China Mobile to take stake in Thailand's True

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China Mobile Ltd. has agreed to buy an 18 percent stake in Thai telecommunications and cable TV company True Corp. for $880 million, the highest profile corporate deal announced in Thailand since the military sized power in a May 22 coup.

True said Monday that the investment by the state-owned Chinese company is part of a 65 billion baht ($2 billion) share issue that will mainly be used to reduce the Thai company's debt.

True, which has mobile telephone, cable TV and Internet businesses, said it will sell about 4.4 billion new shares to China Mobile for $880 million. It will offer existing shareholders more than 5.6 billion new shares at the same price paid by China Mobile of 6.45 baht (20 cents) a share.

China Mobile is the world's largest mobile phone company by subscribers but has a limited presence outside of mainland China. It had 785 million subscribers in China as of April 30.

Thailand's second coup in eight years has ushered in relative stability after six months of protests in Bangkok against the elected government and political violence that killed 28 people.

The economy shrank in the first quarter as the political uncertainty took a toll on spending by consumers and businesses.

True Corp. is majority owned by Thai billionaire Dhanin Chearavanont's Charoen Pokphand Group.

Dhanin last year bought a 15.6 percent stake in China's Ping An Insurance for $7.4 billion.

True said the share sale should be completed by the end of August. Its shares rose 2.8 percent Monday to 7.45 baht.