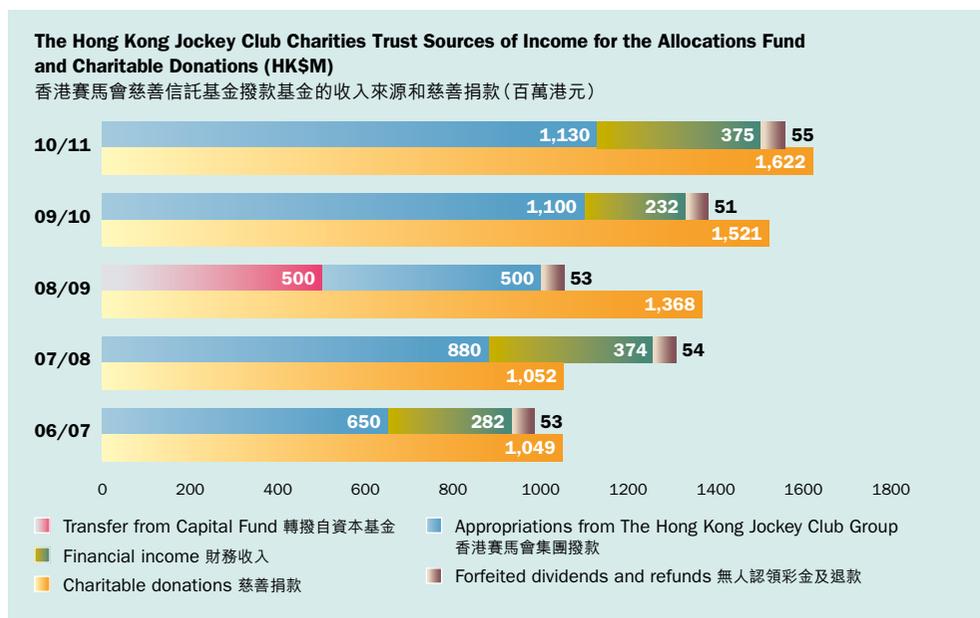


The Hong Kong Jockey Club's "not-for-profit" business model is unique in the industry and much admired worldwide. It has proved a huge asset to the Hong Kong community over the years, enabling the Club to provide world-class sporting entertainment while channeling public gaming demand into community benefits, and ensuring that these services are run in a regulated and responsible manner. The Club continues to be Hong Kong's single largest taxpayer and ranks amongst the world's leading charity benefactors. Total contributions made by The Hong Kong Jockey Club and The Hong Kong Jockey Club Charities Trust to the Hong Kong community amounted to HK\$24.4 billion for the 2010/11 financial year.

GROUP STRUCTURE

The Hong Kong Jockey Club (the "Club") is a not-for-profit organisation, and 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 Hong Kong Jockey Club Charities Trust (the "Trust") is a public charity and is primarily engaged in supporting charitable organisations and community projects in Hong Kong.

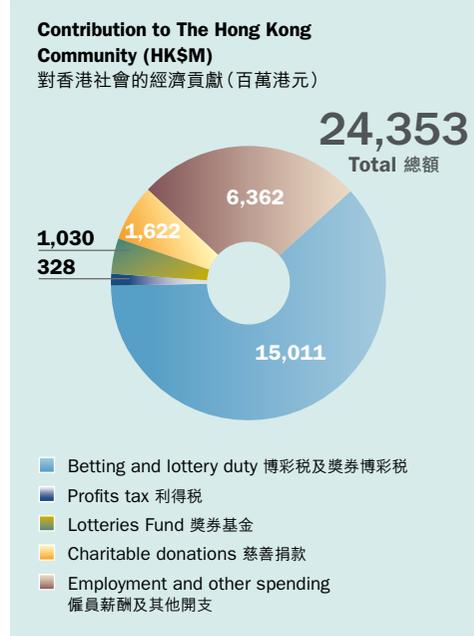


OPERATIONAL REVIEW

Notwithstanding its not-for-profit nature, the Group adopts prudent commercial practices in the planning and management of their businesses. By maintaining a well-run business operation and a strong financial position, the Club's goal is to generate sufficient surplus for maintaining and enhancing its role as Hong Kong's top charity and community benefactor.

