



Interim Report 2026



The Scottish Oriental
Smaller Companies Trust plc

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Objective

The investment objective of The Scottish Oriental Smaller Companies Trust plc (“Scottish Oriental”, “the Company” or “the Trust”) is to achieve long-term capital growth by investing in mainly smaller Asian quoted companies with market capitalisations of below US\$5,000m, or the equivalent thereof, at the time of first investment. For Investment purposes, the investment region includes Australasia, the Indian sub-continent and Japan.

This is an abridged version of Scottish Oriental’s investment policy and objective. A full policy can be found on page 23 of the Annual Report and Accounts for the year ending 31 August 2025 on the Company’s website (www.scottishoriental.com).

Financial Highlights

Total Return Performance (Unaudited) for the six months to 28 February 2026

Net Asset Value per share	(2.3)%	MSCI AC Asia ex Japan Index (£)	28.3%
Share Price	(3.8)%	MSCI AC Asia ex Japan Small Cap Index (£)	16.0%
		FTSE All-Share Index (£)	18.9%

Summary Data (Unaudited) at 28 February 2026

Shares in Issue	112,775,482	Shareholders' Funds	£361.80m
Net Asset Value per share	320.81p	Market Capitalisation	£321.41m
Share price	285.00p	Share Price Discount to Net Asset Value	11.2%

Chairman's statement

I am pleased to present the Interim Report for The Scottish Oriental Smaller Companies Trust plc for the six months to 28 February 2026.

Performance and the Conditional Tender Offer

During the period, the Company's Net Asset Value ("NAV") total return was negative 2.3%, compared with a positive return of 16.0% from the MSCI AC Asia ex Japan Small Cap Index. This was clearly a disappointing outcome for shareholders.

The Board has remained closely engaged with the Manager throughout the period. In particular, we have reviewed portfolio positioning, stock-specific attribution and the factors contributing to recent underperformance, and we have challenged the Manager on the areas where returns have fallen short of expectations. The Board continues to believe that the Manager's disciplined, long-term approach remains appropriate for the Company, while recognising that the recent level of relative performance has been unsatisfactory. The Manager's Report provides further detail on market conditions, portfolio developments and the reasons for the Manager's continued confidence in the long-term prospects of the portfolio.

Under the Conditional Tender Offer ("CTO") mechanism introduced by the Board in November 2021, a tender offer for up to 25% of the Company's outstanding share capital will be triggered if the Company's NAV total return over the five-year period ending 31 August 2026 does not exceed the total return of the MSCI AC Asia ex Japan Small Cap Index. While there are still four months remaining in the measurement period and the outcome cannot yet be known with certainty, the Company's outperformance over the first three years of the measurement period has been more than offset by recent relative underperformance. In early September there will be a market announcement to confirm whether the CTO has been triggered. Full details of the timetable, structure and process will then be set out in the Company's Annual Report, which is expected to be released in November. If triggered the CTO will be subject to shareholder approval at the Company's Annual General Meeting scheduled to be held in January 2027.

Investment Objective

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, 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. In February 2025, the largest market capitalisation of a company in the MSCI AC Asia ex Japan Small Cap Index was just under US\$6,000 million. One year later, at the end of February 2026, the largest market capitalisation of a company in the same index was over US\$12,000 million. Furthermore, the 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 Manager 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 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. This amendment seeks to remove restrictions that do not reflect the realities of the Company's investable universe. Notwithstanding our view that this change is not material, for the sake of good order, the Board intends to seek shareholder approval for the change at the Company's Annual General Meeting to be held in January 2027.

Management Fees

On 12 March 2026, following a review of the Company's fee arrangements, the Board approved revisions to the management-fee structure. With effect from 1 March 2026, the annual management fee was reduced to 0.70% on the lower of market capitalisation and net assets up to £250 million, and to 0.65% on the lower of market capitalisation and net assets above £250 million. This replaced the previous flat rate of 0.75% per annum, which was calculated by reference to net assets. In addition, the performance fee was removed in its entirety, ensuring that no performance-linked fees will accrue going forward. Taken together, these changes reflect the Board's continued focus on ensuring that the Company's fee arrangements remain fair, competitive and aligned with shareholders' interests.

Chairman's statement cont'd

Share Buybacks

During the six-month period under review, the Company repurchased 2,340,848 shares at a cost of £6.6 million, which resulted in an uplift to NAV per share of 0.84p. The average discount over the period was 12.8%. The Board continues to undertake buybacks in a considered and disciplined manner where it believes they are in shareholders' best interests and will assist in managing the level and volatility of the discount.

Shareholder Engagement

The Board places considerable importance on maintaining an open and constructive dialogue with shareholders, particularly at a time when recent performance has been disappointing. In recent weeks, Karen Roydon and I met with a number of the Company's larger shareholders to discuss their views on the Company, recent performance and the steps being taken by the Board. These meetings provided an important opportunity both to explain the Board's current focus and to hear directly the perspectives of shareholders on the issues that matter most to them. Such direct engagement is an important part of the Board's oversight of the Company, and the Board greatly values the feedback received.

Board Composition

As part of the Board's ongoing succession-planning process, on 16 February 2026 the Company announced the appointments of two new Non-Executive Directors: David Benda, who joined the Board on 23 April 2026, and David Graham, who will join on 8 July 2026.

These appointments follow the previously announced retirement of Uma Bhugtiar and reflect the Board's commitment to maintaining an appropriate balance of skills, experience and independence. Mr Benda brings extensive experience in investment trust advisory and investment banking, while Mr Graham brings more than three decades of asset-management experience across Asia Pacific and Emerging Markets.

In accordance with the Board's succession plans, Andrew Baird will retire in July 2026, followed by my own retirement in 2027. The Board believes that these changes will further strengthen its collective experience and ensure an orderly transition over the coming period.

