

A MAGAZINE FROM MAHJONG LOGIC
ON MAHJONG, TRENDS AND BUSINESS

SPRING
2012



HOW TO
SCORE **BIG**
TIME IN
MAHJONG

JENN BARR
GOES ALL IN

HOW BIG IS
THE ONLINE
MAHJONG MARKET,
REALLY?

*Offer Mahjong to
Your Players Today!*

A LONELY
SWEDE IN
HONG KONG

SAME NAME
DIFFERENT GAME

THE HARD LIFE
OF BEING A PRO
IN JAPAN

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JONAS ALM
CEO
Mahjong Logic

Welcome

In the world of games played for serious money and where you face real, living opponents and not an anonymous bank or house, there are a few rare ones that stand out. They do so not only for their world-wide status and the spine-tingling thrills they can provide, but also for their impressive fan base: poker, with its raw background in Wild West saloons with bullet holes in the ceiling; backgammon, evoking images of high-stakes dice rolling in lavish Monte Carlo saloons; and mahjong, a deep, fascinating tile game of Chinese origins.

In all three games you can achieve excellence by capturing the World Champion title; all three have featured prominently in movies, and have had a plethora of books on strategy and tactics devoted to them; and all three have made the leap to the online environment. But the game with the most growth potential there is without question mahjong.

Mahjong eclipses, by far, the other two: it has some 700 million players all over the world, but primarily in Asia.

When a few of us formed the company Mahjong Logic five years ago, we knew it would be a long and arduous trek to not only bring mahjong to the online environment, but also to do justice to such a subtle, pleasing, elegant game. But hard work has paid off: here we are, up and running, with a product outclassing the competition and a customer base that grows every month. It is our pleasure to introduce ourselves and what we can offer in the way of cooperation – and not least a game we all love to play ourselves!

Contents

HOW BIG IS THE ONLINE MAHJONG MARKET REALLY?



WHO INVENTED THE GAME OF MAHJONG, ANYWAY?

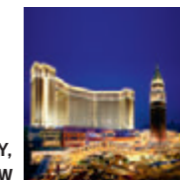
WINNING STRATEGY IN MAHJONG



THE WOMENS FIGHT CLUB



MACAU YESTERDAY, TODAY AND TOMORROW



A CRASH COURSE IN MAHJONG

IS THERE MAHJONG AFTER DEATH?



A LONELY SWEDE IN HONG KONG



MAHJONG IN CHINA



THE WORLDS MOST PLAYED GAME! OFFER MAHJONG TO YOUR PLAYERS TODAY!

A SYSTEM THAT KEEP SCAMMERS AWAY

A MUSEUM DEVOTED TO MAHJONG





Dan Glimne Game expert, game constructor, mahjong player, poker player and tv-commentator. He is one of few professional game constructors in Sweden and has developed several famous table games for Alga.



Tage Borg CTO at Mahjong Logic. Management and Software Engineering background from the financial, telecom and gambling industries.



Jenn Barr Professional Mahjong player in Japan.



Jesper Fermgård Photographer from Stockholm. Done the portraits in this issue of Chun Wai To for the cover and Jonas Alm.

Guido Ganschow, Ho Gaming
Michael Caselli
Robert Gustafsson, Bodog88
Barry Smith, Equiom
Garthe Nelson
Jenn Barr
Alexander Frederiksen
The Dora Mahjong Team
Johannes Nordholm, EveryMatrix
Andrew W Scott, World Gaming Magazine
Andy Jones, AliQuantum
Lars Broberg, COO, Mahjong Logic
Tage Borg, CTO, Mahjong Logic
Jonas Alm, CEO, Mahjong Logic
Gabriel Zackari, Graphical Designer, Mahjong Logic
Lotta Jarlsdotter, Illustrator
Lars J. Nilsson, Cubeia

FORM
Tillsgruppen, Stockholm

PRINTING
Printed at Rolfs Tryckeri, Skövde, 2012

CONTACT
If you have any questions regarding the Mahjong Logic products or services, please contact us and we'll get back to you as soon as possible. We look forward to hearing from you!

