

Global Excellence for a Better Return to the Community

A Record Breaking 130th Anniversary Year

This last year has undoubtedly been outstanding in every respect. The 130th Anniversary was a great success as we celebrated the Club's achievements in racing and its long history of community service. The Club, once again, achieved a new record in racing, football and lottery turnover of HK\$191.43 billion, which in turn enabled it to return a record HK\$20.05 billion in duty and tax to Government. And the Charities Trust, for the second straight year exceeded HK\$3 billion in donations, with HK\$3.87 billion donated to 189 projects.

These results owe a great deal to the success of our world-class racing, where, thanks to our Owners, and the incentives we have provided them through continuous increases in prize money, Hong Kong is now home to some of the world's top thoroughbreds. This year Hong Kong horses won nine of our ten International Group One races, while overseas they were victorious in another four. These included two new trophies. *Rich Tapestry's* win in the Santa Anita Sprint Championship was the first ever for Hong Kong in the United States, and *Aerovelocity's* victory in Japan's Takamatsunomiya Kinen made him not only the first Hong Kong horse but the first overseas horse to win the race.

The quality of Hong Kong racing was underlined when 23 Hong Kong horses were listed in the LONGINES World's Best Racehorse Rankings for 2014, up from our previous best of 21. These included *Able Friend*, whose rating of 127 made him the joint third best racehorse in the world for 2014. It is also worth noting that of 61 horses rated over 120, seven were from Hong Kong, which is close to 12% of the total; a remarkable accomplishment given that we have only 1,200 horses in training.

Equally remarkable is the fact that all six of our International Group One races for 2014 ranked among the World's Top 100 Group One/Grade One Races, with four of them in the Top 25. And with the Club now having an additional four International Group One races this season, and a strong pool of elite horses, there is every chance that more races will feature in the rankings next year.



This emphasis on world-class racing is not only about achieving sporting success but also about building and sustaining our business and so ensuring that the Club can maintain and grow its tax and charity support. And in this respect the financial results this year have been outstanding. Racing turnover for the full season reached HK\$107.93 billion, up 5.8% on last year and the second time we have exceeded the HK\$100 billion mark. Net margin, at HK\$4.51 billion for the full racing season was 3.9% up on last season and the best for 17 seasons.

Even more encouraging has been the success of our world-class racing product overseas, where we are now starting to harvest the financial reward of our efforts. Through the simulcast of our racing to other jurisdictions and the commingling of overseas wagers into our betting pools, which this year extended to nine regions and 11 commingling partners, turnover from these sources grew from a nominal figure last year to HK\$2.49 billion for the financial year and HK\$2.64 billion for the full racing season. All of this illustrates the significant interest in and attractiveness of Hong Kong racing overseas, driven by the quality and competitiveness of our racing product, the depth of our wagering pools and last but not least by our reputation for integrity. In view of this, we believe it is timely to review the current restrictions on inbound simulcasting, as under the present arrangements Hong Kong fans are deprived of the opportunity to enjoy some of the best overseas racing. In a world of globalised sport such restrictions are surely no longer appropriate and should be relaxed.

The Club's football betting operations have also had a record year, with turnover up by 26% to HK\$78.25 billion, generating HK\$5.59 billion in tax payments, with a similar amount returned to the Club. Given that last year's high turnover was boosted, in part, by the World Cup, this continued upward trend is highly pleasing and indicates the success of our efforts to attract customers away from illegal bookmakers.

Meanwhile, having recorded a modest increase last year, the Mark Six lottery experienced a slight 1.6% decline this year to HK\$7.78 billion, these variations being mainly due to seasonal fluctuations in the number of jackpots and snowballs. The Mark Six nonetheless remains an important source of community funding, generating HK\$1.95 billion in duty and HK\$1.17 billion for charity via the Lotteries Fund.

Alongside our focus on world-class racing is an equally strong focus on our customers based on a detailed and analytical approach to understanding current customer wants and potential customer needs. This year saw further progress to strengthen all aspects of this customer-centric approach.

Our HK\$6.3 billion Racecourse Master Plan, now in its seventh year, coupled with the Happy Wednesday brand, which has successfully positioned racing as a social and lifestyle-based entertainment experience, is transforming Sha Tin and Happy Valley racecourses. Existing venues have been renovated and new ones created to serve the differentiated needs of customers, with ten venues opening this season and more to follow next season. This, together

with our highly competitive racing, themed racing events and major racedays like the Hong Kong International Races, not to mention the excitement generated by star horses like *Able Friend*, *Aerovelocity*, *Designs On Rome*, *Rich Tapestry* and *Dan Excel* helped increase racecourse attendance to 2.07 million this year, our highest attendance for 12 years.

