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Speech by the Director General



Director General Yu Jianliang

Back in the 1980s, welfare service facilities fell severely short in China. In the process of drawing on successful foreign experience to solve domestic social problems, China Welfare Lottery was born. The state-licensed issuance of welfare lottery represents both charity and market behavior, and assumes a role to fulfill social responsibilities. For the past 26 years, China Welfare Lottery Issuance and Management Centre (CWLIMC) has voluntarily fulfilled our social responsibilities by integrating the concept of responsibility into various links including game design, channel building, issuance, marketing and fund using. We believe that what comes from the society should serve it well; and those from the people should be for the people.

Through years of reform and innovation, CWLIMC has embarked on a development path featuring Chinese characteristics. Regarding the sales model, we have gone from stalls to centralized selling of "Dajiangzu" (a form of centralized selling of instant tickets in the early years of China Welfare Lottery), and to normalized points of sales (POS); as for game categories, we have developed from only instant games to a diverse portfolio of lotto, number games, instant games, VLT, keno, etc.; in terms of issuance, we have gone from decentralized sales by each province, to regional united sales and national united sales; and for the sales system, we have gone from quasi-online to online. Today, China Welfare Lottery has become an important platform for people to dedicate their love, promote virtues and do charity work, and an important pillar for the cause of social welfare and charity.

Welfare lottery institutions overcame various obstacles brought by intensified economic downward pressure in 2013. Following the guideline of "Secure Operation and Healthy Development", welfare lottery institutions forged ahead and realized stable growth at a higher level by consolidating their foundation, stabilizing the market and promoting innovation. The yearly sales volume registered 176.5 billion yuan and public welfare funds amounted to 51.067 billion yuan, which set record highs and made new contribution to social welfare undertakings. The year 2014 marks the first year to broaden and strengthen the reform in China, as well as a new historic start for the reform and development of China Welfare Lottery. We'll step up the cultural progress of the welfare lottery, consolidate its material and technological foundation and build a standard and efficient welfare lottery framework with improved systems to optimize its structure and enable its transformation from mere sales increase to quality development.

We should honor the glorious history of welfare lottery by inheriting its fruitful achievements and making further innovation. We should study the trends and new challenges along the development of welfare lottery and make new initiatives to support the innovative development of welfare lottery. Chairman Mao once said, "Don't say that the way forward is insurmountable, with renewed efforts we can ascend to its summit." Faced with challenges and opportunities, CWLIMC will make collective and concrete efforts to achieve the continued and stable growth of welfare lottery sales by means of reform and innovation, with a view to realizing the transformation of welfare lottery and making bigger contribution to social welfare and charity undertakings.

俞建良

Speech by the Party Secretary



Party Secretary Zhang Xin

The state-licensed issuance of China Welfare Lottery shoulders the mission of "Supporting the Elderly, Assisting the Disabled, Helping the Orphans and Relieving the Have-nots". Since its inception in 1987, CWLIMC has issued over 1,000 billion yuan of welfare lottery and raised over 300 billion yuan of public welfare funds. Our sales volume in 2013 was over 170 billion yuan, ranking us the second largest lottery in the world. The repeated leaps and bounds of China Welfare Lottery are attributed to the state's support, widespread public participation and collective efforts by our employees. Today, China Welfare Lottery has become an important source of funds for social welfare undertakings, an active platform for charitable donations and a cultural lifestyle people love to see and hear, promoting cultural development and social progress.

Entertaining as it is, China Welfare Lottery promotes social welfare, encourages massive participation and values ethics. Fulfilling social responsibilities has been our eternal pursuit. In retrospect, CWLIMC has remained steadfast to the guideline of "Secure Operation and Healthy Development", abided by the principles of "Fairness, Justice, Transparency and Integrity", fostered the culture of "Welfare, Charity, Health, Happiness and Innovation" and reinforced the concept of responsibility. In addition, we have focused on scientific development, transformed the development model, regulated issuance and management, stepped up innovation of technologies, products and services, and sales models to better fulfill our social responsibilities.

The successful convening of the Third Plenary Session of the 18th Central Committee of CPC in 2013 ushered in a new round of comprehensively deepening reform. For CWLIMC, it is an eventful year. During last year, we adhered to the mission of "Supporting the Elderly, Assisting the Disabled, Helping the Orphans and Relieving the Have-nots" and reinforced the sense of responsibility by improving the management system, advancing the building of the social responsibility framework and completing the *Social Responsibility Standard and Code of China Welfare Lottery*.

At the new starting point in 2014, we'll actively seize development opportunities, create a favorable market environment and promote reform and innovation to realize new development under more complicated external circumstances. We'll strengthen our leadership to become an important force to guarantee the fulfillment of responsibilities by welfare lottery institutions at all levels and enhance our soft power to become a role model in fulfilling responsibilities among world-class lottery operators. Remembering our mission and proceeding with confidence, we'll write a new chapter of China Welfare Lottery's reform and development!

张忻



Introduction

Welfare Lottery By Your Side

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Welfare Lottery Around You

1000

Cumulative sales of China Welfare Lottery register almost 1,000 billion yuan.



Getting to Know Welfare Lottery Institutions

1987

China Welfare Lottery was born in 1987.



Concept of Responsibility

301.7

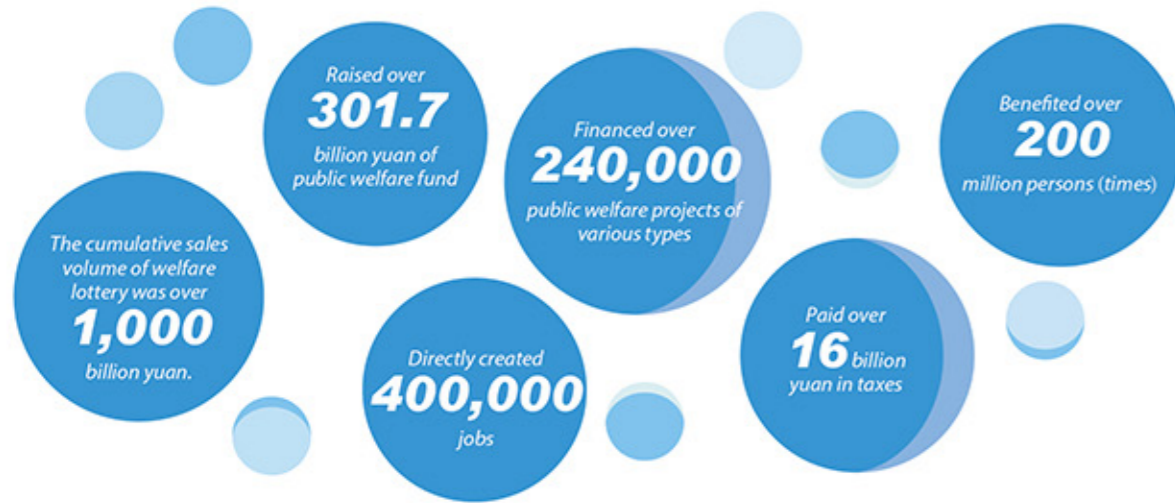
We have raised 301.7 billion yuan of public welfare fund for our country.

Welfare Lottery Around You

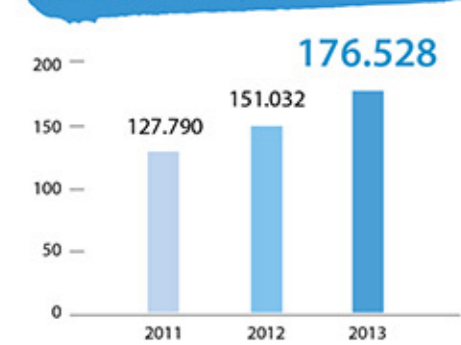
Welcome to the World of Welfare Lottery

China Welfare Lottery was born in 1987. Through 26 years of development, we have become the second largest lottery in the world. By the end of 2013, we had issued 964.2 billion yuan of welfare lottery, raised over 301.7 billion yuan of public welfare fund for the nation, financed over 240,000 public good projects of various types, and benefited over 200 million persons/times directly or indirectly. Also, we helped pay over 16 billion yuan of bonus tax and directly created over 400,000 jobs, many of which were for the disabled people, lay-offs and university graduates. China Welfare Lottery has become an emerging sector to ease employment pressure. Meanwhile, we have jumpstarted the development of such related industries as papermaking, printing, computer, transportation, advertising and service.

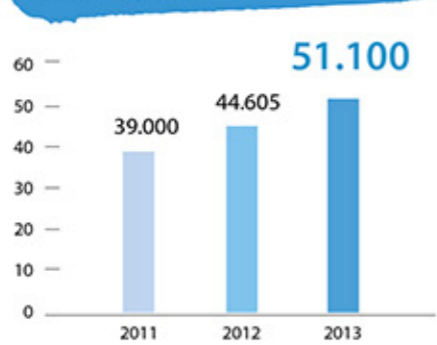
Today, issuing welfare lottery has become an important channel to raise social welfare fund and a significant platform to galvanize public participation in charity work and to meet people's daily entertaining needs. Moreover, it plays an active role in safeguarding and improving people's well being, and advancing development of national economy and social welfare.



Annual Sales Volume of China Welfare Lottery in 2011-2013 (Unit: billion yuan)



Annual Public Welfare Fund Raised in 2011-2013 (Unit: billion yuan)

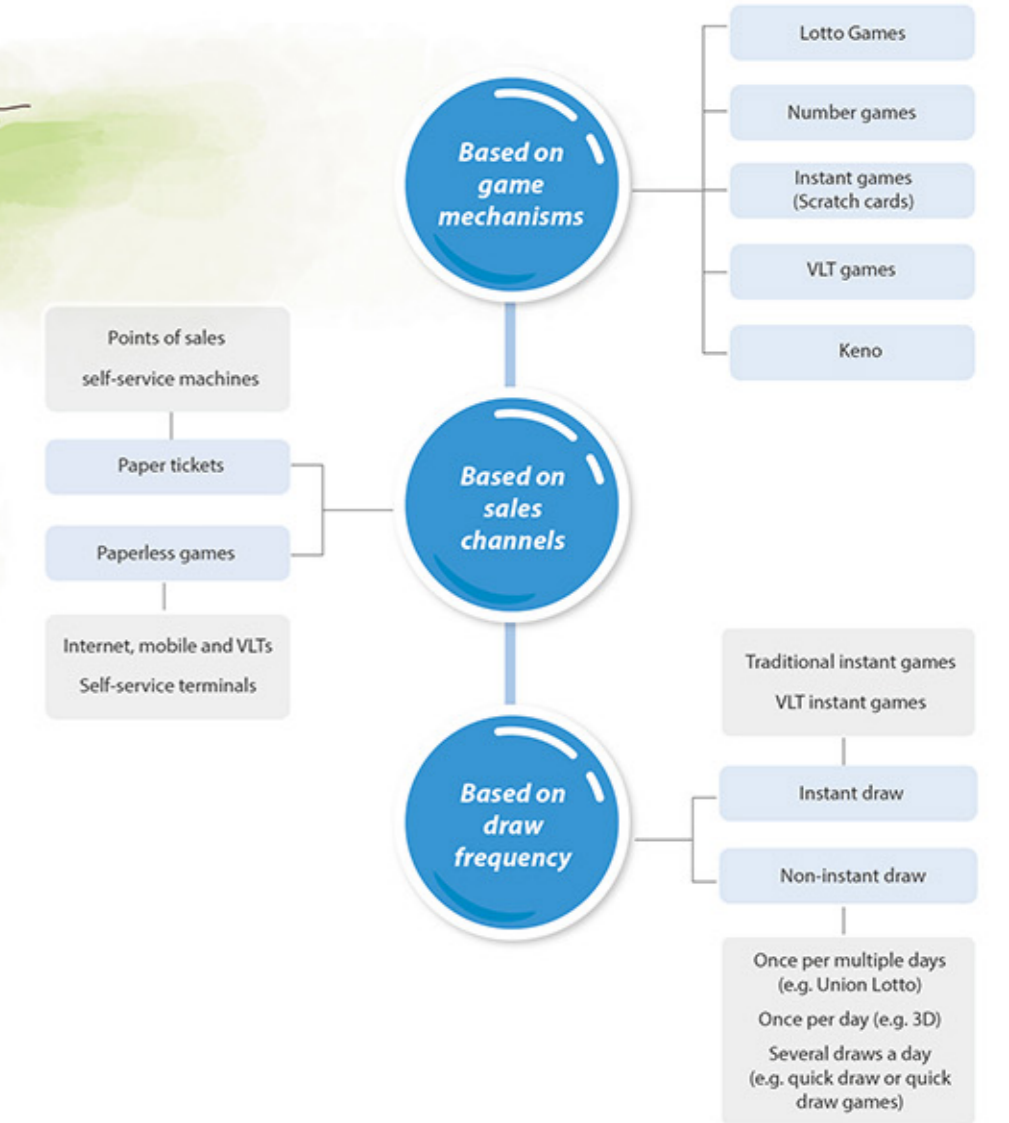


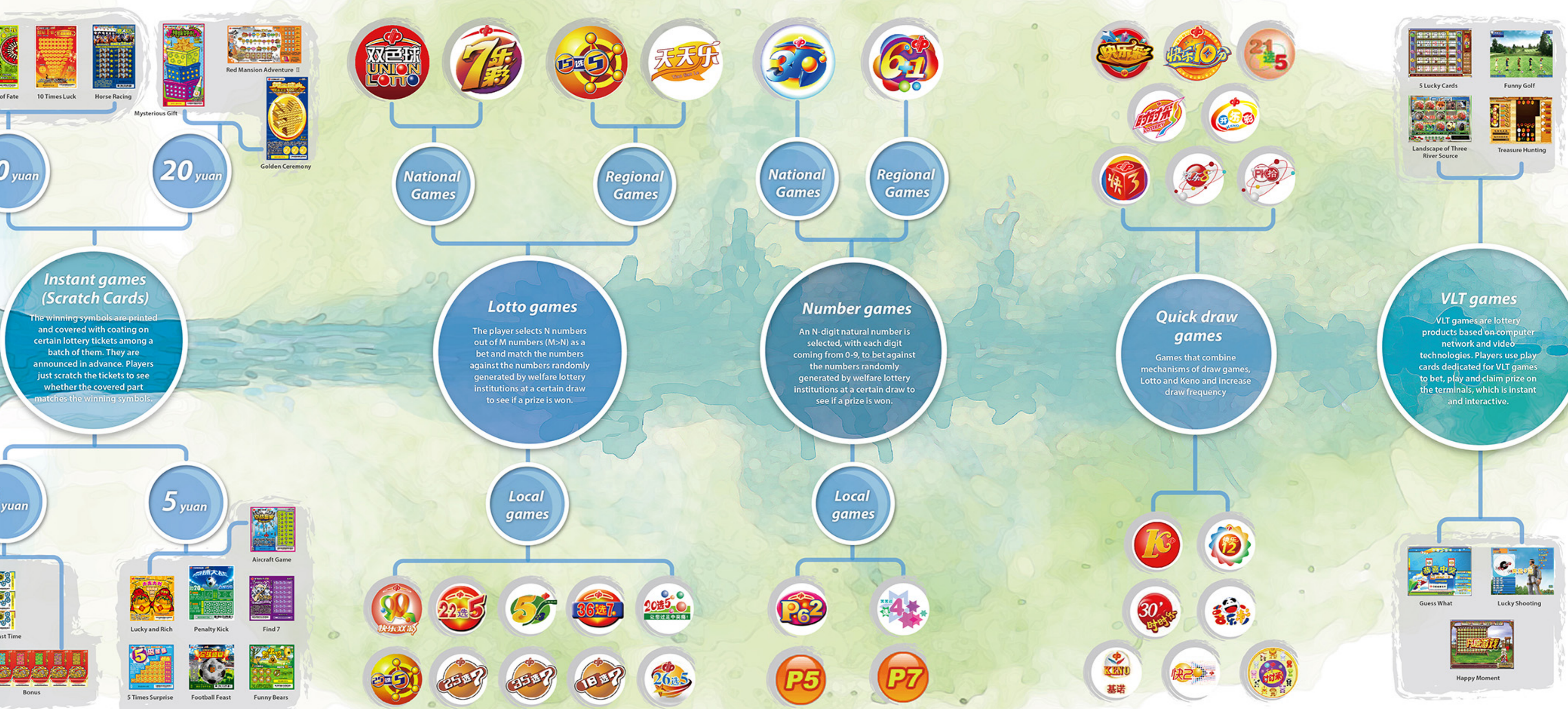
Public Welfare Fund Benefits Everyone

Being China's largest social welfare and charity undertaking, China Welfare Lottery enables every lottery player to participate in social welfare; and the public welfare fund, in turn, goes to every consumer to benefit every aspect of their life. Through "Supporting the Elderly, Assisting the Disabled, Helping the Orphans and Relieving the Have-nots", the welfare lottery's fruits can be shared by people. What is from the people will be for the people.

Rich and Diverse Welfare Lottery Gaming Portfolio

CWLIMC offers people diverse, brand-new and culturally profound games. The commonly seen "Union Lotto", "3D", "Guagualo (Scratch cards)" and "Treasure Hunting" are some of the brand games. According to the *Rules for the Implementation of Regulations on Lottery Administration*, lottery products fall into the categories of lotto, number games, betting, traditional lottery, instant games, VLT and keno in terms of game mechanisms and features. Currently, China Welfare Lottery mainly offers 5 categories of games, namely lotto, number games, instant games, VLT and keno. Additionally, they can be further divided in terms of sales channels and draw frequency. Divided by sales channels, there are paper tickets and paperless games; by draw frequency, there are instant and non-instant games, the latter one further divided into games with several draws a day and with a draw every several days. The diverse game types and methods for playing enrich people's daily life.





Getting to Know Welfare Lottery Institutions

Brief Introduction of China Welfare Lottery Issuance and Management Centre

Brief Introduction



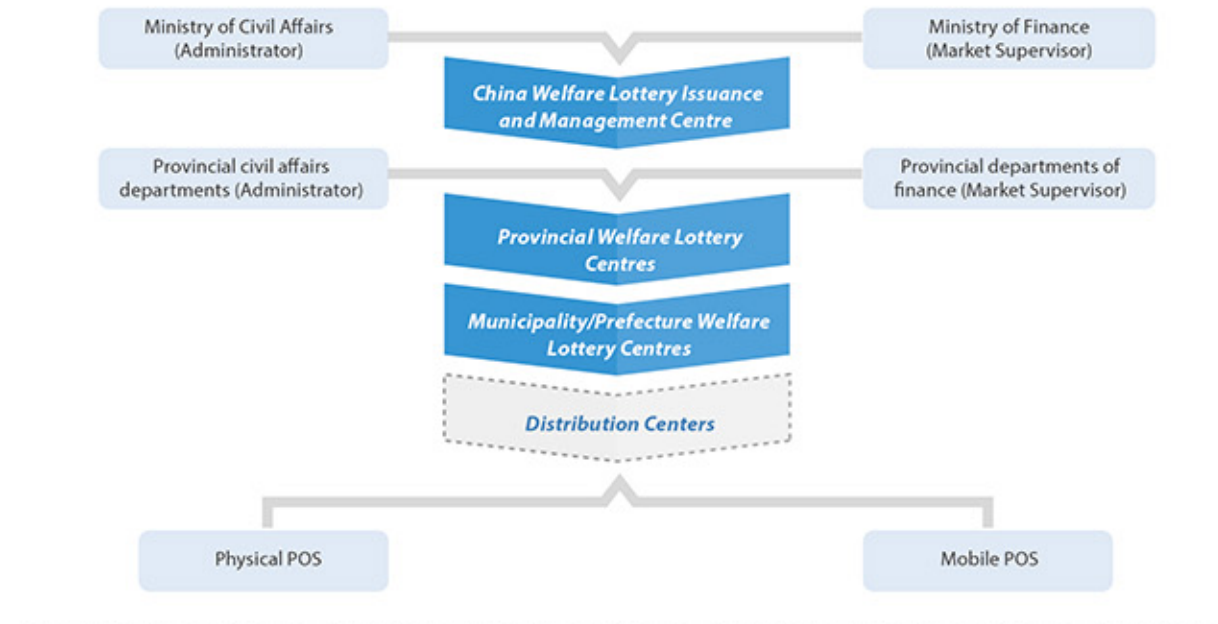
Established in 1987, China Welfare Lottery Issuance and Management Centre is responsible for issuing and managing the sales of welfare lottery in China. It is directly affiliated to the Ministry of Civil Affairs (MCA), and has 25 divisions and subordinate units.



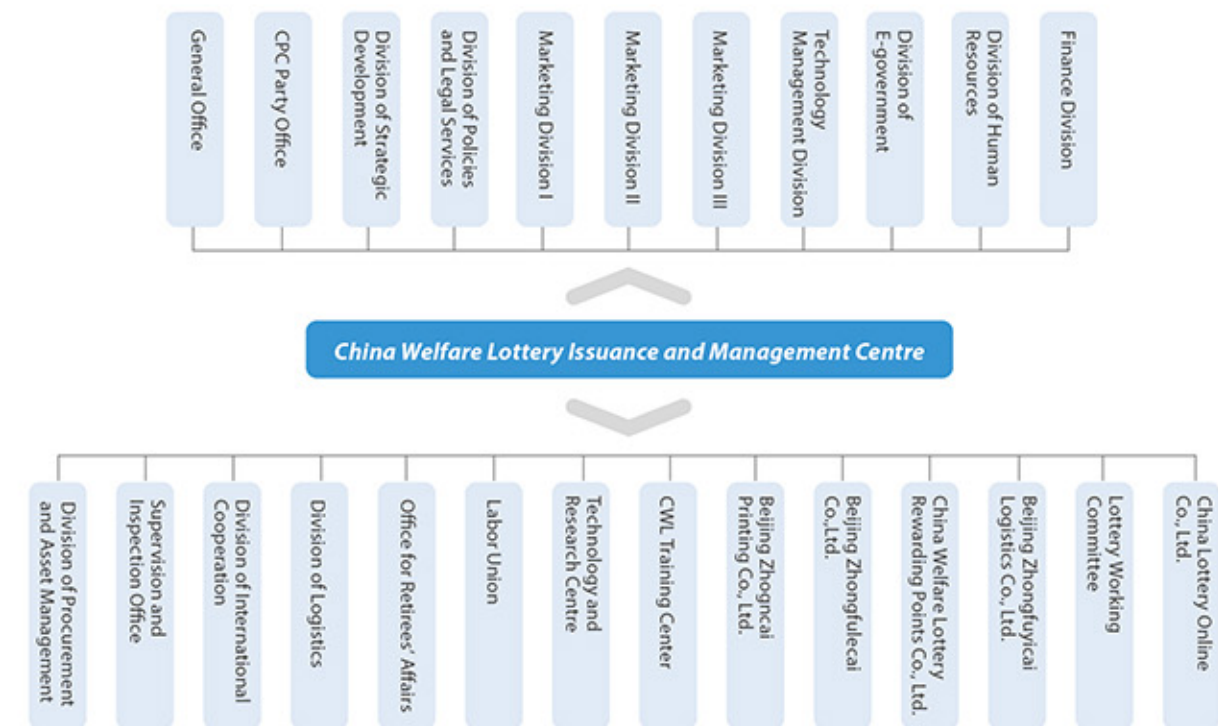
Organizational Architecture

CWLIMC is directly managed by Ministry of Civil Affairs and organizes lottery issuance nationwide: departments of civil affairs at the provincial level (provinces, autonomous regions and municipalities directly under the Central Government) set up welfare lottery sales institutions that are responsible for the sales within their administrative regions. Lottery institutions at sub-provincial level will be managed according to the actual situation.

Organizational Architecture of the Welfare Lottery System



Architecture of China Welfare Lottery Issuance and Management Centre



Historical Evolution

To Study the Evolution of CWLIMC through the Name Changes



- In **1987**, the first "China Social Welfare Fund-Raising and Prize-Winning Ticket" was issued in Tianjin People's Printing Factory.
- In **1993**, the name was changed to "China Social Welfare Ticket"
- In **1994**, the name was again changed to "China Welfare Lottery".