Benefiting from strong growth in Mainland China and Asia, Hong Kong's economy has continued to improve with a 7.0% real gross domestic product growth in 2010, a reduction in the unemployment rate, and an increase in consumer spending. However, there are a number of emerging business challenges that will impact the Club's long-term competitiveness and performance. They include rapidly stiffening competition from Macau's gaming industry, the continued existence of illegal operators, the ageing population of local racing fans and the changing lifestyle of customers, as well as the unfavourable betting duty regime for the Club's wagering businesses.

In spite of these underlying challenges, total racing turnover grew this financial year, with average turnover per local race increased by 5.8% on the last financial year. This was mainly attributable to more specific campaigns for targeted customers, more simulcast races, enhanced



香港賽馬會的非牟利經營模式，既為業界樹立獨一無二的典範，也贏得全球欽羨。多年來，這種經營模式已證明是香港社會的重大資產，令馬會得以在提供世界級體育娛樂之餘，亦能把公眾對博彩的需求轉化為社會之福，並可確保博彩服務以受規管及有節制的方式提供。馬會依然是全港納稅最多的機構，也是全球最大公益資助組織之一。於二〇一〇/一一財政年度，香港賽馬會及香港賽馬會慈善信託基金對香港社會所作的經濟貢獻，總額為二百四十四億港元。

集團架構

香港賽馬會(「馬會」)是一家非牟利的保證有限公司，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，持牌在本港獨家經營管理賽馬博彩、足球博彩和六合彩獎券。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。

香港賽馬會慈善信託基金(「信託基金」)主要致力資助本港的慈善機構和社區計劃。

營運概況

馬會集團雖屬非牟利性質，但在業務策劃及管理上仍採用審慎的商業策略。馬會維持高效率的業務營運和強健的財政狀況，旨在獲取足夠盈餘，藉以維持及加強其作為全港最大慈善公益資助機構的地位。

二〇一〇年，國內及亞洲經濟增長強勁，帶動香港經濟持續改善，使本地生產總值錄得百分之七的實質增長、失業率有所下降，而且消費總額亦見上升。然而，對本會長遠競爭力及業績構成影響的挑戰卻不斷增加，包括來自澳門賭業的競爭迅速強化、非法莊家繼續蠶食市場、本地馬迷日漸老化、顧客的生活方式正在轉變，以及現行博彩稅制不利於本會的博彩業務。

racing content on the web and in television programmes, and the improved economy. In addition, the 2010/11 and 2009/10 financial years recorded 85 and 79 race meetings respectively while both racing seasons had 83 race meetings as they did not coincide with the financial years.

Throughout the year, the Club maintained its vigilant efforts to revitalise racing as a product, uplift racecourse entertainment value and enhance customer service. As part of the Racecourse Master Plan, a number of initiatives were completed during the year. They included upgrades of the air-conditioning infrastructure and fire service improvement works at Happy Valley Racecourse, as well as the replacement of televisions for Leading Edge at Happy Valley Racecourse, the Weigh-in Bar and the second and third floors of the Members Betting Hall of Grandstand I at Sha Tin Racecourse.

The Club has begun to pursue its Racecourse Master Plan at full speed, with the aim of transforming the Club's flagship venues into a must-visit destination offering premier racing, leisure and entertainment experiences. Projects targeted for completion before the end of 2011 include renovation of Owners' Box in Grandstand I of Sha Tin Racecourse and further upgrades of air-conditioning infrastructure at both racecourses. In addition, local marketing programmes were stepped up during the season to enrich the public's racecourse experience.

Football Betting achieved another record high turnover this year, the eighth year of its operation. Key drivers of business growth included higher customer participation in major tournaments and leagues, such as World Cup 2010 finals that ended on 11 July 2010, better afternoon fixtures and more extensive live broadcasting of football matches at the Off-Course Betting Branches ("OCBBs"). Furthermore, InPlay betting products like "Next Team To Score" continued to gain popularity during the financial year.

The Mark Six lottery reversed a downward turnover trend to record a year-on-year increase of 7.7%. This achievement was driven by the price increase from HK\$5 to HK\$10 per unit together with increase of the minimum first prize payout and the fixed payouts for 4th to 7th prizes since November 2010, as well as more jackpot draws during the financial year.

