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BULLETIN

Managing Director's New Year Message 2012



Happy New Year to all of you.

2011 was an eventful year. We saw natural disasters of unprecedented levels ranging from the tsunami and earthquake in Japan to the floods in Thailand and in Singapore. We also witnessed the political upheaval in the Middle East, change in government in Egypt, financial crisis affecting the United States and the European Union, and the emergence of a new country—the Republic of South Sudan.

I am proud to announce that amid the global political and financial instability last year, we have managed to overcome the challenges that came our way and have done well, in terms of JEL's group performance. We have surpassed our targets in terms of orders, sales and profit set earlier last year.

I would like to thank our clients for their co-operation, understanding and most importantly, for giving us the opportunity to showcase our ability and to prove ourselves as a reliable and competent constructor, not only in South East Asia but the world over. I would also like to thank all of you for your dedication and hard work throughout last year, without which, our stellar achievements in 2011 would not have been achievable. I am sure our shareholders share the same sentiments as I do.

Another highlight last year was the company's achievement in maintaining the "ZERO reportable accident" record. This record has now been maintained for 41 continuous months. Let us continue to be vigilant and conscious of "safety" always. With this in mind, I hope this record will continue to be maintained. Keep it up!

No doubt, repeating our achievements in 2011, this year, will be a challenge. However, it is possible if we continue to work hard

and have the right attitude. For 2012, managing project execution risks to contain cost will be vital. Our supporting departments will need to continue to focus on value-added initiatives so as to curtail inflationary cost pressure, through productivity and risks management. Our Purchasing team will have to continue to expand their supplier and subcontractor base so as to provide alternatives for cost containment to support our projects. Our Finance Division will need to continue to focus on providing timely and relevant reports to aid our management in their decision making. Our Treasury will need to be ever more vigilant to monitor and hedge against unpredictable currency risks.

Needless to say, what we have achieved so far is in no small part due to our capabilities, which have been strengthened over the years. The word "Strengthen" was the keyword used in last year's message. I am glad there have been improvements made to further strengthen various areas within the JEL Group since.

The word "Change" will be the keyword for this year's message. Although last year's achievement was satisfactory, I am sure many of us have analysed past mistakes and realised how changes can be made to avoid a recurrence of the same mistakes. Let us reflect on these experiences and challenge ourselves to

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Managing Director's New Year Message 2012

make these “changes”. Changes within our company can only be implemented if we are receptive of it. So, let us make that change.

This year will be the busiest year in JEL's history and extra resources will be required. Although the expected worldwide economy downturn in 2012 requires us to be prudent, it also provides us with a good opportunity to increase our human resources since the market is expected to ease. We will also revamp the business organization of our company to focus more on value-added businesses. New discipline for the next generation will be acquired and built up slowly through ongoing projects in 2012.

Overall, we have every reason to be confident and optimistic. With our solid order book, JEL will continue to enlarge and strengthen our market share in this region by ourselves and through our subsidiaries, especially in Singapore, Thailand, Vietnam, Indonesia and Malaysia.

We must continue to work hard and not be complacent. In the long run, competition and cost escalation will eventually eliminate any edge our company has over our competitors if we do not continuously strive to adapt to the ever-changing business landscape and rise above our competitors. This coming year will be the year to seriously start reinventing ourselves and to reposition the JEL group not just for 2012, but for the long haul.

IRPC Combined Heat and Power Plant Project



Overview of Gas Turbine Generators and HRSG units

The IRPC Combined Heat and Power Cogeneration Plant, located in Rayong, Thailand, is designed to provide 220 MW of electricity and 420 tons per hour of steam to IRPC's existing refinery and petrochemical complex. The Plant consists of 6 Gas Turbine Generators, 6 Heat Recovery Steam Generators (HRSG) and BOP systems. The Construction and Commissioning (EPCC) for the project has a tight schedule of 22 months.

The first site activity started with precast concrete piling works in late

October 2009. By the time the project was completed, close to 20,000 cubic metres of concrete had been cast for equipment foundations, buildings and roads. Mechanical erection and installation works commenced in March 2010.

