

Betting and Lotteries Commission

The Hong Kong Jockey Club's Proposals of Additional Horse Race Betting Activities

Background

The Betting and Lotteries Commission (“BLC”) is a statutory advisory body set up under the Betting Duty Ordinance (Cap.108) to advise the Secretary for Home and Youth Affairs on the regulation of the conduct of horse race betting, football betting and lotteries.

For horse race betting, the Hong Kong Jockey Club (“HKJC”) is currently allowed to conduct betting on no more than 88 local race days, 25 non-local races falling on local race days (“simulcast races”) and 37 simulcast occasions on non-local race days (known as “simulcast days”) every year from 1 September to 31 August (of the next calendar year). No betting on local races is allowed during the summer break from 17 July to 31 August. As far as simulcast day is concerned, the number of non-local races per one simulcast day should not be more than 12.

HKJC's Proposals

HKJC has proposed to

- (i) increase the maximum number of simulcast races per season from existing 25 to 40 races from 2025/26 racing season; and from 40 to 55 races from 2026/27 racing season; and
- (ii) increase the maximum number of simulcast days per season from existing 37 to 53 days from 2025/26 racing season; and from 53 to 70 days from 2026/27 racing season.

For details, please refer to the proposals at **Annex I**.

Submission of Views

BLC now invites members of the public to submit views on HKJC's proposals (submission form at **Annex II**). The deadline for submission is **21 February 2025 (Friday)**. Please send the submissions by post (date of the stamp chop will be taken as the submission date), fax or e-mail to:

Address: 13/F, West Wing,
Central Government Offices,
2 Tim Mei Avenue, Tamar, Hong Kong
(Attention: Secretariat to the Betting and Lotteries Commission)

Fax No.: 2591 6002
E-mail: ha@hyab.gov.hk

Please note that the submissions received may be made available to the media and the public unless parties concerned have advised otherwise.

Secretariat to the Betting and Lotteries Commission
20 January 2025

**Proposal on Increasing the Number of Simulcast Races and Simulcast Days
Submitted by The Hong Kong Jockey Club to the HKSAR Government**

A. PROPOSAL

1. The Hong Kong Jockey Club (“HKJC”) has submitted the following proposal on betting services in respect of non-local horse races (“Proposal”) for implementation over two Racing Seasons starting from the 2025/26 Racing Season –
 - a. to increase the maximum number of Simulcast Races (同步聯播賽事)¹ per season:
 - i. from existing 25 to 40 races from 2025/26 Racing Season; and
 - ii. from 40 to 55 races from 2026/27 Racing Season; and
 - b. to increase the maximum number of Simulcast Days (同步聯播日)² per season:
 - i. from existing 37 to 53 days from 2025/26 Racing Season; and
 - ii. from 53 to 70 days from 2026/27 Racing Season.
2. The Proposal will –
 - a. help tackle illegal betting by channeling betting demand to the legal channel;
 - b. promote the internationalisation of Hong Kong racing, thereby supporting the initiatives of the Hong Kong Special Administrative Region (“HKSAR”) Government in telling good stories of Hong Kong and promoting racing tourism;
 - c. foster global and local racing business development and enhance Hong Kong’s status as the leading world-class racing jurisdiction;
 - d. generate more revenue for the HKSAR Government and sustain HKJC’s contribution to social betterment; and
 - e. have minimal impact on the youth.

¹ According to the Licence for Horse Race Betting, HKJC shall offer not more than 25 non-local horse races on local race day (known as Simulcast Races) per Racing Season for betting.

² According to the Licence for Horse Race Betting, HKJC shall offer not more than 37 simulcast occasions on non-local days (known as Simulcast Days) per Racing Season for betting. Meanwhile, the number of non-local horse races on a Simulcast Day shall not be more than 12.

