

Financial Report 2008/09

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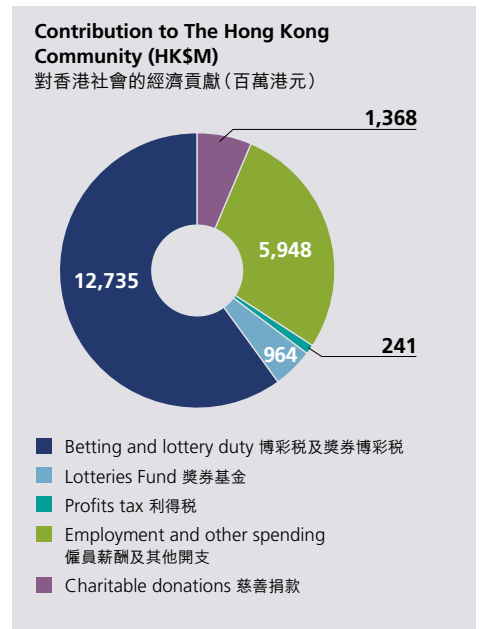
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The Hong Kong Jockey Club's "not-for-profit" business model is unique and truly an asset to the Hong Kong community. It enables the Club to accomplish a simultaneous dual mission: providing a variety of world-class sporting entertainment to the community, while making contributions in the form of duties, taxes and charitable donations. The Club continues to be Hong Kong's single largest taxpayer and ranks amongst the world's top charity benefactors. Total contributions made by The Hong Kong Jockey Club and The Hong Kong Jockey Club Charities Trust to the Hong Kong community reached HK\$21 billion for the 2008/09 financial year.

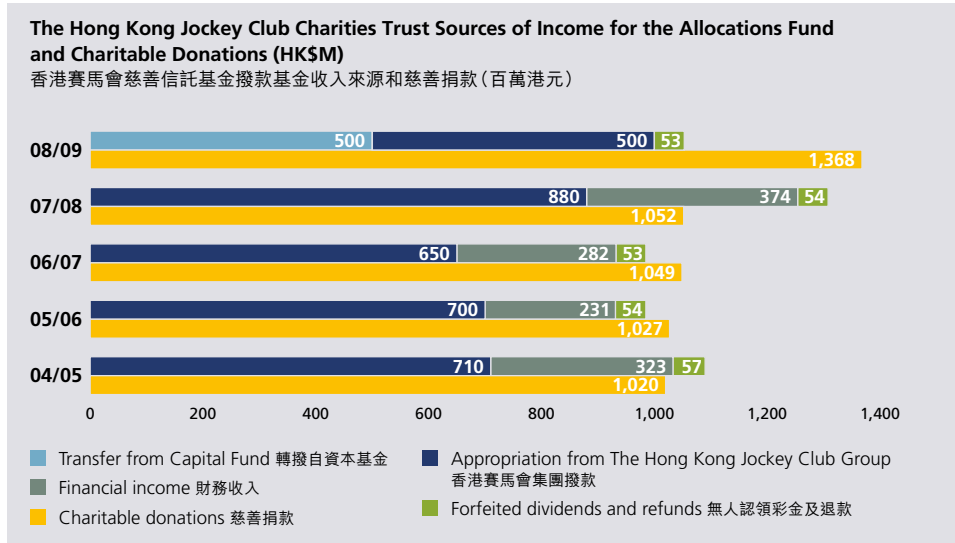
GROUP STRUCTURE

The Hong Kong Jockey Club (the "Club") is a not-for-profit organisation, and is a company with liability limited by guarantee. Through its wholly owned subsidiaries HKJC Horse Race Betting Limited, HKJC Football Betting Limited and HKJC Lotteries Limited, the Club holds the sole licences for the operation and management of Hong Kong's horse race betting, football betting and Mark Six lottery. The Jockey Club Membership Services Limited, another principal subsidiary, manages Members' social and recreational facilities.

The Hong Kong Jockey Club Charities Trust (the "Trust") is primarily engaged in supporting charitable organisations and community projects in Hong Kong.



