

# One Club, One Team taking on new global challenges

Year 2007/08 has surely been one of the most challenging and demanding in The Hong Kong Jockey Club's history, with such a wide range of projects and events taking place concurrently.

In addition to our regular horse racing, betting, membership and charitable activities, we successfully completed and handed over the Olympic equestrian venues; we opened a new clubhouse in Beijing; we put forward a major plan to conserve and revitalise the Central Police Station Compound and conducted a six-month public consultation exercise; we established a district project that will bring 2,500 badly-needed jobs to Tin Shui Wai; and we helped Taiwan launch its first sports lottery.

All this was in addition to further enhancing our racing and betting products; meeting extra demand for our football betting services during the Euro 2008 tournament; and continuing to evolve our Racecourse Master Plan so as to develop long-term strategies for maintaining the Club's – and Hong Kong's – competitiveness in the leisure market.

Despite facing all these challenges, I am pleased to say that the Club achieved excellent business results in all areas, while continuing to make a significant contribution to the community in many different ways.

Through The Hong Kong Jockey Club Charities Trust, the Club once again contributed well over HK\$1 billion to support some 100 charitable and community projects of all types and sizes citywide. Trust-supported projects that came to fruition during the year ranged in scale from a new twin-lift system to help patients at United Christian Hospital to the staging of a six-week series of shows by equestrian theatre Zingaro, the commissioning of a new marine education centre in Sai Kung, and the opening of a much-needed third course at the Jockey Club Kau Sai Chau Public Golf Course.

As our Chairman has emphasised, however, this is only one aspect of the Club's far-reaching role in community life, as we also contribute to society in our capacity as the largest single taxpayer; as a major and well-respected employer; as an organiser of truly world-class sporting events that enhance Hong Kong's reputation internationally; and as a provider of regulated betting services that help contain illegal gambling and meet the public's demand for betting services in a reliable and responsible manner.

It was especially pleasing this season to see continued growth in our core racing business, where turnover grew 5.8% from HK\$64.0 billion to HK\$67.7 billion. This is the first time for more than a decade that turnover growth has been achieved in two consecutive seasons. The Rebate Programme was a significant contributor to this. Introduced as a result of the betting duty reforms approved in 2006, this programme is aimed at luring back turnover from illegal operators, who target our high-value bettors. It is worth noting, though, that Government itself has been the main beneficiary of this change, as the success of rebates has increased racing turnover and therefore tax payments (up from HK\$8.0 billion to HK\$8.3 billion), but reduced the Club's net stake receipts in percentage terms.

Our continuing efforts to create more "showcase" racedays with added prize money and special oncourse attractions are clearly paying off. In 2007/08 season, a total of nine Sha Tin meetings attracted turnover in excess of HK\$1 billion, compared with only three the previous season; meanwhile three Happy Valley night meetings produced turnover of more than HK\$800 million, compared with none in 2006/07.

The Racing Club, launched at the start of the season to spur the next generation of horse owners, has got off to a promising start with nearly 300 members already accepted and many more



applications under processing. The introduction in April of Jockey Challenge, Hong Kong's first fixed-odds racing bet, has also been well received.

Meanwhile the quality of our horses continues to grow. Hong Kong now has three horses ranked in the top ten of the World Thoroughbred Racehorse Rankings and during the season, had ten horses ranked at international rating of 115 or above, both of which are incredible achievements for a jurisdiction with such a small horse population.

*Sacred Kingdom's* runaway win in the Cathay Pacific Hong Kong Sprint in December made him the world's top-ranked sprinter on turf, the third year in a row that Hong Kong has had that distinction. *Good Ba Ba* became the first locally-trained horse to win two International Group One races in a single season (the Cathay Pacific Hong Kong Mile and Champions Mile) and likewise became the world's leading miler. In addition, *Viva Pataca* and *Armada* both claimed second places in International Group One events overseas.

To ensure that our valued Owners can continue to invest in bringing top-quality horses to Hong Kong at a time of sharply rising bloodstock prices, we have increased the prize money for next season by some HK\$52 million, a 7.2% increase, which follows a HK\$33 million increase the previous year. This includes HK\$6 million in first win incentive bonuses for private purchases and International Sale griffins.

