

Philadelphia Business Journal - April 14, 2008

<http://philadelphia.bizjournals.com/philadelphia/stories/2008/04/14/story12.html>



Friday, April 11, 2008

Jaguar Acquisition will buy Chinese cable-TV company

Philadelphia Business Journal - by [Peter Key](#) Staff Writer

CONSHOHOCKEN -- A special-purpose acquisition company formed by a local private-equity firm has gotten stockholder approval to buy a company that is rolling up cable-television systems in China.

"We have pulled off something that is a landmark transaction and it's really exciting for Philadelphia," said Jonathan Kalman, CEO of **Jaguar Acquisition Corp.**, whose shareholders approved the deal Wednesday.

The deal marks the first time an entity from outside China has been allowed to invest in the country's cable-TV systems. It calls for Jaguar to buy China Cablecom Ltd. for nearly 2.1 million shares of Jaguar stock, which were worth roughly \$12.4 million based on Jaguar's Tuesday closing price of \$5.90, and the assumption of \$20 million in debt.

After the deal closes, Jaguar will become **China Cablecom Holdings** Ltd. and establish its corporate headquarters in the British Virgin Islands.

China Cablecom Chairman Clive Ng, CEO Pu Yue and Chief Financial Officer Colin Sung will continue in those roles with China Cablecom Holdings. Kalman will be on China Cablecom's board of directors.

China Cablecom will be publicly traded, although it likely will change its ticker symbol and eventually try to change its stock exchange. Initially, it will continue trading under JGAC, Jaguar's trading symbol, on the Over the Counter Bulletin Board.

Jaguar Acquisition was formed by Jaguar Capital Partners, a private-equity firm founded in 2005 by Kalman, its managing partner, and James Cassano and C. Richard Corl, its general partners.

As the three began looking for investment opportunities, they hit upon the idea of using a special-purpose acquisition company to be their investment vehicle.

A SPAC, also called a blank-check company, raises money through an initial public offering to investors who are impressed with its management team. After its formation, it has a limited amount of time to buy a company. Its shareholders must approve any deal it proposes. If it can't get a deal done and approved within the allotted amount of time, it must return its shareholders' money.

Jaguar raised \$28.3 million in an IPO in April 2006. It actually signed a letter of intent to buy China Cablecom that October but didn't announce the deal until a year later. The delay was caused by audits and agreements that had to be completed before Jaguar was convinced the deal would fly.

China Cablecom is trying to take advantage of the Chinese government's decision to seek money from outside investors to help modernize the country's cable-TV systems.

China Cablecom has a 60 percent economic stake in a joint venture that provides cable service to Binzhou, a city of 3.3 million, in Shangdong, China's second most populous province with 92 million people. The joint venture had a little more than 411,000 customers on a system that passed nearly 635,000 homes as of the end of last year.

China Cablecom's plan is to help the Binzhou system convert its analog subscribers to digital subscribers and to form similar joint ventures in other areas of Shangdong and help them do the same thing. That could prove lucrative as digital subscribers can buy many more services, such as video on demand, and digital video recording, than their analog counterparts.

Jaguar got a good deal for China Cablecom, according to Roth Capital Partners LLC, a Newport Beach, Calif., investment bank. It estimates that Jaguar paid \$100 for each of the company's subscribers it acquired and that the subscribers are worth at least \$400.

Dealing with the multiple entities in China required to do the deal was a lot of work for Jaguar but should prove useful.

Kalman said the firm plans to launch another SPAC in the fall and look for deals in China for it.

"What we feel," he said, "is we're at the forefront of a trend."

pkey@bizjournals.com | 215-238-5141

All contents of this site © American City Business Journals Inc. All rights reserved.