Due to site area space constraints, the coordination between civil construction works, mechanical installation activities, piping installation works and safety requirements was a tough challenge. However, with the vast experience

and good cooperation from all parties involved in the project, TJEL and JEL had consistently met all the milestone dates since the commencement of the project. Furthermore, we also achieved an outstanding safety performance record of 5 million man-hours without a Lost Time Incident.

The successful completion of the IRPC Combined Heat and Power Plant Project is another remarkable achievement in TJEL's and JEL's stellar track record.

Nghi Son-1 Coal-Fired Thermal Power Plant (2X300MW) Project in Vietnam

JEL secured the civil and M&E construction works, including the BOP contract, for the Nghi Son-1 Coal-Fired Thermal Power Plant (2x300MW) Project in July 2010.

Marubeni Corporation (MC) is executing this project together with Foster Wheeler and Fuji Electric Systems for the Engineering, Procurement and Construction (EPC) portion of the contract. The Plant will consist of two coal-fired boilers supplied by Foster Wheeler, two steam turbines and generators supplied by Fuji Electric, a coal handling system, flue gas desulfurizer plants (FGD) and all necessary ancillary plant and equipment.

JEL's scope includes Civil and Building works (land reclamation, piling, foundations, steel structure, roofing and cladding, buildings and building M&E services), and Mechanical and Electrical works for the Plant including BOP (hydrogen generation, lifting equipments, boiler elevator, HP piping, field erected tanks and painting material for FGD).

The project schedule is estimated to be around 39 months for the first unit and 43 months for the second unit, from the contract commencement date of 22 July 2010. Works have commenced on schedule in July 2010 and the Plant is expected to be operational in 2014.

The Nghi Son-1 Thermal Power Plant Project site is located in Thanh Hoa province, Tinh Gia district, in Nghi Son Town. Thanh Hoa province is situated in the North Central Coast of Vietnam. Its capital is Thanh Hoa City, the largest city in the province, with a population of about 200,000.

This is our maiden construction project in Vietnam and it is situated in the north central rural district. At the start of the project, our advance party faced various difficulties in adapting to the local system. We were unfamiliar with the local culture and language, and food also presented a challenge as our staff were from different countries. We have come a long way since, and are now able to provide our staff with more choices of food including, but not limited to, Chinese, Indian, Thai and Vietnamese.



Central Control Building - Steel Structure Erection in progress



IHI President of Energy Systems Operations, Mr Hiromitsu Hamamura (centre), JEL MD, Mr Seiichi Daita, together with our construction team at the Nghi Son-1 TPP Construction site.

Thanh Hoa has a tropical monsoon climate, with the heaviest rainfall between June and October. At the beginning of the construction stage, we were unable to access the work site on some days due to bad weather resulting in heavy floods. In this region, the sky is also misty most of the time and flights through Vinh City Airport—a two-hour journey from the site—are frequently delayed or cancelled during the monsoon season.

Access to the site can be very inconvenient and frustrating. The nearest town in Thanh Hoa City is about 60 km away, approximately one and a half hours by land transport. The narrow one lane road requires the driver to be very skilful and exercise keen judgement as he overtakes heavy and slow moving vehicles. The roads are also always crowded with students riding bicycles and motorbikes. Additionally, care and caution has to be taken by the driver to avoid buffalos, cows, goats and occasionally horses and cattle on the road. While it may sound dangerous to drive along the roads of Thanh Hoa province, the refreshing and relaxing scenery more than compensates for the hazardous journey. Scenes of Vietnamese women working hard at paddy fields and construction sites are aplenty, and the sale of fruits and bread by the roadside is also a fairly common sight.

Overall, Vietnam is a nice country to work and stay in. The friendly Vietnamese are easy to get along with; and Vietnamese steamboat and coconuts, are just some examples of the many local dishes and fruits that our expatriate staff and workers love so much. Due to its unique historical background, Vietnam encompasses both eastern and western cultures. The Vietnamese celebrate Mid-Autumn Festival and Tet—Vietnamese Lunar New Year—amongst others. Like their Chinese counterpart, the Vietnamese will return to their hometown for their reunion and businesses throughout the nation can be quiet for about two weeks.

The New Paradigm of The Accounting Role



Chief Financial Officer, Mr Soh Chee Kok

For years in the past, and even until now in some smaller companies, finance and accounting functions were seen in the traditional light of a bean-counter. That view has undergone tremendous changes in the past two decades as the business landscape becomes more complex.