Summary

Considering global events over the past few years one might conclude that extreme geopolitical circumstances are occurring on a regular basis. Certainly they have, at times, resulted in periods of great volatility and, for investment managers, intense periods of self questioning. I am reminded that one of the core tenets of the better long term investment managers is to constantly test and, whilst difficult, to hold true to their investment process thereby withstanding the sentiments of greed and fear whilst taking advantage of opportunities as and when they present themselves. Please take a few minutes to read the Managers' Report and allow them to explain in their own words their recent performance and to set out the reasons for their confidence in their investment process and the prospects for your investment in this portfolio of Asian small companies.

On behalf of the Board, I thank you for your continued support in the Company.

Jeremy Whitley

Chairman

30 April 2026

Interim Management Report

Asian economies have navigated significant uncertainty over the last 12 months, contending with trade tariffs, currency pressures, and, late in the reporting period, the severe disruption to energy supplies that followed the escalation of conflict in the Middle East. Regional equity markets delivered strong gains, with investor sentiment buoyed in particular by structural themes such as the continued buildout of data-centre networks and higher spending on industrial capacity and energy infrastructure.

Against this backdrop, the Trust's investment performance has been disappointing. As benchmark-agnostic investors, we expect our performance to diverge at times from the broader market. Missing out on some of the gains when markets are rising steeply can be a consequence of focusing on company fundamentals rather than index composition. Nevertheless, the magnitude of Scottish Oriental's relative performance lag over the last 12 months – and the fact absolute performance also turned negative over the period – warrants a detailed and contrite explanation.

Before turning to a more detailed breakdown of performance, it may be helpful to revisit the core tenets of the Company's investment approach and the opportunity presented by the investment universe of Asian smaller companies, which in our opinion have remained consistent since Scottish Oriental's launch in 1995.

The case for investing in Asia's smaller companies

Our objective is to preserve capital and grow it sensibly by investing in Asian smaller companies. We favour businesses run by high-quality management teams that think long term, possess durable competitive advantages supporting predictable returns on capital, and operate in categories with the potential for consistent and predictable growth. We believe balance-sheet strength is also critical, because companies with net-cash positions have the ability to invest counter-cyclically and create value over time.

While much has changed in the investment landscape over the last 30 years, we continue to believe there is a strong rationale for investing in quality Asian small caps, for three main reasons.

First, smaller Asian companies are often found in sectors that are still in the early stages of formalisation and long-term growth. In this context, growth is enabled in part by the structural expansion of the category itself; and a company with a dominant share in a fast-growing niche can compound at rates that it would be difficult for a large-cap firm operating in a mature and competitive market to replicate. Throughout Scottish Oriental's history, it has made several such investments in businesses which have grown substantially because management have maintained or gained market share in a fast-growing category.

A classic example is **Blue Star** in India. At the time of our initial investment in 2014, the Indian air-conditioner industry had a penetration level of only 5 per cent and Blue Star was a small participant in the category. This was represented in its market capitalisation of \$300m. Over the subsequent decade, the industry grew consistently and Blue Star expanded its market share through sustained investments in distribution expansion, brand building and new product introductions. As it gained scale, its profitability also rose substantially. At the time of our disposal this year, its market capitalisation had increased to \$4 billion. It created significant shareholder value during this long journey.

We see echoes of this process in several current holdings that occupy dominant positions in underpenetrated markets. Consider Vietnam's **Mobile World Investment**, a recent addition to the portfolio. The company started in 2004 as an online mobile-phone retailer. It then expanded into consumer electronics and appliances, with a bricks-and-mortar retail chain that now has a 50 per cent market share in its core categories, thanks in part to the company's strong customer-focused culture and operational discipline.

Mobile World's current priority is its Bách Hóa Xanh grocery chain, which launched in 2015. Grocery in Vietnam is a huge industry – worth around US\$50bn – but it is still dominated by small shops and wet markets. Modern supermarket penetration is only 12 per cent, compared with more than 50 per cent in other Asian economies like Malaysia and Thailand. This gap suggests Mobile World, like Blue Star before it, has plenty of room to grow.

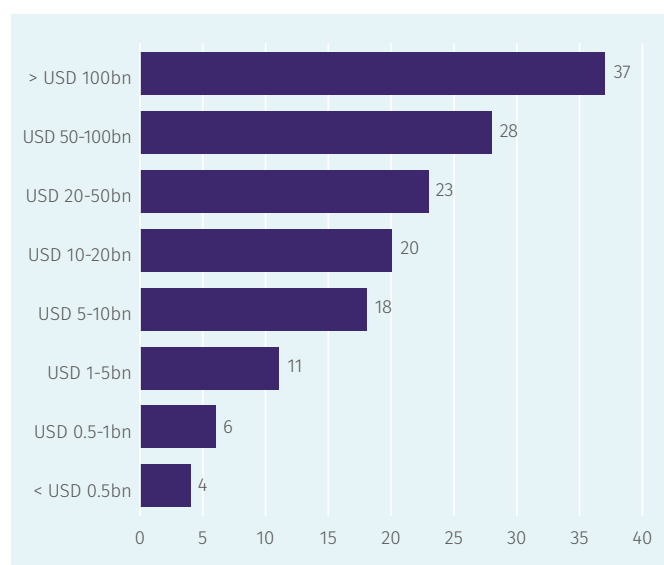
Category expansion is not simply a consumer story, however. While the underlying dynamic of category formalisation remains familiar, the nature of the opportunity set is evolving. Rising incomes across Asia are shifting growth from consumer staples towards areas of higher-value consumer services and discretionary spending, such as healthcare, travel and wealth management. At the same time, increased digitisation and automation across industries enables well-managed smaller companies to create and scale new niches more quickly than in the past, including in higher value-added industrial supply chains.

Our holding **Hongfa Technology**, a leading Chinese manufacturer of relay equipment, provides an example of how category growth in Asia is increasingly being driven by electrification and automation, as well as traditional consumer formalisation. Demand for relays has expanded as electric vehicles, renewable energy systems and industrial automation have scaled, creating new application-specific niches. Hongfa's successful positioning across these areas – enabled by its vertically integrated manufacturing model, which ensures a competitive cost structure and product quality – illustrates how smaller companies can gain scale and compound steadily within structurally expanding industrial categories.