Technology, a core strength of the Club, is improving our connectivity with customers, particularly with respect to the younger generation with their device driven lifestyles. This season we launched RacingHK on the popular WeChat social media platform as an accessible source of racing news, and we extended Racing Touch, a graphically-rich racing information application, to Android devices. And the new HKJC TV Football provided football fans with a mobile platform to watch live football matches and obtain latest scores and odds.

Technology is also helping us build our product offerings. Last season we became the first racing organisation in the world to introduce advanced odds calculation technology, utilising software originally developed for high-speed securities trading, which we used to relaunch the popular Quartet bet. This technology, which instantly calculates all outcomes of events, allows us to provide real-time odds and dividend data on exotic bets, making these bet types much more accessible to customers. This season we extended it to create a merged pool for the Quartet and First 4, providing a larger and more stable pool for customers. As a result, turnover on the Quartet and First 4 increased significantly.

Meanwhile, for Members, in addition to the many new and refurbished racecourse venues we are investing very substantially in Clubhouse renovations, most notably in the new extension to Happy Valley Clubhouse which is currently in an advanced stage of planning. When complete it will undoubtedly cement the Club's position as one of Asia's finest membership clubs.

As I have said, all of the Club's efforts to build the quality of its racing and sporting entertainment ultimately have one objective: to sustain and grow its contribution to the community. The success of those efforts is reflected in the record contributions of the Charities Trust, both last year and this, with donations this year climbing to HK\$3.87 billion, more than three times the HK\$1.05 billion donated

in 2007/8. It is only because of these improving business results that the Trust has been able to embark on a major initiative this year to address three key areas of community need (youth development, elderly care and sport), while simultaneously maintaining its support for existing charity projects and partners. The first youth initiative, CLAP for Youth @ JC, a HK\$500 million project to help 200,000 young people develop their career and life paths, is already underway, with more projects upcoming.

Such strong and ongoing commitments to the community mean that the Club is very focused on sustaining its business performance, not only in the short-term but over the decades to come. In a competitive and ever changing market environment the Club knows it cannot stand still and must work continually to satisfy customer needs. And it is with this in mind that the Club is now making further substantial investments in technology and infrastructure; investments which will enable the Club to enhance the health of its assets and so position itself for further and sustained growth.

Besides the Racecourse Master Plan, the Club has committed over HK\$2 billion to develop a next generation customer information and wagering system. Leveraging the Club's technology strength the new system will enable the Club to react much faster to market demand and improve its ability to take on illegal operators. Much of the development work will be undertaken at the new Sha Tin Communications and Technology Centre, a state-of-the-art facility and a highly attractive working environment for employees which brings together core IT functions, a new broadcasting and television studio as well as Telebet and call centre functions.

Absolutely fundamental to the Club's future is the Conghua Training Centre in Guangdong. With the waiting list for horse permits currently around five years, Conghua gives us the opportunity both to meet the demand for ownership and to increase our horse population. Indeed, when we consider what has been achieved with just 1,200 horses stabled at Sha Tin, then it is clear that the additional capacity and advanced training facilities at Conghua will provide a significant new platform for Hong Kong racing as we enter the next stage of growth. Whether the full benefits can be realised however, will depend on the number of race meetings available. Certainly the

expectation of Owners will be that they should be given the maximum opportunity to run their horses and this will undoubtedly increase pressure to add additional race meetings in the medium term.

With the Conghua Training Centre due to open in the third quarter of 2018, we are now moving ahead with operational arrangements. We have recently strengthened the project management team. We are also well advanced with the relevant protocols for the transport of horses and veterinary medicines across the border and have started training stables staff. It is a complex project, but we are determined to do it well and add yet another success story to the Club.

The Conghua Training Center, together with the increasing involvement of executives in supporting the Club's role as a global leader in racing - notably through its operation of the Secretariat of the Asian Racing Federation and its leading role in the International Federation of Horse Racing Authorities - has led to an increase in the scope and complexity of the Racing Division. To fulfil its international duty, to meet the requests for advice from other racing authorities, including from the China Equestrian Association and the China Horseracing Industry Association to support the development of the sport of horse racing in China, and also to focus on the development of the Conghua Training Centre, the Division will be formed into the Racing Business and Operations Division and the Racing Authority Division. The Racing Authority Division will be responsible for Racing Administration, Racing Control - including the Racing Laboratory, the Racing Development Board, the Asian Racing Federation Secretariat and IFHA activities led by the Club. The Racing Business Operations Division will be responsible for the racing operations of the Club, including the development of the Conghua Training Centre and the Racecourse Master Plan.