香港賽馬會的獨特非牟利經營模式，確是香港社會的珍貴資產。這種經營模式有助馬會同時達成雙重使命：為全港市民提供多樣化的世界級體育娛樂，以及透過繳納稅項和捐助慈善而對社會作出貢獻。馬會依然是全港納稅最多的機構，也是全球最大公益資助組織之一。於二〇〇八/〇九財政年度，香港賽馬會及香港賽馬會慈善信託基金對香港社會所作的經濟貢獻，總額達二百一十億港元。



集團架構

香港賽馬會(「馬會」)是一家非牟利的保證有限公司，透過其全資擁有附屬公司香港馬會賽馬博彩有限公司、香港馬會足球博彩有限公司和香港馬會獎券有限公司，持牌在本港獨家經營管理賽馬博彩、足球博彩和六合彩獎券。另一主要附屬公司賽馬會會員事務有限公司，則負責管理馬會會員的交誼及康樂設施。

OPERATIONS REVIEW

Notwithstanding its not-for-profit nature, the Club and all its subsidiaries adopt prudent commercial practices in the planning and management of their businesses. By maintaining a well-run business operation and a strong financial position, the Club's goal is to be able to generate sufficient surplus for maintaining and enhancing its role as Hong Kong's premier charity and community benefactor.

香港賽馬會慈善信託基金(「信託基金」)主要致力資助本港的慈善機構和社區計劃。

營運概況

馬會及其所有附屬公司雖然均屬非牟利性質，但在業務策劃及管理上仍採用審慎的商業策略。馬會維持高效率的業務營運和強健的財政狀況，旨在獲取足夠盈餘，藉以維持及加強其作為全港最大慈善公益資助機構的地位。

As a result of the financial tsunami and a downturn in the global economy, Hong Kong's economy suffered a heavy toll in the latter half of 2008. Gross Domestic Product growth fell from +7.3% in the first quarter of 2008 to -7.8% in the first quarter of 2009. In addition, other adverse factors including continuing competition from Macau's gaming industry, the existence of illegal operators, the ageing population of local racing fans, a rising unemployment rate and inflation, as well as indirect competition from alternative choices of leisure entertainment, continue to impact negatively on the Club's betting revenue.

金融海嘯與全球經濟轉差導致香港的經濟於二〇〇八下半年遭受重創。本地生產總值實質增長由二〇〇八年首季的百分之七點三，下降至二〇〇九年首季的負百分之七點八。此外，來

As a result of all these adversities, the Group's overall betting and lottery revenue dropped by HK\$309 million, representing a decline of 1.5% over last financial year. Racing turnover decreased by 1.3% season-on-season but recorded an increase of 1.3% over last financial year, mainly the result of two additional race meetings being recorded in the 2008/09 financial year and the introduction of In-Play Jockey Challenge in November 2008. In addition, the launch of Flexi-Betting and a revamp of the Place pool dividend calculation at the start of the season helped rejuvenate racing interest.

Throughout the year, the Club maintained its vigilant efforts to revitalise racing as a product, uplift racecourse entertainment value and enhance customer service. These initiatives included an upgrade of the centralised racecourse reservation system to better support direct on-line reservation of public venues, and the introduction of a wi-fi broadband Internet service at selected locations to allow racegoers free Internet access for racing information through the Club's website. Local marketing programmes were also stepped up to enrich the public's racecourse experience and stabilise attendance.

In addition, an outline Racecourse Master Plan is being drawn up to steer long-term development of the two racecourses, the Club's flagship business venues. Key customer-oriented segment strategies have also been formulated to integrate with the enhanced facilities and service plans. Priority projects identified and commenced this season included air-conditioning upgrades at both racecourses, renovation of the Stewards' and Voting Members' Boxes at Grandstand I of Sha Tin Racecourse, and renovation of the Owners' Boxes at Member Stand I of Happy Valley Racecourse. Completion of these projects is expected by the start of 2009/10 season.

