

microbloginsights



Topic 1: With the London Olympics dubbed an austerity event and with the UK in its worst double-dip recession in 50 years the budget for the opening ceremony of the London Olympic Games, which kicked off on Friday evening, was about 27 million pounds (\$42.45 million), a much smaller sum than China spent on the spectacular event in Beijing four years ago. The biggest challenge for Danny Boyle, director of the event, was to make a show that would appeal both to a British audience and the expected billion or more viewers across the world. Boyle said last month that he knew he wouldn't be able to please everyone with the show, but he and his team tried very hard not to fail, according to The Wall Street Journal. Boyle is an Oscar-winning director for his film *Slumdog Millionaire*.

PM2DIAN5: Does anybody know how much the Beijing Olympics opening ceremony cost?

RCJ_MOMENT_IN_Peking: I didn't think that the UK government could budget 27 million pounds for the opening ceremony previously. It seems I underestimated them.

DASHAN-CN: I think we should learn from the UK that it doesn't spend taxpayers' money recklessly.

MEIYUQIQI: The UK's idea of holding an event with a limited budget is quite different from China because what the 2008 Beijing Olympics wanted to achieve was to demonstrate an unprecedented sporting event to the whole world. Money was never a problem for the show.

QINGLUANDIANJIAN-GYING: I love British culture but I still chose to watch the rebroadcasting of the opening ceremony because the live broadcast of the show was at 4 am Beijing time.

COMMERCIALPROPERTY-HOPSCA: Is it true that the opening ceremony of 2008 Beijing Olympics cost a total of \$15 billion?

DAJIAOGUAIHUSHU: I don't know the answer to this question: Does the budget figure for the London Olympics opening ceremony bring shame on the UK government or cause the Chinese government to lose face?

JIAYUANDEWEIBO: It is challenging to hold a magnificent event with a limited budget because it requires a clever approach.



Topic 2: The online sales of personal survival kits soared after local media reported that a 34-year-old man drowned in his car after the vehicle got stuck in four meters of water during the rainstorm that hit Beijing on July 21. When a car is submerged, the water pressure makes it hard or impossible to open the door and electrically operated windows can fail. The death toll from the sudden flood reached at least 77, the Beijing municipal government said on Thursday. Items in demand on Taobao.com, China's largest online marketplace, include safety hammers and US-made ResQMe, a rescue tool carried on a keychain that can be used to smash car windows and cut through seatbelts. Other items demonstrate how to use car pillows to break windows when trapped in water in an automobile.

WINGERS: People always tend to overestimate the risk of accidents that have been reported intensely by media. I think the buyers might never have a chance to use these hammers in their lifetimes and a majority of accidents would still be caused by drunken driving or running a red light.

OREOINLACE: It is more useful to spend money on buying personal life-saving tools than paying taxes. I'm working hard now to learn all kinds of survival skills.

SPAIGUO: Another tool for thieves! Vehicle owners had better watch out.

JUNELYN2012: It is a successful marketing case associated with what's being talked about on micro blogs. I still think that a 10 yuan hammer is better than the US tool — and the hammer could also be used for self-defense.

REQINGDESHUI: Within several days, I bet that the US tool will be copied in China and will be on sale for less than 10 yuan.

MEIBUHAO: Civilians who don't have any extreme survival experience are 80 percent bound to die when the situation calls for breaking a car window.

DANDINGLANMAO: How poor Chinese people's safety awareness is, as reflected in the great losses caused by the heavy rainfall.

COLDARLEYUAN: The survival tools are necessary but the most important thing is that we should take care of ourselves and never try to do anything that is beyond our capability when confronted with danger.

ALL THE INFORMATION IS FROM SINA WEIBO.

Call for lottery sales revamp

Ticket revenue increased 204 billion yuan from the start of the century to 2011

By WEI TIAN
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The mercury hit 35 C on the July afternoon in Beijing, cicadas filled the air with their scratching and a heated discussion was taking place among a group of men at a storefront in Xiaoguan community, Beijing.

"I have a feeling that I'm going to get something this time. I've done an AC analysis," said a young fellow wearing slippers.

"No way! Your numbers don't add up. Learn some probability theory," an older man said, swishing his fan.

The earnest attitude, professional terms, along with thickly dotted analytical graphics on the wall and the changing numbers on a plasma screen, had all the hallmarks of a stock exchange.

However, the owner of this local China Welfare Lottery store, who would only give his family name as Zheng, said he had never seen any of them making any decent returns on their "investment."

"But they were indeed more enthusiastic after hearing about the 570 million yuan (\$90.5 million) jackpot in Beijing last month," he said.