- In **1987**, the first national professional lottery issuance organization was founded, called "Issuance Commission of China Social Welfare Fund-Raising and Prize-Winning Ticket" (the Commission for short).
- In **1993**, the name was changed to "China Social Welfare Ticket Issuing Centre".
- In **1995**, the name was changed to "China Welfare Lottery Issuing Centre".
- In **2001**, it changed the name to "China Welfare Lottery Issuance and Management Centre".

To Study Welfare Lottery's Evolution through its Sales Models



The sales model that features mobile stalls with traditional lottery games as products

- In **1987**, for the first time, the Commission launched a pilot to issue traditional "China Social Welfare Fund-Raising and Prize-Winning Ticket" with a face value of 1 yuan in Shijiazhuang, Hebei Province.

- In **1988**, Beijing Dongcheng District for the first time sold instant social welfare tickets with a face value of 1 yuan. The tear-off lottery ticket was the first of its kind.

The city of Guangzhou was among the first to issue the new "scratch-type" welfare tickets, which was also the first of its kind.

The Commission issued social welfare tickets with a serial number of "01-01-8801", which was the first (set) of lottery tickets with a unified serial number.



Centralized sales with physical goods as awards, featuring large scale, sensational sales scene, massive publicity work and rapid sales, where instant tickets were the main products.

- In **1989**, "Double Jackpot", the first instant yet traditional welfare lottery was born, which was the first welfare lottery with 2 yuan par value.

- In **1992**, "A Fu 06", the first instant pocketed-type lottery was born, which was the first welfare lottery with a face value of 5 yuan.

- In **1993**, China Social Welfare Ticket Issuing Centre became a member of Intertoto, marking its step onto the international stage.

- In **1994**, the first traditional welfare lottery ticket issued by computer network was born in Shenzhen.

- In **1995**, China Welfare Lottery was officially admitted into ALE.

- In **1998**, welfare lottery tickets were issued to relieve disaster-stricken areas. "Dajiangzu" became popular nationwide and was reaching its peak.

- In **1999**, Shanghai issued "Shanghai Style" draw game, the first lotto game issued by computer network. In the same year, we became an official member lottery of WLA.



Managing and selling lottery products with IT; lotto, number games and VLTs are the main products.

- In **2000**, Shanghai built the first online system for selling draw games, which outsold instant games for the first time and became the mainstream.

- In **2003**, Union Lotto was issued in 22 provinces, autonomous regions and municipalities directly governed by the central government, ushering in the new era of CWL's draw games.

"China Lottery Online" instant games were introduced on a pilot basis, signifying the birth of VLT games in China.

- In **2004**, CWLIMC launched the "3D" game with a unified name, unified game rules and unified draw. Besides, the upgrading of the online system that sells draw games was completed.

- In **2005**, the activity of "Close Contact with Union Lotto" was officially launched, blazing the trail of receiving large number of the general public to go closer to a national game. In the same year, the hotline of CWLIMC—4008288288 became available.

- In **2006**, MCA awarded CWLIMC a First-class Merit.

- In **2007**, the national draw game "Qilecai (Lotto 7/30)" was issued.

- In **2008**, all players in China were awarded the China Charity Special Award.

- In **2009**, the promulgation of Regulations on Lottery Administration marked the milestone in the history of China's lottery, signifying its evolution to maturity.

- In **2011**, the sales volume of China Welfare Lottery was 127.793 billion yuan, and 39 billion yuan worth of public welfare fund was raised, making leaps and bounds in development.

- In **2013**, the sales volume of China welfare lottery was 176.528 billion yuan, making China Welfare Lottery the second largest lottery in the world.

Concept of Responsibility

Since its first issuance in 1987, China Welfare Lottery has grown in size and strength, which is the result of its increasingly enhanced concept of responsibility.

China Welfare Lottery has set up the mission of "Supporting the Elderly, Assisting the Disabled, Helping the Orphans and Relieving the Have-nots", fostered the working philosophies of "Public Welfare, Security, Responsibility, Integrity, Innovation and Brand", and constantly promoted the welfare lottery culture of "Public Welfare, Charity, Health, Happiness and Innovation". These efforts have laid a solid ideological foundation for fulfilling social responsibilities and also serve as an internal engine for welfare lottery development in China.

Issuance Mission

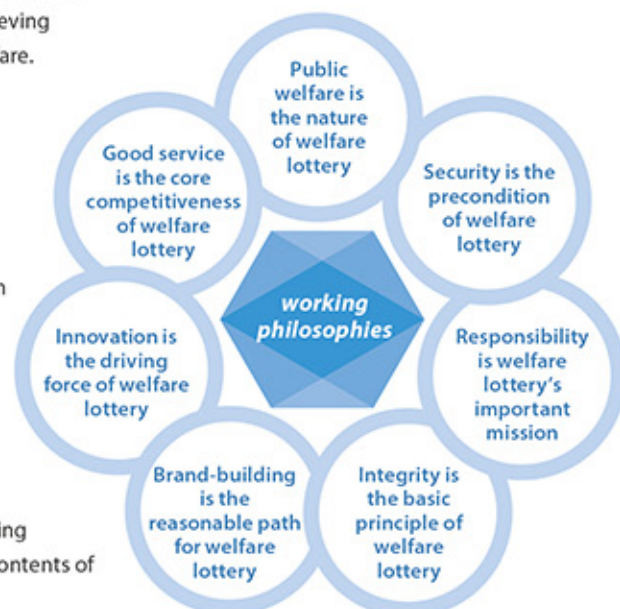
The original mission of issuing welfare lottery was to uphold socialist humanism spirit by uniting people from all walks of life who have passion for social welfare and to collect social welfare fund to initiate the welfare undertakings for the elderly, disabled and orphans and help those in need. Later, it was summarised as "Supporting the Elderly, Assisting the Disabled, Helping the Orphans and Relieving the Have-nots", which made clear the development direction of welfare lottery in China and its dedication to charity.

Remaining committed to mission of issuing welfare lottery, whole-heartedly practicing the core concept of "People are of the overarching importance and those in need should be helped", and delivering the promise of "What is from the people should be for the people, and it is important to win people's trust", departments of civil affairs and welfare lottery institutions at all levels have made important contribution to promoting the development of social welfare, social relief, special care and protection, safeguarding the basic rights and interests of the disadvantaged and building a socialist harmonious society. Welfare lottery, an important channel for departments of civil affairs to fulfill some of its functions as a public service provider by "Sharing the Party's sorrows and relieving people's troubles", projects a significant attribute of social welfare.



Working philosophies

CWLIMC adheres to "Secure Operation and Healthy Development" and the principles of "fairness, justice, transparency and integrity". As a state-owned public welfare lottery, we shoulder social responsibilities which are inherent in our nature. We advocate the "green lottery" of "promoting the rational idea of betting, encouraging more buyers to play with small amount of stakes, combining money raising with recreation, and putting amusement before gaming". In terms of the R & D of games, formation of channels, marketing and publicity and public welfare activities, these principles are all observed, thus reducing the gambling element in lottery, guiding buyers to purchase lottery in a reasonable way, enriching the contents of responsibilities and boosting our soft power.



Culture of Welfare Lottery

In our development process, we have gradually formed the culture of "public welfare, charity, health, happiness and innovation", reflecting the positive cultural orientation and highlighting the values of "stimulating the goodwill of the public, gathering benevolent deeds of the masses, serving the interests of the public and facilitating public welfare". The culture also intensifies the core values of welfare lottery and promotes the positive attitudes of welfare lottery.

<p>Public Welfare is the Basic Nature of Welfare Lottery</p>	<p>The issuance mission of "Supporting the Elderly, Assisting the Disabled, Helping the Orphans and Relieving the Have-nots" clarifies the basic nature of social benefit. The raised fund from welfare lottery, arranged by governments at all levels, is for public good, such as social benefits and public welfare undertakings.</p>	
<p>Charity is the Core Value of Welfare Lottery</p>	<p>China Welfare Lottery's daily lottery sales activities serve as a public and routine platform for charitable behaviors by encouraging the public to donate regularly through purchasing lottery products, which reflects the philanthropy spirit.</p>	
<p>Health is the Fundamental Requirement of Welfare Lottery</p>	<p>With scientific design of games, reasonable publicity and guidance as well as standardized and honest operation and management, China Welfare Lottery promotes the idea of rational purchasing to foster a healthy mindset for players by reducing their desire for gambling and shaping healthy lottery culture.</p>	
<p>Happiness is the Spiritual Pursuit of Welfare Lottery</p>	<p>We lower our threshold and emphasize on participation. Players may not only contribute to public good through purchasing lottery, but also meet their own spiritual and cultural demands, because they spread and share happiness with others, thus giving play to the cultural and recreational functions of welfare lottery.</p>	
<p>Innovation is the Driving Force of Welfare Lottery</p>	<p>Welfare lottery is the product of reform and innovation. Thanks to the persistent reform and innovation, it gets to grow with the time. Therefore, the innovation of concepts, technologies and management represents the lifeline of the sustainable development of welfare lottery.</p>	

Ten Questions about China Welfare Lottery

What is lottery?

Lottery has a history of several centuries. It has diversified definitions in China and abroad. The *Encyclopedia Britannica* defines it like this, "procedure for distributing something (usually money or prizes) among a group of people by lot or by chance. The total value of the prizes, large or small, is commonly the amount remaining after expenses—including the profits for the promoter, the costs of promotion, and the taxes or other revenues—have been deducted from the pool".

The *Regulations on Lottery Administration* promulgated by the State Council in July 1st, 2009, includes authoritative definition of lottery: lottery refers to the certificate of winning a prize in line with specified rules issued specially by the state and sold according to laws to raise social public fund for the purpose of public welfare undertakings. The principal of the lottery will not be returned and interest will not be paid.

Where did lottery come from?

Lottery can be traced directly to the popular folk games, such as drawing straws and casting lots. These most original games create opportunities for players. In the beginning, they offered the opportunity of winning some honor. Then financial prizes were involved and winning properties became the ultimate goal of some players. That's how gambling became a distorted form of the game of chance.

However, another more regulated and equitable game of chance involving lottery is to turn the gaming funds into positive social effects. From the angle of the game of chance, lottery differentiates itself from gambling in that it utilizes the advantages of games of chance in a comprehensive and reasonable way and avoids their shortcomings through various means and measures.

How did welfare lottery come into existence in China?

In the 1980s, China was confronted with financial difficulties, with a huge financial gap in social welfare undertakings. Cui Naifu, the then Minister of Civil Affairs, believed that only with the socialization of social welfare, can we expand the channels of fund-raising, improve the livelihood of the vulnerable, and narrow their gap with the national average level.

After investigating the welfare situation in many countries, fund-raising with prizes was regarded as the best method of raising social funds. On June 3rd, 1987, approved by the State Council, the Issuance Commission of China Social Welfare Fund-Raising and Prize-Winning Ticket was founded in Beijing. On July 27th of the same year, the first welfare lottery tickets (called "China Social Welfare Fund-raising and Prize-winning Ticket") were sold in Shijiazhuang, Hebei Province. That's how welfare lottery was born in China.

How many types of lottery products are there of China Welfare Lottery?

There are five types of welfare lottery games: lotto games, number games, instant games, VLT and Keno. Based on the sales scope, draw games can be divided into three types, namely games sold across the country, games jointly sold in one region and local games. For example, "Union Lotto" and "Qilecai" are famous games jointly sold in the country; "Happy Every Day", sold in Yunnan, Guizhou and Sichuan provinces, belongs to regional games; "Lotto 7/36" is a local game only sold in Heilongjiang Province. The number games can also be divided into the above-mentioned three types. Instant games include "Guaguale" scratch cards, such as "Emigrated Warriors" and "Match-up". VLT games include "Treasure Hunting" and Keno games include "Kailecai".

What is the public welfare fund used for?

According to the policies concerning the distribution of public welfare fund stipulated by the state, the raised fund by issuing welfare lottery will be submitted to the central government in half and then distributed among social security, special funds, MCA and General Administration of Sport according to the proportions of 60%, 30%, 5% and 5% respectively. This half will be used to complement the inadequate social security funds, support education, help the disabled, assist the vulnerable groups with serious diseases, complement the medical care funds in urban and rural areas, alleviate poverty and assist social welfare causes, such as cultural, legal assistance and large-scale sports games. The other half will be retained by the localities for the undertakings of "Supporting the Elderly, Assisting the Disabled, Helping the Orphans and Relieving the Have-nots".

Can prize be claimed beyond the term of 60 days?

The Article 43 of the *Rules for the Implementation of Regulations on Lottery Administration* specifies that the winner should claim the prize within 60 days after the drawing day. If the last day is the national leave according to the Regulation on Public Holidays for National Annual Leave and Memorial Days or the closing day of the lottery market, then the term will be extended to the first day after the national leave or the closing day of the lottery market. We sincerely hope to enjoy the happiness of welfare lottery with our players, so we would like to remind you to claim prizes timely to avoid unnecessary losses.

Why is there a gap between the deadline of the sales of "Union Lotto" and the draw time?

For now, the marketing system of welfare lottery is separately established by the provincial institutions which are in charge of lottery sales within their administrative regions. As to the games jointly sold nationwide, in line with the requirements of the Ministry of Finance and the management regulations of welfare lottery institutions, CWLIMC should integrate the sales volume with the pool. Therefore, provincial branches of CWLIMC need to save the sales figures of a certain draw during the gap time (after the sales deadline and before the draw time) and write them into non-rewritable discs as a backup for future reference. Meanwhile, they need to send the data through exclusive lines to CWLIMC who will further gather all the sales figures. During this time, we need to store, copy, report and organize the data strictly in line with related procedures. All the above work requires a certain time to accomplish.

Why is the program telecasting the draw of "Union Lotto" always 30 seconds late?

"Union Lotto" is live telecasted. It is necessary to stress that according to the requirements of State Administration of Radio, Film and Television, live programs with wide public participation like "Union Lotto" must be delayed 30 seconds. But it is still live show, because the draw with audience participation will start ahead of the telecasting time, and then the signal is directly gathered by the memorizer of the telecasting system through the special time delay system for the signal queuing, so that it will be automatically shown to the public at the pre-determined time without any editing or processing. For the players to get a touch on the transparency and openness of welfare lottery draw, we have been conducting the activity of "Close Contact with Union Lotto" and inviting people from all circles of the society to be part of it.

Is there a rule to follow to win a lottery game?

Lottery is a game of luck and probability. Every winning number is chosen randomly. So every number shares the same probability of hitting the jackpot. Take the instant games as an example, we have already realized random inkjet printing for tickets, whether they are winning or not. Some players think that their winning is derived from their analysis of the rules. This is actually only their psychology working, not the rules. So the lottery purchasers should avoid being blinded by their own eagerness to win.

Can everyone apply for running a POS?

Article 23 of the *Regulations on Lottery Administration* specifies that owners of POS should meet the following conditions: individuals above 18 years old and have civil capacity of conduct, or entities with independent legal personality; have adequate capital for the business of lottery sales; have a place required for sales; have no criminal punishment or poor commercial credit record in the recent 5 years; other conditions required by China Welfare Lottery institutions. We welcome friends who have a kind heart, sense of responsibility and marketing skills as well as managing capacity to join our sales team.



Responsibility

Serving as A Great Platform to Dedicate Love

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Rich and Diverse Gaming Portfolio

5

There are mainly 5 categories of games in the market.



Sales Network by Your Side

160636

The number of points of sales for draw games has reached 160,636.



Welfare-Oriented and Responsible Marketing

500

We have launched "Close Contact with Union Lotto" activities and received over 500 delegations from across the nation.



Secure and Stable Operating Mechanism

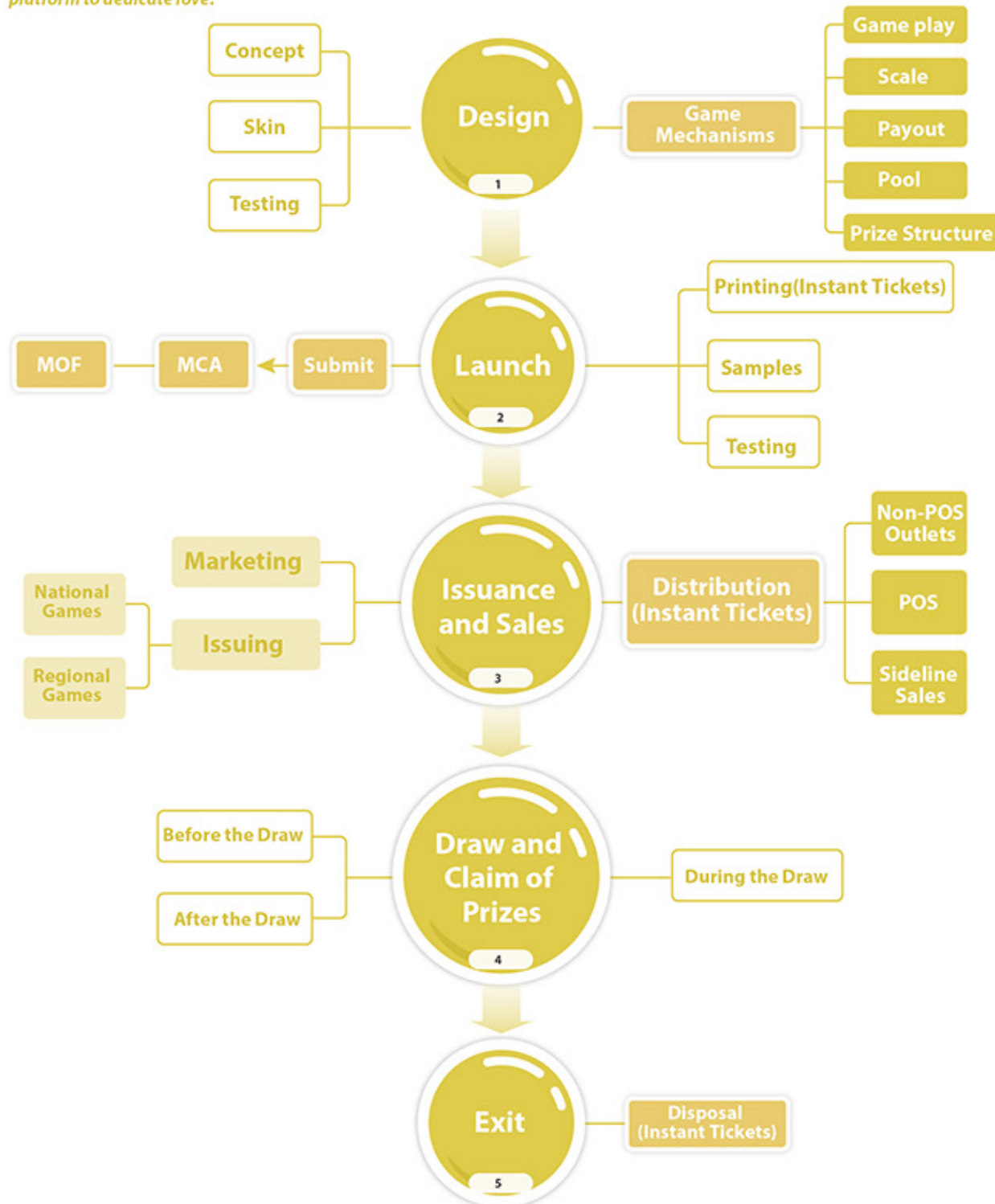
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In 2013, there was no major security accident in welfare lottery draws.



The Life Cycle of Welfare Lottery

From its emergence to exit, a welfare lottery game should go through a life cycle of design, coming into the market, issuance and sales, draw and prize claiming, and exit. We always emphasize the concept of responsibility throughout all parts of the life cycle. In terms of game product design, sales network layout, marketing and publicity as well as secure operation, we insist on our mission of social responsibility and are committed to building welfare lottery into a great platform to dedicate love.



Rich and Diverse Gaming Portfolio

As an important cultural consumer good in people's daily life and the most important component of social welfare undertaking, welfare lottery has attracted a large number of consumers, and its products and services have impacted the consumption rights and benefits of nearly 300 million players. To provide a secure and rich gaming portfolio for players does not only have close links with the existence and development of China's Welfare Lottery, but also with the benefits of the mass lottery consumers. We hope that through our relentless efforts, we can provide greener, more secure and environment-friendly products so as to create values for and grow together with our players.

Our products and services have impacted the consumption rights and benefits of nearly **300** million players

Secure Design Concept

China Welfare Lottery has always followed a game design concept that is green, secure and environment-friendly. We have integrated the concept of happiness, health, security and responsibility into the design of mechanism, prize structure, gameplay and other links of the game so as to enrich and innovate in welfare lottery products.

Green Design

Before designing a certain lottery game, we will conduct a market research and study the demand of players in order to provide products that are both entertaining and low risky. Take Union Lotto as an example. It is a chance-based, popular, entertaining and low-risk product which showcases our pursuit of "green design". Union Lotto has a distinctive feature that its major prizes are quite big while the minor prizes are in great numbers. Its jackpot is as high as 5 million yuan, while matching one blue ball number will guarantee a prize, making the overall proportion of winners among players 6.7%. Take 3D games as an example. It is a number game. Due to its short cycle (one draw per day) and high winning odds, many players will keep increasing their buying and even have excessive buying. In order to protect players and guide them to buy lottery in a rational way, many provinces set a limit on sales of certain numbers at certain draws. These all showcase our concept of green design.



Extended Reading

Description on the Sales Limit on Certain Numbers of Welfare Lottery 3D Game

As 3D game offers fixed-odds betting, lottery issuance institutions and players might face a huge risk if the majority of players bet on the same number. In order to control the risk within a certain range, 3D game must follow the rule of sales limit. When the purchase of certain numbers surpasses the security threshold, the sales system will stop selling those numbers, and this is the number limit. If we don't put a limit on numbers, some irrational players will keep increasing their betting on the numbers not drawn for long time. But due to the randomness of lottery drawing, it is natural that some numbers may not be drawn until several dozens of or even a hundred rounds later. In this case, players might face a huge capital risk. Number limit can evade capital risks of players and guide them to buy lottery rationally.

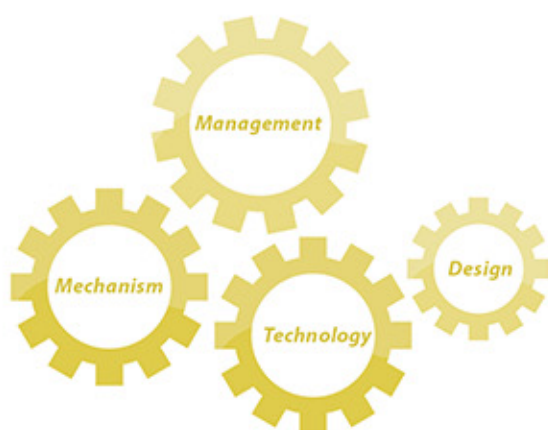




When designing VLT games, in order to make the games greener and improve the happy experience of consumers, we have readjusted the rules and game play and reduced the stake of a single bet from maximally 90 yuan to 10 yuan, which has lengthened the game playing time. In addition, in order to prevent game addiction and excessive playing, we decreased the recharge amount of a single game card from 10,000 to 200 yuan, which has effectively lowered the amount of money spent by players.

Risk Control

Risk control is an important part in game design. We formulate scientific risk control plans on every newly developed game and conduct effective risk prevention and controls based on our mechanism, technology, management and design. In terms of mechanism, every new game must go through two tiers of approval. It needs to be first submitted to the Ministry of Civil Affairs and then to the Ministry of Finance for approval. In terms of technology, in the case of instant tickets, we have taken multiple measures, including using the cutting-edge prize symbol printing technology and the latest anti-forgery technology, to effectively improve the risk control capability of lottery printing.



In terms of management, take draw games as an example, it cannot be submitted for approval until passing the technical test conducted by a professional third party agency. In terms of design, on one hand, we have dynamically readjusted certain quick draw games to prevent capital risks. On the other hand, in the process of game design, we will ensure the transparency, fairness and impartiality of all links so as to prevent artificial influence.

Extended Reading

The Risk Control of VLT Games

VLT Games have many unique features. It is an instant game and is linked to a unified system across the country. It offers online bet, playing and drawing. It has a shared prize pool with instant draws results nationwide. The real-time change in the prize pools of all games is opened to players so as to ensure the transparency of issuance. Each bet is generated by the only central processor in China so that players purchasing at any point of sales and through any terminal enjoy absolute fairness, which ensures the fairness of issuance. While having the central processor perform the process of number generation, drawing and winning, we have realized full computer-automation in communication, capital management and other procedures. In the sales process, no anthropogenic factor could affect above-mentioned process, which ensures the impartiality of issuance. Through a transparent, fair and impartial design of games, the risks are effectively prevented.