On a sadder note, we were sorry to learn in January of the passing of George Moore, a legendary figure in the racing industry who played a huge role in helping Hong Kong make a successful

transition into the professional era in the early 1970s. He was Hong Kong's champion trainer 11 times and an outstanding ambassador for the sport. We are happy, though, that the Moore family's long association with Hong Kong continues to be upheld today, with son John Moore maintaining one of our most consistently successful stables.

Our football side enjoyed strong growth, especially in the final month of the season when the Euro 2008 tournament captured wide public interest. Total football turnover grew 14.1% to HK\$34.4 billion. The growing popularity of In Play betting was another positive factor, with the introduction of new interactive services like tWin having made it possible for customers to place bets through their TV screen while watching live broadcasts of top matches. We are pleased to report that the Club's football betting licence was renewed by the

Government in March 2008 for a further five-year period, with no changes to the existing betting duty rate or licence conditions.

Turnover on the Mark Six lottery, on the other hand, fell by 3.1% to HK\$6.4 billion. Although this is not a huge decrease and turnover is always influenced by the incidence of large jackpots, which can vary from year to year, we believe that the Mark Six is now at a stage when new initiatives will be necessary to refresh public interest.

During the year, the Club also provided consultancy and supporting services to Taipei Fubon Bank for the establishment of Taiwan's first sports lottery, which was duly launched in early May 2008. The lottery's introduction will create thousands of jobs and business opportunities for the underprivileged in Taiwan, while part of the proceeds will be used to finance internationally-recognised sports events and activities. As well as assisting the bank to develop and implement this new business, the Club helped build and train from scratch a new operational control and risk management team within a very short time frame, drawing on its success in establishing HKJC Football as the largest sports book operator in the world.

On the Membership side, the major development of the year was without doubt the opening of our Beijing Clubhouse in April, in good time for the Beijing 2008 Olympics. As illustrated elsewhere in this report, the amenities offered in this new Clubhouse are truly superb, blending stylish modern decor with traditional Chinese architecture. By the end of June, more than 700 of our Hong Kong members had already made use of this facility, while nearly 100 Mainland-based individuals and corporate bodies had been accepted for membership, with many more applications under review.

A number of enhancements have also been made during the year to our Sha Tin and Beas River Clubhouses, while an extensive refurbishment of the upper floors of Happy Valley Clubhouse will take place in the coming months.

With this very busy year now behind us, it is important that we make use of the valuable momentum generated by the Olympics, which has led to a significant growth of public interest in sport in general, and equine sports in particular. Hong Kong's success in qualifying an equestrian team for the Olympics for the first time is an achievement of which we can all feel justly proud.

As Hong Kong's premier provider of sporting entertainment and a long-standing community benefactor, we believe that the Club is in excellent position to work with relevant parties including Government, the District Councils and sports associations to further the development of various sports at a grass roots level. Moreover, the signing of a Co-operation Agreement with the International Olympic Committee in April offers us a unique opportunity to promote sport and the Olympic spirit in Hong Kong, Mainland China and the region.

It is our plan to establish the Hong Kong Olympic Museum at Sha Tin at an early opportunity, to keep alive Hong Kong's legacy as an Olympic city for the future enjoyment of residents and visitors. This will be the first Olympic Museum in China.

It is important to reiterate, though, that the Club's long-term ability to support sporting and community development projects remains dependent on the continued success of our core racing business, which is coming under ever-increasing external threat. While the betting duty reforms agreed in 2006 have helped us win back some business from illegal and offshore operators, they do not address the wider challenge Hong Kong faces from the growing seepage of community resources to other channels, such as the casino junket operations which often target Hong Kong residents. We need the Government to close these loopholes and level the playing field if Hong Kong is to maintain its leadership position.

When Macau issues licences for sports betting next year, its casinos will be able to offer betting on all types of sport around the world, 24 hours a day and seven days a week, through multimedia channels. Indeed, many illegal and offshore operators are already doing this. It would be naïve to think that these much greater betting opportunities will not be used to lure Hong Kong residents away and attract them on to hard casino games.

