

Surmounting challenges to do what is right

When we started the 2008/09 season in a blaze of optimism last summer, none of us could have foreseen the global economic meltdown that was lurking just around the corner. The Hong Kong Jockey Club, like business operators worldwide, was by no means immune to its impact, and a year that had promised to reach exciting new heights turned out instead to be one of considerable challenge.

Yet, in the final count, we can still look back on an encouraging year in which much positive progress was made on a number of different fronts, thanks in no small part to the determination and “can do” spirit of our management and employees.

We played a key role in Hong Kong's staging of the equestrian events of the Beijing 2008 Olympics and Paralympics, which attracted worldwide attention and praise; our world-class horse racing broke further new ground internationally; we made an important contribution to preserving and creating jobs in Hong Kong at a very difficult time; and perhaps most important of all, we not only maintained our donations to charitable and community projects, but increased them to a record HK\$1.37 billion.

All this happened despite some heavy pressure on our bottom line results, with the Club's



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share of gross margin falling by some 3.9% to HK\$6.37 billion, despite total turnover showing only a marginal 0.14% fall to HK\$108.36 billion. It is significant that while our horse racing operations recovered from a worrying early dip to show only a small drop in turnover, and football betting turnover actually recorded a slight increase, our share of gross margin declined in both cases.

More worrying still last season was a sharp fall in our investment income, in common with all global investors. As a result of these various factors, our surplus after tax fell sharply from HK\$3.27 billion in 2007/08 to just HK\$707 million last year, and we were only able to make an appropriation of HK\$500 million to The Hong Kong Jockey Club Charities Trust, compared with HK\$1.78 billion in 2007/08.

In these circumstances, it would have been easy to respond by cutting back on our charitable commitments, but that would have meant letting down our many hundreds of community beneficiaries at just the time when they needed our support the most. The Club has a long tradition of standing by the people of Hong Kong at times of challenge, and as a not-for-profit organisation, is better placed than most to respond in an anti-cyclical way. Our Charities Trust has therefore increased its donations by some 30%, which has meant dipping into its reserves.

Clearly, however, we cannot allow a situation of structural deficit to prevail in the long term, and we have to find ways of ensuring that our business remains sustainable and profitable over the years to come – especially our core business of horse racing, which underpins all our contributions to Government income and to the community, as well as our status as one of Hong Kong's largest employers.

It was with this in mind that we asked Government last year to reconsider granting us five extra racedays and an additional 20 overseas simulcast days per season. This was not in fact a new request, as it had been part of the original package we put forward to Government when proposing a reform of the horse race betting duty structure four years ago. However, these two elements were eventually dropped from the package before the reforms were put before the Legislative Council and received approval in summer 2006.

With the economy sharply worsening, we believed it was an appropriate time to request that this part of the original package be implemented, as it would help increase tax revenue for the Government by some HK\$500 million as well as preserve and create over 4,000 much-needed new jobs.

I am pleased to report that our request finally received Government's approval in early July, just after the season under review ended. This means it will now be possible to implement them for the coming 2009/10 racing season.

However, the number of additional simulcast days was reduced from 20 to 15, which is barely enough to cover those major international meetings that have strong relevance and interest to Hong Kong racing fans, and are most likely to attract the attentions of illegal bookmakers.

Another disappointment was that our additional request for Government to consider reducing the horse race betting duty rate was rejected. Besides helping us to combat illegal bookmakers more effectively, a lowering of the betting



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duty would help us keep more betting dollars in Hong Kong and preserve and create employment, which must be to everyone's benefit.

The rapidly growing impact of Macau and other gambling destinations in the region can no longer be ignored. A recent survey commissioned by the Club indicated that Hong Kong citizens account for some 40% of all casino spending in Macau, and lost more

than HK\$20 billion at Macau's casinos in 2008. This is nearly double the HK\$11 billion loss estimated in a 2006 survey, and indeed now matches Hong Kong's total revenue (before betting duty and tax) from horse racing, football and the lottery, which reached HK\$19.99 billion last season.

