

BUSINESS REVIEW

業務概況

香港賽馬會(「馬會」)是致力建設更美好社會的世界級賽馬機構。透過其結合世界級賽馬及馬場娛樂、會員會所、有節制體育博彩及獎券，以及慈善及社區貢獻的綜合營運模式，創造經濟及社會價值。

馬會與其附屬公司(統稱「集團」)是全港最大單一納稅機構，2017/18年度所付稅款合共226億港元，創下歷年新高。馬會透過香港賽馬會慈善信託基金(「信託基金」)，把所得盈餘用以捐助香港慈善及社區計劃。信託基金現時位列全球十大慈善捐助機構，於2017/18年度的捐款達42億港元，惠及222個慈善及社區項目。

集團架構

馬會是一家擔保有限公司，透過其全資擁有附屬公司香港馬會賽馬博彩有限公司、香港馬會足球博彩有限公司和香港馬會獎券有限公司，持有在本港獨家經營和管理賽馬博彩、足球博彩和六合彩獎券的牌照。另一主要附屬公司賽馬會會員事務有限公司，則負責管理馬會會員的交誼及康樂設施。

信託基金是一個公共慈善基金，主要致力資助本港的慈善及社區項目。

主要關係

馬會並無股東，由經選舉產生的董事局管治。各位董事均為義務任職，並且來自各行各業，擁有豐富的商業及社會經驗。

為配合政府政策，確保以受規管及負責任的方式滿足公眾對博彩的需求，馬會除了在港獨家提供所有場內博彩服務外，自1973年起亦獲授權獨家經營場外賽馬博彩服務，並自1975年起獲授權經營六合彩獎券。2003年，為打擊非法足球賭博活動，馬會另獲政府授權提供受規管的足球博彩服務。馬會的賭博牌照由民政事務局長與博彩及獎券事務委員會磋商後發出及監管。

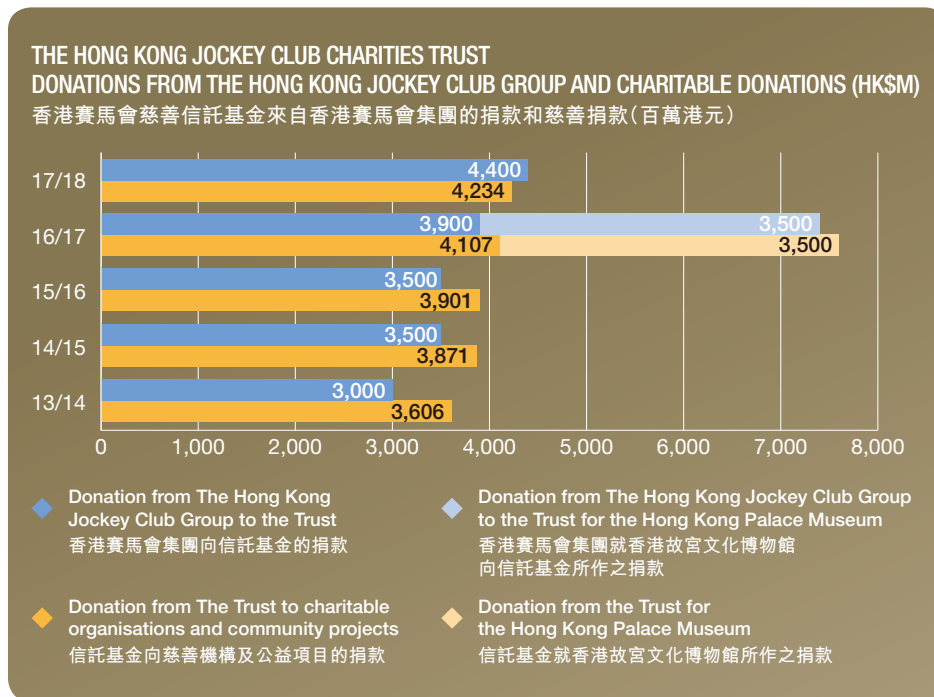
馬會致力提倡有節制博彩，為支持此項政策，馬會與政府、警方、賭博問題關注機構、顧客、員工以至國際組織攜手合作，制訂措施，以防止香港市民過分賭博及參與非法賭博。此外，馬會亦於2003年支持政府成立平和基金；該基金獨立運作，資助相關的預防及補救措施以打擊因賭博而衍生的問題。

