to update the definition of "smaller companies" to reflect the evolution of Asian equity markets and the current investment opportunity set. Rather than using a fixed market capitalisation limit, the revised policy refers to the float-adjusted market capitalisation of the largest constituent of the MSCI AC Asia ex Japan Small Cap Index at the time of first investment. The Board believes this approach will provide a more appropriate and flexible framework while remaining consistent with the Company's objective of investing mainly in smaller Asian quoted companies. No other elements of the policy are being changed. A full comparison between the current and the proposed investment policies is shown on pages 77 to 78. A clean version of the investment policy is shown on page 79.

Resolution 12 – Authority to allot ordinary shares

Resolution 12 authorises the Board to allot ordinary shares generally and unconditionally in accordance with Section 551 of the Companies Act 2006 up to an aggregate nominal value of £556,527, representing approximately 10 per cent. of the issued ordinary share capital at the date of the Notice, excluding ordinary shares held in Treasury. This authority shall expire at the next Annual General Meeting or, if earlier, 15 months after the passing of Resolution 12.

Resolution 13 – Authority to disapply pre-emption rights

Resolution 13 is a special resolution which is being proposed to authorise the Directors to disapply the pre-emption rights of existing shareholders in relation to issues of ordinary shares under Resolution 12 and/or by way of a sale of treasury shares for cash (in respect of ordinary shares up to an aggregate nominal value of £556,527, representing approximately 10 per cent. of the Company's issued ordinary share capital, excluding ordinary shares held in Treasury, as at the date of the Notice). This authority shall expire at the next Annual General Meeting. The Directors will only allot new shares pursuant to the authorities proposed to be conferred by Resolutions 12 and 13 if they believe it is advantageous to the Company's shareholders to do so.

Notice of Annual General Meeting cont'd

Resolution 14 – Purchase of own shares

Resolution 14 is a special resolution which will grant the Company authority to make market purchases of up to 16,684,691 ordinary shares, representing 14.99 per cent. of the ordinary shares in issue as at the date of the Notice. The ordinary shares bought back will either be cancelled or placed into Treasury, at the determination of the Directors. The maximum price which may be paid for each ordinary share must not be more than the higher of (i) 5 per cent. of the average of the market value of an ordinary share for the five business days immediately preceding the day on which the purchase is made or (ii) the value of an ordinary share calculated on the basis of the higher price quoted for: (a) the last independent trade; and (b) the highest current independent bid for any number of ordinary shares on the trading venue where the purchase is carried out. The minimum price which may be paid for each ordinary share is the nominal value of that share, being 5 pence. This authority will only be exercised if, in the opinion of the Directors, a purchase would result in an increase in the NAV per share and be in the best interests of the Company's shareholders as a whole. Any such transaction must be value enhancing for the Company's shareholders and the Board will take into consideration the effect of the buyback on the liquidity of the Company's ordinary shares. This authority shall expire at the next Annual General Meeting, when a resolution to renew the authority will be proposed or, if earlier, 15 months after the passing of Resolution 14.

Resolution 15 – Notice period for general meetings

Resolution 15 is being proposed to enable general meetings to be held on 14 clear days' notice. The minimum notice period for listed company general meetings is 21 clear days, but companies have an ability to reduce this period to 14 clear days (other than for annual general meetings), provided that the company offers facilities for its shareholders to vote by electronic means and that there is an annual resolution of shareholders approving the reduction in the minimum period for notice of general meetings (other than annual general meetings) from 21 clear days to 14 clear days. The Board is therefore proposing Resolution 15 as a special resolution to ensure that the minimum required period for notice of general meetings of the Company (other than annual general meetings) is 14 clear days. The Directors believe it is in the best interests of the Company's shareholders to preserve the shorter notice period, although it is intended that this flexibility will be used only for non-routine business and where merited in the interests of shareholders as a whole. This authority shall expire at the next Annual General Meeting, when a resolution to renew the authority will be proposed.