Considerable resources were also invested in upgrading the OCBBs with the aim of enhancing customers' enjoyment. During the year, OCBB operating hours were extended to include more live broadcast football matches as well as increased coverage of the English Premier League. To further strengthen service quality, dedicated betting booths were provided for priority customers and Club Members at most OCBBs, thus shortening their queuing time.

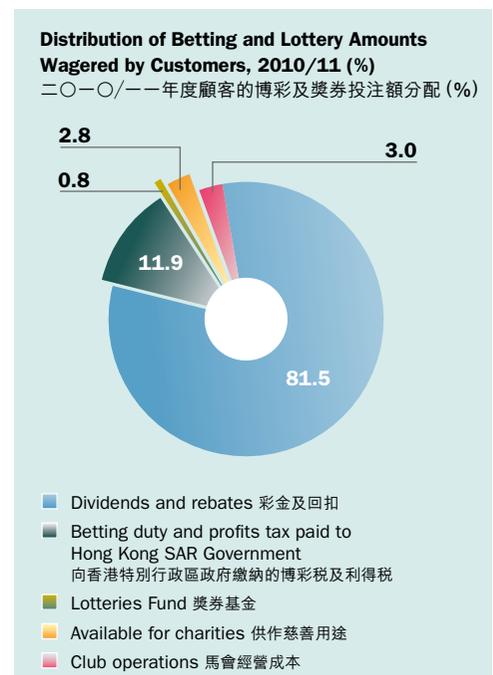
A number of ageing betting devices were successfully replaced by new state-of-the-art models in August 2010, such as Customer Input Terminal Version 8, MangoDeluxe and MangoCombo. To further improve customer experience and gradually replace the ageing SMS- and WAP-based mobile on-line betting services, a new mobile betting service was launched in October 2010 that is more responsive and offers its users automatic background odds updates.

Other customer-centric initiatives included a reduction of the minimum betting requirement from \$20 to \$10 for Telebet Automated Services in October 2010, and the launch of exclusive Telebet services for high value customers in February 2011. In addition, since March 2011, the Club has offered toll-free mobile and fixed-line services to customers who travel to Mainland China to enhance their satisfaction and sustain racing interest while they are absent from Hong Kong.

On the charitable donation front, in addition to the four initial Sichuan reconstruction projects, which are progressing smoothly, the Club committed to donate a further RMB343 million in August 2010 to support three more projects focusing on education, vocational training, and rehabilitation facilities and expertise. These new initiatives will not only help Sichuan people recover from the scars left by the natural calamity in 2008, but will also catapult the nation to the forefront of emergency management and research.

儘管面對上述各項業務挑戰，賽馬投注總額於本財政年度仍有增長，每場本地賽事的平均投注額與上一財政年度相比，上升了百分之五點八。這主要是由於針對不同客群的特備活動有所增加、更多海外賽事越洋轉播來港、網上賽馬資訊及電視賽馬節目內容更豐富，以及本港經濟已見改善所致。此外，雖然本年度及上年度馬季均編排了八十三次賽事，但由於兩個馬季皆與財政年度互不吻合，所以實際上二〇一〇/一一及二〇〇九/一〇財政年度分別舉行了八十五及七十九次賽事。

本會於年內不斷致力為賽馬產品注入新動力，提高馬場的娛樂價值，以及提升顧客服務水平。按照馬場發展總規劃，數項工程已於年內完成，包括加強跑馬地馬場的空調及消防設備，以及為跑馬地馬場先駿廊、沙田馬場驛軒吧和第一座大看台二樓及三樓會員投注大堂更換電視機。



本會已開始全速推行馬場發展總規劃，務求令本會的主要營業場所成為追求優越賽馬體育、消閒娛樂享受者的必到之處。預期於二〇一一年底前完成的工程包括，翻新沙田馬場第一座大看台的馬主廂房，以及進一步優化兩個馬場的空調設備。此外，季內亦加強了本地市場推廣計劃，為入場人士帶來更豐富的節目。

今年是馬會經辦足球博彩業務的第八年，年內投注額又再一次創出新高。推動業務增長的主要因素包括，本年度舉行了多項大型足球錦標賽及聯賽，特別是於二〇一〇年七月十一日結束的世界盃決賽，令顧客更加踴躍投注；本會選擇了更多在本港下午時間舉行的足球賽事以供顧客進行博彩，並且增加了在場外投注處現場轉播球賽的時間。此外，即場投注玩法如「下一隊入球」於本財政年度繼續大受歡迎。

As well as building the equestrian venue in Conghua for the Guangzhou 16th Asian Games, the Club provided a wide range of professional services and technical support, such as horse transportation, quarantine control, and clinical laboratory services. The Club is now converting the venue into a new racehorse training centre, which will extend the Club's existing training capabilities and overcome the capacity constraints of the current training and stabling facilities at Sha Tin Racecourse.