Extended Reading

The Risk Control Plans of Quick Draw Games

In order to prevent social risks and capital risks in the issuance process of quick draw games, all provincial welfare lottery centres have put a quantity limit on the bet of each group of numbers at certain draw according to the market condition and prize structure. The extent of limit will be determined by the real situation. For example, "Super Happy" is an oddbet game. In order to control its risks, we adopted the strategy of dynamically limiting the sales of certain bets. That's to say, in the sales process, the allowed quantity of real time bets on certain numbers with each betting methods will vary with the change of respective total sales volume, and the limit will be automatically calculated by the system based on a specified formula.

Scientific Prize Structure

After years of exploration, CWL has established a relatively developed, mature and reasonable prize structure where prize plans of every single game need to pass through repeated tests and examination. As the major prizes and small prizes may differ in their appeal to players, in order to meet the demand of different consumption groups, we have created games with major, medium and small prizes through designing different kinds of prize structure and varied prize amount to raise the interests of lottery consumers. In addition, in the process of printing prize symbols of instant tickets, we also applied psychological knowledge to study the expectation of players after they scratch off the tickets. We try to narrow down the psychological gap between winning prize symbols and non-winning prize symbols so as to enable players to enjoy the game both physically and mentally.



Extended Reading

The Prize Structure Plan of Union Lotto

The prize structure of Union Lotto is consisted of high-tier prizes and low-tier prizes. The money for high-tier prizes (the first and second prizes) is defined according to the prearranged ratio; while for the low-tier prizes (the third to sixth prizes), the amount of money is fixed. When you deduct the money for low-tier prizes from the total prize payout at a certain draw, you'll get the amount for high-tier prizes. Union Lotto has very appealing major prizes and the winning odds are pretty high, thus practically meeting consumer's demand for winning experience and expectation for big prizes. The prize table is as follows:

Prize	Matching		Description	Allocation of Prizes
	Red Balls	Blue Balls		
1	●●●●●●	●	Match 6+1	75% of the total prize payout (when the pool is less than 100 million yuan, the ceiling for the first prize per bet is 5 million yuan; when the pool is more than 100 million yuan, the ceiling is 10 million yuan.)
2	●●●●●●		Match 6+0	25% of the total prize payout
3	●●●●●	●	Match 5+1	3000 yuan per bet
4	●●●●●	●	Match 5+0 or 4+1	200 yuan per bet
5	●●●●	●	Match 4+0 or 3+1	10 yuan per bet
6	●●	●	Match 2+1 or 1+1 or 0+1	5 yuan per bet

Constantly Optimized Structure

We always take a market demand-oriented approach and explore a game R&D mechanism where our welfare lottery institutions take a lead and external resources are utilized. The mechanism combines indigenous innovation with experience learning, internal assessment with market tests, and external procurement with independent research and development (R&D). We have further improved and optimized game structure, created new games and made games more interesting and entertaining. We also enriched the cultural features of games and mobilized people's initiative in participating in welfare lottery game design.

In 2013, we further optimized product rules and sifted out the backward products to meet the demand of players and brought greater experience to them. We have made readjustment plans for 19 draw games including Union Lotto and 3D, which were submitted to the Ministry of Finance. Throughout the year, 11 quick draw games with high prize payout rate were put into the market, basically having their presence in the entire nation. The R&D of over 80 new instant games was completed and 51 of them entered into the market. The applications for sales suspension or market exit of 184 instant games were approved. Readjustment plans of many VLT games were also submitted.

Extended Reading

Main Categories of the Current Welfare Lottery Games

Instant Games: Since the launch of the "Earthquake Relief" series in 2008, CWL has introduced instant tickets with par value of 5 and 10 yuan. In recent years, in order to meet consumer's demand, we added tickets with 10 and 20 yuan par value, making the par value structure more optimized.



Draw Games: In order to meet consumers' demand, we keep making innovation to enrich draw games. At present, draw games can be divided into three categories, namely, the national, regional and local games according to their sale scope. There are 3 national games (Union Lotto, Qilecai or Lotto 7/30 and 3D), 4 regional games (Lotto 5/15, 5/25, Oriental 6+1 and Tiantianle sold in Yunnan, Guizhou and Sichuan provinces) and 18 local games.

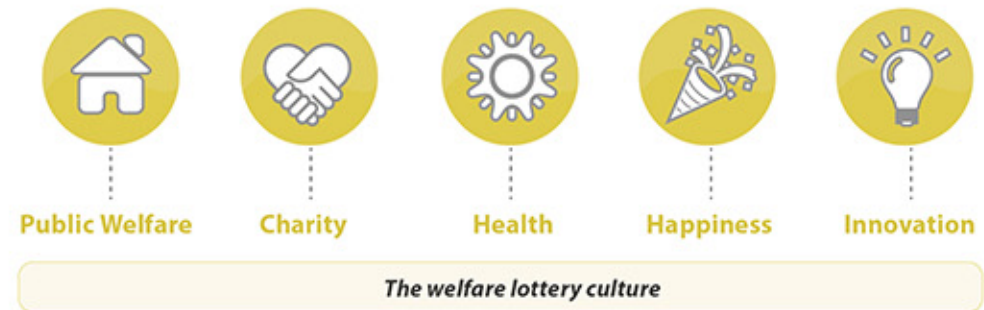


The slip of Qilecai The slip of 3D The slip of Union Lotto The slip of Quick 3

VLT: At present, there are 7 VLT games, namely, Lucky Shooting, Happy Moment, Treasure Hunting, Funny Golf, Landcape of Three River Source, 5 Lucky Cards and Guess What. VLT games combine the latest visual animation technology with real-time performance, entertaining factors and video interactive content, making the games more entertaining.

Game Themes with Enriched Contents

The Chinese civilization features long history and profound culture. As an important entertainment and cultural product in people's daily life, our games shoulder the responsibility of inheriting and passing down our civilization. Through combining the enriched content of traditional Chinese culture and the welfare lottery culture of "Public Welfare, Charity, Health, Happiness and Innovation", we have designed various kinds of distinguishing lottery games.



Instant Game: After continuous exploration and analysis over lottery games, we now offer regular games, commemorative games and feature games; and we gradually develop 10 diverse themes, namely Festival Celebration, Public Good and Environmental Protection, Commemorative Themes, Happy Sports, Natural Scenery, History and Culture, Festive Greetings, Fashion and Entertainment, Folk Games, and Cartoon Characters.

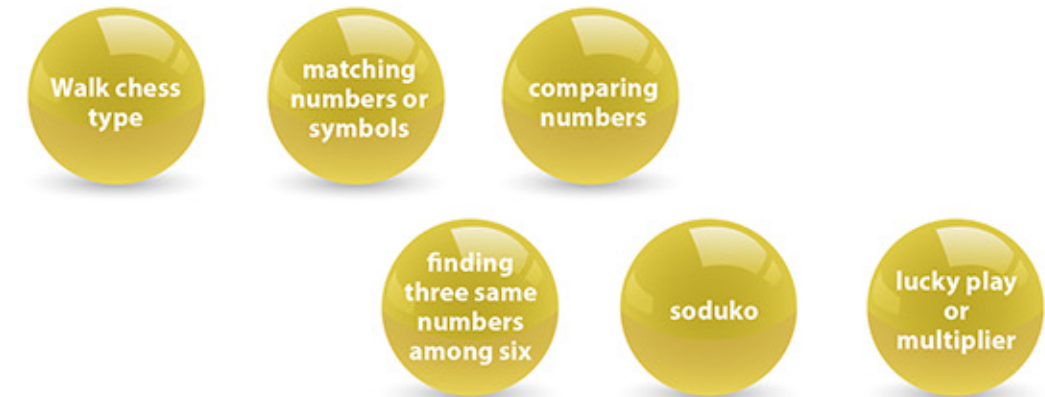


Draw Games: Local draw games incorporate traditional culture and local features, covering multiple themes such as history and culture, fashion and entertainment, and sports. For example, CWL's Henan provincial branch offered a game "Lucky Martial Art Circle" which demonstrated the culture of Shaolin Temple in this province; Guizhou Provincial Centre provided a game representing the Chinese Zodiac culture.

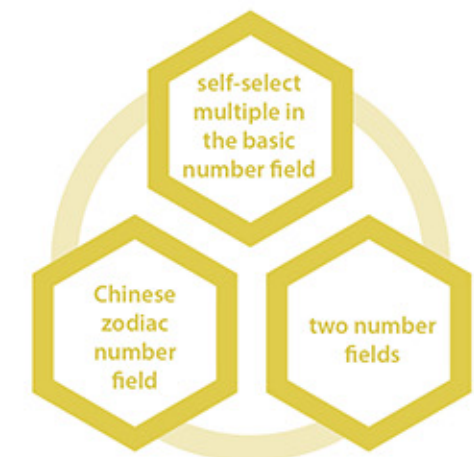
VLT: The current VLT games cover several themes like sports, natural scenery as well as fashion and entertainment. For instance, "Happy Golf" is a probability-based casual game whose design comes from real golf game. As a result, the ticket has healthy, fashionable and varied image, which increases players' interest in the game. Another game is "Landscape of Three River Source", a graphic combination game with the rare flora and fauna in the Three River Source region in Qinghai Province as the carrier. It represents the natural scenery and folk culture peculiar to China.

Novel and Diversified Game Play

In order to enrich players' game experience, we continue to innovate game play, create new ways for playing, and design various categories of games in different forms tailored to different groups of players. For **instant games**, we added more play areas and created several combinations of game play so that players could have more opportunities to play and to win. Currently we have the following ways to play instant games: walk chess type, matching numbers or symbols, comparing numbers, finding three same numbers among six, sudoku, lucky play or multiplier.



For **draw games**, we provide players more options by offering multiple play combinations. Take East 6+1 as an example. Players can choose self-select multiple, including three types (self-select multiple in the basic number field, Chinese zodiac number field, or two number fields), for each bet. For **VLT games**, every game offers diverse game plays. Players can play of their own free will, meanwhile they can choose to quit or stay in one game if they need to leave midway. For example, players of "Happy Moment" can choose 2 to 10 numbers from 80 numbers for each bet with various betting methods. At the same time, they can determine when to quit and claim the prize or return the play card.

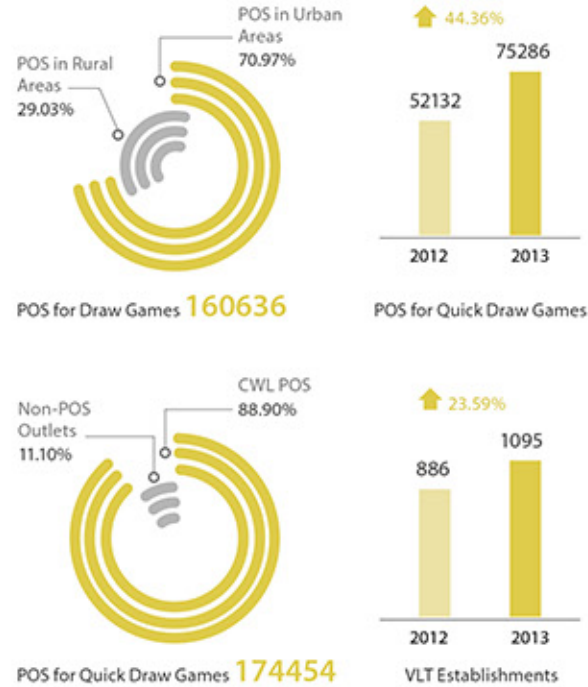


Sales Network by Your Side

We devote ourselves to building a new sales network that is demand-oriented and convenient for players. We try to build a modern and standardized sales network with full coverage that meets the demand of players, through integrating and optimizing the existing channel layout, utilizing and extending to channels in other industries and new channels, and scientifically arrange the layout the points of sales (POS).

Optimizing Sales Network

In 2013, we further planned the distribution of POS nationwide in a scientific manner, optimized their types, scale and layout, so as to increase the performance of POS. This year, we have 160,636 POS for draw games, 4,695 more than last year, equaling 3.01% increase year-on-year; and we have 283,225 sales staff, up by 4.58%. Among the total POS, 114,003 are located in urban areas, 46,633 in rural areas; 107,888 are exclusively for welfare lottery products, while 32,272 are not; 75,286 offer quick draw games, up by 44.36% year-on-year, 23,135 more than last year; 174,454 are for instant games, among which 155,086 are China Welfare Lottery POS and 19,368 are not. We have newly built 209 VLT establishments of China Lottery Online (CLO) this year, equipped with 5415 betting machines. So far, we have 1095 VLT establishments nationwide with 12,914 betting machines. Extending the coverage of and scientifically planning the layout of POS have facilitated players' game experience and built a sales network by everyone's side.



Based on our survey about the layout, planning, construction and management of POS nationwide, we formulated the *Measures for Managing China Welfare Lottery Points of Sales* and other 5 regulations on POS management. Through the project of demonstration POS, we have standardized and normalized the construction and management over POS all across the country, to try to shift from extensive management to delicacy management over POS.

→ **Tianjin** built a batch of demonstration POS in the bustling downtown, cooperated with other mature forms of sales channels such as hotels, restaurants and super markets, and set up the first sales hall directly under the provincial branch which integrates game test, free experience and all kinds of lottery products.



→ **Guangdong** also built demonstration POS and allocated a special fund to establish 210 flagship POS in order to improve the image and service of sales network.



→ **Shaanxi** established China Welfare Lottery flagship POS directly funded, constructed and managed by the provincial centre, which increased the capability of welfare lottery institutions to take root in and explore the market.



→ **Hainan** kept open-minded, innovated on channels, and established a China Welfare Culture and Entertainment Centre integrating culture, leisure and recreation.



→ **Chongqing** provincial centre, following fashion and trend, built a self-service store in which tablet-type betting machine is adopted to enable players to experience high-end self-help betting. This is entirely new and a fantastic experience for players.

Speeding Up the Building of Mobile POS

Mobile POS includes outdoor sales of points in urban areas as well as the temporary points in towns and the rural areas. In 2013, we focused on building grassroots sales network, strengthening capacity building of grassroots staff, improving the image and service of mobile POS through scientific planning, reasonable layout, classified management and standardized construction, so that they would become the window of welfare lottery. For example, Fujian and Hunan provinces established outdoor points for selling instant tickets, and set up stalls to sell tickets during holidays. By so doing, China Welfare Lottery became closer to people's daily life and more available to purchase.



Mobile Points of sales of Guaguale Scratch Tickets



Mr. Li Liguo, Minister of Civil Affairs, visited the points of sales at the World Expo site.



Mr. Yu Jianliang, Director General of CWLMC, visited Guaguale stall in Jinan City.

Exploring Exchanges and Cooperation in Lottery Industry

In order to facilitate the purchase of lottery products meanwhile reduce the operation cost of POS, CWL institutions have been actively exploring both the sideline sales model with other industries and the exclusive sales model for specific games, flexibly used lease, purchase, self-construction and other methods to create new physical sales channels, and to reach to, permeate and integrate into other industries, supermarkets or outdoor channels.



Fujian provincial centre has actively explored new sales channel. They offer draw games business at the ATMs of the Agricultural Bank of China, with which players could subscribe to the "306 yuan Betting Package of Union Lotto" or bet on Union Lotto or 3D games before certain draw. This sales model has covered more than 3000 ATMs. They also work with Wal-Mart and Golden Eagle Retail Group Limited to have welfare lottery presence in shopping malls.



Beijing municipal branch, Liaoning, Jiangsu, Hubei, Guangxi, Sichuan provincial branches etc. set up POS in Wal-Mart and other supermarkets, as a way to extend sales network.



Hubei provincial branch entered into commercial places with the marketing of Quick 3 game and organized the sales of Guaguale in gas stations, agricultural markets, telecommunication and other industries.



Jiangsu provincial branch utilized the mobile fee charging points of Lianlian Technology Company to sell lottery products. Suzhou and Changzhou city of the province also provided instant tickets in the Wedding Expo and the Flower Expo.



Henan provincial centre reached an agreement with the provincial branch of China Unicom, a telecommunication company, to set up outlets in 1000 Unicom service points.



Exploring Diversified Sales Models

China Welfare Lottery is now exploring new sales models for lottery products, including internet, mobile phone and telephone. We try to establish new channels to give back the traditional channels, so as to promote the sound interactive development of on-line and off-line channels. We have also made efforts to provide and manage self-service terminals, explore new sales methods and channels with WLAN, internet and mobile web as the platforms.

<p>Beijing</p> <p>Beijing provided online betting on the mobile devices, and cooperated with several banks to provide betting business on banks' self-service machines.</p>	<p>Liaoning</p> <p>Liaoning successfully marketed the "306 yuan Betting Package of Union Lotto". The package covered the total 153 draws in a year, 2 yuan for each bet, one bet for each draw and 10 million yuan jackpot for each bet.</p>	<p>Shanghai</p> <p>Shanghai started to offer lottery games on mobile devices on June 6th, 2013. They also cooperated with several banks to provide mobile betting business and offer "306 yuan Betting Package of Union Lotto" on the financial management counters.</p>	<p>Tianjin and Shenzhen</p> <p>Tianjin and Shenzhen have added more self-service sales terminals.</p>
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Comprehensively Implementing Social Recruiting System

We comprehensively implement the social recruiting system for selecting sales locations. We make public social recruiting conditions, selection criteria and procedures; hold the principle of open to society, fair competition and meritocratic system; forbid black case work and rule-breaking operation; eradicate the case of being approved through somebody's *Guanxi*. At the same time, we spare no effort to promote government procurement and open tendering, making open tendering as our main procurement method.

Improving the Modern Logistics Network

The sale of instant games requires frequent transportation of physical tickets. For the sake of security during transportation process, we add barcode onto the medium-sized boxes during warehousing and transportation process, to increase the efficiency of secure transportation. In 2013, we formulated the *Logistics Management Regulation*, signed the *Contract on Freight Transport* to improve warehousing management system, and equipped vehicles with security facilities and GPS to guarantee security. Meanwhile, we cooperated with China Post to improve logistics, rationally allocate public resources and save energy.

Welfare-Oriented and Responsible Marketing

China Welfare Lottery comes from public welfare and prospers because of public welfare. For 26 years, China Welfare Lottery has made remarkable contribution to social welfare, social security and public good undertakings. We continue to promote public welfare-oriented responsible marketing. We advocate the concept of "promoting the rational idea of betting, encouraging more buyers to play with small amount of stakes, combining money raising with recreation, and putting amusement before gaming". We guide players to be rational and provide them with quality service so as to promote the sound development of welfare lottery undertaking.

Playing Concept

- ★ promoting the rational idea of betting
- ★ encouraging more buyers to play with small amount of stakes
- ★ combining money raising with recreation
- ★ putting amusement before gaming

Marketing Philosophy

Marketing is important daily work for a lottery issuance and sales institution, which influences the sales volume and quality of lottery. CWL has always upheld responsible marketing philosophy: strictly comply with China's laws and regulations on lottery sales; forbid the games that are not allowed by the state; do not sell lottery products to minors or around schools; and guide players to make rational decisions.

<p>Strictly comply with China's laws and regulations on lottery sales; forbid the games that are not allowed by the state</p>	<p>» Complying with Laws and Regulations</p> <p>In terms of lottery sales, we pay more attention to the improvement of quality and the practice of responsibility, rather than the pursuit of quantity. We have always complied with <i>Regulations on Lottery Administration</i>, <i>the Rules for the Implementation of Regulations on Lottery Administration</i>, <i>the Administrative Measures for Lottery Issuance and Sales</i>, and other regulations. We never sell products that are explicitly banned by our government. The plans for issuing new games or adjusting the existing games will be reported to and supervised by the Ministry of Finance.</p>
<p>Do not sell lottery products to minors or around schools</p>	<p>» Protecting Minors</p> <p>CWL highlights the protection of minors. We require all POS to post notices conspicuously visible to the public about not to sell lottery products or pay prizes to people under 18. Strictly following relevant regulations, we impose a fine of 2000 to 10,000 yuan on those POS that sell tickets to minors. During our training for sales staff, we particularly emphasize the significance of not selling tickets to minors. The location of POS should be away from schools. Meanwhile, we have actively strengthened the communication with schools and parents, as a way to rely on several parties to build a cooperation mechanism to protect minors.</p>
<p>Guide players to make rational decisions</p>	<p>» Guiding Players</p> <p>Guiding players to play rationally is one of the important things we hold long. We use the story of players to exert subtle influence, help the public raise the awareness of rational betting and keep healthy state of mind, and persuade those addicted players. At the same time, we keep innovating on concepts and methods, and explore effective ways to provide psychological counseling for players, such as hot-line and the psychological counseling room.</p>



Case Study

Welfare Lottery Hot-line Helping the Irrational Players

On March 19th 2013 in Dongguan City, Guangdong Province, the launching ceremony of the second “Social Work Publicity Week in the South of Five Ridges” was held and officially put into service the social work service hot-line, namely the “Starry Sky Hot-line that Connects Everybody: Love of Welfare Lottery, Service of Social Work”. This hot-line was the result of cooperation between Guangdong Provincial Department of Civil Affairs and Radio Guangdong, sponsored by Guangdong provincial branch of CWL and Starry Sky Social Work Service Centre in Guangzhou City. It combined the efforts of both the government and the organizations. It was planned, organized and put into practice with Radio Guangdong’s Mandarin Channel as the carrier.

From March to December 2013, there were 10 programs, one for each month, with the participation of influential experts in Guangdong Province. Some of the main topics of the programs were about the prevention of irrational gaming, mental crisis intervention and other contents closely related to lottery issuance and sales. In every program, we interacted and exchanged ideas with the audience through microblog, emails, hot-line and other methods, so as to provide counseling and follow-up services. The running of hot-line is an innovative measure of Guangdong Provincial Welfare Lottery Issuance Centre for preventing irrational gaming behaviors, aimed at exploring better ways to deal with irrational gaming. It is a concrete action of shouldering social responsibility as well.



Providing Quality Service

Serving players is the duty of CWL. We advocate putting people first and developing lottery industry through serving the public, and actively build a service system for players with information transparency, clean environment, quality service and education and training as the basis. We try to build welfare lottery industry into one with integrity, justice, incorruption and compliance, with which we will provide players with thoughtful and quality service.

Professional Ethics

Improving service through developing professional ethics is one of the characteristics of welfare lottery system. An important part of it is integrity, justice, anti-corruption and compliance. Welfare lottery institutions at all levels have made professional ethics the key to self-reinforcing and brand building. To be specific, we have increased the service capability of institutions to POS and players, by establishing professional ethics demonstration units and good service counters in merchandising locations.



Around the issues concerned by our retailers and players, we have improved our services, taken corrective measures, made service promises, accepted democratic appraisal and increased efficiency. We have also combined the achievements of professional ethics building and the “Mass Line” education campaign, listened to the voice of POS and players, changed our way of working, and pragmatically solved many issues concerning players and POS, and explored to establish satisfaction appraisal mechanism to gradually increase customer satisfaction.



The key to building good service counters in merchandising locations is to regulate the behaviors of retailers and standardize services and take innovative measures, so as to improve service quality and people’s satisfaction. In addition, we have integrated the star grading of POS, image standardization building, POS assessment and incentives system and reviews from players, to make this activity a regular one.

Case Study

Public Welfare & Quality Service

China Welfare Lottery institutions launched a Serving-the-Public Campaign with “Public Welfare & Quality Service” as the theme, which introduced the *Code of Conduct on Welfare Lottery Quality Service*. This campaign has not only won recognition and favorable comments from the society, but also greatly improved the service level and management image of the whole industry.

26 welfare lottery institutions are ranked among the first batch of “Professional Ethics Demonstration Units in the Civil Affairs System”. Among the second batch, 18 counters with public satisfaction, 25 quality service brands and 13 role models of good service come from the welfare lottery system together with 18 welfare institutions as professional ethics demonstration units.