Considerable resources have also been invested in the upgrade of the Off-Course Betting Branches (OCBBs) with the vision of improving customers' enjoyment of racing and football. The modern design of the revamped OCBB display facilities has been welcomed by the Club's customers. Interactive betting services and access to racing and football information via the Internet have been enhanced to offer customers state-of-the-art technology. Furthermore, MangoDeluxe, a new direct input device, was launched in April 2009 to allow account customers to access real-time betting information, transactional services and instant funds transfer.

Despite the lack of major football tournaments, football betting achieved a record high turnover this year, the sixth year of its operation. However, due to more favourable betting results to the customers, football betting gross margin dropped by HK\$202 million or 6.5% over previous financial year. To raise customer interest and increase their football knowledge, a series of marketing programmes was extended during the year. This included a media tour to the major football clubs, weekly live broadcasts of featured matches in the OCBBs, increased coverage of audio broadcasting of live matches and more featured theme websites for key tournaments and matches, accompanied by expert local commentary.

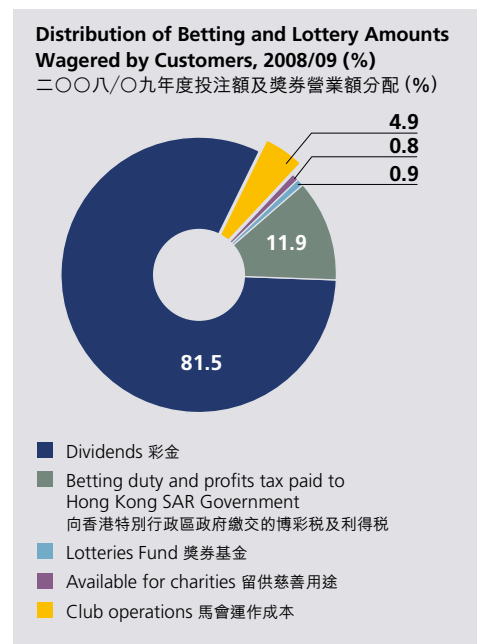
The Club continues to commit resources to explore new business opportunities overseas. Drawing on the Club's success in establishing football betting in Hong Kong, the Club is providing consulting services to licensed operators and government agencies in the development of sports betting in Taiwan and the Mainland.

For the Beijing 2008 Olympic and Paralympic equestrian events, the Club spent a further HK\$112 million during this financial year. Total spending on the project reached HK\$1.1 billion.

The Club pledged to donate HK\$1 billion for the reconstruction of areas of Sichuan Province affected by the earthquake in May 2008. During the year, the Club has committed to four suitable projects in the medical and education sectors costing a total of RMB401 million.

自澳門賭業的持續競爭、非法莊家蠶食市場、本地馬迷日漸老化、失業率不斷上升、通脹，以及來自其他消閒娛樂方式的間接競爭等不利因素，均持續對本會的博彩收益構成負面影響。

因受上述各項不利因素影響，集團的博彩及獎券總收益下跌了三億零九百萬港元，與上一財政年度相比，跌幅為百分之一點五。賽馬投注額按季減少了百分之一點三，但與上一財政年度相比，則錄得百分之一點三的升幅，主要原因在於，按財政年度計算，二〇〇八/〇九比上年度多了兩日賽事，以及「騎師王」自二〇〇八年十一月起接受即場投注。此外，季初推出的「靈活玩」和位置賠率新計法，皆有助重新激發市民對賽馬的興趣。



本會於年內不斷致力為賽馬產品注入新動力，提高馬場的娛樂價值，以及提升顧客服務水平。這些計劃包括：改良馬場統一預訂系統，以加強支援公眾設施網上直接預訂服務；在指定地點提供 wi-fi 寬頻上網服務，讓入場人士隨時登入馬會網站查閱賽馬資料。馬會亦加強了本地市場推廣計劃，為公眾人士帶來更優越的賽馬體驗，以及穩定入場觀眾人數。