鑒於馬會所肩負的角色涵蓋多個範疇，除了是全港最大的體育及博彩娛樂供應機構外，亦是香港稅收及慈善捐款的主要來源，更是著名的會員會所和主要僱主，故此香港大部分市民和機構均可視為馬會的持份者。馬會的主要持份者包括顧客、會員、員工、政府部門、本地社區團體、立法會、各區議會，以及傳媒。通過不同的慈善和社區工作，馬會亦與各個政府及非政府機構有廣泛聯繫。

在國際層面，馬會藉著亞洲賽馬聯盟(擔任主席)、國際賽馬組織聯盟(擔任亞洲區副主席)，以及世界彩票協會(擔任執行委員會成員)的會員身分與業界保持廣泛聯繫。亞洲賽馬聯盟秘書處更設於馬會。藉著參與上述組織，馬會可於制定國際標準、政策和準則時發揮影響力，除了造福業界之外，亦有助本身的業務發展。

The Hong Kong Jockey Club (the “Club”) is a world-class racing club that acts continuously for the betterment of our society. Through its integrated business model of world-class racing and racecourse entertainment, membership club, responsible sports wagering and lottery, and charity and community contribution, the Club generates economic and social value for the community.

The Club, together with its subsidiaries (collectively the “Group”), is Hong Kong’s largest single taxpayer, contributing a record HK\$22.6 billion in 2017/18. The Club allocates its surplus funds to charitable and community projects via The Hong Kong Jockey Club Charities Trust (the “Trust”), which is one of the world’s top ten providers of charity funding. In 2017/18, the Trust donated HK\$4.2 billion to 222 charitable and community projects.



GROUP STRUCTURE

The Club is a company with liability limited by guarantee. Through its wholly owned subsidiaries, HKJC Horse Race Betting Limited, HKJC Football Betting Limited and HKJC Lotteries Limited, the Club holds the sole licences for the operation and management of Hong Kong’s horse race betting, football betting and Mark Six lottery. The Jockey Club Membership Services Limited, another principal subsidiary, manages Members’ social and recreational facilities.

The Trust is a public charity and is primarily engaged in supporting charitable and community projects in Hong Kong.

KEY RELATIONSHIPS

The Club has no shareholders and is governed by an elected Board of Stewards whose members possess a wide cross-section of business and community experience and serve without remuneration.

In line with the Government’s policy of meeting public demand for gambling through a regulated and responsible channel, the Club provides all on-course betting and has been authorised as Hong Kong’s sole provider of off-course betting services on horse racing since 1973. It has been the authorised operator of the Mark Six lottery since 1975. In 2003, to combat illegal betting on football matches, it was further authorised by the Government to provide a regulated football betting service. The Club’s betting licences are issued and overseen by the Home Affairs Bureau in consultation with the Betting and Lotteries Commission.

營運概況

隨著位於廣州市從化區的從化馬匹訓練中心(從化中心)於2018年8月正式開幕，馬會即將進入世界級賽馬新紀元。從化中心設於中國內地首個兼目前唯一的大規模無規定馬屬動物疫病區之內，實施全面的生物安全措施，並制定了規範馬匹往來從化中心與香港之間的守則。該中心為馬主和練馬師提供世界一流的馬房和馬匹訓練與護理設施。配合沙田馬場現有的設施，馬會將實行兩地馬房營運模式，藉此增加競賽馬匹數目，以及進一步提升馬匹的質素與競賽表現。