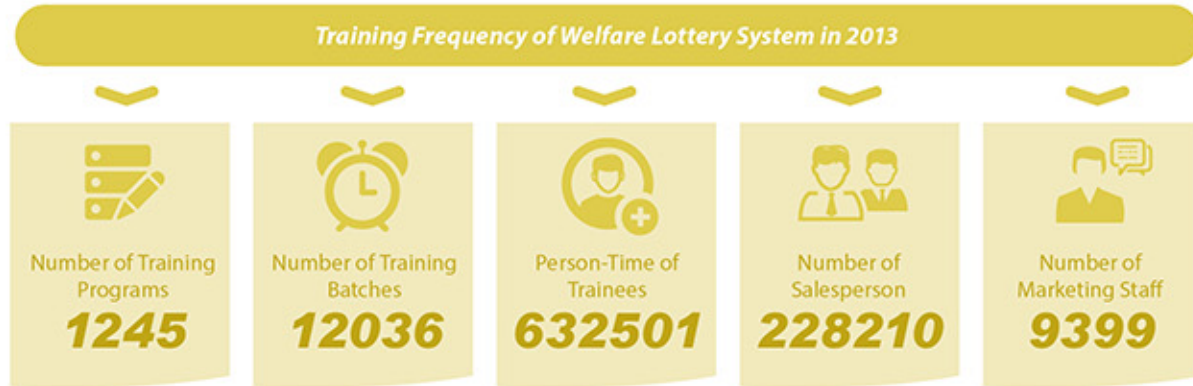
Code of Conduct on Welfare Lottery Quality Service

- Public welfare, social responsibility, entrepreneurship, quality service;
- Public good, loving heart, moral virtue, decent service;
- Healthy development, secure operation, rational betting, standardized service;
- Happy playing, lucky experience, thoughtful arrangement, smiling service;
- Innovative business, technology-led, professional competence, professional service;
- Brand building, reputation first, fairness and justice, integrity service.



● Education and Training

In 2013, we innovated on the market service mechanism, and further enhanced education and training. To be specific, we provided training for POS owners, skill training for salesperson, business training for marketing staff, training for VLT establishments' workers and training on game play for players. These training programs have helped to improve the capability of welfare lottery workers in several aspects, including skills, management and service, in order to ultimately provide personnel support for quality service.



Case Study

Jiangsu Province Launched Business Training for Marketing Staff

In 2013, Jiangsu Provincial Welfare Lottery Issuance Centre invited trainers from China Philanthropy Times to give 16 lectures towards marketing staff and salespersons on marketing skills and sales skills. Meanwhile, in terms of instant games, Jiangsu organized 8 training programs on marketing planning and sales management; for CLO's VLT establishments, they also organized training on the management and assessment system of VLTs and training for technicians in the province involving totally 10,000 person-times.



Case Study

Shanghai Municipal Centre Launched Intensive Training Programs among Marketing Specialists

In order to improve the management, service and guidance over POS and to promote and implement the marketing specialists system, Shanghai municipal branch of CWL conducted intensive training among marketing specialists across the municipality. The content of training includes the detailed explanation about the *Rules for the Implementation of Regulations on Lottery Administration*, professional knowledge on lottery, requirements for specialists to patrol POS etc. After the training, all the specialists needed to sit for a professional proficiency exam. In 2013, Shanghai municipal branch organized 60 training programs for welfare lottery salespersons, with a total of 5799 person-time participants.

◎ Building Integrity

Integrity is the foundation of China Welfare Lottery. "Integrity comes first" is the primary principle of welfare lottery operation. We have integrated the concept of integrity into the whole process of sales activities, to increase transparency and credibility of welfare lottery.

Full Disclosure of Sales Information

We have established an information disclosure and management system, improved the functions of our official website, and timely released draw notices, service information and issuance and sales conditions. Through official media and sales channels, we publish about game rules of various lottery products, the issuance of new games, the quit and adjustment of exiting games as well as the sales, winnings and pools of games, in order to disclose more information and guarantee transparency.

Enhancing Communication with the Public

We organized the activity of Close Contact with Union Lotto to invite the general public to be directly present at the Union Lotto draw studio and supervise the whole process. Another activity we organized is Close Contact with Guaguale, which helps the public to walk into our instant tickets printing factory to watch the whole producing process so as to unveil the "mysterious" welfare lottery and make us close to people.

Case Study

Close Contact with Union Lotto and Close Contact with Guaguale

Since its inception with Shanxi delegation as the participants, Close Contact with Union Lotto has seen over 500 delegations all across the country involving 35,000 people, including players, journalists, salespersons, model workers, CPPCC members, NPC deputies and representatives from all walks of life. And for Close Contact with Guaguale, since its debut on September 24th 2013, it has been organized for 14 times, with nearly 700 participants from 11 organizations. These two activities have become classic events of China Welfare Lottery.



Transparent and Stable Price

When issuing and selling lottery products, we have adhered to integrity and transparency, by clearly marking the price of each type of lottery games to guarantee informed consumption.

Extended Reading

The Evolution of Ticket Price

In 1987, the first set of "China Social Welfare Fund-Raising and Prize-Winning Tickets" was issued on trial in Hebei Province. This was the first set of lottery tickets in the New China and the first welfare lottery tickets with one yuan par value. In December 1987, Guangdong issued a traditional lottery game "Guangfu Ticket I", the first welfare lottery ticket with half yuan par value. In 1989, "Double Jackpot" ticket was introduced with two fishes as the symbol. It was both an instant and a traditional ticket, priced at 2 yuan, which started the history of 2 yuan per bet for welfare lottery products.



Secure Prize Claim

After the draw, welfare lottery institutions at various levels will timely issue the draw notice to inform the players of results and encourage winning players to claim their prizes before the expiry date, so as to safeguard their legitimate rights. At the same time, we have put forward player-friendly plans and set up appropriate expiry date for players to claim prizes. For example, the winners of Union Lotto can claim their prizes with their tickets at hand at certain location within 60 days since the draw; when players come to claim prizes, we will check their winning tickets and verify their identity. Winning tickets are the only proof for prizes. A tarred, broken or unrecognizable ticket will be invalid. If the prize is not claimed in a certain period, it will go to the public welfare fund.

Case Study

Jiangsu Searched for Jackpot Winner

On March 21st 2013, the No.13032 draw of Union Lotto saw one winning bet of jackpot of 10 million yuan. The winner was a lucky guy in Suzhou City. According to *Regulations on Lottery Administration*, the winner needed to claim the prize within 60 days since the draw, namely before 24:00 on May 20th. But more than one month after the draw, still no one showed up to claim the prize. Therefore, Jiangsu Provincial Centre of CWL posted search notices on *Yangtze Evening News* and other newspaper to find the jackpot winner. This act gained the attention of all sectors of society, who were touched by the sense of responsibility of CWL institutions.



Integrity Building

Through integrity building and training, we have gradually strengthened integrity and increased moral level of people working for the welfare lottery industry. At the first line of sales, the integrity of POS owners lays solid foundation for our undertaking.

Extended Reading

Story of Integrity of POS Owners All Over China

The Candidates for Role Model of Honesty and Trustworthiness

Location:
Sichuan Province
POS Owner:
Liang Yonghui
Game:
Union Lotto
Prize Amount:
2.64 million yuan

Liang said, "Actually I am in debt. I have financial difficulty. But if a noble man loves wealth, he gets it through proper channel. I can't just take it as my own. You must be honest both being a businessman and a human. You can't go against your conscience."

In July 2013, the results of "My Recommendation for Good People Around", hosted by the Cultural Development Office of CPC Central Committee, were announced. Liang Yonghui, a welfare lottery POS owner in Sichuan Province, was nominated as the role model of honesty and trustworthiness because he did not appropriate a winning ticket to himself. Instead, he returned the ticket worth 2.64 million yuan to the player who had asked him to buy it. His act showed his character and touched everyone.

When the Ticket Bought for A Player Won 6.19 Million Yuan

Location:
Sichuan Province
POS Owner:
Xu Youjun
Game:
Union Lotto
Prize Amount:
6.19 million yuan

Xu said, "The ticket is not mine. I can't go against my conscience to take it. A man should be honest."

On August 1st 2013, Mr. Xu Youjun, a POS owner in Sichuan Province, used his own money to help a regular player buy a bet of Union Lotto, which later turned out to win 6.1952 million yuan. Then the winning ticket was still in the hands of Mr. Xu. Having known the draw result, Xu did resist the temptation and immediately told the player the result, and returned the winning ticket.

Holding a Ticket with 8.03 Million Prize

Location:
Shaanxi Province
POS Owner:
Chen Yin
Game:
Union Lotto
Prize Amount:
8.03 million yuan

Chen said, "The winning ticket is his, not mine. Of course, I should return it."

Chen Yin is the owner of the No. 61070138 POS in Shaanxi Province. Since he started his operation, he has devoted himself to providing quality service for players. On April 6th 2013, a player entrusted Chen to buy a bet of Union Lotto with chosen numbers written on a note. The ticket turned out to win 8.03 million yuan. Holding it, Chen promised to return it to the player and waited until the player come to take away to winning ticket.

Not Tempted by the Big Prize

Location:
Shandong Province
POS Owner:
Mr. Xue
Game:
Union Lotto
Prize Amount:
7.05 million yuan

Xue said, "It is both the luck of the player and of our POS to win such a large prize. We are happy for him. I hope players will all have good luck while showing their loving heart."

On May 3rd 2013, the No.37132132 welfare lottery POS embraced the jackpot of 7.05 million yuan at the No. 2013050 draw of Union Lotto. The winner is a regular player of this POS. And this time, the winner pre-ordered the bet on his telephone. On the exact night, Mr. Xue told the player about the result and notified him to take the winning ticket.

Marketing and Advertising

China Welfare Lottery has not only generated good economic returns through marketing, but also popularized lottery knowledge, spreaded the concept of responsible gaming and bettered communication with players. Besides, we have also conducted public good advertising to give back to players and society so that more and more will benefit from welfare lottery.

Popularizing Lottery Knowledge

We have actively created and extended channels to communicate with players, disseminated the public good essence and charity value of welfare lottery, and popularized lottery knowledge, in order to attract more people to participate in regular donation through buying welfare lottery. We have set up a special section on our official website called "Public Courses". The section is divided into two small columns: Lottery Knowledge and How to Play Lottery, aimed at spreading welfare lottery knowledge and raising people's level of understanding about welfare lottery. At the provincial level, all welfare lottery institutions have created a part of "Leaving a Message" on their respective websites to collect customers' opinions. Many provincial welfare lottery centres have even created WeChat and Weibo (China's microblog) official accounts, the latest telecommunication technologies, as a way to deepen integration and better communication with players in a We-Media Era.



Innovating on Marketing Methods

All welfare lottery institutions have been innovating on marketing methods and conducted various kinds of marketing campaigns and promotions with clear themes. By so doing, we witnessed good market performance and an increase of public understanding and good reputation about welfare lottery.

CWLIMC has shot a charity promotional video titled "Sending Out Positive Messages" and the video is telecasted through No. 1, 2, 3 and 8 channels of CCTV at the prime time during the Spring Festival.

For the first time, we added 300 million yuan prize into the pool of Union Lotto as a promotion and then strengthened publicity, including advertisements in various channels like subway stations, buses, outdoor locations, newspaper, radio, television and the internet. The marketing and advertising activity has won remarkable results: the sales of Union Lotto increased gradually; during the period, the sales volume before each draw averaged at 384 million yuan, a new high. It is also a good way to give back to players.



We for the first time solicited slogans from the general public. People from all walks of life, particularly players, participated in the activity. The results are good.

Case Study

CWL Soliciting Slogans

In September 2013, CWLIMC organized an activity to solicit slogans. We won the coverage of some authoritative media, the participation of general public as well as of professionals in advertisement, and the support of provincial branches. The total amount of slogans we collected was over 35,000. And we invited 35 experts from Ministry of Civil Affairs, Ministry of Finance, the press and advertising circle as the judges, so as to build the activity into a nationwide influential promotion.

The Final Result of Soliciting Slogans

Prize	Type	Slogan
First Prize	Public Good Image	Share Happiness, Joy and Love
	Playing Concept	Rational Betting, Happy Lottery
	Union Lotto	Blue and Red, Luck and Happiness
	3D (pick a 3-digit number from 000-999)	One-thousandth chance, One hundred percent happiness
	Guaguale (scratch card)	One Scratch, One Dream
	CLO	Instant and Visual, Easy and Lucky

The 32 provincial welfare lottery centres conducted diversified marketing and promotional activities that suited local conditions, focusing on market hot spots and seizing the right time.

Beijing

Beijing conducted 3-month promotion over the instant game themed Kunqu Opera.

Inner Mongolia

Inner Mongolia utilized online video platform to organize POS and players to participate in a promotion in the form of competition.

Ningxia

Ningxia adopted a differentiated marketing mode over the game of 3D.

Anhui

Anhui conducted a series of promotions to quickly open the market after the Spring Festival when we closed it.

Sichuan, Guangdong

Sichuan, Guangdong and other places conduct micro-marketing through mobile phone newspaper, metro news and SMS.

Xinjiang

Xinjiang added inter-leaves in Uyghur language into China Philanthropy Times-Xinjiang Welfare Lottery to conduct promotion on the game of Shishicai.

● Giving Back to Society

For a long time, China Welfare Lottery has been caring for the senior, disabled, orphans and people in need, mobilized and organized employees in the whole system to participate in various kinds of public services and volunteering activities, accomplished the public welfare mission, and promoted the development of public good undertakings with our pragmatic actions.

☀ Case Study

Venerating the Elderly and Helping the Poor--CWLIMC In Action

In 2013, CWLIMC successively organized middle-level managers to Liaoning, Shandong, Jiangxi provinces to participate in the activity of "100 Division Heads to 100 Nursing homes". In August 2013, we organized 130 Communist Party members to Fuping County and Shunping County of Hebei Province to bring warmth and help to 1000 people in need, involving 130 households, including households with minimum living standard, with government's special care, with five guarantees and those in difficulty.



Bring Warmth and Help to **130** Households in Need

In 2013, all provincial centres sponsored, as always, students, disabled persons, nursing homes for the elderly, communities and families with difficulties. These branding activities demonstrate our mission of social welfare, our dedication spirit, and our efforts in spreading public good concept.

➡ Chongqing launched CLO "Love 1+1" activity to help orphan students in the Municipal Love Manor for Children. The staff of CLO establishments and some players formed a "Love Family" to help 32 orphan students. On the launching ceremony, Chongqing Welfare Lottery Issuance Centre donated to build a Welfare Lottery Love Bookstore for the love manor, and provided grants for 84 impoverished college students who did part-time work in CLO establishments.



➡ Zhejiang organized a large public good event throughout the year closely around the theme of Public Welfare at Your Side, using their actions to fulfill the public good mission of CWL. They launched an activity to bring warmth to 100-year old seniors as a celebration of exceeding 10 billion yuan of sales volume in the province. A total number of more than 1500 seniors received silk quilt together with consolation letters.

➡ Shandong organized an activity to collect papers on Shandong Welfare Lottery Theories Study and the First Photography Contest on Public Good and Public Trust. Welfare lottery employees in some places of the province went to the countryside to display films, sold Guaguale for charity for quake-stricken Ya'an, gave special opera performance in nursing homes, and provided rest stop in POS for sanitation workers, etc.



➡ Guangdong focused on making more efforts in public good activities and publicity. They built a Welfare Lottery Social Responsibility Research and Practice Base, launched a series of campaigns like Welfare Lottery Program for Young Students from Poor Families, My Chinese Dream Summer Campus for Left-Behind Children, and Welfare Lottery Scholarship Program, which gained good social reputation.

➡ Anhui held the Seventh Bringing Home Love of Welfare Lottery in Spring Festival, together with Xin'an Evening News Agency, and provided fees for 400 impoverished students for going home. They also created a radio program called Welfare Lottery Angel Offering Help, with 10,000 yuan donation every time, benefiting 185 people in total. There was also a joint public service action across the province with 1.01 million yuan donation from jackpot winners in recent years.



➡ Inner Mongolia created a video program for public welfare to help 10 disabled persons. This provincial branch of CWLIC provided each person with disability with 4000 yuan and helped them overcome some difficulties. The widespread video program also guided the general public to participate in helping the beneficiaries.

Secure and Stable Operating Mechanism

With the increasingly enriched lottery product mix, channel management and marketing methods, the complexity, difficulty and risks of lottery operation are increasing. Based on the features of market-oriented lottery issuance and sales, we have established an efficient market mechanism that has clear definitions of rights and responsibility and that is standardized and in order, to guarantee secure and stable operation from four perspectives, namely, the security of draw, data, technologies and funds.

I am a loyal player who has played lottery for more than a decade. I won many small prizes, but never got a big one. Could you do me a favor by telling me the winning number at this draw? Could you make the number I bet this time as the winning numbers? What I bought are 01,02,03,04,05,06,07. Thank you.

Dear player, thank you for writing. Lottery is a game of chance, based on probability. There is no rule. And because of no rule, it is the world's most fair and justifiable game, loved by players like you. We have a set of scientific and standardized mechanism to guarantee the transparency of draw and payout. Our employees cannot change the draw results. I hope you will understand the nature of fairness and justice of China Welfare Lottery, and play it happily. Thanks again for your support. Good luck!

Letter from
A player

Reply from
CWL

Draw Security

Lottery draw is the most eye-catching part for players. Most of the joy of playing comes from the moment. Secure draw is not only the demonstration of integrity and compliance of CWL, but also the foundation for its sustainable development. Instant games are scratch-off games; VLTs are drawn immediately; draw games have fixed draw time. The three draw games sold across the country, namely Union Lotto, 3D and Qilecai (Lotto 7/30), are drawn by CWL employees under supervision of public notary; while local games are drawn by local branches under public notarization. No matter it is for the draw of national or local games, we all utilize advanced technologies, a rigid system, scientific management and the third-party notarization to build a comprehensive, steady, scientific and efficient draw system, in order to ensure security of CWL lottery draw and ultimately guarantee transparency, fairness, justice and integrity.



Live Telecast of Lottery Draw



The General Public of Zhejiang Province Watched a Notary Opening the Sealed Draw Ball Case

Extended Reading

Introduction to Union Lotto Draw Management

Draw Studio

Union Lotto is drawn every Tuesday, Thursday and Sunday after the sales is finished at 20:00. The draw will be telecast at 21:29'30" in the head office studio.

Lottery Drawing Machine

The lottery drawing machine we use is imported from RYOCATTEAU, a famous French draw machine manufacturer. It is a mechanical drawing machine with two wheels two-way rotating in the chamber to fully mix the balls so as to ensure the randomness of drawn numbers. Before put into use, the balls must go through a test of National Institute of Metrology according to the national technical standards.

On-site Staff for the Draw

The on-site working staff is consisted of employees from Beijing Zhongfuleicai Co., Ltd. (CWL's subsidiary in charge of the draw), CETV and Beijing Fangyuan Notary Public Office, respectively responsible for handling the draw and the draw information, producing and telecasting the draw, and supervising the process and providing notarization certificate.

Draw Procedures

Preparatory Work

We pick the case of draw balls by drawing cards. The uploading order of red balls and blue balls should be put on record by Beijing Fangyuan Notary Public Office. The notary will open the sealed case of balls in front of everyone, and supervise the CWL employees to upload the balls into the drums of lottery machine. The whole process will be shot as reliable evidence for live telecast.

Live Telecast

The draw is telecast at 21:29'30" on CETV. The TV host will introduce the sales volume of that very draw and provincial branches ranking top 5 in sales. After that, the staff will turn on the lottery machine. With all numbers drawn, the host will re-announce the draw result. In the end, the notary will deliver notarization speech.

Information Disclosure

After the live telecast, CWL employees will send faxes to inform provinces, municipalities and relevant media of the draw result, send out draw notice fax, and make phone calls to confirm whether they are received or not.



Picking the Case of Draw Balls by Drawing Cards

In the year of 2013, we succeeded in secure operation without any accident. But one should be prepared for danger in times of safety. In order to avoid the occurrence of emergency, we have gradually improved our emergency response plan and conducted two drills according to the Draw Emergency Response Plan in the first and second half of the year, so as to deal with the possible occurrence of accidents during the draw process. In 2013, we further improved our management over before-draw security, laying foundation for secure draw.

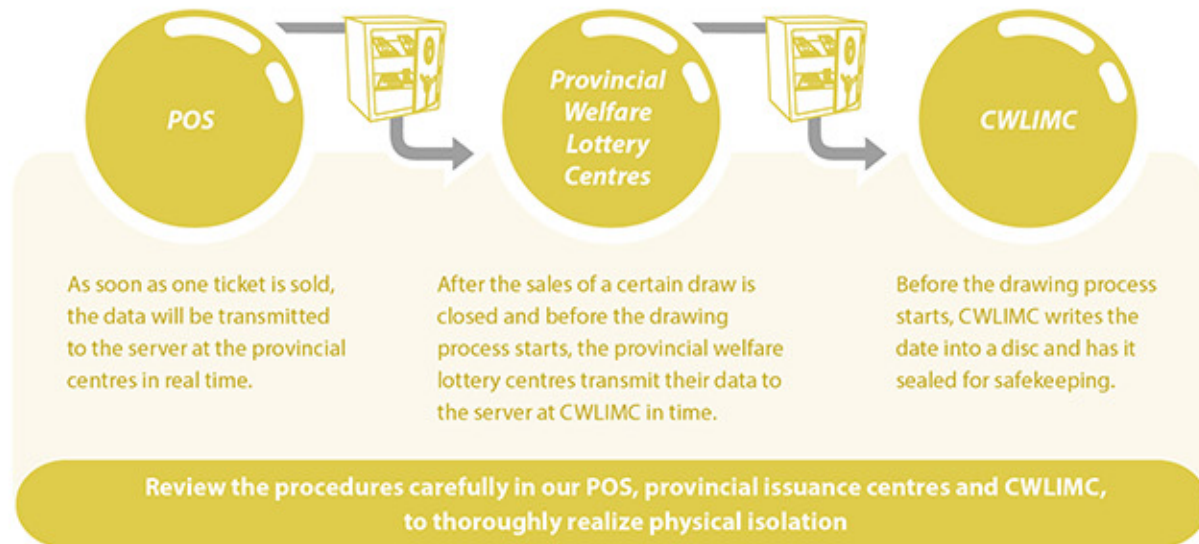
Jilin, Anhui and other places created security check files covering all lottery types.

Hebei provincial branch asked POS that sell Quick 3 game to sign an agreement with city centres and city centres to sign an agreement with provincial centres on secure sales and responsibility. In addition, they asked to install electronic monitoring equipments in these POS and record the large amount betting.

Data Security

We guarantee gaming data security through technological and management approaches. With technological tools, we prevent the illegal invasion from external personnel to damage gaming data. With management tools, we prevent the sales data or draw manipulation from internal staff, so that we can ensure gaming security and fairness.

In terms of technology, we review the procedures carefully in our POS, provincial issuance centres and CWLIMC, to thoroughly realize physical isolation. There is no connection between the operation platform and the internet, thus external personnel cannot illegally invade through the internet and manipulate the drawing process. The betting machine will print out the ticket once the purchase process is completed, and the data will be stored in the database of the provincial issuance centres and CWLIMC in real time. The betting system will be closed at the appointed time, while the data will be saved in real time and written into the non-rewritable disc, sealed up for safekeeping. The third party backup mechanism is also introduced. Such a remote multiple backup approaches effectively prevent the malicious damage from external personnel and ensure security and fairness of lottery sales.



In terms of management, we regulate our human resource management, division of power, operation process, data backup, drawing results release and other procedures through scientific means. Different procedures are managed by specialized personnel, and there are different system privileges for different personnel without overlap, which has effectively prevented the illegal damage from internal staff and guaranteed data security.



Technology Security

With the rapid development of science and technology, welfare lottery has speeded up its pace of technological innovation, to build a technical support system of unified software, universally applied hardware, efficient operation as well as security and reliability, adopt advanced technologies and equipment, timely update issuance technological systems, and continue to make our technological equipment more standardized, informationalized and modernized. In 2013, CWLIMC brought in new technologies to expand the sales channels, improved the information format and security of instant tickets, facilitated real-time monitoring of draw games, investigated and researched on the technology implementation solution of new types of games, and made great efforts to provide technological support for the development of new sales channels.

