



COMPANY PROFILE

INTRODUCTION

JEWELL is a publicly listed company. Please note that in order to make the case study truly international, we have not specified where the company is domiciled other than to call its home country “Manta” or on which Stock Exchange its shares are listed. The reporting currency used is the fictional “Doz”. The Chair believes that the company should be governed to the highest possible standards of corporate governance and this has led to some tensions in the past with the founding Chief Executive, Mr. CK Tang.

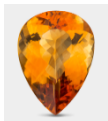
BACKGROUND



JEWELL LIMITED has three divisions and has a Group HQ based in Manta.



JADE: manufactures a range of light engineering products for use in part in the medical device industry



CITRINE: the IT Consultancy Services unit – has an increasing emphasis on ‘Cyber’ security



DIAMOND HILLS: our Real Estate unit holds a large commercial portfolio

JADE is based in Manta.

CITRINE is based in Manta with presence in another country in the region, Novo.

DIAMOND HILLS is based in both Manta and Novo.

FINANCIAL SUMMARY

The company has been a steady performer, reporting consistent profitability. In its half year results announcement, Mr Tang revealed an 8% rise in operating profit, stating:

“The business is firing on all cylinders. Engineering is meeting good demand particularly in export markets, demand is continuing to grow very strongly for our cyber security consulting services, and rents have been rising in our fully-let real estate portfolio. The outlook is very positive. The Board approved an interim dividend of Doz 1.2 (2020: Doz 1.2) per share.”

SHAREHOLDERS

Mr C.K. Tang owns 18% of the company

A further 10% is held by members of the extended Tang family, including his sister Mrs Chow, who owns 3.2%.

A new shareholder has recently appeared on the share register:



LOCUST Investors has a 3.6% holding

LOCUST Investors has acted as an activist investor in the past, and is led by its CEO Mr Sharp

24 institutions represent 51% with no one firm holding greater than 4.5%

Small investors and other individuals own 17.4%

STRUCTURE, PEOPLE

Board Members:

Mrs. W Stevens, Chair

Mr C. K. Tang, Founder & CEO

Mrs L. Wang, CFO

Mr P Wok, MD Engineering

Mrs C. Chow, NED

WDP Participants: iNEDs

Mrs. Winnie Stevens, (63) a retired senior partner from an international law firm, is the Chair. She has been in post for just over a year, 6 months after she retired having led the M&A practice. She sits on 2 other boards as iNED, an NGO and a technology firm (backed by private equity firm HE), that she had prior involvement with, and considers herself a relatively new plural director.

Mr CK Tang (54) is the founder of the original engineering business JADE, and has a genuine interest in real estate and a passion for technology. He is an NED of private equity firm HE.

There is one other Non-Executive Director:

Mrs. Chow (49) is Mr. Tang's sister, who is a professional singer, and is not considered to be independent.

Recently, the Chair appointed a small number of new iNEDs, to facilitate fresh thinking, drive good governance and bring new skills. You are these new iNEDs.

There are two Executive Directors on the main board:

Mrs. Lucy Wang, (45), Group CFO, was appointed six months ago, with a background in real estate finance.

Mr. Peter Wok, (51), MD of JADE (and Mr. Tang's son-in-law) has been with the firm for 10 years.

There are an additional 6 Executive Directors on the SMT, but not on the board;

Ms Serena Khoo – COO, CITRINE

Mr Alvin Tamoo – Operations Director – JADE

Mrs Regina Sheldon – MD DIAMOND HILLS

Mr Mel Wang – Group FC

Ms Kully Kaur – Commercial Director, CITRINE

Mr Sam Smith – Group HR Manager

THREE YEAR PLAN

Notes:

The company has a November 30th year end.

Currency is held constant throughout the plan at the 30th April 2022 rate. Net current assets are positive and cash of Doz 2.3m is held at Manta Bank.

Mr. CK Tang holds a secured debt interest of Doz 45m over the DIAMOND HILLS portfolio.

Note 1: A full impairment review of goodwill was carried out in 2021. The Board agreed that no impairment was necessary although the profitability of Phlange Engineering acquired in 2019 would need to get back to plan rapidly if an impairment in 2023 was to be avoided.

Note 2: Mr C.K. Tang provided Doz 45m as a 25 year loan secured against the real estate portfolio in 2014. Mr Tang may exercise a put option after 10 years for 50% of the loan and after 18 years of 75% of the loan outstanding at that time. The loan is at Manta Interbank Rate (MIBOR) + 7%. Mrs Chow has a secured loan of Doz 5m which matures in 2024. It has a coupon at MIBOR + 8%.

Note 3: Bank debt is at MIBOR +5%.

Note 4: Net Cash Flow figure does not reflect the Doz 5.0m due to be repaid to Mrs. Chow.

The current plan, approved at the Board meeting in March 2022 is as follows:

REVENUE	FY2022	FY2023	FY2024
JADE	8.2	7.6	12.1
CITRINE	13.6	15.8	18.0
DIAMOND HILLS	6.2	6.4	6.9
TOTAL	28.0	29.8	37.0
COSTS			
JADE	7.8	8.5	8.9
CITRINE	4.6	4.9	5.3
DIAMOND HILLS	5.3	5.4	5.5
TOTAL	17.7	18.8	19.7
OPERATING PROFIT	10.3	11.0	17.3
FREE CASH FLOW (From operations)			
JADE	-0.1	-0.5	0.5
CITRINE	7.8	9.0	11.2
DIAMOND HILLS	0.8	0.8	1.0
TOTAL	8.5	9.3	12.7
Interest not charged to DIAMOND HILLS	0.8	0.8	0.8
Dividends	3.0	3.0	3.0
NET CASH FLOW	4.7	5.5	8.9
Balance Sheet at November 30 2021 shows			
Equity	150.0		
of which good will	30.0		note 1
Secured debt	50.0		note 2
Bank debt	11.0		note 3

END