Annual Report 2025

The Scottish Oriental
Smaller Companies Trust plc

Annual Report 2025

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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 2025

Net Asset Value[A]	(1.6)%	MSCI AC Asia ex Japan Small Cap Index (£)	8.2%
Share Price[A]	3.5%	MSCI AC Asia ex Japan Index (£)	16.6%
Final dividend of 2.9p per share		FTSE All-Share Index (£)	12.6%

Summary Data at 31 August 2025

Shares in issue	115,116,330	Shareholders' Funds	£381.9m
Net Asset Value per share	331.7p	Market Capitalisation	£345.3m
Share Price	300.0p	Share Price Discount to Net Asset Value[A]	9.6%
Ongoing Charges Ratio[AB]	0.99%	Active Share (MSCI AC Asia ex Japan Small Cap Index)[C]	97.7%
Ongoing Charges Ratio (excluding performance fee)[AB]	0.99%		

[A] Alternative Performance Measure.

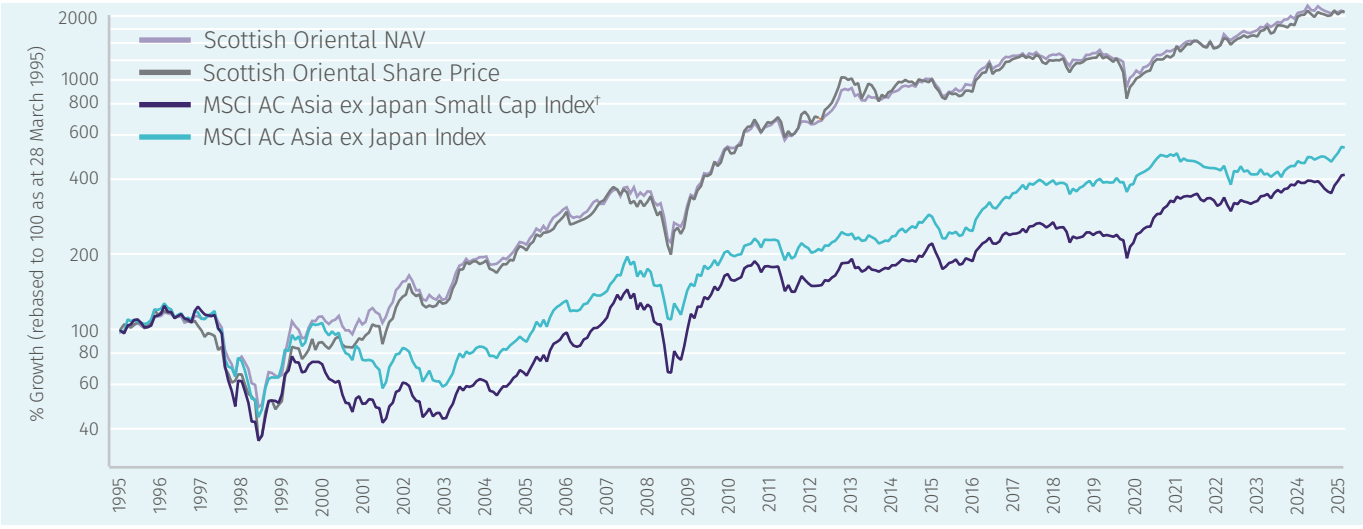
[B] No performance fee is payable for the year ended 31 August 2025 (2024: £98,000), please refer to note 2 on page 55 for more details.

[C] 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 66 to 68.

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

I am pleased to present the Annual Report of the Company for the year ended 31 August 2025, my fourth as Chairman.

Investment Performance

During the year under review the Company's Net Asset Value ('NAV') Total Return decreased by 1.6 per cent. This was disappointing compared to the returns of the MSCI AC Asia ex Japan Small Cap Index, the MSCI AC Asia ex Japan Index, and the FTSE All-Share Index which were 8.2 per cent, 16.6 per cent and 12.6 per cent respectively during the same period. The Company's share price rose by 2.0 per cent during the period under review, which, including the dividend, produced a Share Price Total Return of 3.5 per cent.

In the year to 31 August 2025, Asian equity markets were positive overall but volatile, with performance led by a narrow group of larger technology stocks, particularly in China. This concentration of returns was also a theme within smaller companies where those exposed to the semi-conductor and artificial intelligence sectors did particularly well in the second half of the year. While this backdrop proved challenging, our Portfolio Managers — who are bottom-up investors — remained focused on identifying well-run businesses with strong competitive advantages and the ability to deliver attractive returns on capital. Market volatility during the year provided opportunities to add to such quality companies at more appealing valuations, even if these investments have yet to be reflected in short-term market performance. We remain confident that smaller, well-managed Asian companies offer compelling long-term potential, particularly where they are supported by powerful structural and demographic growth trends.

In their report starting on page 6, the Portfolio Managers provide an interesting review of the history of the Company which explains how the portfolio has evolved since the launch of the Company, and the challenges which they have faced. Whilst they do highlight mistakes over this period, these mistakes have helped the Portfolio Managers to learn and identify potential "red-flags" ahead of any new investment. Despite the challenges faced, the Company has been one of the top performing investment trusts since its launch in 1995[1].

I would encourage shareholders to keep up to date on the performance of the portfolio through the Company's website at **www.scottishoriental.com**.

Discount Management

Although investment performance has not been as strong as in previous years, it is welcome to report that the share price discount to NAV had substantially narrowed to 9.6 per cent as at 31 August 2025 (31 August 2024: 14.0 per cent).

During the year, the Company bought back 2,772,500[2] ordinary shares representing 2.4 per cent of shares in issue as at 31 August 2024. The Company's average discount during the period was 14.2 per cent (2024: 14.5 per cent). The Board continues to use discretion to re-purchase shares in the market in order to help manage both the level and volatility of the discount.

Since the year end the Company's discount has widened to 13.1 per cent and the Company has increased the rate and quantum of buybacks, repurchasing a further 1,235,848 shares.

Marketing

The Board, together with the Investment Manager, place emphasis on raising the Company's profile and engaging effectively with both existing and potential shareholders through a proactive marketing campaign.

Building on the progress achieved under the refreshed marketing strategy a further phase of the marketing campaign went live in October 2025. This phase will continue to raise awareness of the Company with a focus on print and digital media across various target publications such as FT, Yahoo Finance, Reddit, The Telegraph, The Times and Investors Chronicle.

Both the Board and the Manager are committing additional resources to support the ongoing marketing activities with the aim of attracting new shareholders.

Revenue and Final Dividend

The Company's revenue earnings have decreased from 5.55p per share to 4.51p per share. Although revenue has decreased, it has remained strong enough to allow the Board to propose an increased final dividend of 2.9p per share (2024: 2.8p[2]). Following a reduction in special dividends received in the year to 31 August 2025 the Board proposes a reduced special dividend of 0.5p per share (2024: 1.6p[2]). The final and special dividends will be paid on 6 February 2026 to shareholders on the register as at 9 January 2026.

1 AIC – The 50 investment trusts that would have made you an ISA millionaire

2 Adjusted for the five-for-one share split

Chairman's Statement cont'd

Share Split

At the Company's Annual General Meeting held on 29 January 2025, shareholders approved a five for one share split. The Company's share price had risen to £14.65 (as at 29 January 2025) and the share split was implemented with the aim of assisting monthly savers and those who reinvest their dividends or are looking to reinvest smaller amounts. In addition, the share split should improve liquidity in the Company's shares to the benefit of all shareholders.

Board Composition

The Board's composition is undergoing a planned period of transition to ensure continuity and ongoing effectiveness. Having advised that she will be unable to continue to devote the necessary time to Board duties due to family commitments, Uma Bhugtiar retired from the Board on 28 October 2025. Andrew Baird, who has served on the Board since June 2017, will retire in June 2026. To ensure succession planning is implemented in a phased manner, I, as Chairman, having served on the Board since March 2017, intend to retire in June 2027.

The Board has commenced a recruitment process to identify and appoint suitably qualified successors in advance of these planned retirements, to maintain an appropriate balance of skills, experience and independence. An update on this process will be provided in due course.

Annual General Meeting

The Annual General Meeting ('AGM') of the shareholders of the Company will be held on Wednesday, 28 January 2026 at the offices of Juniper Partners, 28 Walker Street, Edinburgh at 12.15pm. The Board looks forward to meeting as many of you as possible who can attend the meeting in person.

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

Jeremy Whitley
Chairman

11 November 2025

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.

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 Asian smaller-companies and Indian equities. 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 First Sentier funds, based in Hong Kong. He has more than 24 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 (2024: 3,015,775[1]) in the Company.

[1] Adjusted for the five-for-one share split

Portfolio Managers' Report

In this report, we address the following topics:

Company Performance
History doesn't repeat, but it rhymes
Recent Portfolio Activity
Ten Largest Investments as at 31 August 2025
Sector & Geographic Analysis
Portfolio Outlook

1. Company Performance

Scottish Oriental's performance was disappointing over the past year. Its net asset value fell by 1.6%, compared to a gain of 8.2% in the MSCI AC Asia ex Japan Small Cap Index. In particular, during the second half of the reporting period (subsequent to "Liberation Day" in the United States of America), we witnessed a sharp concentration in returns favouring semiconductor and artificial intelligence related companies in Taiwan, Korea and China. The Trust's exposure to these sectors is low. In contrast, smaller companies in India, Indonesia and the Philippines, particularly those in the consumer sectors, did not keep pace with the returns delivered by the index. This trend of weak relative performance for Scottish Oriental has persisted subsequent to the reporting period as well.

Over the thirty years during which the Trust has operated, we have witnessed similar periods of exaggerated expectations, particularly during times of technology change. The investment philosophy and process which guide our portfolio decisions remain unchanged.

We continue to spend our time meeting companies across markets, with recent visits to all the Asian economies to which the Trust is exposed. These visits have led to robust idea generation across a range of sectors. Scottish Oriental's portfolio comprises a group of market-leading businesses in under-penetrated categories. These companies are led by experienced management teams, operate in large addressable markets with significant growth opportunities and have a track record of earning high returns on capital employed (ROCE) based on disciplined capital allocation. We are excited about their potential to emerge as the large companies of the future.

Top Five Contributors

Company	Country	Sector	Absolute Return (Sterling) %	Contribution Performance %
NetEase Cloud Music	China	Communication Services	180.2	3.8
DPC Dash	China	Consumer Discretionary	28.7	2.3
Uni-President China	China	Consumer Staples	37.4	1.9
JNBY Design	China	Consumer Discretionary	58.6	1.9
Radico Khaitan	India	Consumer Staples	35.3	0.6

The key contributors for Scottish Oriental's performance include:

NetEase Cloud Music is the second-largest online music platform in China, and is part of an attractive duopoly with Tencent, the market leader, which gives both firms strong pricing power. The company reported strong growth in profits in 2025 thanks to an increasing number of paying subscribers. Non-subscription music revenue also grew, due to a rise in digital album sales, but revenue from other areas, such as social entertainment services, declined. The company is optimising its strategy to focus on its core music business, where we see further revenue upside potential, as a result of the platform's young user base and high retention rate.

DPC Dash is the exclusive franchise operator of Domino's Pizza in China. Its shares rose this year owing to strong store profitability, which exceeded analyst expectations. The company continued to show strong momentum in new openings, adding 190 stores in the first half of the year. DPC Dash now operates more than 1,000 stores across China and boasts increasing brand recognition and customer loyalty.

"During 2024, we strategically accelerated our expansion while maintaining our relentless focus on operational excellence and profitability. According to Frost & Sullivan, Domino's Pizza is now ranked second nationally based on 2024 pizza sales in China... In January 2025 alone, we entered six new cities, demonstrating continued momentum in our expansion strategy. While the consumption environment in China remains dynamic, we believe our proven business model and operational experience position us well to move forward."

Frank Paul Krasovec, Chairman; Aileen Wang, CEO
DPC Dash Annual Report, 2024

Uni-President China, which operates leading instant noodle and beverage brands in China, rose after reporting consistent growth led by stronger distribution and market share gains compared to its leading competitor.

JNBY Design is the leading premium fashion apparel retailer in China. The company's shares rose after it posted an increase in revenues and profits. JNBY continued to benefit from the strength of its product portfolio, which encompasses diverse brands that cater to different demographics, and from customers enrolled in its annual membership scheme.

Radico Khaitan is one of the largest spirits companies in India, whose flagship product, Magic Moments, is the leading vodka brand in the country. Its shares rose after it reported strong sales and market-share gains despite subdued consumer sentiment in its domestic market. The company also shared an optimistic outlook for its portfolio of premium-brand spirits, driven by ongoing premiumisation and demographic tailwinds.

