

CHIEF EXECUTIVE OFFICER'S STATEMENT

行政總裁報告



This season has seen another record performance by the Club, with total turnover reaching a new high of HK\$218.2 billion. Racing achieved a record turnover of HK\$117.4 billion, up 10.7% for the full season, generating gross margin, commingling and simulcast royalty income of HK\$18.3 billion, up 8.5%. Total net margin retained by the Club, plus commingling and simulcast royalty income, was up 9.3% to HK\$5.2 billion. Of this, HK\$4.77 billion was derived from local racing turnover, which was up 7.2% on last season. Football also set a new record, with turnover up 6.8% to HK\$92.7 billion, yielding a gross margin of HK\$12.5 billion, with the Club retaining HK\$6.2 billion. Only the Mark Six lottery saw a decline, with turnover down 6.2% to HK\$8.0 billion. The Club's operating surplus after tax was HK\$4.2 billion, while donations from the Club to the Charities Trust were a record HK\$7.4 billion.

馬會今季表現再創高峰，總投注額達破紀錄的2,182億港元。全季賽馬投注額上升10.7%，刷新紀錄達1,174億港元，帶來的賽馬毛利、匯合彩池及越洋轉播專利權收益共上升8.5%，至183億港元。馬會保留的純利總額，連同匯合彩池及越洋轉播專利權收益上升9.3%，至52億港元，當中47億7,000萬港元來自本地賽馬投注；本地賽馬投注額較去季上升7.2%。足球業務同樣刷新紀錄，投注額上升6.8%，至927億港元，毛利達125億港元，當中馬會保留的金額為62億港元。唯一收入下跌的業務是六合彩獎券，投注額減少6.2%，至80億港元。馬會扣除稅項後的經營盈餘為42億港元，而馬會對馬會慈善信託基金的捐款則達74億港元，創出新紀錄。

All of this enabled the Club to make another record return to the community. Betting duty and profits tax for the financial year were HK\$21.7 billion, including HK\$13.0 billion in horse race betting duty, HK\$6.2 billion in football betting duty and HK\$2.0 billion in lottery duty. Charity and community donations by the Charities Trust also set a new record, with HK\$4.1 billion donated to 215 charitable and community projects and a special donation of HK\$3.5 billion for the construction of the Hong Kong Palace Museum in celebration of the 20th Anniversary of the Hong Kong SAR. Total charity donations were HK\$7.6 billion. Lotteries Fund contributions were HK\$1.2 billion. In total, the Club's community return in 2016/17 was a record HK\$30.5 billion.

WORLD-CLASS RACING AND ENTERTAINMENT

These results reflect the success of the Club's integrated business model and of the core values that underpin it. They are also the result of a long-term strategy, which started twenty years ago, to position Hong Kong as a centre of world-class racing. Essential to this strategy has been a significant increase in prize money, which has incentivised owners to invest in quality horses and attracted top horses from overseas to compete in Hong Kong's international races. In the same way, and also through the improving quality of racing, the Club has recruited and developed top trainers, jockeys and racing professionals. Next season will see a further increase in prize money to HK\$1.16 billion, with Hong Kong home to the world's richest Group 1 races on turf at 2000m, 1600m and 1200m.

The success of this strategy is manifest in the transformation that has taken place in the quality of our racing. Consider that in 1997 no Hong Kong horses featured in the world rankings and none of our races were rated at the highest international Group 1 level. Yet by 2014, and again in 2015, we had 23 horses in the world rankings. This season, we had a record 26, or 8% of the global total. As for our races, we now have 11 international Group 1s, all of which feature in the 2016 World's Top 100 Group 1 races. Of these, nine, that is 18%, were in the top 50, while two were in the top 20. Meanwhile, the LONGINES Hong Kong Sprint was the world's highest rated sprint race in 2016. All of this has been achieved in the absence of a breeding industry and despite Hong Kong having just 0.7% of the world's horses in training and 0.6% of the world's races.