馬會年內在國際馬壇成就卓越，為香港賽馬勾勒出光明的前景。馬會於2017年所辦的11項國際一級賽中，九項列入全球百大一級賽排名榜。此外，香港共有22匹賽駒名列2017年浪琴表世界馬匹年終排名。

每年十二月舉行，廣被譽為世界草地錦標大賽的浪琴表香港國際賽事，一如以往匯聚了全球各地的頂級賽駒，其中22匹參賽馬為國際一級賽盟主。參照此一成功經驗，馬會今年首辦冠軍賽馬日，將女皇盃、主席短途獎及冠軍一哩賽這三項春季國際一級賽集中於同一天舉行，成為本港另一項國際賽馬盛事。

馬場方面，馬會針對不同顧客群的需要採取相應策略，繼續專注為他們創造世界級賽馬、社交和娛樂體驗。橫跨多年、耗資69億港元的馬場發展大綱，旨在活化兩個馬場，而今季再有四個全新或經翻新的場地啟用。與此同時，跑馬地馬場繼續成為訪港旅客必到景點之一。今季兩個馬場的總入場人數連續第六季達逾二百萬人。

馬會在投注與資訊科技的領域是世界翹楚。年內，馬會進一步加強HKJC TV流動應用程式的功能，並推出「網上HKJC客戶中心」，讓戶口持有人能管理戶口和「優越」計劃資料。馬會研發全新顧客資訊與投注系統亦取得良好進展，所有投注客戶資料均已順利遷移至新系統，以待新系統全面運作時，大大加強馬會支援新產品和服務的能力。

馬會今季的賽馬投注總額達1,243億港元，與上季相比，上升了5.8%，而馬會向政府繳納的賽馬博彩稅達131億港元。

匯合彩池業務對賽馬投注額貢獻不少。全季的匯合彩池投注額達165億7,700萬港元，與去年相比，上升了超逾一倍，佔全季賽馬投注總額13.3%。馬會目前共有38個匯合彩池海外合作夥伴，較上季的34個有所增加。另一重要發展是，馬會明年將首次為海外賽馬日提供匯合彩池服務，開辦「雅士谷全球匯合彩池」。屆時，在英國經由AscotBet及Totepool作出的投注，將會匯入馬會就著名的皇家雅士谷賽期五天賽事所設立的彩池。這項安排進一步確立香港成為全球匯合彩池中心的地位。

為打擊非法及離岸莊家，以及防止本屬於香港社會的投注金額被蠶食，政府於2003年授權馬會提供足球博彩服務。時至今日，馬會已成為全球其中一家最大且最成功的體育博彩經營機構，為香港社會帶來龐大的稅款和慈善捐款。

The Club advocates responsible gambling. To this end, the Club engages with the Government, police, gambling care agencies, customers, employees and international organisations to establish measures to protect Hong Kong people from excessive and illegal gambling. In 2003, the Club supported the Government's establishment of the Ping Wo Fund, an independent body which finances preventive and remedial measures to address gambling-related problems.

The Club's wide-ranging role as Hong Kong's largest provider of sporting and wagering entertainment, major source of tax and charity funding, prestigious membership club and significant employer, means that most individuals and organisations in Hong Kong can be considered as the Club's stakeholders. The major stakeholder groups include the Club's customers, members, employees, Government departments, local community bodies, the Legislative Council, District Councils and the media. It also has extensive relationships with various governmental and non-governmental bodies through its charity and community work.

Internationally the Club maintains wide-ranging industry connections through its membership of the Asian Racing Federation (Chairman), International Federation of Horseracing Authorities (Vice-Chairman, Asia), and World Lottery Association (Member, Executive Committee) amongst others. The Club also hosts the Secretariat of the Asian Racing Federation. Through participation in these bodies, the Club is able to shape international standards, policies and protocols for the benefit of the industry and in support of its own business development.