Mahjong Logic LTD
Jubilee Buildings
Victoria street
Douglas, Isle of Man, IM1 2SH
e-mail:info@mahjonglogic.com
Tel: +46 8 31 30 80
Tel: +46 8 31 30 81

SOMETHING
YOU DID
NOT
KNOW
ABOUT
THE ROCK
BAND
PINK
FLOYD

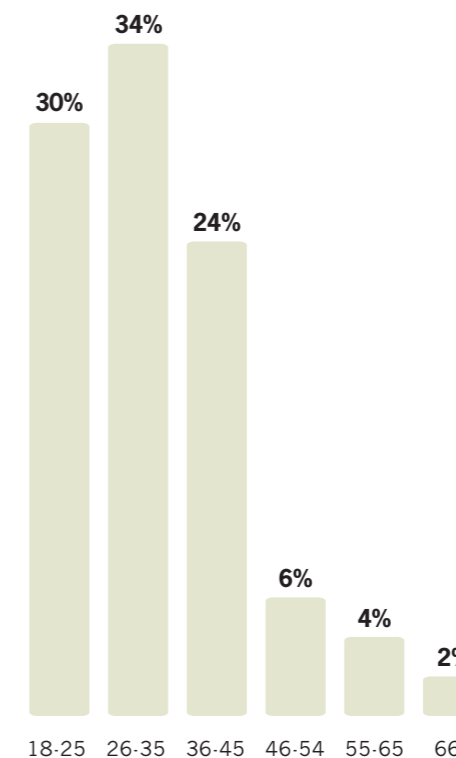
In 1971 the rock band Pink Floyd recorded their album "Meddle", of which the second track bears the title "A Pillow of Winds". According to the drummer and songwriter Nicholas Mason, this title was inspired by the game of mahjong which the band members had become very fond of while out on tour!

There are 700 million Mahjong players worldwide. The average player lives in Asia, is male and 29 years old.*



* Chun Wai To, Hong Kong

PLAYERS BY AGE



PLAYERS BY GENDER



USA



POPULATION
313,000,000

INTERNET PENETRATION
245,000,000 (2009)

MAHJONG PLAYERS
3,000,000

NOTES
NMJL has more than 300 000 members.

EUROPE*



POPULATION
816,000,000

INTERNET PENETRATION
476,278,000

MAHJONG PLAYERS
3,000,000

NOTES
Growing rapidly, Mahjong associations in all major European countries.

*INCLUDING RUSSIA

CHINA



POPULATION
1,331,000,000

INTERNET PENETRATION
389,000,000 (2009)

MAHJONG PLAYERS
500,000,000

NOTES
255th sport in China.

JAPAN



POPULATION
128,000,000

INTERNET PENETRATION
99,000,000

MAHJONG PLAYERS
30,000,000

NOTES
10,000 mahjong parlours, professional mahjong league.

HONG KONG



POPULATION
7,100,000

INTERNET PENETRATION
4,800,000 (2009)

MAHJONG PLAYERS
1,300,000

NOTES
Family entertainment no 1.

TAIWAN



POPULATION
23,000,000

INTERNET PENETRATION
6,300,000

MAHJONG PLAYERS
5,000,000

NOTES
Family entertainment no 1.

MALAYSIA



POPULATION
28,000,000

INTERNET PENETRATION
15,300,000

MAHJONG PLAYERS
3,000,000

NOTES
Family entertainment no 1.

SINGAPORE



POPULATION
4,700,000

INTERNET PENETRATION
3,200,000

MAHJONG PLAYERS
700,000

NOTES
Family entertainment no 1.

*Average playing time
for a Single Hand Game:
3 minutes 20 seconds*

A Crash Course in

DRAGONS



BAMBOO



WINDS



CIRCLES



in

13 TILES IS THE STARTING HAND



FLOWERS AND SEASONS



CHARACTERS



Mahjong

TEXT Dan Glimne, Games Consultant

Funny thing about the game of mahjong: while it may look inscrutably Oriental and fiendishly difficult to the casual outsider, it is actually quite easy to grasp and play.

And while we are at it, please do not confuse a real mahjong game with the solitaire (patience) computer game that irritatingly often goes under the same name! There, the object is merely to take away two matching tiles at a time and thus clear the layout; a far cry from the skillful, nerve-wracking challenge that is mahjong against living, breathing opponents.

M

ahjong is truly one of the great games of the world, and also one of the most widely played: in South-East Asia alone far more than 500 million people play it – but the game has enthusiasts around the planet. It is a game of deserving appeal, and with deeply attractive qualities for its devotees.

To recap the basics, mahjong is a game for 2-4 participants – best with 4 – played with (usually) 144 exotic-looking tiles which are divided into five "suits": Dragons, Winds, Characters, Bamboo and Circles. In a way, the basic equipment in mahjong may be likened to an unusual deck of cards – but of course handling the engraved tiles of bone and bamboo, or smooth plastic, in a live game is much more pleasing to your hands and fingers than cardboard can ever be.