Everything I have described so far demonstrates the strong commitment the Club has to building the strength of its racing and sporting entertainment so as to ensure a sustainable future for its community support. Nonetheless there remains one very significant threat to all of this: illegal gambling. Increasingly facilitated by mobile and online technology, illegal and unauthorised gambling operators turnover an estimated HK\$100 billion dollars a year, resulting in a loss of some HK\$12 billion in community

funding. And as we know only too well, illegal betting is also frequently associated with problem gambling and criminality.

The Government's approach has always been to provide for gambling demand through regulated and responsibly managed gambling channels such as those operated by the Club. It was in response to the rampant growth of illegal football gambling, for example, that the Government introduced regulated football betting in 2003. There is, however, growing evidence of substantial betting taking place on various types of sports, especially basketball, where there is as yet no legal channel available. The experience of illegal football betting, which grew exponentially in the 1990s, suggests it is better to start addressing the problem sooner rather than later, and certainly well before illegal operators become further entrenched. In view of this it is perhaps timely to start investigating the nature of the problem, the scale of illegal activity and the most appropriate means of dealing with it.

In closing my report I would like to say it has been a privilege to serve the Club during this special Anniversary year. My sincere thanks to the Board of Stewards for their support and guidance, most especially our Chairman Dr Simon S O Ip. And my deepest appreciation for the excellent performance of our management team and employees, who have worked so hard to make this year such a memorable one for the Club and for the Hong Kong community.

Winfried Engelbrecht-Bresges

Chief Executive Officer

24 July 2015

追求全球卓越成就 旨在加強回饋社會

一百三十週年誌慶 輝煌佳績屢創紀錄

馬會去年在各方面均表現卓越。我們的一百三十週年慶祝活動成績斐然，如為馬會的賽馬成就及多年來的社會服務響亮喝采。馬會的賽馬、足球及獎券投注額再次打破紀錄，達一千九百一十四億三千萬港元，為庫房帶來二百億五千萬博彩稅及其他稅項，創下歷史新高。至於慈善信託基金的捐款今年已連續第二年超過三十億港元，達創紀錄的三十八億七千萬港元，資助項目達一百八十九個。

此等出色表現，建基於我們成功的世界級賽馬業務。全賴馬主的支持及我們持續增加賽事獎金以鼓勵馬主投放資源，本港良駒已打入全球最佳賽駒之列。今年在香港舉辦的十場國際一級賽中，本地佳駒勇奪其中九項冠軍，並四捷於海外國際一級賽，當中兩項賽事更是首次由本港馬匹奪標。「好好計」於聖雅尼塔短途錦標賽掄元，成為首匹在美國贏馬的香港賽駒；其後，「友瑩格」勝出日本高松宮紀念賽，不但為香港首次贏得此賽，更成為歷來首匹勝出此賽的海外賽駒。

二〇一四年浪琴表世界馬匹年終排名中，二十三匹本港良駒榜上有名，打破以往最多共二十一匹的紀錄，印證本港馬匹水準優良；其中一匹上榜佳駒「步步友」以一百二十七分並列第三。值得一提的是，在該年終排名榜上，評分一百二十分以上的六十一匹賽駒中，有七匹來自本港，約佔百分之十二。本港只有一千二百匹受訓賽駒，卻取得如此佳績，表現實在卓越。

此外，六項於二〇一四年在香港舉行的國際一級賽，悉數名列全球百大一級賽排名榜，其中四項更位列前二十五名。隨着馬會現已增加四項國際一級賽，加上本港佳駒輩出，來年上榜賽事數目勢必上升。

馬會致力舉辦世界級賽馬，目的不僅在取得體育事務上的成功，而且希望更好地發展及維持我們的業務，從而確保馬會可以維持甚至增加稅款及慈善捐款。本年度財務表現卓越，整季賽馬投注總額達一千零七十九億三千萬港元，較去年上升百分之五點八，亦是歷來第二次打破一千億大關；整季純利則較去季上升百分之三點九，達四十五億一千萬港元，創下十七個賽季以來最佳成績。

更令人鼓舞的是，我們的世界級賽馬產品在海外大受歡迎，為我們帶來一定收入，多年耕耘終於開始有所收成。我們越洋轉播本港賽事至其他賽馬地區，以及匯合彩池讓海外馬迷投注本港彩池；相比去年，此等業務的投注額於本財政年度已顯著上升至

