

JURONG ENGINEERING LIMITED

ANNUAL REPORT 2014

Corporate Profile

Jurong Engineering Limited (“JEL”) is a recognised leading engineering and construction company based in Singapore, with multifaceted project management capability and a strong diverse workforce of various disciplines and nationalities. JEL provides a full range of services in engineering, procurement, fabrication, construction, maintenance solutions and shutdown repair services. The company also undertakes full turnkey contracts mainly for small to medium size simple and combined cycle power plants.

Today, JEL has established an international network of companies spanning across Asia, Africa and the Middle East. Its global reach provides the added advantage to establish strategic collaboration with multinational corporations in the same field.

Over the years, JEL has successfully executed many projects in over 20 countries worldwide, involving power plants, steel plants, petrochemical refineries, incineration plants and other process plants and infrastructure.

JEL has participated in more than 130 power plant projects, with combined generating capacity of over 60,000MW in over 20 countries. It has accumulated more than 40 years of experience in the construction of power plants, petrochemical plants, water treatment plants and other process plants.

2014 Highlights



1. Presentation by MD & CEO, Mr Ide at Subsidiaries and Finance meeting 2. Annual Finance meeting held on 16 July 2014
3. Annual JEL Staff Party at Conrad Centennial Singapore

JANUARY

- JEL Group Management Policies, focusing on five key initiatives for period 2014 to 2018, as well as the new organisation structure were unveiled by our MD & CEO, Mr Hiroshi Ide on 15 January 2014.

FEBRUARY

- Annual Subsidiaries and Finance meeting was held over two days, from 20 to 21 February 2014. Representatives from corporate office and subsidiaries presented their past year's performance and development plans for the next few years.
- Annual JEL Staff Party was held at the Conrad Centennial Singapore hotel on 21 February 2014. The theme for the party was "Neon Light" and staff basked in the lively atmosphere, and were treated to dance, games, songs and neon lights show.

APRIL

- B.GRIMM BIP 1 & 2 combined cycle cogeneration power plant project in Thailand achieved a total of 2,761,169 man hours without Lost Time Injury for the August 2014 to December 2014 period.

MAY

- Mr Yoshio Yonezawa and Mr Taizo Suga were appointed as non-executive Directors of Jurong Engineering Limited on 15 May 2014. Mr Suga has served more than thirty years in several senior capacities within the IHI Group, and Mr Yonezawa has extensive experience in Gas Turbine Power Systems both in Japan and abroad. We welcome them to the Board and look forward to their counsel and contributions.
- Equator Engineering Sdn Bhd ("EESB") meets the requirements of international management system standards ISO 14001:2004 and OHSAS 18001:2007 for provision of construction service including power

and industrial plants. The certifications were awarded by DNV GL in May 2014.

JUNE

- PT Jurong Engineering Lestari ("PTJEL"), our subsidiary in Indonesia was commended by PT Kawasan Industri Kujang Cikampek ("KIKC") in June 2014 for achieving 1,000,000 man hours without Lost Time Accident for the Tigar 50 TPD Prototype Plant project.



JULY

- 34 finance staff from across the Group including site finance officers participated in the Annual Group Finance Meeting held on 16 July 2014. Many topics were discussed ranging from the role of finance, the various financial initiatives, new risk management framework, the Group's long term management policies as well as briefing on the on-going functional training.
- JEL (Borneo) Sdn Bhd, a wholly owned subsidiary of JEL was incorporated on 23 July 2014 to expand our presence in the Southeast Asia region. During the year, we successfully secured 2 cogeneration projects in Brunei.
- MD & CEO, Mr Hiroshi Ide was presented a memento from Hyundai Heavy Industries Co., Ltd (HHI) Project Director on behalf of AZ-Zour North Project Team during his site visit to Kuwait in July 2014. This is the second HHI mega power project in Kuwait in which JEL was selected to partner HHI, after the successful completion of a combined cycle gas turbine project in Kuwait.



4. Project Director from Hyundai Heavy Industries Co., Ltd presented a memento to our MD & CEO, Mr Ide 5. JEL (Borneo) Sdn Bhd participated in the Oil & Gas sector Job Fair in Brunei in November 2014. 6. Chairman, Mr Bob Tan visited the "Design Centre" in SMD India

AUGUST

- Our Chairman, Mr Bob Tan together with MD & CEO, Mr Hiroshi Ide and General Manager of Corporate Affairs Division, Mr T J Khor visited the newly established "Design Centre" in Sinmado Engineering (India) Pte Ltd ("SMD India") in Chennai, India on 19 August 2014. They were briefed on SMD India's current business activities and the growth prospects of the "Design Centre".