PLAYING THE GAME

So what do you do when you play mahjong? To put it simply these 144 tiles are shuffled, face down, and you draw 13 at random and line them up in front of you. From now on, every time it is your turn you draw a new tile from the table, see if it is any use in improving your hand, and then discard one of your tiles face up. The object is to improve your hand to four groups and a pair.

The pair is made up of any two identical tile, whereas a "group" consists of either three identical tiles (called a pong in Chinese, for example three North Wind tiles), or four identical tiles (called a kong, for example all four White Dragons), or a "straight" of three tiles in the same suit (called a chow, for example 3-4-5 of the Bamboo suit).

You may in fact already be familiar with the game principle in mahjong! Mechanism-wise, it belongs to the rummy family – which in fact originally is another Chinese invention, dating back several centuries – to which also belong tried-and-true card games such as gin rummy and canasta.

This "draw, improve and discard" play goes on for a number of rounds. But once you have assembled your four groups plus that pair you go out: shout "Mahjong!" and expose all your tiles. The game immediately stops, and the other players will now have to pay you. The score for your winning hand is calculated in points, which in turn correspond to money at a previously agreed-upon "exchange rate". The better your combination of tiles, the more expensive it will be for your opponents! After that all the tiles are turned over and shuffled, and the next hand is played in the same manner.

A RICH, SATISFYING GAME

So now you know the basics of mahjong. It wasn't that difficult to pick up, was it?

Naturally there are a couple of additional "tweaks"! You may under certain conditions claim a tile which an opponent has just discarded, and add it to your own hand; you usually also play with so-called Bonus tiles (Flowers and Seasons) which add an extra element of luck and additional points; and if you get a kong, four identical tiles, you must immediately draw an extra tile from the table so as to have enough tiles to form the remaining groups plus that pair. And, as you may have inferred from the above, you do not discard any tile when you make your mahjong

A CRASH COURSE IN MAHJONG

and go out. But all those finer points come naturally, once you start playing the game.

Adding to the excitement are also some rare, high-scoring hands with poetic names; make one of those and your opponents will have to dig very deep into their pockets in order to pay you. And there are of course interesting variants of the game, from the streamlined wham-bam gambling version played in Hong Kong clubs to the subtle, strategic competition version chosen for international championships.

Mahjong is a rich, satisfying game which will fascinate you with its infinite variety. It is easy to get hooked for life on this enduring, appealing classic; I know I am!

BASIC FACTS ABOUT THE GAME

2-4 PARTICIPANTS CAN PLAY

144 TILES

4 MINGG AND WIND DISCS

2 DICE

5 "SUITS"

13 13 TILES IN THE STARTING HAND



Who Invented the Game of Mahjong, Anyway?

The history of mahjong is rife with legends and rumours, most of them completely untrue: that it was invented by the great philosopher Confucius (Konfutse) himself around the year 500 BC; or that it was invented by a general Chen around the year 1000 AD, in order to keep his soldiers awake during their night watches.

In truth however mahjong was – like most games – not invented out of the blue, but developed from other and older games. Foremost among these was the card game ma tiae, known since 17th century China and which featured various depictions of money in its three main suits. The person generally considered to be the inventor of mahjong – although the 136-tile game he created was slightly different from today’s form – is Chen Yu-men (1817-1878), who lived in Ningpo and was a high government official and came from a wealthy family. One of his hobbies was playing games, especially card games, at which he was acknowledged to be very skilled.

Chen Yu-men took the main elements from ma tiae as well as from some other card

games at the time, added a few twists, modified some of the illustrative elements and had the game made up in tile form by a local ivory craftsman; and thus the game of mahjong was born, around the year 1860.

That mahjong has its background in a money-suited game can still be glimpsed in the choice of the main suits: Circles of course depict individual coins; Bamboo was originally stacks of coins, bound together with string; and Characters, with the Chinese pictogram for “myriad” and carrying overtones of “plentiful” and “wealth”, is to be associated with bags or masses of coins. If nothing else, playing mahjong will certainly enrich your life!

CURIOSITIES *and notices*

SAME NAME, DIFFERENT GAME

Like any true "folk game", mahjong exists in a number of national and regional variants. While many of them are played with the usual 144 tiles, there are those with a bewildering array of extra tiles you will not find elsewhere, and with different functions and effects: Joker tiles, Fly tiles, Window tiles, Face tiles, Eye tiles, Hundred Uses tiles, Red Five tiles, Cat-Rat-Rooster-Worm-Old Man-Pot of Gold tiles and so on, in Vietnam, Japan, Malaysia, Singapore, Korea, Taiwan and other places. These variant sets are naturally popular with mahjong collectors!