In the light of figures like these, it is somewhat disconcerting that the Club has to fight off accusations of spreading gambling in the community each time it makes even modest proposals to stem the outflow. There is simply no comparison between horse race betting, which requires considerable skill and operates only one or two days a week, and the games of chance offered by casinos, which are available around the clock, 365 days a year.

The Macau factor makes it all the more critical, too, that we are able to continue investing in our racecourse facilities and racing product, so that Hong Kong can maintain its competitive edge in the leisure market. Horse racing is one of Hong Kong's major tourism selling points, and our high quality facilities can add value to the important meetings, incentives, conferences and exhibitions (MICE) sector, in which Hong Kong has long been a major international player.

It was the desire to help our city showcase its strengths to the world that motivated us four years ago to commit an unprecedented HK\$1.2

billion to providing venues and supporting facilities for the equestrian events of the Beijing 2008 Olympics and Paralympics, which took place in August and September respectively.

I am proud to say that both events went off superbly, earning many plaudits for Hong Kong from competitors, officials and visiting equestrian professionals. By delivering “best ever” facilities in record time, the Club was able to contribute to the nation's pride in hosting an outstandingly successful Olympiad, as well as give Hong Kong residents a unique opportunity to share the Olympic experience.

Staging the Olympic and Paralympic equestrian events also gave rise to a new spirit of volunteerism and sporting interest that I believe will stay with Hong Kong for many years to come. Certainly it is the Club's intention to foster and preserve the Olympic legacy. We have already put a number of legacy items on display in Penfold Park, as the prelude to establishing a future Hong Kong Olympic Museum, and we are continuing to support the Hong Kong Equestrian Team in their bid to qualify for the 2010 Asian Games and World Equestrian Games, and hopefully the 2012 Olympics.

In addition, we are funding a new Hong Kong Jockey Club Junior Equestrian Team with the aim of identifying riding talent at an early age and providing these young riders with professional training and competition opportunities.

In our charitable donations over the past year, we have put a strong focus on youth issues and sports, which we believe to be especially important for Hong Kong's long-term development, while ensuring that other important community needs continue to be comprehensively met.

One project of particular interest is P.A.T.H.S. to Adulthood: A Jockey Club Youth Enhancement Scheme, which we proactively launched in 2005 in collaboration with the Education Bureau, Social Welfare Department and a research team of experts from five local universities. It aims to help junior secondary students develop in a holistic way by instilling positive beliefs and values, enhancing their self-confidence and strengthening their sense of responsibility during the crucial formative years of early adolescence.

The project has proved outstandingly successful with nearly 50 per cent of all secondary schools in Hong Kong now teaching P.A.T.H.S. modules, over 100,000 junior secondary students having already benefited, and some 5,000 teachers and school social workers having received training on the programmes, which augurs well for the future. We have therefore agreed to commit a further HK\$350 million to support the project's extension for a further three school years from 2009/10 to 2011/12.

During the year we have also approved funding for the expansion of a number of outdoor camp sites, to meet Hong Kong's fast-growing demand for outdoor recreational facilities. A notable example is the HKFYG Jockey Club Sai Kung Outdoor Training Camp run by The Hong Kong Federation of Youth Groups. Our HK\$133 million grant, the third since 1986, will enable its residential capacity to be doubled and several new facilities added, benefiting up to 150,000 young people a year. The construction work is also creating some 650 jobs.

On the sports development front, we have committed HK\$40 million to support Hong Kong's hosting of the 2009 East Asian Games in December as Principal Contributor, and also made it possible for Hong Kong to host the 2009 Asia and South Pacific Boccia Championships at short notice after the late withdrawal of Malaysia. As the latter event is one of four qualifying competitions for the Paralympic Games, we hope through this donation to help Hong Kong's disabled athletes reach the 2012 Paralympics in London.

Outside the areas of youth and sport, we have approved support for more than 90 other projects this year, including dozens of smaller projects in the areas of community services, medical and health, education and training, and recreation and culture. We also continue to support a number of major, Club-initiated projects that address Hong Kong's long-term challenges, notably the HK\$250 million Family Project we launched in 2007 to tackle the problem of family discords and domestic violence at source.

