

J U R O N G E N G I N E E R I N G L I M I T E D



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BULLETIN

Managing Director's New Year Message 2013



A Happy New Year to all JEL Group staff and family members. 2012 was another exceptional year for the JEL Group. We recorded strong growth with an annual sales milestone of S\$500 million. I would like to thank our clients and partners for giving us the opportunity to prove ourselves and also for supporting us. I would also like to congratulate our colleagues for this achievement as I believe we would not have achieved this milestone without your hard work and teamwork. Your contribution to the JEL Group is highly appreciated.

This year will be the year where we pursue greater work productivity and efficiency through the use of technology. With the standardization and integration of our ERP (Enterprise Resource Planning) system amongst the head office and the JEL Group of companies, work processes can be better streamlined to enable efficient sharing of information and resources.

In line with the Company's direction, the performance of our Engineering Division was commendable in 2012. In fact, since 2011, our Engineering Division's performance has been consistent throughout; and this is expected to continue for a number of years to come. Not only have they managed to deliver outstanding profitability to the Company, they have also enhanced the Company's backlog with new EPC orders.

Three years ago we raised our sales and profit to 7% per annum, and sought to achieve double figures in sales and profit in ten years time. This target can be achieved with steady and reasonable growth. To achieve this, the Company will move forward with value-added businesses such as EPC.

We must always stay ahead as we can never be sure of the future. To stay ahead and achieve our goal, we look to enhance our engineering capability and increase our client base in existing and emerging markets.

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JEL extends a warm welcome to Mr Hiroshi Ide, who will be the new Managing Director and Chief Executive Officer of JEL. Mr Ide, who is from IHI Corporation, will be taking over the helm from Mr Seiichi Daita with effect from 1 April 2013.



Mr Daita will be leaving for Japan at the end of March 2013 to take up a new position as President of IHI Shibaura Machinery Corporation, a subsidiary of IHI Corporation. JEL also takes this opportunity to thank Mr Daita for all his contributions and bids him a fond farewell.

HIGHLIGHTS

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It is a fact that the path to success is often difficult. It is never an easy and pleasant journey as there will be hills to climb along the way. I'm heartened that we have succeeded in overcoming the difficult part of the climb and have continued to move forward even when the going got tough.

In hindsight, we must not forget to be humble and learn from feedback and past mistakes. We will not grow if we do not improve ourselves by learning from past mistakes. We often hear success stories of people who wanted to keep on learning to improve themselves, but not of those who chose to stop learning because they thought there was nothing left to learn.

With respect to safety, it is regrettable that we were unable to maintain our record of "ZERO" recordable accidents as a fatal accident occurred in Vietnam last year. The number of minor and near miss incidents reported has also risen. By sheer stroke of

luck, several near miss incidents narrowly escaped a tragic end. As luck will not always be on our side, we need the concerted effort from employees, management and subcontractors alike to create a safe working environment. We should always be mindful that near misses may lead to accidents. Therefore, observe and obey all rules and do not ignore even the slightest of violations. Let us challenge ourselves to once again achieve and sustain a "ZERO" accident record.

We should always bear in mind our corporate mission to be a "World Class International Engineering and Construction Company"; one that can contribute to the betterment of mankind and society. In order to achieve our mission we have to grow and better ourselves.

I hope everyone in the JEL Group shares my aspirations. Let us all resolve to achieve the set goals.

Completion of GLOW SPP 12 Power Plant Project



Glow SPP 12 Power Station "glowing" in the evening light

The GLOW SPP 12 Power Plant project was awarded to the IHI-JEL-TJEL consortium as an EPC (Engineering, Procurement and Construction) project in January 2010. The project site is located at Siam Eastern Industrial Park, Pluak Daeng District, Rayong Province. The Plant is a 2GT-2HRSG-1ST configuration, capable of producing 110MW of electricity and chilled water, and was targeted to be completed by November 2012.

IHI supplied the main equipment such as Gas Turbines (GT), Heat Recovery Steam Generators (HRSG), Steam Turbines (ST), Chillers and Distributed Control System (DCS); while JEL supplied the complete electrical system including a substation, fuel gas metering station, Pre-treatment and DM (Demineralisation) plants, and all other Balance of Plant equipment. JEL also provided detailed design engineering for the piping, civil works, cabling, HVAC (Heating, Ventilation and Air-conditioning) System and

others. TJEL was the onshore constructor covering the civil construction, erection, testing and commissioning works.

The challenges that were faced in the course of the project included limited project space, high safety standards, the flood situation in Thailand, a change of plant ownership during construction and strict EIA (Environmental Impact Assessment) compliance requirements. However, with strong management support and a committed site team, we overcame these challenges and the project has since been successfully completed. Commercial operation of the power plant commenced in beginning of December 2012.

JEL-TJEL has once again proven our capability in Thailand and strongly demonstrated our leading edge in the competitive SPP (Small Power Producer) market. Another source of pride for the project team was that the project was completed with zero lost-time injury (LTI) incidents.