Notes

(1) To be entitled to attend, speak and vote at the meeting (and for the purpose of the determination by the Company of the number of votes they may cast), members must be entered on the Company's register of members at close of business on 25 January 2027 ('the specified time'). If the meeting is adjourned to a time not more than 48 hours after the specified time applicable to the original meeting, the specified time will also apply for the purpose of determining the entitlement of members to attend, speak and vote (and for the purpose of determining the number of votes they may cast) at the adjourned meeting. If, however, the meeting is adjourned for a longer period then, to be so entitled, members must be entered on the Company's register of members at the time which is 48 hours (excluding non-working days) before the time fixed for the adjourned meeting or, if the Company gives notice of the adjourned meeting, at the time specified in that notice.

(2) If you wish to attend the meeting in person, you should present your attendance card, attached to your form of proxy ('Form of Proxy'), to the registration desk on the day of the meeting. Alternatively, please ensure you pre-register in accordance with the instructions on your Form of Proxy. Failure to do so may result in your being prohibited from voting on resolutions during the meeting. The attendance card and Form of Proxy must be submitted no later than 2.00 pm on 25 January 2027. Attendance by non-shareholders will be at the discretion of the Company.

(3) Information regarding the Annual General Meeting, including information required by section 311A of the Companies Act 2006, is available from the Company's website, www.scottishoriental.com.

(4) Holders of ordinary shares who are entitled to attend, speak and vote at the meeting convened by the foregoing notice may appoint one or more proxies (who need not be a member or members of the Company) to attend, speak and vote on their behalf. If appointing more than one proxy, each proxy must be appointed to exercise rights attaching to different ordinary shares held by the holder. The instruments appointing a proxy and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power or authority must be delivered to either: (a) the offices of the Company's Registrar, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZZ; or (b) www.investorcentre.co.uk/eproxy: (i) in the case of a meeting or adjourned meeting, 48 hours (excluding non-working days) before the time appointed for the meeting or adjourned meeting; or (ii) in the case of a poll taken 48 hours after it was demanded, 24 hours before the time appointed for the taking of the poll. Return of a completed Form of Proxy will not preclude a member from attending, speaking and voting in person at the meeting. Members may not use any electronic address provided in this notice or in any related documents to communicate with the Company for any purpose other than those expressly stated.

(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 adjourned meeting by using the procedures described in the CREST Manual and by logging on to the website www.euroclear.com. 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.

(6) In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear UK & International Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is 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 Registrar, Computershare Investor Services PLC (ID number 3RA50) no later than 48 hours (excluding non-working days) before the time of the meeting or any adjourned meeting.

For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the Company's Registrar is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

(7) If you are an institutional investor you may also be able to appoint a proxy electronically via the Proxymity platform, a process which has been agreed by the Company and approved by the Company's Registrar. For further information regarding Proxymity, please go to www.proxymity.io. Your proxy must be lodged by 2.00 pm on 25 January 2027 in order to be considered valid. Before you can appoint a proxy via this process you will need to have agreed to Proxymity's associated terms and conditions. It is important that you read these carefully as you will be bound by them and they will govern the electronic appointment of your proxy.

(8) CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & International Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider(s), to procure that his/her CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

(9) 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.

(10) The letters of appointment of the Directors are available for inspection at Investec Bank plc, 30 Gresham Street, London, EC2V 7QP before, during and after the meeting.

(11) As at close of business on 10 November 2026, the Company's issued share capital comprised 157,068,315 ordinary shares of 5 pence each of which 45,762,833 ordinary shares are held in Treasury. Each ordinary share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at 10 November 2026 is 111,305,482.

Notice of Annual General Meeting cont'd

(12) Any person holding 3 per cent. or more of the total voting rights in the Company who appoints a person other than the Chairman as his or her proxy will need to ensure that both he or she and such third party complies with their respective disclosure obligations under the Disclosure Guidance and Transparency Rules.

(13) 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 the Company's 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.