- Health, Safety and Environmental ("HSE") department successfully conducted the inaugural JEL Group HSE conference on 29 August 2014, which garnered wide support from JEL and key subsidiaries. Participants presented and discussed the statistics and findings relating to safety at their workplace and work site.

SEPTEMBER

- Equator Engineering Sdn Bhd ("EESB"), a subsidiary of JEL was recognised for its safety performance by Alstom in October 2014 for exceeding 3,000,000 man hours without Lost Time Injury for the Manjung 4 project in Perak, Malaysia.

- Certificate of Appreciation was presented to EESB on 30 September 2014 for its excellent contribution in the Vale Malaysia Minerals Project.

OCTOBER

- The bi-yearly Emergency Evacuation Exercise was conducted at the JEL corporate office on 16 October 2014 to assess staff response in an emergency. All staff assembled swiftly at the designated meeting point and the time taken was shorter than the required time. The drill ended with a speech by our MD & CEO, Mr Hiroshi Ide.

- Chairman, Mr Bob Tan and MD & CEO, Mr Hiroshi Ide were present at the "Vietnam 2020 and Beyond: Modernization for the next stage of growth" forum

co-hosted by IHI Corporation and Vietnam Ministry of Planning and Investment's Foreign Investment Agency (FIA), held in Hanoi, Vietnam on 8 October 2014. The forum for exploring partnerships for development projects in Vietnam attracted more than 200 government officials, stated-owned and private companies. Our marketing representatives also participated in the one day forum.



DECEMBER

- Staff from JEL (Borneo) Sdn Bhd participated in the Oil & Gas Sector Job Fair organised by the Energy Department from the Prime Minister's Office ("EDPMO"). The five-day recruitment event was held at the BRIDEX International Convention Centre, from 26 to 30 November 2014. More than 4,000 jobseekers registered at the Job Fair, where more than 100 companies from the Oil & Gas sector participated, with 2,000 available vacancies. JEL (Borneo) Sdn Bhd hired 8 employees through the Job Fair.

- JEL has received the re-certification for the environmental management system ISO 14001:2004, occupational health & safety management system OHSAS 18001:2007, and quality management system ISO 9001: 2008 from Lloyd's Register Quality Assurance ("LRQA") for another 3 years till 30 November 2017. This further endorsed our commitment to meet customer and regulatory requirements and effective application of the management system.

Management Policies

In January 2014, we unveiled the JEL Group Management Policies, our five-year strategy for 2014 to 2018, focusing on five key initiatives: Group Integration, Engineering Capability, Human Resource Development, Marketing and Safety. Concurrently, we refined the organisational structure into three core businesses – Construction, EPC and Maintenance Solution, to further enhance operational effectiveness, and leverage on Group synergies. With these initiatives, JEL Group of companies will be better positioned to capture growth opportunities globally.



GROUP INTEGRATION

To create closer integration of the Group's operations through reorganisation and consolidation of our businesses into 3 core units – Construction, Engineering, Procurement and Construction (“EPC”) and Maintenance Solution so as to better leverage and realise synergies across the Group.



HUMAN RESOURCE DEVELOPMENT

To build a stronger global workforce by establishing comprehensive human resources initiatives to provide continuous professional development and to further strengthen our competency in diversity.



ENGINEERING CAPABILITY

To reinforce our engineering capabilities through knowledge and skills training, embracing new technologies, developing an extensive suite of engineering solutions and improving our work processes for greater operating efficiency.



MARKETING

To adopt a marketing oriented approach, to stay relevant to the needs of our customers. To reinforce our marketing function in key existing markets and actively explore opportunities in emerging markets.



SAFETY

To develop a safety culture in our work places, with the aim to achieve “zero accident”, free of incidents/injuries in all our operations globally.

Workplace Safety and Quality Management



Safety awards presented to employees at the BLNG Cogen II project site on 30 November 2014

Workplace safety and quality are our priority. This is reflected in the numerous safety performance accolades from our customers and international accreditation from agencies worldwide. We consistently meet the stringent requirements of international standards such as ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:2007 in the aspects of environmental management system, occupational health and safety management system and quality management system.