A survey conducted by the Lottery Research Center of Beijing Normal University showed that there are more than 200 million lottery ticket buyers in China, of which about 7 million are "problem buyers" who are addicted to the game.

Most of the lottery buyers — 93 percent — are male, and 73 percent of them are aged between 26 and 34. Seventy percent of them earn roughly 3,000 to 5,000 yuan a month.

"A common feature of this group is they may have qualifications, technical skills, families, dreams, budgets, but very little social status," the report said.

According to Zheng's experience, lottery stores are only opened in lower-income communities because people from upscale communities pay little attention to the game. Each lottery store makes a 7 percent commission from sales of lottery tickets.

Although there is a small banner in his store that reads "help the poor", a much bigger poster in a more obvious position marked with the latest prizes won at this betting center is what drives customers in.

"It's all about dreams of quick fortunes. Nobody cares about public welfare," Zheng said.

In the past decade, the lottery industry in China grew even faster than the ramping economy. Lottery ticket sales increased from 18 billion in 2000 to 220 billion yuan in 2011 — an annual growth rate

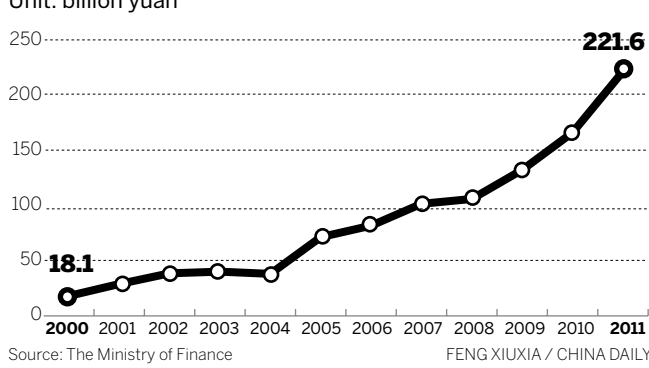


A man buying a lottery ticket at a welfare lottery store in Shanghai. There are more than 200 million lottery ticket buyers in China, of which about 7 million are "problem buyers" who are addicted to the game, according to a recent survey conducted by the Lottery Research Center of Beijing Normal University.

BREAKDOWN OF LOTTERY SALES REVENUE (2011)

	REVENUE	ANNUAL GROWTH
Lotto (Number Array)	142.76	28.3%
Sports Lottery	21.81	48.0%
Zhongfu Online (Video Lottery)	17.01	82.5%
Scratch-open	40.01	29.5%

LOTTERY SALES REVENUE



Source: The Ministry of Finance

FENG XIUXIA / CHINA DAILY

of nearly 30 percent.

Li Gang, who conducts research into the lottery industry at Shanghai Normal University, said lottery ticket sales this year are expected to exceed 250 billion yuan. However, he doubts the sustainability of this rapid growth.

"Normally speaking, each lottery product has a life cycle of just three to five years. In the constraint of policies, there will be no new products that can be launched in China in the near future," Li said.

Meanwhile, Li said, what concerns him more is the lack of professionalism and negative attitude of the administrators and operators of China's lottery industry.

"Sometimes the design of the game is a joke. For example, in the game to guess the last eight teams in the 2002 FIFA World Cup, there was even an option for three teams from one group," he said. A maximum of two from each group could get through to the

next stage. Misplaced expectations of lottery buyers have led to many conspiracy theories about winners, he said.

When the 570 million yuan prize was reported, many netizens expressed their suspicions, putting forward all sorts of "evidence." The Beijing Welfare Lottery Center refused to comment on any of the questions raised.

"People should realize that the lottery is definitely not an investment channel because its average input-output ratio is always below one," Li said.

"For example, many football fans buy lottery tickets but what they end up doing is to just losing less money. It is those people who know nothing about football who win the jackpot because there are always dark horses."

Li accused lottery administrators of being uncooperative and not promoting the games as well as they could. "The jackpot news was sup-

posed to be a good opportunity for brand promotion but the authorities have turned something good into something bad," he said.

Meanwhile, Li said, the authorities should play a more positive role in developing the social welfare function of the lottery industry.

Currently most of the lottery sales income is used to replenish the social security fund. Li suggested that more should be given to lower-income groups because they bought most tickets.

"It could be an effective way to balance income distribution," Li said.

Since 1987, China's lottery rights have been in the hands of the Ministry of Civil Affairs and the General Administration of Sport, while the Ministry of Finance is responsible for the supervision of the industry.

Due to the many issues caused by multi-headed management, some suggested that there should be a lottery regulatory commission to oversee the issuing, management and supervision of the multibillion yuan business, just like the regulators in the banking and securities markets.

