



14 September, 2020

TRAVEL GROWTH IN CHINA

The travel industry in China has started to rebound strongly after a difficult 2020, and will grow even more strongly in 2021 as international tourism recommences. Freedom Road Travel is taking advantage of booming domestic tourism activity in China, after a difficult 2020 during which travel was closed for much of the year. Domestic travel will continue to surge in 2021, as will be the case for international travel once it recommences.

China is unique in how quickly and strongly its domestic tourism market has recovered from the Covid slowdown. The domestic travel market has surged since it reopened in July, after six months of virtually no business. Hotel occupancy is at 2019 levels or greater, and airline staff are working double shifts. Travelers are spending more and looking for higher-end travel experiences to substitute for not being able to go overseas. Looking forward to 2021, this domestic travel boom will continue given the broader strength of China's domestic economy in China.

We have seen demand pick-up very strongly from our China customers, particularly since late August, with multiple booking requests for large groups seeking premium experiences in China. At the same time, there is less competition in the market owing to the attrition in the industry caused by the industry slowdown.

When international travel does again become possible, it will surge quickly. It seems likely that travel will initially be restricted to Covid-safe destination markets, and then gradually expanded. What is certain is that the volume of demand will be exceptional. After the SARS lockdown in 2002, outbound travel boomed from China, and that boom was sustained for almost two years.

The first steps towards this have already occurred – business travel from China to approved Covid-safe countries in South East Asia has just commenced. A leisure travel re-opening will take longer – depending obviously on when safe destination markets can be identified – but this is an encouraging initial step. In this respect, Australia (along with New Zealand) is extremely well positioned in this respect and may be one of the first markets opened to Chinese outbound travelers given the good management of the crisis vs many other countries.

Freedom Road Travel is a foreign owned, licensed travel business in China uniquely positioned to take advantage of the industry recovery. We are partnered with some of the largest names in China business and travel and have traded through the Covid period. We are focused on taking advantage of the emerging travel boom in China. Our company is built on our commitment excellent service and accountability to our customers; outstanding team members and corporate culture; world class corporate governance, and contributing to the markets we operate in.

Your Sincerely,

David Keir
Chairman & CEO