I have always liked the analogy comparing the traditional accountant to the topographer. The accountant charts the business landscape, records the path and route, so that everything about the journey may be accurately recorded for decision making and learning and ultimately reflecting a truthful and accurate story behind the journey.

Well, the story does not end there. The ever changing business landscape has become increasingly complex. Senior management struggles to steer their ships amongst waves of new regulations and unknown challenges. Corporate and accounting scandals such as Enron, Tyco and WorldCom have caused investors billions of dollars and shook their confidence in the financial system.

To appreciate the complexity and challenges of the finance and accounting function, one has to first appreciate that accounting is affected by statutory regulations such as the Companies Act and various Acts relating to taxes (e.g. custom, GST or VAT, withholding tax), accounting standards, and other regulatory imposed law such as the Sarbane-Oxley (commonly known as SOX for US companies or JSOX for Japanese companies). All these regulations being man-made may change with circumstances. A simple example is the principle of historical valuation in accounting, which has undergone much debate, and changes to the current complex concept of fair value accounting. New accounting standards and revisions to existing ones have been introduced at significant pace in the last several years. Without a good grasp of these regulations, the risk of non-compliance is largely increased.

Financial products which are designed to help manage financial risks have become more varied to cater to business needs. Unfortunately these have also become more complicated and not easily understood by even accountants. Tax regulations are constantly being fine-tuned. Without keeping abreast of the changes, companies either run the risk of being non-compliant or miss out on the relevant incentives. Tax regulators in many developing countries have also upgraded themselves and learnt from their past experiences, and have increased their scrutiny on areas such as transfer pricing.

Just as the topographer needs certain tools to chart the map, the accountant needs robust tools such as the ERP system and other business solutions to help him accurately capture transactions across the organisation, and produce the financial statements efficiently without the help of a large accounting team as in the past. Someone once lamented to me that things could also get done in the past without the fanciful tools or gadgets like ERP systems, computer or email. That is true perhaps, but that is probably why the pace was slower in the past, news did not reach us at such break-neck speed, and decision making probably took months instead of days.

Corporate scandals from Barings to Enron to the recent Olympus incident, has created more pandemonium in the already high-strung arena of corporate governance. To protect the interest of various stakeholders such as shareholders, regulators, tax collector and even employees, the focus on corporate governance has become more intense. Since majority of the transactions would have financial impact and trickle down to the accounting book, the accountant needs to constantly safeguard the interest of the company through stringent financial policies and procedures.

It is with the above challenges in mind that I have tasked the finance and purchasing divisions, during the “work-plan 2012” meeting held in November 2011, to focus on 3 simple missions for 2012: competency, productivity and corporate governance. Without competency, it would be difficult to have a good grasp of the various regulations and practices. It would also be difficult to achieve the desired improvement to productivity or carry out effective and efficient corporate governance practices. Without productivity, inflationary cost would gradually reduce the economic value-add of the accounting function. Without playing the appropriate role in enhancing the corporate governance, the finance division would not be able to give reasonable assurance to various stakeholders of the company that the financial affairs of the company are in proper order. These three areas form the foundation for an effective and value-adding accounting role.

The truth, like it or not, is that the accountant needs to wear many hats and probably, the right hat at the right time in some cases. The analogy of the accountant as a topographer may no longer be very relevant. The new role now goes beyond charting the route to assist the management to reach the destination through the safest and most efficient route.

Hong Kong & Macau Trip - A Wonderful Experience and Unforgettable Memories

JEL's Social and Recreational Committee organized a four days vacation to Hong Kong and Macau for employees.

We left Singapore in the morning of 4th November 2011 (Friday) and arrived at Hong Kong in the afternoon. Thereafter, we checked into the Nathan Hotel, where we stayed for the entire duration of our trip. Nathan Hotel is located near the Jordan MTR Station. We were pleased to find that the rooms we stayed in were cozy and comfortable.

Our sightseeing tour on the first day started at Ocean Park. We thoroughly enjoyed the cable car rides, roller-coaster rides, dancing fountain and aquarium.

