

# Strengthening our brand, sustaining our commitment

This has been another outstanding year for the Club, with combined turnover on racing, football and lottery reaching HK\$202.70 billion and the Club delivering its highest return to the community, paying HK\$20.91 billion in tax and duty to Government and donating a record HK\$3.90 billion to charity.

This latter exceeded the HK\$3.87 billion the Club donated last year, a sum which ranked the Club number six in the world for charity contributions – an accolade we are proud to share with everyone in Hong Kong.

All of this was achieved despite a challenging economic environment. Indeed, racing turnover, at HK\$106.14 billion for the full season, and net margin on racing, at HK\$4.72 billion for the full season, although down by 1.7% and 0.5% respectively, were still the second highest in the Club's history. Meanwhile, football recorded another strong performance, with turnover up 11% to HK\$86.80

## 加強品牌形象 恪守社會承諾

馬會今年再創高峰，賽馬、足球及獎券投注額合共達二千零二十七億港元，造就我們的稅款及社區貢獻得以再創紀錄，繳納予政府的稅款達二百零九億一千萬港元，慈善捐款則是歷年新高的三十九億港元，高於去年的三十八億七千萬港元，馬會亦被列全球第六大公益慈善基金，足以令全港市民引以為傲。

縱使外圍經濟環境嚴峻，但馬會仍能取得上述卓越成就。實際上，雖然整季賽馬投注額較去季下跌百分之一點七，錄得一千零六十一億四千萬港元，而整季賽馬純利則下跌百分之零點五，為四十七億二千萬港元，但兩者卻仍能位列馬會歷年第二高。足球業務表現理想，投注額上升百分之十一至八百六十八億港元，帶來五十九億五千萬港

元稅款，撥歸馬會的款額亦相若。至於六合彩，今年舉行更多金多寶攪珠，包括史上金額最高的金多寶攪珠「六合彩四十週年金多寶」攪珠，扭轉了去年投注額的跌勢，投注額上升百分之十至八十五億五千萬港元，帶來二十一億四千萬港元稅款，並透過獎券基金撥捐十二億八千萬港元作慈善用途。

## 世界級賽馬品牌

馬會能夠取得上述亮麗賽馬業績，歸功於我們專心致志以客為尊，和成功開展世界級賽馬產品。

雖然香港本身並無育馬產業，但有賴馬主支持，香港仍能成功培育頂級賽駒。今年，香港連續第二年有二十三匹賽駒列入浪琴表世界馬匹年終排名。此外，香港舉行的十項國際一級賽，悉數名列二〇一五年全球

billion, generating HK\$5.95 billion in tax payments, with a similar amount retained by the Club. And the Mark Six, which had more snowball draws this year, including its largest ever for its 40th Anniversary, saw a jump of 10% to HK\$8.55 billion, reversing last year's decline and generating HK\$2.14 billion in duty and HK\$1.28 billion for good causes via the Lotteries Fund.

### A WORLD-CLASS RACING BRAND

What has enabled the Club to achieve these excellent results in racing is the development of a world-class racing product combined with a rigorous focus on customer centricity.

With the support of Owners, Hong Kong has succeeded in building up a population of top-class thoroughbreds. This year, for the second year in succession, 23 Hong Kong horses featured in the LONGINES World's Best Racehorse rankings while all ten of our eligible races were listed in the World's Top 100 for 2015, with the Audemars Piguet QEII Cup ranked ninth. It is this level of performance, delivered consistently, which earned the Club promotion to Part I of the Blue Book, putting Hong Kong firmly in the premier league of world racing jurisdictions, despite lacking a breeding industry.



百大一級賽年終排名榜，其中愛彼女皇盃更位列第九位。本港賽馬表現穩定卓越，令馬會得以升格為「藍冊」的第一部分賽馬地區，香港作為全球領先賽馬地區之一的地位，亦被正式確認。

馬會以客為尊，滿足各類客戶的不同需要，向他們提供貼心的顧客服務及度身訂造的科技應用程式，故能夠成功拓展我們的客戶基礎。我們投資六十五億港元推行的馬場發展大綱，年內有五項全新或翻新設施開幕，大幅提升了跑馬地及沙田馬場的設施。透過舉行多姿多彩的「Happy Wednesday」品牌活動，跑馬地已成為週中社交娛樂活動熱點，而沙田的週末賽馬日，已被公認為香港世界級賽事的場地，包括十二月的浪琴表香港國際賽事、四月底的愛彼女皇盃，以及五月的冠軍一哩賽及主席短途獎均在此上