Case Study

The Technological Innovation of Instant Tickets

We continue to intensify technological innovation of the welfare lottery instant tickets, optimize and upgrade current software, adopt a comprehensive anti-counterfeit technology which combines two dimensional barcode digital information and printing technology, promote the sales model of "one checker at one POS", improve the precision of inkjet printing equipment, and further innovate on the technological capability of our instant tickets.



<p>Adding Two Dimensional Barcode On the Ticket</p> <p>It is to give every instant ticket an ID number. Every ticket gets its unique number randomly generated, which greatly improves the anti-counterfeiting ability of the ticket. And the technology is highly compatible—the two dimensional barcode can even be scanned after it is damaged, which makes the prize claim safer, quicker and more convenient.</p>	<p>"One Checker at One POS" Technology</p> <p>The POS adopts a checker to run a network-based scan of the two dimensional barcode on the ticket, to realize real-time monitoring of the sales and winning conditions of the games.</p>	<p>Improvement of the Printing Technology</p> <p>The production process is equipped with online inkjet printing testing equipment and online printing quality testing equipment, which makes it smarter and reduces the number of quality problems.</p>	<p>Game Design Innovation</p> <p>We have learned from advanced concepts of prize structure design, optimized our design of symbols, and realized the thorough randomness of inkjet printing of winning symbols and non-winning symbols.</p>
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Printing Process of Lottery Tickets



Case Study

Technical Testing Laboratory of China Welfare Lottery Technology Research Centre

In November 2013, the Technical Testing Laboratory of China Welfare Lottery Technology Research Centre acquired a recognition certificate from the China National Accreditation Service for Conformity Assessment (CNAS), becoming the first national testing and calibration lab of the lottery industry. The lab will provide evaluation and testing services of the lottery products and systems in accordance with the actual needs of the industry.



To maximize the benefits of technological resources and deepen technological researches of the welfare lottery industry, we set about to build the China Welfare Lottery Technological Research Commission, apply the best practices in provincial centres to the whole industry, and conduct analyses and promotions. These efforts have expanded our basic technological research approaches, and improved the technological research quality nationwide. Meanwhile, we have also strengthened our security management, revised and formulated the *Welfare Lottery Technological Security Management Regulation, Guidelines and Assessment Methods of the Information Security Level Protection in the Welfare Lottery Industry*, and other standards, and conducted our technological security work according to these standards.

Fund Security

We are committed to the construction and improvement of a fund management system featuring "collection according to games, account settlement according to regulations, fund use according to requirements", to enhance the collection and management of operation fees of the lottery issuance and management centres and ensure funds are handed over to the financial departments in time and at full amount. We are researching on the building of a regulation on revenues and expenditures settlement for the welfare lottery centres, to improve our budget execution and management. We are promoting to build a lottery industry's accounting system and income distribution policy. We continue to improve the distribution methods of the public welfare fund raised from lottery sales, increase the benefit, better support the coordinated development of social and public welfare undertakings, so that we can realize the transparency, security and efficiency of fund management.

Transparency of the Management and Use of Funds

We disclose to our players the sales, winning amounts, pools and other information in a timely manner. We publicize about the raising, management, declaration and use of the public welfare fund raised from welfare lottery to the public. We have kept clear and transparent accounts of the use of public welfare fund, to give the players and the public a clear view.

Security of the Management and Use of Funds

We implement strict financial regulations, intensify our internal control, and work to make our financial management more regulated and standardized. We stick to the separation between revenue and expenditure, implement a budget management model, and regulate the settlement and audit of accounts. We have strengthened the funding risk prevention and control, improved the information system of funds management, enhanced the real-time monitoring of funds, and guaranteed the security of funds.

Extended Reading

The Separation Between Revenue and Expenditure

The fund management model of China Welfare Lottery is the model of "the separation between revenue and expenditure". All levels of welfare lottery issuance centres collect a certain percentage of operation fees from the sales of lottery, and turn in the operation fees collected to the financial departments of the same level according to "the separation between revenue and expenditure" model. The operation fees are specifically used in the issuance and sales of lottery. All levels of issuance and sales organizations are required to report their annual budget to the financial departments of the same level. After reviewed, approved and released, the budget can be executed according to regulations. Through the improvement of our fund management system, we have comprehensively guided the welfare lottery issuance and management work to be more regulated and standardized, and further promoted the construction of the welfare lottery operation and management system featuring regulated management, standardized technology, institutionalized operation and programmed operation.



Efficiency of the Management and Use of Funds

We have strengthened our management of the whole process of fund use, to apply limited funds in the key areas that carry forward the development of welfare lottery. We have further regulated the funds expenditure procedures, conducted efficiency supervision and inspections, strengthened in-process supervision and post supervision, and brought in auditing and other third party organizations, to evaluate the performance of public welfare fund use and improve the efficient use of funds.

Case Study

Shared Accounts at POS

In 2013, Liaoning Provincial Welfare Lottery Issuance Centre developed the "account sharing" function at POS, which made it possible to transfer capital between draw games accounts and instant ticket accounts at POS. It would realize resource sharing more efficiently and greatly alleviate the financial pressure at POS. This new function went on pilot run in Shenyang, the capital city of Liaoning, and achieved good results with secure and controllable procedures.



Management

Laying a Solid Foundation for A Responsible Welfare Lottery

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- ◎ Responsibility Capability 65



Responsibility Strategy



Responsible Governance



Responsible Communication

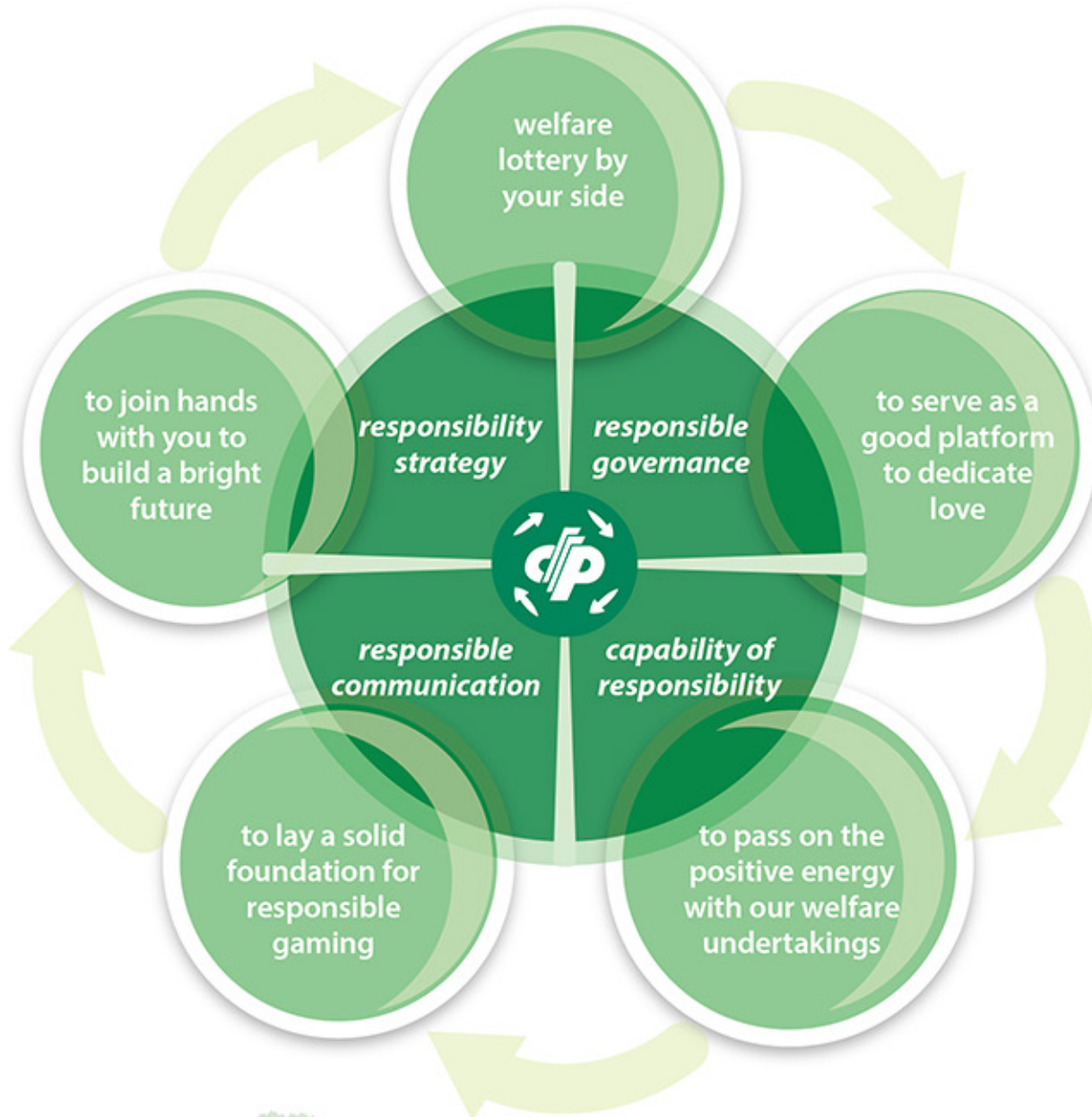


Responsibility Capability



The Social Responsibility Model of China Welfare Lottery

From the 4 perspectives of responsibility strategy, responsible governance, responsible communication and capability of responsibility, we strive to build and improve our social responsibility system aimed at enhancing our social responsibility management, propelling our communication with stakeholders, building our brand as the lottery of good causes and the lottery of transparency, and further advancing the social responsibility fulfillment in the industry.



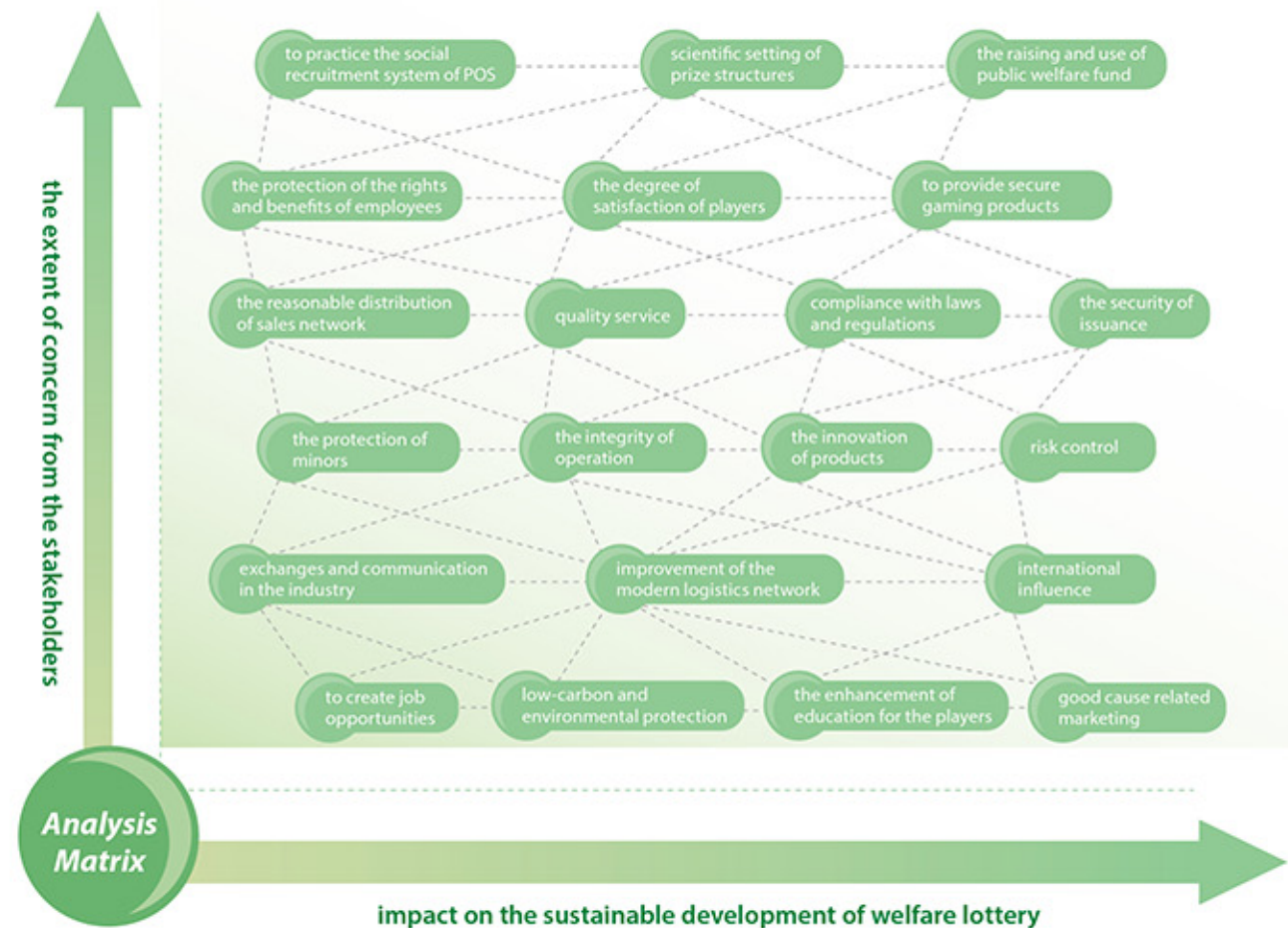
Responsibility Strategy

Different with other industries, the birth of China welfare Lottery was aimed to support the social welfare undertakings. Therefore, the commitment of social responsibility was deeply rooted in welfare lottery. When formulating our social responsibility strategy, we have always wanted to promote the development of the whole industry and the social welfare undertakings. On one hand, we strictly filter and decide our substantial topics of social responsibility; on the other hand, we work out medium and long term social responsibility plans, to promote the welfare lottery system to fulfill social responsibility more scientifically, reasonably and comprehensively, so that we can drive the development of social responsibility in the whole industry.

Key Topics

Through industry background analysis, benchmarking with excellent international practices in the same industry, survey with stakeholders and interview with senior officials, etc., from the two perspectives—the extent of concern from stakeholders and the impact on the sustainable development of welfare lottery, we finally decided the substantial topics of social responsibility for welfare lottery.

The raising and use of public welfare fund as well as the provision of rich and secure lottery games are two key issues for us. Since its issuance, China Welfare Lottery has shouldered the responsibility to raise money for the social welfare undertakings in China. We adhere to our mission to “Supporting the Elderly, Assisting the Disabled, Helping the Orphans, Relieving the Have-nots”. We take both economic value and social value into account, endeavor to provide secure and rich gaming products for our players, serve the players’ cultural and entertainment life, proactively fulfill our social responsibility, and promote the development of social welfare undertakings.



Responsible Planning

In 2013, MCA listed "the building of welfare lottery social responsibility system" as a key project of ministry-province cooperation. We actively implemented the requirements by MCA, practically carried out the social responsibility work of welfare lottery, formulated a management plan, and made clear the vision, mission, targets and contents of our work, trying to maximize the economic value and social value, drive the industry to fulfill its social responsibility, and be the leader in the field of social responsibility of our industry.



Responsible Governance

To ensure the effective implementation of social responsibility strategies, CWLIMC built a Social Responsibility Working Committee as well as a social responsibility management system, to promote social responsibility governance guided by the orientation to realize planned targets of social responsibility. In 2013, we put "combating corruption and upholding integrity, and building a transparent welfare lottery" as our top priority, to make sure the concepts of welfare lottery, which are fairness, justice, and transparency, are well practiced.

The Establishment of an Internal Construction Taskforce

To effectively improve the quality of social responsibility work of welfare lottery, in 2013, we built the Internal Construction Taskforce which was in charge of guiding and promoting social responsibility strategies, reviewing social responsibility plans, analyzing social responsibility risks and conducting effective management. The Policy and Legal Service Division of CWLIMC is in charge of the planning and coordination of social responsibility work, to ensure the effective implementation of all the tasks. Provincial welfare lottery issuance centres has set up their own social responsibility positions, built and improved a social responsibility liaison officer system, and received guidance, examination and evaluation from CWLIMC.

The Building of a Social Responsibility Management System

To regulate the social responsibility management of welfare lottery, to improve the social responsibility influence of the whole welfare lottery system, with domestic and overseas social responsibility standards as guidance, and based on actual conditions of the industry, in 2013, we compiled the Social Responsibility Standard and Code of China Welfare Lottery, which constructed a social responsibility indicator system featuring 10 dimensions including issuance responsibility and social contribution and 238 indicators. The Regulation has laid a solid foundation for the compiling of the Social Responsibility Report of China Welfare Lottery and the assessment of the responsibility related performances.

<ul style="list-style-type: none"> 一、中国福利彩票社会责任指标体系技术路线 二、中国福利彩票社会责任指标体系标准编制 三、中国福利彩票社会责任指标体系标准编制 四、中国福利彩票社会责任指标体系标准编制 五、中国福利彩票社会责任指标体系标准编制 六、中国福利彩票社会责任指标体系标准编制 七、中国福利彩票社会责任指标体系标准编制 八、中国福利彩票社会责任指标体系标准编制 九、中国福利彩票社会责任指标体系标准编制 十、中国福利彩票社会责任指标体系标准编制 十一、中国福利彩票社会责任指标体系标准编制 十二、中国福利彩票社会责任指标体系标准编制 十三、中国福利彩票社会责任指标体系标准编制 十四、中国福利彩票社会责任指标体系标准编制 十五、中国福利彩票社会责任指标体系标准编制 十六、中国福利彩票社会责任指标体系标准编制 十七、中国福利彩票社会责任指标体系标准编制 十八、中国福利彩票社会责任指标体系标准编制 十九、中国福利彩票社会责任指标体系标准编制 二十、中国福利彩票社会责任指标体系标准编制 二十一、中国福利彩票社会责任指标体系标准编制 二十二、中国福利彩票社会责任指标体系标准编制 二十三、中国福利彩票社会责任指标体系标准编制 二十四、中国福利彩票社会责任指标体系标准编制 二十五、中国福利彩票社会责任指标体系标准编制 二十六、中国福利彩票社会责任指标体系标准编制 二十七、中国福利彩票社会责任指标体系标准编制 二十八、中国福利彩票社会责任指标体系标准编制 二十九、中国福利彩票社会责任指标体系标准编制 三十、中国福利彩票社会责任指标体系标准编制 三十一、中国福利彩票社会责任指标体系标准编制 三十二、中国福利彩票社会责任指标体系标准编制 三十三、中国福利彩票社会责任指标体系标准编制 三十四、中国福利彩票社会责任指标体系标准编制 三十五、中国福利彩票社会责任指标体系标准编制 三十六、中国福利彩票社会责任指标体系标准编制 三十七、中国福利彩票社会责任指标体系标准编制 三十八、中国福利彩票社会责任指标体系标准编制 三十九、中国福利彩票社会责任指标体系标准编制 四十、中国福利彩票社会责任指标体系标准编制 四十一、中国福利彩票社会责任指标体系标准编制 四十二、中国福利彩票社会责任指标体系标准编制 四十三、中国福利彩票社会责任指标体系标准编制 四十四、中国福利彩票社会责任指标体系标准编制 四十五、中国福利彩票社会责任指标体系标准编制 四十六、中国福利彩票社会责任指标体系标准编制 四十七、中国福利彩票社会责任指标体系标准编制 四十八、中国福利彩票社会责任指标体系标准编制 四十九、中国福利彩票社会责任指标体系标准编制 五十、中国福利彩票社会责任指标体系标准编制 五十一、中国福利彩票社会责任指标体系标准编制 五十二、中国福利彩票社会责任指标体系标准编制 五十三、中国福利彩票社会责任指标体系标准编制 五十四、中国福利彩票社会责任指标体系标准编制 五十五、中国福利彩票社会责任指标体系标准编制 五十六、中国福利彩票社会责任指标体系标准编制 五十七、中国福利彩票社会责任指标体系标准编制 五十八、中国福利彩票社会责任指标体系标准编制 五十九、中国福利彩票社会责任指标体系标准编制 六十、中国福利彩票社会责任指标体系标准编制 六十一、中国福利彩票社会责任指标体系标准编制 六十二、中国福利彩票社会责任指标体系标准编制 六十三、中国福利彩票社会责任指标体系标准编制 六十四、中国福利彩票社会责任指标体系标准编制 六十五、中国福利彩票社会责任指标体系标准编制 六十六、中国福利彩票社会责任指标体系标准编制 六十七、中国福利彩票社会责任指标体系标准编制 六十八、中国福利彩票社会责任指标体系标准编制 六十九、中国福利彩票社会责任指标体系标准编制 七十、中国福利彩票社会责任指标体系标准编制 七十一、中国福利彩票社会责任指标体系标准编制 七十二、中国福利彩票社会责任指标体系标准编制 七十三、中国福利彩票社会责任指标体系标准编制 七十四、中国福利彩票社会责任指标体系标准编制 七十五、中国福利彩票社会责任指标体系标准编制 七十六、中国福利彩票社会责任指标体系标准编制 七十七、中国福利彩票社会责任指标体系标准编制 七十八、中国福利彩票社会责任指标体系标准编制 七十九、中国福利彩票社会责任指标体系标准编制 八十、中国福利彩票社会责任指标体系标准编制 八十一、中国福利彩票社会责任指标体系标准编制 八十二、中国福利彩票社会责任指标体系标准编制 八十三、中国福利彩票社会责任指标体系标准编制 八十四、中国福利彩票社会责任指标体系标准编制 八十五、中国福利彩票社会责任指标体系标准编制 八十六、中国福利彩票社会责任指标体系标准编制 八十七、中国福利彩票社会责任指标体系标准编制 八十八、中国福利彩票社会责任指标体系标准编制 八十九、中国福利彩票社会责任指标体系标准编制 九十、中国福利彩票社会责任指标体系标准编制 九十一、中国福利彩票社会责任指标体系标准编制 九十二、中国福利彩票社会责任指标体系标准编制 九十三、中国福利彩票社会责任指标体系标准编制 九十四、中国福利彩票社会责任指标体系标准编制 九十五、中国福利彩票社会责任指标体系标准编制 九十六、中国福利彩票社会责任指标体系标准编制 九十七、中国福利彩票社会责任指标体系标准编制 九十八、中国福利彩票社会责任指标体系标准编制 九十九、中国福利彩票社会责任指标体系标准编制 一百、中国福利彩票社会责任指标体系标准编制 	<ul style="list-style-type: none"> (十) 基础 (十一) 概述 五、社会责任建设管理 (一) 福利彩票发行机构 (二) 中国福利彩票社会责任管理 六、社会责任报告编制 (一) 社会责任报告的定义和定义 (二) 什么是第一份社会责任报告 (三) 福利彩票社会责任报告的特征 (四) 福利彩票社会责任报告编制方法 (五) 福利彩票社会责任报告编制流程 (六) 福利彩票社会责任报告编制方法 (七) 福利彩票社会责任报告编制方法 (八) 福利彩票社会责任报告编制方法 (九) 福利彩票社会责任报告编制方法 (十) 福利彩票社会责任报告编制方法 (十一) 福利彩票社会责任报告编制方法 (十二) 福利彩票社会责任报告编制方法 (十三) 福利彩票社会责任报告编制方法 (十四) 福利彩票社会责任报告编制方法 (十五) 福利彩票社会责任报告编制方法 (十六) 福利彩票社会责任报告编制方法 (十七) 福利彩票社会责任报告编制方法 (十八) 福利彩票社会责任报告编制方法 (十九) 福利彩票社会责任报告编制方法 (二十) 福利彩票社会责任报告编制方法 (二十一) 福利彩票社会责任报告编制方法 (二十二) 福利彩票社会责任报告编制方法 (二十三) 福利彩票社会责任报告编制方法 (二十四) 福利彩票社会责任报告编制方法 (二十五) 福利彩票社会责任报告编制方法 (二十六) 福利彩票社会责任报告编制方法 (二十七) 福利彩票社会责任报告编制方法 (二十八) 福利彩票社会责任报告编制方法 (二十九) 福利彩票社会责任报告编制方法 (三十) 福利彩票社会责任报告编制方法 (三十一) 福利彩票社会责任报告编制方法 (三十二) 福利彩票社会责任报告编制方法 (三十三) 福利彩票社会责任报告编制方法 (三十四) 福利彩票社会责任报告编制方法 (三十五) 福利彩票社会责任报告编制方法 (三十六) 福利彩票社会责任报告编制方法 (三十七) 福利彩票社会责任报告编制方法 (三十八) 福利彩票社会责任报告编制方法 (三十九) 福利彩票社会责任报告编制方法 (四十) 福利彩票社会责任报告编制方法 (四十一) 福利彩票社会责任报告编制方法 (四十二) 福利彩票社会责任报告编制方法 (四十三) 福利彩票社会责任报告编制方法 (四十四) 福利彩票社会责任报告编制方法 (四十五) 福利彩票社会责任报告编制方法 (四十六) 福利彩票社会责任报告编制方法 (四十七) 福利彩票社会责任报告编制方法 (四十八) 福利彩票社会责任报告编制方法 (四十九) 福利彩票社会责任报告编制方法 (五十) 福利彩票社会责任报告编制方法 (五十一) 福利彩票社会责任报告编制方法 (五十二) 福利彩票社会责任报告编制方法 (五十三) 福利彩票社会责任报告编制方法 (五十四) 福利彩票社会责任报告编制方法 (五十五) 福利彩票社会责任报告编制方法 (五十六) 福利彩票社会责任报告编制方法 (五十七) 福利彩票社会责任报告编制方法 (五十八) 福利彩票社会责任报告编制方法 (五十九) 福利彩票社会责任报告编制方法 (六十) 福利彩票社会责任报告编制方法 (六十一) 福利彩票社会责任报告编制方法 (六十二) 福利彩票社会责任报告编制方法 (六十三) 福利彩票社会责任报告编制方法 (六十四) 福利彩票社会责任报告编制方法 (六十五) 福利彩票社会责任报告编制方法 (六十六) 福利彩票社会责任报告编制方法 (六十七) 福利彩票社会责任报告编制方法 (六十八) 福利彩票社会责任报告编制方法 (六十九) 福利彩票社会责任报告编制方法 (七十) 福利彩票社会责任报告编制方法 (七十一) 福利彩票社会责任报告编制方法 (七十二) 福利彩票社会责任报告编制方法 (七十三) 福利彩票社会责任报告编制方法 (七十四) 福利彩票社会责任报告编制方法 (七十五) 福利彩票社会责任报告编制方法 (七十六) 福利彩票社会责任报告编制方法 (七十七) 福利彩票社会责任报告编制方法 (七十八) 福利彩票社会责任报告编制方法 (七十九) 福利彩票社会责任报告编制方法 (八十) 福利彩票社会责任报告编制方法 (八十一) 福利彩票社会责任报告编制方法 (八十二) 福利彩票社会责任报告编制方法 (八十三) 福利彩票社会责任报告编制方法 (八十四) 福利彩票社会责任报告编制方法 (八十五) 福利彩票社会责任报告编制方法 (八十六) 福利彩票社会责任报告编制方法 (八十七) 福利彩票社会责任报告编制方法 (八十八) 福利彩票社会责任报告编制方法 (八十九) 福利彩票社会责任报告编制方法 (九十) 福利彩票社会责任报告编制方法 (九十一) 福利彩票社会责任报告编制方法 (九十二) 福利彩票社会责任报告编制方法 (九十三) 福利彩票社会责任报告编制方法 (九十四) 福利彩票社会责任报告编制方法 (九十五) 福利彩票社会责任报告编制方法 (九十六) 福利彩票社会责任报告编制方法 (九十七) 福利彩票社会责任报告编制方法 (九十八) 福利彩票社会责任报告编制方法 (九十九) 福利彩票社会责任报告编制方法 (一百) 福利彩票社会责任报告编制方法
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In 2013, we introduced 26 systems concerning decision-making principles, procurement and bidding, economic responsibility audit and others, and included the construction of a clean organization into performance assessment, with a "one-vote veto mechanism", providing institutional guarantee for the scientific, regulated, sustainable and stable development of welfare lottery.