B. OVERVIEW OF HONG KONG’S WORLD-CLASS RACING

3. Hong Kong’s horse racing, long a symbol of the HKSAR’s prosperity and stability under “One Country, Two Systems”, is set to expand its role as the Chief Executive’s 2024 Policy Address also pledges to actively promote “horse racing tourism”.
4. Over the past decades, Hong Kong has leveraged its international connectivity to compete with other racing jurisdictions, which are well equipped with robust horse breeding industries. Through its Integrated Business Model (“IBM”), HKJC has significantly increased prize money by 90% from 2013/14 to 2023/24, attracting top-tier horses and high-quality racing talents worldwide. It thus enhances Hong Kong’s international competitiveness, with Group 1 races growing from only one in 1999/2000 to 12 races today, all are recognised by the global leader for thoroughbred racing, the International Federation of Horseracing Authorities (“IFHA”) as the World’s Top 100 Group/Grade 1 Races (“IFHA World’s Top 100 G1 Races”).
5. Winning the accolade as the leading world-class racing jurisdiction, HKJC has introduced Commingling in 2013, successfully internationalising Hong Kong’s racing through exporting 88 local horse race meetings to racing fans in 26 racing jurisdictions via over 70 Commingling partners. With these overseas bets amalgamated into Hong Kong’s pool via inbound Commingling, HKJC has strategically diversified its foreign exchange income and reinvested them to benefit local racing and the community.
6. Alongside with the launch of inbound Commingling, HKJC has also enhanced Simulcast offerings with a view to fulfilling Hong Kong racing fans’ demand for prestigious non-local horse races, and offering reciprocity to overseas Commingling partners. Having leveraged the HKSAR’s status as the international financial centre and the international innovation and technology centre, HKJC pioneered World Pool (全球匯合彩池) on Simulcast races in 2019, establishing the Hong Kong as a global racing and wagering hub.

C. RESTRICTIONS OF CURRENT SIMULCAST ARRANGEMENT

Insufficient Simulcast Quotas for Prestigious Non-local Horse Races

7. Currently, HKJC shall offer not more than 37 Simulcast days and 25 Simulcast races per season. Nonetheless, among the 134 non-local horse races listed as IFHA World’s Top 100 G1 races³ from 2021 to 2023, HKJC has included 47, 51, and 64 races in the past few racing seasons with existing Simulcast quotas. In 2024/25, HKJC initially plans to Simulcast around 71 non-local IFHA World’s Top 100 G1 Races. It implies that the remaining 63 races were not available in HKJC’s legal channel due to insufficient Simulcast quotas, leaving a huge loophole that the illegal bookmakers could easily exploit.

³ According to the lists published by the IFHA annually in January, a total of 146 races are listed as IFHA World’s Top 100 G1 races from 2021 to 2023. Among these 146 races, there are 134 non-local races and 12 local races.

Demand for Unavailable Non-local Horse Races Resorting to Illegal Channels

8. The COVID-19 pandemic has led to a fundamental shift in illegal betting landscape and customer behavior, further aggravating this problem. HKJC's recent study shows that the illegal betting problem of horse race in Hong Kong is worsening, with illegal bettors increased by 28% in 2023 compared to 2021. Among them, those bet on non-local races has even grown by around 43% in 2023. HKJC's analysis of illegal betting website traffic from 2021/22 to October 2024 shows that average baseline traffic⁴ has increased by 246%, and on days when these IFHA World's Top 100 G1 races are on but not available in the legal market, non-local horse race traffic⁵ even surged by 329%. It implies that bettors inevitably resort to illegal channels when these non-local races are not offered by the legal option.

Constraints of Flexibly Adjusting the Racing Calendar

9. International race fixtures are dynamic in nature, and are subject to a number of unforeseen factors, such as adverse weather and last-minute entries of Hong Kong horses and jockeys in non-local races as decided by horse owners. HKJC considers necessary to reserve additional Simulcast day and race quotas as headroom, providing it with reasonable flexibilities to use the quotas interchangeably to simulcast selected non-local races and ensuring seamless integration.