"Structurally, the industry is undergoing a significant transformation, driven by rising affluence, evolving consumer preferences and regulatory progress. Premium, craft and heritage spirits are gaining ground, supported by an expanding modern retail footprint... Radico Khaitan is well positioned to lead this next phase with a strong brand portfolio, operational excellence and consumer-centric innovation."

Lalit Khaitan, Chairman and Managing Director
Radico Khaitan Annual Report, 2025

Portfolio Managers' Report cont'd

Top Five Detractors

Company	Country	Sector	Absolute Return (Sterling) %	Contribution Performance %
Colgate-Palmolive (India)	India	Consumer Discretionary	-40.1	-2.1
Philippine Seven	Philippines	Consumer Staples	-31.6	-1.5
Uni-Charm Indonesia	Indonesia	Consumer Staples	-55.9	-1.0
Whirlpool of India	India	Consumer Discretionary	-46.6	-0.7
Kansai Nerolac Paints	India	Materials	-24.3	-0.7

Colgate-Palmolive (India) is the leader in oral care in India. After a period of exceptional performance, the company's shares declined in 2025 due to greater competition and concerns about its growth in light of the challenging demand environment. However, the company maintains a solid franchise with high barriers to entry. It is currently working on a reformulation of key products such as Colgate Strong Teeth toothpaste, which will provide higher efficacy and improved taste and should help drive improvements in sales growth. The recent reduction in Goods & Services Tax in the oral care category is likely to improve product affordability and support a revival in demand.

Philippine Seven is the exclusive franchise operator for 7-Eleven stores in the Philippines. The company's shares declined after it reported disappointing earnings results. Same-store sales fell due to a mixture of factors, including a disruption to the real estate market in Metro Manila, and a problem with the e-wallet system used by the chain's payments partner. Seasonal typhoons also had an impact in July and August 2025. However, the group continues to expand its store-count lead over its competitors, and we believe the risk-reward looks compelling at current valuations.

Uni-Charm Indonesia has a dominant position in the sale of sanitary products in Indonesia, led by the premium brand positioning and technology of its parent, Unicharm Japan. The company reported a fall in revenues and profits in 2025, as it grappled with increasing competition from local peers, which engaged in aggressive distribution and pricing strategies.

Whirlpool of India has a strong position in several consumer durable products in India, such as refrigerators, washing machines and air conditioners. The company reported an improvement in its profitability and market shares during the year. However, its share price declined as its parent, Whirlpool Corporation, announced a planned reduction in its stake in the business, to de-leverage its balance sheet.

Kansai Nerolac Paints is a leading Indian manufacturer of decorative paints and industrial and automotive coatings. The company registered disappointing sales in its decorative paints business due to subdued consumer sentiment, increased competition, and operational disruptions in the north of the country amid geopolitical tensions between India and Pakistan. However, the company's longer-term prospects look bright, particularly in its automotive and industrial businesses, which continue to benefit from ongoing premiumisation trends in India.

"Geopolitical tensions continue to present potential risks, impacting supply chains and raw material sourcing. In this context, strategic foresight and operational agility will be critical in ensuring business continuity and building long-term resilience.... Despite existing challenges, the paint industry is well positioned for sustained growth as it adapts its strategies to leverage emerging opportunities in both urban and rural markets."

Pravin Chaudhari, Managing Director
Kansai Nerolac Paints Annual Report, 2025

KANSAI NEROLAC PAINTS LIMITED

2. History doesn't repeat, but it rhymes:

30 years of investing in Asian Smaller Companies

As 2025 marks the thirtieth anniversary of the founding of Scottish Oriental, this is a good time to look back at the history of the Trust and the factors that have helped and hindered our investments in Asian smaller companies during the period.

Over the past three decades, Asia has transformed beyond recognition. The Trust has witnessed the currency collapses of the Asian Financial Crisis, the tech-driven boom and bust of the dotcom era, the upheavals of the Global Financial Crisis, and the wrenching dislocations that followed the outbreaks of SARS and Covid-19. We have watched China's ascent to become a technological superpower and India's emergence as a regional growth engine.

While these events have posed challenges, they have also created immense opportunities. As bottom-up investors, we are constantly on the lookout for well-run businesses with strong competitive advantages and the ability to deliver attractive returns on capital. In this section, we review the evolution of the portfolio since 1995 and lessons we have learnt from managing the Trust's assets through periods of both profound crisis and robust growth. At a time when hype around new technology is once again fuelling an investor frenzy, the past may well prove to be a useful guide.

1995-1999: After launch, an immediate test

When Scottish Oriental was established in March 1995, the investing landscape in Asia looked very different from today. Hong Kong was still a British colony, with the China handover still two years away. Markets that have since become mainstays of global investment portfolios – including mainland China, India, South Korea and Taiwan – were difficult for foreign equity investors to access. Others, including Vietnam, Pakistan and Bangladesh, were closed to foreigners altogether.

This context shaped how the Trust deployed its initial £23.7 million in capital. Hong Kong and Singapore, which boasted relatively well-developed stock markets and a growing number of listed smaller companies, received the bulk of the investment. By contrast, mainland China and India combined accounted for a mere 1.6% of the portfolio by the close of the Trust's first financial year.

At this early stage, the portfolio was spread across a large number of holdings – over 100 in total – partly as a way to diversify risk at a time when many smaller Asian firms had short trading records and had yet to be tested in difficult market conditions.

We did not need to wait long for such conditions to arrive. In July 1997, the Thai government, grappling with a widening current account deficit, was forced to sharply devalue the baht. This move catalysed the Asian Financial Crisis. On the eve of the crisis, 18% of Scottish Oriental's investment portfolio was held in Thailand, and more than 55% in the broader Southeast Asian region. Net asset value plunged 57.3% in the 1998 financial year. But the investment team's long-term, fundamentals-orientated philosophy came into its own amid the fallout, as opportunities emerged to buy strong companies at a discount. "For those willing to trawl the regional markets for smaller fry, there are exceptional bargains to be found," portfolio managers wrote in their yearly review, pointing to their confidence in the high-quality management teams among holdings. "When the economic recovery comes – and it will – we expect that profit growth and subsequent stock market re-ratings will astound even the most optimistic investor."

The following year, a rebound in the value of the Trust's holdings bore this prediction out: net asset value rose by 112%, and the share price by 145%. The crisis had proved a useful stress-test, not just of the Trust's nascent portfolio, but of the wider universe of smaller Asian companies.

2000-2004: From the dotcom bubble to the China boom

By 2000, Asian markets were frothy with investor exuberance once again. The excitement surrounding Silicon Valley Internet companies spilled over into Asia, with sharp rises in the valuations of tech-related stocks, particularly those in India and Taiwan.

Portfolio Managers' Report cont'd

The dotcom bubble burst in March of that year, when the US tech index corrected and the value of many popular internet stocks collapsed, contributing to a US recession over the subsequent months. Global growth slowed and Asian markets fell sharply, but Scottish Oriental preserved capital, largely thanks to disciplined stock selection. Holdings in companies exposed to domestic consumption, which remained resilient across the region were major contributors to overall returns. We also began to find more attractive opportunities in India, where corporate governance was improving and smaller companies were starting to benefit from trends such as the rise in service-sector outsourcing among large Western firms.

2005-2009: A focus on resilience

By the time of the Trust's tenth anniversary in 2005, the investment team observed positive longer-term structural developments such as a fall in corporate debt and a flourishing dividend culture in many parts of Asia. Nevertheless, valuations were becoming steep.

By August 2007, the Portfolio Manager's Review was questioning "the investment community's appetite for risk" in the face of "the deteriorating outlook for America's sub-prime debt market". That year, the Trust sold shares in several Chinese companies on fundamental valuation grounds, mostly those with exposure to the US economy. "In its pursuit of capital preservation as well as growth, the Trust's Board and its Investment Manager have always accepted that it is sometimes necessary to forego short-term gains," as the Review put it.

Over the following two years, as the Global Financial Crisis engulfed the world's markets, the investment team strived to maintain its focus on companies with robust franchises and low debt burdens. Scottish Oriental's enduring commitment to consumer-facing firms in Southeast Asia through this challenging time reflected our belief that citizens, companies and policymakers in the region had learned valuable lessons from the Asian Financial Crisis. Having suffered through that episode, households had generally kept their savings high and their debts low; companies, too, were far less leveraged than they had been a decade earlier.

The portfolio's exposure to these kinds of firms was a factor in the Trust's outperformance when market sentiment turned in 2009. Scottish Oriental's net asset value increased 20% that year (compared with a rise of 9% for the MSCI Asia ex-Japan Index and 19.2% for the MSCI Asia ex-Japan Small Cap Index), with holdings in Thailand, Malaysia, Indonesia and the Philippines among the positive contributors.

2010-2014: A pivot to India

Companies in Taiwan and South Korea began to account for a larger proportion of the portfolio during this decade. The most significant shift, however, was the increase in the Trust's allocation to India, which leapt from 1.5% of the portfolio in 2012 to 10.7% in 2013.

While the Portfolio Manager Review of that year noted increasing appetite across the country for much-needed political reforms, the rise in India exposure was not a "top down" bet on the direction of the Indian economy. As always, the Trust's asset allocation was a function of the investment team's stock selections, and we had begun to identify numerous high-quality Indian franchises that would be able to prosper even in the event that GDP growth remained soft.

2015-2019: Consolidation of the portfolio

This period saw a gradual shift in the portfolio, away from mature economies in ASEAN to India, Indonesia, Philippines and China. Many consumer companies had reached expensive valuations after many years of strong consumer spending in the Association of Southeast Asian Nations (ASEAN) region; around this time, we also noticed declining earnings growth among firms with operations in important markets such as Singapore and Malaysia, as these economies matured.

Steering clear of such value traps, we began to consolidate our Southeast Asia holdings into higher-conviction investments in Indonesia and the Philippines. These markets had much lower penetration levels across categories which provided companies with a stronger runway for growth.

Troubled by a rise in debt across the region in these volatile circumstances, we prioritised investments in companies with net-cash balance sheets and paid careful attention to firms that looked at risk of being caught in the geopolitical crossfire. We undertook an in-depth review of the portfolio in 2019, stepping up our meetings with management teams to assess their fitness for purpose in an increasingly challenging macroeconomic environment. In cases where we couldn't build true conviction in a company's prospects, we opted to divest. The Trust's portfolio was also consolidated significantly, with the share of the top ten and twenty holdings increasing consistently, following increased conviction in their prospects.

2020-2024: The pandemic and recovery

Like many crises, the Covid-19 pandemic happened gradually, then suddenly. Rumours of a virus circulating in central China quickly gave way to global panic, as governments around the world imposed movement restrictions to curb transmission. In most cases, the testing conditions of the pandemic reassured us of the strengths of key holdings, and we saw opportunities to deploy the dry powder we had built up before the crisis hit. While movement restrictions in India, Philippines and Indonesia continued to affect our investments in those markets into 2022, the broader portfolio performed well in both absolute and relative terms between 2021 and 2024. As the crisis eased and economies reopened, we resumed in-person meetings and spotted an increasing number of interesting opportunities in China, where some smaller companies were showing an ability to grow consistently through gaining market share despite the weak performance of the Chinese economy. Examples included **DPC Dash**, the exclusive franchise operator of Domino's Pizza in China, and online music platform **NetEase Cloud Music**.

We funded these purchases partly by selling some of our Indian holdings, which had risen to unreasonably high valuations. Although India continued to be the portfolio's top country exposure, we also added some geographic diversification, taking advantage of greater flexibility in the Trust's mandate to acquire our first, small position in New Zealand in 2024.

Staying the course: 2025 and beyond

Comparing the Trust's holdings in 2025 with its first investments in 1995, it's difficult not to be struck by the differences. Thanks to our efforts to consolidate into higher-conviction holdings, there are now just 55 companies in the portfolio, down from over 100 in 1995, and the top 10 investments account for 40% of shareholders' funds, compared with just over 22% three decades ago. Exposure to mainland China and India has risen from 2% to over 60%, reflecting the staggering economic expansion and rapid pace of new company formation in these countries over the last 30 years.

Despite the changes, the Scottish Oriental portfolio remains the outcome of the same bottom-up, long-term, conservative methodology that has driven the Trust's investments since the beginning. The rationale behind our holdings – businesses that are well managed by executives with whom we feel aligned as minority shareholders, many of them strong franchises in under-penetrated consumer categories with long runways for growth – would have been immediately recognisable to the Trust's first investment team three decades ago. While the investment philosophy and process remain unchanged, the economic landscape in Asia is evolving rapidly. This is creating opportunities for the Trust. Some of these changes are detailed below.