Interim Management Report cont'd

The second part of our rationale for focusing on Asia's smaller companies is that these firms tend to be less well-researched than their larger counterparts. Figure 1 shows the dramatic fall in analyst coverage when moving from large companies to small companies. This creates inefficiencies that can be exploited by active, bottom-up investment managers.

Figure 1: Average analyst coverage by market capitalisation in Asia



Source: FactSet, MSCI, March 31, 2026.

The rise of passive investing may explain the lack of small-cap coverage. Passive capital concentrates in the largest, most index-relevant stocks and requires little research. As passive assets have grown, sell-side firms have therefore reduced resources and redeployed them towards larger stocks. Data from Bloomberg and Vali Analytics shows the global headcount of analysts at the world's largest banks fell from 4,400 to 3,000 over the decade to 2023.¹

One consequence of the information gap is that it often takes time for the strengths of high-quality smaller Asian companies to be fully recognised by the market, providing opportunities to invest at cheap valuations, although this approach requires patience and conviction. The Company's holding in **Selamat Sempurna**, an Indonesian manufacturer of automotive components such as filters and radiators, illustrates this dynamic. The company, which has no major broker coverage, has grown consistently at double-digit rates, earns a return on capital employed (ROCE) of around 30 per cent and has a dividend yield of eight per cent, and yet it continues to trade on a modest valuation of less than nine times 2026 earnings. In our experience, such mis-pricing tends to get resolved over time. This is demonstrated in the case of another Indonesian investment, **Bank OCBC NISP**,

covered by a single brokerage, where steady growth and improvements in efficiency and dividend payout are starting to be reflected in its share price.

The third reason for our excitement about Asian small-cap investing is the high share of founder-owned and family-owned small companies. In our experience, families often take a long-term approach to building their businesses and are willing to invest counter-cyclically when opportunities arise. This contrasts with more dispersed ownership structures, or with state-owned enterprises (SOEs), which are more common at the large-cap end of the market, where strategic decisions may be shaped by obligations that do not always align with the interests of minority shareholders.

Of course, not all family ownership structures are alike. Discerning which families are worth backing is critical. After three decades of investing across Asia, we have built extensive local networks that help us assess management quality and corporate reputation on the ground.

An example of a company where we have benefited from strong ownership alignment is **Radico Khaitan**, a leader in India's fast-growing spirits market. The founding Khaitan family owns around 40 per cent of the business, while management participates in a share-ownership scheme that further aligns incentives with minority shareholders. The current CEO, Abhishek Khaitan, joined the company in 1997 when it was struggling to gain traction and was heavily indebted. Under his leadership, the business has built several brands with leading positions in India's liquor industry, while improving its profitability and returns on capital employed and de-leveraging its balance sheet significantly. This has created significant shareholder value over the years of the Trust's investment.

Taken together, these three characteristics – capacity for growth, limited coverage and well-aligned ownership structures – underpin our conviction that Asia's smaller companies remain an attractive hunting ground for patient, long-term, active investors.

Performance review

We have examined the disparity between the Company's recent returns and those of the index by breaking down returns into the proportion that can be attributed to: dividends, earnings growth and valuation re-rating (the degree to which the market has reassessed companies' value).

¹ "How analyst job cuts on Wall Street are reshaping equity research," Bloomberg, January 2025.

Scottish Oriental's returns over the last year have been mostly determined by earnings growth and dividend payouts among our portfolio holdings. Some of the portfolio holdings, such as **Colgate-Palmolive (India)** and **Philippine Seven** had a year of weak earnings per share growth, due to unique headwinds they faced. Due to this, the earnings per share and dividends for the portfolio declined marginally during the year. As these headwinds have receded towards the end of 2025, these companies expect to return to growth in 2026, which should aid the portfolio's earnings, growth and performance. By contrast, index returns have been mainly driven by rising valuations. This is an indication that the Company's relative performance lag reflects our limited participation in the strong market rally in recent months, rather than a significant deterioration in the underlying economics of the businesses we own.

In our experience, it is earnings growth and the dividends paid from those earnings, which are the key drivers of shareholder returns over the medium and long term. Twelve months is too short a period in which to analyse company fundamentals, but we take confidence in the growth in earnings of Scottish Oriental's portfolio companies (at an 18 per cent compounded annual growth rate over the past five years, almost keeping pace with the index figure of 20 per cent). We also note the high returns on capital of the portfolio, with an ROIC of 20 per cent as of end-February 2026, or more than double that of the index.² We estimate that the portfolio's companies should continue to grow their earnings per share at similar rates over the next three years, while improving their returns on invested capital further.

Our analysis further shows that index returns have been concentrated among cyclical industrial businesses and information technology companies, where the Trust has relatively smaller exposure. Meanwhile, the consumer holdings that have traditionally constituted the bulk of Scottish Oriental's portfolio have experienced difficulties. The portfolio's consumer discretionary and consumer staples holdings fell by 11.5 per cent and 7.7 per cent respectively over the last 12 months.

The specific consumer headwinds which have hurt the Trust's performance vary by market. In China, the main issue has been the prolonged property downturn, which has weighed on consumer confidence. In India, currency weakness followed the imposition of US reciprocal tariffs in 2025, which led to increased inflation, putting further pressure on consumers. Tariff shocks also added to existing difficulties across Southeast Asia, where economies such as Indonesia and the Philippines had already been trying to defend their currencies against a strong dollar, with higher interest rates acting as a constraint on household spending.