歸功於上述業績，馬會得以回饋社會的金額再創紀錄。本財政年度，馬會繳納的博彩稅及利得稅達217億港元，當中包括130億港元賽馬博彩稅、62億港元足球博彩稅及20億港元獎券博彩稅。馬會慈善信託基金作出的慈善及社區捐款亦創下新高，其中41億港元撥捐予215個慈善及社區項目；另外，為慶祝香港特區成立20週年，馬會慈善信託基金撥出35億港元特別捐款，支持興建「香港故宮文化博物館」，慈善捐款總額為76億港元。獎券基金撥款為12億港元。於2016/17年度，馬會回饋社會合共達305億港元，創下歷年新高。

世界級賽馬及娛樂

上述業績印證了馬會綜合營運模式及其背後核心價值的成功，此外，亦必須歸功於20年前訂立的長遠策略，將香港發展成為世界級賽馬中心。要實現此項長遠策略，務必大幅增加獎金，激勵馬主投資優質賽駒，並吸引海外佳駒來港參加國際賽事。除增加獎金外，馬會同時透過提升賽馬水平，吸納及培訓出頂級練馬師、騎師及賽馬專才。來季獎金將進一步提升至11億6,000萬港元，而全球最高獎金的2000米、1600米及1200米草地一級賽均在香港舉行。

上述策略的成功，正反映了香港賽馬質素的成功蛻變。回溯至1997年，未有一匹香港賽駒可登上世界馬匹排名榜，也未有香港賽事能達到國際一級水平。至2014年，已有23匹香港訓練的賽駒打入世界馬匹排名榜，至2015年保持相同紀錄。今季，數目更創下新紀錄，共有26匹香港賽駒列入世界馬匹年終排名榜，佔全球上榜賽駒8%。香港現舉辦11項國際一級賽，全數名列於2016年全球百大一級賽年終排名榜，當中九項賽事更位列全球50大，佔18%席位，其中兩項更位列全球20大，而浪琴表香港短途錦標被評為2016年全球最高排名的短途賽事。以上輝煌成績，均在香港缺乏育馬產業及本地現役賽駒及賽事數目分別僅佔全球0.7%及0.6%的前題下達成，特別難能可貴。

This exposure to the best in world racing means that Hong Kong fans are increasingly following overseas racing. This is partly because more Hong Kong horses are racing abroad, but it is also because fans are keen to follow the fortunes of overseas horses, particularly if they have participated in Hong Kong's international races. This is all part of the globalisation of racing as a sport. In this respect, the addition of eight simulcast days this season was especially welcomed by our fans. Not only were they able to watch such big-name overseas stars, and Sha Tin visitors, as *Highland Reel* and *Satono Crown* competing in major races overseas, but they were also able to see Hong Kong's own *Super Jockey* ride to victory in the inaugural Korea Sprint. In total, simulcast races generated HK\$3.5 billion in turnover this season, with additional simulcast days being responsible for HK\$1.1 billion.

Even more significant this season has been the huge and growing interest in Hong Kong racing overseas. Hong Kong races are now broadcast live around the world, while commingling, under which overseas fans bet on Hong Kong races with overseas partners, saw turnover increase 87.1% to HK\$6.5 billion this season, representing 5.5% of total racing turnover. All of this contributed to the Club's record performance, with the prospect of further growth to come.

It must be stressed that commingling would not have been possible without the Club's long-term commitment to world-class racing, with overseas fans attracted by the competitiveness and quality of our racing, the depth of our wagering pools, the comprehensiveness of our racing information and by our reputation for the highest standards of integrity. Having made a strategic investment to achieve world-class racing, the Club is now harvesting the benefits.

The last ten years has seen a similar transformation of the customer experience. Through a rigorous customer-centric strategy the Club has created a racecourse and wagering experience that matches the differentiated needs of targeted customer segments. This has involved, amongst other initiatives, a HK\$6.7 billion investment to revitalise the racecourses, the implementation of dedicated customer relationship management programmes, and the roll out of new digital products and applications, in particular to meet the needs of young adult customers.

香港賽馬登上國際舞台，一方面讓更多香港賽駒能夠參與海外賽事，另一方面也勾起本地馬迷追蹤海外佳駒表現的興趣，當中曾參加香港國際賽事的海外賽駒特別受本地馬迷注目，致使香港馬迷對海外賽事興趣日漸濃厚，推動賽馬運動全球化。正因如此，今季新增八個越洋轉播賽日尤其受到本地馬迷歡迎。有關安排令他們能夠透過越洋轉播，欣賞曾到訪沙田的海外星級佳駒如「高地之舞」及「里見皇冠」等出戰海外大賽，又能一睹「積多福」成為歷來首匹奪得韓國短途錦標的香港佳駒。今季，越洋轉播賽事總投注額達35億港元，當中11億港元來自新增的越洋轉播賽日。