D. JUSTIFICATIONS

Supporting the HKSAR Government in Tackling Illegal Betting

10. According to HKJC's analysis, both the drop of illegal betting website traffic and the rise of legal betting turnover show that enhancing Simulcast has effectively channelised betting demand for non-local races back to the legal market. HKJC estimated that the addition of 14 Simulcast days during summer since 2021 has led to around 41% cumulative reduction of illegal betting website visitations during summer when compared with the figure before 2021. It has also resulted in a 12.3% increase in turnover for Simulcast Days from 2021 to 2023 and over \$380 million additional betting duty in 2023. Further to the increase of Simulcast race quotas from 10 to 25 and the non-local race quotas per Simulcast day from nine to 12 per season since January 2024, illegal betting website visitations were down 12% on average. It has also generated about HK\$1.3 billion turnover and around \$132 million betting duty in 2023/24.
11. Pursuant to the effective channelisation, HKJC considers that the Proposal will further divert the betting demand from the illegal betting market through incorporating most of the 134 non-local races listed as the IFHA World's Top 100 G1 Races from 2021 to 2023 in the legal Simulcast offering. The Proposal will also cover Simulcast of other popular featured races and reserve some quotas for reasonable flexibilities to respond to the change of illegal betting market, fixture adjustment, and unforeseen factors, etc.

⁴ Baseline traffic refers to a "normal" weekend race day which has no IFHA World's Top 100 G1 races and no local horse races.

⁵ Non-local horse race traffic refers to the average non-unique visits to 44 of those IFHA World's Top 100 G1 races which were not offered by HKJC for simulcast from 2021/22 to October 2024.

Enhancing Hong Kong's Leadership in International Anti-Illegal Betting Collaboration

12. In this technologically advanced era, combating illegal betting requires global cooperation. HKJC's pari-mutuel World Pool on Simulcast races, with deep liquidity and high stability, helps channel bets on prestigious races into a legal pool, which in turn minimises arbitrage opportunities. With more Simulcast quotas, HKJC's World Pool races increased from 175 in 2022/23 to 258 in 2023/24 and expanded to Australia. On the policy recommendation front, HKJC also supports the Asian Racing Federation Council on Anti-Illegal Betting & Related Financial Crime, which has been transferred to IFHA to address illegal betting's global impact.

Meeting the Strong and Persistent Demand for Prestigious Non-local Races

13. The Proposal will cover Simulcast of major racing carnivals, international racing series in which Hong Kong is a participant, and non-local races in which Hong Kong-based horses and jockeys are likely to compete, etc. The remarkable growth of Simulcast turnover over the past decade demonstrates a strong and persistent demand for these prestigious non-local races among Hong Kong's racing fan community. Currently, Simulcast turnover accounts for around 10% of the total racing turnover. In particular, the turnover is higher on those non-local races featuring Hong Kong horses and jockeys, such as *Romantic Warrior* (浪漫勇士)'s winning in the 2024 G1 Race *Yasuda Kinen* (安田紀念賽) in Japan, and *Wellington* (福逸)'s participation in the 2023 G1 Race *Queen Elizabeth II Jubilee Stakes* (女王伊莉莎白二世禧年錦標) in the United Kingdom.

Sustaining and Promoting Hong Kong's World Class Racing

14. HKJC is of the view that the Proposal will enhance Hong Kong's capability to offer more reciprocity to other jurisdictions to facilitate the development of Commingling, further promoting the internationalisation of Hong Kong racing. Since 2013/14, HKJC's Commingling network has expanded from scratch to 70 partners from 26 racing jurisdictions in 2023/24. Many of HKJC's Commingling partners amalgamate their overseas bets into almost all of HKJC's local race meetings, such as South Africa and North America. But HKJC was only able to simulcast four races from the *South African Derby* (南非打吡) and nine races from North America, such as the *Pacific Classic Stakes* (太平洋經典賽) in 2024.
15. With these overseas bets amalgamating into HKJC's pools, Commingling boosts HKJC's foreign exchange income and promotes strategic business diversification and reinvestment. In 2013/14, only 2% of turnover on local races was generated from overseas bets but this percentage soared to 21% in 2023/24 with inbound Commingling. It enables HKJC to reinvigorate local racing development, with the significant investment of HK\$7.1 billion in racecourse renovation and enhancement serving as a prominent example. The investment enhanced live racing experience for local customers and shaped the Hong Kong racecourses into tourist destinations.