The main detractor over the year to end-February was **DPC Dash**, the franchisee of Domino's Pizza in China, which we purchased in the first half of 2024. The company had a successful 2025, with its revenue growing by 25 per cent and its net profit margins expanding from 3.6 per cent to 4.9 per cent. It continues to expand its store count significantly with an opportunity to grow its footprint in China from over 1,000 stores to 3,000 stores by 2030. However, in 2025, its same store sales growth turned to a slight negative rate of -1.5 per cent, compared to 2.5 per cent in 2024. The reason for this decline is that its rapid expansion over the previous two years has led to a large number of new stores coming into its revenue base. These new stores initially witness a spike in daily sales due to early excitement from consumers, which subsequently moderates (before building back up gradually once again). The company has a track record of growing its same store sales consistently over the long-term, which we believe should continue going forward. However, this decline led to a sharp de-rating in its valuation multiples in recent months. At its current multiple of 1x Enterprise Value / Sales,³ DPC Dash has a cheaper valuation than most comparable businesses in mature markets with depressed growth profiles and declining profitability. As the company continues to gain market share in the fast-growing pizza category in China, we believe it has the potential to be a much larger and more valuable business in the coming years.

The second-biggest detractor was **Philippine Seven**, the exclusive convenience-store franchise operator of 7-Eleven in the Philippines, and a holding in the portfolio since 2019. In addition to the sluggish demand environment, the company was hit by several idiosyncratic factors in 2025, notably the government's crackdown on Philippine offshore gaming operators (POGOs) – gambling firms that had been significant employers in urban hubs – which led to lower footfall in 7-Eleven stores in Metro Manila.

Nevertheless, we take comfort in Philippine Seven's strong track record of overcoming challenges in the past, notably during Covid-19 lockdowns, when management responded decisively to support franchisees and control costs. With convenience-store penetration in the Philippines still far below that of other Asian markets such as Indonesia and Thailand, the company should have abundant opportunities for future growth.

Changes to the portfolio

Despite the recent challenges, we are confident that performance will improve. Given the fundamental strengths of our holdings remain intact, we believe this should translate into more-attractive returns when the market

² FactSet, as of February 28, 2026.

³ FactSet, April 15, 2026.

Interim Management Report cont'd

broadens from its recent focus on a narrow group of sector-specific leaders.

We have been actively reshaping the portfolio to address areas of weaker performance. We are bottom-up investors, so country and sector breakdown is simply a reflection of where we find the best ideas. However, these can still be useful to summarise where changes have taken place.

Over the last six months, we have reduced the portfolio's exposure to consumer businesses from 51 per cent to 41 per cent, largely by divesting from companies whose valuations had grown expensive, while retaining those where we see value and long-term franchise strength. At the same time, we have been adding positions across a diverse range of industries in Korea, China, India and Singapore, where new niches are being created and exploited. In particular, our research visits to South Korea, China and India have led to a number of new opportunities which we find attractive on a bottom-up basis. This includes companies in the semiconductor value-chain in South Korea, which are emerging out of a weak demand cycle of the last three years, to Chinese industrial businesses building more competitive market positions in global industries, as well as Indian financial and industrial companies benefiting from strong growth in their respective categories. Each of these companies is expected to grow their earnings at robust rates in the coming years.

We are seeing increasing opportunities across the technological ecosystem in Asia. While many Asian component suppliers have seen their valuations soar to unwarranted heights on artificial intelligence (AI) demand – even where they lack durable competitive advantages – other small-cap tech companies have remained reasonably priced. We have identified several companies that supply equipment, components or processes that are essential to electrification, automation and semiconductor manufacturing. As these industries are evolving rapidly, many industrial or technology businesses previously believed to have little direct exposure to these industries are now being increasingly recognised as seeing improved growth due to the developments here. In addition, some companies have been making increased investments to build their exposure to these faster-growing areas, which are at early stages of reflecting in their financial performance.

Additions

One example is our investment in **ASMPT**, a Singapore-headquartered company specialising in surface mount technology (SMT) and semiconductor packaging. ASMPT's earnings have been cyclically depressed over recent years, but this masks an improving business mix and quality, as is reflected in the company's strengthening profit margins.

The management has made changes in recent years to improve its profit margins, such as divesting businesses and shutting down plants with lower profitability. We believe ASMPT's earnings could rebound sharply, especially as it is seeing increasing AI-related demand for equipment used in advanced semiconductor packaging.

Another addition was **Impro Precision**, China's leading high-precision casting manufacturer, whose products have a wide range of industrial and commercial applications. Impro is seeing a cyclical improvement in demand from industries such as aerospace and commercial vehicles; it should also be a long-term beneficiary of the global rise in AI-related capital expenditure, as its equipment is used by leading customers such as Caterpillar in high-powered engines used in data centres. The company is also benefiting from limited competitive intensity, as many of its competitors in Europe have faced financial challenges in recent years. Impro's establishment of a large manufacturing facility in Mexico should allow it to meet growing demand from its customers.

Following a research trip to Seoul in September, we added two Korean companies to the portfolio. **Hansol Chemical** is a key supplier of speciality chemicals for the semiconductor industry and is also expanding into new areas such as binding materials and adhesive tapes used in electric vehicle battery manufacturing. Over the last decade, its Vice-Chair, Stephanie Cho, has incubated several new business segments to diversify the company's customer base, drive consistent growth and improve its profitability.

We also bought **Eugene Technology**, 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. It is likely to be a key beneficiary of the substantial growth in semiconductor capital expenditure among its major Korean customers. We found good alignment with the management teams of both companies and were able to initiate positions in both companies at reasonable valuations.

Despite weaker returns in 2025, India continues to be a fertile hunting ground for new ideas. For example, we have bought a stake in **Tube Investments**, part of India's Murugappa Group. A holding company with a stable and growing core business manufacturing automotive components, Tube has also 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. This means we gain its other fast-growing businesses – which span electric vehicles, medical devices and automotive components – at an attractive discount.

Another Indian investment was **360 One WAM**, the country'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 in the coming years.

Sales

Sales included three holdings in India: **Blue Star**, because its shares had become expensive; **Kansai Nerolac Paints**, due to slow progress in the company's turnaround and increasing competition in the decorative paints category; and **Whirlpool of India**, because we perceived an increasing lack of alignment with the parent firm. Growth challenges at Taiwan's **Sinbon Electronics**, Indonesia's **Mitra Adiperkasa** and China's **Stella International** were the common factor behind those sales. **United Breweries**, **Crompton Greaves Consumer Electronics**, **Sinoseal Holdings** and **Poya International** were sold to raise cash for higher-conviction opportunities. We believe these changes have made the portfolio both more resilient and better positioned to capture the attractive growth opportunities emerging across Asia.