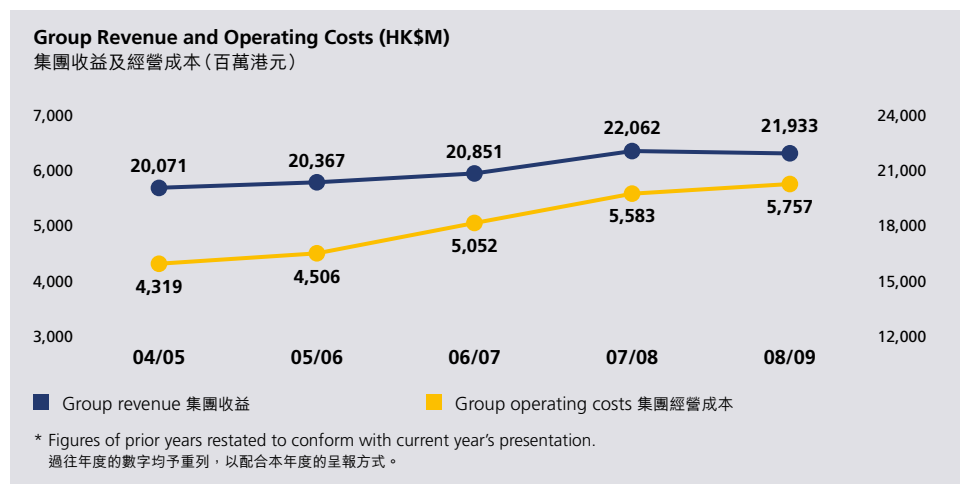
另一方面，對於作為本會主要營業場所的兩個馬場，我們已制定長期發展總規劃大綱。我們並擬定了以主要顧客為本的客群分類策略，以配合各項優化設施和服務計劃。我們在季內確定落實和開展的優先項目，包括改良兩個馬場的空調系統、翻新沙田馬場第一座看台的董事及遴選會員廂房、裝修跑馬地馬場會員看台第一座的馬主廂房等。這些項目預期可於二〇〇九/一〇年度馬季開始前完成。

The financial assets of the Club and the Trust are managed under a rigorous framework with oversight from the Finance and General Purposes Committee, which regularly reviews and approves all investment policies. These assets are managed by the Club's Treasury Department and external professional fund managers. The portfolios managed by the in-house Treasury team are primarily for working capital and liquidity, and are predominantly invested in bank deposits and debt securities. The portfolios managed by external fund managers are mainly for long-term capital growth, and are invested in an array of asset classes across the globe with the aim of achieving consistent returns with effective risk diversification.

Despite a prudent approach being adopted, the Club and the Trust were not immune to the financial tsunami in 2008, in common with all investors. As a result, excluding deficit from the Contingency Fund investments as its surplus or deficit has always been absorbed in the Fund itself for special purposes as approved by Stewards, a financial loss of about HK\$1.1 billion was realised by the Club's investment portfolios. Given the longer-term approach adopted by the Club towards portfolio management, the current financial year's loss has to be put into the context of a wider perspective where the average annual financial investment income of the prior three years was HK\$1.2 billion. Prior to the current financial year, the Club had not recorded a single year of financial loss in past decades despite facing the challenges of the Asian financial crisis and the bursting of the technology bubble. In this respect, the short-term loss underscores the magnitude and severity of the current financial crisis while the longer-term results exemplify the importance of having a well-diversified investment strategy to which the Club and the Trust are committed. Notwithstanding the past longer-term achievements of the investment portfolios, the Club and the Trust continue to enhance their investment tools, resources and processes to ensure that the goals of the investment portfolios can best be met.

FINANCIAL HIGHLIGHT

The Group's total revenue decreased to HK\$21,933 million in this financial year from HK\$22,062 million in 2007/08. The decrease was mainly attributable to the lower margin rate in football betting.



Through the Group's rigorous effort in maintaining cost control over its business activities, total operating costs increased by only HK\$174 million or 3.1% over last year to HK\$5,757 million. The increase was mainly due to initial funding to venture projects outside Hong Kong such as Beijing Clubhouse, Taiwan Sports Lottery and China Sports Lottery during the early years of operation.

