

Reaching Asia – Horse Racing in Hong Kong

Hong Kong has come a long way from the days where pint sized half-broken Mainland ponies constituted its racing 'elite'. Today's sights and sounds at the world-class Sha Tin track mirror those in stables across the globe – rhythmic sweep of brooms, sweet fragrance of hay and grain, clip of horse shoes as the final string returns from morning trackwork, and the steam that rises lazily off a warm back as a saddle is removed.

But this jewel in the Asian racing crown sports many differences. English is not the first language that will greet your ears, and bicycles are the chosen form of transport around the sprawling complex. The stables here are air conditioned. Many of its seven-figure priced inhabitants are housed in multi-story complexes. Bedding is specially treated newspaper strips, not straw or sawdust. More significantly, the last horse off the track this morning, a groom alongside him, and his work rider a famous face in his own right is a world champion. The "who's who" of jockeys, trainers and, increasingly, internationally credentialed and performed horses in this town has created an environment that David Hall (the man who purchased Silent Witness as a yearling, and who, after training Makybe Diva to win the 2003 Melbourne Cup, was invited to train in Hong Kong last year) says "is the ultimate prize for a professional".

The evolution of racing in the former British colony owes much to its early military officers who had the vision (or a sufficient gambling itch) to look beyond the largely mountainous terrain, rank humidity, and lack of suitable horses, to convert a reclaimed swamp into a track at Happy Valley which hosted its first races on December 17 and 18, 1846. In 1884 the non-profit making Hong Kong Jockey Club ("HKJC") was founded to improve racing. Exactly one hundred years later (after Britain regained Hong Kong from the Japanese) the Club decided that profits from racing would go to help rebuild society. It was a master stroke in terms of giving racing – and gambling - a positive gloss. Night racing was first introduced in 1973, two years after the sport turned professional. It proved so popular that it funded the land reclamation project and construction of a second racecourse at Sha Tin, which opened in 1978. Nowadays more than a million race fans follow the sport.

Far from the rampant corruption which marked the 1960's, modern day racing in Hong Kong is characterized by its scrupulous honesty. Underscoring the region's rapid ascension of the racing ladder are the results from the International Races that commenced 17 years ago. The Hong Kong Invitation Cup (now referred to as the Hong Kong Cup) was originally restricted to horses from HK, Singapore, and Malaysia. In 1989 it was opened to horses from Australia and New Zealand; 1990 Europe; 1991 USA; 1992 Japan and Canada. The race became the first race in Hong Kong with international Group 1 status in 1999 - when it also became the final leg of the Emirates World Series. By 1999 four Group One races were included on the International Races programme (the International Cataloguing Standards Committee upgrading the Hong Kong Vase to International Group 1 status in 2000 and the Sprint to International Group 1 status in 2002). In the same year three of the four international races were won by HK horses (Oriental Express, All Thrills Too, and Precision).

The Club has raised the bar to such a level that in the recent World Thoroughbred Racehorse Rankings three Hong Kong horses ranked in the top 50, a fourth (Cape of Good Hope) just two pounds below the elite group. Said Jockey Club director of

racing, Winfried Engelbrecht-Bresges: "[it] really shows that our horses are equal to those of any other leading racing country with international judges ranking them among the very best in the world today."

With results like this it's also easy to forget that Hong Kong supports a pool of just 1,200 horses.

Locally, racing is controlled by the all powerful HKJC whose Board of Stewards includes corporate heavyweights the likes of Ronald Arculli (Managing Partner, Arculli and Associates), David Eldon (HSBC), and Christopher Cheng Wai Chee (Chairman USI Holdings Limited, Winsor Properties Holdings Limited and Wing Tai Corporation Limited). The Club is Hong Kong's leading tax payer (HK\$12.2 billion in the year ended June 30) and the region's largest contributor to charity, annually providing HK\$1.1 billion to trusts to support education, health, sports and other community causes. The private Club has 23,310 members (2,000 more than 5 years ago). However to become a full racing member is not a simple matter of signing an application form. You must be voted in by two of the (only) 200 full voting members (and it's fair to say that most move in a social stratum to which the rest of us will never be privy). Full members are then subjected to stringent background checks by the club's security division and once approved must then pay a HK\$250,000 joining fee. To own a horse confers enormous social cachet. It's no wonder. Only 800 full racing members, drawn by ballot, have the right to own horses, and they must deposit a bank certificate for HK\$400,000 to show that they can afford at least a year's overhead. Stabling and training expenses at the Jockey Club premises total approximately HK\$30,000 monthly. Another HK\$40,000 must be deposited to cover the re-export of the horse when it retires. Still think you're in with a chance? Good luck. The waiting list is huge.

