

FINANCIAL REVIEW

香港賽馬會的「賽馬惠慈善」獨特經營模式，由於本年度推出了足球博彩服務，因而得以進一步加強。本會現可為數以百萬計的市民，提供更多樣化的世界級體育娛樂，並通過繳納博彩稅和政府稅項，以及捐助慈善，對社會作出更大貢獻。馬會仍然是香港納稅最多的機構，同時躋身全球最大慈善資助組織之列。

集團運作

馬會各項業務，均透過香港賽馬會及其附屬公司（「集團」），以及香港賽馬會慈善信託基金進行運作。集團主要包括香港賽馬會（「馬會」）、賽馬會會員事務有限公司、香港賽馬會（經理）有限公司、香港馬會足球博彩有限公司、香港馬會獎券有限

The Hong Kong Jockey Club's unique "racing for charity" operating model has been further enhanced with this year's introduction of legalised football betting. It enables the Club to bring a greater variety of world-class sporting entertainment to millions of fans and increases its contribution to the community in the form of betting duties, taxes and donations to charity. The Club continues to be Hong Kong's single largest taxpayer and ranks amongst the world's top charity benefactors.

Group Operations

All activities are conducted through The Hong Kong Jockey Club and its subsidiaries (the "Group"), and The Hong Kong Jockey Club Charities Trust. The Group comprises mainly The Hong Kong Jockey Club (the "Club"), The Jockey Club Membership Services Limited, The Hong Kong Jockey Club (Managers) Limited, HKJC Football Betting Limited, HKJC Lotteries Limited, The Hong Kong Jockey Club (Charities) Limited, and HKJC Reinsurance Limited.

The Hong Kong Jockey Club is a not-for-profit organisation, and is a company limited by guarantee. It holds the sole licence for the operation and management of Hong Kong's horse racing.

The Jockey Club Membership Services Limited manages Members' recreational facilities and provides services and programmes for Members of the Club. It derives all its income from membership fees and charges, and is totally self-financed.

HKJC Football Betting Limited operates the newly-launched football betting business.

HKJC Lotteries Limited operates the Mark Six lotteries business.

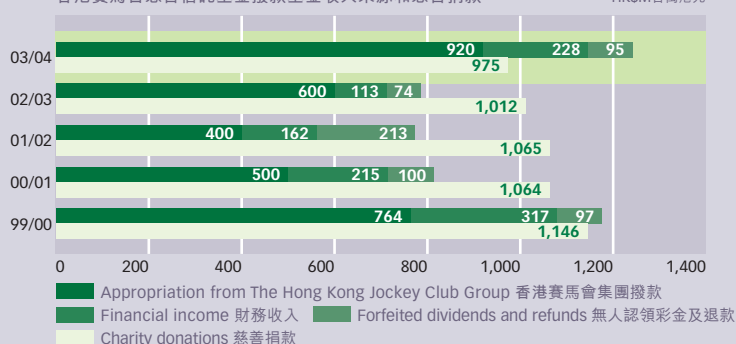
HKJC Reinsurance Limited insures the Group against various business risks and exposures.

The Hong Kong Jockey Club Charities Trust serves as the vehicle through which all of the Club's charitable donations are distributed and administered.

THE HONG KONG JOCKEY CLUB CHARITIES TRUST SOURCES OF INCOME FOR THE ALLOCATIONS FUND AND CHARITY DONATIONS

香港賽馬會慈善信託基金撥款基金收入來源和慈善捐款

HKSM百萬港元



公司、香港賽馬會（慈善）有限公司，以及HKJC Reinsurance Limited。

香港賽馬會是一家非牟利的保證有限公司，亦是唯一獲發牌照在本港經營和管理賽馬的機構。

賽馬會會員事務有限公司，負責管理會員康樂設施，並為會員提供各項服務和活動，收入來源是會員月費及各項服務的收費，財政獨立，完全自負盈虧。

Finance and Investment

Notwithstanding its not-for-profit nature, the Club and all its subsidiaries adopt prudent commercial practices in managing their businesses. As a result, despite the persistent decline in racing turnover since 1996/1997, the Club was successful in consolidating its position as a world leader in the provision of horse racing, sporting, and betting entertainment, and continued to be Hong Kong's premier charity and community benefactor.