As a result of the financial tsunami, excluding deficit from Contingency Fund investments, the Group reported net financial deficit totalling HK\$1,104 million in 2008/09, compared with net financial surplus of HK\$1,205 million last year.

為了提高顧客的賽馬及足球娛樂享受，本會亦投放了大量資源，用以優化各場外投注處的設施。設計新穎的投注處顯示設備，深受本會顧客歡迎。另一方面，本會亦加強了互動投注服務以及賽馬與足球的網上資訊發放，讓顧客充分感受先進科技所帶來的方便。除此之外，電訊運財寶豪華版已於二〇〇九年四月推出，投注戶口持有人可利用這款嶄新的直接輸入器材查閱即時博彩資料，以及進行投注交易和即時提存轉賬。

今年是馬會經辦足球博彩業務的第六年，年內雖然並無大型足球錦標賽事，但足球博彩投注額仍達至新高紀錄。然而，由於顧客投注成績較佳，足球博彩毛利與上一財政年度比較，下跌了二億零二百萬港元，跌幅為百分之六點五。為增進顧客對足球的興趣和知識，馬會於年內繼續推行一系列市場推廣計劃，包括邀請傳媒採訪各大球會、每週在各場外投注處即場轉播精選球賽、增加電台即時廣播球賽的時間，以及為主要錦標賽和球賽製作更多專題網站，並配以本地專業評述員的評論。

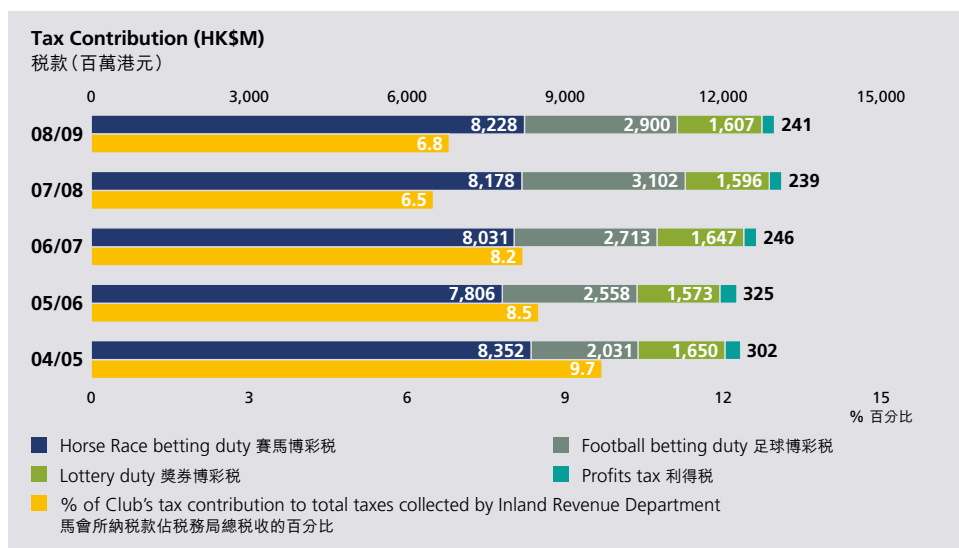
本會繼續投放資源，藉以開拓更多商機。馬會憑著在港創辦足球博彩服務的成功經驗，為台灣及內地的特許營辦商和政府機構提供有關開辦體育博彩的諮詢服務。

馬會於本財政年度再斥資一億一千二百萬港元支持北京二〇〇八年奧運及殘疾人奧運馬術比賽。此項計劃的總開支已達十一億港元。

本會承諾捐出十億港元，協助四川二〇〇八年五月大地震的受災地區進行重建，年內已答允撥款資助四個醫療及教育項目，合共耗資四億零一百萬元人民幣。

馬會和信託基金的財務資產，均按照嚴謹的制度進行管理，且受財務及一般事務委員會監督。該委員會定期審批所有投資政策，而有關的財務資產，則交由馬會的庫務部及獨立的專業基金經理負責管理。由馬會庫務部管理的投資組合以銀行存款及債券為主，這些資金主要用以應付營運及流動資金的需要。由外間基金經理管理的投資組合，主要作長期資本增值之用，並投資在世界各地不同的資產類別，務求有效分散風險，爭取穩定回報。

