



## A Letter from China

**Dear Valued Customers of China Highlights,**

Firstly, we want to express our sincere sadness to hear how many nations are now affected by the COVID-19 virus. Our heart goes out to you and many of those affected. We could not have envisaged that the virus would spread so rapidly, causing a major catastrophe across the globe.

During our deepest times of struggle, we want to take the opportunity to thank you for your attention and concerns to China and China Highlights. We are very grateful and touched by the many condolences and encouragement received during this time. There is an old Chinese saying: *Good relationships come together with tough times*. Love has no boundaries!

The good news is that no one here at China Highlights has been infected - which we are grateful and relieved. Till now the outbreak has been fully contained in our city of Guilin, as well as in other parts of China. And most of the existing confirmed cases in China are expected to be discharged by the end of March.

Well-rooted in China, we are coming out of the darkest hour; keeping our eyes on the world, we are standing at a crossroads. We are very much mindful of what the world is facing, the global economic impact as well how travel has now been restricted across the borders and the oceans. Lives have been changed and impacted by which we can identify and stand with you.

China had implemented strict restrictions during this period and ordering everyone to work from home. After working from home for a month from February 4, we have now returned to the office in early March. Work and life are almost back to normal. Thinking back, we look at to what degree has China Highlights been affected? How does China Highlights cope with the outbreak? We would like to take this opportunity to share with you some of our thoughts and solutions during this period concerning travels, and any





uncertainties. We sincerely hope this could bring some inspiration to you, your family and friends, to help you get through this challenging time.

Here's what we do know:

## 1. "0" Cancellation Policy is Introduced in the First Place

**It is important to us that you feel comfortable and safe during your visit.** If you cannot confirm the plan for the time being and wish to cancel the reservation, we fully understand and will timely implement the refund. The truth is, Instead of waiting, we proactively contacted each of our customers one by one for the first time, offering options of rescheduling or canceling - with "0" cancellation fees. Gratefully, many of you remain faithfully committed and therefore would like to postpone visiting for now or promise to visit when things get better.

Unfortunately, the outbreak coincided with our Chinese New Year (Spring Festival) holiday (similar to the Christmas holiday), but our entire team of travel consultants remained on duty, being prepared to answer your questions, concerns and promptly dealing with travel changes and refunds.

About "*Should I Cancel My Reservation?*", you are recommended to read this article by Gavin Hinsbergh, a British employee who has been living in Guilin where our office is located (Last updated on March 4):

<https://www.chinahighlights.com/travelguide/guidebook/coronavirus-travel-tips.htm>

<https://www.asiahighlights.com/southeast-asia/coronavirus-travel-tips>

## 2. We Take the Responsibility to Give Back

As the pioneer of the online Chinese tourism industry, we believe that the more difficult the time is, the more social responsibility we need to assume. Bearing this in mind, Haina Foundation was launched this March, to help our valued and committed tour guide team get through this difficult period. (Haina is the Chinese Name of our company). Tour guides are the core component of service quality. They are the face of our company. By helping them upgrade their skills and ease their life burdens, they can be more equipped to provide better service in the next peak season, and hopefully, we can help to reduce the chances of them leaving this industry.

Secondly, since January 21, our website and Facebook account of China Highlights have maintained non-stop with daily updates on the status of the outbreak travel safety in China. It is not our responsibility to report the outbreak, but we do our best to deliver the truth to our customers at a time when there is much conflicting news or not enough, to tell the truth, and report what we know..

Welcome to visit our epidemic reporting page: <https://www.chinahighlights.com/wuhan/map.htm>

And our Facebook account: <https://www.facebook.com/ChinaHighlights/>





### 3. We Continue to Invest for the Future

Our Board has been encouraging, as well as providing us an overall assessment performance of China Highlights for this year. It is expected that revenue will be over 50% down compared with the previous year due to COVID-19. It will possibly be our first loss since 2003 during the SARS crisis. However, we have promised that there will be **no layoffs during the outbreak**. Normal office conditions are maintained, contingency plans in place, and investment in future markets continue to be carried on and even increased in some parts.

The reason why we have the confidence to increase investment instead of laying-off employees is that we have been in operation for more than 20 years, having experienced the SARS in 2003 and the Financial Crisis in 2008. From these crises, we've learned to plan against a rainy day early. Over the years, we have consistently invested a large portion of our earnings in an anti-risk fund pool, and now we have accumulated enough cash-flow to run the company for up to two years.

In 2003 and 2008 we chose to invest in the future during the off-season, and since then we had seen substantial growth. Therefore, in 2020, we decide to continue this strategy, investing in traffic and product development, expanding overseas destinations, and upgrading processes and systems.

**Global Highlights**, our global site was successfully launched in January 2020, aiming to provide our customers with high-quality customized and personal services around the world. We have been actively developing and enriching the products and information on the Global Highlights, and we will continue to do so. We believe that growth will return after the outbreak.

Currently, our business in China is almost suspended, but our overseas business is still operating, with only about 10% of our Asian tours canceled, which continues to bring us a gross margin. However, that situation may change as outbreaks develop overseas.

### 4. Lastly, We Receive Sound Support from the Top

The Government's response to the crisis was very quick, and its support to enterprises like us was very precise for this time, which effectively helped the whole industry to tide over the difficulties. It is not comfortable for us to speak good of the government publicly, but we have to be honest - we do appreciate their effort and willingness to help us in a timely and thoughtful way:

The local government exempted the rent, value-added tax, and social insurance for enterprises from February to June. They returned some of the deposits paid by travel agents before (we received about \$160,000 last week). Banks have also offered to lend at low-interest rates. Last but not the least, they even provided us 800 masks, for us to resume work - we are required to wear a mask the whole day when in the office.





**To sum up**, we hope you will appreciate our confidence and remain interested in and loving China. The best way to get to truly know the land is to set foot on it. No matter what happens, we, together with the pandas, warriors, are always here to wait and assist you in your next China discovery.

Furthermore, based on the information obtained by our purchasing team, there will be very good promotional destinations in China from May, and we will launch them in time after flights resume. We will keep you updated. Do keep a lookout for those special promotion announcements!

And if you are happened to live in the virus-hit areas, we hope that the virus will be quickly contained and life will return to normal as soon as it can be. If you would like to know more insightful experiences or need any tips on how to survive these hard times, please feel free to write back.

Thank you for your time and we hope to meet you again soon.

Best Regards,  
Steven Zhao

CEO of China Highlights International Travel Service Co., Ltd