(1) The consumer landscape across the region is evolving. As per-capita incomes in the region have grown, consumers in large Asian economies such as China and India are rapidly shifting from consumer staples to more discretionary forms of consumption. This has led to rapid growth in domestic travel, leading to **Atour Lifestyle** expanding its network of managed hotels in China. In India, the property cycle remains robust, with aspirational consumers buying their first homes. This is leading to robust growth in demand for air-conditioners, paints and wires & cables, which has been a tailwind for companies including **Blue Star**, **Akzo Nobel** and **KEI Industries**. The recent initiative of the Indian government to reduce indirect taxes across several consumer categories is expected to spur consumption in the country.

(2) The changes in global supply-chains started with the inception of the trade tensions in 2018 and have accelerated recently. Over this period, manufacturers in Asia have invested in technology, expanded their product portfolios and used their cost-efficiency to enhance their competitiveness. They are also using their market-leadership in their domestic businesses as a launchpad to build larger operations globally. This includes companies such as **Hongfa Technology**, which has emerged as the market leader in manufacturing relays, **Airtac International**, one of the largest pneumatic component manufacturers in China, and **Haitian International**, the world's largest manufacturer of plastic injection moulding machines. As their customers navigate a more complex trade situation by optimising their manufacturing footprint, these companies are gaining market share in their respective categories.

(3) A marked shift has been the increasing technological intensity among enterprises and the daily lives of consumers. This has thrown up several opportunities for us. It includes the emergence of new consumer platforms, such as **NetEase Cloud Music**, a leading music streaming platform in China which has built a strong proposition for younger consumers. The proliferation of consumer hardware and penetration of technology into areas such as automotive and industrial applications, has also created tailwinds for companies such as **Silergy** and **Sporton International**, which have strong positions in different parts of the value-chain from designing integrated circuits to testing consumer products. Enterprises have also required increased support as they navigate changes in the technology landscape, from the emergence of digital applications to the transition to cloud-based technology infrastructure. **FPT** in Vietnam has built a leading position in helping Japanese enterprises adapt to these emerging technologies, which it is now using to expand to other large global markets.

An equally relevant aspect of the Trust's evolution over the past thirty years is the mistakes we have made. While painful, the lessons learnt from these have helped to strengthen our investment process and informed our portfolio construction today.

Learning the lessons: Three big investment mistakes

While there is much to be proud of in our record of managing Scottish Oriental's portfolio since 1995, we must also acknowledge some significant investment mistakes over the last 30 years. Looking back, these have tended to fall into three broad categories.

First, *investing in companies with a limited track record*. While we prefer to invest in firms that have proven their ability to generate cashflows and deliver returns on capital over the long term, we occasionally make exceptions where we see emerging opportunities. But this has led to some missteps.

The most relevant example here is India's **Solara Active Pharma**, in which we took a stake in 2021. The opportunity for the company was to supply active pharmaceutical ingredients to large global customers, who were looking for alternative supply sources due to the shutdowns in China during the pandemic. Due to the company's limited track record, we were unable to assess the extent of exceptional demand they were witnessing. As the Covid-19 related restrictions eased, demand moderated back to historical levels. Only a matter of months later, the company reported a decline in sales, owing to oversupply of its main product; it also wrote down the value of its inventory.

The lesson we have learnt is that to avoid investing in newly listed companies unless we have spent a few years observing the track record of the business and the management team. As a result, we started engaging with the management of **Niva Bupa Health Insurance** in 2021, three years before the business listed in India. Our engagements with its management team, reference checks with competitors, discussions with its existing shareholders as well as retired members of its Board of Directors helped us gain conviction in the long-term opportunity for health insurance in India, the strong pedigree of its management, as well as the support from Bupa, its largest shareholder. This allowed us to participate in its Initial Public Offer in 2024 and we have added to the Trust's holdings subsequently.

Second, *investing in companies that expand too aggressively, taking on too much debt*. As long-term investors, we tend to prefer firms that can deliver steady organic growth over many years, rather than those that chase outsized returns in the short term, but we have on occasion mistaken the latter for the former. One such company was **Ezion Holdings**, an engineering procurement and construction (EPC) business operating in the oil & gas industry. The management had used debt to expand its operations. When oil prices declined in 2015, many of its customers delayed payments, leading to a stretched working capital position and further increase in Ezion's debt levels. While we exited the holding before its financial position deteriorated, the lesson learnt was to avoid owning businesses with leveraged balance sheets. This remains a key tenet of our investment process, and almost all of Scottish Oriental's portfolio companies today operate with net-cash balance sheets. This allowed the Trust's holdings to gain market share during periods of disruption such as the Covid-19 pandemic, as their smaller competitors with stretched balance sheets are often unable to survive such periods.

A related mistake is *picking the wrong owners and managers*. Due diligence on management teams is a key pillar of our investment approach. Having built strong networks across the region, we routinely meet not only the senior executives of prospective holdings, but also their suppliers, customers, competitors and distributors, in the interests of building a rounded picture of the reputation of management teams.

This doesn't mean we always make the right calls. We have occasionally misjudged management quality in our haste to take advantage of a seemingly unmissable opportunity. For instance, we initiated a position in Philippines cement producer **Cemex Holdings** in 2017. The main problem was a lack of alignment with the company's management. This included their decision to avail of a US$75m revolving credit facility from a related party to the company and an unjustifiably hefty 5% annual royalty being extracted from the business by its parent. Following this experience, we became increasingly proactive about engaging with management teams through letters on issues ranging from the composition of their Board of Directors to remuneration policies, environmental practices and capital allocation issues. Through these engagements, we observe the approach of the owners and managers in dealing with their stakeholders. In some cases, such as **Century Pacific Food** in the Philippines, our conviction in the quality of stewardship of the management was strengthened by our engagement on issues including related party transactions, environmental and social practices. The company's majority owners agreed to inject a privately owned business, at book value, into the listed company to enhance alignment with minority shareholders. Our subsequent engagements on their environmental and social practices, including the risks of modern slavery in the fisheries supply chain, also convinced us of their willingness to look beyond the immediate quarters to issues which can impact the company's social license to operate over the long term. Given the substantial growth opportunity in its categories as well as the quality of its management team, we added to the Trust's holding in the company. We continually engage with each of the Trust's portfolio companies on issues of strategic relevance. These engagements also help us build strong relationships with their leadership teams and aid us in our decision making process.

3. Recent Portfolio Activity

The team undertook a busy programme of research visits to Asian countries this year. We identified particularly attractive opportunities in China, where valuations continue to look relatively cheap despite an upturn in market performance in 2025 following government efforts to strengthen the economic recovery via policies to support consumer demand. The team also found attractive buying opportunities in other markets including India, Taiwan and Australia.

Among the China additions was **Haitian International**, the global market leader in plastic injection moulding machines. The company's long-term track record is decent, and strong recent orders suggest it is emerging from an industry down-cycle. We believe continued domestic market share gains, product upgrades and expansion into overseas countries – where the company's market share is currently small – could fuel future growth.

Atour Lifestyle is a Chinese asset-light hotel management company, which offers premium services to hotel franchisees. Atour works with the franchisee to source new properties, then sends two hotel managers to oversee the property, instil premium services and deliver training to the rest of the hotel staff. Atour has developed a membership program to create a lower-cost distribution channel, passing on the cost savings to both hotel guests (who benefit from lower room prices) and hotel franchisees (in the form of lower booking fees). This fosters greater loyalty to the Atour brand, which attracts more guests and franchisees, resulting in a natural flywheel effect. We believe Atour will continue to benefit from a broader consumption upgrade trend in China over the coming years, as travellers demand better rooms and services.

Stella Holdings is a Chinese manufacturer of shoes for leading global brands, ranging from Nike to the luxury conglomerate Louis Vuitton Moët Hennessy. The current CEO is the nephew of one of the founders and has been leading the firm since 2019. We think this generational change has been positive, with the focus shifting from casual shoes to sports, fashion and luxury segments, which have higher gross margins and lower working capital needs. Our channel checks indicate the firm's culture is stable and risk-aware. Valuations are attractive, and the firm is returning cash to shareholders via special dividends and buybacks.

Portfolio Managers' Report cont'd

Voltronic Power is a leading Taiwanese original design manufacturer of uninterruptible power supply (UPS) devices, which provide backup protection for electronic equipment in the event of a failure in the main power source. The company has an exceptional culture and a strong track record of execution, having successfully gained wallet share over recent years thanks to its focus on good customer service and the cost advantage it offers versus peers. Voltronic faces limited direct competition and should continue to benefit from a steady growth in demand.

Sporton International is a leading electromagnetic testing company in Taiwan, focused on the mobile smartphone and electronics industries. It has high market share in this lucrative niche and is strongly cash generative, delivering consistently high return on capital employed and offering decent shareholder returns. The advent of augmented-reality glasses and AI-powered devices could provide the company with new opportunities for growth in the future.

Our India purchases included **Niva Bupa Health Insurance**, a leading health insurance company that is majority owned by Bupa. It has been consistently gaining market share in the under-penetrated health insurance segment. India's per capita spending on health insurance is much lower than other emerging economies – at US$22, compared with $126 in Thailand, $155 in Mexico and $200 in China – which suggests Niva Bupa should have a long runway for growth.

Godrej Agrovet Ltd is a diversified agricultural business in India that has undergone strategic changes in recent years. Now under new management, the company is taking steps to simplify its operations and improve its return on capital employed. Godrej is seeing especially strong growth in its palm oil business, where it is planning to move away from selling commoditised crude palm oil towards more value-added products.

KEI Industries is a leading Indian cables and wires company. The company started as an institutional / tender business, which evolved into a diversified retail franchise. Its track record of growth and return on capital employed has been solid, while customer concentration has reduced and cash conversion has improved. The company is now expanding into high-voltage cables, which can be used in data centres and electric-vehicle charging stations. We believe the quality of the business has increased significantly in recent years, and it still has room to grow.

Crisil Limited is the largest credit-rating agency in India, majority owned by S&P Global. The company's impressive management has built the business over two decades through astute M&A and organic expansion into new segments. Today, 40% of Crisil's profit derives from its domestic ratings business, which is in a strong position and should sustain steady growth and attractive profitability. The remaining 60% derives from its global research business, which faces tougher challenges in the short term. Nevertheless, we are confident Crisil will be able to successfully access new client segments such as commercial banks and wealth managers in the US.

Unilever Indonesia has been the market leader in the Indonesian fast moving consumer goods (FMCG) industry for several decades. Ten years ago, it was a very successful and highly rated company, and we owned it in the portfolio. We sold after the company became complacent thanks to its very high margins and market share. However, it is now taking steps to improve its growth prospects in what is an increasingly competitive consumer market in Indonesia, and we were able to acquire a stake at an attractive valuation.

GT Capital is a Philippines conglomerate which owns a majority stake in Toyota Motor Philippines and a significant stake in Metropolitan Bank, as well as operations in insurance, real estate and infrastructure. The owning family has built up a decent track record of capital allocation in challenging economic circumstances; several of the company's businesses enjoy strong market positions and are set to benefit from steady growth. The family's overall strategic approach is admirably conservative, and it has undertaken significant deleveraging of the balance sheet in recent years.

Mobile World Investment is a leading electronics retailer in Vietnam. We have been impressed by the company's robust track record of organic growth, its customer-focused culture and the strong alignment we share with its core management team, which has been in place for two decades. We regard Chairman Nguyen Duc Tai and his team as among the most capable leaders in Vietnam's retail landscape. As well as strong growth in its core business, Mobile World is currently benefiting from continued store expansion and increased profits at Bach Hoa Xanh, its emerging grocery business.

Guzman Y Gomez is the leading Mexican-focused quick service restaurant (QSR) operator in Australia. The company has received a positive customer response to its offering of fast food without added preservatives, additives and colours. We believe it has the potential to be significantly larger than its current size, and have confidence in its high-quality management team, which is committed to creating a durable brand that will endure over decades, in both Australia and other target markets such as the US.

Sales

We disposed of three Indian holdings during the period. IT services firm **Mphasis** was sold after its valuations increased to what we perceived as expensive levels; similarly, we divested **United Breweries** due to its expensive valuations. As for **Honasa Consumer**, a beauty and personal care firm, we sold because our faith in the company's management had diminished and we lacked confidence it could replicate its success in the online and direct-to-consumer channels in offline retail.