馬會和信託基金雖奉行審慎理財策略，但亦與所有投資者一樣，難免遭受二〇〇八年金融海嘯影響。因此，本會各項投資組合共錄得約十一億港元的財務虧損，當中並未包括備用基金投資的虧損，因為有關的盈餘或虧損一向均誌入此項由董事局批准作特別用途的基金內。本會對投資組合管理採取比較長遠的策略，故本財政年度的虧損應以較長期的觀點看待。



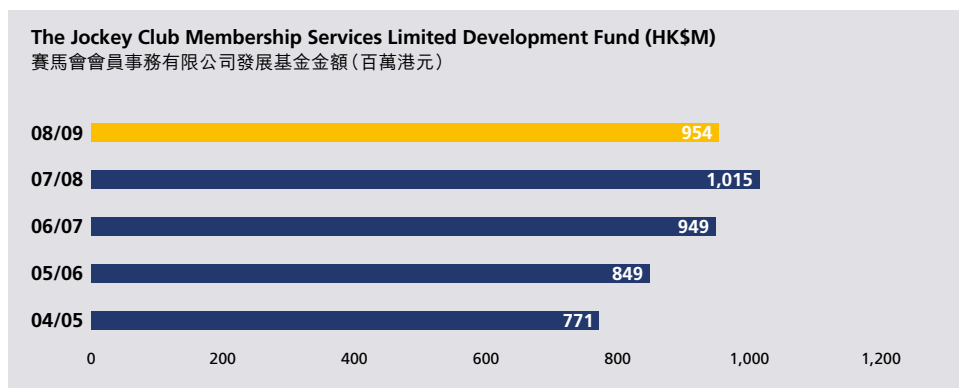
The Group remains Hong Kong's single largest taxpayer, with total tax payments (comprising betting duty, lottery duty and profits tax) of HK\$12,976 million. This payment is equivalent to 6.8% of the total taxes collected by the Inland Revenue Department. Due to the lower revenues, the Club's total tax contribution over the past year was reduced by HK\$139 million or 1.1%.

The Group's net surplus excluding deficit from Contingency Fund investments and before appropriation for the year was HK\$740 million, HK\$2,498 million or 77.1% lower than 2007/08. Despite this significant drop, the Group still appropriated HK\$500 million of its net surplus for charity purposes. Since this amount was well below the Trust's annual average funding requirement of more than HK\$1 billion for charitable and community projects, the Trust had to transfer another HK\$500 million of its own funds to cover the shortfall. At the same time, the Trust increased its donations to a record HK\$1,368 million in 2008/09, in order to provide the much-needed support to the community in times of economic hardship.

Whilst all these proactive measures underscore the unique role of the Club and the Trust and their total commitment to Hong Kong community, in the face of a severe economic downturn and an extremely challenging operating environment, the sustainability of their contribution is heavily dependent on the financial viability of their operations.

MEMBERSHIP SERVICES

Catering revenue in the current financial year amounted to HK\$484 million, same as the previous year. In spite of the adverse market conditions in 2008/09 and severe competition in



本會過去三年的財務投資收入，每年平均有十二億港元，而在本財政年度之前，本會過去數十年來從未錄得財務虧損，即使曾先後經歷亞洲金融危機和科網股泡沫爆破亦然。從這個角度看來，上述短期虧損僅反映出現時經濟危機的規模及嚴重程度。另一方面，長期投資的成績則證明了採用有效分散投資策略的重要性，馬會和信託基金會貫徹執行這項策略。不管投資組合過去的長期成績如何，馬會和信託基金均會繼續改善投資工具、資源和程序，藉以確保投資組合的目標得以達成。

