



**OILTEK INTERNATIONAL LIMITED**

(Company Registration Number: 202109778W)  
(Incorporated in the Republic of Singapore)

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**BUSINESS UPDATE FOR THE SIX MONTHS AND FINANCIAL YEAR ENDED 31 DECEMBER 2021**

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The Board of Directors (“**Board**” or “**Directors**”) of Oiltek International Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to update shareholders in this voluntary business update on the Group’s unaudited financial performance for the six months (“**2H2021**”) and financial year ended 31 December 2021 (“**FY2021**”) as compared to the six months (“**2H2020**”) and financial year ended 31 December 2020 (“**FY2020**”).

**Key Financial Performance Highlights**

<b>Group (Unaudited)</b>	<b>2H2021 RM'000</b>	<b>2H2020 RM'000</b>	<b>Change %</b>	<b>FY2021 RM'000</b>	<b>FY2020 RM'000</b>	<b>Change %</b>
Revenue	<b>53,413</b>	45,831	16.5	<b>100,628</b>	87,538	15.0
Gross profit	<b>13,554</b>	18,237	(25.7)	<b>23,589</b>	27,658	(14.7)
Profit before income tax	<b>7,108</b>	9,203	(22.8)	<b>12,987</b>	15,755	(17.6)
Profit after income tax	<b>5,355</b>	7,154	(25.1)	<b>9,707</b>	12,057	(19.5)
Profit before income tax (exclude Listing expenses)	<b>9,617</b>	9,203	4.5	<b>15,496</b>	15,755	(1.6)
Profit after income tax (exclude Listing expenses)	<b>7,864</b>	7,154	9.9	<b>12,216</b>	12,057	1.3

**Condensed Financial Position**

<b>Group (Unaudited)</b>	<b>As at 31 December 2021 RM'000</b>	<b>As at 31 December 2020 RM'000</b>	<b>Change %</b>
Cash and bank balances	<b>42,896</b>	51,292	(16.4)
Total assets	<b>82,239</b>	67,567	21.7
Total liabilities	<b>47,876</b>	33,481	43.0
Total equity / net assets	<b>34,363</b>	34,086	0.8

## **Review of Financial Performance**

### **2H2021 compared to 2H2020**

The Group's revenue increased by approximately RM7.58 million or 16.5% from approximately RM45.83 million in 2H2020 to approximately RM53.41 million in 2H2021 due to an increase in revenue from the Edible & Non-Edible Oil Refinery segment and partially offset by a decrease in revenue from the Renewable Energy segment and the Product and Sales Trading segment.

The Group's gross profit decreased by approximately RM4.68 million or 25.7% from approximately RM18.24 million in 2H2020 to approximately RM13.56 million in 2H2021. Gross profit margin decreased by 14.4 percentage points from 39.8% in 2H2020 to 25.4% in 2H2021 mainly due to lower gross profit margin across all the segments. In 2H2020, the higher gross profit margin was mainly due to higher gross profit contributions from projects secured in Africa.

The Group's profit after income tax decreased by approximately RM1.80 million or 25.1% from approximately RM7.15 million in 2H2020 to approximately RM5.35 million in 2H2021 mainly due to the listing expenses of approximately RM2.51 million incurred in connection with the Company's listing on the Catalist Board of Singapore Exchange Securities Trading Limited (the "SGX-ST"). Excluding the listing expenses incurred, the Group's profit after income tax would have increased by approximately RM0.71 million or 9.9% from approximately RM7.15 million in 2H2020 to approximately RM7.86 million in 2H2021.

### **FY2021 compared to FY2020**

The Group's revenue increased by approximately RM13.09 million or 15.0% from approximately RM87.54 million in FY2020 to approximately RM100.63 million in FY2021 mainly due to the revenue contribution from new projects secured in FY2021 for the Edible & Non-Edible Oil Refinery segment.

The Group's gross profit decreased by approximately RM4.07 million or 14.7% from approximately RM27.66 million in FY2020 to approximately RM23.59 million in FY2021. Gross profit margin decreased by 8.2 percentage points from 31.6% in FY2020 to 23.4% in FY2021 mainly due to lower gross profit margin from both the Edible & Non-Edible Oil Refinery and Renewable Energy segments. In FY2020, the higher gross profit margin was mainly due to higher gross profit contributions from projects secured in Africa.