今季更重要的發展，是海外馬迷對香港賽事興趣越見濃厚。現時，香港賽事現場轉播至全球各地，而匯合彩池讓海外馬迷能夠透過馬會海外夥伴投注於香港賽事，今季匯合彩池投注額上升87.1%至65億港元，佔總投注額5.5%。基於上述種種，馬會業績得以再創紀錄，並有望日後進一步增長。

必須強調的是，若非馬會致力長遠發展世界級賽馬，舉辦具競爭力的高水平賽事、提供具規模的投注彩池及優質賽事資料，以及維持最高誠信，從而吸引海外馬迷，匯合彩池勢不可行。馬會以往作出策略性投資，成就世界級賽馬，現已步入收成期。

過去十年，顧客體驗同樣日益精彩。馬會訂下了以客為尊的嚴謹策略，提供各式各樣的馬場及投注體驗，以滿足不同目標客戶群的需求。相關措施包括投資67億港元活化兩個馬場、推行專屬的顧客關係管理計劃，以及為回應較年輕成人顧客需要而推出的嶄新數碼產品及應用程式。

A key component of this customer-centric approach has been the creation of distinct brand personalities for each racecourse. Sha Tin is now the recognised home for all our top group races, while Happy Valley, through its Happy Wednesday brand, has become the city's most popular mid-week entertainment hot-spot and a major tourist attraction. Total racecourse attendance this season was over two million for the fifth successive year, including a record-breaking 100,000 for the LONGINES Hong Kong International Races.

FOOTBALL BETTING

While the rising quality of our racing has been the great success story of the last twenty years, football betting has made a very significant contribution ever since the Club was authorised to provide a legal channel in 2003.

This has involved a considerable and ongoing investment in technology, including the development of new wagering and information applications and of a sophisticated risk management system. Our success has enabled the Club to generate consistently high returns to the community. As already noted, this year's record turnover of HK\$92.7 billion saw the Club return HK\$6.2 billion in tax. It also contributed significantly to our record charity donations.

SERVING THE COMMUNITY

As the Chairman has stated, our purpose as a world-class racing club is to contribute for the betterment of our society. And through the success of our business operations we are now contributing very substantially, with tax payments nearly double those of ten years ago, while our regular charity donations have almost quadrupled.

These resources have enabled the Charities Trust to take a more long-term and strategic approach, including through implementing Trust Initiated Projects in collaboration with cross-sector partners. In particular, it is focusing on four strategic areas, namely youth; the elderly; sports; and arts, culture and heritage. Initiatives are underway in all four areas. This year, for example, saw the launch of CoolThink@JC, which seeks to inspire the digital creativity of schoolchildren, and of JC JoyAge, which is helping to address the mental wellness needs of the elderly. In sports, a series of "Sports for All" programmes is introducing accessible sporting activities into schools and the wider community, while in the area of arts and heritage, the restoration and revitalisation of the Central Police Station compound is nearing completion.

其中一個體現馬會以客為尊的重要項目，是為兩個馬場塑造出各自的獨特品牌定位。馬會舉辦的頂尖分級賽，悉數在沙田上演，而跑馬地則憑藉「Happy Wednesday」品牌活動，成為了最受歡迎的週中娛樂好去處及旅遊熱點。今季，兩個馬場的總入場人數連續五年超過200萬人次，當中浪琴表香港國際賽事更吸引了十萬人入場，創下歷年紀錄。