Case Study

Hubei Provincial Welfare Lottery Issuance Centre Released its 1st Social Responsibility Report

To implement the strategic deployment about the strengthening of welfare lottery cultural construction, accelerate the scientific and great-leap-forward development of welfare lottery undertakings in Hubei Province, on December 20th, 2011, Hubei Welfare Lottery released its first social responsibility report, and held an unveiling ceremony of projects supported by welfare lottery fund.

The release of the social responsibility report to the public by Hubei Welfare Lottery was an important breakthrough and a positive try of welfare lottery cultural construction in Hubei. It was not only a summary of their commitment to social responsibility along the years, but also a commitment of future development, which would greatly benefit the cultural construction of welfare lottery in Hubei. Hubei welfare lottery would mark this as a new starting point, further their supervision mechanism, and sincerely welcome social supervision.



◎ The Building of a Transparent Welfare Lottery and Good Professional Ethics

With the rapid increase of welfare lottery sales and accumulation of public welfare fund, the society is having higher and higher standards of requirements about the transparency of the issuance and sales of welfare lottery. We would like to carry out our work from 4 perspectives, namely transparent power, transparent funds, a transparent brand, and a transparent team. On one hand, we will improve the responsible governance capability; on the other hand, we will safeguard the public's right to know, participate and supervise, ensure the "fairness, justice and transparency" concept is implemented, and the social responsibility plans and targets are realized.

Special Issue The Building of a Transparent Welfare Lottery of Good Professional Ethics

Transparent welfare lottery refers to the disclosure of major work, key procedures and items to the public according to laws in the welfare lottery industry, and the reception of effective supervision, thus we can realize the goals of transparent power, funds, brand and team.

Transparent power is the "main switch" of transparent welfare lottery. We devote ourselves to the construction of the power operation system featuring scientific decision-making, resolute implementation, and effective supervision, so that we can realize the control of power with systems.

Transparent Power

Transparent Funds is the priority of priorities of transparent welfare lottery. We strive to improve our funds management systems featuring "collection according to games, accounts settlement according to regulations, and fund use according to requirements", so that we can realize the transparency, security and efficiency of funds management.

Transparent Funds

A transparent brand is the life of transparent welfare lottery. We work to build brand awareness, and cultivate a brand of good causes, integrity and responsibility.

Transparent Brand

A transparent team is the guarantee of transparent welfare lottery. We make great efforts to build a dedicated, innovative and clean team.

Transparent Team

Case Study

The Anti-Corruption Meeting of the Welfare Lottery Institutions

On May 15th, the anti-corruption meeting of the nationwide welfare lottery system was held in Binhai New Area of Tianjin. The meeting pointed out that we should build a transparent welfare lottery in the system and the industry. It summarized the anti-corruption work in the welfare lottery system since 2010, and deployed the work in the next few years. Ms. Qu Shuhui, Team Leader of the Discipline Inspection Group from the Commission for Discipline Inspection of the Central Committee of the CPC in MCA, attended the meeting and made important remarks. Mr. Yu Jianliang, Director General of CWLIMC moderated the meeting, and Mr. Zhang Xin, CPC Party Secretary of CWL made the working report. Team leaders of the Discipline Inspection Group in the provincial civil affairs departments as well as leaders of provincial welfare lottery centres were also present at the meeting. Officials from Tianjin, Hebei, Liaoning, Zhejiang, Guangdong, Shaanxi etc. shared their experience with all the attendees.



"Year of Regulated Management" Campaign of Guangxi Welfare Lottery Issuance Centre

Guangxi provincial welfare lottery issuance centre implemented the spirit of the national anti-corruption meeting, and conducted targeted campaigns on the "Year of Regulated Management", strengthened their institutional construction in all aspects, summarized a power operation mechanism featuring separation of powers, and "deputies in charge, principals monitoring, collective leadership and democratic decision-making", and effectively prevented corruption as the result of excessive concentration of power in the top leaders' hands.

◎ Enhancement of Environmental Management, and Promotion of Responsible Governance

China Welfare Lottery actively responded to the call on low-carbon and environmentally friendly development. We have included the concept of low-carbon and environmental protection in the whole process of gaming products, promoted our responsible management by the enhancement of environmental management, and guided the lottery industry to develop sustainably. During the whole process of designing, printing, storing, logistics, use and disposal, through the improvement of printing technologies and other facilities, we have minimized the damage to the environment and the pollutants emission, so that we can realize the whole-process green management of gaming production.



Special Issue **Enhancement of Environmental Management, and Promotion of Responsible Governance**

We actively promote the development of green gaming products, make our products more environmentally friendly, and meet the increasing requirements on environment from the government and players. For instance, Beijing Zhongcai Printing Co., Ltd. introduced the costly first class lottery press from Mark Andy, which has 21 stations for flexographic printing and uses more environmentally friendly water-based ink. At the same time, we advocate the green and low-carbon life and working style, promote green office, and make efforts in publicity and education on environmental protection to raise the employees' awareness.



Case Study

The Green Carbon-Free Disposal of Invalid Instant Tickets

To promote the green and carbon-free disposal of invalid "Guagale" instant tickets, Dalian Welfare Lottery Centre carried out its 1st paper craft making competition, calling on the POS agents, players and paper art fans to use invalid welfare lottery "Guagale" instant tickets to make all kinds of paper craft works. The campaign was warmly welcomed by the paper art fans. They collected a number of invalid tickets, designed and made great art works out of them.



Welfare lottery centres in Changzhou of Jiangsu Province, Fuzhou of Fujian Province, Yingkou of Liaoning Province and other places also carried out such activities which displayed environmental protection, culture and innovation. Paper art fans and lottery players put their sincerity, talent and best wishes for welfare lottery in the small instant tickets. The paper works were of healthy topics and in various forms, which were good presentations of the low-carbon and environmentally friendly idea of welfare lottery as well as the positive influence of the welfare lottery culture.



Responsible Communication

China Welfare lottery attaches great importance to the communication and exchanges on social responsibility. We have been gradually improving our social responsibility communication mechanism, and proactively responding to the expectations of our stakeholders. Through daily communication, regular communication, annual communication and other methods, we release the fulfillment of social responsibility by welfare lottery centres, and collect and give feedbacks to the suggestions from the public.

CWLIMC listens to the reports by provincial centres about their raising and use of public welfare fund, design and development of gaming products, charity and good cause undertakings, employee management and other social responsibility related topics, and offer its instructions.

In 2014, we will release our first Social Responsibility Report, which will display our commitment to social responsibility from gaming products, sales network, responsible marketing, the raising and use of public welfare lottery fund and other aspects.

Communication Mechanism

Daily communication

We set a bulletin board on the official website of CWLIMC as well as the "media's voice" of China Welfare Lottery, to release industrial news timely.

Regular communication

We release information about the raising and use of public welfare fund and other key issues of social welfare lottery through seminars, press conferences, and forums.

Annual communication

We release annually our social responsibility report, to give a full view of the achievements and shortcomings of China Welfare Lottery in its fulfillment of social responsibility.

Response to the Expectations of Stakeholders



◎ Bringing in International Experience and Best Practices

China Welfare Lottery gives high priority to the communication and exchanges with foreign lottery related organizations. By bringing in their experience and best practices, we learn from them and improve our management and work in the field of social responsibility. In 2013, we invited senior managers, officials as well as experts from HKJC, GTECH, IGT, FDJ, Playscan and other lottery organizations, and carried out wide-ranged and in-depth conversations with them on the topics of the development of the industry and mutual cooperation.

Case Study

International Relations Director of FDJ Visited CWLIMC

From November 4th to 8th, Mr. Pierre Bruneau, International Relations Director of FDJ and his colleagues visited CWLIMC. The French delegation held talks with Mr. Yu Jianliang, Director General of CWLIMC, and Mr. Yu Wenjun, Deputy Director-General of CWLIMC. Both sides signed a strategic cooperation memorandum. They also had discussions with our Marketing Division I about the development of instant tickets. After their stay in Beijing, they went to Jiangsu Province to inspect on the local welfare lottery business.



Case Study

Lectures from International Experts

In June 2013, CWLIMC invited experts from FDJ to give us a lecture about the development of lottery in the world, current trends and challenges as well as the "Euro Millions" lotto game. In August, we invited senior managers from GTECH to introduce about the future trends of lottery and the sophisticated management of lottery.



On August 29th, an expert from GTECH gives a lecture to the CWLIMC staff.

On June 19th, an expert from FDJ gives a lecture to the CWLIMC staff.

Case Study

CWLIMC Talked with Playscan about the Responsible Gaming (RG) Solutions

In August 2013, the Division of Policy and Legal Service held discussions with representatives from Playscan, a Swedish company specialized in RG. Both sides carried out pioneering talks on the "RG solutions" of mutual concern.



◎ Going Out to Communicate With Others

We have kept and enhanced our communication with WLA, APLA and other international lottery organizations, overseas lotteries and suppliers. Through going out, we participate in international lottery affairs, and work on the international influence of China Welfare Lottery in committing to social responsibility. In 2013, we recommended our newly built official website to WLA and APLA, and got its link listed on their web pages. At the same time, we participated in various international seminars to keep up with the international lottery development and accelerate our pace to integrate in the international lottery organizations.



The Official Website of China Welfare Lottery

Case Study

CWLIMC Participated in International RG Seminars

On September 20th, Mr. Yu Jianliang, Director-general of CWLIMC led a delegation to Morocco to attend the international RG seminar. We shared methods and achievements of RG development with Lottomatica, Belgium National Lottery and Atlantic Lottery of Canada, etc., studied related RG standards of WLA and EL, and reached consensus on the cooperation in the researches and related areas of RG with our peers.



On November 18th, Mr. Yu Wenjun, deputy director-general of CWLIMC led a delegation to Thailand to attend the annual meeting of APLA, and made a presentation about the history and social responsibility ideas and practices of China Welfare Lottery, and undertook in-depth communication with peers from other countries and regions on the topic of social responsibility.

Enhancing Communication with the Public

China Welfare lottery has become a platform for hundreds of millions of consumers to contribute to public welfare. We have always bore in mind our responsibilities, conducted our work according to the principles of regulation and transparency, explored to build a public opinion guidance, monitoring and emergency disposal mechanism, to ensure the transparency of welfare lottery.

In 2013, CWLIMC compiled 47 issues of media reports summary, with 1343 pieces of items and about 560000 words. We wanted the summary to reflect the media's reports comprehensively. To catch up with the current trend, we also increased our attention to Weibo (China's most popular microblog) and other new media.

We intensified our efforts in the guidance of, monitoring of and emergency response to public opinions, with the successful addressing of the "one ball with two numbers incident" and having achieved good social reputation. We made great efforts to build our public opinion monitoring and crisis cooperation platform. We decided to cooperate with 2 professional public opinion monitoring and service organizations (China.com.cn and Shidaiquanyuan Company subsidiary to Sina.com.cn) to build our platform, and started to use the monitoring service provided by China.com.cn. We has also built our news spokesperson system, to proactively release information about our issuance and sales of welfare lottery to the public according to related laws and regulations, and receive consultations and inquiries about important events and hot topics with public concern of CWLIMC or our provincial institutions.



Case Study

CWLIMC's Proactive Response to the "One Ball with Two Numbers Incident"

On July 11th

On July 11th, a piece of news titled "a ball with two numbers appeared in the draw of union lotto; CWLIMC is investigating on it" appeared on a certain website and attracted great attention. It said that according to some netizens, in the draw of the No. 2013070 Union Lotto, the 6th ball had 2 numbers on it—3 and 31.

On July 13rd

On July 13rd, CWLIMC investigated on the incident and published its announcement.

Www.zhew.com undertook careful close-up view of the drawing video, and found out that because of the limitation of video file size, it was not clear enough for people to tell the number on the 6th red ball (which was 31). From the video, we could tell that, we clearly saw the number "31" on 2 sides of the ball, but on the front side, the "1" in "31" seemed to be blocked by the organic glass of the drawing machine.

To ensure internet users could view the drawing video online smoothly, we currently limited the size of the video file, which resulted in the unclear picture of the No. 2013070 draw and thus the misunderstanding from some of our players. After the incident, we apologized for that to our players and viewers, and took measures as fast as we could to optimize the videos we provided, making them clearer.

Responsibility Capability

China Welfare Lottery has attached great importance to the cultivation of responsibility capability. We offer guidance to the social responsibility activities of the system from 3 perspectives—"the improvement of responsibility related research capability, the enhancement of responsibility awareness education and the building of a responsible atmosphere". At the same time, to deepen our studying into the related theories and practices, we organize our employees to participate in social responsibility related activities regularly.

To Improve Our Capability of Research on Responsibility

We continue to intensify our social responsibility capability construction. We translated and compiled *Responsible Gaming Standards of EL and Responsible Gaming Framework Submission Guide of WLA* and other important documents, studied the social responsibility reports of our overseas peers such the those of Lottomatica and Vaikkaus. In our in-house journal *World Lottery*, we had a special issue about RG. In 2013, we preliminarily formulated the "Report on the Lottery Theoretical Structure and Research Mechanism" and the "Theoretical Research Assessment and Incentive Management Interim Procedures of China Welfare Lottery Issuance and Management Centre"; we conducted researches on domestic and international lottery market status; we worked out the first draft of "Research Report on the Market Access Mechanism of China Welfare Lottery", and proposed the preliminary recommendations on the "Recommended Items for the Regulation of Market Access of China Welfare Lottery".

To Enhance the Education on Responsibility Awareness

We popularize knowledge about social responsibility through multiple channels including lectures, symposiums, seminars and participative activities. For instance, in the orientation training for new employees, we lectured them about the history of welfare lottery's commitment to social responsibility, to raise their awareness of responsibility. We held the "My Welfare Lottery Dream" speech contest, to advocate our employees to reflect on the relationship between welfare lottery and good causes. We printed and handed out translated and compiled materials, to urge our employees to learn and think about the social responsibility of the lottery industry. Through the enhancement of education about the idea of responsibility, we urge the welfare lottery employees to comprehensively understand the connotation of social responsibility, deepen their sense of social responsibility, and promote the quick launch and rapid acceleration of social welfare management and practices of the welfare lottery system.

Case Study

CWLIMC's "Grassroots Research" Campaign

From July to October, 2013, CWLIMC organized the "Grassroots Research" campaign, bringing the staff working at the headoffice to the frontline for inspection and research, aimed at improving the service awareness and duty fulfillment capability of our employees.

The campaign carried out in different branches with 6 major contents



Through this campaign, CWLIMC got to deepen its understanding of the consumers and of the needs, difficulties and suggestions of grassroots lottery staff. With a responsible attitude, we were there to understand the grassroots, learn from the grassroots and serve the grassroots. We would research on the problems and work out solutions.

Case Study

CWLIMC Awarded "Civilization Model of Chinese Youth" for 2 Times

In 2008

The Drawing team of the then Drawing Division of CWLIMC was awarded the "2008 Civilization Model of Chinese Youth" by the Central Committee of the Communist Young League for their excellent performance in their positions.



In 2013

The Technology Management Division of CWLIMC was awarded "2013 Civilization Model of Chinese Youth" by the Central Committee of the Communist Young League for their long-term hard work and dedication to ensure the technology and data security without accidents for the welfare lottery.

To Build a Responsible Atmosphere

The development of welfare lottery as well as the fulfillment of its social responsibility relies on everyone working for it. To further improve our capabilities to fulfill social responsibility, we strive to build a positive, stable and united working environment and a high-spirited atmosphere, and carry out a wide range of cultural activities, to cultivate and shape our employees through these activities, and enhance the sense of cohesion and responsibility of our team.

Protection of the Basic Rights and Interests

CWLIMC strictly follows Labor Law, Labor Contract Law and other labor laws and regulations, protects the lawful rights and interests of our employees according to law, and build a harmonious and stable labor relation.

The Performance of the Protection of Rights and Interests of the Employees of CWLIMC (2011-2013)

Year	Contract Signing Rate	Social Insurance Coverage Rate	Ratio of Employees' Joining the Labor Union	Ratio of female employees	Ratio of female managers	Average annual paid leave days
2011	100%	100%	100%	36.2%	15.6%	6.3
2012	100%	100%	100%	38.4%	16.1%	6.2
2013	100%	100%	100%	39.4%	23.2%	6.8

When reviewing the applications for running a POS, China Welfare Lottery adheres to the mission of "Supporting the Elderly, Assisting the Disabled, Helping the Orphans, Relieving the Have-nots", thus we will give privileges to people with disabilities, the unemployed and other needy groups if other conditions are the same. As the welfare lottery agents, they work hard despite of their disabilities, and contribute to the social welfare undertakings with their efforts.

Extended Reading

Staff of the Drawing Division Fulfilled Their Task Despite of Severe Weather Conditions

On June 23rd, 2011, the day of the live telecast of the No. 2011072 draw of Union Lotto, a sudden intense rain hit the whole Beijing city. The city traffic was paralyzed, and the whole city was in a world of waters.

At a little past 6 p.m., Mr. Tong Zengxue who was going on duty to the live draw studio found the situation quite troubling. He called the leaders of CWLIMC and reported about it. Having got the instructions from the leaders, the staff of the Drawing Division and the Marketing Division II which was in charge of Union Lotto took quick actions. Tong Zengxue, the person in charge that night, asked Zhang Chi from Marketing Division II to stay in the office for emergency preparedness, and he himself put on a raincoat and got on a bike, rushed in the rain to the live telecasting site on Fengti South Road. The rain had completely flooded the roads, and the lighting facilities along the roads couldn't be used. Mr. Tong walked his bike in the dark toward the site, with water already at his knee high.

The intense rain trapped the whole city, but not the staff going for the draw. At about 21:10, all the staff responsible for that night's draw arrived at the site in advance, on foot and in spite of the rain. That night, the live telecast of the draw of Union Lotto went on smoothly.

The audience sitting in front of the TV couldn't sense any fatigue or discomfort from the faces of the staff who worked hard to provide a perfect program for the audience. The sudden intense rain tested the traffic in Beijing, and also tested the work spirit and sense of responsibility of our welfare lottery employees. It was their sense of responsibility, professional dedication and team spirit that ensured the fulfillment of the live telecasting.

Case Study

A Disabled Agent at POS Provides Players with a Playing Paradise with His Warm Service

Since October, 2000, Mr. Liang Desheng has been engaged in the sales of welfare lottery for nearly 14 years. As a person with disability, he used to be worried as being laid-off and unemployed. But now, he is a proud welfare lottery agent. He reminded himself that he shall serve the players with a heart of gratitude, build a playing paradise with sincerity, and return to the society with good performance and hard work.



To provide a comfortable playing environment for players, he bought a store room on the street with loans. He designed and decorated the room according to the general requirements by the welfare lottery centre, and bought computer, printer, water dispenser and other equipment in the POS he ran. He also designed and printed out all kinds of trends charts and tables by himself, to provide reference for players to choose their own numbers. All these efforts by Liang Desheng was highly praised by players, and served them quite well. Now, Liang Desheng has also become a volunteer. He often participates in various charitable activities, to help more people in need with the care and warmth he has received himself.

● Promoting the Growth of Employees

Through competition for posts, performance assessment and talent flow, we continue to make the lottery industry more dynamic. Based on the approach to "select talents through multiple channels and cultivate them through multiple paths", we have been providing our employees with good environment and atmosphere for their growth.

Heilongjiang

Provincial Centre has integrated their training resources, and built a training talent pool of the welfare lottery system.

Fujian

Provincial Centre has built a distance training platform titled Welfare Lottery Lecture Hall, serving as a sophisticated management platform for the training, assessment and certification of salespersons.

Xinjiang

Autonomous Region Provincial Centre has built and improved their training system based on actual development needs, and enhanced their professional training for market managers and staff.

Liaoning

Provincial Centre advocates the building of a learning organization with a 5-week comprehensive training in rotation held for the entire leadership and staff of the province.

● Care for the Life of Our Employees

In 2013, we held the "Welfare Lottery Calligraphy, Painting and Photography Contest", Essay Contest of the Women's Festival, Sports Competition in the Spring, Long Walk in the Autumn and other activities. We also set up a number of sport teams, and carried out colorful sports activities. Through these activities, we have enriched the lives of our employees, made them stronger and healthier, enhanced the cohesion among our team members, and cultivated a good spirit.

In April 2013, the CWLIMC Office for Retirees' Affairs was established, which provided more sophisticated and personalized care for our retirees. Apart from that, we gave high priority to the assistance to those employees in need.