(14) The members of the Company may require the Company (without payment) to publish, on its website, a statement (which is also to be passed to the Auditors) setting out any matter relating to the audit of the Annual Report, including the Auditor's Report and the conduct of the audit. The Company will be required to do so once it has received such requests from either members representing at least 5 per cent. of the total voting rights of the Company or at least 100 members who have a relevant right to vote and hold shares in the Company on which there has been paid up an average sum per member of at least £100. Such requests must be made in writing and must state the sender's full name and address and be sent to the Company's registered address at 28 Walker Street, Edinburgh EH3 7HR.

(15) Members meeting the threshold requirements set out in the Companies Act 2006 have the right:

(a) to require the Company to give notice of any resolution which can properly be, and is to be, moved at the meeting pursuant to section 338 of the Companies Act 2006; and/or

(b) to include a matter in the business to be dealt with at the meeting, pursuant to section 338A of the Companies Act 2006.

(16) Any corporation which is a shareholder may appoint one or more corporate representatives who may exercise on its behalf all of its powers as a shareholder provided that such corporate representatives do not do so in relation to the same shares.

(17) In the case of joint holders, where more than one of the joint holders purports to appoint one or more proxies, only the purported appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first named being the most senior).

(18) Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a 'Nominated Person') may, under an agreement between him or her and the member by whom he or she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he or she may, under any such agreement, have a right to give instructions to the member as to the exercise of voting rights.

Comparison of Current and Proposed Objective and Investment Policy

The Company's investment objective is to achieve long-term capital growth by investing in mainly smaller Asian quoted companies. In keeping with this objective, under the Company's current investment policy, the Company invests primarily in businesses with market capitalisations of below US$5,000 million at the time of first investment.

As Asian equity markets have evolved, the Board has continued to review whether this threshold remains the most appropriate way of giving effect to that objective. Furthermore, the Portfolio Managers are finding an increasing number of opportunities from smaller companies with a market capitalisation above US$5,000 million.

The absolute maximum market-capitalisation threshold has been amended as a defined figure on a number of occasions over the years as markets have developed and the opportunity set available to the Portfolio Managers has changed. Rather than making a further numerical amendment to the maximum market-capitalisation threshold within the Company's investment policy, the Board intends to seek to amend the Company's investment policy to focus on investing mainly in smaller Asian quoted companies with float-adjusted market capitalisations equal to or lower than the market capitalisation of the largest constituent of the MSCI AC Asia ex Japan Small Cap Index at the time of first investment. The amendment is restricted to the definition of "smaller companies". No other elements of the policy are being changed.

The Board is seeking Shareholder approval for the new investment policy set out in the right-hand column below, the clean version of which is set out on page 79. The text in underline denotes the additional language in the new investment policy. The strikethroughs denote parts of the current investment policy which have been removed. The proposed new investment policy has been approved by the Financial Conduct Authority, subject to shareholders approval.

Existing investment objective and investment policy	**Proposed New Investment Policy**
Investment Objective	**Investment Objective**
The Scottish Oriental Smaller Companies Trust plc aims to achieve long-term capital growth by investing in mainly smaller Asian quoted companies.	The Scottish Oriental Smaller Companies Trust plc aims to achieve long-term capital growth by investing in mainly smaller Asian quoted companies.
Investment Policy	**Investment Policy**
• The Company invests mainly in the shares of smaller Asian quoted companies, that is, companies with market capitalisations of below US$5,000 million, or the equivalent thereof, at the time of first investment.	• The Company invests mainly in the shares of smaller Asian quoted companies, ~~that is~~, being companies ~~with~~ whose market capitalisations ~~of below US$5,000 million, or the equivalent thereof,~~ at the time of first investment, are equal to or lower than the market capitalisation of the largest constituent of the MSCI AC Asia ex Japan Small Cap Index, in each case calculated on a free float-adjusted basis in accordance with MSCI's index methodology and by reference to the most recently available data.
• 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.	• 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 Australasia, China, Hong Kong, India, Indonesia, Japan, 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.	• For investment purposes, the Investment Region includes Australasia, China, Hong Kong, India, Indonesia, Japan, 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.