足球投注

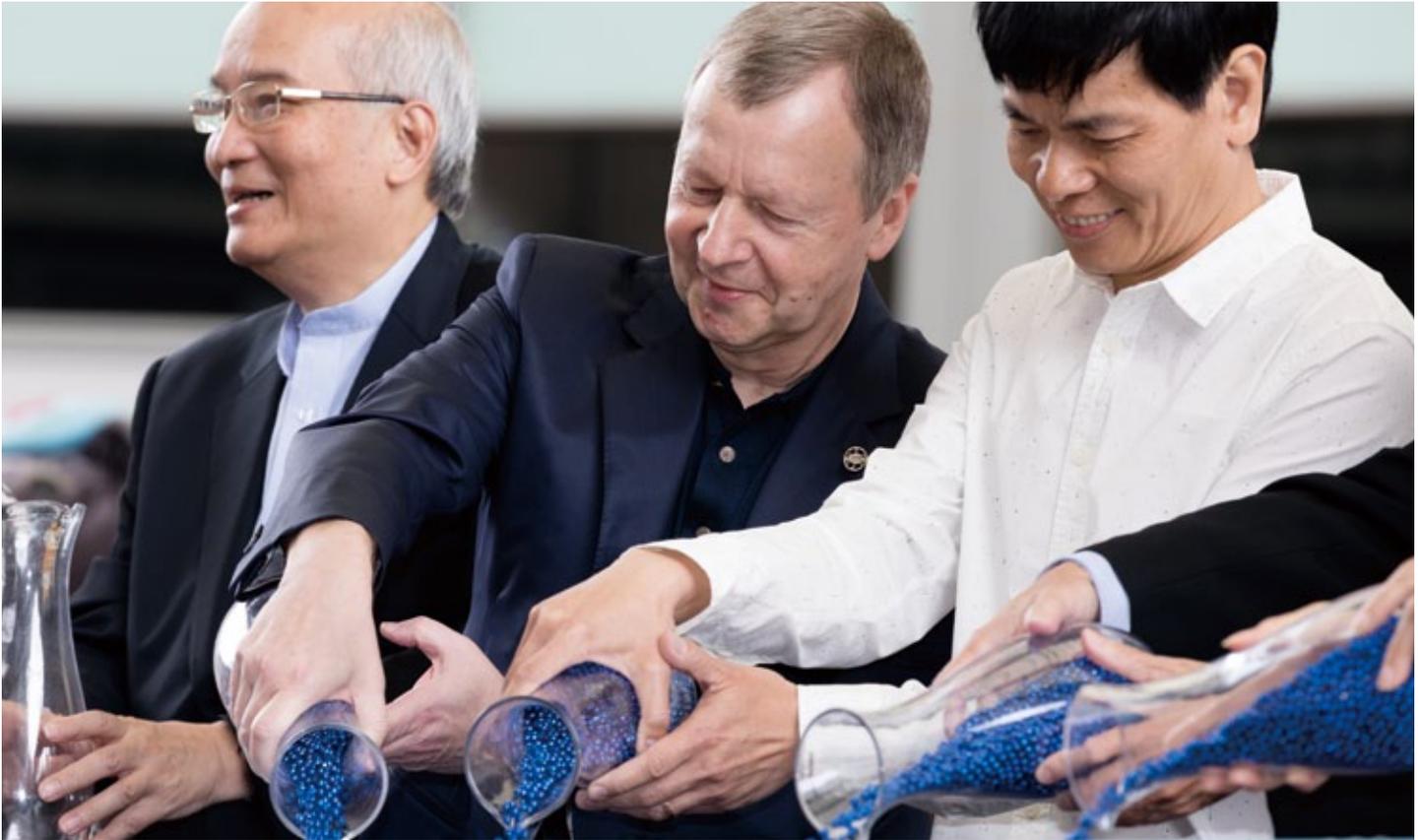
馬會賽馬水平於過往20年不斷提升，是我們一大成就，但與此同時，馬會自2003年獲授權營運合法足球博彩渠道以來，足智彩的貢獻同樣重要。

足智彩能作出重大貢獻，是由於我們持續大量投資於科技，包括開發新的投注及資訊應用程式和精密的風險管理系統。足智彩的成功，令我們可以持續穩定地為社會帶來可觀回報。誠如以上所述，今年的足球投注額達破紀錄的927億港元，繳納的稅款達62億港元，令慈善捐款也刷新紀錄。

服務社群

誠如主席所言，我們致力成為世界級賽馬機構，旨在為建設更美好社會作出貢獻。有賴我們的業務營運取得佳績，馬會得以更大力貢獻社會，現時所繳稅款接近十年前的一倍，而定期慈善捐款更接近四倍。

馬會的資源，令馬會慈善信託基金得以採取更長遠及更具策略性的方向，包括與不同界別夥伴合作推行基金先導項目。馬會現正重點推動四大策略範疇，分別是「啟發青年」、「長者安老」、「普及體育」及「藝文共享」，並已就每個範疇推出相關項目，例如今年推出的「賽馬會運算思維教育」及「賽馬會樂齡同行計劃」，前者旨在啟發學生的數碼創意，而後者則提升長者的精神健康。體育項目方面，馬會推出了一系列的「動歷全城」活動，於學校及社區推廣簡單方便的體育活動；至於古蹟藝術方面，中區警署建築群活化計劃工程經已接近完成。



This focus on these four strategic areas does not, however, mean that there has been any diminution in the Club's support for other areas of community need. Notably, this year saw the Trust donate HK\$1.24 billion to The University of Hong Kong to establish the Centre for Clinical Innovation and Discovery and the Institute of Cancer Care at the to be redeveloped Grantham Hospital.