We have built internal archives about those needy employees, and carried out the "warmth project" to help them and their families, which also displayed our responsibility to our employees.

● Improving the Sense of Responsibility and Cohesion in the Team

In 2013, through the campaigns including the innovation competition and Youth Forum, we further enhanced the sense of responsibility and teamwork in our team, facilitated our employees to innovate and change their mindsets, to offer advice and suggestions which closely combined international trends with domestic reality for the development of welfare lottery.



Welfare Lottery Calligraphy, Painting and Photography Contest



The CWLIMC Soccer Team Won the First Prize at the Soccer Competition of MCA

Case Study

The 1st Innovation Competition of CWLIMC

In November 2013, the 1st innovation competition was held at CWLIMC. It was aimed at encouraging the employees to innovate, improving their social responsibility awareness and capability, building a working atmosphere featuring deep thinking and studying as well as brave innovation, and promoting the innovation in the welfare lottery industry.

After fierce competition and strict evaluation, 2 works were awarded the 1st prize, 3 the 2nd prize, and 5 the 3rd prize. The 1st prize winning work "the Front-End Solutions of Social Responsibility of Welfare Lottery" by Shen Xiaoyu showed deep thinking into the topic, and proposed that we shall prepose the solutions of social responsibility problems, apply modern information system and big data management, undertake trace analysis on consumers' behaviors, and provide customized consultation services, to further fulfill our social responsibility.

At the end of the competition, Mr. Dou Yupei, vice minister of MCA spoke highly of the innovation competition. He pointed out that innovation competition could help CWLIMC build a platform for innovation, cultivate a healthy and positive welfare lottery culture and institutional culture, build an atmosphere full of the willingness to learn, encourage more talents to grow and build a dynamic reform and innovation system.



Case Study

May 4th Youth Forum and Book Report Sharing

To further carry forward the spirit of patriotism and the welfare lottery culture, bring all the young staff together, encourage them to innovate, and promote the improvement of professional skills, the Youth League Branch at CWLIMC held the May 4th Youth Forum and book report sharing meeting.

Reality is Broken: Why Games Make Us Better and How They Can Change the World was the topic of the forum and meeting. It was a famous work by Jane McGonigal, American futurist and TED speaker on the important trends of gaming industry in the internet era, which was very insightful for practitioners in the lottery industry.

The initiative received immediate response from the young staff at CWLIMC. They read the book carefully and wrote over 30 reports about it. In the field of gaming and lottery, everyone shared a lot and offered advice on the design of products, the transformation of the industry, social responsibility, etc. It effectively improved their knowledge about the lottery industry and the understanding of lottery's social responsibility.





Care

Spread of Positive Energy by Public Welfare Fund

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- ◎ Assisting the Disabled 80
- ◎ Helping the Orphans 82
- ◎ Relieving the Have-nots 84



Management of public welfare fund

230544

The amount of public welfare fund used by MCA in 2013 was 2.30544 billion yuan



Supporting the Elderly

127944

MCA offered 1.27944 billion yuan for welfare programs for the elderly in 2013

中国福利彩票资助蓝天计划



Assisting the Disabled

25080

MCA offered 250.8 million yuan for welfare programs for the disabled in 2013



Helping the Orphans

55120

MCA offered 551.2 million yuan for welfare programs for children in 2013



Relieving the Have-nots

22400

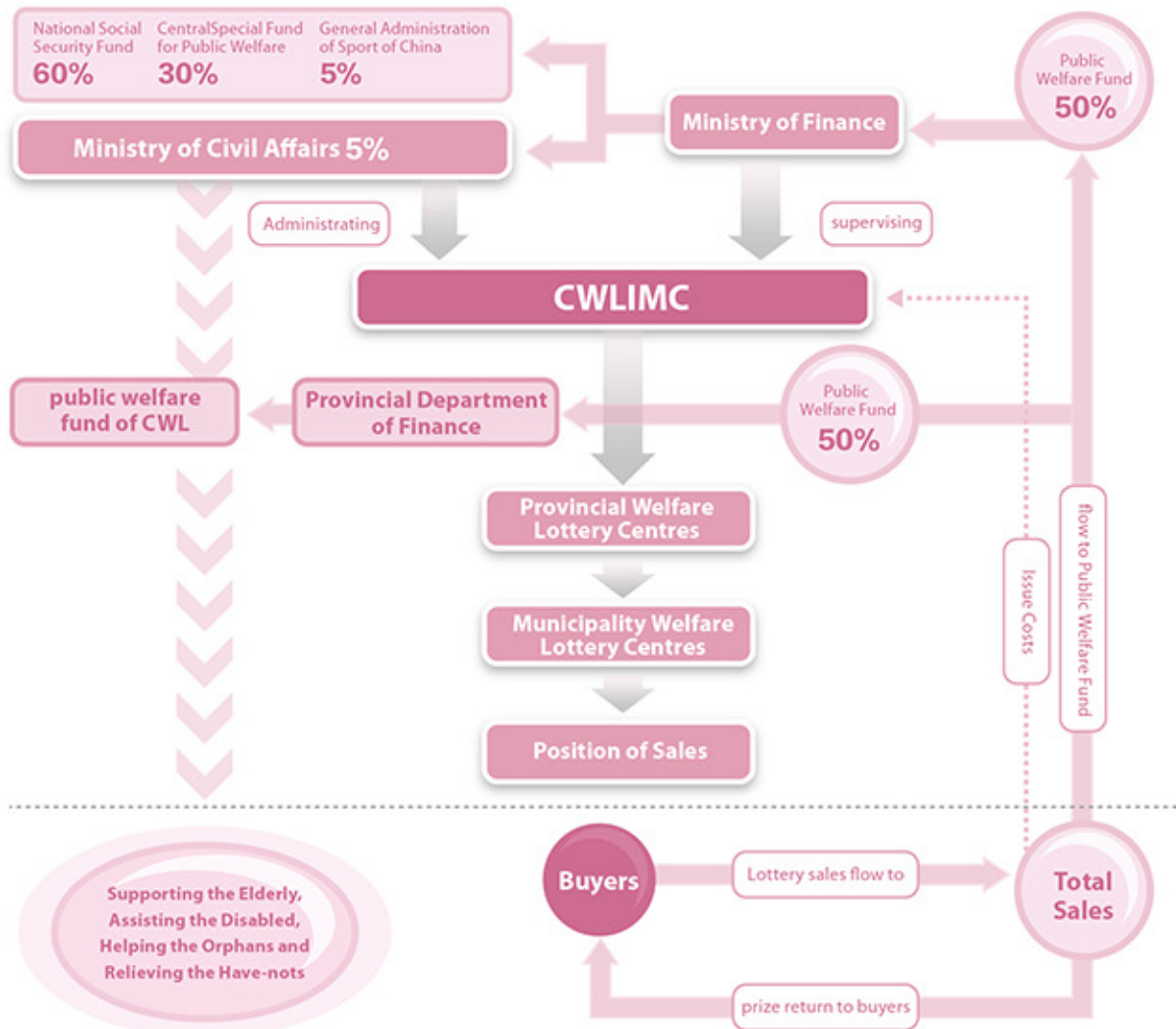
MCA offered 224 million yuan for funding social welfare programs in 2013



Illustration of use of public welfare fund raised from China Welfare Lottery

According to the Regulations on Lottery Administration, lottery public welfare fund comes from lottery sales revenues and overdue unclaimed prizes. The proportion of public welfare fund from sales revenues differs depending on lottery type. For most draw games like "Union Lotto" and "3D", the percentage for public welfare fund is 35%, and for prizes and for issuing expenses are respectively 50% and 15%. For instant tickets, the percentage for public welfare fund is 20%, for prizes and for issuing expenses respectively 65% and 15%. For VLTs, mainly China Lottery Online, the percentage for public welfare fund is also 20%, for prizes and for issuing expenses respectively 65% and 15%.

According to the State Council's policy for allocation of lottery public welfare fund, 50% of the fund goes to the central government and the other 50% goes to local governments. The fund is exclusively used in social welfare, sports and other causes serving public good. The fund is put under budgetary control in line with the regulations on government funds through "double-line" management (meaning revenues and expenditures are managed independently). The fund shall be used for intended purposes only and the balance for the year shall be carried forward to the next year. Of lottery public welfare funds under the central government, 60% is allocated to National Social Security Fund, 30% to central special fund for public welfare, 5% to MCA and 5% to General Administration of Sport of China. Lottery public welfare funds under local governments are distributed in accordance with rules laid out by provincial financial sectors, civil affairs departments and sports departments.



Management of Public Welfare Fund

The welfare lottery, since its first issuance in 1987, has been carrying the mission of raising fund for China's social welfare programs. The fund is mainly used for the development of social welfare programs. Over the past 26 years, we have stuck to our mission and worked hard in issuance and management of welfare lottery in a bid to ensure that the lottery serves social benefits.

Idea of Public Welfare

China Welfare Lottery carries forward the core idea of "putting people first, solving people's problems and serving the people" and its promise to the society that the fund comes from the people, benefits the people and earns credibility from the people. China Welfare Lottery fulfills its responsibilities for all stakeholders, actively gets involved in social welfare programs, launches programs that benefit the people, contributes to social harmony and passes on positive energy. We consistently hold to the issuance principle of "Supporting the Elderly, Assisting the Disabled, Helping the Orphans, Relieving the Have-nots", base welfare lottery development upon its nature of serving public good, actively support and participate in charity and social welfare programs, in order to promote harmonious social development.



Management of Public Welfare Fund

To make good use of public welfare fund is the requirement of maintaining its charitable nature for public good and also an important step to make transparent the use of the fund. The public welfare fund is put under budgetary control in line with the regulations on government funds through "double-line" management (meaning revenues and expenditures are managed independently). The fund shall be used exclusively for social welfare, sports and other causes serving public good. The balance for the year shall be carried forward to the next year, not be used to balance the general budget. The fund shall be allocated between the central and local governments according to the State Council's policy and turned in by sales organizations to central and provincial finance departments. The lottery public welfare fund turned in to the central government is collected locally by financial ombudsman offices in provinces, autonomous regions and municipalities established by the Ministry of Finance; the fund turned in to provincial governments is collected by provincial financial sectors.



As users of some lottery public welfare funds, civil administration sectors have adhered to regulations on the use of public welfare funds. A complete process of standardized management has been adopted including "distribution on factors weighing", funding approvals, fund allocation, supervision and inspection, performances assessment and tracking on effectiveness. As an innovative effort, the program assessment involves a bidding process and evaluation of a decentralized judging panel; uniform marks are used in brand management of public welfare programs; performance auditing is adopted to promote standardized management.

Areas of Public Welfare

Pursuant to the issuance principle of "Supporting the Elderly, Assisting the Disabled, Helping the Orphans, Relieving the Have-nots", the public welfare fund is mainly used to build welfare facilities for the elderly, disabled, orphans, disadvantaged groups and used in programs that directly benefit them. With the development of civil affairs and spread of charitable ideas, the use of lottery public welfare fund will be more standard and innovative, in more areas and benefit more people.

Areas of Use and Beneficiaries



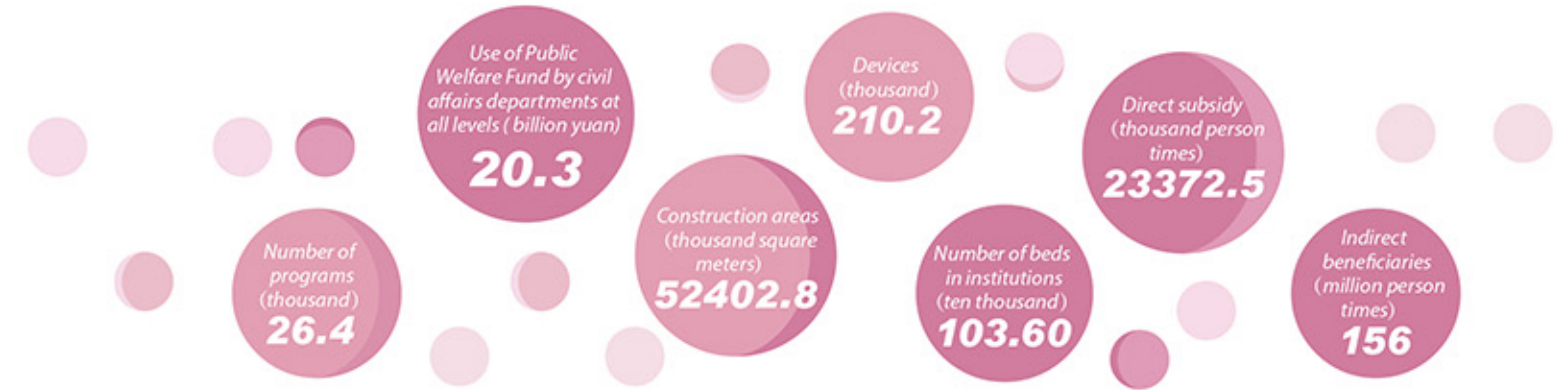
Program Types



Use of public welfare fund

Use of public welfare fund in civil affairs departments (statistics in 2012)

In 2012, civil affairs departments at all levels actually used 20.3 billion yuan of public welfare fund, an increase of 4.466 billion yuan, or 28.21% compared to the previous year. The fund was used to subsidize 26.4 thousand programs which covered support for the elderly, disabled, orphans and poor.



Allocation of lottery public welfare fund in 2013 by Ministry of Finance

In 2013, a total of 87.75386 billion yuan was raised through nationwide lottery. According to the State Council's policy for allocation of public welfare fund, 50% of the fund goes to the central government and the other 50% goes to local governments. The central government received a total of 51.15297 billion yuan, which was composed of 42.57837 billion from newly collected in the year and 8.57460 billion transferred from last year's balance. The expenditure of lottery welfare fund in 2013 planned by the central government was 45.00918 billion yuan, approved by National People's Congress, among which 27.66524 billion yuan went to the National Council for Social Security Fund, 12.73306 billion to central special fund for public welfare, 2.30544 billion to MCA and 2.30544 billion to General Administration of Sport of China.

The central special fund for public welfare is used for social welfare programs approved by the State Council. Users of this fund shall file applications to Ministry of Finance, go through examination by the ministry and obtain approval from the State Council before use and management of the fund. This fund covers a broad range of areas including education, health care, aid for the disabled, poverty relief, legal assistance and cultural undertakings.

Allocation and Use of the Central Special Fund for Public Welfare in 2013	
Programs	Amount (thousand yuan)
After-school education program for minors	3770000
Education support program	850000
Rural medical aid program	1000000
Urban medical aid program	600000
Rural old-age care	1000000
Poverty relief	1200000
Culture	550000
Care for the disabled	1133040
Red Cross	281260
Legal assistance	100000
Aid to poor rural mothers suffering cervical or breast cancer	100000
Nutrition supplement for infants and babies	50000
Building social welfare facilities in Xinjiang	370000
Developing social welfare in Tibet	797000
Developing social welfare in former central Chinese soviet areas including south Jiangxi Province	931760

● General Introduction to the Use of Public Welfare Fund by MCA

The amount of public welfare fund by MCA in 2013 was 2.30544 billion yuan, up by 14.6%. The fund was exclusively used in four kinds of programs, namely programs that benefit the elderly, the disabled, children and that serve public good.



● Characteristics of the Use of Public Welfare Fund by MCA

The use of public welfare fund by MCA in 2013 has the following three:

90% was used to finance local programs

The use of public welfare fund by MCA in 2013 was 2305.44 million yuan, of which 2.12344 billion was used to finance local programs, or 92% of the total amount.

The MCA's public welfare fund in 2013 was
2305.44
million yuan

More than half went to old-age welfare programs

The input in old-age welfare programs in the public welfare fund by MCA in 2013 was 1279.44 million yuan, accounting for 55% of the total, up by 15.9% compared to 2012. It shows that an increasing proportion of public welfare fund has been used to deal with the aging of the population.

The input in old-age welfare programs in the MCA's public welfare fund in 2013 was
1279.44
million yuan

The largest proportion went to local welfare programs for the elderly

Of all the input in programs for the elderly allocated from the public welfare fund used by MCA, the largest proportion was used to subsidize local building projects of old-age welfare institutions. In 2013, a total of 846.44 million yuan was spent on building and renovating social welfare institutions for the elderly.

a total of
846.44
million yuan was spent on building and renovating social welfare institutions for the elderly



● Use of Public Welfare Fund by MCA



Welfare programs for the elderly
38000
(thousand yuan)



Welfare programs for the elderly
1241440
(thousand yuan)

Welfare programs for the disabled
50800
(thousand yuan)



Welfare programs for the disabled
200000
(thousand yuan)

Welfare programs for children
41200
(thousand yuan)



Welfare programs for children
510000
(thousand yuan)

Welfare programs for public good
52000
(thousand yuan)



Welfare programs for public good
172000
(thousand yuan)

Supporting the Elderly

Use of Public Welfare Fund by Civil Affairs Departments at All Levels in 2012

Welfare programs for the elderly



Old-age Welfare Infrastructure in 2012				
Programs	Subsidy Amount (billion yuan)	Number of Projects	Number of Direct Beneficiaries (thousand person)	Number of Indirect Beneficiaries (thousand person)
Facilities for ensuring basic social security for rural population	2.306	5103	231.5	4730.9
Building social welfare institutions for the elderly	4.521	2015	197.0	3416.8
Nursing homes run by social forces	0.197	730	100.1	615.4
Building community facilities serving the elderly	1.043	2814	575.2	7238.1
Supporting facilities for organizations of the elderly	0.558	494	62.2	1798.3

Old-age Welfare Non-Infrastructure in 2012				
Programs	Subsidy Amount (thousand yuan)	Number of Projects	Number of Direct Beneficiaries (thousand person)	Number of Indirect Beneficiaries (thousand person)
Subsidy for old-age welfare institutions	533682.9	1268	1570.8	7438.7
Subsidy for nursing homes run by social forces	78081.1	197	44.8	56.0
Subsistence subsidy for the elderly	303089.7	264	1582.9	805.2
Subsidy for old-age in-home care	495758.7	526	2282.8	1525.8
Cultural activities for the elderly	106732.8	276	403.2	610.7
Training of service personnel	34918.8	21	28.6	101.7
Information system of old-age services	16771.9	28	71.2	233.9
Subsidy for community groups for the elderly	77954.7	203	464.7	1225.1

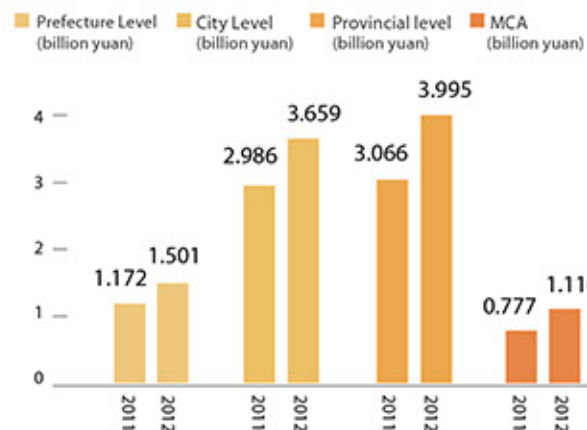
→
10.272
billion yuan

Areas of Use of Public Welfare Fund in 2012
Supporting the Elderly

50.60%

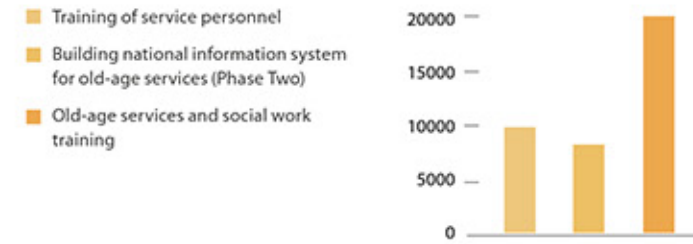


Public Welfare Fund Invested in Welfare Programs for the Elderly from 2011 to 2012

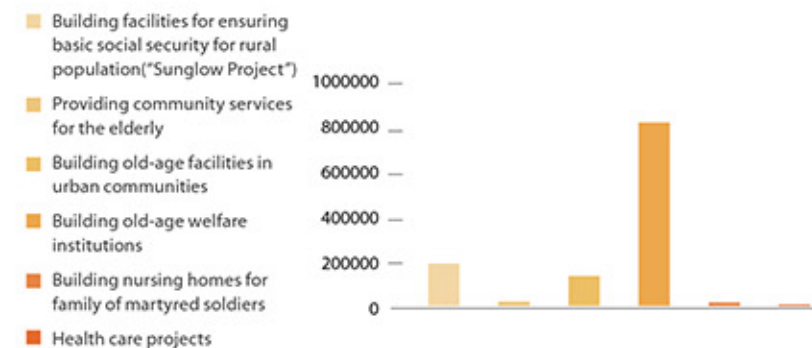


Use of Public Welfare Fund by MCA in 2013

Central-level Welfare Programs for Old-age Care		
Programs	Unit	Subsidy Amount
Training of service personnel	(thousand yuan)	10000
Building national information system for old-age services (Phase Two)	(thousand yuan)	8000
Old-age services and social work training	(thousand yuan)	20000



Subsidy to Local Welfare Programs for Old-age Care In 2013		
Programs	Unit	Subsidy Amount
Building facilities for ensuring basic social security for rural population("Sunglow Project")	(thousand yuan)	200000
Providing community services for the elderly	(thousand yuan)	25000
Building old-age facilities in urban communities	(thousand yuan)	150000
Building old-age welfare institutions	(thousand yuan)	846440
Building nursing homes for family of martyred soldiers	(thousand yuan)	15000
Health care projects	(thousand yuan)	5000



→
1279440
thousand yuan

Areas of Use of Public Welfare Fund in 2013
Supporting the Elderly

55%



Assisting the Disabled

Use of Public Welfare Fund by Civil Affairs Departments at All Levels in 2012

Welfare programs for the disabled



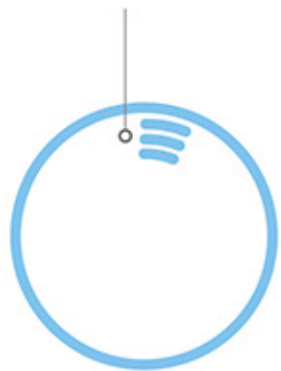
Welfare Infrastructure for the Disabled in 2012				
Programs	Subsidy Amount (thousand yuan)	Number of Projects	Number of Direct Beneficiaries (person)	Number of Indirect Beneficiaries (thousand person)
Building welfare institutions for mental health	244247.5	73	2389	3444.6
Service institutions for the disabled	148803.2	76	6674	157.7
Rehabilitation institutions for the disabled	115925.1	89	3016	259.5
Vocational training institutions for the disabled	100850.0	3	-	-

Welfare Non-Infrastructure for the Disabled in 2012				
Programs	Subsidy Amount (thousand yuan)	Number of Projects	Number of Direct Beneficiaries (thousand person)	Number of Indirect Beneficiaries (thousand person)
Subsistence subsidy for the disabled	60249.0	67	66.8	65.3
Rehabilitation services for the disabled	275807.4	255	141.6	69.6
Activities for the disabled	7083.7	14	0.86	7.0
Vocational training for the disabled	2493.6	19	1.2	3.4
Subsidy to welfare enterprises	51683.5	32	4.3	15.6
Subsidy to CDPF	213793.0	159	464.9	540.4

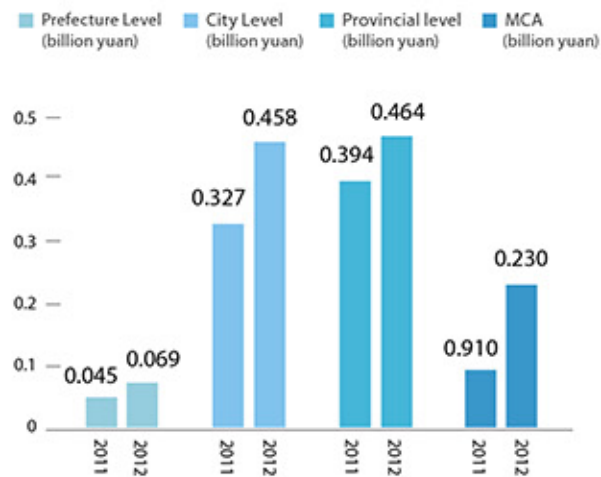
→ **1.221**
billion yuan

Areas of Use of Public Welfare Fund in 2012
Welfare programs for the disabled

6.01%



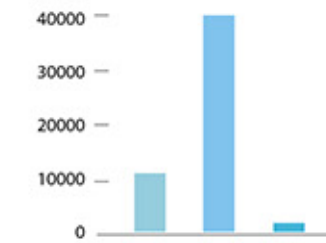
Public Welfare Fund Invested in Welfare Programs for Persons with Disabilities from 2011 to 2012