Outlook

Our review of the aggregate financial metrics and valuations of the Trust's portfolio reinforces our confidence in the potential for improved returns. The table below compares the quality, growth and valuations of the Trust's portfolio with the MSCI AC Asia ex-Japan Small Cap Index. There are a few points to note:

- (1) The Trust's Return on Invested Capital⁴ (ROIC) and Return on Equity⁵ (ROE) of 20 per cent are both substantially higher than the ROIC and ROE of the index, at nine per cent and 11 per cent respectively. This reflects the substantially stronger earnings power and quality of the Trust's holdings.
- (2) Another key difference is in the balance sheet of the Trust's holdings, which is net cash at a median level, compared to 0.5x net debt / EBITDA⁶ for the index. This balance sheet strength, along with higher quality of earnings, should be reflected in resilience of the Trust's holdings in the case of a turn in the business or market cycle.
- (3) The Trust's holdings have grown their earnings at a robust rate over the past five years, which is similar to that of the index. The portfolio forward Price-to-Earnings (P/E) multiple is higher, which we believe is strongly justified by the higher ROIC and more consistent growth. Measured on a free cash flow basis, the Trust's holdings are valued more attractively than the index.

Figure 2. Portfolio metrics vs the index

As at 28 February 2026	The Scottish Oriental Smaller Companies Trust	MSCI AC Asia ex Japan Small Cap
Quality and Growth		
ROIC (ex-financials) ⁴	20%	9%
ROE ⁵	20%	11%
Net debt-to-EBITDA ⁶	-0.6x	+0.5x
Average annual EPS ⁷ growth rate over the last 5 years	18%	20%
Valuation		
PE (FY1 fwd)	22x	18x
FCF yield ⁸ /Price-to-FCF ⁹	5.1%/20x	2.8%/35x

Source: FactSet, as at February 28, 2026.

4 Return on Invested Capital (ROIC) is a financial metric that measures how efficiently a company uses its invested capital (both debt and equity) to generate profits.

5 Return on Equity (ROE) is a financial profitability ratio. A higher ROE indicates superior efficiency in converting equity into net income.

6 EBITDA stands for Earnings Before Interest, Taxes, Depreciation, and Amortisation. The Net Debt-to-EBITDA ratio compares a company's net debt to its operating earnings and is commonly used as a measure of leverage and an indication of debt sustainability.

7 Earnings Per Share

8 FCF yield is free cash flow per share expressed as a percentage of the share price.

9 Price-to-Free Cash Flow is the inverse of FCF yield. It compares a company's share price to its free cash flow per share.

Interim Management Report cont'd

When viewed as a single business, we find these metrics of 20 per cent ROIC, a net cash balance sheet, 18 per cent EPS CAGR over the past five years and 22x forward P/E / 20x free cash flow to represent a compelling opportunity. This underlies our confidence in the Trust's performance going forward.

At the time of writing in April 2026, the short-term outlook is clouded by the conflict in the Middle East – just the latest geopolitical shock to have tested global markets over Scottish Oriental's 30-year history.

While we do not underestimate the potential for further volatility, the Company's holdings should remain fundamentally resilient.

Asia is heavily dependent on the Middle East for its energy needs, which means the markets we invest in may experience higher inflation. However, Asian companies are in many cases used to operating in inflationary and volatile environments, and this is reflected in our stock selection. The companies we own benefit from strong competitive positions, and this has historically translated into pricing power and the ability to protect margins – and even gain share – in tough economic conditions.

Over the longer term, we see two trends emerging from the conflict that are relevant to the Company's portfolio. First, a sustained period of higher and more-volatile energy prices is likely to sharpen the focus on energy efficiency across Asian economies. Companies whose products and services help customers reduce energy intensity and improve productivity stand to benefit from this shift. Second, we expect a renewed push across Asian economies to strengthen and localise supply chains, particularly in energy and infrastructure. This is not an entirely new dynamic: the Covid-19 supply shock and the Russian invasion of Ukraine had already prompted governments and businesses across the region to reassess their reliance on external sources of supply. It will also spur investments in electrification and a transition towards more diversified sources of energy. Several of the Trust's investments, including **Hongfa Technology**, **Tube Investments**, **Airtac International** (the second largest pneumatic components manufacturer in China) and **KEI Industries** (a large cables and wires manufacturer in India) are likely to benefit from increased investments in these areas.

Looking beyond the repercussions of the Iran conflict, we continue to see exciting opportunities developing across Asia. Growing use of digital services and rising incomes among the middle classes are influencing consumer and corporate behaviour, supporting demand in areas such as financial services, travel and consumer goods. At the same time, investment in digital infrastructure and automation is creating opportunities across industrial and technology-orientated sectors, where well-managed smaller companies can also take meaningful share.

Considered alongside the enduring case for Asian small-cap investing outlined earlier, we believe these trends reinforce the long-term rationale for the Company's strategy. As market leadership broadens and investor focus returns to business fundamentals, we are confident that the portfolio is well positioned to deliver attractive outcomes for shareholders over the coming years.