演。此等多姿多彩的娛樂活動和精彩賽事，加上冠軍人馬獎等緊張刺激的賽馬相關活動，得獎人馬「明月千里」、「幸福指數」、「將男」、「首飾太陽」、「紅衣醒神」、「發盈喜」、冠軍騎師莫雷拉及最受歡迎騎師蔣嘉琦等星級騎師，均有助帶動馬場入場人數連續第四年達二百多萬人次。

要做到以客為尊，建基於嶄新的電子產品，提供快捷方便、暢通無阻的服務，以滿足顧客的需要。我們推出了「HKJC TV App」及「速勢能量」等電子應用程式；前者自今季起提供一站式服務，馬會所有節目及資訊一應俱全，而後者則屬新產品，提供深入的賽事分析。兩年前，我們運用「Longitude」先進的賠率計算科技於特別彩池投注產品，成為全球首個運用此一技術的賽馬機構。運用此項技術，我們重新推出廣

Through pursuing a customer-centric approach, providing differentiated value propositions, dedicated customer service and technology applications tailored to customer segments, we have also succeeded in growing our customer base. Our HK\$6.5 billion racecourse revitalisation, which this year saw the opening of five new or refurbished venues, has seen Happy Valley and Sha Tin racecourses substantially upgraded. Happy Valley, through its distinct Happy Wednesday brand, is now firmly established as the mid-week social and entertainment event of choice, while Sha Tin weekend meetings are the recognised venue for Hong Kong's world-class races, notably the LONGINES Hong Kong International Races in December, the Audemars Piguet QEII Cup at the end of April, and the Champions Mile and Chairman's Sprint Prize in May. All this, together with the excitement generated by top-class horses like this year's Champion Award winners *Werther*, *Peniaphobia*, *Blazing Speed*, *Sun Jewellery*, *Mr Stunning* and *Fabulous One*, and star jockeys like Champion Jockey Joao Moreira and Most Popular Jockey Kei Chiong, helped push racecourse attendance to just over two million for the fourth consecutive year.

Fundamental to our customer-centricity has been the development of new digital products to meet customer demand for speed, convenience and connectivity. We have pioneered digital applications such as the HKJC TV App, which from this season provides a one stop service for all HKJC programming and data, and the newly launched SpeedPRO, which provides enhanced race analysis. Two years ago, the Club was also the first racing organisation in the world to use Longitude

advanced odds calculation technology in its pool betting products. Utilising this technology we have relaunched the popular Quartet bet, created a merged pool for the Quartet and First Four, and this year launched Composite Win as an alternative way to place Win bets.

To take forward our world-class racing, the Club is now building the Conghua Training Centre in Guangdong. This is undoubtedly the most significant project the Club has undertaken since the construction of Sha Tin Racecourse. Indeed, with Sha Tin's facilities now almost forty years old, and working at full capacity, Conghua is essential if we are to meet the strong demand for ownership. In terms of project progress, construction is on schedule, pre-opening preparations are well in hand, and recruitment and training of staff, including of the first work riders, has begun. A successful trial of the cross-border movement of horses has also been carried out. We look forward to the opening in 2018.

Alongside the progress made here in Hong Kong, it has also been encouraging to see Mainland China continuing to develop its own racing industry. In this regard, in September 2015 the Club was pleased to sign memoranda of understanding for strategic co-operation with the two key governing bodies, the Chinese Equestrian Association and the China Horse Industry Association. The Club has since lent its assistance to both organisations, and we look forward to the further development of the sport.

受歡迎的四重彩，推出四重彩及四連環合併彩池，而今年則由獨贏彩池衍生出組合獨贏新玩法。

為了進一步推動我們的世界級賽馬，馬會現正在廣東省興建從化馬匹訓練中心，此舉無疑是繼興建沙田馬場後，馬會最重大的項目。實際上，沙田的設施已有接近四十年歷史，用量亦已飽和，因此，要滿足龐大的養馬需求，從化項目不可或缺。就項目進度而言，相關工程如期進行，開幕前的準備工作也正著手處理，包括首批策騎員在內的員工招聘及培訓亦已展開。跨境運送馬匹試驗也已成功進行。我們期待中心於二〇一八年啟用。

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除了香港賽馬長足發展外，中國內地繼續發展賽馬業，同樣令人鼓舞。二〇一五年九月，馬會欣然與中國馬術協會及中國馬業協會簽署戰略合作諒解備忘錄，自此，馬會向此中國內地兩大賽馬業監管機構提供協助。我們期望賽馬運動能夠進一步發展。

