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Tradewinds to invest in Bosnia hotel

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TRADEWINDS Corp Bhd, a hotel operator, has agreed to invest RM75 million in a five-star hotel in Bosnia to boost income.

The company may also rope in partners from the Middle East to help reduce its risk in the venture.

Bosnia Herzegovina is a young country in Eastern Europe that emerged from a war in the 1990s. It was part of the Republic of Yugoslavia.

"It is not that bleak as many people think. There is tourist flow from the Middle East," chairman Datuk Seri Megat Najmudin Megat

Khas said in a phone interview.

He also said the average room rate in Sarajevo is twice or three times higher than in Malaysia.

"As you know, Malaysia's five-star hotels are the cheapest in the world. By investing in Bosnia, we could probably see better returns," he said.

TCB Wakil Sdn Bhd, a subsidiary of Tradewinds, will buy a 99.7 per cent stake in Bristol Mixed Hotel-Tourism and Trade Co Ltd for RM15.5 million.

The seller is Cantonal Agency for Privatisation Sarajevo, a Bosnia state-owned agency.

TCB Wakil also agreed to finish building the hotel, now 80 per cent complete, for some RM54.3 million. It will also assume another RM5.2 million in liabilities.

Tradewinds will use RM15.5 million in internal funds to pay for the acquisition. It will borrow another RM59.5 million to finance the rest of its investment.

"The challenge is in the finishing. Currently, there is not even one hotel of international standard in Sarajevo. We're stepping in to offer five-star facilities for business travellers.

"We bought into this hotel in Sarajevo via open tender," he said.