The decline in racing turnover has been caused by a number of factors. The poor economic environment in recent years has hurt consumers' confidence and reduced their discretionary spending on racing. Rampant illegal betting, mainly due to the uncompetitive pricing of the Club's racing product as a result of high betting duty, has resulted in a substantial leakage of turnover. Changes in the lifestyles and preferences of customers have led to the loss of business to other forms of leisure activities and to nearby markets that are considered less costly than Hong Kong.

To manage this decline, the Club has continued an emphasis on cost control and productivity improvement, as well as business generation through the upgrading of racecourse facilities and the improvement of customer services.

Cost control and productivity improvement measures have included the rationalisation and reduction of payroll costs and benefits; the realignment of Off-Course Betting branches; the streamlining of business systems and processes; and the outsourcing of non-core functions and activities. Substantial annual operating cost savings have therefore been realised.

Racecourse facilities upgrades have included the complete transformation of the Happy Valley Members' Main Entrance and Public Entrance to enhance customers' sense of arrival at the world's premier city racecourse; the installation of the Diamond Vision screen, the world's longest television display, at Sha Tin to improve the presentation of the races to on-course customers; and the upgrading of various boxes at the racecourses to increase customers' comfort.

Customer service improvements have included the introduction of a Club-owned private digital certificate scheme to improve convenience to Internet betting account holders; the launch of various relationship management programmes to focus on different customer segments; and the creation of Easy Form, which provides user-friendly information on racing.

In August 2003, as a result of the Government's decision to legalise football betting and to appoint the Club as the sole operator, the Club began offering football betting to customers. During 2003/2004, the Club introduced various popular bet types, creating a legitimate and highly competitive product to combat illegal football betting. Behind these bet types are comprehensive risk management systems and processes that address the complexities of this new business. The Club's Off-Course Betting branches, telephone and interactive betting systems, as well as its computer and telecommunication networks, are all undergoing significant modification and expansion in order to handle the increasing diversity of the customer base and the growing volume and complexity of transactions. In this regard, substantial investments have been made in the past year, and more are expected to be made in the future.

Investment Portfolio Management

The financial assets of the Group and the Charities Trust are managed in accordance with an overall strategic framework provided by the Finance and General Purposes Committee, which regularly reviews and approves all investment objectives and guidelines. These assets are managed by external professional fund managers and by the Club's Treasury Department. Extensive financial modeling takes place before investment strategies are implemented to ensure that investment objectives are met within the approved risk