On the second day, we travelled to Macau by ferry. The visit to Macau was an eye-opener. As we explored the city center and heritage sites, we took in breathtaking scenery and admired the old buildings and architecture that were steeped in history. We also visited the Macau Tower and enjoyed the city view. There, one of our brave colleagues attempted the bungee jump, which happens to be the world's highest at 233 metres. The evening was spent at the Venetian Macau Resort Hotel—known for its casino, "Grand Canal", gondola rides and shopping experience. The overall design and concept of the hotel is simply in a class of its own, and is best appreciated at night, where the grandeur is spectacularly showcased.

We were tired from the two days of non-stop walking and woke up late the next day. The highlight for the day was exploring the Ngong Ping plateau where the world's tallest Giant Buddha is seated. The best way to reach this place is by cable car. The cable car ride offers a fascinating view of Lantau Island. By the



Fun-loving hunks at Lantau Island's Ngong Ping Plateau (with the Giant Buddha Statue in the background)



An enthusiastic JEL Team arrives at Hong Kong Airport

time we arrived, the entire area was covered by mist. Despite feeling a little chilly, we enjoyed a pleasant stroll and took some pictures.

In the evening, while traversing the streets of Hong Kong, we caught a glimpse of the trams on the street. It was an interesting sight, as we no longer have a tram system on our streets in Singapore, while Hong Kong has both the tram and MTR system.

A visit to Hong Kong would not be complete without seeing the Symphony of Lights show at the Victoria Harbour. It is best to explore the Avenue of Stars along the Waterfront Promenade—located just behind the Museum grounds—first, while waiting for the 8pm show to begin. The skyscrapers along the Victoria Harbour were a sight to behold.

The following day's itinerary was The Peak, which offered a 360-degree panoramic view of the entire Hong Kong city. Another attraction not to be missed was the Madame Tussauds Wax Museum, with life-like creations of wax figures.

We left Hong Kong at six in the evening, for our flight back to Singapore. Before departing, we did some last minute shopping at the Hong Kong Airport.

We thoroughly enjoyed the trip. The beauty and wonderful fusion of western and eastern influences in both Hong Kong and Macau made our visit unforgettable. Macau, especially, exceeded our expectations. It was a truly beautiful and amazing place; and the most memorable aspect to us was not its entertainment scene, but its tasty food, luxurious resorts, beautiful street signs, beautiful environment, and its old heritage sites and back streets.

JEL Maintenance Pte Ltd - An Eventful Year 2011

JML WELCOMES NEW CHIEF EXECUTIVE OFFICER

The JML Board of Directors appointed Mr Nagappan Sathappan as Chief Executive Officer (CEO) of JML with effect from 25th July 2011.

Mr Anwardeen proudly announced that Mr Nagappan—who had worked with him for 20 years and contributed to the growth of JML since its establishment in year 2000—would succeed him as CEO and wished him the best.



SUCCESSFUL COMPLETION OF PROJECTS

SAKRA WOODCHIP BOILER RELOCATION PROJECT



JML successfully completed the Sakra Woodchip Boiler Relocation Project with Zero LTI (Lost Time Injury).

The broad project scope included dismantling, transportation (from Tuas to Jurong Island by sea and road), re-assembly, testing and commissioning of the woodchip boiler. It also

involved EPC works for BOP piping (viz, IP steam, condensate, fire water, boiler-feed water, portable water, DM Water) structural works and supply & implementation of a Control System for BOP. Electrical & Instrumentation works were also a part of this EPC package.

BOILER TUBE REPLACEMENT PROJECT BY JML (MALAYSIA TEAM) AT A HEIGHT OF 60 METERS - TANJUNG BIN POWER PLANT, MALAYSIA

The main scope of this project was for the replacement of Re-heater Vertical Tubes. It also involved alloy steel tube fabrication, installation and testing.



JML WORKERS GET TOGETHER

JML Singapore organized a Workers Get Together on 8th January 2012. The event started in the morning and various fun-filled activities such as Tug-of-war, treasure hunting and football games were organized. Lunch was provided to all JML workers who came together and had a good time interacting, playing and bonding with each other. A Lucky draw was conducted and the happy winners were presented with gift hampers.