But Su Guojing, a lottery expert who is also the founder of Asian Responsible Gaming Alliance, said a more feasible way would be to establish a "National Lottery Development Bureau", which brings in all the administrative bodies, apart from the issuing function, from the three ministerial bodies.

Meanwhile, there should be more rules to replace the "Lottery Regulations", a 10-page document that has been the only law for the multibillion yuan industry.

"Internationally, the lottery is only a small part of the commercial gambling industry but in China it represents a much wider concept, including the

traditional lottery, the sports lottery and other products," Su said.

According to Su, approximately 50 percent of the lottery sales revenue in 2011 was used as prizes.

The return rate of the traditional lottery is on a par or more so than those overseas but the sports lottery is slightly lower, resulting in many players participating in overseas lotteries via underground networks.

Although there isn't a precise survey, widely accepted data based on statistics from betting shops during the World Cup and European Cup is that 70 to 80 percent of the stakes come from Chinese customers, among whom about 70 percent are from the Chinese mainland, Su said.

Meanwhile, about half of the 160 billion yuan revenue of the gaming industry in Macao is from Chinese mainland players.

"On the Chinese mainland, the revenue of the underground lottery industry is no less than the official sales figures," Su said.

The lottery industry can be an effective measure for adjusting a country's economy. A good example is Singapore opening its lottery industry to battle the Asian financial crisis.

However, in China, the lottery business has always been a sensitive issue because gambling is strictly forbidden in the constitution, Su said.

"The lottery industry is developing fast among our neighbors such as Macao, Far East Russia, Vietnam and Japan, which have already formed a 'ring of encirclement' around the Chinese mainland," Su said.

"It's like if you like soy sauce and you find a group of people who open a soy sauce store near your home," Su said. "The best way is to make your own."

Miners to reassess spending proposals

By BLOOMBERG NEWS
in Sydney

Australian Foundation Investment Co, a fund owning shares in BHP Billiton Ltd and Rio Tinto Group, said it would encourage companies to cut back on investments in new operations as commodity prices fall.

Mining companies will start to question the economics of projects as prices fall and costs rise, Ross Barker, chief executive officer of the listed Melbourne-based fund with a market value of A\$4.5 billion (\$4.7 billion), told the Australian Broadcasting Corp's Inside Business program. "That is obviously something we would encourage because we don't want to spend large amounts of money and not get good returns."

Mining companies are reassessing spending plans

as commodity prices drop, amid concern over growth in Europe and China, the biggest metals consumer. China's economy expanded at its slowest pace for six quarters in the three months to the end of June. BHP Billiton, the world's largest mining company, needs to be flexible in the face of change, CEO Marius Kloppers said last month.

BHP Billiton will delay approval of a \$33 billion mine expansion in Australia for two years until 2014 because of falling commodity prices, the Australian newspaper reported, citing a document prepared by an unidentified consultancy.

The board of Melbourne-based BHP Billiton is due to decide on proceeding with the Olympic Dam copper-uranium-gold mine expansion by the end of this year.

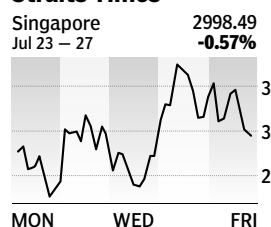
market roundup

ASIA INDEXES

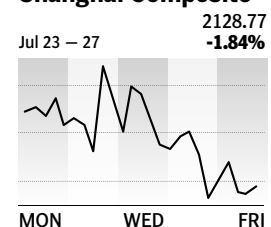
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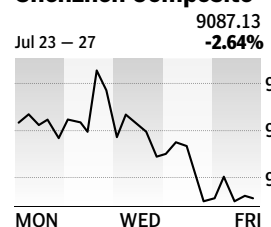
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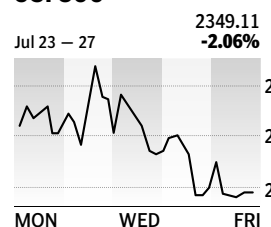
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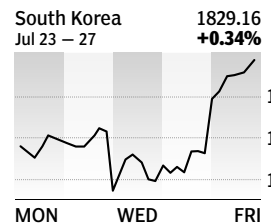
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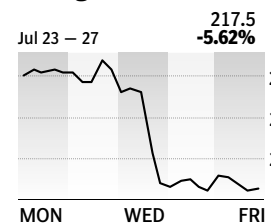
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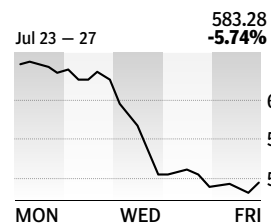
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