Sreevardhan Agarwal

FSSA Investment Managers

30 April 2026

List of Quoted Equity Investments

as at 28 February 2026

	% of Shareholders' Funds		% of Shareholders' Funds		% of Shareholders' Funds
Australia (0.7%)		Industrials (8.9%)		Singapore (4.0%)	
Consumer Staples (0.7%)		Escorts Kubota	2.5%	Consumer Staples (1.1%)	
Guzman Y Gomez	0.7%	Godrej Agrovot Ltd	1.6%	Haw Par	1.1%
China (13.7%)		KEI Industries	3.3%	Financials (1.5%)	
Consumer Discretionary (8.1%)		Tube Investments	1.5%	Credit Burea Asia	1.5%
Atour Lifestyle	3.8%	Materials (4.0%)		Information Technology (1.4%)	
DPC Dash	3.8%	Akzo Nobel	1.2%	ASMPT	1.4%
JNBY Design	0.5%	Godrej Industries	1.9%	South Korea (7.0%)	
Consumer Staples (1.2%)		RHI Magnesita India	0.9%	Industrials (5.8%)	
Uni-President China	1.2%	Real Estate (2.2%)		Hansol Chemical	5.8%
Industrials (2.2%)		Oberoi Realty	2.2%	Information Technology (1.2%)	
Hongfa Technology	2.2%	Indonesia (12.2%)		Eugene Technology	1.2%
Information Technology (2.2%)		Consumer Discretionary (4.3%)		Taiwan (8.0%)	
NetEase Cloud Music	2.2%	Sarimelati Kencana	0.5%	Industrials (4.4%)	
Hong Kong (5.4%)		Selamat Sempurna	3.8%	Airtac International	2.5%
Consumer Discretionary (0.5%)		Consumer Staples (4.5%)		Sporton International	1.9%
Fairwood Holdings	0.5%	Hero Supermarket	0.5%	Information Technology (3.6%)	
Industrials (4.9%)		Uni-Charm Indonesia	0.8%	Parade Technologies	0.9%
Haitian International	2.4%	Unilever Indonesia	3.2%	Silergy	2.2%
Impro Precision	2.5%	Financials (3.4%)		Voltronic Power	0.5%
India (29.4%)		Bank OCBC NISP	3.4%	Vietnam (6.3%)	
Consumer Staples (4.1%)		New Zealand (2.3%)		Consumer Discretionary (3.9%)	
Colgate-Palmolive (India)	3.0%	Logistics (2.3%)		Mobile World Investment	3.9%
Radico Khaitan	1.1%	Mainfreight	2.3%	Information Technology (2.4%)	
Financials (5.5%)		Philippines (12.4%)		FPT	2.4%
360 One WAM	0.9%	Consumer Discretionary (0.5%)			
Computer Age Management	2.4%	Max's Group	0.5%		
Crisil Limited	1.3%	Consumer Staples (8.8%)			
Mahindra & Mahindra Financial Services	0.9%	Century Pacific Food	5.4%		
Healthcare (4.7%)		Philippine Seven	3.4%		
Corona Remedies	0.3%	Financials (2.2%)			
Metropolis Healthcare	1.1%	GT Capital	2.2%		
NIVA Bupa Health Insurance	2.2%	Industrials (0.9%)			
Solara Active Pharma	1.1%	Concepcion Industrial	0.9%		

Ten Largest Equity Holdings

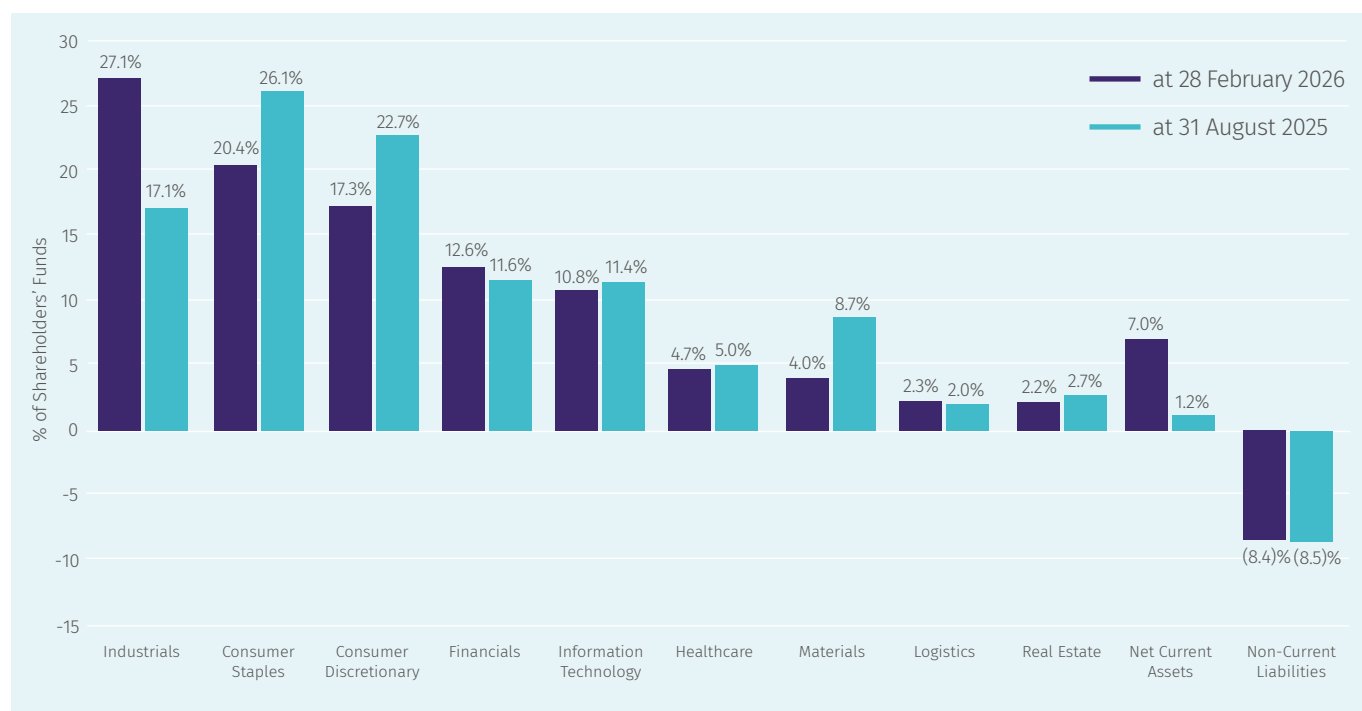
as at 28 February 2026

Company	Country	Sector	Market Valuation £'000	% of Shareholders' Funds
Hansol Chemical	South Korea	Industrials	21,164	5.8
Century Pacific Food	Philippines	Consumer Staples	19,492	5.4
Mobile World Investment	Vietnam	Consumer Discretionary	14,208	3.9
Atour Lifestyle	China	Consumer Discretionary	13,841	3.8
Selamat Sempurna	Indonesia	Consumer Discretionary	13,721	3.8
DPC Dash	China	Consumer Discretionary	13,645	3.8
Philippine Seven	Philippines	Consumer Staples	12,479	3.4
Bank OCBC NISP	Indonesia	Financials	12,271	3.4
KEI Industries	India	Industrials	12,125	3.3
Unilever Indonesia	Indonesia	Consumer Staples	11,356	3.2
Total			144,302	39.8

