

CHAIRMAN'S STATEMENT

The passing of former Chairmen Sir Oswald Cheung and Alan Li Fook-sum, two giants of racing, dampened what was a momentous year for the Club. Their contributions to racing and to the Club will ensure their rightful place in the history of the Club. For me it was a huge personal loss.

The Government's decision in late 2002 to nominate the Club as the sole licensed operator of regulated football betting was undoubtedly appropriate, given our experience and expertise, and this came to fruition when the necessary legislative framework was passed into law in July 2003. The licence issued to the Club carries with it the task of implementing the Government's policy of combating illegal gambling on football. We are fully aware of this heavy responsibility, particularly as we realise Government's decision was supported by a great majority of, but not the entire, community. Whilst we respect those who do not support regulated gambling, I urge them to reflect on the fact that gambling is undeniably in our midst, with illegal operators both within Hong Kong and offshore, none of whom make any contribution to our community.

Football betting is an entirely new venture for the Club, involving risk management, trading operations, staff recruitment and training and the gradual introduction of different bet types. I am happy and proud to report that with the dedication and hard work of thousands of long-serving and new frontline staff as well as our small management team, our first eleven months of operation have been smooth and successful. Football betting turnover totalled HK\$16.1 billion, contributing more than HK\$1.73 billion in betting duty and profits tax to the Government and an allocation of HK\$300 million to the Charities Trust. And all this whilst we were constantly and diligently upholding our Responsible Gambling Policy.

Another milestone this year was the 30th anniversary of our Off-Course Betting branches, which were opened to combat illegal betting on

racing and the numbers game "*chi fa*". Today these branches offer betting services on horse racing, the Mark Six lottery and football. Evolving customer tastes and expectations call for continuous improvements in décor, technology advances and service. To ensure the Club's continuous leadership in sports and entertainment, capital expenditure is necessary. One landmark capital project is the new parade ring at our Sha Tin Racecourse, scheduled to open in November 2004, 26 years after Sha Tin opened its doors to racing. Members, their families and guests have likewise grown accustomed to the exceptional service and facilities offered by our Clubhouses. These services have contributed to the Club's global reputation for excellence and we will continue to work hard to maintain that high standard.

The successes of Hong Kong horses in the 2003 Hong Kong International Races, with two wins and three places, proved that the record-breaking success of the 2002 Hong Kong International Races was not accidental. Hong Kong horses, notably *Silent Witness*, have captured the public's imagination. *Silent Witness* won December's Hong Kong Sprint in spectacular fashion, and his 11th consecutive win in the April 2004 Chairman's Sprint Prize made Hong Kong history, breaking *Co-Tack's* 20-year-old record. He has gone on to achieve another Hong Kong first, being our first horse to achieve outright world champion status as the world's highest-ranked sprinter. What makes *Silent Witness's* record even more remarkable is that he remains undefeated. *Lucky Owners* was another notable success, winning December's Hong Kong Mile against an international field and the Mercedes-Benz Hong Kong Derby against Hong Kong's best four-year-olds. He has retired to begin

a second career as a stallion in Australia and we wish his connections every success.

As the institution entrusted with the responsibility of combating illegal gambling it is incumbent on us to ensure that we are properly equipped to do our job. This means constant vigilance in upgrading our service and technology as well as maintaining our cost effectiveness. We believe we have lived up to this responsibility. However, we very much need the support of the Government and the community if we are to continue in our mission. Between 1996/1997 and 2003/2004, racing turnover dropped from HK\$92 billion to HK\$65 billion. The annual cost of conducting racing stands at about HK\$2.6 billion for the Club whilst it costs owners some HK\$700 million. Yet our average commission is just 5.4%. Given the rate of turnover decline, we have real concerns over the long-term ability of the Club to sustain operations. In the long-term therefore, support for charities and the community may be placed in jeopardy and the Club's average allocation of HK\$1 billion per year may well fall on the shoulders of the Government. It is certainly not a scenario we would like to see, and that is why we have been examining and comparing the Hong Kong model against reforms in other racing jurisdictions.

