

SCINTRONIX CORPORATION LTD.

Registration No: 199901719E

(Incorporated in Singapore)

(The "Company")

**QUALIFIED OPINION BY AUDITORS ON FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013**

Pursuant to Rule 704(5) of the Listing Manual of Singapore Exchange Securities Trading Limited, the Board of Directors of Scintronix Corporation Ltd. and its subsidiaries (the "Group") wishes to announce that the independent auditors, Messrs Crowe Horwath First Trust LLP, has issued a "qualified opinion" Independent Auditors Report in respect of the audited financial statements of the Group for the financial year ended 31 December 2013. The nature and contents of the qualification are contained in the attached Independent Auditors Report.

In relation to the qualification, the Board wishes to inform shareholders that this arose due to the disclaimer of opinion contained in the prior year's audit report on the Company's wholly owned subsidiary, TTL Promex Manufacturing (Shanghai) Co Ltd ("TTLPMS"). As indicated in this year's audit report, TTLPMS has ceased operations in FY2012 and remained inactive during FY2013. With regards to the financials of TTLPMS highlighted in the audit report, the net loss for FY2013 relates to expenses and write-offs in FY2013 and the balance sheet primarily consists of cash and accrued liabilities, which are not material to the Group.

On the emphasis of matter (which does not amount to a qualification) highlighted by the auditors on the net loss and negative operating cash flows, the Board wishes to inform shareholders that the Group has sufficient working capital to meet its obligations as and when they fall due. Further information on the Proposed Acquisition referenced to in the audit report can be found on the attached Note 30 to the Financial Statements.

By Order of the Board
SCINTRONIX CORPORATION LTD.

Mr Yang Weimin
Executive Chairman

9 April 2014

INDEPENDENT AUDITOR'S REPORT

To the Members of Scintronix Corporation Ltd.

Report on the Financial Statements

We have audited the accompanying financial statements of Scintronix Corporation Ltd. (the "Company") and subsidiaries (the "Group") set out on pages 23 to 81, which comprise the consolidated balance sheet of the Group and balance sheet of the Company as at 31 December 2013, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and that transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

Our previous report dated 15 April 2013 for the financial statements of the Group for the financial period from 1 July 2011 to 31 December 2012 ("FP2012") contained a disclaimer of opinion.

The disclaimer of opinion arose as a result of unavailable or incomplete accounting and other records as well as the relevant supporting documents of the Company's wholly owned PRC subsidiary, TTL Promex Manufacturing (Shanghai) Co Ltd ("TTLPMS"). Hence we were unable to carry out the necessary audit procedures to satisfy ourselves as to whether the financial statements of TTLPMS were in the form and content appropriate and proper for inclusion in the consolidated financial statements for FP2012 in accordance with the relevant provisions of the Act and Singapore Financial Reporting Standards.

As a result, the possible effects of adjustments, if any, on the FP2012 consolidated financial statements could not be determined. Any adjustment of the opening balances of the statement of financial position would have consequential effects on the current financial year's results.

TTLPMS had ceased operations during FP2012 and remained inactive during the financial year, and the matter described above remains unresolved. Consequently, we were unable to obtain sufficient appropriate audit evidence relating to the completeness and accuracy of the TTLPMS's net loss for the year amounting to \$109,000 (2012: net loss of \$5,433,366) as well as the completeness of its liabilities of \$135,988 (2012: \$4,616,656) included in the consolidated financial statements of the Group.

INDEPENDENT AUDITOR'S REPORT

To the Members of Scintronix Corporation Ltd.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2013, and the results, changes in equity and cash flows of the Group, for the financial year ended on that date.

Emphasis of matter

We draw attention to Note 2 to the financial statements, which states that the Group recorded a net loss of \$3,133,000 and negative operating cash flows of \$2,378,000 for the financial year ended 31 December 2013. The Group has been downsizing its operations by the cessation of its loss-making businesses since the previous financial period as further disclosed in Note 23 to the financial statement. The Group is actively pursuing new business opportunities for strategic growth which has, among others, culminated in the Proposed Acquisition (Note 30).

The ability of the Group to achieve profitability and generate positive operating cash flows in the foreseeable future is largely dependent on the successful completion of the Proposed Acquisition.

Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

In our opinion, except for the matters described in the Basis for Qualified Opinion paragraph, the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Crowe Horwath First Trust LLP

Public Accountants and
Chartered Accountants
Singapore

9 April 2014

SCINTRONIX CORPORATION LTD

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2013

30. SUBSEQUENT EVENTS

- (a) The Company was placed on the watch-List pursuant to Rule 1311 of The Singapore Exchange Securities Trading Ltd (“SGX-ST”) Listing Manual with effect from 5 December 2011 and was given till 5 March 2014 (“Deadline”) to meet the requirements to be removed from the watch-list.

On 4 March 2014, the Company announced that it has submitted an application to SGX-ST to extend the Deadline for another twelve months (“Application”) on the following bases:

- (i) The Company has been actively disposing of its unprofitable assets and scaling down its loss making businesses. The Company foresees that, upon the completion of the Proposed Acquisition (as defined and explained below), the enlarged group will be able to turnaround to profitability in FY2014 and thus meet the profit requirement under Rule 1314(1) of the listing manual of the SGXST (“Listing Manual”).
- (ii) Upon completion of the Proposed Acquisition, the Company is contemplating an equity fund raising (“Proposed Equity Fundraising”) to provide additional working capital for Bestway (as defined below) to expand its businesses. With the Proposed Acquisition and the contemplated fund raising, the market capitalisation of the Company is expected to increase above S\$40 million. The Company foresees that it will be able to meet the required average daily market capitalisation requirement of S\$40 million or more for 120 market days as stated in Rule 1314(1) of the Listing Manual within the period of extension.
- (iii) Mr. Tu Jianhua (“Mr. Tu”), the ultimate majority shareholder of the Company, and Loncin Holdings Co., Ltd (“Loncin Holdings”) have indicated their strong commitment to the successful completion of the Proposed Acquisition and the Proposed Equity Fundraising in order to achieve a turnaround of the business and operations of the Company and its subsidiaries.

As at the date of the financial statements, the Company has not received any response from the SGX-ST in regard to the Application above.

- (b) On 4 March 2014, the Company also announced that it has entered into a memorandum of understanding (“MOU”) in relation to the proposed acquisition of the entire equity interest in Bestway Steel Building Co., Ltd (“Bestway”) from Loncin Holdings (“Proposed Acquisition”).

Bestway was founded in 2002 and it is based in Chongqing. Bestway is principally engaged in the design, production and installation of steel structures for office buildings, industrial buildings and sports stadiums. Loncin Holdings is an entity that is ultimately controlled by Mr Tu and his family. Mr Tu is also the ultimate majority shareholder of the Company.

As at the date of the financial statements, the Company has not entered into any definitive agreement(s) with Loncin Holdings in connection with the Proposed Acquisition.