二十四億九千萬港元，如按馬季計算，投注額更已達到二十六億四千多萬港元；匯合彩池今年已擴展至九個海外地區，營運夥伴亦增至十一個。凡此皆顯示出本港賽事的頂級質素及競爭力、馬會彩池的優勢及馬會的高度誠信，帶動了海外馬迷對本港賽馬的濃厚興趣。建基於上述佳績，我們更需要把握契機，檢討及放寬目前限制越洋轉播賽事發展的種種規限，因為在現行制度下，不少海外頂級賽事未能在本港轉播，令本港馬迷白白錯失欣賞賽事的機會。體育運動已邁向全球化發展，限制賽事轉播已經不合時宜，並須作出檢討及放寬。

馬會的足智彩業務去年再創紀錄，足球投注額上升百分之二十六，至七百八十二億五千萬港元，繳納稅款達五十五億九千萬港元，撥歸馬會的總額與此相若。去年足智彩錄得高投注額，其中一個原因是世界盃賽事的舉行。足球投注額呈持續上升趨勢，顯示我們成功把投注需求帶回合法博彩渠道。

此外，去年錄得溫和升幅的六合彩投注額，今年卻輕微下跌百分之一點六至七十七億八千萬港元；此等波幅主要取決於每季多寶及金多寶攪珠數目的多寡。然而，六合彩仍然是社區項目的主要資金來源，帶來十九億五千萬港元稅款及透過獎券基金撥捐十一億七千萬港元予慈善項目。

除了專注發展世界級賽馬外，馬會同樣關注顧客的需要。透過詳細分析不同客戶的喜好及需要，我們年內進一步全方位加強力度執行以客為本這方針。

我們投資六十三億港元的馬場發展大綱已踏入第七年，包括成功將賽馬塑造為社交及時尚生活娛樂體驗的「Happy Wednesday」品牌活動，為沙田及跑馬地馬場重新定位。我們已經翻新現有並新增多項馬場設施，以回應馬迷的不同需要；季內，跑馬地及沙田共有十項全新或翻新設施開幕，來季更陸續有來。此等優質設施，加上我們賦競爭力的賽馬業務、主題賽馬活動、香港國際賽事等主要賽馬日，以及「步步友」、「友瑩格」、「威爾頓」、「好好計」和「花月春風」等星級賽駒的魅力，令本港今年入場人數上升至二百零七萬人次，創下十二年來新高。

科技是馬會的核心優勢，能加強我們與顧客的連繫，特別是日常生活經常使用流動裝置的新一代顧客。

季內，馬會於流行網上社交平台「微信」推出「香港馬場」流動應用程式，方便馬迷掌握賽事資料，並擴展圖文並茂的「Racing Touch」流動賽馬應用程式至Android裝置；而全新「HKJC TV Football」流動平台，則方便球迷欣賞直播賽事，並掌握最新入球資料及賠率。

科技亦助我們優化產品種類。去季，我們運用為高速證券交易而開發的科技，重新推出以往大受歡迎的四重彩彩池，成為全球首個運用此先進賠率計算科技的賽馬機構。有關技術可為彩池內的不同組合即時計算出實時賠率及派彩資訊，助顧客掌握四重彩彩池資料。今季，我們進一步運用有關技術，推出四重彩及四連環合併彩池，為顧客提供一個附有較大和穩定彩池的投注產品，令四重彩及四連環的投注額大幅上升。

至於會員事務方面，除多項馬場新增及翻新設施外，馬會亦大力投資會所翻新工程，特別是跑馬地會所擴建工程，有關的籌備工作即將完成。是項工程完成後，勢能鞏固馬會作為亞洲最佳會所之一的地位。

如前所述，我們致力提升本港賽馬及體育娛樂的質素，最終目的只有一個，就是維持及繼續加強我們對社會的貢獻。馬會慈善信託基金的捐款去年已打破紀錄，今年又再創新高，達三十八億七千萬港元，是二〇〇七/〇八年的十億五千萬港元的三倍多，足證我們的努力，得到成果。全賴我們亮麗的業績，慈善信託基金於今年落實重要策略，重點回應社會三方面的需要(青年發展、長者照顧及運動項目)，同時繼續支持現有慈善項目及夥伴。首個青年發展項目經已展開，名為「賽馬會鼓掌・創你程計劃」，由基金撥款五億港元推行，可協助二十萬名青少年發展事業及規劃人生；其他項目將接踵而來。

