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Business and pleasure mix online

By GOH EE KOON

LEE Lai Huat tries to dress the part when he works at his online hotel booking company. The HCity Sdn Bhd co-founder and chief executive officer foregoes the suit and tie for his everyday wear, and prefers the comfort of smart casual attire.

For his interview with *StarBiz*, the 37 year-old opted for a cotton shirt and jeans. "I don't think customers would want to come face to face with a business suit when all they want to think of is going on a holiday," he explained.

HCity Sdn Bhd operates [www.holidaycity.com](http://www.holidaycity.com), an increasingly popular website that helps people book hotel rooms in over 10,000 hotel properties at over 600 destinations around the world.

The website has its roots in Singapore, where Lee was working together with his partner.

"My first Internet-based venture was a restaurant guide called *Feasting.com* in Singapore back in 1997. It was very popular because it was a good guide, but the business model relied more on advertising. Often, revenue was not easy to come by as not many were willing to pay advertising dollars," he said.

Lee was starting to have doubts about having an online business when *Feasting.com* received a minor break. Movie distributor United International Pictures (UIP) placed an advertisement to promote *The Truman Show*. However, UIP was not willing to pay money for the advertisement and instead offered free movie tickets.

"We took it anyway and held a contest to give the tickets away. To our surprise, the response was overwhelming. And it taught us that the Internet was a good distribution channel and gave us the encouragement to go on," he said.

The second break came when an Indonesian resort approached them to place an ad, this time offering free room stays instead of money as payment.

"We thought it would not be possible for us to go on and accept free products, so we countered that offer by suggesting that we help them with booking rooms, and instead of charging a processing fee to the people who booked rooms, we got a transaction fee from the resort itself," Lee said.

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"I feel protected because

BUPA  
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Lee Lai Huat, a confirmed food fan, believes that people live to eat and travel

Encouraged by the thought of getting little or no risk, the resort agreed. Pretty soon, it was introducing its sister properties to Lee's website as well.

At that point, it was clear to Lee and his partner Gan Hock Chin that the hotel booking service would need a separate website on its own and it would work on the basis of charging the hotel the transaction fee as payment instead of receiving advertising revenue.

"It became our business model. Customers don't pay us. Instead they pay directly to the hotel once they are checked in," he said.

Customers liked the idea due to security, and hotels took to it due to the no-risk factor. This business model is different from others, like an online hotel booking giant which charges customers once they make a booking and also imposes a fee when they change or cancel them, according to Lee.

"Our model is to have customers pay directly. They can amend dates and places, and types of accommodation, under certain terms and conditions. And unlike other websites, we do not charge a processing fee."

*www.holidaycity.com* did well enough that it was spun off as a formal, separate business as Holiday City Pte Ltd in 1998.

Gan, formerly a silent partner, actively came into the business, taking care of human resources, technology and back-end operations. Finance, customer relations, marketing and overall strategy became Lee's responsibility.

In 2003, enticed by incentives offered to Multimedia Super Corridor-status companies by the Malaysian government, they relocated Holiday City's headquarters to Cyberjaya. HCity Sdn Bhd today hires 60 people who work in shifts to accommodate customers from around the world.

Lee feels positive about HCity Sdn Bhd's future and said that steady growth was in the cards.

Asked about a possible option for the company to turn public, he said: "Maybe in the future, because you'd never know. But not for the time being."

On the weekends, Lee flies to Singapore to be with his wife and three young children, and when able, he attempts to live the life the company gives its customers – by taking them to trips nearby like to Bali and Phuket.

"The kids are still too young to take them on long-haul trips," he said.

A confirmed food fan, he also happily lists his favourite spots to eat: Bistro Cascata at Cyberview Lodge Resort and Spa, and

Summer Pavilion restaurant in Ritz-Carlton Singapore. He also likes some classic Malacca fare like satay celup and 'ping pong' chicken rice.

"After all," he said, "I believe people really live to eat and travel. I'm just lucky to be involved in a related business."

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