This is perhaps another reason why the Hong Kong International Sale has proven such a winning concept. Between 300 and 350 horses are imported to Hong Kong each year but the Club also selects approximately 30 yearlings from the premier sales around the world each year and offers them at a niche 2yo's in training sale each December. "The HKJC spent six million dollars [AUD] on yearlings last year" Hall comments. "With money like that you know that the HK sale will always be successful. With the way people work here it can also be quite difficult for them to attend the sales in Australia or Europe. This way it's in their backyard and it's also very showy."

"Hong Kong has always been a leader but it continues to impress with its continual changes that enable it to compete on a global scale," comments Rick Worthington who has been involved in the pre-export and quarantine of 500-600 horses to Asia, and has historically been tasked with preparing the horses for the HKJC International Sale.

Magic Millions have been involved in hosting the sale for the past two years. Their invitation underscores the HKJC's opinion of the Australian auction company.

One of the most successful men in horse racing in both Singapore and Hong Kong is former leading trainer Ivan Allan. He is a self-confessed big time gambler, has socialized with racing's elite, owned an English Classic winner (Commanche Run who won the St Leger in 1984), been introduced to the Queen, and trained (amongst many others) Hong Kong Champion Fairy King Prawn. Indeed, when this racing icon

is referred to by his contemporaries it is almost inevitably with the added comment "winning both on and off the track is [Allan's] trademark".

"In recent years the Magic Millions [Australian] sales have made rapid strides," says Allan. They have attracted quality yearlings and many of them are precocious 2 year old types. This ensures early returns to owners. Most important, Magic Millions management reaches out to the purchaser and provides maximum effort to accommodate their requirements."

Hall believes that the lack of contact between Chinese and horses combined with the limited number of alternative entertainment options in the city has allowed horse racing to build its massive following. "The competition for the gambling dollar in Australia or the States is huge," he says. "Here it is pretty much racing and football." The local media concentration supports his comment. There are more than 20 newspapers and the Club alone employs a press pack of 168 racing journalists (a number which far outweighs that attached to Chief Executive Donald Tsang).

Allan says that the standard of horse in Hong Kong dramatically improved post-1992 when Chief Executive General Watkins removed the Hong Kong restriction on horse importation. "Up until then Griffins [unraced horses] were purchased by the HKJC and balloted to aspiring owners as a set price. But General Watkins changed this and allowed two systems to work side by side. Owners who wished to make their own purchases were allowed to do so."

"The quality of horses has skyrocketed over the last decade," agrees Hall. "In the last 12 months alone the world has seen Silent Witness, Cape of Good Hope, and Vengeance of Rain. You simply can't ignore what is coming out of Hong Kong."

One thing that becomes clear when wandering along the stable row and analyzing the pedigree information printed alongside each horse's name is the frequent appearance of the AUS suffix. It is perhaps not that surprising. A number of Hong Kong's best horses have carried Australian brands including three-time Hong Kong champion (1999-2001) and twice Horse of the Year, champion sprinter, and champion miler - Fairy King Prawn whose 12 wins and AUD\$9,789,095 in prize money included victories in the Chairman's Sprint Prize (HKG1 - twice), Bauhinia Sprint Trophy (HKG1), International Sprint (HKG1), Chairman's Prize HKJC Stewards' Cup (HKG1), Tokyo Yasuda Kinen (JPN) as well as placings in the Group 1 Hong Kong Mile and the Group 2 Dubai Duty Free. An even more prominent example is current World Champion sprinter Silent Witness who boasts a cult-like following amongst Hong Kong race fans. He also holds a world record for consecutive number of wins [17] and his prize money to the end of the 2004/5 season stands at HK\$50,439,196. They're not anomalies. Of the 18 horses currently racing in Hong Kong with international ratings of 110+, 10 were bred in the Southern Hemisphere (6 in Australia).

Other successful Australian-bred horses include (Horse of the Year) Mr. Vitality, Co-Tack, and Lucky Owners (Champion miler in Hong Kong, 8 wins, and HK\$23,718,900 including victories in Hong Kong Mile-G1, Hong Kong Derby-HKG1, International Mile Trial-HKG2, and second placing in the Hong Kong Classic Mile-HKG1). Don't forget Meridan Star, Perfect Partner, Asali; and the top rated 3YO of his year Jeune King Prawn who won 8 races and HK\$9,531,720 (including HKJC Champions Mile-HKG1,

HKJC Futurity Trophy-HKG3 and placing in HKJC Stewards Cup-HKG1 and the RHKJC Hong Kong Classic Mile-HKG1). Whilst the Hong Kong environment does not typically suit fillies and mares, there have been examples of Australian mares that have gone across and performed well including Crystal Charm and the champion mare Elegant Fashion.