#### 匯合彩池

透過賽事轉播及匯合彩池，香港賽馬的海外曝光率日增，此乃香港世界級賽馬備受注目之最佳明證。目前，馬會於澳洲、新西蘭、澳門、新加坡、南非、歐洲及美國共有十三個海外匯合彩池夥伴。

## COMMINGLING

The strongest indicator of the attractiveness of Hong Kong's world racing brand is its growing presence overseas, both through the broadcast of races and through commingling. The Club now has 13 overseas commingling partners in Australia, New Zealand, Macau, Singapore, South Africa, Europe and the U.S.A.

What attracts overseas racing fans is the competitiveness of our racing, the depth of our wagering pools and above all our reputation for integrity. Their enthusiasm is already bringing significant benefits to Hong Kong. Commingling, which only began two seasons ago, had a turnover of HK\$3.48 billion this racing season, up 31.5% on last season and representing 3.3% of total racing turnover. It is a very promising area of growth, rich with potential benefit for Hong Kong.

## FOOTBALL BETTING

One of the Club's great success stories has been football. Since its launch in 2003 with the objective of combating rampant illegal betting on football, the Club's service has provided a highly effective wagering channel. Indeed, though racing turnover again exceeded HK\$100 billion this year, football

was undoubtedly our key revenue driver. With a turnover of HK\$86.80 billion, yielding a return of HK\$5.95 billion to the Club, football contributed very significantly to our operating surplus. In fact, the Club's record charity donations of HK\$3.90 billion this year, compared with the HK\$1.01 billion we donated in 2002/03, would not have been possible without the success of football betting.

## FOR THE BETTERMENT OF HONG KONG

As I continually emphasise, everything the Club does is for the betterment of Hong Kong. This is what makes our integrated business model so unique. Through Members' support for racing, the success of our world-class racing and responsible wagering services, and our commitment to return surpluses to the community, the Club is able to provide superior levels of support for Hong Kong, with charity donations doubling over the last four years alone.

This substantial increase in charity funding has enabled the Club to simultaneously maintain its existing support for charity and community while embarking on a significant programme to address three key areas of need, namely youth, elderly and sports. This year, for example, saw the launch of a major initiative to teach primary school children

香港賽馬能夠吸引海外馬迷，歸功於我們的賽事競爭激烈、投注彩池龐大，最重要的，是我們以高度誠信著稱。海外馬迷熱愛本港賽馬，為香港帶來莫大裨益。匯合彩池於兩個馬季前推出，至今季的投注額已高達三十四億八千萬港元，較去年上升百分之三十一點五，佔賽馬總投注額百分之三點三。由此可見，匯合彩池增長前景秀麗，對香港帶來莫大潛在裨益。

### 足球投注

足球亦是馬會的成功亮點。為打擊非法外圍足球博彩，馬會於二〇〇三年推出服務，提供高效的足球投注渠道。當賽馬投注額今年再次超越一千億港元之際，足球實際上是我們收入的主要動力。今年的足球投

注額達八百六十八億港元，撥歸馬會達五十九億五千萬港元，對我們的經營盈餘貢獻龐大。二〇〇二/〇三年度，我們的慈善捐款為十億一千萬港元，若非足智彩如此成功，今年未必能增至破紀錄的三十九億港元。

### 建設更美好香港

誠如我不斷強調，馬會所做的一切，均旨在建設更美好的香港，這亦是我們綜合營運模式的獨特之處。有賴會員對賽馬的支持、我們世界級賽馬及有節制博彩服務的成功，加上將盈餘回饋社會的決心，馬會能夠全心全意支持香港，單計以往四年，慈善捐款已增加一倍。

computational thinking and coding, which are essential skills for the 21st century economy. To help Hong Kong cope with its ageing population, the Club has established a project to evaluate the age-friendliness of the city, with a view to implementing district level projects. One initiative already in progress is an E-health project to promote self-management of health needs and to build up community capacity in providing health support. And with 2016 being an Olympic year, a key focus has been “Sports for All”, with a variety of programmes launched to encourage everyone, from kindergarten children to retirees, to make sport and fitness a part of their daily routine.