Is There Mahjong After Death?

The answer is yes, according to Chinese culture. There it is customary after the passing away of a loved one to burn printed cardboard representations of what he or she will need in the hereafter: money, furniture, household goods, even such things as credit cards and airline tickets! The smoke is thought to waft over to the other side, carrying these gifts. And of course games are needed too, in order to keep your deceased relatives entertained! Here is an example of a special mahjong game intended for the hereafter, where all the tiles as well as the dice are made from printed and folded cardboard so as to be part of such a memorial burning.



DID YOU KNOW?

The average playing time for an East Only Game is

**16
MINUTES
AND
40
SECONDS.**

YOU CHOOSE THE RULES

There are almost as many sets of mahjong rules as there are places where the game is played. For Mahjong Logic, covering the most important regions with well-known rules is important. To this end our in-game lobby lists tables with Hong

Kong rules as well as the newer and very popular Shenzhen rules to cover the South Eastern parts of China. Japan is covered with three- and four-player Riichi tables. Together with the Mahjong Competition Rules (MCR) tables, most players in

the rest of the Far East and South East Asia will find a table with familiar rules. Westerners have probably played the so-called Classic rules, or are familiar with the Japanese rules and will hence also find their fix. Interested in a yet another rule set for your region? Mahjong Logic can accommodate your wishes – just get in touch with us!



CURIOSITIES *and notices*

BE A MAHJONG CHAMPION!

Tournaments in mahjong are a fairly recent invention, in the history of a game that for nearly a century and a half was played for entertainment – or actually far more often for cold, hard cash. After having during most of the 20th century wrestled with a reputation for being a hard-core gambling game, mahjong has today established itself as a bona fide accepted world classic. In 1998 it was officially named China's 255th sport, and in 2002 the first World Mahjong Championship was held, in Tokyo. The Second World Championship was played in November 2007, in Chengdu in China; and the Third World

Championship in August 2010 in Utrecht in the Netherlands.

Today there are many regional and international tournaments in various formats, and of course a large number on the online sites driven by the Mahjong Logic software!

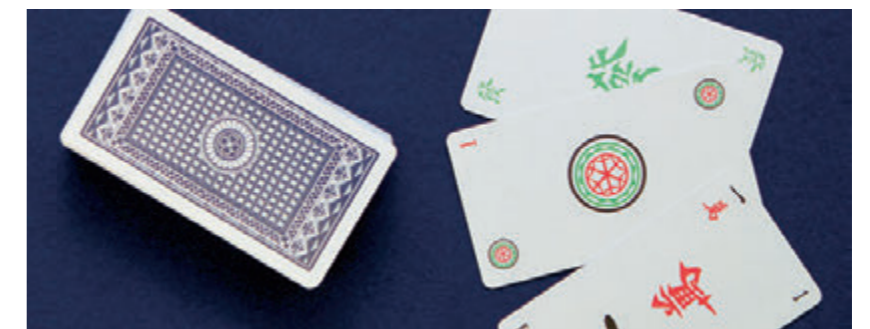
TABLET MAHJONG

Tablets, especially the iPad, are all the rage these days. While offering a dedicated App on the App Store would only work in regulated markets, Mahjong Logic is still bringing Mahjong to the iPad and other tablets. Development of a web based (HTML5) client for the network has started early in 2012 and the product is expected to be delivered before the summer of 2012. This also means that the threshold to start playing online Mahjong on the computer is lowered, as players can start playing Mahjong in their browser immediately, without prior download.



Why Not Enjoy Mahjong 24/7?