I am also pleased to report that the first four Club-sponsored reconstruction projects in earthquake-stricken areas of Sichuan are making

good progress. In choosing the initial four projects in the medical and education sectors, we have put particular emphasis on helping young people disabled in the earthquake to be rehabilitated and build new lives, as well as helping the province maintain its strong track record in the national sporting arena.

Overall, then, it has been another very satisfying year, and as Chairman of the Club, I am proud of what we have been able to achieve in sometimes very challenging circumstances. I should like to thank my fellow Stewards for their strong support and pay tribute to the commitment and dedication of all our managers and staff, who have on many occasions freely given of their time beyond the call of normal duty.

At this stage it is difficult to make accurate predictions for what will happen in 2009/10; there are some early signs of an economic recovery, but equally there are many observers who believe that a second wave of financial turmoil is yet to come. Historical experience has also shown that consumer spending cutbacks often lag economic downturn by several months, which could have significant impact on our business and justifies our maintaining a cautious approach at this stage. I remain strongly optimistic, however, about the long-term strengths of Hong Kong and Mainland China in the international market place.

What is indisputable is that the coming year will be the 125th Anniversary of the foundation of The Hong Kong Jockey Club, an occasion that we will mark with a wide-ranging programme of special activities. I believe everyone in the community can feel proud of the Club's success since 1884 in combining the provision of world-class sporting and entertainment activities with an unflinching commitment to the betterment of Hong Kong.

JOHN C C CHAN
Chairman
23 July 2009

跨越挑戰求突破 竭盡所能惠全民

去年九月，當大家滿懷希望迎接二〇〇八/〇九季度之際，誰也料不到金融海嘯即將席捲全球。香港賽馬會也一如各國商業機構，不能倖免受到影響，由年初熱切地期待再創高峰，逆轉為面對重大挑戰的一年。

儘管香港經濟受創，馬會回顧一年，在不同業務領域的正面成績，仍叫人鼓舞，這全賴管理團隊和員工的幹勁決心以及「我做到」的拼搏精神。

縱觀過去一年，我們在由香港協辦的北京二〇〇八年奧運和殘奧會馬術比賽中，扮演重要角色，贏得國際社會高度讚譽；我們舉辦多項超越世界級水平的國際大賽；我們在經濟低迷時仍繼續努力創職保職，造福社會；我們亦增加資助慈善團體及社區項目的捐款至十三億七千萬港元的歷史新高。

事實上，我們竭力造福香港，背後的財政表現卻備受沉重壓力。雖然季內總投注額輕微下跌至一千零八十三億六千萬港元，跌幅僅百分之零點一四，但馬會毛利僅得六十三億七千萬港元，跌幅約達百分之三點九。由此可見，儘管賽馬投注額的跌幅較預期溫和，而足智彩投注額錄得輕微增長，但這兩項業務的毛利均告下跌。

更甚者，一如全球其他投資者，我們季內的投資回報亦顯著下滑。綜合種種因素，除稅後盈餘由二〇〇七/〇八季度的三十二億七千萬港元，大幅下跌至去年只有七億零七百萬元，以致我們僅可撥出五億港元予香港賽馬會慈善信託基金，遠遜於去年度的十七億八千萬港元。

為應付上述財政困難，馬會本可捨難取易，酌情削減慈善捐款，但是考慮到當前的經濟低迷



血濃於水，馬會同樣關心內地同胞的福祉，尤其是去年飽受地震煎熬的四川災民。

情況，我們對社會的支持極為重要，絕不能讓眾多慈善公益機構失望；而馬會作為非牟利機構，亦有別於一般商業組織，多年來我們均一直與港人攜手渡過難關，因此，馬會慈善信託基金不但沒有削減對社會的捐助，更不惜動用儲備，增加約百分之三十的捐款。