JEL has been re-certified as a BizSafe Partner by the Workplace Safety and Health (WSH) Council of Singapore for proactively advancing workplace safety and health by incorporating safety as part of the business operation within the organisation.

JEL has developed an integrated management system (IMS) which connects the head office and all project sites to ensure that the same standards are applied in every project. We will continue to elevate our safety standards in our pursuit of zero accident in all our operations globally.



Operations Review

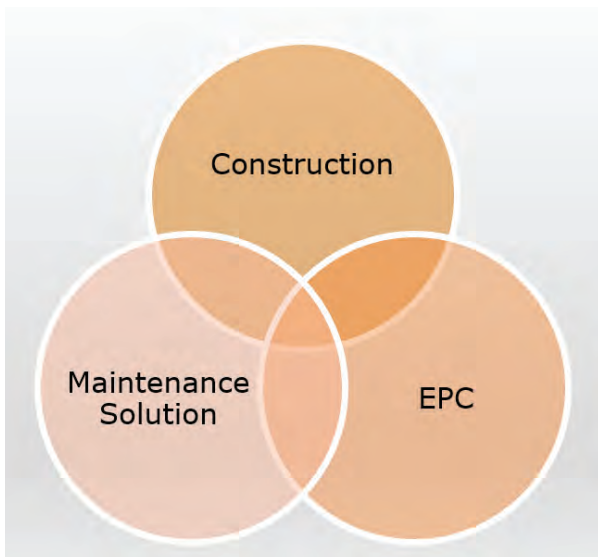
We have evolved our business model and forged strong relationships with both new and existing customers by focusing on advancing our capabilities to deliver high quality projects through our globally integrated network. In 2014, we successfully completed major projects and continued to win new projects around the world. To retain the trust of our partners, we will actively build on the strategic initiatives: integration, engineering capabilities, human resources development, marketing and safety, while continuing to place our customers' needs first.

FAST TRACK 3A 1,000MW COAL FIRED POWER PROJECT, MALAYSIA

Fast Track Project 3A consists of a new 1000MW coal-fired generation facility on a reclaimed land in Manjung, Perak, north of Kuala Lumpur. The developer of the project is Tenaga Nasional Berhad ("TNB"), which has awarded the engineering, procurement and construction ("EPC") contract to the consortium led by Sumitomo Corporation and Daelim Industrial Co. Ltd.

Equator Engineering Sdn Bhd ("EESB") is responsible for the mechanical works of power plant construction, and work has since commenced in October 2014. The plant is designed to be environmentally friendly by using the ultra-super critical boiler technology manufactured by Hitachi Ltd. This technology will result in improved thermal efficiency by increasing steam temperatures, and leading to reduction in unit cost of power and carbon dioxide emissions.

We have completed the boiler steel structural erection and column erection while secondary structure erection is in progress. Several blocks have also been lifted and positioned for coal silos. With the vast knowledge and experience of our team on ground, we are committed to consistently deliver outstanding quality and meet the critical milestone dates ahead or on schedule. Project is on target to complete by December 2016. Construction work will peak from September 2015 to January 2016, where close to 800 workers are



Operations Review

Year	Milestones
1971	Incorporation of JEL
1972	First power plant project in Singapore
1973	First overseas power plant project in Kuwait
1977	First incinerator project in Singapore
1984	Listed in Singapore Stock Exchange
1994	First simple cycle power plant EPC project in Malaysia
	ISO 9001 certified
2002	ISO 14000 and 18000 certified
2005	Privatised and majority owned by IHI Corporation
2010	First supercritical power plant project in Thailand
	Highest single contract signed 2x 300MW thermal power plant
2012	Achieved highest sales turnover of S\$520 million
2014	Achieved highest work order of more than S\$700 million

Malaysia, where we have been providing maintenance services for many years, remains an important market for us. During the year, we completed more higher value jobs including the Economizer Coils modification works from IPSM for the Jimah coal-fired power plant in July 2014. We have expanded our geographic footprint and ventured into the Middle East with the establishment of a branch office in Abu Dhabi, and successfully secured several new contracts.

We work to prevent each and every accident. In 2014, we were recognised for achieving 100,000 safe man hours free of lost time injury for the Solvay Merlion project in Singapore. We will continue to leverage on our experience in Asia, apply our extensive knowledge and broad range of resources to meet customer needs.