"Close to 50% of this stable would be Australian bred horses," Hall says who has 40 horses in work including the 100+ rated Ain't Here. "Conditions here are pretty similar to Australian conditions. Lots of Australian horses adapt straight away where as the Northern Hemisphere horses seem to take an extra season to acclimatize."

Allan mirrors his comments. "Generally speaking English and Irish horses are more fragile while the Australian and New Zealand horses are tougher and acclimatize quicker. You need a breed that you can be confident will cope with the conditions. There will be the exception to the rule but generally speaking the English breeds just don't work as well over here."

Worthington adds that Australian horses have been found to have good bone and feet which is vital for competition. "Importantly they also train on and race as older horses giving longevity and better opportunities for return on investment for the owner."

It's not just Australian horses that have found success in Hong Kong. Trainers such as John Size, George Moore, David Hayes, John Moore, and now David Hall have all called Hong Kong home and have both added their expertise to the region, and simultaneously broadened their own careers. Jockeys such as Peter Miers, Darren Beadman, Steven King, Corey Brown, Glenn Boss, Paddy Payne, George, and Gary Moore have all ridden here. A large number of service providers in Australia have also been involved from transport companies to horse studs, breaking and pre-training experts, bloodstock agents, saddlers, feed merchants and vets. There have also been the race commentators Terry Spargo, Darren Flindell, and David Raphael and racing journalists Martin Talty, Alan Aitken, Murray Bell, and Gavin Keep. There have also been reverse links established with Australia, a number of Hong Kong entires retired to stud in Australia: Jeune King Prawn, Lucky Owners, and Aucash; and trainers the calibre of David Hayes returning to Australia to re-direct his Australian operation.

Sundays are open days at the stables and a large number of owners are present. It's a money-driven town that thrives on six-day working weeks, the glittering backdrop of skyscrapers, money, and stress. Courtesy of its geography and size, it is also not one that has a thoroughbred breeding industry. For owners in this elite group, the simple enjoyment they take in just being here for an hour once a week is palpable.

The owners may be patting their horses and drawing additional satisfaction from the recent figures published by the International Federation of Horse Racing Authorities that show Hong Kong as the leading country in the world for average prize money per race of AUD\$160,473.94, but across the road at the Jockey Club there are a few furrowed brows. Like many other countries in the region the glory days of pre 1997 have been difficult to replicate if one is to base success on betting turnover (which, in the year that the former British colony was returned to China topped HK\$92.4 billion). Avian flu, SARS, the Asian economic crisis and resultant crash of the property market, and a younger generation who are showing a taste for football

gambling rather than the comparative complexity of race form have all impacted on racing turnover. Last year's racing turnover came in at HK\$65 billion (plus football turnover of HK\$16.1 billion), a significant drop since the heady days of 1997, and the seventh straight year of decline. There are numerous challenges ahead as well: higher betting tax rates, illegal bookmakers, offshore betting syndicates and internet betting exchanges, and the not inconceivable thought that the Mainland government may well repeal the 1949 law outlawing gambling.

But any country that was savvy enough some 60 years ago to foster an image of gambling as a positive one in society seems well placed to survive the current hurdles. No other Club has come close to matching the HKJC for staying abreast of technological trends and working tirelessly to keep "entertainment" in the equation. The facilities at both tracks set the standard for others around the world. Last year the Club spent HK\$400million to erect the world's largest diamond vision screen, world's first fully retractable parade ring roof, renovated racing centre, Owners' Pavilion, saddling area and expanded public viewing balconies which doubled audience capacity at the paddock. The Chinese are widely considered as simply huge gamblers. But spend any time in this town and it fast becomes apparent that the locals also love the horses themselves, which translates into an obvious enjoyment of being able to watch them parade. Meanwhile, the HKJC website is an extraordinary example of interactivity, and the Club has also embarked on mobile betting to provide real time race clips and betting services. Punters from the Mainland are also now allowed to open betting accounts in Hong Kong and RMB money exchange is also provided at the tracks.

For as long as an invitation to the Chairman's box remains the pinnacle of social acceptance in this town, seven figure multiples will remain on the table to purchase the best international equine hopefuls, and Hong Kong will continue to showcase the world's best racing infrastructure and thoroughbreds. The future, whilst not all smooth financial sailing, seems destined to continue setting the standard in Asia. The HKJC simply won't accept anything less. For the Australian horses and service providers that form such an integral part of the equation it will business as usual.

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