然而，我們不能容許結構性赤字持續出現，必須尋求辦法確保業務（尤其是賽馬這項核心業務）既能持續發展，又能賺取利潤，才能繼續貢獻政府收入、造福社會，並維持我們作為香港最大僱主之一的地位。

為此，我們去年向政府重提每季增加五個賽事日及二十個聯播海外賽事日。事實上，馬會在四年前向政府提出賽馬博彩稅制改革方案時，早已建議增加賽事日及聯播海外賽事日。然而，該兩項建議在稅制改革於二〇〇六年夏季提交立法會通過前卻遭刪除。

隨著經濟急劇惡化，我們認為，現時是適當時候重提改革方案的剩餘部分，並深信這不但會為政府帶來約五億港元的額外稅收，還可在保職的同時，創造超過四千個就業機會，在經濟不景下帶來一陣「及時雨」。

我十分高興在此向大家匯報，政府終於在七月初季度結束後數天，通過上述新措施，意味著我們可趕及在二〇〇九/一〇季度實施。

然而，我們只獲批十五個聯播海外賽事日，而非原本建議的二十天，這樣實在難以全面覆蓋本地賽駒參與競逐和本港馬迷熱衷支持的國際大賽，只有眼看非法外圍繼續就這些賽事受注。

政府決定暫不考慮調低賽馬博彩稅率，也令我們失望。須知道，調低賽馬博彩稅率既有助加強打擊非法外圍勾當，亦可避免本港投注額外流，更能造就馬會保職創職，造福社會，惠及全民。

澳門賭場及區內其他博彩設施急速發展，帶來的衝擊與日俱增，我們絕不能墨守成規。馬會最近委託獨立機構進行的一項調查顯示，澳門賭場總收入約四成來自港人，單是二〇〇八年，港人在當地各個賭場合共輸掉超過二百億港元，較二〇〇六年同類型調查估計的一百一十億港元高出近倍，而本港上季來自賽馬、足球及獎券的除稅前總收益為一百九十九億九千萬港元，僅與外流澳門的二百億港元相若。

縱使數據昭然若揭，但馬會每次提出溫和建議，意圖防止投注額外流，均遭反對人士批評為助長賭風，實在令人氣餒。須知賽馬涉及鑽研分析，每周亦只安排一或兩天賽事，反觀賭場卻全年無休、二十四小時提供博彩機會。兩者實在不能混為一談。

正因澳門賭場對我們帶來重大衝擊，馬會務必繼續投資在馬場設施及賽馬產品，鞏固香港在消閒市場的競爭力。賽馬是香港旅遊業的主要賣點之一，我們提供的高質素設施能帶動香港會議展覽及獎勵旅遊業的發展，加強本港在這方面的國際地位。

為了向國際展示香港的優勢，馬會於四年前承諾撥資十二億港元，為北京二〇〇八年奧運和殘奧會馬術比賽，在香港提供場地及支援設施。

令我引以為傲的是，兩項奧運盛事分別於去年八月及九月在香港圓滿舉行，為香港贏盡參賽騎手、官方要員及到訪馬術專家的讚譽。馬會以極速建成的頂級馬術場地及設施，為國家舉辦空前成功的奧運會作出重大貢獻，並為港人帶來千載難逢的機會，分享國家圓滿舉辦奧運的喜悅。

我深信，香港協辦奧運和殘奧會馬術比賽，亦同時促進了港人獻身義務工作的服務精神及提升大家對運動的興趣，為香港帶來長遠裨益。

我們亦增加資助慈善團體及社區項目的捐款至十三億七千萬港元的歷史新高。

馬會銳意促進及傳承奧運精神，已在沙田彭福公園放置一系列與奧運馬術比賽息息相關的展品，作為將來興建香港奧運博物館的前奏，並繼續資助「香港賽馬會馬術隊」，讓他們為二〇一〇年亞運及世界馬術大賽積極備戰，甚至出戰二〇一二年奧運。