HUMAN RESOURCES

During the year, we completed the reorganisation to streamline our operation in order to achieve greater mobility of resources among project departments. A new Construction Centre was formed through the integration of the Power Plant division, Industrial Plant division and Civil division. The Engineering division was renamed EPC ("Engineering, Procurement and Construction") Centre, with the Design department elevated to Engineering unit while the four EPC management departments were consolidated under the EPC management unit. The Safety section was renamed HSE department to underscore the Company's commitment on health, safety and environment.

The Company Policy was given a facelift with newly introduced policies which came into effect on 1 January 2015 after months of review. Staff benefits such as medical fee, travelling allowances were revised to keep pace with current market conditions. In addition, we have also incorporated a Group Policy to be applied across all subsidiaries. We have produced an employee handbook to provide a summary of all policies to allow for better understanding of the rules and regulations and the benefits available to our employees.

To comply with the Personal Data Protection Act (PDPA) which came into effect in 2014, the Company has crafted its Personal Data Protection policy in accordance with the guidelines of the PDPA. The policy is extended to cover all JEL subsidiaries so as to ensure the practices on personal data protection are aligned across the JEL Group of Companies.

2014 has been another hectic year, JEL recruited 112 permanent and contract staff during the past year. Another 350 workers were hired and deployed to various overseas projects. The recruitment drive was faced with challenges given the government measures such as the "Fair Employment Consideration" framework to curb the inflow of foreigners. The recent announcement which requires all construction companies to maintain 10% of its foreign workers with higher skilled R1 tier by 2017 will in our view, have a more profound impact on our local projects in the coming years.

Operations Review



JEL staff participated in the morning walk at Singapore Botanic Gardens on 30 October 2014

RISK MANAGEMENT

Risk Management department was established in February 2014, following the restructuring of the organisation and the launch of the JEL Group Management Policies in January the same year.

The department was set up with the objective to focus on the internal controls, risk assessment and compliance in the JEL Group of Companies. The immediate task of the department was to establish a Group internal control framework to strengthen internal controls within the Group. We are also working on the improvement of risk assessment processes by identifying risks on complex projects in new territories to ensure adequate monitoring and controls are in place to mitigate risks in all projects undertaken by the Group of Companies.

During the year, we completed the assessment on three subsidiaries in the region, and also implemented “Change Control Procedure” for better management of variations to the scope of work during the execution of the projects. After the completion of each project, a procedure, known as “Completed Project Report and Post-Mortem Presentation” was implemented for sharing of experiences in managing and execution of the projects.

Going forward, we will continue to inculcate the importance of risks and controls to staff at all levels, through strengthening our corporate governance, risk management and internal control system of the Group. One of the key objectives is for key subsidiaries of the Group to eventually have their own risk management team to ensure the adequacy in the risk management function to support their business activities.



Current Projects 2014

ASIA

1. Ashuganj 450MW Combined Cycle Power Plant Project (South), Bangladesh
2. Siddhirganj 335MW Combined Cycle Power Plant Project, Bangladesh
3. Berakas Power Station Augmentation Project, Brunei
4. BLNG Cogen II 2x35MW Project, Brunei
5. Jimah East Power 2x1,000MW Coal Fired Power Plant Project, Malaysia
6. Prai 1,071MW CCGT Power Plant Project, Malaysia
7. Tanjung Bin 4 - 1x1,000MW Ultra-Supercritical Coal Fired Power Plant Project, Malaysia
8. Fast Track 3A 1,000MW Coal Fired Power Project, Malaysia
9. Sembcorp EfW@Sakra Project, Singapore
10. ZCS-SBR2 Project, Singapore
11. B.Grimm Bangkok BIP 1 & 2 2x110MW Combined Cycle Cogeneration Plant Project, Thailand
12. KCE 105MW Cogeneration Combined Cycle Gas Turbine Project, Thailand
13. NNEG 120MW Cogeneration Power Plant Project, Thailand
14. NBCC2 Combined Cycle Power Plant Development Project, Thailand
15. Ratchaburi World 2x100MW Cogeneration Power Plant Project, Thailand
16. SPR 120MW Small Power Producer Project, Thailand
17. Thai Binh 2x300MW Thermal Power Plant Construction Project, Vietnam

MIDDLE EAST

18. AZ-Zour North IWPP Phase 1 Project, Kuwait

AFRICA

19. Algiers Refinery Rehabilitation Project, Algeria



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