JML CERTIFIED WITH OHSAS 18001:2007 AND ISO 14001:2004

JML has been awarded the Certificate of Approval for OHSAS 18001:2007 and ISO 14001:2004 by Lloyd's Register Quality Assurance Limited, Singapore, which is accredited by UKAS (United Kingdom Accreditation Service).

With this certification, JML is now recognized to be fully equipped with the necessary Quality, Safety & Environmental Management Systems that help them to continue giving complete customer satisfaction to their clients.



First-phase Construction Project for Polycrystalline Silicon Plant in Malaysia

Since the moving to its new office at SIOI Boulevard on 15th May 2011, a new chapter has opened for Equator Engineering Sdn Bhd (EESB) with the award of a new project in Bintulu, Sarawak, long after the completion of Jimah Power Plant in Port Dickson in 2008.

EESB was awarded 2 packages—piping

works and steel structure erection—by Chiyoda Sarawak Sdn Bhd for the Tokuyama Malaysia Poly-Silicon Plant Project (TMP) in Bintulu, Sarawak. The project period is from July 2011 to September 2012, during which, the peak manpower strength would be close to 400 employees comprising all trades of engineers, skilled and semi-

skilled workers, general workers from West and East Malaysia, and expatriates from Thailand, India and the Philippines.

The site is located at Samalaju Industrial Park, about 60 km north-east of Central Bintulu. This is a Polycrystalline Silicon manufacturing plant and the first of its kind in Malaysia for EESB. The product manufactured is for the semiconductors and solar cells.

This project is the first experience EESB has in East Malaysia after a long break. Its last projects there were for Sabah Palm Oil Mill, in Tawau, Sabah in 1978; for Mukah Palm Oil Mill, Mukah, Sarawak in 1980; and MLNG 3 in 2006. Generally, doing projects in East Malaysia poses more challenges than doing projects in West Malaysia. Most of the facilities, equipment and consumables were brought in from West Malaysia. Fortunately, the importation and transportation did not hinder the progress of the job.

As at December 2011, the progress achieved was about 22%.



Pipe Rack Piping Installation Work - Pipe "Launching" @ Erected Pipe Rack

JEL Staff Party 2012

It was a wonderful and exciting night for everyone who attended the JEL Staff Party 2012, which took place at Orchard Hotel on 24th February 2012.

The theme for this year's party was 'JEL Movie Nite'. Some staff came to the party dressed like various movie stars, hoping to clinch the Best Dressed Male and Female Award. In the end, the Best Dressed Male award went to "Dracula" and the Best Dressed Female went to "Victoria Princess".

At the reception foyer, stalls were set up for miniatures drawing, glamour photo-shoots and airbrush tattooing. These provided much entertainment for our staff before the dinner commenced.



JEL Staff Party 2012

The party started with an opening speech from our Managing Director, Mr Seiichi Daita. Thereafter, our moods were enlivened and the atmosphere charged by lively pole dancing and hula hoop performances.

We then had our sumptuous dinner served in banquet style. Amidst dinner, we were kept entertained by the many fun games the emcee had prepared for us, which all our staff gamely participated in with gusto.

The exciting lucky draw segment was accompanied by cries of delight and cheers interspersed with some groans, as the prizes were being snapped up one by one.

The night ended on a high note when all staff and guests raised their voices to proudly sing our “JEL song”; and then cheered and toasted to a better year ahead.



Lucky Draw

Contest

We are giving away one Nike Golf Umbrella each—sponsored by our Managing Director, Mr Seiichi Daita—to the first five correct entries picked. Another five consolation prize winners will each receive a Document Bag sponsored by JEL Maintenance Pte Ltd.

Simply answer the four questions and send your answers together with your name and address to dewie@jel.com.sg or 25 Tanjong Kling Road, Singapore 628050.

(Hint: answers can be found in this issue.)

Name: _____ NRIC No : _____

Address: _____

The questions for the contest are:

1. What was the theme for this year's JEL Party and name two stalls that were set up at the reception foyer as entertainment for our staff?

2. Why was the IRPC Combined Heat and Power Plant Project considered another remarkable achievement in JEL's stellar track record?

3. Nghi Son-1 is our maiden construction project in Vietnam. Name two difficulties faced by the advance party in adapting to the local system.

4. What is the key word used in the Managing Director's Message this year; and what is required in order for JEL to implement it?

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