Telling Good Stories of Hong Kong and Expanding its Influence in the International Horse Sports Arena

16. With decade-long internationalisation, HKJC's racing events have established themselves as an internationally recognised brand in Hong Kong. Nonetheless, Japan's recent historic achievements⁶ and the closure of Singapore and Macau racecourses highlight the fierce competition in Asian racing industry. In 2023/24, HKJC established a strategic collaboration with Malaysia to enlarge the Club's customer base and income sources. It also exports HKJC's successful model to benefit other racing jurisdictions, sustaining global racing development and enhancing Hong Kong's leadership in the international racing arena.
17. With more Simulcast quotas, the Proposal will allow HKJC to host more World Pools. Since 2019, the operation of World Pools has grown popularity and gained the trust of the global racing community in HKJC's integrity and liquidity. In 2024/25, HKJC has incorporated all 12 Hong Kong G1 races into the World Pool schedule for the first time, making Hong Kong the ninth jurisdiction to host World Pool races after the UK, Ireland, Germany, South Africa, Saudi Arabia, the UAE, Australia, and Argentina. It will further enhance the profile of Hong Kong racing to a new height, supporting the HKSAR Government's racing tourism objectives.

E. IMPLICATIONS

I. Social Implications

18. Hong Kong seasoned racing fans have been increasingly interested in prestigious non-local races, particularly IFHA World's Top 100 G1 Races. Without a legal betting option for these races due to insufficient Simulcast quota, racing fans would be lured towards illegal betting channels, which are associated with problem gambling and criminal activities. The Proposal will provide a legal and regulated betting alternative to divert this demand away from the illegal market.
19. HKJC considers that the Proposal will unlikely give rise to any significant increase in public participation in betting. In 2023/24, customers aged 18 to 21 only represented less than 1% of HKJC's total Simulcast betting population, while about 80% of simulcast customers aged 40 or above. With comprehensive and stringent responsible gambling measures in place and horse race betting being a game of skills which requires racing fans having a certain level of knowledge, HKJC considers that the Proposal will not increase the risk of excessive betting.

⁶ In 2023, the Japan Cup topped the list of the IFHA World's Top 100 G1 Races, which was the first Asian race to receive this honor; and a Japan-bred and trained horse named Equinox (春秋分) topped the list of the World's Best Racehorse Rankings for the first time in history.

II. Financial and Economic Implications

20. HKJC operates a unique IBM, which generates economic and social values through racing, racecourse entertainment, responsible sports wagering and lottery. Its Charities Trust (“Trust”) is one of the world’s largest charity donors. In 2023/24, HKJC returned \$40.1 billion generated by responsible sports wagering and lottery to the community through –
 - a. betting duties and profits tax of \$28.6 billion to the HKSAR Government;
 - b. approved donations to the community of \$10.2 billion to support 173 charities and community projects (approved donations to the Trust of HK\$2.5 billion);
 - c. contribution to the HKSAR Government’s Lotteries Fund of \$1.3 billion; and
 - d. employment opportunities of around 20,000 full-time and part-time jobs.
21. It is of paramount importance for HKJC to maintain its competitiveness to compete and combat illegal operators and channel betting revenue to the betterment of society in term of tax and charitable donations. HKJC estimates that the Proposal will generate about HK\$17,280 million in turnover between 2025/26 and 2028/29 racing seasons, while the betting duty will further increase by about HK\$1.82 billion over the same period.

**The Hong Kong Jockey Club
January 2025**

**The Hong Kong Jockey Club’s Proposals of
Additional Horse Race Betting Activities**

On HKJC’s proposals of (i) increasing the maximum number of simulcast races per season from existing 25 to 40 races from 2025/26 racing season; and from 40 to 55 races from 2026/27 racing season; and (ii) increasing the maximum number of simulcast days per season from existing 37 to 53 days from 2025/26 racing season; and from 53 to 70 days from 2026/27 racing season, my / the Organisation’s comments are as follows:

Name : _____

Representing organisation (if applicable) : _____

Contact no. / email address : _____

Date : _____

Signature : _____

Note: Please read the Personal Data Collection Statement on the next page.

Personal Data Collection Statement

It is voluntary for any members of the public to provide his/her personal data as requested in this submission form. Any personal data provided will only be used by BLC for the purpose of understanding the views of members of the public on HKJC's proposals. If necessary, the submission and personal data collected may be transferred to the relevant Government bureaux or departments for the purpose of handling HKJC's proposals.

The written submissions received may be published to the media and the public. **If you do not wish your name / your representing organisation's name and / or your views to be disclosed, please specify in your submission.**

For access to or correction of personal data contained in your submission, please contact the secretariat in writing.

Address: 13/F, West Wing,
Central Government Offices,
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