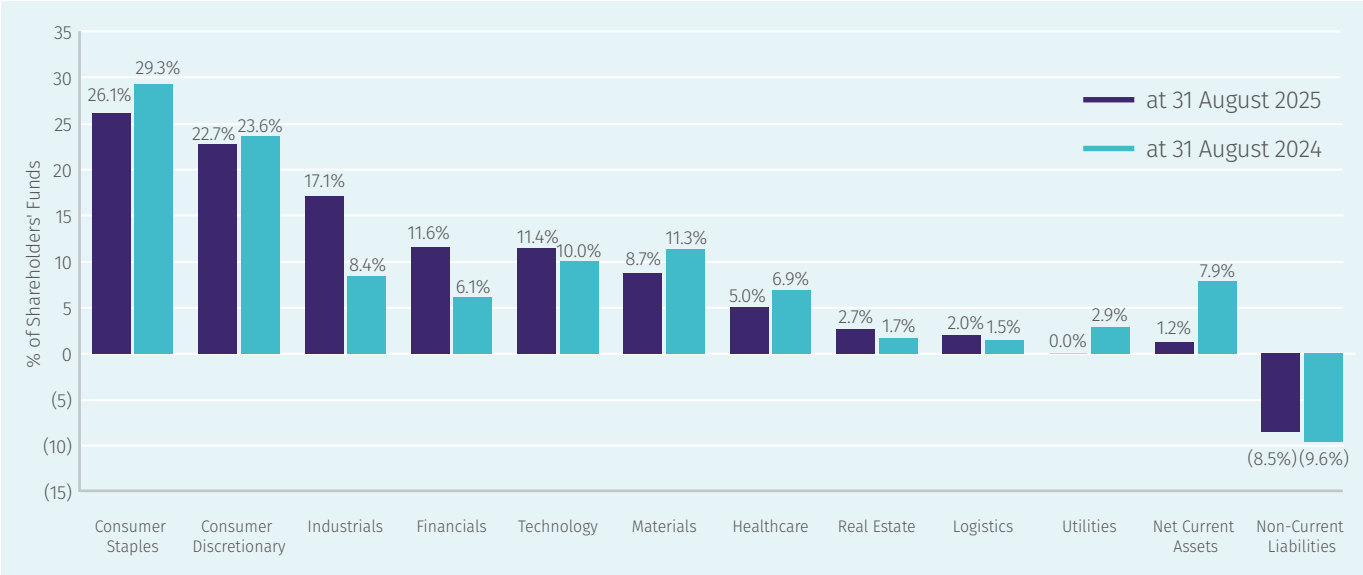
Other sales included Indonesia's **Avia Avian**, a paint and coatings manufacturer, due to concerns about weak growth. We also sold a number of smaller holdings as part of continuing efforts to consolidate the portfolio into higher-conviction positions, including instant noodles brand **Nissin Foods** (Hong Kong), the city gas distribution company **Mahanagar Gas** (India), automotive components retailer **Astra Otoparts** (Indonesia), materials firm **Tokai Carbon Korea** and sporting apparel manufacturer **Misto Holdings** (South Korea).

4. Ten Largest Investments as at 31 August 2025

Name	Country	Sector	% of Shareholders' Funds
DPC Dash	**China**	**Consumer Discretionary**	**6.3**
DPC Dash is the exclusive franchise operator for Domino's Pizza stores in China. It is leading the development of the pizza category in China.			
Uni-President China	**China**	**Consumer Staples**	**5.7**
The company operates leading instant noodle and beverage brands in China. Its management is focused on launching premium products which earn higher margins, while strengthening the company's distribution in emerging channels.			
Philippine Seven	**Philippines**	**Consumer Staples**	**4.5**
Is the leading convenience store operator in the Philippines, with the exclusive right to use the 7-Eleven brand in the country. Philippine Seven is expected to lead the development of the convenience store industry in the country, as penetration is still at low levels.			
Century Pacific Food	**Philippines**	**Consumer Staples**	**4.5**
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.			
Selamat Sempurna	**Indonesia**	**Consumer Discretionary**	**3.8**
Selamat Sempurna is the leading manufacturer of filters and radiators in Indonesia. Through its joint venture with Donaldson (based in the United States of America), it also exports products to global markets. Selamat has the potential to consolidate the fragmented domestic industry and enter new segments such as air and water filters, which have a large addressable market.			
NetEase Cloud Music	**China**	**Technology**	**3.6**
Netease Cloud Music is the second-largest online music platform in China, and is part of an attractive duopoly with Tencent, the market leader, which gives both firms strong pricing power. The company is optimising its strategy to focus on its core music business, where we see further revenue upside potential thanks to the platform's young user base and high retention rate.			
Colgate-Palmolive (India)	**India**	**Consumer Staples**	**3.1**
Colgate-Palmolive (India) is the market leader in the oral care segment in India, with about 50% market share in the toothpaste category. It also has potential to build a larger presence in segments such as personal care.			
Bank OCBC NISP	**Indonesia**	**Financials**	**3.0**
Bank OCBC NISP is an Indonesian bank which is majority-owned by OCBC. This is a steady business with signs of positive change taking place, such as a greater focus on growth and closer integration with the parent. Other positive developments include rising dividend payouts (with an attractive 8% yield) and digitisation initiatives to acquire more customers. Meanwhile valuations looked attractive at 0.7 times price-to-book.			
JNBY Design	**China**	**Consumer Discretionary**	**2.8**
JNBY Design is a leading designer apparel brand in China. The company has built a strong network of loyal members which has driven its growth consistently.			
Computer Age Management	**India**	**Financials**	**2.7**
Computer Age Management Services is India's largest registrar and transfer agent (RTA) of mutual funds with a domestic market share of over 60%. It has built a strong technology platform on which it is now launching new businesses, including Alternative Investment Funds (AIFs), an Insurance Repository, Know-Your-Customer (KYC) registrations and Account Aggregation services.			

5. Sector & Geographical Analysis

Sector Allocation at 31 August 2025



Country Allocation at 31 August 2025 (based on geographical area of activity)

Country/Region	Scottish Oriental 2025 %	Scottish Oriental 2024 %	MSCI Small Cap* 2025 %	MSCI† 2025 %
China	**24.6**	19.3	8.9	27.7
Hong Kong	**2.6**	2.0	3.4	4.7
Taiwan	**10.4**	9.1	25.3	21.6
Greater China	**37.6**	30.4	37.6	54.0
Indonesia	**11.8**	11.8	2.0	2.0
Malaysia	**–**	–	3.0	1.8
Philippines	**12.2**	10.4	0.8	0.7
Singapore	**2.3**	1.5	5.5	3.6
Thailand	**–**	–	3.4	1.7
Vietnam	**3.2**	2.3	–	–
South East Asia	**29.5**	26.0	14.7	9.8
India	**37.4**	40.9	34.4	22.8
Indian Subcontinent	**37.4**	40.9	34.4	22.8
Australia	**0.8**	–	–	–
New Zealand	**2.0**	1.5	–	–
South Korea	**–**	2.9	13.3	13.4
Net Current Assets	**1.2**	7.9	–	–
Non-Current Liabilities	**(8.5)**	(9.6)	–	–
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. Portfolio Outlook

While newspaper headlines are dominated by global trade tensions, geopolitical issues and the rapid development of artificial intelligence technologies, we remain focused on bottom-up idea generation. Over 2022 – 2024, we witnessed a significant shift in the portfolio's exposure. As investors became increasingly pessimistic about the weak growth, geopolitical pressures and intensifying government regulations in China, we had the opportunity to build positions in market leading businesses such as **DPC Dash**, **NetEase Cloud Music**, **Atour Lifestyle**, **Hongfa Technology** and others. This was funded by reducing our exposure to Indian companies, as valuations of small and mid-sized businesses in India rose to expensive levels.

In recent periods, we have observed a divergence in investor behaviour across different parts of the investment universe in Asia, which is creating opportunities for us. On the one hand, there is exuberance in areas related to the semiconductor value-chain and anything which can be linked to the boom in artificial intelligence applications. We have been sceptical about the bottom-up opportunities available here for a few reasons.

- While growth in these areas is undoubtedly strong, it is built on substantial capital expenditure commitments by a handful of large global companies. Given the lack of visibility on the economic returns on these investments, we find it difficult to predict the sustainability of this growth.
- The technology itself is rapidly changing, with new hardware standards being introduced every few years. This has significant implications on the entire value chain, making it difficult to identify the eventual winners even if the technology is widely adopted.
- In particular for smaller companies which are part of the supply-chain of large global semiconductor or technology businesses, we observe that their customer base is typically concentrated and their bargaining power with these large customers is limited. As such, any changes in the demand environment could lead to disproportionate impact on their return on capital, through price negotiations, negative operating leverage and extended receivable cycles.
- Most companies in these industries are now valued at expensive levels, on the basis of elevated expectations on growth and return on capital. If either of these prove to be unsustainable, there could be a substantial de-rating of valuation multiples.

On the other hand, we are finding attractive opportunities in parts of the investment universe which have been ignored as investors crowd into the areas mentioned above. The Trust's largest exposure is across consumer businesses in Asia. While consumption demand across some countries has moderated, we have observed several enduring trends. Firstly, consumers continue to premiumise across a range of categories, from spirits to restaurants and travel. Secondly, there is increasing confidence among consumers to choose domestic brands over those operated by large multinationals. These domestic brands are also able to use the emergence of modern trade and online distribution to disrupt established moats and reach customers more effectively. Finally, in large countries such as India, Indonesia and the Philippines, there is still a substantial opportunity for companies to expand their distribution into under-penetrated areas, as household consumption levels are low across categories.

In China, we have observed increasing discipline in capital allocation as growth levels have moderated, with the management teams of companies increasingly focused on generating strong free cash flow and returning a larger share of their cash flows to shareholders in the form of dividends and share repurchases. This creates the potential for higher total shareholder returns. In several Southeast Asian countries, valuations in large parts of the listed equity universe are compellingly attractive, as foreign investors have gravitated away from these markets in recent years. The emergence of larger pools of domestic capital and regulatory initiatives to strengthen corporate governance standards have the potential to drive a re-rating in the valuations of the attractive businesses available here.

This potential is reflected in Scottish Oriental's portfolio. The Trust's holdings are led by management teams with strong track records of dealing with varying macro-economic environments. Through their long history of operations, they have emerged as market leaders in their respective industries. Their competitive position is based upon the strength of their brands and technology investments, while their management teams have been disciplined about their capital allocation policies and maintained conservative balance sheets. We are confident that these companies will capture a disproportionate share of the growth in their respective profit pools in the years to come. These are the small companies of today but are likely to emerge as the large businesses of the future.

List of Investments at 31 August 2025

	% of Shareholders' Funds
Australia (0.8)	
Consumer Staples (0.8)	
Guzman Y Gomez	0.8
China (24.6)	
Consumer Discretionary (10.4)	
Atour Lifestyle	1.3
DPC Dash	6.3
JNBY Design	2.8
Consumer Staples (5.7)	
Uni-President China	5.7
Industrials (3.2)	
Hongfa Technology	2.3
Stella Holdings	0.9
Materials (1.7)	
Sinoseal Holding	1.7
Technology (3.6)	
NetEase Cloud Music	3.6
Hong Kong (2.6)	
Consumer Discretionary (0.6)	
Fairwood Holdings	0.6
Industrials (2.0)	
Haitian International	2.0
India (37.4)	
Consumer Discretionary (4.4)	
Crompton Greaves Consumer Electricals	2.1
Whirlpool of India	2.3
Consumer Staples (6.6)	
Colgate-Palmolive (India)	3.1
Radico Khaitan	1.6
United Breweries	1.9
Financials (4.2)	
Computer Age Management	2.7
Crisil Limited	0.3
Mahindra & Mahindra Financial Services	1.2

	% of Shareholders' Funds
India (37.4) *(continued)*	
Healthcare (5.0)	
Metropolis Healthcare	1.2
NIVA Bupa Health Insurance	2.3
Solara Active Pharma	1.5
Industrials (7.5)	
Blue Star	1.8
Escorts Kubota	1.3
Godrej Agrovet Ltd	1.8
KEI Industries	2.6
Materials (7.0)	
Akzo Nobel	1.4
Godrej Industries	2.2
Kansai Nerolac Paints	2.4
RHS Magnesita India	1.0
Real Estate (2.7)	
Oberoi Realty	2.7
Indonesia (11.8)	
Consumer Discretionary (5.6)	
Mitra Adiperkasa	1.3
Sarimelati Kencana	0.5
Selamat Sempurna	3.8
Consumer Staples (3.2)	
Hero Supermarket	0.5
Uni-Charm Indonesia	0.8
Unilever Indonesia	1.9
Financials (3.0)	
Bank OCBC NISP	3.0
New Zealand (2.0)	
Logistics (2.0)	
Mainfreight	2.0

	% of Shareholders' Funds
Philippines (12.2)	
Consumer Discretionary (0.5)	
Max's Group	0.5
Consumer Staples (9.0)	
Century Pacific Food	4.5
Philippine Seven	4.5
Financials (1.8)	
GT Capital	1.8
Industrials (0.9)	
Concepcion Industrial	0.9
Singapore (2.3)	
Consumer Staples (0.8)	
Haw Par	0.8
Financials (1.5)	
Credit Burea Asia	1.5
Taiwan (10.4)	
Consumer Discretionary (1.2)	
Poya International	1.2
Industrials (3.5)	
Airtac International	1.8
Sporton International	1.7
Technology (5.7)	
Parade Technologies	1.3
Silergy	1.8
Sinbon Electronics	1.6
Voltronic Power	1.0
Vietnam (3.2)	
Financials (1.1)	
Mobile World Investment	1.1
Technology (2.1)	
FPT	2.1

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 legislations.