We are not afraid of competition, and Hong Kong's world-class racing product could bring in a lot more revenue for the public purse from

overseas racing jurisdictions that would like to channel their bets into our attractive pools. However, the present betting duty system effectively imposes double taxation on such commingling arrangements, making them often unviable. This can provide a sound basis for export, but the window of opportunity is limited and Hong Kong cannot afford to stand still.

Conversely, we have the situation that many of our Hong Kong racing fans would like the opportunity to bet on more top overseas races, especially those featuring Hong Kong-trained horses. Yet often they are unable to do so, as our current licensing conditions restrict us to offering just ten simulcast races per season, all of which have to be on existing racedays.

Hong Kong has worked hard to establish its position as a global leader in horse racing and football, but this leadership position is now being eroded by a trend of betting deregulation that is fast taking root throughout this part of the world. If the Club is not allowed the ability to remain competitive, the major losers will be the public purse and the community at large.

This message cannot be emphasised strongly enough to our legislators and policy makers. While there are sensible historic reasons for Hong Kong's limitations on gambling, we are in a new era of technology and travel where maintaining an over-conservative approach will simply be self-defeating.

Having said all that, I remain generally optimistic about the Club's business in the coming year and beyond. We could be in for a belt-tightening year with inflation rising and some world economic uncertainties, but the resurgence of public interest in horse racing and the ever-growing quality of our horse population give us confidence that our business has strength in depth to survive such challenges, with continued Government support. Hong Kong's staging of the Olympic equestrian events will further underline its reputation as The Equine Capital.

Most of all, we are fortunate to have behind us the very wide-ranging business experience of our Board of Stewards, and the support of an extremely professional team of managers and staff. They have all been asked to work harder than ever in this very busy year, but they have done so with good grace and the same dedication as always. I look forward to another successful year ahead.

**WINFRIED ENGELBRECHT-BRESGES**

**Chief Executive Officer**

24 July 2008

# 同一馬會 同一團隊 群策群力 迎接挑戰

回首二〇〇七/〇八季度，馬會同時舉辦多個項目，並且積極參與各式各樣的社會活動，成功跨越各項挑戰，創出驕人成績。

除了處理日常賽馬、博彩娛樂、會員及慈善事務外，我們成功建成奧運馬術場地交予馬術公司，又在北京開設全新會所，同時計劃保育及活化中區警署建築群，並為此進行六個月的公眾諮詢。我們亦推行地區項目，為天水圍社群創造二千五百個就業機會，同時亦協助台灣首推運動彩券。

我們年內進一步提升賽馬及投注產品質素，於二〇〇八年度歐洲國家盃舉行期間，滿足球迷對足智彩服務的額外需求，同時繼續優化「馬場發展大綱」，制訂長遠策略，以維持馬會及本港娛樂市場的競爭力。

面對上述挑戰，馬會不但創出多項佳績，更持續造福香港社會各個階層，實在令人鼓舞。

一如往年，馬會在本年度透過香港賽馬會慈善信託基金，撥捐逾十億港元，支持全港約一百個不同類型及規模的慈善服務及社會項目。年內獲馬會慈善信託基金撥款的項目眾多，包括在基督教聯合醫院為病人興建新電梯、邀請馬術劇團「星躍馬術奇藝坊」來港演出六星期、在西貢設立全新海洋教育中心，以及在賽馬會西洲公眾高爾夫球場開設第三個球場，應付市民需要。

然而，誠如主席所言，馬會對社會所作出的長遠貢獻遠不止上述各項。馬會是香港最大的單一納稅機構，更是備受推崇的僱主。我們籌劃世界級體育項目，提升香港的國際聲譽；同時提供規範化博彩服務，在打擊非法賭博的同時，滿足市民對有節制博彩服務的需求。

本季其中一項喜訊，是我們的核心業務賽馬項目持續增長，投注額由六百四十億港元上升至六百七十七億港元，增幅達百分之五點八，乃過往十多年以來，投注額首次連續兩季錄得增長，此情況很大程度上是因為我們推出了「回扣」新措施。立法會於二〇〇六年通過博彩稅改革後，馬會推出「回扣」新措施，務求將非法外圍投注莊家的目標客戶納回合法投注渠道。值得注意的是，「回扣」新措施雖然成功刺激賽馬投注額，令馬會所繳稅款由八十億港元上升至八十三億港元，為政府帶來實際利益，但同時卻減低了馬會的淨投注金收入百分比。