The findings are startling. First, the average betting duty of 13.5% in Hong Kong ranks as one of the highest in the world. Second, a change from betting duty levied on turnover to a tax levied on gross profit (which already applies to our football betting operation) would be a win-win situation for all – bettors, Government, charities and the Club. Another significant benefit of such a change would be that illegal bookmakers, whose low overheads enable them to offer substantial discounts, would be seriously disadvantaged as the Club would be far more competitive. Before I leave this issue, I believe it is equally important to remind ourselves that competition comes in many legal forms, as well. Some examples are the new casinos in the Macau SAR, betting exchanges and the setting up of casinos and bookmaking operations in neighbouring countries, all of which are for-profit and commercial

enterprises, yet rarely have the same operating constraints as those placed upon us.

It is therefore clear that standing still is not an option. Urgent action is needed to address the pressing issue of betting duty reform.

In December, we were sad to lose two of Hong Kong racing's most respected figures, both great contributors to the Club. Aside from his enormous contribution to Hong Kong as its first Chinese QC and as an honourable member of the Executive and Legislative Councils, Sir Oswald Cheung was a passionate racing enthusiast. As a Steward and later Chairman from 1986 to 1989, he played a pivotal role in the development of modern racing and furthering the Club's social mission. Alan Li, a Steward for 16 years and my immediate predecessor as Chairman, made invaluable contributions to the sport and played a major role in developing international-class racing. Our rapid ascent in the International Classifications is testament to his vision and determination to bring the finest sporting entertainment to Hong Kong.

During the year we were pleased to welcome Dr Donald Li Kwok-tung to the Board of Stewards. I would also like to express the Board's thanks to Mr Larry Yung Chi-kin who, due to heavy commitments, has decided not to offer himself for re-election this year. Larry has accepted the Board's invitation to become an Honorary Steward and I look forward to his continuing to make his mark as one of Hong Kong's foremost racehorse owners.

In closing, I would like to thank our staff for continuing to work hard to improve productivity and for accepting additional sacrifices over the past year, including across-the-board pay cuts. I am most thankful and grateful to my fellow Stewards, Voting Members, Members, and above all to management and staff for their unwavering support of the Club's mission.

Ronald Arculli *Chairman*
16th July 2004



馬會在過去一年取得多項重大成就，但就在這奮力向前，尋求突破的一年裏，兩位前任主席張奧偉爵士和李福深先生相繼辭世，令人惋惜唏噓。他們對馬會及香港賽馬事業貢獻良多，為馬會歷史寫下光輝的一頁；對我本人來說，更是痛失兩位良師益友。

香港政府在二〇〇二年底決定委托馬會經營規範化足球博彩，這無疑是一項明智的決定。到了二〇〇三年七月，立法會通過相關的立法程序，使規範化足球博彩可以全面展開。政府向馬會發出足球博彩牌照，並要求馬會協助政府執行對抗非法足球賭博的政策。我們深知自己任重道遠，因為政府的發牌決定，雖然受到絕大部分市民的支持，但社會上仍有一些反對聲音。對於不支持規範化足球博彩的人士，我們在尊重他們立場的同時，亦促請他們考慮現況。賭博在香港社會長期存在。不論香港或海外皆有非法外圍投注，而這些地下莊家只會謀取暴利，對社會毫無貢獻。

足球博彩對馬會來說是一項全新的業務，涉及風險管理、營運操作方式、員工招聘和訓練，並須按部就班地推出不同的博彩方式。經過十一個月的營運，在大約一萬名新舊前線員工和管理層的努力下，馬會的足球博彩業務不但營運暢順，而且取得出色成績。本年度內，足球博彩業

務的投注總額高達一百六十一億港元，向政府繳納的博彩稅和利得稅達十七億三千萬港元，並且為馬會慈善信託基金帶來三億港元的善款。當然，馬會亦會孜孜不倦地推行提倡有節制博彩政策。

在這一年的另一個重要里程碑，就是開辦場外投注處三十週年紀念。當年政府為了對抗外圍馬和字花，發牌予馬會開設場外投注處。時至今日，場外投注處已可提供賽馬、六合彩和足智彩服務。在這三十年來，顧客的喜好與期望不斷轉變，場外投注處亦與時並進，在設計方面進行了多次改良，配以日新月異的先進科技裝置，不斷提高員工的優質服務水平。為了確保馬會在體育及娛樂事業中的領導地位，我們投放了大量資源，用以改善馬場設施，其中一個主要項目，就是沙田馬場全新的馬匹亮相圈，這個全天候的設施將於二〇〇四年十一月啟用，以迎接沙田馬場開幕二十六週年。此外，在會員服務方面，馬會會所的設施與服務水平，一直深受會員及來賓的讚賞，為了令馬會會所在國際間享負盛名，我們將會努力不懈，力臻完善。

