

# Chairman's Statement



## DEAR SHAREHOLDERS,

With the 150<sup>th</sup> anniversary of our Company approaching in 2016, we have a proud and rich history, many achievements and a devoted family of friends, colleagues, business partners and loyal guests for which we are thankful. It is our belief that our past and present achievements define our future, and the future is built on the foundations of the past.

Over the past 12 months, our Group celebrated a significant milestone – the opening of our first hotel in Europe, The Peninsula Paris, which was developed and is owned together with our partners Katara Hospitality. Our long-term strategy is to own and operate a small number of the world's best hotels and with the opening in Paris, we have created a truly exceptional property. This momentous step into a new continent by the Peninsula brand sets us firmly on course for an exciting future and builds a solid legacy for the long term.

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The building which is now The Peninsula Paris was first built in 1908 and was a Parisian landmark acclaimed for its beauty, glamour and spectacular events. Many moments of artistic, literary and political history were celebrated within its walls; Pablo Picasso, George Gershwin and James Joyce stayed there in the 1920s. The building was the location of the signing of the Paris Peace Accords by Henry Kissinger and others in 1973, ending the Vietnam War.

Today the rich heritage of this building has been recreated and further enhanced to meet the needs of the modern traveller, creating a magnificent hotel which stands among the very best in Europe and one that we hope will create many more delightful experiences for our guests. More details about the four-year restoration project can be read on page 112-117 of this report.

2014 was a challenging year in which our industry faced economic and political uncertainties, as well as intense competition in most of our key markets. Despite these trying times, our Group produced a very pleasing set of results with our underlying profit increasing by 57% over 2013.

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To remain competitive and continue offering the best facilities and services to our guests, improving our existing assets continues to be a key strategy of the Company. In 2014 our Board approved significant renovations to The Peninsula Beijing and The Peninsula Chicago, which will commence in 2015.

We continue to seek new opportunities to develop a select number of additional Peninsula hotels. However, we will only pursue opportunities where we can develop hotels in the most prime locations and to the exceptional standards which are the hallmark of the Peninsula brand. Such opportunities are rare, especially when coupled with the need to ensure that these projects deliver acceptable returns to the Company as an owner-operator. With this objective, we are making progress with our partners in London and Myanmar for the development of hotels to be called The Peninsula London and The Peninsula Yangon.

Ahead of our 150<sup>th</sup> anniversary next year, our heritage remains one of the most important elements of our brand. A corporate documentary about our Company, titled *Tradition Well Served*, won the prestigious Gold Dolphin in the Corporate Film and Video Category at the Cannes Corporate and Media TV Awards in October. This film showcases the remarkable history and heritage of our Company, of which we remain most proud.

Looking to the future, we are committed to ensuring that our Company continues to adhere and prosper in a sustainable way. Corporate responsibility and sustainability underpins activities across all our businesses. This involves not only paying the closest attention to the environmental and social impact of our operations, but also conducting our business in a manner and to standards which will ensure that the Company continues to succeed for decades to come. As you will read in our Sustainability Review on pages 56 to 108, the Sustainable Luxury Vision 2020 puts sustainability at the heart of the Company's business model and brand. With seven areas of focus covering all divisions of the business, Vision 2020 sets out a blueprint for our business and our ambition to take luxury to the next level.

Our results and achievements continue to reflect the dedication and commitment of our Chief Executive Officer Clement Kwok and all the Management and their teams, across all geographic locations and sectors of our business. On behalf of the Board, I thank our staff for sharing our vision, understanding our philosophy, representing our culture and delivering a world-class service to our clientele.



*The Hon. Sir Michael Kadoorie*  
20 March 2015