Current and Proposed Objective and Investment Policy cont'd

Existing investment objective and investment policy	**Proposed New Investment Policy**
• 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.	• 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 total assets in other listed investment companies (including listed investment trusts).	• The Company invests no more than 15 per cent of its total 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 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 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.	• 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 New Investment Policy

Investment Objective

The Scottish Oriental Smaller Companies Trust plc aims to achieve long-term capital growth by investing in mainly smaller Asian quoted companies.

Investment Policy

- The Company invests mainly in the shares of smaller Asian quoted companies, being companies whose market capitalisations, at the time of first investment, are equal to or lower than the market capitalisation of the largest constituent of the MSCI AC Asia ex Japan Small Cap Index, in each case calculated on a free float-adjusted basis in accordance with MSCI's index methodology and by reference to the most recently available data.
- 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 Australasia, China, Hong Kong, India, Indonesia, Japan, 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 total 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.

Information for Investors

Financial Diary

Financial year end	31 August
Annual Results announced	November
Annual General Meeting	January
Annual dividend paid	February
Half-year end	28 February
Interim results announced	April/May

Capital Gains Tax

An individual tax payer is currently entitled to an annual total tax-free gain, presently £3,000 from the sale of any shares and other capital assets. Any gain beyond that amount may be liable to capital gains tax.

For initial investors the apportioned base cost of ordinary shares and warrants for capital gains tax purposes was 18.52p per ordinary share and 7.41p per warrant (please note that these figures have been adjusted for the 5 for 1 split of the ordinary shares on 28 February 2025).

Where to find Scottish Oriental's Share Price

Scottish Oriental's share price can also be found on the London Stock Exchange website by using the Trust's TIDM code 'SST' within the price search facility.

The Internet

Scottish Oriental's website provides up-to-date information on the share price, net asset value and discount. We hope you will visit the Trust's website at: **www.scottishoriental.com**.

Investor Centre from Computershare (Scottish Oriental's registrar) enables you to manage and update your shareholder information. For this purpose you can register free with Investor Centre at **www.investorcentre.co.uk**.

Data Protection

The Company is committed to ensuring the privacy of any personal data provided to it. Further details of the Company's privacy policy can be found on the Company's website **www.scottishoriental.com**.

Regulatory Status

Since Scottish Oriental is an investment trust pursuant to section 1158 of the Corporation Tax Act 2010, the FCA rules in relation to non-mainstream investment products do not apply to the Company.

Further Information

If you require any further information please contact Juniper Partners Limited at the address on the following page or by telephone on +44 (0)131 378 0500.

Shareholder Enquiries

For registry queries contact Computershare by telephone on +44 (0)370 707 1307.

You can also manage your shareholding online at **www.investorcentre.co.uk**.

If you have not used this service before, you will need to register your account. In order to do so, you will need your Shareholder Reference Number ('SRN') which can be found on a recent share certificate or dividend cheque.

Comparative Indices

Since 1 September 2021 the Directors have used the Morgan Stanley Capital International All Company Asia ex Japan Small Cap Index as its primary comparator. As at 31 August 2026 this index was made up of companies with a free float-adjusted market capitalisation of up to US$20,670m.

For comparison purposes, we are also displaying the Morgan Stanley Capital International AC Asia ex Japan Index to measure the Company's performance, which covers the relevant markets with the exception of Bangladesh, Sri Lanka and Vietnam. This index which is dominated by larger companies has the dual merit of being the most widely recognised regional index and of pre-dating the inception of the Company in March 1995.

As most investors in the Company are based in the United Kingdom, the Directors consider that it is also relevant to compare the Company's performance to that of the FTSE All-Share Index.

Company Information

Registered Office
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Company Details
Registered Number: SC156108
ISIN: GB00BRBL6574
SEDOL: BRBL657
Ticker: SST
LEI: 213800DBSW6WJXKNXL87
Website: **www.scottishoriental.com**

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The Association of Investment Companies

The Scottish Oriental Smaller Companies Trust plc is a member of the Association of Investment Companies



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Smaller Companies Trust plc