財務摘要

集團總收益由二〇〇七/〇八年度的二百二十億六千二百萬港元，下跌至本財政年度的二百一十九億三千三百萬港元，主要是由於足球博彩盈利幅度收窄所致。

由於集團在各項業務營運中厲行成本控制，本年度的總經營成本為五十七億五千七百萬港元，較上年度僅高出一億七千四百萬港元，增幅為百分之三點一，所增加的開支主要是用以支付在香港境外拓展業務的早期投資，例如剛開業不久的北京會所、台灣運動彩券和中國體育彩票。

上年度本集團的財務淨盈餘為十二億零五百萬港元，二〇〇八/〇九年度則因金融海嘯之故而錄得財務淨虧損合共十一億零四百萬港元，當中並未包括備用基金投資的虧損。

集團依然是全港納稅最多的機構，所付稅款包括博彩稅、獎券博彩稅及利得稅，合共一百二十九億七千六百萬港元，約佔稅務局總稅收的百分之六點八，與上年度相比，本會所付稅款減少了一億三千九百萬港元，減幅為百分之一點一，箇中原因在於，本會所獲的收益下跌了。

集團本年度撥款予信託基金之前的淨盈餘為七億四千萬港元，當中並未包括備用基金投資的虧損，與二〇〇七/〇八年度相比，減少了二十四億九千八百萬港元，減幅為百分之七十七點一。雖則盈餘大幅下跌，集團仍撥出五億港元供作慈善用途。由於撥款金額遠低於信託基金捐助慈善公益計劃所需的每年平均逾十億港元，所以信託基金須從本身的資金中另外撥出五億港元，以彌補不足之數。同時，信託基金亦將二〇〇八/〇九年度的捐款總額增加至十三億六千八百萬港元的歷史新高，藉以協助社會上有需要的人士度過經濟困難時期。

the hospitality and services industry, The Jockey Club Membership Services Limited managed to maintain the catering turnover by continuously strengthening its quality of service delivery, improving product offerings, and upgrading its catering facilities. All these enhancements were aimed at offering the best experience for its Members.

A number of facilities were added or upgraded to enhance customer satisfaction. Key strategic initiatives included the renovation of Six Furlong and Food Plaza at Happy Valley Clubhouse, and the facelift of Double Haven at Sha Tin Clubhouse with enhanced AV equipment and chairs, as well as the construction of a new gym and changing rooms. In addition, the Old Clubhouse at Beas River Country Club was renovated last summer to create the nostalgic atmosphere of an old European country house, and it has been well received by the Members.

The Jockey Club Membership Services Limited Development Fund, dedicated to improving membership facilities and services, stood at HK\$954 million, with no appropriation made this year.

這些主動提供援助的措施，彰顯馬會和信託基金的獨特營運模式，以及其全力服務香港社會的決心。不過，面對經濟大幅下滑和極為嚴峻的營運環境，馬會和信託基金必須維持財政穩健，始有能力繼續為香港作出貢獻。

會員事務

本財政年度的餐飲服務收益為四億八千四百萬港元，與去年一樣。即使二〇〇八/〇九年度市場情況欠佳，而且款待服務業內競爭激烈，賽馬會會員事務有限公司仍能維持餐飲服務營業額，原因在於不斷改進其服務質素、提升產品水平和優化餐飲設施，藉以為會員帶來最佳享受。

為了令顧客更感滿意，本會增添了多項設施，並將現有設施優化。主要的策略措施包括，翻修跑馬地會所的六化郎咖啡室和美食廣場；在沙田會所翻新旺灣樓，並改良視聽器材和坐椅，以及興建新的健身中心和更衣室。此外，雙魚河鄉村會所的舊會所亦已於去年夏季重新裝修，營造舊式歐陸鄉村別墅的懷舊風情，深受會員歡迎。

賽馬會會員事務有限公司發展基金，專為優化會員設施及提升服務質素而設立，本年度的結算總額為九億五千四百萬港元，年內並無作出任何撥款。