為了繼續努力為社會謀福祉，馬會須非常專注於維持良好業績，不僅着眼短期表現，而且講求長遠發展。我們明白，現時的市場環境競爭激烈，瞬息萬變，馬會絕對不能固步自封，必須努力不懈滿足顧客需求，故我們亦大幅增撥資源予科技及設施，務求拓展馬會的優勢，為我們進一步持續發展作好準備。

除馬場發展大綱外，此等投資包括一項超過二十億港元的項目，開發新一代的客戶資料及投注系統。運用馬會的科技優勢，新系統將有助馬會更快速地回應市場

需求及加強馬會打擊非法博彩的能力。系統的開發工作大部分在全新的沙田通訊及科技中心進行。中心設有先進設施，包括核心資訊科技系統、全新廣播及電視錄影廠，以及電話投注中心和客務中心，為員工提供極佳的工作環境。

馬會日後的發展，緊繫位處廣州的從化訓練中心。現時，申請馬匹許可證的輪候時間約需五年，中心除可滿足會員的養馬需求外，也同時可增加本港賽駒的數目。實際上，沙田馬房只有一千二百匹賽駒，但本港賽馬已取得如此佳績；中心的先進訓練設施啟用後，將可容納更多本港賽駒，為本港馬壇提供更新更佳發展平台，再闢另一階段。然而，我們能否盡用中心所帶來的優勢，將取決於賽馬日的數目。中心啟用勢必增加本港賽駒數目，而馬主當然期望愛駒能盡量爭取機會出賽，就本港賽馬的中期發展而言，倘不增加賽馬日，實在難以滿足他們的需求。

從化訓練中心預計於二〇一八年第三季啟用，現時正為相關營運作出安排。我們最近已壯大項目管理團隊，並已開始訓練馬房員工，而相關跨境馬匹運送及獸醫系統的建立亦取得相當進展。從化訓練中心是大型複雜項目，但我們決心做到最好，為馬會寫下另一成功故事。

從化訓練中心計劃，加上馬會管理層透過參與「亞洲賽馬聯盟」秘書處的營運及擔任「國際賽馬組織聯盟」的重要職務，強化馬會作為全球馬壇領導機構的角色，亦令賽馬事務部需要處理更為廣泛及複雜的事務。為履行相關國際責任，並向其他賽馬組織，包括中國馬術協會及中國馬業協會，提供所需意見，以支持中國賽馬運動的發展，同時專注發展從化訓練中心，賽馬事務處將重整為賽馬業務及營運部，以及賽事規管及發展部。前者將負責監督馬會的賽馬營運業務，包括從化訓練中心及馬場發展大綱的發展，而後者則下設賽馬行政部及賽事管制部，負責管理賽事化驗所、賽事培訓發展委員會及由馬會處理的「亞洲賽馬聯盟」和「國際賽馬組織聯盟」事務。

綜合以上所述，馬會各方面的努力均為確保本港的世界頂級賽馬娛樂事業能夠持續發展，保障本港慈善及社區項目得到充足的發展資源。不過，我們仍然備受非

法及外圍賭博的嚴重威脅，隨着流動及網上科技日益發展，非法及外圍賭博集團的投注額估計每年高達一千億港元，令本港每年損失約一百二十億港元的社會資源。不但如此，非法賭博更牽涉問題賭博及非法活動，禍害社會。

一直以來，政府的策略是透過受規管及有節制的博彩渠道，包括授權馬會提供博彩服務，滿足市民的博彩需求；鑑於非法足球博彩日益猖獗，政府遂於二〇〇三年推出規範化足球博彩，此乃其中一例。可是，越來越多證據顯示，仍未推出合法博彩渠道的多種體育項目，尤其是籃球賽事，涉及大量非法賭博活動。事實上，非法的足球賭博問題於一九九〇年代已急劇惡化，汲取足球博彩規範化的經驗，在非法體育賭博進一步在本港擴張之前，我們便應盡早着手處理此問題，防患於未然。因此，現在大概是適當時機，開始研究有關非法活動的性質、規模及最佳應付方法。

我能夠在馬會特別誌慶之年，服務馬會，實在深感榮幸。我衷心感謝董事局，特別是主席葉錫安博士過往一年的支持及指導。我亦非常感謝馬會管理委員會同仁及全體員工，全賴他們的努力及卓越表現，馬會一百三十週年誌慶才能成為馬會及本港社會值得紀念的一年。

行政總裁 應家柏

二〇一五年七月二十四日