The financial assets of the Club and the Trust are managed under a rigorous framework with oversight from the Finance and General Purposes Committee, which regularly reviews and approves all investment policies. These assets are managed by the Club's Treasury Department and external professional fund managers. The portfolios managed by the in-house Treasury team are primarily for working capital and liquidity, and are predominantly invested in bank deposits and 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 across the globe with the aim of achieving consistent returns with effective risk diversification.

FINANCIAL HIGHLIGHT

The Group's total revenue increased by 12.1% to HK\$25,905 million in this financial year from HK\$23,112 million in 2009/10. The increase was mainly attributable to higher turnover from all three wagering businesses.



The Group's operating costs of HK\$6,789 million were 7.6% or HK\$478 million over the last year. This was lower than the percentage increase in revenue, and was only achieved through the Group's rigorous efforts in maintaining cost control over its business activities. The year-on-year percentage increase in operating costs would have been further reduced to 5.3% if the impact of Sichuan donations, which was one-off in nature, was excluded.

The Group recorded healthy financial surplus of HK\$677 million in 2010/11 in spite of the uncertainty in global economic and financial markets, but it was lower than the surplus of HK\$800 million in 2009/10 when markets recovered significantly from the financial crisis in 2008/09.

The Group remains Hong Kong's single largest taxpayer, with total tax payments (comprising betting duty, lottery duty and profits tax) of HK\$15,339 million. These payments are equivalent to 7.3% of the total taxes collected by the Inland Revenue Department. Due to the higher turnover and revenues, the Group's total tax contribution over the past year was increased by 12.6% or HK\$1,718 million.

The Group's net surplus excluding the surplus from the Contingency Fund for the year was HK\$3,371 million, 14.2% or HK\$419 million higher than 2009/10. Appropriations for this year's charity purposes stood at HK\$1,800 million, HK\$300 million higher than last financial year. In 2010/11, the Trust approved record high donations of HK\$1,622 million to charitable organisations to fund capital projects and agency subventions.

六合彩獎券投注額方面，本年度與上年度比較，錄得增幅百分之七點七，扭轉了投注額下跌的趨勢。箇中原因在於，由二〇一〇年十一月起，六合彩獎券每注金額由五元調高至十元，同時，頭獎最低獎金及第四至第七的定額獎金均已提高，以及本財政年度舉行多寶攪珠的次數有所增加。

為了提高顧客的娛樂享受，本會亦投放了大量資源，用以優化各場外投注處的設施。年內，各場外投注處的營業時間均有所延長，藉以增加直播足球比賽的時間，以及播放更多英格蘭超級聯賽的賽事。此外，現時大部分場外投注處均設有「優越專櫃」，以供尊享優越卡持有人及馬會會員專用，從而縮短他們的輪候時間，並且進一步增強對他們的服務質素。