香港馬會足球博彩有限公司，負責經營新推出的足球博彩業務。

香港馬會獎券有限公司，負責經營六合彩獎券業務。

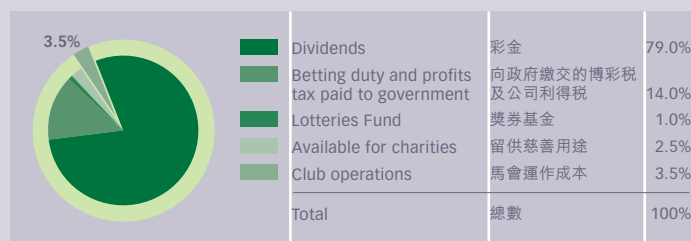
HKJC Reinsurance Limited 為集團業務進行各類風險管理。

香港賽馬會慈善信託基金，負責管理馬會所有慈善捐款，以及有關的撥款事宜。

財務及投資

馬會及其所有附屬公司，雖然均屬非牟利性質，但對於業務管理，仍採用審慎的商業政策。因此，雖然賽馬投注額自一九

DISTRIBUTION OF BETTING AND LOTTERY TURNOVER, 2003/2004
二〇〇三/二〇〇四年度投注額及獎券營業額分配



九六/一九九七年度以來持續下跌，但在提供賽馬、體育及博彩娛樂方面，馬會仍能穩居世界領導地位，且依然是全港最大的慈善公益資助機構。

賽馬投注額之所以下降，有多項因素使然。近年經濟不景，打擊了消費者信心，令市民縮減賽馬投注開支。非法賭博猖獗，以致本會投注額大量流失，其中主要原因，在於博彩稅率偏高，令賽馬產品定價欠缺競爭力。顧客改變了生活方式和嗜好，轉而參與其他消閒活動，或到他們認為物價低於本港的鄰近市場消費，亦對本會業務有所影響。

為應付投注額下跌，本會繼續著重控制成本，積極提高生產力，同時改進馬場設施，加強顧客服務，從而推動業務發展。

控制成本和提高生產力的措施，包括合理削減員工薪酬福利、整頓場外投注處、簡化運作制度和程序，以及將非核心工作外判等。藉著這些措施，本會已大幅減低了全年的營運費用。

在改進馬場設施方面，跑馬地馬場的會員席正門和公眾席入口，都換了全新面貌，令顧客在抵達這個世界級市區馬場時，頓生如臨盛會之感；沙田馬場裝設了全球最闊的彩色大屏幕，播映賽事競逐過程，畫面更加光亮清晰；場內多間廂房亦

已重新裝修，令顧客倍感舒適。

為加強顧客服務，本會推出了獨家專用的數碼證書系統，以方便網上投注客戶；推行各項客戶關係管理計劃，以配合不同類別顧客的需要；並首創「智易表」，為顧客提供簡單易明的賽馬資料。

二〇〇三年八月，政府決定把足球博彩規範化，並選定馬會作為全港獨家經辦機構，本會隨即開始為顧客提供足球博彩服務。在本年度，馬會已推出多種廣受歡迎的博彩方式，以極具競爭力的合法博彩產品對抗非法賭博。在處理各項博彩方式時，本會針對此項新業務的許多複雜問題，在背後實行全面的風險管理制度及程序。本會的場外投注處、電話投注及互動投注系統、電腦及電訊網絡，均正在進行大規模改動和擴充，以應付更多不同類型的顧客，以及更大量而複雜的投注交易。為此，本會在過去一年已作出可觀投資，相信日後仍須投放更多資源。

投資組合的管理

集團和慈善信託基金的財務資產，均按照董事局財務及一般事務委員會所制訂的策略大綱進行管理。該委員會定期審批各項投資目標及指引，而有關的財務資產，則交由外間的專業基金經理及馬會的庫務部管理。他們於執行每項投資策略之前，均首先進行多次財政模擬測試，以確保可在規定的風險範圍內達成投資目標。這一方法的成效之高，可從本會今年的投資回報再次獲得證明，而本會更因而榮獲權威的《亞洲投資者雜誌》，頒發「二〇〇四年最傑出機構投資者」獎項。這份雜誌對本會的評語是：「馬會在投資方面取得卓越成就，充分顯示其公司管治良好，而且管理層和董事局均堅守專業而嚴謹的投資方針。」

由內部管理的投資組合，主要包括銀行存款及債務證券，基本用以應付營運及流動資金的需要。在過去五年，這些投資組合，雖然遇上本港歷來最低的銀行利率，因而對回報有所影響，但仍能保持良好表現，每年均有超出所定指標一百零三至一百五十八基點的回報。

由外間基金經理管理的投資組合，主要作長期增值之用。這些組合採取積極的投資策略，將投資項目均衡地分佈在全球各主要市場，務求分散風險，從而減輕某一市場價格大幅波動所帶來的影響。自年初以來，全球股市均有回升趨勢，加上各基金經理的投資表現卓越，使本會由外間管理的投資組合獲利甚豐。

parameters. This year, the effectiveness of this process was again illustrated by the Club's returns on its financial investments, and by the receipt of the "Institutional Investor of the Year" award from the respected magazine, Asian Investor. According to the magazine, "(the Club's) accomplishments are the manifestation of good corporate governance and a professional, disciplined approach that is shared by both the Jockey Club's management and its (Stewards)".