Drawing on its sporting and event management expertise, the Club is also reaching out to the community in other ways. Working in partnership with Manchester United and the Hong Kong Football Association, it has pioneered the use of football as a means to help young people develop themselves physically, mentally and socially. A total of 2,700 students, teachers and coaches from 68 schools have benefited to date. And building on the legacy of the equestrian events of the Beijing 2008 Olympic and Paralympic Games, which were staged in Hong Kong with Club support, the Club is actively promoting equestrian sport, including through establishing the HKJC Equestrian Team. Riders are currently preparing for the upcoming China National Games, while Paralympic riders will benefit from Club support ahead of the Tokyo Paralympics in 2022.

馬會雖然重點推動四大策略範疇，但卻並沒有減少對社會其他範疇的支持，例如基金今年撥捐12億4,000萬港元予香港大學，於重建後的葛量洪醫院，設立臨床創新及研發中心和癌症綜合關護研究所(暫名)。

馬會亦善用其體育及項目管理專業知識，以其他方式連結社區。馬會與曼聯及香港足球總會合作，率先運用足球培訓幫助年輕人提升體能、心智及社交發展；計劃至今已惠及來自68間學校合共2,700名學生、老師及教練。在馬會支持下，北京2008年奧運會及殘疾人奧運會馬術比賽在香港舉行，為承傳馬術發展，馬會積極推廣馬術運動，包括成立香港賽馬會馬術隊。馬術隊成員正備戰即將舉行的中國全國運動會，而馬會亦將支持殘奧騎手出戰東京2022年殘疾人奧運會。

MOVING AHEAD

To sustain the success of the Club's integrated model, and its commitment to the betterment of society, the Club must continue investing in its world-class racing product. This means we need to keep increasing prize money, both to incentivise horse owners and to maintain the attractiveness of our international races for overseas horses. To provide owners with more choice, the Club is currently supporting efforts to open up the South African market for direct export to major jurisdictions.

Equally important is the new state-of-the-art Conghua Training Centre in Guangdong, which is making good progress and is targeted to open in the third quarter of 2018. With its world-class veterinary clinic and dedicated training, spelling and rehabilitation facilities, Conghua will complement the training centre in Sha Tin, which is now 40 years old and requires a significant investment of some HK\$1.5 billion to address its asset health needs. As such, Conghua will enable the Club to import even more quality horses, especially colts, which will help further elevate the standard of Hong Kong racing.

The Club will likewise continue to invest in improving the customer experience. Our racecourse revitalisation will continue, with another HK\$1 billion earmarked to complete phase four. We are also investing over HK\$4 billion over the next five years in our technology. This includes the ongoing redevelopment of our customer information and wagering system, the first module of which will go live in 2018. To ensure that we can maintain service reliability for customers who are increasingly moving away from cash and telephone channels to digital services, we also need to invest in a new IT operations centre.

To ensure a healthy membership, committed to upholding the Club's values and to supporting our racing through horse ownership, Jockey Club Membership Services Limited is currently building an extension at Happy Valley Clubhouse, which together with existing facilities will be known as The Hilltop in the Valley. As mentioned by the Chairman, we have made good progress this year, with the foundations now complete. The target opening date is 2020.

In making these investments in our future, we are very aware of the threat posed by unauthorised overseas operators and illegal bookmakers, who increasingly operate internationally. Using the Internet and digital technology to target Hong Kong citizens, their activities, especially in combination with junket operators, are having a strong negative impact on our society in terms of problem gambling and the funding of criminal activity. This is quite apart from the loss of tax revenue to the Government and charity donations to the community.

邁步向前

為確保馬會的綜合營運模式得以持續穩健發展，從而繼續建設更美好社會，馬會必須繼續投資於世界級賽馬產品。因此，我們需要繼續增加賽事獎金，務求激勵馬主投資優質賽駒，同時繼續吸引海外佳駒來港競逐國際賽事。此外，馬會正協助南非開放市場，令其可直接向主要賽馬地區輸出馬匹，為馬主提供更多選擇。

同樣重要的是位於廣東省興建中的全新從化馬匹訓練中心，項目工程進度良好，預期於2018年第三季啟用。中心設有世界級獸醫診所，並提供一流的馬匹訓練及護理專門設施和放草場地。沙田的訓練場地已有40年歷史，故馬會計劃翻新場內設施，總投資額高達約15億港元。沙田將繼續是香港賽駒的主要訓練基地，輔以從化馬匹訓練中心的設施。因此，從化馬匹訓練中心將有助馬會引入更多優質賽駒，特別是週歲馬，進一步協助提升香港賽事的水平。