OPERATIONAL REVIEW

With the opening in August 2018 of the new Conghua Training Centre (CTC) in the Conghua district of Guangzhou, the Club is set for a new era of world-class racing. Located inside the Chinese mainland's first and currently only large-scale equine disease-free zone, CTC has full biosecurity measures, while protocols have been established to enable horses to move between Conghua and Hong Kong. CTC provides owners and trainers with state-of-the-art stabling, training and horse-care facilities. Together with the existing facilities at Sha Tin, it operates as part of a dual-site model and will enable the Club to expand its population of horses and further develop their quality and performance.

The excellent prospects ahead for Hong Kong racing were further underlined by the Club's international success this year. Nine of the Club's 11 international Group 1 races contested in 2017 featured in the World's Top 100 Group 1 Races, while 22 Hong Kong horses were included in the 2017 LONGINES World's Best Racehorse Rankings.

The LONGINES Hong Kong International Races in December once again drew top contenders from around the world, with no less than 22 international Group 1 winners participating in what is widely recognised as the turf championships of world racing. Building on this success, Champions Day was introduced as a second feature raceday this year, bringing together three of the spring international Group 1s, namely the QE II Cup, the Chairman's Sprint Prize and the Champions Mile.

At the racecourses, the Club continues to focus on creating a world-class sporting, social and entertainment experience via a targeted strategy to serve differentiated customer segments. The multi-year HK\$6.9 billion Racecourse Master Plan to revitalise both racecourses saw six new or refurbished venues open this season. Meanwhile, Happy Valley Racecourse once again featured among Hong Kong's top visitor attractions. Overall racecourse attendance for the season was more than two million for the sixth successive year.

The Club is a world leader in wagering and information technology. This year saw further enhancements to the HKJC TV app and the launch of the HKJC Customer eCentre, which enables account holders to manage account and loyalty information. Good progress was also made with the Club's new customer information and wagering system, with all wagering customers seamlessly migrated to a system which, when fully operational, will greatly enhance the Club's ability to support new products and services.

Total racing turnover this season was HK\$124.3 billion, up 5.8% on last season, generating HK\$13.1 billion in betting duty to the Government.

One key contributor was commingling, where turnover more than doubled this season to HK\$16,577 million, representing 13.3% of total racing turnover for the season. The Club now has 38 overseas commingling partners, up from 34 last season. Significantly, next year the Club will host its first

年內，足球博彩的投注額再一次創出新高，達1,031億港元，與去年相比，升幅為11.2%。集團向政府繳納的足球博彩稅達71億港元，金額與集團從這項業務所得收入相若。

馬會足球博彩業務取得佳績，主因是馬會能透過數碼及流動渠道及時提供資訊，以及能滿足顧客對投注各項足球聯賽及錦標賽的需求，例如，2018年世界盃初賽階段球賽。

六合彩獎券今年的投注額為81億港元，與去年相比，上升了1.2%。值得注意的是，自開辦以來，六合彩獎券的玩法沒有作任何重大改變。

信託基金年內的慈善捐款達42億港元，撇除去年用以興建香港故宮文化博物館的35億港元非經常性捐款，是馬會經常性慈善捐款額的新紀錄。信託基金年內繼續照顧社會各階層的需要，資助了222個慈善及社區項目。此外，信託基金目前有四大關注範疇，即促進青年發展、改善長者服務、推廣體育活動，以及推廣藝術、文化和保育。

在第四個關注範疇，大館 — 古蹟及藝術館今年開幕，標誌著一個重要里程碑。大館是一項為期十年的計劃，旨在保存和活化中區警署建築群的16幢歷史建築物，不但為本港文物保育訂立了新標準，亦在中環核心地帶創造了一個充滿活力的藝術園地。

馬會一向致力保護環境。為支持環保，馬會現正專注於減少碳排放、改善能源效益，以及優化資源管理。馬會已在高效節能系統、資訊科技方案和環保辦公室等方面作出投資。馬會的供應商均須遵守一套可持續發展指引；同時，馬會亦積極提高員工的環保意識。馬會目前特別專注於減少消耗和避免浪費，因此今年使用的塑膠用品已大幅減省。其他詳情，包括環保表現數據，請參閱本年報有關環境的章節。