All of the Club’s charity and community support, I should stress, is ultimately dependent on the success of the Club’s core business operations and results. This year, thanks to the success of the business strategies I have outlined above, the Club’s operating surplus after tax was HK\$3.96 billion, of which HK\$3.50 billion, or 88%, was donated to the Charities Trust. It is to better reflect this key connection between the Club’s business performance and charity donations that from this year the Club is adopting operating surplus after tax, and before taking into account aspects like financial investments and the results from the sale of properties, as the basis for determining its donations to the Charities Trust.

## OFFSHORE AND UNAUTHORISED OPERATORS

It is important to keep the Club’s contributions in mind in view of the complex and challenging wagering landscape Hong Kong is now facing.

Over the last few years, Macau casinos have undergone a wholesale transformation, significantly increasing their capacity. With a slowing economy and a drop in VIP customers they are now aggressively targeting Hong Kong. The opening of the Hong Kong-Zhuhai-Macau Bridge in 2017 will undoubtedly exacerbate the problem.

Hong Kong is also a major target for illegal operators. Illegal gambling is not a new problem, as the high-profile arrests of criminal gangs during Euro 2016 reminded us. But in addition to locally based operators, Hong Kong is increasingly threatened from overseas. Based in jurisdictions which have little or no respect for the rights of others, these unauthorised operators use the Internet and digital technology to target Hong Kong and other law-abiding jurisdictions. It must also be stressed that these operators have no regard for the social costs of their activities, offering credit betting, targeting youngsters, and in many cases being involved in criminal activities such as money laundering.

正因慈善捐款大幅增加，馬會得以在繼續支持現有慈善及社區項目的同時，展開另一重大策略，回應三個主要範疇的需要，分別是青年、長者及體育。相關計劃其中一例，是今年推出的小學生電腦編程及運算式思維學習計劃，協助他們獲得二十一世紀經濟體系下的必要技能。此外，鑑於香港人口老齡化的趨勢，馬會推出計劃，了解香港的長者及年齡友善程度，務求舉辦相關地區項目，包括已經開展的雲端健康管理社區計劃，協助長者管理健康，並加強社區醫療支援服務。同時，適逢二〇一六年是奧運年，「普及體育」成為馬會捐助項目的重點之一；我們推出了不同類型的活動，藉此鼓勵全港市民，不論是幼稚園學生，還是退休人士，都養成做運動的習慣，注意身體健康。

我必須強調，馬會提供的所有慈善及社區資助，均取決於我們的核心業務營運及業績狀況。有賴上述業務策略行之有效，馬會今年的除稅後經營盈餘達三十九億六千萬港元，當中百分之八十八，即三十五億港元，撥捐慈善信託基金。為了更清楚顯示馬會業績及慈善捐款的重大關係，自今年起，我們根據除稅後和轉撥財務投資及出售物業等會計項目目前的經營盈餘，決定撥捐慈善基金的金額。

### 離岸及非法營運集團

回顧香港投注環境所面對的複雜挑戰時，不得不考慮馬會對香港的貢獻。

過往數年，澳門賭場經已徹底轉型，大大增加了經營能力。鑑於經濟放緩及貴賓客戶減少，它們正瞄準香港市場。港珠澳大橋於二〇一七年啟用後，問題勢將加劇。

To combat illegal operators, the Club's principal strategy has been to develop the strength and coverage of its products, which as I have shown are world-class. But when it comes to the key issue of price, the Club has to overcome the disadvantage of having one of the highest betting taxes in the world. Illegal and unauthorised operators by contrast pay little or no tax and are therefore able to offer a higher return. Until this fundamental issue is properly addressed, Hong Kong will remain at a disadvantage. If it is not, there is a real possibility that the Club will no longer be able to sustain its high levels of tax and charity support.

### GOING FORWARD

Mindful of these challenges, the Club continues to invest in its sustainability and future.

First, we are continuing to focus on making racing and racegoing a unique customer experience, including expanding the reach of the Happy Wednesday brand. In this regard, the addition of five weeknight race meetings and eight simulcast days from next season, taking the total to 88 and 23 respectively, will help utilise the full potential of both racecourses as well as ensure that racing fans and tourists will be able to enjoy more of our popular mid-week race meetings.