我們在本季度繼續舉辦更多特別賽事日、增加賽事獎金及在馬場安排豐富特別節目，成功吸引馬迷。於二〇〇六/〇七季度，沙田馬場共有三個賽馬日的投注額衝破十億港元，而二〇〇七/〇八季度則上升至九個賽馬日；於二〇〇六/〇七季度，跑馬地馬場夜賽的投注額均不超過八億港元，但二〇〇七/〇八季度則有三個賽馬日超出此數。

季初，馬會成立「競駿會」，培養青年才俊對養馬的興趣。此一嶄新會籍甫推出即大受歡迎，至今已招收約三百名會員，同時正在處理不少申請。今年四月，我們推出香港首個固定賠率投注類別「騎師王」，亦廣受馬迷歡迎。

與此同時，我們的馬匹質素穩步上揚。現時，三匹香港賽駒躋身全球現役純種馬前十名；季內，十匹本港佳駒獲評國際評分一百一十五分或以上。香港馬匹數量有限，但卻創出如此佳績，令人引以為傲。

十二月，「蓮華生輝」在國泰航空香港短途錦標輕取群雄，成為全球排名最高草地短途馬，亦是香港賽駒連續第三年穩佔此項排名之首。「好爸爸」勝出國泰航空香港一哩錦標及冠軍一哩賽，不但成為全球頂尖一哩馬，更是首匹在同一季內兩度勝出國際一級賽的本港佳駒。此外，「爆冷」及「好利威」均在海外國際一級賽勇奪亞軍。

去年，我們的賽事獎金上升三千三百萬港元。鑑於純種馬匹售價大幅上漲，我們批准下季賽事獎金調升百分之七點二，即增加約五千二百萬港元，以鼓勵馬主繼續投資，將優質賽駒帶來香港。其中包括撥資六百萬港元，調高自購馬及國際馬匹拍賣會馬匹的首度勝出特別獎金。

今年一月，馬壇傳奇人物佐治摩亞先生逝世，令人深感惋惜。佐治摩亞乃香港十一屆冠軍練馬師，堪稱香港賽馬運動大使，於一九七〇年代初，對香港賽馬專業化作出巨大貢獻。可喜的是，佐治摩亞一家已植根香港，他的兒子約翰摩亞也活躍香港馬圈，其馬房亦有不俗成績。

我們的足智彩業務錄得可觀增長，總投注額上升百分之十四點一，達三百四十四億港元。當中季內最後一個月舉行的二〇〇八年度歐洲國家盃吸引大量投注，而即場互動投注成為新趨勢，亦有助刺激投注額。年內，「投注易」等各項嶄新互動服務相繼推出，馬會客戶可在欣賞頂級賽事直播的同時，在電視屏幕作互動投注。二〇〇八年三月，我們喜見政府按原有的博彩稅率及牌照條件，續發給馬會足球博彩牌照，為期五年。

然而，六合彩獎券的投注額卻下跌百分之三點一至六十四億港元。雖然跌幅輕微，而且獎券投注額受每年不同數目的大額金多寶影響，但是，我們認為現階段必須為六合彩注入新元素，挽回市民的興趣。

年內，馬會向台北富邦銀行提供顧問及支援服務，於二〇〇八年五月初成功助推台灣首項運動彩券。台灣運動彩券將為當地弱勢社群帶來數千個就業機會及業務商機，而彩券所得的盈餘，部分將用作舉辦國際認可體育活動。除協助富邦銀行研發及推行此項新業務外，馬會更藉著本身成功營辦「足智彩」，成為全球最大規模運動投注經營機構的經驗，在極短時間內協助富邦銀行創立及培訓一支營運控制及風險管理隊伍。