(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 organizations 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 1,500 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.

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* %
2016	280.65	324.82	1,047.12	904.75	13.6
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**

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*
2016	6,740	2,966	9.50	11.50	1.04	1.04	92	106
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**	**99**	**101**

* A glossary of terms and definitions and Alternative Performance Measures is provided on pages 66 to 68.
† 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 2015 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*
2015	100	100	100	100	100	100
2016	131	127	129	112	61	100
2017	152	152	149	128	43	100
2018	149	147	151	134	59	100
2019	150	147	139	134	80	100
2020	133	126	149	117	53	100
2021	168	163	205	149	58	100
2022	185	180	203	150	107	122
2023	197	195	207	158	91	113
2024	232	227	235	185	178	191
2025	**228**	**235**	**254**	**208**	**144**	**148**

* Performance is shown on a total returns basis

Directors

Jeremy Whitley (Chairman)

Jeremy joined the Board in March 2017. Following a twenty nine 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.

Andrew Baird

Andrew joined the Board in June 2017. After a period with the Foreign and Commonwealth Office, he worked for thirteen years at JP Morgan, culminating in a role as Head of Asian Equity Research and co-manager of the Asian Equities division in Hong Kong. He joined Goldman Sachs in 1998 as co-director of Asian Equity Research, followed by a senior management role in the European Equity Research department. On leaving Goldman Sachs in 2005 he co-founded Chayton Capital, an alternative investment management firm which he chaired until 2012. Since that time he has had a variety of non-executive roles in the investment management, social enterprise and charity sectors.

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

Uma Bhugtiar

Uma joined the Board in October 2023. She is an experienced corporate lawyer, most recently serving as Head of Compliance at Hillhouse Capital Management. Prior to this she was the General Counsel and Chief Compliance Officer for Tybourne Capital Management and the Head of Asia Pacific Equities Client and Business Solutions for Credit Suisse.

Uma retired as a non-executive Director of the Company on 28 October 2025.

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.

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.

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

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 18, 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.

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 in mainly 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 18 and the investments held at the year end are listed on page 19.

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 in mainly 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. In order to comply with the Alternative Investment Fund Managers Directive, with effect from 2 July 2014 the Company terminated its investment management agreement with First Sentier Investors (UK) Investment Management Limited and 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 month's 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. The compensation in the case of the Investment Manager's termination is based on 0.75% of the value of the Company's net assets up to the date of termination on a pro rata basis. In addition, a termination performance fee amount may be due to the Investment Manager based on the Company's three year performance up to the date of termination and paid on a pro rata basis.

A summary of the terms of the Investment Management Agreement is contained in note 2 to the Financial Statements on page 55.

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.

The Management Engagement Committee, having conducted its review, considers that the Investment Manager's continued appointment as investment manager to the Company is in the best interests of shareholders.

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 2020 and has maintained the highest tiering – Tier 1 – awarded by the Financial Reporting Council for the quality of stewardship related activities and disclosures. 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 59.

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 20 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.

Tender Offer

A tender offer will be made to shareholders for up to 25 per cent of the Company's outstanding share capital, if over the five years from 1 September 2021, the Company's NAV total return fails to exceed the total return of the MSCI AC Asia ex Japan Small Cap Index. The tender offer will be made to shareholders at a 2 per cent. discount to formula asset value ("FAV"), being the net asset value of the tendered shares less the costs and expenses of the tender offer. If the tender offer is triggered, it will be subject to shareholder approval at the AGM scheduled to be held in January 2027.

In the four years from 1 September 2021 the Company's NAV outperformed the MSCI AC Asia ex Japan Small Cap Index by 20.3 per cent.

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

11 November 2025

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) Funds 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 Edinburgh. They are bottom-up investors, using fundamental research and analysis to construct high-conviction portfolios. First Sentier conduct more than a thousand 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' Review on pages 6 to 18 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
Discount management The Board has continued to monitor the Company's share price discount to net asset value. The management of the Company's share price discount has a twofold effect; the supply of the Company's shares reduces whilst demand remains constant, and the Company's net asset value per share increases as shares have been bought back at a discount.	**Shareholders**	• During the year under review the Company repurchased 2,772,500 (adjusted for the five for one split of the ordinary shares) shares to be held in Treasury. • The discount ranged from 8.9 per cent to 18.6 per cent in the year to 31 August 2025 and averaged 14.2 per cent.
Marketing The Board has continued its commitment to engaging with existing shareholders and attracting new investors. In the year to 31 August 2025, we have continued to support the Investment Manager's marketing campaign. This has involved increased advertising in leading financial publications, including The FT, Yahoo Finance, Reddit, The Telegraph, The Times and Investors Chronicle and making a number of enhancements to the Company's website. The aim continues to be to provide both current and prospective shareholders with a deeper understanding of the Investment Manager's process and learn more about the people behind investment decisions.	**Shareholders**	• Improved Company website. • Increased visibility of the Company. • Increased retail shareholding in the Company.
Dividend The Company's revenue earnings have decreased from 5.55p per share to 4.51p per share. Although revenue has decreased, it has remained strong enough to allow the Board to propose an increased final dividend of 2.9p per share (2024: 2.8p[1]). Following a reduction in special dividends received in the year to 31 August 2025 the Board proposed a reduced special dividend of 0.5p per share (2024: 1.6p[1]). The final and special dividends will be paid on 6 February 2026 to shareholders on the register as at 9 January 2026.	**Shareholders**	• Increased rate of final dividend. • Payment of special dividend.

[1] Adjusted for the five-for-one share split

Principal Risks and Uncertainties

The Board has carried out a thorough assessment of risks faced by the Company. Below the Board has set out the principal and emerging risks identified from the consideration. The Company faces emerging risks from the impact of technology and artificial intelligence ('AI') and sector consolidation. The Company's principal risks are detailed below, together with a summary of the mitigating actions taken to manage these risks.

Emerging Risks

Risk	Mitigation
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.
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 on a regular basis. Its priority is to offer shareholders a relevant and attractive investment proposition. Together with the Investment Manager and the Company's advisors, the Board continues to be proactive in monitoring the shareholder register, managing the discount to NAV, engaging in targeted marketing, and being well-prepared for both potential opportunities and activist approaches.

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. **No change to this risk**	The Company's investment objective and strategy is monitored by the Board to ensure it continues to remain appropriate. The Board conducts annual strategy reviews and considers investment performance, shareholder views and developments in the marketplace as well as emerging risks which could impact the Company regularly throughout the year. The Board reviews changes to the shareholder register at its quarterly Board meetings has appointed the Corporate Broker to continually monitor the discount at which the Company's shares trade on a daily basis and buy back shares when appropriate.
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, and is undertaking a thorough review of the use of AI in its investment processes. The Board formally reviews compliance with the Company's loan covenants on a quarterly basis.

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 61 to 64.
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 is provided on pages 33 and 34.
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 2025.

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 and the special dividend of 0.5p per share share. The dividend is proposed to be paid on 6 February 2026. 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 2024 (per Statement of Financial Position)	11,253
Dividends paid for year ended 31 August 2024	(5,140)
Net revenue earned in the year ended 31 August 2025	5,243
Revenue reserve as at 31 August 2025 (per Statement of Financial Position)	11,356
Dividends proposed for year ended 31 August 2025	(3,872)
Revenue reserve as at 31 August 2025 (after payment of proposed dividends)	7,484

Share Capital and Share Buybacks

Following the five for one share split on 28 February 2025 the Company's capital structure consists of 157,068,315 ordinary shares of 5p each at 31 August 2025.

The Company's buyback authority was last renewed at the General Meeting on 29 January 2025 in respect of 17,480,713 ordinary shares of 5p each (please note that this figure has been adjusted for the share split).

During the year the Company bought back 338,100 ordinary shares of 25p each and 1,082,000 ordinary shares of 5p each. The Company held 41,951,985 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 2025 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	12,389,230	10.76%
Clients of Columbia Threadneedle Investments London	12,115,955	10.52%
Clients of Interactive Investor	11,922,201	10.36%
Clients of Hargreaves Lansdown	8,396,176	7.29%
Clients of Lazard Asset Management	7,235,468	6.29%
Clients of Allspring Global Investments	5,821,131	5.06%
Clients of Overseas Asset Management	5,750,000	4.99%
Clients of AJ Bell	4,335,297	3.77%
Clients of RBC Brewin Dolphin	4,189,087	3.64%

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, risk management policies detailed on pages 28 and 29, the nature of its portfolio and expenditure projections and 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 the 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
- four potential downside scenarios including stress testing the Company's portfolio for a 30 per cent fall in the value of the investment portfolio; a 50 per cent fall in dividend income; a similar level of share buybacks to the current year; and a full take up of the 25 per cent tender offer. The cumulative impact of these four downside scenarios would leave the Company with a negative cash position, however there are sufficient liquid assets which could be utilised if required.

Based on this assessment, the Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements, and therefore have prepared the financial statements on a going concern basis.

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 concluded that a period of five years was appropriate for this review.

The Board considers the Company, with no fixed life, to be a long-term investment vehicle but, for the purposes of this viability statement, has decided that a period of five years is an appropriate period over which to report. The Board considers that this period reflects a balance between looking out over a long-term horizon and the inherent uncertainties of looking out further than five years.

When deciding on this period the Directors considered the Company's portfolio of Asian smaller companies, the holding period of which is typically three to five years.

The Directors have also carried out a robust assessment of the principal and emerging risks that are facing the Company over the period of the review, including those that would threaten its business model, future performance, solvency or liquidity, as noted on pages 28 and 29 and discussed in note 16 to the Financial Statements.

The Directors have also taken account of the liquidity of the portfolio, which consists of listed equities, the level of ongoing charges, and the conditional tender offer in 2027, for 25 per cent of the Company's outstanding share capital when considering the viability of the Company over the next five years and its ability to meet liabilities as they fall due.

Based on the results of this analysis, the Directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the five year period of their assessment.

Financial Instruments

Information on the Company's financial instruments can be found in the Notes to the Financial Statements on pages 53 to 65.

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 28 and 29 and in note 16 to the Financial Statements on pages 61 to 64.

Directors' Report cont'd

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 39 to 41 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 28 January 2026 at 12.15pm is set out on pages 69 to 74. Resolutions 1 to 10 will be proposed as Ordinary Resolutions and Resolutions 11 to 13 will be proposed as Special Resolutions. Please refer to pages 71 and 72 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 is 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 76. 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

11 November 2025

Report of the Audit Committee

The Audit Committee is chaired by Michelle Paisley and also comprises Andrew Baird 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 2025.

At the request of the Board, the Audit Committee considered whether the 2025 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 2025. 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 43 to 48.

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 third 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 Code of Corporate Governance 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 53 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 regularly to the custodian's records by the Administrator.
Performance fees calculation	Any performance fee payable is calculated by the Company Secretary and reviewed by another team member at Juniper Partners.
Revenue recognition	The recognition of investment income is undertaken in accordance with Accounting Policy (b) on page 53.

Michelle Paisley
Director

11 November 2025

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 Annual General Meeting in January 2027.

Remuneration Committee

The Remuneration Committee is chaired by Andrew Baird 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. The current aggregate limit on Directors' fees is £200,000 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 £42,700 to £44,800 per annum, the Audit Committee Chair's fee from £36,600 to £38,400 per annum and Directors' fees from £30,500 to £32,000 per annum. The Senior Independent Director will also receive an additional annual fee of £2,000, all increases were effective from 1 July 2025. 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 43 to 48.

Directors' Remuneration Report cont'd

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 2025 ordinary 5p shares	31 August 2024 ordinary 5p shares†
Jeremy Whitley	418,750	403,750
Andrew Baird	10,000	10,000
Uma Bhugtiar	–	–
Michelle Paisley	–	–
Karen Roydon	33,552	–

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

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 2025 £	Fees 2024 £	% change
Jeremy Whitley (Chairman)	43,050	39,617	8.7
Andrew Baird	31,083	28,000	11.0
Uma Bhugtiar*	30,750	24,296	26.6
Michelle Paisley (Audit Committee Chair)	36,900	31,933	15.6
Karen Roydon†	30,750	20,529	49.8
Anne West††	–	7,384	-
	172,533	**151,759**	**13.7%**

* Appointed to the Board on 19 October 2023.
† Appointed to the Board on 8 December 2023.
†† Retired from the Board on 7 December 2023.

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.