Second, we will continue to develop commingling as a major driver of the Club's strategic growth. In addition to further developing the potential of current markets we will develop partnerships in new jurisdictions, especially in Europe. Furthermore, with Japan now taking simulcasts of overseas races featuring Japanese horses, we will broadcast major events such as the LONGINES Hong Kong International Races and the Audemars Piguet



香港是非法賭博經營集團的主要市場之一。非法賭博問題存在已久，二〇一六年歐洲國家盃期間，當局高調拘捕多個犯罪集團，相關問題可見一斑。除了以本地為基地的非法集團外，海外非法經營商對香港的威脅亦與日俱增。此等未經授權的經營集團以漠視他人權益的司法權區為基地，運用互聯網及電子科技，瞄準香港及其他法治之區。必須強調的是，此等集團漠視非法賭博的社會代價，它們提供信貸賭博，又以青少年為目標，不少更從事洗黑錢等犯罪活動。

為打擊非法賭博集團，馬會的重點策略是開拓更多類型產品，並加強產品質素；如上述，我們的產品達世界級標準，可是，就賠率而言，本港是全球最高博彩稅率的地區之一，馬會仍然受此所限。相反，非法及未經授權賭博集團卻只需繳付少量稅款，甚

至無需繳稅，因此能夠提供較佳賠率。若未能適當處理此基礎核心問題，香港將繼續處於不利位置，而馬會亦可能無法繼續繳納大額稅款及作出巨額慈善捐款。

### 邁步向前

面對上述挑戰，馬會繼續為未來作出投資，務求實踐可持續發展。

首先，我們會繼續將賽馬及到訪馬場塑造為獨特的顧客體驗，包括加強推廣「Happy Wednesday」品牌。來季開始增設五個週中夜馬賽事日及八個越洋轉播賽事日，賽馬日總數將增至八十八日，而越洋轉播賽事日則上升至二十三日，將有助充分利用兩個馬場，確保馬迷及遊客能更盡情享受大受歡迎的週中賽事日。

QEII Cup to Japan, with the potential, in time, of developing commingling in Japan.

Third, to maintain our position as a technology leader, we will move ahead with our multi-billion next generation customer information and wagering system. We will also continue to provide an innovative customer experience through our front-end digital platforms, improving our connectivity with customers and their lifestyles.

Fourth, having helped to develop its original technology platform and subsequent versions, we will continue to support the China Sports Lottery, including providing management and training, as it takes forward its football and basketball sports lottery products through over 80,000 terminals across Mainland China.

Fifth, we will maintain our charity and community support at approximately current levels over the next few years to ensure our strategic focus on youth, elderly and sports is fully maintained.

Last, but by no means least, is our significant investment in the new extension at Happy Valley Clubhouse. Members are fundamental to the Club, not only because as Owners they purchase and race the horses that are essential to our growth, but because they are at the heart of our commitment to Hong Kong. As the Chairman has reported, good

progress has been made this year and we look forward to the opening of the new extension in 2020.

I would like to close by offering my thanks to the Board of Stewards, and most particularly our Chairman, Dr Simon S O Ip, for their guidance and support. And, as always, my deepest appreciation to the management team and our staff for their hard work and outstanding performance this year.

**Winfried Engelbrecht-Bresges**

Chief Executive Officer

22 July 2016

第二，我們將繼續發展匯合彩池，使之成為馬會策略發展的主要動力。除進一步發掘現有市場的潛力外，我們將於新的地區尋找新的合作夥伴，特別是歐洲國家。此外，隨著日本開始越洋轉播有日本馬匹出賽的海外賽事，我們將轉播浪琴表香港國際賽事及愛彼女皇盃等大賽至日本，假以時日，更有可能於日本發展匯合彩池。

第三，為繼續領先運用科技，馬會會推進我們投資數十億的新一代顧客資訊及投注系統。我們亦會透過前端電子平台，繼續為顧客提供嶄新體驗，務求增強與顧客的連繫，提升他們的時尚生活品味。

第四，馬會早前已協助中國體育彩票開發其科技平台及其後的更新版本，今後將繼續提供相關支援，包括提供管理及培訓服務，協助於中國內地超過八萬個銷售點銷售其足球及籃球體育彩票產品。

第五，未來數年，我們的慈善及社區捐助額將大致與現時相若，確保繼續全面支持青年、長者及體育三大策略範疇項目。

最後，我們大力投資於跑馬地會所擴建項目，亦是重要一環。會員是馬會的基礎，他們購買馬匹訓練出賽，推動馬會發展，令我們得以恪守對香港的承諾。誠如主席報告所言，年內項目進度良好，我們期待項目於二〇二〇年開幕。

最後，我衷心感謝董事局，特別是主席葉錫安博士，過往一年的指導及支持。我非常感謝馬會管理委員會同仁的貢獻及全體員工的努力，締造今年的佳績。

行政總裁 應家柏

二〇一六年七月二十二日