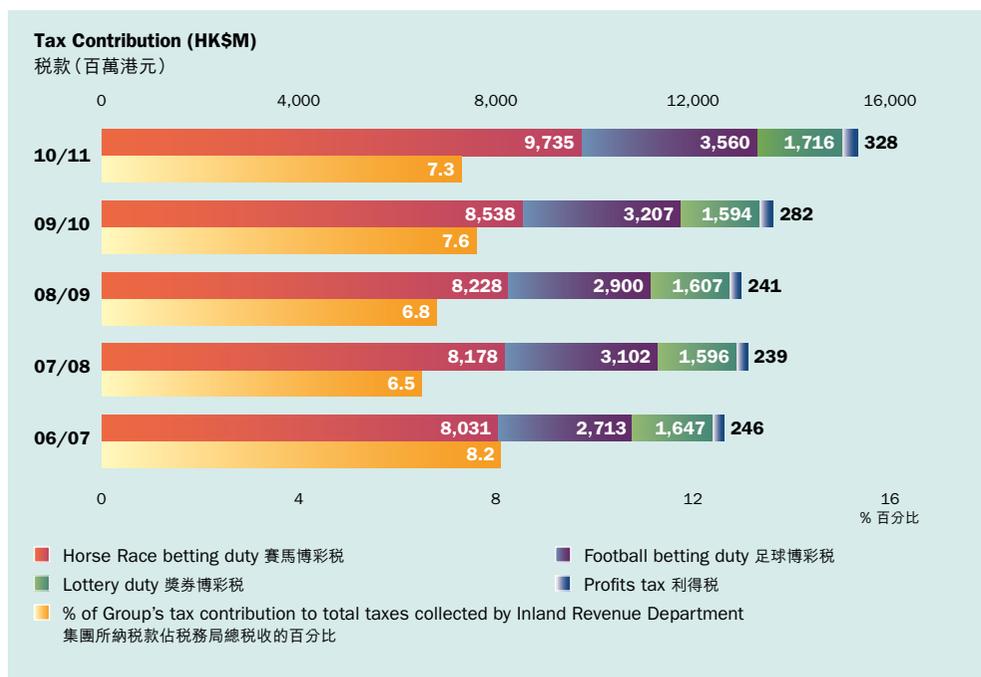
另一方面，若干日漸老化的投注器材已於二〇一〇年八月以最先進器材如第八代投注寶、電訊運財寶豪華版及電訊運財寶綜合版順利取代。去年十月，本會亦推出了全新的手機投注服務，藉以逐步取代已變得過時的以短訊及無線應用協議(WAP)為基礎的手機網上投注服務；新服務更為方便快捷，並且能為用戶自動更新賠率資料，再度提升顧客體驗。

其他以客為尊的計劃包括：自二〇一〇年十月起，使用電話投注自動服務系統進行投注的顧客，最低投注額由二十元減至十元；以及由二〇一一年二月開始為大額投注客戶提供專線電話投注服務。此外，自二〇一一年三月起，本會為身在內地的顧客提供「免費直撥」手機及固網電話投注服務，讓他們於離港後仍能繼續參與賽馬，因而倍感滿意。

慈善捐款方面，關於四川災後重建，除了最初四項現正進展順利的計劃之外，本會於去年八月承諾再捐出人民幣三億四千三百萬元，資助另外三項以教育、職業培訓、復康設施及專業訓練為主的計劃。這些新計劃不僅能幫助四川人民從二〇〇八年天災所留下的創傷中恢復過來，更能讓我國在災害危機管理及研究領域上躍升至先進行列。

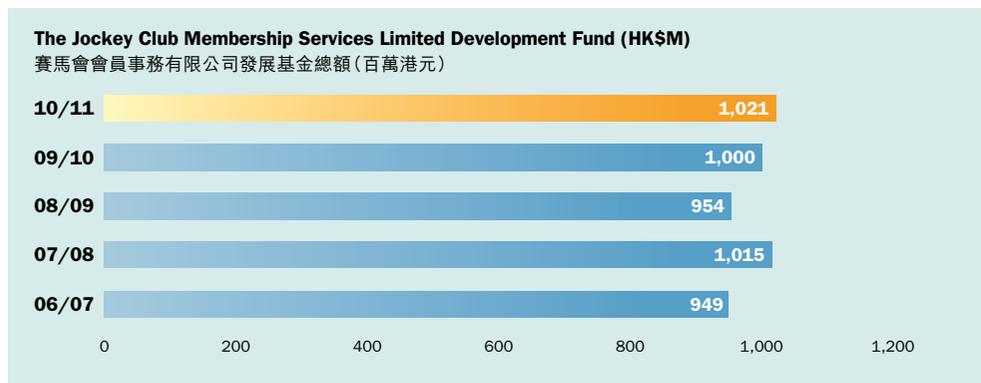
本會除了為廣州第十六屆亞運會馬術比賽在從化建造場地之外，還提供多項專業服務及技術支援，例如馬匹運送、檢疫管制、化驗服務等。本會現正把該馬術場地改建成新的賽駒訓練中心，藉以擴充本會目前的練馬規模，解決沙田馬場現有練馬及養馬設施不敷應用的問題。

