

It was a great pleasure for me to launch the start of our year-long celebrations which will culminate in the 75th anniversary of The Peninsula Hong Kong. Over the years, the way in which our flagship hotel has retained its grace and elegance whilst updating itself with the latest amenities and technology to be consistently recognised as one of the best hotels in the world, epitomises our group's vision and commitment to upholding the quality of the Peninsula brand.

Mr Clement Kwok, who recently joined the company as CEO, has placed strong impetus behind the restructuring of our organisation and management processes with the objective of using our brand to further develop our business and enhance shareholder value.

We will continue to develop and strengthen our network of top class Peninsula hotels in key gateway cities and in this respect, I am delighted that we have embarked on a project to build a Peninsula hotel on a prime site in Tokyo. I am also pleased to report that our two newest Peninsula properties in Bangkok and Chicago have both received high accolades from leading readership surveys, reinforcing recognition that they are amongst the best hotels in the world.

In China, the restructuring and renovation of The Palace Hotel Beijing is of prime importance as it will permit us to reflect the Peninsula name in this property in the future.

We believe that, in seeking to create shareholder value, it is important not only to focus on new developments, but also to identify opportunities to improve existing assets through renovation, rejuvenation or redevelopment. In this respect, we are committed to an exciting renovation programme at Quail Lodge in Carmel and are studying ideas for updating some of our Hong Kong residential and commercial assets.

I wish to pay tribute to our loyal, committed and talented staff who play an instrumental part in creating the Peninsula experience for our guests. Programmes for their well-being and development have been recently launched.

I should also like to take this opportunity to thank all our staff, our shareholders, our business partners and not least our customers for their continued support during the year.



The Hon. Michael D Kadoorie
27 February 2003



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