馬會獲政府發牌，按照博彩稅條例提供賽馬、足球及六合彩獎券博彩服務，藉此以受規管的渠道滿足公眾對博彩的需求，並與政府攜手提倡有節制博彩和防止公眾受到信貸賭博、非法賭博及相關罪行的禍害。馬會除了實行本身的有節制博彩政策外，還對平和基金提供資助。該基金資助預防及補救與賭博有關問題的措施，並進行相關協調工作，同時資助推行公眾教育。

馬會今年與教育局、地區校長協會、東華三院青少年及家庭服務部，以及精神科專家攜手合作，推行一項為期三年的學校教育計劃，旨在鼓勵青少年追求健康正向生活，並且遠離不良嗜好，例如沉溺網上遊戲。其他活動包括「有節制博彩宣傳週」，以及因應2018年世界盃而舉辦的傳媒宣傳運動和巡迴展覽，以提高市民對有節制博彩的意識。

馬會致力防止其業務被利用作為洗黑錢的途徑，並已參考獲國際認可的財務特別行動組織建議及業內最佳範例，制訂反洗黑錢政策及架構。

commingling pool on an overseas race meeting. The Ascot World Pool will see bets placed through AscotBet and Totepool in the UK commingled into the Club's pools for the five days of the prestigious Royal Ascot race meeting. This further confirms Hong Kong's position as the global hub for commingling.

With the objective of combatting illegal and offshore bookmakers, and to prevent the siphoning of money from the community, in 2003 the Government authorised the Club to provide wagering on football. Since then the Club has become one of the world's largest and most successful operators, generating substantial tax and charity returns for the community.

This year the Group achieved another record football betting turnover of HK\$103.1 billion, representing an increase of 11.2% over last year. This generated HK\$7.1 billion in betting duty to the Government, with a similar amount returned to the Group.

Fundamental to the Club's success is its ability to provide timely information through digital and mobile channels as well as to meet customer demand for wagering on a wide range of football leagues and tournaments, including, this year, the opening stages of the 2018 World Cup.

Mark Six lottery turnover, at HK\$8.1 billion, was up 1.2% on last year. It is worth noting that the game format of the Mark Six has not changed significantly since its introduction.

The Trust donated HK\$4.2 billion to 222 charity and community projects this year. Excluding last year's exceptional donation of HK\$3.5 billion to construct the Hong Kong Palace Museum, this represents a new record for the Club's regular charity donations. The Trust continues to support a broad range of community needs. In addition, the Trust has four specific areas of focus: youth; the elderly; sports; and arts, culture and heritage.

In the latter respect, the opening this year of Tai Kwun – Centre for Heritage and Arts was a major milestone. A ten-year project to restore and revitalise the 16 heritage buildings of the Central Police Station compound, Tai Kwun has established a new benchmark for heritage restoration in Hong Kong and created a vibrant home for the arts in Central district.

The Club is strongly committed to protecting the environment. In support of this, it is focusing on reducing carbon emissions, improving energy efficiency and improving its management of resources. The Club has invested in energy-efficient systems and IT solutions as well as environment-friendly office renovations. The Club's suppliers are expected to follow a set of sustainability guidelines, while efforts have been made to enhance green awareness among employees. The Club is currently putting a particular focus on reducing consumption and avoiding waste, with this year seeing a large increase in plastic saved. More details, including performance data, are provided in the environment section of this Annual Report.

The Club is licensed by the Government to provide betting services on horse racing, football and the Mark Six lottery pursuant to the Betting Duty Ordinance. In doing so, the Club provides a regulated channel to meet gambling demand, and works with the Government to promote responsible gambling and to protect the public from the dangers of credit betting, illegal gambling and associated crimes. Aside from implementing its own Responsible Gambling Policy, the Club provides support to the Ping Wo Fund, which finances and co-ordinates preventive and remedial measures to address gambling-related problems, as well as supporting public education initiatives.