Sector Allocation

(% of Shareholders' Funds)

as at 28 February 2026



Income Statement

	Six months to 28 February 2026 (unaudited)			Six months to 28 February 2025 (unaudited)		
	Revenue	Capital	Total*	Revenue	Capital	Total*
	£000	£000	£000	£000	£000	£000
Losses on investments	–	(10,288)	(10,288)	–	(7,923)	(7,923)
Income from investments	2,224	–	2,224	2,807	–	2,807
Other income	17	–	17	78	–	78
Investment management fee	(1,359)	–	(1,359)	(1,461)	–	(1,461)
Currency losses	–	(522)	(522)	–	(25)	(25)
Other administrative expenses	(494)	–	(494)	(477)	–	(477)
Net return on ordinary activities before finance costs and taxation	388	(10,810)	(10,422)	947	(7,948)	(7,001)
Finance costs	(416)	–	(416)	(416)	–	(416)
Net return on ordinary activities before taxation	(28)	(10,810)	(10,838)	531	(7,948)	(7,417)
Tax on ordinary activities (note 3)	(136)	1,376	1,240	(265)	3,813	3,548
Net return attributable to equity shareholders	(164)	(9,434)	(9,598)	266	(4,135)	(3,869)
Net return per ordinary share	(0.14)p	(8.33)p	(8.47)p	0.23p†	(3.52)p†	(3.29)p†

* 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. This statement is, therefore, the single statement of comprehensive income of the Company.

All revenue and capital items derive from continuing operations.

† Adjusted for the five for one share split of the ordinary shares on 28 February 2025.

Statement of Financial Position

	At 28 February 2026 (unaudited) £000	At 31 August 2025 (audited) £000
Investments at Fair Value Through Profit of Loss		
Australia	2,540	3,141
China	49,703	93,838
Hong Kong	19,688	9,767
India	106,025	142,990
Indonesia	44,131	45,062
New Zealand	8,470	7,710
Philippines	44,902	46,764
Singapore	14,411	8,992
South Korea	25,349	–
Taiwan	28,704	39,143
Vietnam	22,786	12,210
Total Equities	366,709	409,617
Net Current Assets	25,560	4,543
Non-Current Liabilities (note 3)	(30,469)	(32,293)
Total Assets less Liabilities	361,800	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	312,293	328,341
Revenue reserve	7,337	11,356
Equity Shareholders' Funds	361,800	382,867
Net asset value per share	320.81p	331.72p

Cash Flow Statement

	Note	Six months to 28 February 2026 (unaudited) £000	Six months to 28 February 2025 (unaudited) £000
Net cash outflow from operations before dividends, interest, purchases and sales of investments	8	(1,888)	(2,091)
Dividends received from investments		2,654	3,069
Interest received from deposits		17	78
Cash inflow from operations		783	1,056
Taxation		(141)	(252)
Net cash inflow from operating activities		642	804
Investing activities			
Purchases of investments		(86,284)	(65,329)
Sales of investments		118,803	81,401
Capital gains tax paid on the sale of investments		(447)	(3,069)
Net cash inflow from investing activities		32,072	13,003
Financing activities			
Equity dividend(s) paid		(3,855)	(5,140)
Buyback of ordinary shares		(6,457)	(5,213)
Interest paid		(413)	(425)
Net cash outflow from financing activities		(10,725)	(10,778)
Increase in cash and cash equivalents		21,989	3,029
Cash and cash equivalents at the start of the period		6,650	37,972
Effect of currency losses		(522)	(25)
Cash and cash equivalents at the end of the period*		28,117	40,976

* Cash and cash equivalents represents cash at bank.

Statement of Changes in Equity

for the six months ended 28 February 2026

	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 period	-	-	-	(9,434)	(164)	(9,598)
Transactions with owners recognised directly in equity:						
Dividends paid in the period	-	-	-	-	(3,855)	(3,855)
Buyback of ordinary shares	-	-	-	(6,614)	-	(6,614)
Balance at 28 February 2026	7,853	34,259	58	312,293	7,337	361,800

for the six months ended 28 February 2025

	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 period	-	-	-	(4,135)	266	(3,869)
Transactions with owners recognised directly in equity:						
Dividends paid in the period	-	-	-	-	(5,140)	(5,140)
Buyback of ordinary shares	-	-	-	(5,204)	-	(5,204)
Balance at 28 February 2025	7,853	34,259	58	340,306	6,379	388,855

Changes in Equity Investments

	Valuation at 31 August 2025	Purchases	Sales	Appreciation/ (depreciation)	Valuation at 28 February 2026
	£000	£000	£000	£000	£000
Australia	3,141	–	–	(601)	2,540
China	93,838	14,916	(47,013)	(12,038)	49,703
Hong Kong	9,767	5,646	–	4,275	19,688
India	142,990	26,997	(49,957)	(14,005)	106,025
Indonesia	45,062	1,555	(5,334)	2,848	44,131
New Zealand	7,710	–	–	760	8,470
Philippines	46,764	1,092	–	(2,954)	44,902
Singapore	8,992	4,140	–	1,279	14,411
South Korea	–	16,622	–	8,727	25,349
Taiwan	39,143	4,455	(14,731)	(163)	28,704
Vietnam	12,210	10,652	(1,660)	1,584	22,786
	409,617	86,075	(118,695)	(10,288)	366,709