Algiers Refinery Rehabilitation and Adaptation Project



Contract Signing for the Algiers Refinery Rehabilitation and Adaptation Project

Seated from the left are: Mr Jean-Marc Aubry, President of Technip France; Mr Ang Wah Thye, Head of Department, Jurong Engineering Limited; and Mr Seiichi Daita, Managing Director and Chief Executive Officer of Jurong Engineering Limited.

Standing from the left are: Mr Benoit Moncade, Vice President Construction, Subcontracting and Start Up Division, Technip France; Mr Samuel Grondin, Project Subcontracts Manager, Technip France; and Mr Cherif Louanchi, Project Manager, Technip France.

Technip France was awarded a contract for the rehabilitation and adaptation of the Algiers Refinery Plant by Sonatrach, the Algerian national oil company owner. The plant is situated at Sidi-Arcine, east of the Algiers Refinery and was built in 1964. This is a lump sum turnkey contract that involves the execution of the complete scope of works such as design, supply of equipment and bulk material, construction and start-up.

The Plant comprises various units such as the Crude Distillation Unit, Gas Plant, Catalytic Reformer Unit and associated Auxiliary Units, including Utility & Offshore. Revamping the existing installation will increase the refining capacity from 2.7 to 3.6 million tons per year. This increased capacity will allow the refinery to produce gasoline at specifications similar to those in force in Europe.

As part of the "Rehabilitation & Adaptation Project", the owner intends to revamp some of the above units and also add a few more new units. Engineers India Ltd (EIL) has been retained by Sonatrach as the Project Management Consultant (PMC) for the project. Under the rehabilitation project, the crude processing capacity of the refinery shall be increased by 35%.

Several international subcontractors were selected by Technip for the Process Area's Civil and M&E works. In view of our project experiences in Algeria and with our competitive pricing, JEL was awarded the project by Technip to carry out the Revamping Package. The work scope involves Steel Structure, Equipment, Piping, Painting, Insulation, Electrical and Instrument works, as well as Material Supply. Although JEL has had experience in other revamping Projects in the Sonatrach Plant, this project has by far the largest volume of Revamping works, involving about 9000 tons of new items and removal of existing equipment, pipings and cables which are very old and fragile to handle within a challenging turnaround time.

JEL's works are slated to start in March 2013 and is scheduled to be completed in December 2014. Currently, the mobilisation and preparation work is on-going.

This is the first job awarded to JEL by Technip. With the extensive involvement of Technip in the Middle East and Africa, as well as Asia Pacific, JEL looks forward to working with Technip on more projects in the near future.

Rojana SPP2 and Phase 5 Projects—LM6000PD Combined Cycle Gas-Fired Co-Generation Facilities



Overall View of the Rojana SPP2 Project

Jurong Engineering Limited was awarded two contracts by Rojana Power Co., Ltd in July 2010, namely the Rojana SPP2 Combined Cycle Power Plant Project and the Rojana Phase 5 Extension Project. They involve the Supply of BOP Equipments; Electrical and Piping; and total plant construction including Civil, Mechanical, Electrical and Piping works. The main equipment consisting of LM6000PD Gas Turbines, Heat Recovery Steam Generators and Steam Turbine was supplied by IHI.

It is to be noted that JEL/TJEL/IHI had completed the Rojana SPP1 (Phase 1 to Phase 4) projects from the year 1998 to 2008; and the JEL & IHI consortium has an excellent working relationship with the owner, M/S Rojana Power.

The Rojana SPP2 and Rojana Phase 5 Projects are located at the Rojana Industrial Park, Ayutthaya, Thailand—about 60km to the north of Bangkok. The SPP2 project is a green field project with a gross electricity output of 112 MW and delivering about 20 tons/hour of process steam to the industrial park customers. The Phase 5 extension facility will increase the power production capacity by an additional 44.4 MW and be able to generate steam at 41.3 tons/hour. The produced steam will be delivered via the existing steam turbine to generate electricity and process steam.

The first piling work was carried out in the first quarter of 2011, and the mechanical erection works commenced in February



Overall View of the Rojana Phase 5 Project

2012 with the erection of the 1st boiler. The boiler hydro test was successfully completed in November 2012 for both projects.

The site activities for both projects, which are about 5 km apart, were delayed for more than two months due to the devastating flood that hit Ayutthaya on 10 October 2011 and overwhelmed the Rojana Industrial Park. As a result of this, the Owner subsequently gave instruction to raise many civil foundations from the original design.

Testing and Commissioning of the Plant is currently ongoing and the entire site team is working very hard to complete the project with the support of JEL/TJEL/IHI staff and Management.

By continuing to get projects from Rojana Power, Jurong Engineering Limited and Thai Jurong Engineering Ltd have established themselves as a leading and trusted power plant builder in Thailand.