二〇〇三年是本地馬壇大放異彩的一年，本港馬匹在香港國際賽事中取得兩勝三位的佳績，正好印證本地佳駒在二〇〇二年國際賽事中獲得的優異成績並非僥倖。受到公眾喜愛的「精英大師」，在十二月的香港短途錦標中輕易掄元，然後再在今年四月舉行的主席短途獎賽事中取得連續第十一場勝仗，打破「同德」保持了二十年的舊紀錄。「精英大師」還取得另一項香港馬壇從未有過的殊榮，就是一躍成為全球評分最高的短途馬王，成為香港歷來第一匹稱冠全球的良駒。「幸運馬主」是另一匹名揚四海的名駒，牠在十二月的香港一哩錦標中力壓多匹海外參賽馬奪魁，並且勝出Mercedes-Benz香港打吡大賽。牠現已退役，到澳洲轉作種馬，展開另一番事業。我們在此謹祝牠日後佳績相傳。

現在馬會經營三項博彩業務，均肩負打擊非法賭博的重任。從一九九六/一九九七年度到二〇〇三/二〇〇四年度，賽馬投注額由每年九百二十億港元降至六百五

十億港元，而馬會開辦賽事的成本，每年約為二十六億港元，馬主每年的養馬開支亦高達七億港元。馬會的平均佣金只佔投注額的百分之五點四，若投注額按上述幅度持續下降，馬會日後能否繼續有效營運，以至對本港社會及慈善機構能否作出長期承擔，將成疑問；甚至每年十億港元的慈善捐款，亦要由政府承擔。這並非我們希望見到的局面，故此我們正參考外國賽馬機構的改革經驗，對比香港的情況。

比較的結果，令我們感到驚訝。第一，本港百分之十三點五的博彩稅是全球最高稅率之一；第二，假如將現在按照投注額計算的博彩稅，改為根據毛利計算（如足球博彩所採用的徵稅方法），對政府稅收、投注人士、慈善事業及賽馬機構四方面皆有好處。由於現時非法莊家營運成本低，因此可向投注者提供折扣優惠。改革博彩稅制可令馬會的競爭力大增，將有效打擊非法外圍賭博。除了非法賭博外，馬會還面對一些合法博彩業務的競爭，例如鄰近城市新開設的賭場、網上對賭及其他博彩業務等。這些由商業機構經營的博彩活動純為謀利，而且更沒有受到如同本港馬會面對的各種掣肘。

由此可見，停步不前決非上策，希望當局盡速採取行動，改革博彩稅制問題。

去年十二月，兩位德高望重、為馬會立下不少汗馬功勞的前輩先後離世，令我們深感痛惜。張奧偉爵士是本港首位華人御用大律師，亦是行政、立法兩局議員，對香港社會有重要貢獻。他熱愛賽馬，由一九七七年起擔任馬會董事，在一九八六至一九八九年擔任主席，任內致力提升香港賽馬的水平，對馬會的社會服務工作亦不遺餘力。李福深先生曾任馬會董事十六年，而我更是從他手中接任主席之職。他對本港賽馬事業建樹良多，是開辦香港國際賽事的主要籌劃人。香港馬匹近年在國際評分方面突飛猛進，正是他目光遠大、積極進取的成果。

今年，我們有幸獲得李國棟醫生加入董事局，而另一位董事榮智健先生則因為私務繁忙，決定不再連任董事。我謹代表董事局感謝榮先生的寶貴貢獻，他已接受董事局的邀請，出任榮譽董事，我祝願他的愛駒繼續揚威馬壇，為這位香港知名的馬主爭光。

最後，我要向所有員工致以謝意。他們在過去的一年，面對各種困難，並須接受減薪，但仍能努力不懈，緊守崗位，進一步提升工作效率，我實在以他們為榮。我亦要衷心感激各位董事、遴選會員、會員和管理層，多謝他們堅定不移地支持馬會的業務發展。

主席 夏佳理

二〇〇四年七月十六日