馬會和信託基金的財務資產，均按照嚴謹的制度進行管理，且受財務及一般事務委員會監督。該委員會定期審批所有投資政策，而有關的財務資產，則交由馬會的庫務部及獨立的專業基金經理負責管理。由馬會庫務部管理的投資組合以銀行存款及債券為主，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，務求有效分散風險，爭取穩定回報。



MEMBERSHIP SERVICES

Catering revenue in the current financial year amounted to HK\$597 million, a 14.8% increase over the previous year. In spite of severe competition in the hospitality and services industry, The Jockey Club Membership Services Limited managed to maintain catering revenue by continuously improving its quality of service delivery, enhancing product offerings and upgrading its catering facilities. All these initiatives were aimed at offering the best possible experience for its Members.



A number of facilities were added or upgraded to enhance customer satisfaction, such as Oi Suen Restaurant at Sha Tin Clubhouse, which was re-opened in September 2010 after extensive renovation. Other work included façade maintenance at Happy Valley Clubhouse, refurbishment of receiving area and loading bay at Sha Tin Clubhouse, and slope rectification at Beas River Country Club.

Beijing Clubhouse continues to be one of the favourite venues for personal and business gatherings in Beijing among Members and their guests. This was evidenced by growth in both catering and room revenues this year.

The Jockey Club Membership Services Limited Development Fund, dedicated to improving membership facilities and services, stood at HK\$1,021 million, with no appropriation made this year.

財務摘要

集團總收入由二〇〇九/一〇年度的二百三十一億一千二百萬港元，增加至本財政年度的二百五十九億零五百萬港元，增幅為百分之十二點一。總收入增加主要是由於三項博彩業務的投注額均告上升之故。

集團本年度的經營成本為六十七億八千九百萬港元，較上年度高出四億七千八百萬港元，增幅為百分之七點六，卻較集團總收入的增幅為低。能取得此一成果，全賴集團在各項業務營運中厲行成本控制。此外，本年度的經營成本，若撇除一次過撥捐四川的所需費用，始與上年度的數字相比，則增幅會下降至百分之五點三。

二〇一〇/一一年度，雖然環球經濟及金融市場均欠明朗，本集團仍然錄得穩健的財務淨盈餘合共六億七千七百萬港元。然而，此數字與上年度錄得的財務淨盈餘八億港元相比，則見下跌，原因是上年度的金融市場經歷二〇〇八/〇九年度的金融危機後顯著復甦，致令本集團的財務淨盈餘有較大的增長。

集團依然是全港納稅最多的機構，所付稅款包括博彩稅、獎券博彩稅及利得稅，合共一百五十三億三千九百萬港元，約佔稅務局總稅收的百分之七點三。與上年度相比，本集團所付稅款增加了十七億一千八百萬港元，增幅為百分之十二點六，這是因為本集團所獲的投注額及收入均告上升所致。

集團本年度的淨盈餘為三十三億七千一百萬港元，當中並未包括備用基金投資的盈餘，與二〇〇九/一〇年度相比，增加了四億一千九百萬港元，增幅為百分之十四點二。本年度的慈善撥款是十八億港元，較上年度多出三億港元。於二〇一〇/一一年度，信託基金批准撥款共十六億二千二百萬港元，達至歷年新高，用以資助各慈善機構的資本項目和經費。

會員事務

本財政年度的餐飲服務收入為五億九千七百萬港元，與去年相比，增幅為百分之十四點八。儘管款待服務業內競爭激烈，賽馬會會員事務有限公司仍能維持餐飲服務收入，原因在於不斷改進其服務質素、提升產品水平和優化餐飲設施，藉以盡量為會員帶來最佳享受。

為了令顧客更感滿意，本會增添了多項設施，並將現有設施優化，例如沙田會所凱旋廳經過全面翻新之後，已於二〇一〇年九月重開。其他工程包括維修跑馬地會所外牆；重整沙田會所的裝卸區；以及重整雙魚河鄉村會所範圍內的斜坡。

北京會所仍然是最受會員及來賓歡迎的私人聚會及商務活動場地之一，這可從其本年度餐飲服務及廂房租賃的收入均見增長獲得引證。

賽馬會會員事務有限公司發展基金，專為優化會員設施及提升服務水平而設立，本年度的結算總額為十億二千一百萬港元，年內並無作出任何撥款。