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 2021 £	Year to 31 August 2022 £	Year to 31 August 2023 £	Year to 31 August 2024 £	Year to 31 August 2025 £
Chairman	32,750	34,333	36,500	39,617	43,050
	+3.4%	+4.8%	+6.3%	+8.5%	+8.7%
Audit Committee Chair	26,167	27,250	28,917	31,933	36,900
	+3.3%	+4.1%	+6.1%	+10.4%	+15.6%
Non-executive Director	23,167	24,250	25,833	28,000	30,750
	+2.6%	+4.7%	+6.5%	+8.4%	+9.8%
Senior Independent Director	–	–	–	–	333
	–	–	–	–	–

Statement of Voting at Annual General Meeting

Voting on the resolutions to approve the Directors' Remuneration Report at the Company's AGM on 29 January 2025 was as follows:

Resolution	Votes For	Votes Against	Votes Withheld
Approve Directors' Remuneration Report	10,707,471	44,103	31,020

Relative Importance of Directors' Fees

	2025 £000	2024 £000
Directors' fees	173	152
Buyback of ordinary shares	8,099	10,527
Dividend(s) paid	5,140	3,138
Expenses (including performance fee)	3,913	3,677

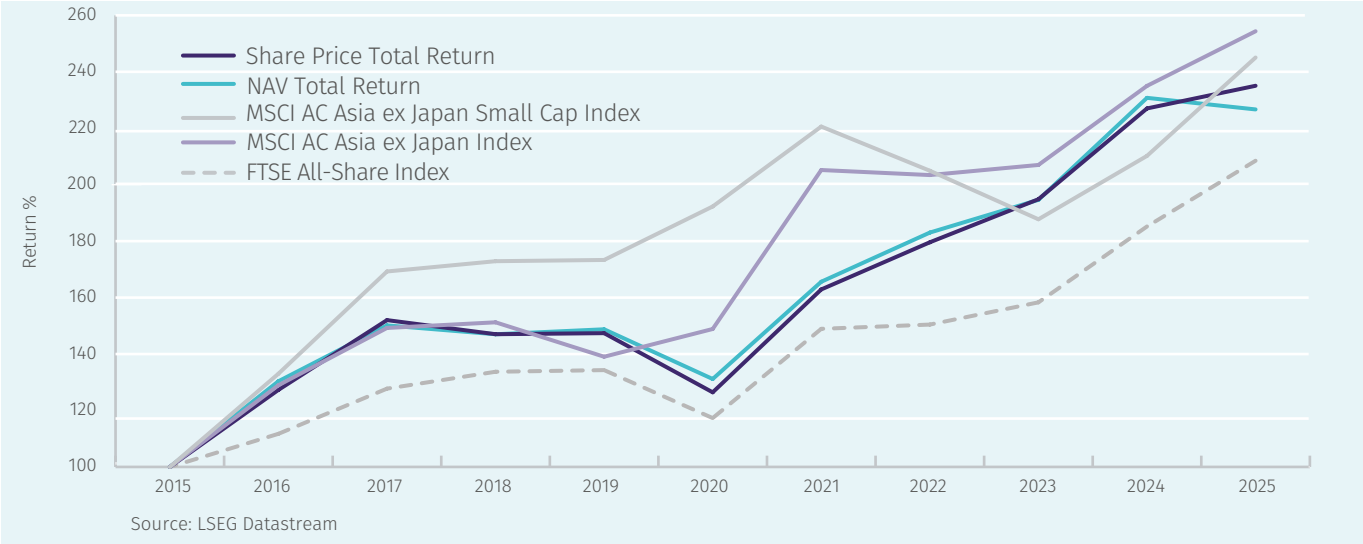
	2025 %	2024 %
Directors' fees as a percentage of buyback of ordinary shares	2.1	1.4
Directors' fees as a percentage of dividend(s) paid	3.4	4.8
Directors' fees as a percentage of expenses	4.4	4.1

Further details of the Company's expenses can be found in notes 2 and 3 on page 55.

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



Source: LSEG Datastream

The Directors' Remuneration report on pages 35 to 38 was approved by the Board of Directors on 11 November 2025 and signed on its behalf by

Andrew Baird
Chair of the Remuneration Committee

11 November 2025

Corporate Governance

Directors' Statement on Corporate Governance

The Board has considered the Principles and Provisions of the AIC Code of Corporate Governance ('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 2025.

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 will come 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). The Board will review the Company's governance arrangements to ensure ongoing compliance with the updated 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. The number of 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	1/1
Andrew Baird	4/4	3/3	1/1	1/1	1/1
Uma Bhugtiar	4/4	3/3	1/1	1/1	1/1
Michelle Paisley	4/4	3/3	1/1	1/1	1/1
Karen Roydon	4/4	3/3	1/1	1/1	1/1

* Attendance by invitation

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, Andrew Baird. 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 updated 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 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 FCA 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 2025, 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 did not meet the FCA gender diversity target of one woman in a senior board position (which is defined as Chair, CEO, SID or Chief Financial Officer). As an externally managed investment trust the Company does not have the roles of CEO or Chief Financial Officer. However, the Chair of the Audit Committee, which the Board considers to be an equivalent senior position for an investment trust is held by a woman.

Following Uma Bhugtiar's retirement from the Board on 28 October 2025, the Company no longer meets the FCA's diversity targets in respect of ethnic background. The Board is in the process of recruiting a successor to Ms Bhugtiar and will take the FCA's diversity targets into consideration throughout this process.

Board gender as at 31 August 2025

	Number of Board members	Percentage of the Board	Number of senior positions on the Board[4]	Number in executive management[1]	Percentage of executive management[1]
Male	2	40	2	n/a	n/a
Female	3	60[2]	0[3]	n/a	n/a
Not specified/prefer not to say	–	–	–	n/a	n/a

Board ethnic background as at 31 August 2025

	Number of Board members	Percentage of the Board	Number of senior positions on the Board[4]	Number in executive management[1]	Percentage of executive management[1]
White British or other white (including minority groups)	4	80	2	n/a	n/a
Mixed/multiple ethnic groups	–	–	–	n/a	n/a
Asian/Asian British	1	20	–	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] This meets the Listing Rules target of 40 per cent.

[3] The position of the Chair of the Audit Committee is held by a woman. However this is not currently defined as a senior position.

[4] 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 2025.

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 33 and 34.

Nomination Committee

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

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 at least annually.

Management Engagement Committee

The Committee comprises all the independent non-executive Directors of the Company and is chaired by Andrew Baird. 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 28 and 29 and pages 33 and 34 respectively.

By order of the Board

Juniper Partners Limited
Company Secretary

11 November 2025

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

11 November 2025

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 2025, which comprise the Income Statement, the Statement of Financial Position, the Cash Flow Statement, the 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 2025 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.

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"), J.P. Morgan Chase Bank N.A. (the "Custodian"), J.P. 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.

Report of the Indep. Auditor cont'd

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 per page 34 (Report of the Audit Committee), page 53 (Accounting Policies) and note 8. The valuation of the portfolio at 31 August 2025 was £409.6m (2024: £409.8m) and comprised entirely of listed equity investments. As this is the largest component of the Company's Statement of Financial Position, and a key driver of the Company's total return this has been designated as a key audit matter, being one of the most significant assessed risks of material misstatement due to error. There is a further risk that investments held at fair value may not be actively traded and the quoted prices may not be reflective of their fair value.	We performed a walkthrough of the valuation process at the Administrator to evaluate the design of the process and implementation of key controls. We compared market prices and exchange rates applied to all listed equity investments held at 31 August 2025 to an independent third-party source and recalculated the investment valuations. We obtained average trading volumes from an independent third-party source for all investments held at year end and challenged management's active market assessment for investments where trading volumes indicated lower levels of liquidity. From our completion of these procedures, we identified no material misstatements in relation to the valuation of investments.
Revenue recognition, including allocation of special dividends as revenue or capital returns As per page 34 (Report of the Audit Committee), page 53 (Accounting Policies) and note 1. The income from investments for the year to 31 August 2025 was £11.0m (2024: £12.4m) consisting primarily 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 fraud or error. In particular, there is a heightened fraud risk due to the judgement that is required in determining the allocation of special dividends as revenue or capital returns within the Income Statement.	We performed a walkthrough of the revenue recognition process (including the process for allocating special dividends as revenue or capital returns) at the Administrator to evaluate the design of the process and implementation of key controls. We assessed whether income was recognised and disclosed in accordance with the financial reporting framework, including the AIC SORP and the Company's accounting policies. We recalculated 100% of dividends due to the Company from equity holdings, based on investment holdings throughout the year and announcements made by investee companies. We have agreed the foreign exchanges rates used and agreed a sample of investment income recognised to bank statements. We obtained management's list of all special dividends received by the Company and their allocation as revenue or capital returns, and used third-party independent data sources to assess the completeness of the special dividend population and evaluate management's conclusions as to whether special dividends recognised were revenue or capital in nature with reference to the underlying circumstances of the investee companies' dividend payments. 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.	£3.80m (2024: £4.03m)
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.	£2.90m (2024: £3.02m)
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.	£0.32m (2024: £0.40m)
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.	£0.19m (2024: £0.20m)

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

Conclusions relating to going concern

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 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, tender offer and consideration of market conditions and macro economic uncertainties;
- Assessing and challenging the forecast cashflows and associated sensitivity modelling including assessment of the loan note covenants, used by the Directors in support of their going concern assessment;
- 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.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in 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 31;
- 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 31;
- the Directors' statement on fair, balanced and understandable set out on page 42;
- 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 31;
- the Directors' confirmation that it has carried out a robust assessment of the emerging and principal risks set out on pages 28 and 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 33 and 34; and
- the section describing the work of the Audit Committee set out on pages 33 and 34.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement set out on page 42, 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 Code of Corporate Governance (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; and
- Management override of controls

Audit procedures performed in response to the risks relating to the allocation of special dividends 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;
- 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 five years, covering the years ended 31 August 2021 to 31 August 2025.

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

11 November 2025

Income Statement

For the year ended 31 August 2025

	Note	2025 Revenue	2025 Capital	2025 Total*	2024 Revenue	2024 Capital	2024 Total*
		£000	£000	£000	£000	£000	£000
(Losses)/gains on investments	8	–	(15,233)	(15,233)	–	67,406	67,406
Income from investments	1	11,028	8	11,036	12,382	–	12,382
Other income	1	136	–	136	80	–	80
Investment management fee	2	(2,900)	–	(2,900)	(2,802)	–	(2,802)
Performance fee	2	–	–	–	–	(98)	(98)
Currency losses		–	(288)	(288)	–	(357)	(357)
Other administrative expenses	3	(1,013)	–	(1,013)	(777)	–	(777)
Net return on ordinary activities before finance costs and taxation		**7,251**	**(15,513)**	**(8,262)**	**8,883**	**66,951**	**75,834**
Finance costs	4	(835)	–	(835)	(835)	–	(835)
Net return on ordinary activities before taxation		**6,416**	**(15,513)**	**(9,097)**	**8,048**	**66,951**	**74,999**
Tax on ordinary activities	5	(1,173)	2,308	1,135	(1,403)	(11,440)	(12,843)
Net return attributable to equity shareholders		**5,243**	**(13,205)**	**(7,962)**	**6,645**	**55,511**	**62,156**
Net return per ordinary share	7	4.51	(11.36)	(6.85)	5.55p†	46.34p†	51.89p†

* 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 2025 (2024: 2.8p†) and a special dividend of 0.5p per share (2024: 1.6p†) which if approved, will be payable on 6 February 2026 to shareholders recorded on the Company's shareholder register on 9 January 2026.

The accounting policies on pages 53 and 54 and the notes on pages 55 to 65 form part of these Financial Statements.

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

As at 31 August 2025

	Note	2025		2024	
		£000	£000	£000	£000
Investments held at fair value through profit or loss	8				
Australia			3,141		–
China			93,838		77,895
Hong Kong			9,767		7,828
India			142,990		164,682
Indonesia			45,062		47,669
New Zealand			7,710		6,174
Philippines			46,764		41,872
Singapore			8,992		6,096
South Korea			–		11,663
Taiwan			39,143		36,560
Vietnam			12,210		9,319
			409,617		**409,758**
Current Assets					
Debtors	9	944		2,834	
Cash and deposits		6,650		37,972	
		7,594		**40,806**	
Current Liabilities					
Creditors	10	(3,051)		(8,948)	
		(3,051)		**(8,948)**	
Net Current Assets			**4,543**		**31,858**
Non-Current Liabilities					
Deferred tax liabilities on Indian capital gains	11		(2,442)		(8,707)
Loan notes	11		(29,851)		(29,841)
			(32,293)		**(38,548)**
Total Assets less Liabilities			**381,867**		**403,068**
Capital and reserves					
Ordinary share capital			7,853		7,853
Share premium account			34,259		34,259
Capital redemption reserve			58		58
Capital reserves			328,341		349,645
Revenue reserve			11,356		11,253
Total Equity Shareholders' Funds			**381,867**		**403,068**
Net asset value per share	13		**331.72p**		**341.91p†**

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

These Financial Statements were approved and authorised for issue by the Board on 11 November 2025 and signed on its behalf by

Jeremy Whitley
Director

The accounting policies on pages 53 and 54 and the notes on pages 55 to 65 form part of these Financial Statements.