This year, in partnership with the Education Bureau, district school head associations, the Tung Wah Group of Hospitals Youth & Family Unit and professional psychiatrists, the Club launched a three-year school educational programme, which encourages students to embrace a positive and healthy lifestyle and to avoid harmful activities such as online gaming. Other activities included a Responsible Awareness Week and, to coincide with the 2018 World Cup, a media campaign and roadshow to raise awareness of responsible gambling.

The Club is committed to preventing its operations from being used for money laundering and has an Anti-Money Laundering Policy and Framework, which makes reference to the internationally recognised Financial Action Task Force recommendations and industry best practice.

The Club places great emphasis on providing its employees with high-quality learning and development opportunities, both through The Hong Kong Jockey Club College and through online courses and programmes. In 2017/18, full-time and part-time employees participated in 1,235 training programmes, receiving approximately 210,000 hours of training.

馬會高度重視為員工提供優質的學習和發展機會，並藉由香港賽馬會學院及網上課程和計劃來實現此目標。於2017/18年度，全職及兼職員工參與了1,235項訓練課程，接受約210,000小時的培訓。

馬會致力成為關心員工和負責任的僱主，力求透過各式各樣的交流渠道鼓勵員工參與其中，包括通過成立工作間小組。馬會實行多年的職安健康推廣計劃推出了最新活動「樂活工作@馬會」計劃，旨在協助員工促進身心健康。在企業安全委員會指導下，馬會設有安全管理制度，而該委員會則定期檢討相關政策和措施。此外，馬會員工亦會接受安全訓練，了解最新的工作安全守則。

根據防止賄賂條例，馬會列屬公共機構，因此所有全職及兼職員工均須遵守員工守則，員工守則已列明可能涉及的風險。在適用的情況下，員工亦須接受關於資料保安、資料保密、防止貪污和防止歧視措施的訓練。

財務摘要

集團本財政年度的總收入為394億7,500萬港元，與2016/17年度的372億6,600萬港元相比，增幅達5.9%。收入增長主要是由於本會三項博彩業務的投注額均有所上升。受收入增長所帶動，今年的純利和佣金收入達122億6,400萬港元，與2016/17年度相比，增幅為7.2%。

集團本年度的經營成本為108億3,200萬港元，較上個財政年度高出7億3,700萬港元，增幅為7.3%。經營成本上升主要是由於僱員成本及賽事獎金均有增加所致，而年內已完成資本項目的折舊開支有所增加，亦推高了經營成本。

經採納香港財務報告準則第9號有關金融工具的規定後，各項投資按市值計算的收益/虧損，均在集團及信託基金的收益表予以反映。集團的投資組合雖然難免受金融市場波動所影響，但由於集團在全球各地分散投資於不同資產類別，所以不會因某一地區或某項投資出現突然變動而受到太大影響。於本財政年度，集團的投資組合因多個資產類別均錄得按市值計算的收益而受惠，並錄得投資盈餘34億700萬港元。

馬會和信託基金的財務資產，均按照嚴謹的制度進行管理，且受投資委員會監督。該委員會定期審閱及批准所有投資政策，而有關的財務資產，則交由馬會內部團隊及獨立的專業基金經理負責管理。由馬會內部團隊管理的投資組合，以銀行存款及高信貸質素的債券為主，這些資金主要用以應付營運及流動資金的需要。由外間基金經理管理的投資組合，主要作長期資本增值之用，並投資在世界各地不同的資產類別，務求審慎分散風險，爭取長期穩定回報。

2017/18年度，集團依然是全港最大單一納稅機構，所付稅款包括博彩稅、獎券博彩稅及利得稅，合共226億4,600萬港元，約佔稅務局總稅收的6.9%。與上年度相比，集團所付稅款總額增加了9億1,300萬港元，增幅為4.2%，這是因為集團所獲的投注額及收入均告上升所致。

The Club is committed to being a caring and responsible employer, seeking to engage employees through a variety of communication channels, including through the formation of workplace small groups. It has a well-established Corporate Wellness Programme, its latest initiative being the Happy-at-work@hkjc programme. The Club has a safety management system under the direction of a Corporate Safety Committee, which regularly reviews policies and practices. In addition, employees receive safety training.