Use of Public Welfare Fund by MCA in 2013

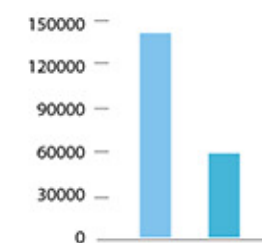
Central-level Welfare Programs for the Disabled in 2013		
Programs	Unit	Subsidy Amount
Purchase of rehabilitation devices for the daycare of the elderly and the disabled in communities	(thousand yuan)	10000
Purchase of rehabilitation assistance devices in demonstrative welfare institutions for disable groups	(thousand yuan)	40000
Purchase of rehabilitation assistance devices for teenagers who survived Wenchuan Earthquake	(thousand yuan)	800

- Purchase of rehabilitation devices for the daycare of the elderly and the disabled in communities
- Purchase of rehabilitation assistance devices in demonstrative welfare institutions for disable groups
- Purchase of rehabilitation assistance devices for teenagers who survived Wenchuan Earthquake



Subsidy to Local Welfare Programs for the Disabled in 2013		
Programs	Unit	Subsidy Amount
Building civil welfare institutions for mental health(subsidiary program)	(thousand yuan)	140600
Building civil institutions for rehabilitation assistant devices (subsidiary program)	(thousand yuan)	59400

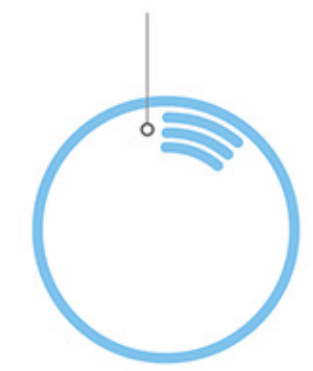
- Building civil welfare institutions for mental health(subsidiary program)
- Building civil institutions for rehabilitation assistant devices (subsidiary program)



→ **250800**
thousand yuan

Areas of Use of Public Welfare Fund in 2013
Welfare programs for the disabled

11%



Helping the Orphans

Use of Public Welfare Fund by Civil Affairs Departments at All Levels in 2012

Welfare programs for children



Welfare Infrastructure for Children in 2012				
Programs	Subsidy Amount (thousand yuan)	Number of Projects	Number of Direct Beneficiaries (thousand person)	Number of Indirect Beneficiaries (thousand person)
Children welfare institutions	1031493.6	467	19513	284.2
Institutions for child-saving and settling	291133.3	279	51913	16439.6
Vocational schools for orphans	11910.0	12	1452	0.92
Rehabilitation institutions for disabled children	96638	41	1268	4.1

Welfare Non-Infrastructure for Children in 2012				
Programs	Subsidy Amount (thousand yuan)	Number of Projects	Number of Direct Beneficiaries (person)	Number of Indirect Beneficiaries (person)
Child-saving	129132.9	338	56090	18919
Surgery and rehabilitation for disabled children	113847.3	105	15370	3709
Rehabilitation for children with cerebral palsy	5503.0	13	282	869
Subsidy to children welfare institutions	71234.7	211	11876	24835
Special education at children welfare institutions	15156.2	18	792	1064
Vocational training for orphans and disabled children	60360.0	38	5799	508

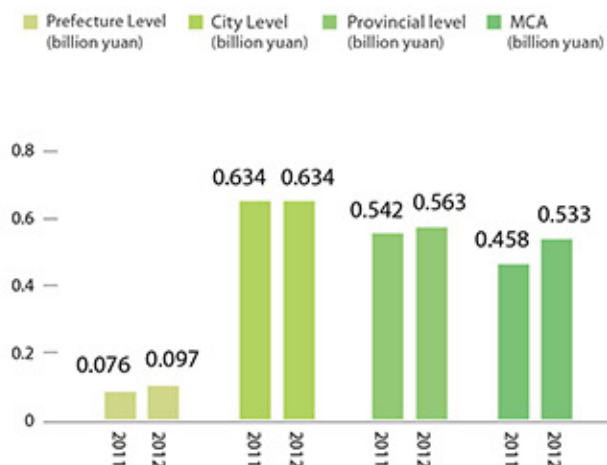
→
1.826
billion yuan

Areas of Use of Public Welfare Fund in 2012
Welfare programs for children

9.00%

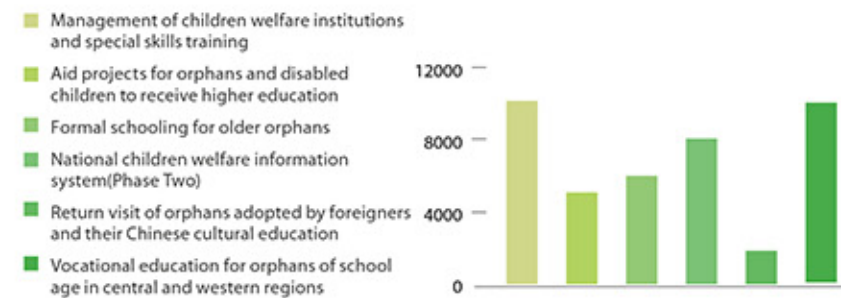


Public Welfare Fund Invested in Welfare Programs for Children from 2011 to 2012

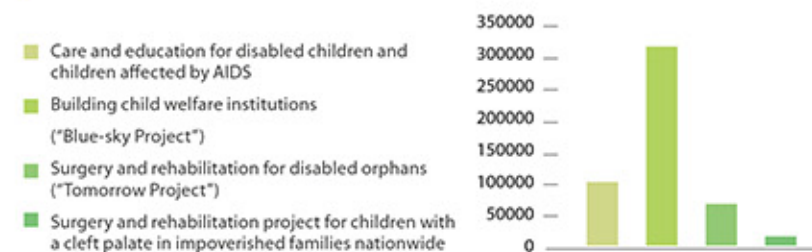


Use of Public Welfare Fund by MCA in 2013

Central-level Children Welfare Programs in 2013		
Programs	Unit	Subsidy Amount
Management of children welfare institutions and special skills training	(thousand yuan)	10120
Aid projects for orphans and disabled children to receive higher education	(thousand yuan)	5080
Formal schooling for older orphans	(thousand yuan)	6000
National children welfare information system(Phase Two)	(thousand yuan)	8000
Return visit of orphans adopted by foreigners and their Chinese cultural education	(thousand yuan)	2000
Vocational education for orphans of school age in central and western regions	(thousand yuan)	10000



Subsidy to Local Children Welfare Programs in 2013		
Programs	Unit	Subsidy Amount
Care and education for disabled children and children affected by AIDS	(thousand yuan)	105000
Building child welfare institutions ("Blue-sky Project")	(thousand yuan)	320000
Surgery and rehabilitation for disabled orphans ("Tomorrow Project")	(thousand yuan)	70000
Surgery and rehabilitation project for children with a cleft palate in impoverished families nationwide	(thousand yuan)	15000



→
551200
thousand yuan

Areas of Use of Public Welfare Fund in 2013
Welfare programs for children

24%



Relieving the Have-nots

Use of Public Welfare Fund by Civil Affairs Departments at All Levels in 2012

Welfare programs for public good



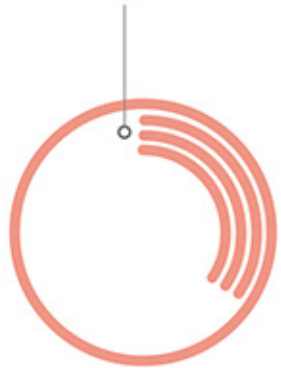
Infrastructure Projects Serving Public Good in 2012				
Programs	Subsidy Amount (thousand yuan)	Number of Projects	Number of Direct Beneficiaries (thousand person)	Number of Indirect Beneficiaries (thousand person)
Facilities for saving and protecting the homeless	202000.7	288	230.0	518.9
Building community facilities	1288447.8	3393	2146.8	29545.2
Building charitable supermarkets	70909.0	229	108.8	473.5
Funeral service facilities	1189855.0	932	383.7	17728.9
Facilities for special care and placement	97843.9	26	0.12	43.5
Settlement for disaster relief	482059.2	366	287.4	18084.8
Martyrs' cemeteries	147286.1	210	11.8	1581.7
Medical service organizations in civil sectors	546348.4	178	6.7	154.4
Renovation of dilapidated houses of impoverished people	46032.6	86	20.3	30.3
Other programs serving public good	160313.0	208	49.8	3177.3

Non-Infrastructure Projects Serving Public Good in 2012				
Programs	Subsidy Amount (thousand yuan)	Number of Projects	Number of Direct Beneficiaries (thousand person)	Number of Indirect Beneficiaries (thousand person)
Urban medical aid	314966.2	648	1826.0	686.0
Rural medical aid	204180.5	305	1013.9	687.0
Subsistence Allowances for impoverished people	1014897.8	1191	5420.6	1946.9
Subsistence Allowances for vagrants and beggars	30420.0	86	21.3	37.4
Education support	135609.3	306	67.0	46.5
Disaster relief	98871.4	228	251.3	4327.7

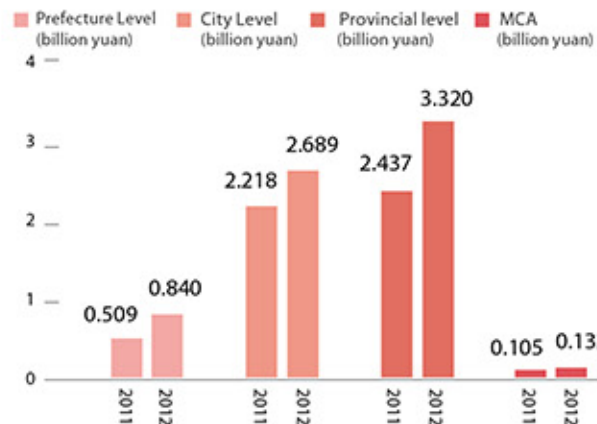
→
6.981
billion yuan

Areas of Use of Public Welfare Fund in 2012
Welfare programs for public good

34.39%



Public Welfare Fund Invested in Welfare Programs for Public Good from 2011 to 2012



Use of Public Welfare Fund by MCA in 2013

Central-level Programs Serving Public Good in 2013		
Programs	Unit	Subsidy Amount
Management and Mobilization of volunteers nationwide and improvement of social service skills	(thousand yuan)	5000
Personnel development for social welfare and community services	(thousand yuan)	30000
Information system of public welfare fund	(thousand yuan)	1000
"Sunset Glow" rescue and assistance services	(thousand yuan)	10000
Use management and institutional building of public welfare fund raised from welfare lottery	(thousand yuan)	6000

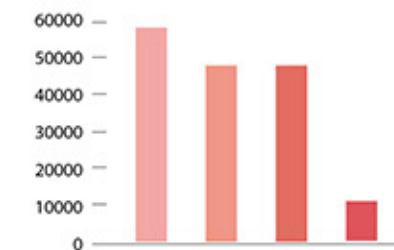
- Management and Mobilization of volunteers nationwide and improvement of social service skills
- Personnel development for social welfare and community services
- Information system of public welfare fund
- "Sunset Glow" rescue and assistance services
- Use management and institutional building of public welfare fund raised from welfare lottery



Subsidy to Local Programs Serving Public Good in 2013

Programs	Unit	Subsidy Amount
Building saving and protection centres for homeless minors	(thousand yuan)	60000
Building funeral facilities	(thousand yuan)	50000
Developing standardized charitable supermarkets	(thousand yuan)	50000
Support in providing books on the Red Army's long march	(thousand yuan)	12000

- Building saving and protection centres for homeless minors
- Building funeral facilities
- Developing standardized charitable supermarkets
- Support in providing books on the Red Army's long march



→
224000
thousand yuan

Areas of Use of Public Welfare Fund in 2013
Welfare programs for public good

10%



Case Study

1000 Families with the Elderly Receiving Subsistence Allowance Got House Remodeling in Shanghai

This project is supported by Shanghai municipal public welfare fund raised from welfare lottery, operated by social organizations and participated by volunteers, aiming to improve the house condition of the elderly living with subsistence allowance. It was also included in the 2012 government projects for the actual benefit of citizens. The total project fund was 20 million yuan with 20,000 yuan for each household. By the end of December 2012, 1005 beneficiary families had been screened out; 477 households had signed contracts; 160 households renovation had been underway; and 66 households renovation had been completed.

The project met the need of the elderly for a safer and more convenient house. All the qualifications for the materials and environmental protection were released to the public, which guaranteed the information and operation transparency of the project. The volunteers were also fully motivated during the process and the influence of welfare lottery fund was expanded.



Case Study

Central Welfare Lottery Fund Supported Elderly Caregivers to Get Technician Qualifications

In May 2012, Occupational Skills Appraisal Centre under MCA held an occupational competition for elderly caregivers. Among 76 contestants, 23 people around the country got the qualification for elderly caregivers. This was the first batch of elderly caregivers whose training was funded by the public welfare fund raised from welfare lottery that got the qualification. In 2012, the training project for elderly caregivers was carried out in 28 sessions, involving 2794 trainees. The training for occupational skills appraisal of elderly caregivers was carried out in 13 sessions, involving 1241 people.

The utilization of public welfare fund at the MCA level has effectively improved the professional skills of elderly caregivers and made the occupation more professional and standardized. In this way, it elevates the level of the old-age service and identifies the way for the professional development of local old-age service.



Case Study

The Outpatient Building of Jiangsu Provincial Psychiatric Hospital for Veterans

Jiangsu Provincial Psychiatric Hospital for Veterans is a public health institution directly under Jiangsu Provincial Civil Affairs Department with special care. It is responsible for the treatment, rehabilitation, preventive care of demobilized veterans and back-to-town servicemen with mental illness in Jiangsu Province as well as other mental patients from surrounding areas. The outpatient building of the hospital covers 6400 m² of floor area with project cost at 40.81 million yuan, among which 14 million yuan was funded by public welfare fund. In 2012, 970,000 yuan of Jiangsu provincial public welfare fund was invested in building inpatient buildings, which covers 13,000 m² and offers 350 hospital beds.

The outpatient and inpatient buildings have significantly improved the medical environment for special-care recipients and other patients and expanded medical service coverage. At the same time, the input of public welfare fund raised from welfare lottery gives impetus to the increased assistance from local fiscal revenue and other channels, which brings about notable social benefits and overall benefits.



Case Study

Tianjin Public Welfare Fund Assists Poor People with Low Eyesight with Vision Aid

In 2012, with the support of public welfare fund, Tianjin Federation for the Disabled launched the project of "public welfare fund helping the disabled to get vision aid". The project was executed by Tianjin Assistive Devices Resource Centre under the Federation for the Disabled and the base for vision aid was the Ophthalmic Hospital Affiliated to Tianjin Medical University. Up to the end of 2012, there had been altogether 1500 poor disabled people with low eyesight who had received free vision aid. It is expected that in 5 years, this will extend to all the poor people with impaired vision. The targeted project improves the well-being of the disabled with low eyesight and helps them to overcome the difficulties caused by vision problems.



Case Study

Chongqing Children's Welfare Home

Chongqing Children's Welfare Home covers an area of 87 mu (1 mu equals 0.0667 hectares) with floor area of more than 22000 m². It now hosts over 600 orphaned and disabled children (95% of the children are disabled). The institution takes care of the nursery, education, medical care and rehabilitation of adopted children. For years, 29.1048 million yuan has been put in to improve the basic facilities of the institution, among which the accumulative aid fund from public welfare fund is 11.0357 million yuan. In 2012, Chongqing Children's Welfare Home was renovated and enlarged, with one million yuan of provincial public welfare fund, indirectly benefiting 1000 person times.

It is notable that the institution put in use the children's building—"Lovely Home" at the end of 2009. Since then, 24 "simulated families" have been organized, helping 96 orphaned or disabled children enjoy the warmth of the family. The utilization rate of beds is 100%. This project is significantly influential with 99% satisfaction rate among the surveyed community residents.



Case Study

To Insure the Orphans Against Critical Illness

In 2011, the "Special Fund for Children Insurance in China" project under China Children and Teenagers' Fund (CCTF) brought in public welfare fund in Henan Province to insure orphans within the province against critical illness. In 2011, the Opinions of the General Office of Henan Provincial Government on Strengthening the Security of Orphans promulgated by Henan Provincial Government required that the expenses on medical aid for orphans should be fully covered in insurance, and provincial public fund or charity donations should be utilized to insure orphans across the province against critical illness. Up to August 2012, 560,000 public-service insurances had been given out, among which 63,743 insurances were funded by public welfare fund raised from welfare lottery.

This type of insurance transforms from passive assistance after the event to active guarantee beforehand and from emergency assistance to consistent systematic insurance. Bringing in public welfare fund can maximize the deployment of social resources, cover as most beneficiaries as possible and give full play to the donations. This is one of the effective ways of assisting children in critical diseases.



Case Study

The First Welfare Lottery School in Shandong Province

"Education is necessary for relieving poverty, and it is a great virtue for welfare lottery to build schools and educate children". The predecessor of the Welfare Lottery Primary School—Guanwang Primary School is located in impoverished hilly areas. The disintegrated buildings and small playground had constrained the teaching activities. After knowing the situation, Shandong Provincial Welfare Lottery Centre donated 200,000 yuan and Jinan City Welfare Lottery Centre bought desks and chairs for the school. With the help, new dormitories, playground and roads were built, creating a better environment for the teachers and students. Since then, Guanwang Primary School was renamed as "Welfare Lottery School", and it was also the first one of such kind.

Since 2003, Shandong Provincial Welfare Lottery Centre and Jinan City Welfare Lottery Centre have been giving gifts to the school on every Children's Day and have bought computers and other teaching facilities for the school. At the same time, Shandong Provincial Welfare Lottery Centre also encouraged other cities within the province to follow the example to improve the studying environment in impoverished hilly areas.



Case Study

Using Beijing Public Welfare Fund to Purchase Public Services of Social Organizations and Their Performance Evaluation

In 2012, 3.5 million yuan of public welfare fund in Beijing was used to fund public-service projects, covering 28 social organizations. According to the "Notice of Beijing Municipal Civil Affairs Bureau on Evaluating and Auditing the Purchase of Public Services of Social Organizations with Public Welfare Fund in 2012", Beijing Municipal Civil Affairs Bureau designed a series of performance evaluation index and summerised, evaluated and audited the 28 public service projects purchased with public welfare fund in 2012.

The purchase of public services of social organizations with Beijing municipal public welfare fund is an important progress. It supported good projects and expanded beneficiaries, and thus promoted the building of a harmonious society. The changed way of financial aid and the performance evaluation showcase the efforts made by Beijing in improving the standard process and effectiveness of using public welfare fund.





Outlook: Building a Bright Future Together

China Welfare Lottery is currently the largest charity undertaking jointly established by us with most participants and most extensive involvement. China Welfare Lottery sticks to the consistent pursuit of bringing benefits to you and enriching your life. For years, China Welfare Lottery has fulfilled its social responsibilities and has made notable progress in integrating the responsibility awareness into the links including game design, channel building, issuance and sales, marketing and fund use. While following the market rule to operate welfare lottery, we keep stressing that welfare lottery is for public good and work to make its development more sustainable.

To Continuously Enrich Our Products Portfolio

We are optimizing the product design to offer more secure and greener products. At the same time, we are making the facilities more standardized, information-based and modernized, to provide technical support for developing new games and new sales channels.

To Continuously Improve the Sales Network

We are accelerating the construction of new types of sales network oriented to the need of our players. We are exploring the new sales channels with mobile phone and the Internet as platforms to promote the positive interaction of online and offline sales, and make the lottery purchase more secure and convenient.

To Stick to Welfare-Oriented Marketing

We promote the rational idea of betting, encourage more buyers to play with small amount of stakes, combine money raising with recreation, and put amusement before gaming. We aim to let more people know about welfare lottery and buy lottery in a rational way to contribute to public service, hence the sound development of welfare lottery.

To Guarantee Stable Operation

We will continue to improve the welfare lottery management system, ensure the steady operation in terms of drawing, claiming prizes, technical support and funds management. By operating with integrity and improving security management mechanisms, we guarantee the steady operation of welfare lottery.

In 2014, on the condition of secure operation, China Welfare Lottery will continue to enhance self-building, develop new games, expand new channels and establish a comprehensive marketing system. With the common efforts, we will build synergy, overcome all difficulties and contribute to national welfare undertakings. We will benefit the society and help to build a better China dream.

Report Specifications

● Report Promise

China Welfare Lottery promises that there is no false documentation, misleading statement or significant omission in this report and claims the certainty, accuracy and integrity of the report.

● Report Scope

This report spans from January 1, 2013 to December 31, 2013. Certain parts of the materials are beyond this time span.

● Release Period

China Welfare Lottery releases its Social Responsibility Report annually. If not otherwise specified, the information in this report is our social responsibility performance in 2013.

● Compilation Standard

This report refers to "The Social Responsibility Standard and Code of China Welfare Lottery", "Guidelines for the Compilation of Social Responsibility Reports for Chinese Enterprises (CASS-CSR 3.0)" by Chinese Academy of Social Sciences, and Sustainability Reporting Guidelines(G4) released by Global Reporting Initiative. The disclosure of indicators in this report can be referred to in the indicator index at the end of the report.

● Organization Scope

The report covers the China Welfare Lottery Issuance and Management Centre (CWLIMC) and its subordinate provincial welfare lottery issuance centres. For the convenience of expression, in this report, "China Welfare Lottery", "China Welfare Lottery Issuance and Management Centre", "CWLIMC", "the Centre", "We" and other titles are used.

● Data Specification

All the data cited in this report are derived from relevant statistics reports and official documents of China Welfare Lottery. CWLIMC guarantees the certainty and objectiveness of data in this report.

● Extended Readings

If you want to read this report online, visit our website at <http://fczx.mca.gov.cn/> and click the article titled as "A Transparent Welfare Lottery for Public Good--The 2013 Social Responsibility Report of China Welfare Lottery".

● Acknowledgments

We hereby acknowledge the support given by the Department of Social Welfare and Charity Promotion under the Ministry of Civil Affairs, the various divisions of CWLIMC and welfare lottery centres at provincial levels.

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* GRI4 is the latest international version of Sustainability Reporting Guidelines by the Global Reporting Initiative (GRI). GRI provides a comprehensive Sustainability Reporting Framework that is widely used around the world. The Framework covers the social responsibility related economic, environmental, social and management performance of a certain company or organization, and has gradually becomes the international standard.

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Feedback

Dear readers,

Great thanks for taking time to read "The 2013 Social Responsibility Report of China Welfare Lottery". This is the first social responsibility report released to the public by China Welfare Lottery. This questionnaire is designed to collect your feedback about this report for the better fulfillment of social responsibility by China Welfare Lottery.

The Report Compilation Team
August, 2014

For the following items, 5 refers to "strongly positive"; 4 refers to "quite positive"; 3 refers to "acceptable"; 2 refers to "not so positive"; and 1 refers to "strongly negative".

Items	1	2	3	4	5
What is your overall evaluation of this report?					
Do you think this report can reflect the significant influence of China Welfare Lottery on the economy and society?					
What do you think of the work efficiency of China Welfare Lottery in its issuance and management?					
What do you think of the certainty and integrity of this report?					
What do you think of the layout and design of this report?					
What are your opinions and suggestions about the social responsibility performance of China Welfare Lottery and on this report?					



Supporting the Elderly | Assisting the Disabled | Helping the Orphans | Relieving the Have-nots

Thanks again for taking time to fill in the questionnaire! We kindly request you to leave such information:

name: **phone number:** **email address:**

You can send emails to the compilation team (zhongcaizhongxin@163.com). We will deliberate on your suggestions and protect your personal information from any third party.

It is our sincere hope that through the release of social responsibility reports, we can enhance communication and cooperation for the common cause of developing welfare undertakings of China.