Cash Flow Statement

For the year ended 31 August 2025

	Note	2025	2024
		£000	£000
Net cash outflow from operations before dividends, interest, purchases and sales of investments	14	**(3,920)**	**(5,751)**
Dividends received from investments		11,055	12,535
Interest received from deposits		136	80
Cash inflow from operations		**7,271**	**6,864**
Taxation		(1,422)	(1,396)
Net cash inflow from operating activities		**5,849**	**5,468**
Investing activities			
Purchases of investments		(194,115)	(123,398)
Sales of investments		175,236	159,114
Capital gains tax paid on sale of investments		(3,713)	(6,554)
Net cash (outflow)/inflow from investing activities		**(22,592)**	**29,162**
Financing activities			
Interest paid		(825)	(825)
Equity dividend(s) paid		(5,140)	(3,138)
Buyback of ordinary shares		(8,326)	(10,427)
Net cash outflow from financing activities		**(14,291)**	**(14,390)**
(Decrease)/increase in cash and cash equivalents		(31,034)	20,240
Cash and cash equivalents at the start of the year		37,972	18,089
Effect of currency losses		(288)	(357)
Cash and cash equivalents at the end of the year*		**6,650**	**37,972**

* Cash and cash equivalents represents cash at bank.

Total tax paid for the year ended 31 August 2025 was £5,135,000 (2024: £7.950,000).

The accounting policies on pages 53 and 54 and the notes on pages 55 to 65 form part of these Financial Statements.

Statement of Changes in Equity

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.

For the year ended 31 August 2024

	Ordinary Share Capital	Share Premium Account	Capital Redemption Reserve	Capital Reserves	Revenue Reserve	Total
	£000	£000	£000	£000	£000	£000
Balance at 31 August 2023	7,853	34,259	58	304,661	7,746	354,577
Total comprehensive income:						
Return for the year	–	–	–	55,511	6,645	62,156
Transactions with owners recognised directly in equity:						
Dividend paid in year*	–	–	–	–	(3,138)	(3,138)
Buyback of ordinary shares	–	–	–	(10,527)	–	(10,527)
Balance at 31 August 2024	**7,853**	**34,259**	**58**	**349,645**	**11,253**	**403,068**

* See note 6.

The accounting policies on pages 53 and 54 and the notes on pages 55 to 65 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 76.

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.

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. The performance fees are calculated on a three year-rolling basis and payable annually. A performance fee is recognised when there is a likelihood that the performance conditions will be met. The performance fee is chargeable in full to the capital 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 2025 no adjustments were made to the quoted price of any investment (31 August 2024: 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 years 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.

(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.

Accounting Policies cont'd

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. Any performance fee due is deducted from the capital 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

	2025			2024		
	Revenue	Capital	Total	Revenue	Capital	Total
	£000	£000	£000	£000	£000	£000
Investment management fee	2,900	–	2,900	2,802	–	2,802
Performance fee	–	–	–	–	98	98
	2,900	**–**	**2,900**	**2,802**	**98**	**2,900**

Investment management fee

The terms of the Agreement provide for payment of a base fee of 0.75 per cent per annum of the Company's net assets payable quarterly in arrears.

Performance fee

The performance fee is based on the comparative performance of the Company's share price total return ('SPTR') against the performance of the MSCI AC Asia ex Japan Small Cap Index ('Index SPTR'). A performance fee of ten per cent of the SPTR out-performance compared with the Index SPTR plus a hurdle of two per cent, calculated on a rolling three-year basis, with an inception date of 1 September 2023. Between the inception date and 31 August 2025 the Company's SPTR has underperformed the Index SPTR and hurdle by 5.7% on a rolling basis.

Where there is a period of SPTR under performance compared with the Index SPTR, a negative performance fee is calculated. The negative performance fee will then be carried forward and will be used to offset against the payment of any potential future performance fees.

Additionally, there is a high watermark provision, whereby a performance fee will only be paid when the Company's share price exceeds the level where a performance fee was previously paid (with the initial high water mark being the Company's share price as at 1 September 2023 – £2.55 (adjusted for the five for one split of the ordinary shares on 28 February 2025)). The Company's share price as at 31 August 2025 is £3.00.

The total fee payable to the Investment Manager is capped at 1.5 per cent per annum of the Company's total assets, any fees earned in excess of this cap may be paid in future periods of positive performance where a performance fee is otherwise payable.

3. Other Administrative Expenses

	2025	2024
	£000	£000
Auditor's remuneration for audit services	40	38
Directors' fees	173	152
Company secretarial and administration fees	241	236
Bank, custodial and other expenses	559	351
	1,013	**777**

Expenses are shown net of recoverable VAT where relevant.

4. Finance Costs

	2025	2024
	£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:

	2025			2024		
	Revenue	Capital	Total	Revenue	Capital	Total
	£000	£000	£000	£000	£000	£000
Irrecoverable tax on overseas dividends	1,173	–	1,173	1,403	–	1,403
Indian capital gains tax charge incurred on sales	–	3,957	3,957	–	6,553	6,553
Movement in deferred tax liability on Indian capital gains	–	(6,265)	(6,265)	–	4,887	4,887
	1,173	**(2,308)**	**(1,135)**	**1,403**	**11,440**	**12,843**

Capital gains tax

The Company is liable to pay Indian capital gains tax under Section 115 AD of the Indian Income 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 new rates apply to all investments purchased after 23 July 2024, sales of investment purchased prior to this will be charged at the previous rates.

The deferred tax liability has been calculated using the long-term rate (10% for investments purchased prior to 23 July 2024 and 12.5% for investments purchased from 23 July 2024), 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 2024 the Company had a deferred tax liability of £8,707,000, due to unrealised gains on Indian investments. This has reduced by £6,265,000 and therefore the deferred tax liability at 31 August 2025 is £2,442,000. 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 £2,496,000 (2024: £9,575,000).

5. Taxation cont'd

(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:

	2025			2024		
	Revenue	**Capital**	**Total**	**Revenue**	**Capital**	**Total**
	£000	£000	£000	£000	£000	£000
Return for the year before taxation	6,416	(15,513)	(9,097)	8,048	66,951	74,999
Total return for the year before taxation multiplied by the standard rate of corporation tax of 25% (2024: 25%)	1,604	(3,878)	(2,274)	2,012	16,738	18,750
Effect of:						
Non-taxable losses/(gains) on investments	–	3,807	3,807	–	(16,851)	(16,851)
Non-taxable losses on foreign currency	–	71	71	–	89	89
Non-taxable income	(2,758)	–	(2,758)	(3,096)	–	(3,096)
Overseas tax	1,173	(2,308)	(1,135)	1,403	11,440	12,843
Unutilised management expenses	1,154	–	1,154	1,084	24	1,108
Total tax charge for the year	**1,173**	**(2,308)**	**(1,135)**	**1,403**	**11,440**	**12,843**

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.

(c) Provision for deferred tax

The Company has a deferred tax asset of £16,179,000 at 31 August 2025 (2024: £15,026,000) 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

	2025	**2024**
	£000	£000
Dividends paid in the year		
Final dividend of 14.0p (2024: 13.0p)	3,271	3,138
Special dividend of 8.0p (2024: nil)	1,869	–
	5,140	**3,138**

The below proposed dividends in respect of the financial year ended 31 August 2025 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.

	2025	**2024**
	£000	£000
Income available for distribution	5,243	6,645
Proposed dividend for the year ended 31 August 2025		
Final dividend of 2.9p (2024: 2.8p†)	3,303	3,271
Special dividend of 0.5p (2024: 1.6p†)	569	1,869
Amount transferred from retained income	**1,371**	**1,505**

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

7. Return per Ordinary Share

	2025			2024		
	Revenue	Capital	Total	Revenue	Capital	Total
Net return per share (pence)	**4.51**	**(11.36)**	**(6.85)**	5.55†	46.34†	51.89†

	2025	2024
Revenue return	£5,243,000	£6,645,000
Capital return	(£13,205,000)	£55,511,000
Weighted average ordinary shares in issue	116,254,122	119,777,158†

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

There are no dilutive or potentially dilutive instruments in issue.

8. Equity Investments

	2025	2024
	£000	£000
Opening book cost	374,129	379,666
Unrealised gains/(losses)	35,629	(7,006)
Opening valuation	409,758	372,660
Purchases at cost	188,566	130,745
Sales – proceeds	(173,474)	(161,053)
(Losses)/gains on investments	(15,233)	67,406
Closing valuation	**409,617**	**409,758**
Closing book cost	426,528	374,129
Closing unrealised (losses)/gains	**(16,911)**	**35,629**

The Company received £173,474,000 (2024: £161,053,000) from investments sold in the year.

The average book cost of these investments when they were purchased was £136,169,000 (2024: £136,282,000). 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 £319,000 (2024: £220,000) on the purchase of investments and £401,000 (2024: £359,000) on the sale of investments.

9. Debtors

	2025	2024
	£000	£000
Sales awaiting settlement	177	1,939
Accrued income	466	480
Prepayments	12	41
Recoverable tax on Indian dividends	289	374
	944	**2,834**

10. Creditors (amounts falling due within one year)

	2025	2024
	£000	£000
Purchases awaiting settlement	1,799	7,574
Management fee payable	719	757
Performance fee payable	–	98
Other creditors	165	151
Accrued interest	368	368
	3,051	**8,948**

11. Non-current Liabilities

	2025	2024
	£000	£000
Deferred tax liability on Indian capital gains	2,442	8,707
Loan notes	29,851	29,841
	32,293	**38,548**

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 (2024: £7,853,416) represented by 157,068,315 ordinary shares of 5p each (2024: 31,413,663 ordinary shares of 25p each). During the year the Company bought back 338,100 ordinary shares of 25p each and 1,082,000 ordinary shares of 5p each (2024: 782,085 ordinary shares of 25p each). The Company held 41,951,985 ordinary shares of 5p each in Treasury at the year end (2024: 7,835,897 ordinary shares of 25p each), being 26.7 per cent of share capital (2024: 24.9 per cent of share capital), with a nominal value of £2,097,599 (2024: £1,958,974).

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 £381,867,000 (2024: £403,068,000) divided by 115,116,330 (2024: 117,888,830)† ordinary shares of 5p† each in issue (excludes shares held in Treasury).

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

14. Cash Flow Statement

	2025	2024
	£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	(8,262)	75,834
Net losses/(gains) on investments	15,233	(67,406)
Currency losses	288	357
Dividend income	(11,036)	(12,382)
Interest income	(136)	(80)
Decrease in creditors	(122)	(2,070)
Decrease/(increase) in debtors	115	(4)
Net cash outflow from operations before dividends, interest, purchases and sales	**(3,920)**	**(5,751)**

15. Analysis of changes in net debt

	At 31 August 2024	Non-cash movements	Cash flows	At 31 August 2025
	£000	£000	£000	£000
Cash and cash equivalents	37,972	(288)	(31,034)	6,650
Loan notes	(29,841)	(10)	–	(29,851)
	8,131	**(298)**	**(31,034)**	**(23,201)**

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 18 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.

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

	2025	2024
	£000	£000
Cash	6,650	37,972
Loan notes	(30,000)	(30,000)
	(23,350)	**7,972**

Interest Rate Sensitivity

Considering effects on cash balances, an increase of 50 basis points in interest rates would have decreased net assets and total return for the year by £117,000 (2024: increase of £40,000). 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 have 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 2025. 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 2025			31 August 2024		
	Overseas investments	Net monetary assets	Total currency exposure	Overseas investments	Net monetary assets	Total currency exposure
	£000	£000	£000	£000	£000	£000
Indian rupee	142,990	219	143,209	164,682	1,633	166,315
Hong Kong dollar	103,605	–	103,605	85,723	(3,139)	82,584
Philippine peso	46,764	21	46,785	41,872	–	41,872
Indonesian rupiah	45,062	177	45,239	47,669	482	48,151
Taiwanese dollar	39,143	372	39,515	36,560	332	36,892
Vietnamese dong	12,210	117	12,327	9,319	–	9,319
Singapore dollar	8,992	46	9,038	6,096	47	6,143
New Zealand dollar	7,710	–	7,710	6,174	–	6,174
Australian dollar	3,141	–	3,141	–	–	–
US dollar	–	16	16	–	32	32
Bangladeshi taka	–	–	–	–	1,698	1,698
Korean won	–	–	–	11,663	1,457	13,120
Total foreign currency	**409,617**	**968**	**410,585**	**409,758**	**2,542**	**412,300**
Sterling	–	(28,718)	(28,718)	–	(9,232)	(9,232)
Total currency	**409,617**	**(27,750)**	**381,867**	**409,758**	**(6,690)**	**403,068**

Currency Risk Sensitivity

At 31 August 2025, 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 2024.