JEL Staff Party 2013



On 1 February 2013, we held our JEL Staff Party at the Regent Singapore. This is the second time we have had our staff party at this venue, the last time being two years ago. It was definitely a memorable night for all attendees. The theme for this year's party was 'Casino'. Before the start of the dinner, our staff had a great time trying their hand at the Table Games set up at the reception foyer, such as 'Blackjack', 'Roulette' and 'Baccarat'.

Our Managing Director, Mr Seiichi Daita, started off the party with his opening speech. This was followed by a lively belly dance performance to rev up the atmosphere and set the stage for an enjoyable evening of merriment.

To kick-off a good start for the new year, we eagerly participated in the traditional 'Lou Hei' or 'Prosperity Toss'. The emcee guided us on the sequence of adding the key ingredients, and recited "auspicious wishes" as each ingredient was added.

We tossed the colourful ingredients as high as possible, and fervently shouted out our new year wishes in the hope that they would all come true.

We then had our sumptuous dinner served banquet style. Throughout the dinner we were kept entertained by the many fun games that the humorous emcee had prepared for us, such as 'Muscle Man', 'Human Jackpot' and 'Crazy Man'. All our staff actively participated in every game and had an enjoyable time.

The exciting lucky draw segment was accompanied by sounds of delight and many happy faces.

Last but not least, as is tradition, we ended the party singing the JEL song. Everyone sang proudly and felt our team spirit lifting to a high. Finally, we cheered and toasted each other with well wishes and went home happily.



ERP System for JEL Subsidiaries

More than two years after the implementation of the ERP (Enterprise Resource Planning) System at JEL headquarters in Singapore, the company will again embark on a new endeavour to roll-out another ERP System to its six (6) subsidiaries, namely, PT Jurong Engineering Lestari (Indonesia), Thai Jurong Engineering Ltd (Thailand), Equator Engineering Sdn Bhd (Malaysia), JEL Maintenance Pte Ltd (Singapore), JML Maintenance Sdn Bhd (Malaysia) and Petrochemical and Power Plant Services Sdn Bhd (Malaysia), starting from the 2nd quarter of 2013.

Implementing an ERP system for JEL's subsidiaries is part of the company's continuous effort to bring about significant improvements and efficiency in managing and controlling JEL's entire operations.

JEL's Management is bent on pursuing its vision of integrating and automating all areas and facets of its business operations to complement the numerous concerted efforts to boost its revenue and profits, and to prepare the company for future growth.

JEL's current Chief Financial Officer, Mr Soh Chee Kok; Finance Department Head, Ms Tan Bee Yean; and IT Department Head, Mr Jack Ng; are at the forefront of all these efforts—driving, pushing and coordinating to ensure that the Subsidiaries' ERP System takes-off and is realised as envisioned.

Even though it would have been very logical and easy to justify proposing SAP for the subsidiaries' ERP System, the team,

nevertheless, decided to carry-out a further study of the various ERP solutions in the market.

The substantial benefits—both tangible and intangible—as well as the value-add SAP had brought to JEL's operations were seriously taken into consideration.

After the initial study, the team narrowed down the choices to two ERP Systems—SAP and Microsoft Dynamics AX 2012. These two systems were identified as the ERP solutions that would best fit JEL's needs, as well as that of its subsidiaries.

A presentation demo of the two ERP solutions was conducted by JEL IT and representatives from Microsoft/Microsoft Partner on 29 October 2012, at the gathering/meeting of all JEL subsidiaries at the JEL head office.

Subsequently, a further study—including a fit-gap analysis and further comparison—on the pros and cons of using either of the ERP Systems were studied and analysed by the team.

Finally, after considering all aspects, a presentation to JEL's top management on both ERP systems was conducted. However, at the time of writing, Management has yet to decide on which ERP solution is best for JEL's subsidiaries.

Once decided, the plan is to first roll-out the ERP System to PT Jurong Engineering Lestari (Indonesia) within this year, and then to all other subsidiaries by Year 2014 and Year 2015.

Lucky Draw

Contest

We are giving away 5 (five) NTUC Vouchers worth S\$50.00 each, sponsored by the Corporate Affairs Division, to the first 5 (five) correct entries picked.

Simply answer all five questions and send your answers, together with your name and address, to dewie@jel.com.sg or to 25 Tanjong Kling Road, Singapore 628050.
(Hint: answers can be found in this issue)

Name: _____ NRIC: _____

Address: _____

The questions for the contest are:

1. What is our corporate mission, highlighted by our Managing Director in his New Message, and how do we achieve it?

2. List the work scope in the Algiers Refinery Rehabilitation and Adaptation Project.

3. Name any two fun games organised by the emcee at the JEL Staff Party 2013.

4. What were the challenges faced by the project team in the GLOW SPP 12 Power Plant Project.

5. The site activities for both the Rojana SPP2 and Rojana Phase 5 Projects were delayed. Why and for how long?

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