The Group's profit after income tax decreased by approximately RM2.35 million or 19.5% from approximately RM12.06 million in FY2020 to approximately RM9.71 million in FY2021 mainly due to the listing expenses of approximately RM2.51 million incurred in connection with the Company's listing on the Catalist Board of the SGX-ST. Excluding the listing expenses incurred, the Group's profit after income tax would have increased by approximately RM0.16 million or 1.3% from approximately RM12.06 million in FY2020 to approximately RM12.22 million in FY2021.

## **Review of Financial Position**

The Group's financial position as at 31 December 2021 remains strong and resilient, with a net asset position of approximately RM34.36 million and cash and bank balances of approximately RM42.90 million, representing 52.2% of total assets.

Cash and bank balances decreased by approximately RM8.40 million or 16.4% from approximately RM51.29 million as at 31 December 2020 to approximately RM42.90 million as at 31 December 2021 mainly due to the net cash used in financing activities for dividends paid to its shareholders, partially offset by the net cash generated from operating activities.

Total assets increased by approximately RM14.67 million or 21.7% from approximately RM67.57 million as at 31 December 2020 to approximately RM82.24 million as at 31 December 2021 mainly due to an increase in trade and other receivables, contract assets and partially offset by a decrease in cash and bank balances.

Total liabilities increased by approximately RM14.40 million or 43.0% from approximately RM33.48 million as at 31 December 2020 to approximately RM47.88 million as at 31 December 2021 mainly due to an increase in trade and other payables and contract liabilities.

Overall, the Group's total equity increased by approximately RM0.27 million or 0.8% from approximately RM34.09 million to approximately RM34.36 million.

## **Market Outlook**

The COVID-19 pandemic extended into the current year and continues to bring about disruptions and market volatility in the countries where the Group has businesses and operates. Nonetheless, the Group's projects were not materially affected by the impact of COVID-19 as we were still able to adapt with interim mitigating solutions such as arrangements for the engagement of local expertise, online support and commissioning protocol. The Group's satisfactory performance in FY2021 amid the unprecedented COVID-19 situation globally is a testament to our resilient business model and strong fundamentals built up over the years.

The Group believes that the recent hike in world commodity prices of both vegetable oil and fossil oil have become a strong catalyst for further positive development in both edible oil and renewable energy segments. The industry players in both segments that have benefited from strong revenue growth are now believed to have higher expansion budgets for integration and diversification that is vital for long term sustainability.

The Group remains confident about the long-term outlook of the Edible & Non-Edible Oil Refinery segment as the global consumption of oils and fats is growing in tandem with the increase in the world population, as seen by the strong growth in the food and

beverage, oleochemical and biodiesel sectors. The growing demand for food creates a corresponding demand for edible and non-edible oils and fats, specifically, vegetable oils. The Group provides solutions that cater to all types of vegetable oils, including palm oil, soybean oil and rapeseed oil, which are some of the major agricultural commodities in the world. In addition, palm oil is a commodity consumed worldwide in the form of edibles such as cooking oil, confectioneries, margarine, and chocolates. Palm oil is also a raw material for ingredients found in a host of non-edible household and industrial products such as soaps, detergents, cosmetics, and pharmaceuticals. We will continue to leverage on our capabilities, technology know-how and proven track record to secure more projects and projects of a larger scale in existing and new markets, and to expand our geographical reach to other palm oil markets with emerging prospects.

As for the Renewable Energy segment, the Group sees an acceleration of global trends shifting towards environmental sustainability. With stronger environmental regulations, government initiatives and policies, and the growing awareness of the importance of environmental, social and governance considerations, we are optimistic about the continued growth prospects of the renewable energy sector. The Group intends to increase its focus on the renewable energy sector, and provide more support and solutions to the sustainability efforts of existing customers and markets.

Notwithstanding the impact of the COVID-19 pandemic on the global economy, in light of our competitive strengths and barring any unforeseen circumstances, our businesses are expected to be driven primarily by the corresponding growth in the industries that we serve and the overall outlook for our business is expected to remain positive.

As at the date of this announcement, the Group's order book based on unfulfilled orders from signed contracts, confirmed variation orders and letters of awards obtained amounted to approximately RM198.1 million and are expected to be fulfilled over the next 18 to 24 months barring any unforeseen circumstances.

## **BY ORDER OF THE BOARD**

**Mr. Yong Khai Weng**  
**Executive Director and Chief Executive Officer**

11 April 2022

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*This announcement has been reviewed by the Company's sponsor, SAC Capital Private Limited (the "**Sponsor**"). This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement. The contact person for the Sponsor is Ms Lee Khai Yinn (Telephone: +65 6232 3210) at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542.*