The Club is designated as a public body under the Prevention of Bribery Ordinance and all full-time and part-time employees are required to adhere to a Code of Conduct which highlights potential areas of risk. As appropriate, staff receive training in information security, data privacy, anti-corruption and anti-discrimination measures.

FINANCIAL HIGHLIGHTS

The Group's total revenue increased by 5.9% from HK\$37,266 million in 2016/17 to HK\$39,475 million this financial year. The increase was mainly attributable to higher turnover from all three wagering businesses. Net margin and commission of HK\$12,264 million was 7.2% higher than 2016/17, driven by the revenue increase.

Operating costs of HK\$10,832 million were HK\$737 million or 7.3% higher than last financial year, primarily driven by higher staff costs and an increase in prize money, as well as an increase in depreciation following the completion of capital projects during the year.



Following the adoption of the Hong Kong Financial Reporting Standards 9 on financial instruments, mark-to-market gains / losses on investments are reflected in the Group's and the Trust's income statements. The Group's financial portfolio, while not immune to volatility in financial markets, is globally diversified across different geographical regions and asset classes, making it not significantly susceptible to sudden movements arising from any particular region or investment. In the current financial year, the Group's investment portfolio benefited from mark-to-market gains across multiple asset classes and recorded a surplus from investment of HK\$3,407 million.

The financial assets of both the Club and the Trust are managed under a rigorous framework, with oversight provided by an Investment Committee, which regularly reviews and approves all investment policies. These assets are managed by the Club's in-house team and external professional fund managers. The portfolios managed by the in-house team are primarily for working capital and liquidity, and are predominantly invested in bank deposits and high credit quality debt securities. The portfolios managed by external fund managers are mainly for long-term capital growth, and are invested in an array of asset classes diversified globally with the objective of achieving consistent returns over the long term with prudent risk diversification.

儘管集團本年度的經營盈餘有所增長，但除稅後淨盈餘為85億1,800萬港元，當中並未扣除向信託基金的捐款，與上一財政年度相比，下跌了1,500萬港元，跌幅為0.2%。除稅後淨盈餘下跌乃因投資組合的按市值計算收益減少。

集團繼續對經營資產及新科技作出重大投資，以滿足顧客需求和改善資產狀況。於本財政年度，集團的成本支出總額為31億6,400萬港元，與上年度相比，減少5億3,900萬港元。

集團於本財政年度向信託基金捐款達44億港元，約佔集團的除稅後經營盈餘92%。假如不把集團於2016/17年度為支持興建香港故宮文化博物館而撥出的35億港元特別捐款計算在內，集團於本財政年度向信託基金捐款的實額，較上年度增加了5億港元。

