

COMMENTS TO THE LEGISLATIVE COUNCIL

May 8, 2009

Thank you for this opportunity to discuss the initiatives currently underway at The Hong Kong Ballet. We have been in process for several years on two major efforts.

First, we have been upholding Artistic Standards in a continuing path towards our Mission — becoming an internationally-recognized, world-class ballet company with an identity that reflects the people of Hong Kong. We have made substantial progress on this front. As an example, after a hiatus of nearly a decade, The Ballet was invited for two well-received and critically-acclaimed tours of Mainland China during the past six months, one an appearance in the 2008 Shanghai International Arts Festival and another a debut at the Opera House of the National Centre for the Performing Arts in Beijing in January 2009. More gratifying, the Company has been invited back again for another tour in the Mainland later this year.

Second, we have been undergoing a major effort to build our Audience here in Hong Kong. We believe the key measure of the health of any artistic institution is the size and growth of its paid audience. The Ballet measures it in two ways: sold capacity utilization and box office revenues.

We are pleased to report substantial progress on this front over the past few years. Comparing the 2006 Season with the 2009 Season that ended this past March, the sold capacity utilization of our venues increased 29% during those three years, moving from 61% to 79%. Box office revenues increased 64%, growing from HK\$5.2 million to HK\$8.5 million. These jumps continue a trend that started after the 2003 Season. In the three years following 2003, sold capacity utilization increased 25%, moving from 49% to 61%, and box office revenues increased 34%, growing from HK\$3.9 million to \$5.2 million.

Said differently, The Ballet's audience has grown substantially over the past six years. Our sold capacity utilization has increased 62% during this period, resulting in half empty theatres being converted into full ones. Box office revenues have more than doubled, increasing 121%. As a result, we have a healthier financial situation that allows the Company to continue to provide our artists with opportunities, which require significant resources, to grow their skills. We are very gratified that the people of Hong Kong have responded to our efforts.

I would like to comment on our approach to human resource management. We believe the key to the success of any successful organization is the quality and commitment of its people. We spend a

considerable amount of our internal resources and time to train, to nurture and to mentor our employees. In our recent global search for a new Artistic Director, one of the highest priority criteria was a proven track-record of successfully nurturing and growing artists. Ms. Madeleine Onne comes to us from the Royal Swedish Ballet, a 236 year-old institution with 69 dancers that is considerably larger than ours. Besides the knowledge and practices she brings to us, Madeleine was able to manage the difficult task of nurturing and growing RSB's dancers while simultaneously raising artistic standards during her 6-year tenure as Artistic Director there.

Many people do not realize that all ballet companies are in a constant race with the clock. Most focus on the fact that our dancers are artists — which they clearly are. What is less recognized, however, is that they also are world-class athletes, and because of the stresses and wear-and-tear on a body that is working relentlessly 8 hours a day continuously for 15 or 20 years, most classical ballet dancers have extremely short careers as professional ballet dancers. For typical dancers, they begin their professional careers at age 18 or 19, attain their peak career potential in their mid to late 20s, and begin thinking about career transitions and retirement in their 30s.

Managed turnover of employees is healthy for any organization, particularly an artistic institution. One that has too little turnover, becomes stagnant artistically and dull technically, as both artistic and technical growth requires a constant infusion of new blood, for ideas, for energy and for excellence. Adding in the race against time, ballet companies face extreme pressure to effectively manage the turnover of its artists at all levels. We believe one of the major reasons for our significantly rising international prominence has been the growth of both the artistic and technical capabilities of our dancers in recent years.

Finally, I would like to discuss the governance philosophy of The Ballet. We are guided by a few basic principles. First, the Board of Governors, the Artistic Staff and the Business Staff are partners with a common, clearly articulated and communicated mission: to ensure the well-being of the entire organization and to guide it towards a bright future as an internationally-recognized, world-class ballet company. The Board's role is to provide the overall vision and operating framework. The Artistic executives are the primary agents for day-to-day leadership and management of the dancers. They are also responsible for articulating the Artistic vision of the Company, within the overall framework established by the Board. The Business executives are the primary agents for day-to-day leadership

and management of the financial, marketing and development activities. All three of these groups must work as partners for the organization to achieve its goals.

Second, The Ballet is focused on implementing international best-practices in all areas of its activities. This area not only includes more technical competencies such as finance or dance steps, but also intangible principles such as integrity and transparency. All members of the organization are expected to be professionals with unimpeachable integrity, avoid all conflicts-of-interest and self-dealing and to focus on the reputation of the entire company.

Third, the governance philosophy needs to encourage the financial support of the private donors. As Mr. David Tang noted at his forum on West Kowloon several weeks ago, the private sector in Hong Kong has not historically supported the arts in a manner comparable to other parts of the world. A key initiative is to utilize international best-practices to encourage, reward and catalyze such support here in Hong Kong.

Thank you very much for your time and attention.

THE HONG KONG BALLET
Audience Statistics for Productions in Hong Kong
Excludes Touring Figures

	For Fiscal Years Ended March 31,						
	2003	2004	2005	2006	2007	2008	2009
Avg Sold Capacity Utilization (SCU) ⁽¹⁾	49%	67%	68%	61%	74%	88%	79%
Annual Box Office Revenues ⁽²⁾	\$3.868	\$4.915	\$5.624	\$5.181	\$6.443	\$8.836	\$8.532

(1) Sold Capacity Utilization is the # of tickets sold / total venue seating capacity for each production.

(2) Figures in HK\$ millions. In 2003, excludes revenues from Urban Council and LCSD as funding mechanism changed.