在會員事務方面，本年度最大的項目為北京香港馬會會所。會所於四月開幕，正好配合北京舉行二〇〇八年奧運會。此一全新會所結合傳統中國建築及現代新穎裝飾，有關其獨特設計及設施可詳見本年報的專題部分。截至六月底，超過七位香港馬會會員已親身體驗北京會所的世界級設施。會所已招收約一百位內地個人及公司會員，並正在審批大量申請。

馬會的沙田及雙魚河會所於年內進行多項改善工程，而跑馬地會所的高層設施亦將於未來數月展開大規模裝修。

過去一年，我們在多個項目取得空前成功，而奧運引起了公眾對運動的興趣，特別是馬術運動開始在港流行，因此，我們要抓緊奧運帶來的寶貴機會，絕對不能鬆懈。香港馬術隊首次成功取得奧運參賽資格，作為奧運會馬術比賽重要貢獻機構，我們亦引以為傲。

馬會不但致力為香港市民提供體育娛樂，更是全港最大慈善公益資助機構，因此，我們相信，馬會絕對有能力與各政府部門、區議會及體育機構等相關組織共同向基層市民推廣體育運動。再者，馬會於四月與國際奧委會簽訂《合作協議》，將在香港、內地及區內傳揚體育和奧運精神。

我們計劃盡快在沙田馬場設立中國首間奧林匹克博物館，向市民及旅客展現奧運珍品，確保香港協辦奧運的歷史，得以承傳。

然而，我們必須強調，馬會能否持續支持體育及社區發展項目，視乎我們的核心業務賽馬項目可否保持良好表現。海外地區對馬會賽馬業務構成的競爭正在不斷加劇。雖然，二〇〇六年通過的博彩稅改革使部分非法及離岸博彩營運商客戶回流馬會，但卻未能紓解香港社區資源日漸外流至海外大型賭場的問題。此等賭場竭力吸引香港客戶，因此，政府必須堵塞有關漏洞，讓香港在公平情況下競爭，以維持領導地位。

澳門明年將發出體育博彩牌照，容許賭場透過多媒體渠道，全天候營運全球各項體育運動博彩，與非法及離岸營運商互相比拼。我們必須承認，此等富吸引力的博彩機會，加上傳統賭場業務，定必奪去大量本港客戶。

我們勇於接受挑戰，而且海外賽馬地區樂於與我們富吸引力的彩池匯合，使我們的世界級賽馬產品為政府庫房帶來可觀海外收入，但本港現行博彩稅制度對此等匯合彩池雙重徵稅，窒礙其生存空間。匯合彩池本身極具發展潛力，故香港絕對不能墨守成規、固步自封。

與此同時，本港不少馬迷希望能投注於更多海外賽事，特別是本港佳駒參與競逐的頂級賽事，但馬會的現行牌照只容許我們每季於本地賽馬日受注十場越洋轉播賽事，根本未能滿足廣大馬迷的要求。

香港經過多年努力，才成功發展成為全球賽馬及足球博彩中心；然而，區內開放博彩市場的趨勢，對馬會在博彩方面的全球領導地位構成威脅。倘馬會未能維持競爭力，蒙受最大損失的將會是政府庫房及香港整體社會。

以上所述對香港社會影響至深至遠。我們明白，香港對博彩業的限制有其歷史因素，但全球已進入科技新時代，各地交流日趨頻繁，因此，過於保守的博彩政策只會窒礙香港的長遠發展。我衷心希望本港立法會議員及政策制定者能理解箇中道理。

雖然我們面臨重重挑戰，但我對馬會未來的整體業務發展仍然充滿信心。本港現正處於高通漲期，加上全球經濟不明朗，因此明年可能需要緊縮開支；可是，市民已恢復對賽馬的興趣，而我們的馬匹質素正在不斷提升，因此，我們相信，以馬會穩固的業務基礎，以及在政府的持續支持下，足以應付上述挑戰。北京二〇〇八年奧運馬術比賽在香港舉行，將進一步鞏固本港「馬運之都」的地位。

馬會的成功，全賴董事的豐富經驗，以及專業管理團隊及員工的支持。他們年內工作極為繁重，但仍努力不懈，盡忠職守，為馬會作出重大貢獻。我衷心希望，馬會明年能再接再厲，業務更上一層樓。

**行政總裁 應家柏**

二〇〇八年七月二十四日