我們還資助成立「香港賽馬會青少年馬術隊」，藉此提拔有潛質的年輕馬術騎手，及早為他們提供專業馬術訓練，並支持他們參加馬術比賽。

在慈善捐助方面，我們去年致力資助青少年及體育項目，藉此推動香港的長遠發展，同時繼續全面照顧其他重要社會訴求。

值得一提的，是我們於二〇〇五年主導、並與教育局、社會福利署，以及本港五間大學的研究專家隊伍攜手推行的「共創成長路」青少年培育計劃，旨在透過協助初中學生建立正確的信念及價值觀、增強自信、提高責任感和承擔精神，使他們能應付在成長過程中遇到的種種挑戰及誘惑，達致全面發展。

是項計劃深受歡迎，自推行至今，全港約一半中學已經參加，約五千名老師及學校社工接受了相關培訓，惠及超過十萬名初中學生。有見及此，我們決定進一步撥款三億五千萬港元，延續計劃三年，自二〇〇九/一〇學年起，至二〇一一/一二學年為止。

此外，鑑於港人對戶外康體活動設施需求殷切，我們年內已通過撥款擴建多個戶外營地，最佳例子是獲撥款一億三千三百萬港元的「香港青年協會賽馬會西貢戶外康樂中心」，中心自一九八六年起，至今已已是第三度獲馬會撥款，用以增加一倍宿位及數項新設施，每年將惠及十五萬青少年；建築期間，更可創造六百五十個就業機會。

我們在促進體育活動方面亦不遺餘力，捐助四千萬港元支持香港於十二月舉辦的二〇〇九年東亞運動會，成為運動會的「主要貢獻機構」。為了讓本地運動員有機會爭取二〇一二

年倫敦殘奧會的參賽資格，我們亦捐款資助香港殘疾人奧運會暨傷殘人士體育協會，在香港舉辦殘奧會其中一項外圍賽——二〇〇九年亞太區硬地滾球錦標賽。是次賽事原定在馬來西亞舉行，但該國臨時放棄主辦權，在馬會支持下，改由香港舉辦這次國際賽事。

除青少年及體育項目外，我們年內通過資助約九十項計劃，包括多項較小規模的社會服務、醫藥衛生、教育及培訓，以及康樂及文化項目。我們亦繼續資助多項由馬會主導推行的重大項目，為應付社會長遠挑戰作好準備，包括於二〇〇七年捐款達二億五千萬港元推出的「愛+人：賽馬會和諧社會計劃」，協助找出家庭衝突及暴力等問題的根源，並制定預防方案。

血濃於水，馬會同樣關心內地同胞的福祉，尤其是去年飽受地震煎熬的四川災民。我們撥款資助的首四項醫療及教育重建工程，均取得良好進展。在構思有關工程時，我們特別重視幫助因地震導致傷殘的青少年重建身心，同時協助四川省繼續成為培訓國家體育運動員的搖籃。

整體來說，去年是很有滿足感的一年。作為馬會主席，我對於大家在年內極富挑戰的情況下仍能創造佳績，深感自豪。我謹向董事局同寅致謝，感激他們對馬會的鼎力支持，並向各管理團隊和員工致敬，感謝他們盡心協力，投入工作，甚至奉獻私人時間，超額完成任務。

儘管經濟復甦跡象漸見浮現，但仍有不少市場分析預期金融海嘯第二波或會來襲，故此現階段我們無法準確預計二〇〇九/一〇季度的具體情況。按以往經驗，市民消費開支萎縮的情況有多嚴重，往往要在經濟出現衰退後幾個月才反映出來，屆時可能對馬會的業務帶來重大影響，是以我們於現階段務必抱持審慎態度。然而，我對於香港和國家在國際市場的長遠優勢，仍然深感樂觀。

最後，馬會於來季將慶祝成立一百二十五週年。為隆重其事，我們將呈獻連串特備節目。自一八八四年起，馬會積極提供世界級的賽馬娛樂活動，同時致力惠澤社會，相信足以令社會各界對馬會的成就引以為傲。

主席 陳祖澤

二〇〇九年七月二十三日