Notes to Accounts

- 1 The condensed Financial Statements for the six months to 28 February 2026 comprise the Income Statement, Statement of Financial Position, Cash Flow Statement and Statement of Changes in Equity, together with the notes set out below. They have been prepared in accordance with FRS 104 'Interim Financial Reporting', UK Generally Accepted Accounting Principles ("UK GAAP") and the AIC's Statement of Recommended Practice issued in July 2022.
- 2 The position as at 31 August 2025 on page 14 is an abridged version of that contained in the Annual Report and Accounts, which received an unqualified audit report and which have been filed with the Registrar of Companies. This Interim Report has been prepared under the same accounting policies adopted for the year to 31 August 2025.
- 3 The Company has incurred £447,000 of capital gains tax on the sale of investments in the six months to 28 February 2026 (six months to 28 February 2025: £3,069,000).
The Company has recognised a deferred tax liability of £614,000 (31 August 2025: £2,442,000) on capital gains which may arise if Indian investments are sold.
- 4 The return per Ordinary share figure is based on the net loss for the six months to 28 February 2026 of £9,598,000 (six months to 28 February 2025: net loss of £3,869,000) and on 113,289,709 (six months to 28 February 2025: 117,494,515) Ordinary shares, being the weighted average number of Ordinary shares in issue during the respective periods adjusted for the share split on 28 February 2025.
- 5 At 28 February 2026 there were 112,775,482 ordinary shares in issue and 44,292,833 ordinary shares held in Treasury (31 August 2025: 115,116,330 in issue and 41,951,985 held in Treasury). During the six months to 28 February 2026, the Company bought back 2,340,848 ordinary shares (year to 31 August 2025: the Company bought back the equivalent of 2,772,500 ordinary shares (note that shares bought back prior to the share split have been adjusted for comparative purposes)).
- 6 Amounts recognised as distributions in the period:

	At 28 February 2026 £000	At 28 February 2025 £000
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

- 7 Investments in securities are financial assets designated at fair value through profit or loss on initial recognition. In accordance with FRS 102 and FRS 104, 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 to 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

	28 February 2026				31 August 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	334,868	31,841	–	366,709	379,137	30,480	–	409,617
Total	334,868	31,841	–	366,709	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.

- 8 Reconciliation of total return on ordinary activities before finance costs and tax to net cash outflow before dividends, interest, purchases and sales:

	Six months to 28 February 2026 £000	Six months to 28 February 2025 £000
Net return on activities before finance costs and taxation	(10,422)	(7,001)
Net losses on investments	10,288	7,923
Currency losses	522	25
Dividend income	(2,224)	(2,807)
Interest income	(17)	(78)
Decrease in creditors	(7)	(149)
Increase in debtors	(28)	(4)
Net cash outflow from operations before dividends, interest, purchases and sales	(1,888)	(2,091)

Principal Risks and Uncertainties

The principal and emerging risks faced by the Company are; investment objective and strategy, investment performance, financial and economic, share price discount/premium to net asset value, operational and regulatory. These risks have not changed since the publication of the Annual Report and Accounts. The principal and emerging risks and uncertainties facing the Company, together with a summary of the mitigating action the Board takes to manage these risks, are set out on pages 28 and 29 of the Annual Report and Accounts. The Investment Manager monitors portfolio liquidity and manages this to ensure the Company maintains sufficient levels of liquidity to operate effectively. Scottish Oriental's investment portfolio is exposed to market price fluctuations and currency fluctuations which are monitored by the Investment Manager. The Company is also exposed to minimal interest rate risk on interest receivable from bank deposits and interest payable on bank overdraft positions.

Going Concern

After making enquiries and bearing in mind the nature of the Company's business and assets, the Directors believe that the Company has adequate resources to continue operating for at least twelve months from the date of approval of the condensed financial statements. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Directors' Responsibility Statement

The Directors are responsible for preparing the half-yearly financial report in accordance with applicable law and regulations. The Directors confirm that, to the best of their knowledge:

- (a) the condensed set of financial statements within the half-yearly financial report, prepared in accordance with Financial Reporting Standard 104 (Interim Financial Reporting), gives a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- (b) the Interim Management Report includes a fair review of the information required by 4.2.7R of the Financial Conduct Authority's Disclosure Guidance and Transparency Rules (important events that have occurred in the first six months of the Company's financial year, together with their effect on the half-yearly financial statements to 28 February 2026 and a description of the principal risks and uncertainties for the remaining six months of the financial year).
- (c) rule 4.2.8R requires information on related party transactions. No related party transactions have taken place during the first six months of the financial year that have materially affected the financial position of the Company during that period and there have been no changes in the related party transactions described in the last Annual Report and Accounts that could do so.

The half-yearly report for the six months to 28 February 2026 comprises the Interim Management Report, the Directors' Responsibility Statement and a condensed set of financial statements and has not been audited or reviewed by auditors pursuant to the Auditing Practices Board guidance on Review of Interim Financial Information.

By order of the Board

Jeremy Whitley

Chairman

30 April 2026

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 of £3,000 (2026/27 tax year) 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 is 92.59p per ordinary share and 37.05p per warrant.

Where To Find Scottish Oriental's Share Price

The share price can be found on the London Stock Exchange website by using the Company's TIDM code 'SST' within the price search facility.

Websites

Scottish Oriental's website provides up-to-date information on the share price, net asset value and discount. We hope you will visit the Company'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 MSCI AC Asia ex Japan Small Cap Index as its primary comparator.

For comparison purposes, we are also displaying the MSCI 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

Board of Directors

Jeremy Whitley
Andrew Baird
David Benda
Michelle Paisley
Karen Roydon

Company Secretary and Administrator

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Registrar

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Bristol BS99 6ZZ

Depository

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London E14 5JP

Company Website

www.scottishoriental.com

Company Number

SC156108

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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



The Scottish Oriental
Smaller Companies Trust plc