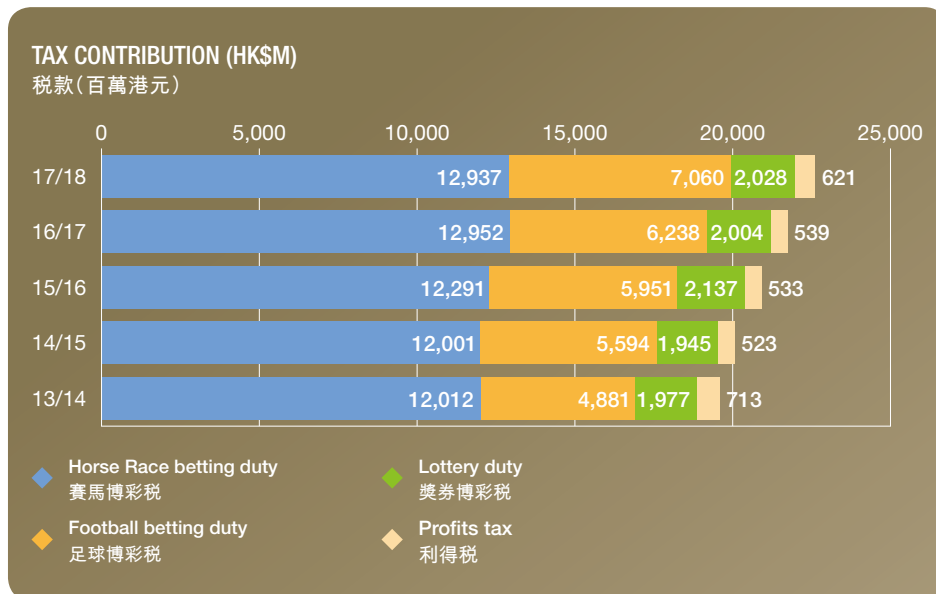
會員事務

本財政年度的餐飲服務收入為8億3,500萬港元，與去年相比，增幅為4.9%。面對款客服務業的激烈競爭，賽馬會會員事務有限公司繼續加強服務質素，透過馬主服務、馬場及會所款客服務，以及生活品味活動，為會員帶來亞洲區內其中一些最尊貴的生活品味及會員體驗。值得注意的是，跑馬地會所和北京會所於本年度馬季分別迎來25週年和10週年誌慶，踏入重要里程碑。

為建立穩健的會員基礎，並為會員提供更多元化的服務和消閒設施，賽馬會會員事務有限公司已於2014/15年度展開跑馬地會所的擴建工程。有關項目進展順利，詳細的室內設計及建築工程現正按照項目總規劃進行，會所擴建部分預料可如期於2020年啟用。

The Group remains Hong Kong's single largest taxpayer, with total tax payments (comprising betting duty, lottery duty and profits tax) of HK\$22,646 million in 2017/18. These payments were equivalent to about 6.9% of the total taxes collected by the Inland Revenue Department. With higher amounts wagered and increased revenue, the Group's total tax contribution over the past year increased by 4.2% or HK\$913 million.

Despite an increase in operating surplus, the Group's net surplus after taxation for the year, before donations to the Trust, was HK\$8,518 million, 0.2% or HK\$15 million lower than last financial year. This was owing to a lower mark-to-market gain from the investment portfolio.



The Group continued to invest substantially in operating assets and new technology to meet customer demand and improve asset health. During the current financial year, total capital expenditure of the Group was HK\$3,164 million, lower than the past year by HK\$539 million.

The Group donated HK\$4.4 billion to the Trust this financial year, which represented 92% of the Group's operating surplus after tax in 2017/18. Excluding the HK\$3.5 billion special donation for the construction of the Hong Kong Palace Museum in 2016/17, donations to the Trust increased by HK\$500 million against last financial year.

MEMBERSHIP SERVICES

Catering revenue in the current financial year amounted to HK\$835 million, a 4.9% increase over last year. In the face of severe competition in the hospitality and service industry, The Jockey Club Membership Services Limited ("JCMSL") continued to strengthen the quality of its service delivery, providing members with one of the most prestigious lifestyle and membership experiences in Asia through racehorse ownership, racecourse and clubhouse hospitality and lifestyle events. Notably this season saw two major milestones reached, with Happy Valley and Beijing clubhouses celebrating their 25th and 10th anniversaries respectively.

To develop a healthy membership base, and to provide a wider range of services and recreation facilities for members, JCMSL embarked on the Happy Valley Clubhouse extension project in 2014/15. The extension is on track to open in 2020, with detailed interior design and construction work ongoing in accordance with the project master schedule.