The in-house portfolios are managed primarily to meet immediate operational and liquidity requirements, and are invested mainly in bank deposits and debt instruments. In each of the past five years, the performance of these portfolios have exceeded their respective benchmark returns by a range of 103 to 158 basis points per annum, despite a dampening of their returns due to historically low interest rates currently experienced in Hong Kong.

The portfolios managed by external fund managers are mainly for long-term growth. These portfolios adopt an active global balanced approach aimed at achieving diversification, and are therefore less susceptible to the high volatility of a single market. The upturn in the global markets since the beginning of the year, coupled with the strong performance of the fund managers, have resulted in significant gains in the Club's externally-managed portfolios.



The Year in Review

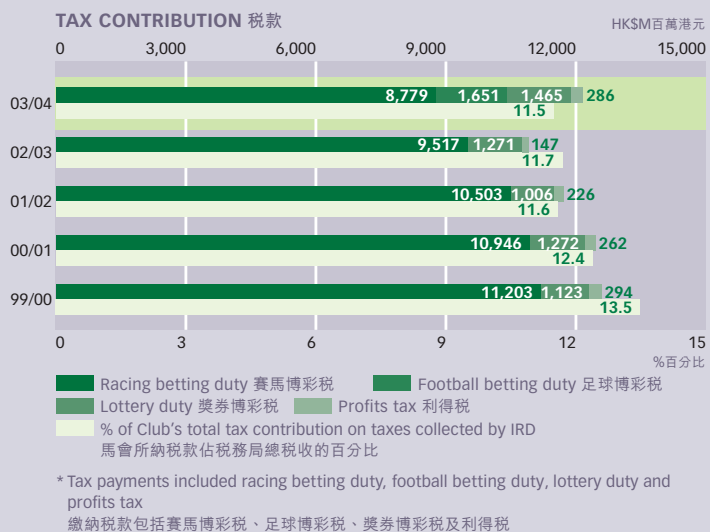
Despite improved economic conditions in Hong Kong (partly helped by the significantly larger number of visitors from mainland China due to the Individual Visit Endorsement Scheme), and rallies in the local stock and property markets, racing turnover continued to register record declines. The Group's turnover improved from HK\$77,589 million in 2002/2003 to HK\$88,065 million this year only as a result of the launch of legalised football betting and higher volumes from Mark Six lotteries.

Total income of HK\$6,753 million was significantly higher than in 2002/2003. Betting income amounted to HK\$5,516

million, HK\$1,348 million higher than last year's total of HK\$4,168 million as a result of the improved total turnover. Financial income was also higher, partly due to the upturn in global financial markets.

Total operating expenses of HK\$4,207 million were HK\$315 million or approximately 8% higher than in 2002/2003, reflecting the net impact of savings from cost control and productivity improvements, and higher expenditures due to investments in systems and infrastructure for racing and the newly-launched football betting business, as



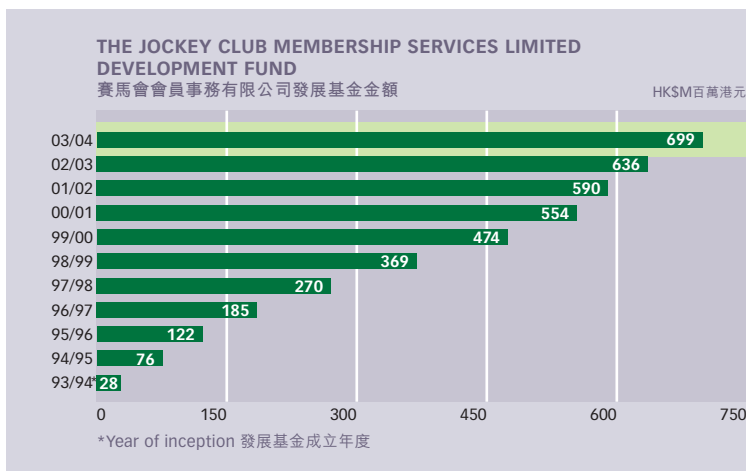


The Group's net surplus for the year amounted to HK\$2,260 million. The appropriation for charities purposes amounted to HK\$1,120 million, 87% higher than in 2002/2003. In 2003/2004, the Charities Trust approved a total donation of HK\$975 million to charitable organisations to fund capital projects and agency subventions.