同時，馬會將繼續投資多個項目，提升顧客體驗。馬場活化計劃將繼續進行，已撥出額外十億港元指定用於第四期工程。未來五年，我們亦會投資逾40億港元用作科技相關項目，包括持續更新顧客資訊及投注系統，第一期相關工作將於2018年完成。鑑於越來越多以現金及電話投注的顧客改用電子投注服務，我們需投資興建全新的資訊科技中心，以確保持續提供可靠穩定的顧客服務。

我們亦需鞏固馬會會員的質素，確保他們恪守馬會的價值，熱衷於透過投資賽駒支持賽馬發展。為此，賽馬會會員事務有限公司現正進行跑馬地會所擴建工程；會所擴建部分連同現有大樓設施將組成「The Hilltop in the Valley」。誠如主席所述，年內會所擴建工程進展順利，地基工程經已完成，預計於2020年啟用。

我們為未來作出上述投資的同時，亦意識到海外非法賭博集團及外圍莊家窺準全球市場所構成的威脅。它們利用互聯網及電子科技，瞄準香港市場，加上「疊馬仔」活動，對本港社會構成禍害，不但有損政府稅收及社區慈善捐款金額，更會加劇問題賭博及助長犯罪活動。

To tackle the problem, the Club is taking a leading role in co-ordinating the international response. It chairs the Asian Racing Federation's Anti-Illegal Betting Task Force and collaborates with local and international law enforcement agencies, including Interpol. Clearly, however, this is an ongoing battle and we look for support not only across borders but within Hong Kong as we seek to protect our community.

No less serious is the continued expansion of Macau casinos, which are now experiencing substantial growth, especially in their mass segments. In pursuing this growth, casinos and junkets are aggressively targeting Hong Kong residents. The opening of the Hong Kong-Zhuhai-Macau bridge within the next 12-18 months will undoubtedly facilitate their efforts. This expanding activity is likely to result in a loss of tax and charity dollars to the Hong Kong community.

As a final observation, I would like to point out that the Club's significant investments in its world-class racing, and substantial increase in charity donations, have all been funded through improvements in business performance. This has resulted in a significant increase over the last ten years in the Club's operating and financial assets. With a positive business outlook ahead, especially through commingling, and despite an increase in depreciation due to an increase in strategic investments, the Club aims to maintain its strong commitment to the community.

My sincere thanks to the Board of Stewards, most especially our Chairman Dr Simon S O Ip, for their leadership and support. And a special thank you to my colleagues in our management team, and to all our employees, both full-time and part-time, whose passion and dedication has contributed so much to the success of the Club over the past year. Their commitment to "One Club, One Team, One Vision" is an inspiration, and I am deeply thankful for their hard work on behalf of the Club.

Winfried Engelbrecht-Bresges

Chief Executive Officer

26 July 2017

馬會一直在協調世界各國應對非法賭博的議題上擔當領導角色，例如在亞洲賽馬聯盟領導轄下的打擊非法賭博專責小組，並與本地及國際刑警等國際執法機構合作。然而，非法賭博問題並非一朝一夕可以解決，我們除了要加強跨境合作外，亦有賴香港市民的支持，方能減低香港社會受到的威脅。

另一嚴峻問題是澳門賭場業務不斷擴張，尤其是非大戶的一般賭客市場錄得大幅增長。當地賭場及「疊馬仔」集中瞄準香港市場，藉以提高業務增長。港珠澳大橋將於未來12至18個月內啟用，屆時當地賭場及「疊馬仔」活動將更趨活躍，很可能導致香港稅收及社區慈善捐款有所流失。

最後，容我作出總結，馬會之能大力投資世界級賽馬，大幅增加慈善捐款，全然由於業務表現持續改善，令馬會過去十年的營運及財務資產錄得顯著增長。雖然馬會因增加策略性投資而導致折舊開支有所增加，但由於業務前景明朗，特別是匯合彩池的發展，因此，我們將致力維持對社會的貢獻。

我衷心感謝董事局，特別是主席葉錫安博士，過往一年的領導及支持。我亦非常感謝馬會管理委員會同仁的貢獻及全體全職及兼職員工的熱誠及努力，本著「同一馬會、同一團隊、同一目標」的理念，締造今年的佳績。我謹代表馬會向各員工表示衷心謝意。

行政總裁 應家柏

2017年7月26日