



## China takes on \$591m Mobitel debt

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The owner of mobile phone provider Mobitel yesterday signed what is believed to be Cambodia's biggest refinancing deal.

The Royal Group inked a US\$591 million agreement to refinance Mobitel's debts and expand its services, with the Bank of China acting as its main lender.

Prime Minister Hun Sen witnessed the deal, along with Wu Bangguo, chairman of the Standing Committee of the National People's Congress of the People's Republic of China.

The deal will enable The Royal Group to refinance a \$421 million loan used to buy out a majority stake in Mobitel from Luxembourg-based Millicom last year.

It follows months of speculation in the telecommunications sector over a possible sale of CamGSM, the 100 percent operator of Mobitel.

Mark Hanna, chief financial officer for The Royal Group, said yesterday the new loan deal was "much longer term" than the previous arrangement with ANZ, Standard Bank and Leopard Capital, among others.

Scott Lewis, managing partner at Leopard Capital – which owned \$5 million of CamGSM's debt – said the firm was being repaid on a timeline it expected.

"I am surprised at the announcement and the way it was repaid, but it was in line with our expectation that we would be repaid within a year or a year and a half," he said.

Securing refinancing some six months before the loan was due meant international banks would gain confidence in lending large amounts to firms in the Kingdom, according to Hanna, who did not detail interest rates.

"By us repackaging [the] existing loan ahead of time, this is great [for Cambodia]," he said.

The newly acquired financing would be put towards refinancing debt and funding Mobitel's costs for capital expansion, he said.

Mobitel Chief Executive Officer David Spriggs said funds would be used to develop new services and expand network coverage in rural areas.

Thursday also saw the provider sign a five-year deal, worth \$500 million, with China's Huawei Technologies for the supply of equipment and services, building on an initial three-year \$200 million deal in February.

Hanna said the company was “still reviewing options”, when asked if the refinancing meant Mobitel was no longer for sale.

Late last month, Aline Perrette, deputy commercial counsellor at the French embassy, told The Post that “the negotiations [between France Telecom and Mobitel] are still going on”. ADDITIONAL REPORTING BY  
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