Membership Services

Catering turnover was 10% higher than last year, reflecting improved economic conditions and consumer sentiment. Catering operations in 2002/2003 were also adversely impacted by the SARS outbreak, which was severely damaging to Hong Kong's recreation and leisure industries. During 2003/2004, The Jockey Club Membership Services Limited made significant progress towards its goal of becoming the best membership club in Hong Kong and Asia. This included making a number of improvements to facilities at the Clubhouses, and the development of a new Membership Management System that will facilitate the provision of more personalised services.

The Jockey Club Membership Services Limited Development Fund, dedicated to improving membership facilities and services, stood at HK\$699 million, including HK\$64 million appropriated from this year's surplus.



well as employee and other operating costs to support various business initiatives.

The Group remains Hong Kong's single largest taxpayer, with total tax payments (including betting duty, lottery duty and corporate profits tax) of HK\$12,181 million. This payment is equivalent to 11.5% of the total taxes collected by Hong Kong's Inland Revenue Department.

財政年度回顧

雖然本港經濟已見好轉(原因之一是有大量內地遊客藉著「自由行」計劃來港消費),而且本地股票及地產市道均已止跌回升,但賽馬投注總額卻仍繼續下降。集團營業額由上年度的七百七十五億八千九百萬港元,增至本年度的八百八十億六千五百萬港元,只是由於開展了規範化足球博彩業務,以及六合彩獎券營業額上升所致。

本年度的集團總收入為六十七億五千三百萬港元,大幅高於上年度的數字。由於總營業額有所增加,投注收入亦由上年度的四十一億六千八百萬港元,增至五十五億一千六百萬港元,增長達十三億四千八百萬港元。財務收入亦較去年為高,部分原因是全球金融市況均告回升。

今年的總經營開支,是四十二億零七百萬港元,較上年度高出三億一千五百萬港元,增幅約為百分之八,反映出控制成本及提高生產力的措施雖然取得成效,使開支有所減少,但本會對賽馬系統和基礎設施的投資、對足球博彩新業務的投資,以及用於支援各項業務計劃的僱員成本和其他營運費用,卻令開支有所增加。

馬會集團依然是全港納稅最多的機構,所付稅款包括博彩稅、獎券博彩稅及公司利得稅,合共一百二十一億八千一百萬港元。本會所繳付的稅款約佔香港政府稅務局總稅收的百分之十一點五。

馬會集團今年的淨額盈餘為二十二億六千萬港元,其中十一億二千萬港元,已撥作慈善用途,與上年度相比,增幅達百分之八十七。在本年度,慈善信託基金共撥款九億七千五百萬港元,資助各慈善機構的資本項目和運作經費。

會員事務

本會飲食設施的營業額今年喜見回升,與去年相比,增幅為百分之十,顯示經濟環境和消費意欲均有好轉。上年度因爆發非典型肺炎疫症,使本港娛樂消閒事業備受嚴重打擊,本會的飲食業務亦不能幸免。在本年度,賽馬會會員事務有限公司致力建設全港及全亞洲的最佳會所,並取得長足進展,除了對多項會所設施進行大革新之外,更開發一套全新的會員關係綜合管理系統,務求為顧客提供更殷勤周到的個人化服務。

賽馬會會員事務有限公司發展基金,乃專為改進會員設施及服務而設,本年度的結算總額為六億九千九百萬港元,其中包括從今年的盈餘中撥出的六千四百萬港元。