	2025	2024
	£000	£000
Indian rupee	7,160	8,316
Hong Kong dollar	5,180	4,129
Philippine peso	2,339	2,094
Indonesian rupiah	2,262	2,408
Taiwanese dollar	1,976	1,845
Vietnamese dong	616	466
Singapore dollar	452	307
New Zealand dollar	386	309
Australian dollar	157	–
US dollar	1	2
Bangladeshi taka	–	85
Korean won	–	656
Total	**20,529**	**20,617**

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 2025 would have increased/decreased by £40,962,000 (2024: increased/decreased by £40,976,000) 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:

	2025			2024		
	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	–	–	7,574	–	–
Other creditors and accruals	1,252	–	–	1,374	–	–
Loan	–	–	29,851	–	–	29,841
Deferred tax liability on Indian capital gains	–	–	2,442	–	–	8,707
	3,051	**–**	**32,293**	**8,948**	**–**	**38,548**

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 2025 was as follows:

	2025		2024	
	Statement of Financial Position	Maximum exposure	Statement of Financial Position	Maximum exposure
	£000	£000	£000	£000
Current Assets				
Receivables	932	932	2,793	2,793
Cash at bank	6,650	6,650	37,972	37,972
	7,582	**7,582**	**40,765**	**40,765**

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

	2025				2024			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Listed investments	379,137	30,480	–	409,617	385,316	24,442	–	409,758
Total	**379,137**	**30,480**	**–**	**409,617**	**385,316**	**24,442**	**–**	**409,758**

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 35 and 36. An amount of £31,313 was outstanding to the Directors at the year end (2024: £28,500). 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 and performance 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.

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 1.03 and 1.04 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.

		2025	2024
NAV per share	a	331.7p	1,709.5p
Share price	b	300.0p	1,470.0p
Discount	c=(b-a)/a	**9.6%**	**14.0%**

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 postive cash balances, i.e. the gearing level should all cash be employed.

Net Gearing

Gearing after taking account of positive cash balances.

		2025	2024
		£000	£000
Total Assets	a	417,211	450,564
Total Liabilities (excluding Loan Notes)	b	5,493	17,654
Equity Shareholders' funds	c	409,617	403,068
Gross Gearing	d = (a-b)/c	**101**	**107**
Cash	e	6,650	37,972
Net Gearing	f = (a-b-e)/c	**99**	**98**

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.

	2025	2024
	£000	£000
Investment management fee	2,900	2,802
Administrative expenses*	1,013	777
Ongoing charges	3,913	3,579
Average net assets	395,867	373,815
Ongoing charges ratio (net of performance fee)	**0.99%**	**0.96%**
Performance fee	–	98
Ongoing charges ratio	**0.99%**	**0.98%**

* No non-recurring costs excluded (2024: £15,000),

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

	2025[1]	2024[1]
Opening NAV per share	341.9p	291.2p
(Decrease)/increase in NAV per share	(10.2)p	50.7p
Closing NAV per share	331.7p	341.9p
% (decrease)/increase in NAV	(3.0)%	17.4%
Impact of dividends reinvested*	1.4%	1.2%
NAV total return	**(1.6)%**	**18.6%**

[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

	2025[1]	2024[1]
Opening share price	294.0p	255.0p
Increase in share price	6.0p	39.0p
Closing share price	300.0p	294.0p
% increase in share price	2.0%	15.3%
Impact of dividends reinvested*	1.5%	1.2%
Share price total return	**3.5%**	**16.5%**

[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 will be held at 28 Walker Street, Edinburgh EH3 7HR on 28 January 2026 at 12.15pm.

To consider and, if thought fit, pass Resolutions 1 to 10 which will be proposed as ordinary resolutions and Resolutions 11 to 13 which will be passed as special resolutions.

Ordinary Business

1. To receive the reports of the Directors and Auditor and to adopt the Annual Report for the financial year ended 31 August 2025.
2. To approve a final dividend of 2.9 pence and a special dividend of 0.5 pence per ordinary share of 5 pence each in the capital of the Company.
3. To re-elect Andrew Baird 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 and to authorise the Directors to fix their remuneration.
8. To approve the Directors' Remuneration Report for the year ended 31 August 2025.
9. To increase the aggregate limit on Directors' remuneration from £200,000 to £250,000 per annum.
10. **Authority to Allot Ordinary Shares**

    That, in substitution for any existing authority, but without prejudice to the exercise of any such authority. prior to the date hereof, the Directors of the Company be and are hereby generally and unconditionally authorised in accordance with Section 551 of the Companies Act 2006 (the 'Act') to exercise all the powers of the Company to allot ordinary shares in the Company and to grant rights to subscribe for or to convert any security into ordinary shares in the Company ('Securities') up to an aggregate nominal value of £569,402, (being approximately 10 per cent of the nominal value of the issued share capital (excluding treasury shares) as at 10 November 2025) such authority to expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution or on the expiry of 15 months from the passing of this resolution, whichever is the earlier, 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 an offer or enter into an agreement which would or might require Securities to be allotted or granted after the expiry of such authority and the Directors shall be entitled to allot or grant Securities in pursuance of such an offer or agreement as if such authority had not expired.

Special Business

11. **Dis-application of Pre-emption Rights**

    That, subject to the passing of Resolution 10, and in substitution for any existing power but without prejudice to the exercise of any such power prior to the date hereof, the Directors of the Company be and are hereby generally empowered, pursuant to Section 570 of the Companies Act 2006 (the 'Act'), to allot equity securities (as defined in Section 560 of the Act), including the grant of rights to subscribe for, or to convert Securities into ordinary shares in the Company (as defined in Section 724 of the Act) for cash either pursuant to the authority conferred by Resolution 10 or by way of a sale of treasury shares, as if Section 561(1) of the Act did not apply to any such allotment of equity Securities, provided that this power:

    (a) expires at the conclusion of the next Annual General Meeting of the Company after the passing of this Resolution or on the expiry of 15 months from the passing of this Resolution, whichever is the earlier, save that the Company may, before such expiry, make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of any such offer or agreement as if the power conferred hereby had not expired; and

    (b) shall be limited to the allotment of equity securities up to an aggregate nominal value of £569,402 (being approximately 10 per cent of the nominal value of the issued share capital of the Company (excluding treasury shares) as at 10 November 2025).

12. **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 date hereof, 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 fully paid ordinary shares in the capital of the Company (either for retention as treasury shares for future reissue, resale or transfer or for cancellation), provided that:

Notice of Annual General Meeting cont'd

(a) the maximum aggregate number of ordinary shares hereby authorised to be purchased is 17,070,684 or if less the number of ordinary shares representing 14.99 per cent of the Company's issued share capital (excluding treasury shares) at the date of the passing of this Resolution;

(b) the minimum price (excluding expenses) which may be paid for each ordinary share is the nominal value of that share;

(c) the maximum price (excluding expenses) which may be paid for each ordinary share 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 the ordinary shares over the five business days immediately preceding the date of purchase; and

  (ii) the higher of the last independent trade and the highest current independent bid on the London Stock Exchange; 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 Company's next Annual General Meeting or 15 months from the passing of this Resolution, whichever is the earlier, save that the Company may, prior to such expiry, 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.

13. 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: 11 November 2025

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 financial statements, Strategic Report, Directors' Report and Auditor's Report to the meeting. These are contained in the Company's Annual Report for the year ended 31 August 2025 (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, and an additional special dividend of 0.5 pence per share in respect of the year ended 31 August 2025. If approved, the dividends will be paid on 6 February 2026 to all ordinary shareholders who are on the register of members on 9 January 2026. The shares will be marked ex dividend on 8 January 2026.

Resolutions 3 to 6 – Re-election of Directors

In line with the recommendations of the 2019 AIC Corporate Governance Code, all Directors of the Company will retire and offer themselves for re-election at each AGM. The Board on the recommendation of the Nomination Committee recommends the re-election of all Directors. Full biographies of all of the Directors are set out on page 22.

Resolutions 7 – Re-appointment and remuneration of 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, and authorisation for the Directors to fix their remuneration will be proposed to the AGM as Resolution 7.

Resolution 8 – Remuneration Report

The Directors' Remuneration Report (set out in the Annual Report) is required to be put to shareholders for approval on an annual basis.

Resolution 9 – Aggregate Directors' Fees

The Articles of Association currently provide that Directors' fees shall not, in aggregate, exceed £200,000 per annum. Although there are currently no plans to make any further changes to the levels of fees paid to the non-executive Directors, the Board wishes to propose an increase to the fee limit contained in the Articles of Association to allow for the recruitment of non-executive Directors as part of the continued refreshment of the Board. It is proposed that the fee limit be increased to £250,000 per annum in aggregate. Directors' remuneration will continue to be paid in accordance with the approved Directors' remuneration policy.

Resolution 10 – Authority to allot ordinary shares

Resolution 10 authorises the Board to allot ordinary shares generally and unconditionally in accordance with Section 551 of the Companies Act 2006 (the 'Act') up to an aggregate nominal value of £569,402, representing approximately 10 per cent of the issued ordinary share capital at the date of the Notice, excluding shares held in Treasury. This authority shall expire at the next AGM.

Resolution 11 – Authority to disapply pre-emption rights

Resolution 11 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 10 (being in respect of ordinary shares up to an aggregate nominal value of £569,402, representing approximately 10 per cent of the Company's issued ordinary share capital, excluding Treasury shares, as at the date of the Notice). This authority shall expire at the next AGM. The Directors will only allot new shares pursuant to the authorities proposed to be conferred by Resolutions 10 and 11 if they believe it is advantageous to the Company's shareholders to do so.

Notice of Annual General Meeting cont'd

Resolution 12 – Purchase of own shares

Resolution 12 is a special resolution which will grant the Company authority to make market purchases of up to 17,070,684 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) 105 per cent of the average of the market value of an ordinary shares 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 of; 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. This power 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 shareholders as a whole. Any such transaction must be value enhancing for shareholders and the Board will take into consideration the effect of the buyback on the liquidity of the Company's shares. This authority shall expire at the next AGM, when a resolution to renew the authority will be proposed.

Resolution 13 – Notice period for general meetings

Resolution 13 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 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 13 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 shareholders of the Company 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 AGM, when a resolution to renew the authority will be proposed.

Notes

(1) To be entitled to attend 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 26 January 2026 ('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 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, 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. These forms must be submitted no later than 12.15 pm on 26 January 2026. 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 www.scottishoriental.com.

(4) Holders of ordinary shares who are entitled to attend and vote at the meeting convened by the foregoing notice may appoint one or more proxies (who need not be a member or members) to attend, speak and vote in their place. If appointing more than one proxy, each proxy must be appointed to exercise rights attaching to different 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 the offices of the Company's Registrars, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY or www.investorcentre.co.uk/eproxy: (i) in the case of a meeting or adjourned meeting, 48 hours (excluding non-working days) before the time for holding 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 and voting personally 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 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 (ID number 3RA50) no later than 48 hours (excluding non-working days) before the time of the meeting or any adjournment.

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) Proxymity Voting – 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 Registrar. For further information regarding Proxymity, please go to www.proxymity.io. Your proxy must be lodged by 12.15 pm on 26 January 2026 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 28 Walker Street, Edinburgh EH3 7HR before, during and after the meeting.

(11) As at close of business on 10 November 2025, the Company's issued share capital comprised 157,068,315 ordinary shares of 5p each of which 43,187,833 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 2025 is 113,880,482.

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

Notice of Annual General Meeting cont'd

(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 Company's 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 member can appoint one or more corporate representatives. Members can appoint more than one corporate representative only where each corporate representative is appointed to exercise rights attached to different shares. Members cannot appoint more than one corporate representative to exercise the rights attached to the same share(s).

(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/her and the member by whom he/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/she may, under any such agreement, have a right to give instructions to the member as to the exercise of voting rights.

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. This Index is made up of companies with a free float-adjusted market capitalisation of between US$65m and US$10,198m. The range does not exactly match that of the Company, which has no lower limit and which invests mainly in companies with a market capitalisation of under US$5,000m at the time of first investment. Nevertheless, it gives a useful indication of the performance of smaller listed companies in Asia over recent years.

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
28 Walker Street
Edinburgh EH3 7HR

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

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Depositary
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25 Bank Street
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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