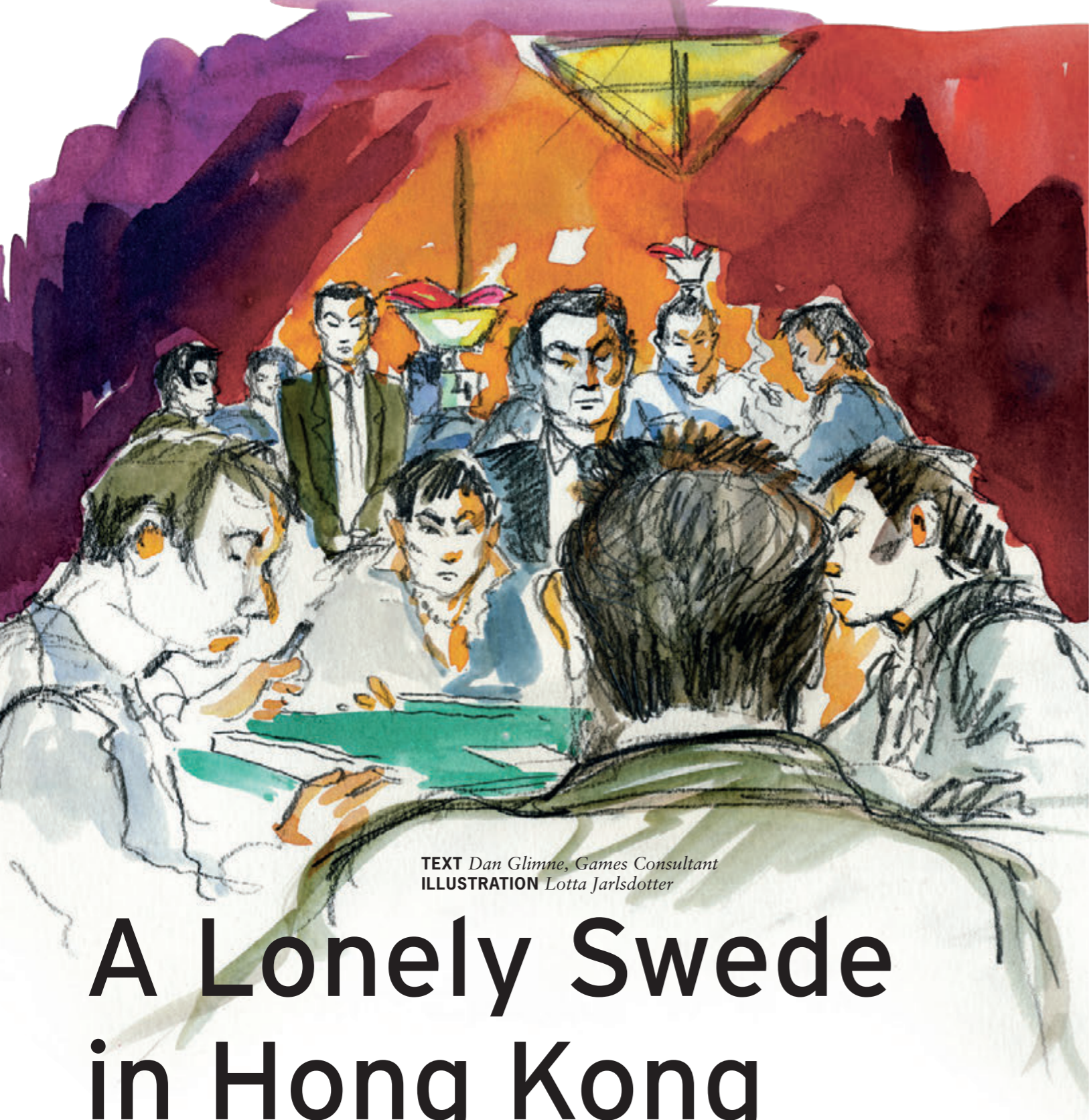
Just like with bridge and poker and chess, mahjong and the Chinese pictograms illustrating the tiles have inspired and decorated a plethora of accessories: key chains, soap, towels, oven mittens, notepads, baby bottle insulators, wrist watches and many other items!



IN PAPER SHAPE

Since the composition of a mahjong set – five different suits, three of which have values running from 1 up to 9 – resembles a deck of cards, it is easy to see how the game equipment can be turned into exactly that. Mahjong cards can be bought very inexpensively in most convenience stores in the Far East, and can often be used to pass the time while travelling; but are of course just a substitute for "the real thing"!





TEXT Dan Glimne, Games Consultant
ILLUSTRATION Lotta Jarlsdotter

A Lonely Swede in Hong Kong

It is past 11 pm, and there is an unmistakable, unadulterated, tempting tang of gambling in the air... not to mention a complete disregard for the "No Smoking" signs adorning the walls. Even the elderly, stern Chinese who is the obvious manager of the place is puffing away at a cigarette, while he every now and then gives me a suspicious glance.

A LONELY SWEDE IN HONG KONG

I have been waiting and waiting to get a seat in a game, to no avail; everyone, staff and the other visitors alike, does their best at pretending I am not there.

If I have ever felt more out of place, I cannot recall it right now. An hour ago I walked into this mahjong club in Lockhart Road in the Wan Chai District, through the unprepossessing entrance which most people would not even have noticed; but the two Chinese characters above the door, spelling the word MAHJONG, have drawn me here. It is my last night in Hong Kong for this visit, and early tomorrow morning a flight will take me homeward.

A stranger in a strange land; I feel alien in here. There is no other word equally apt. Everyone else in the club literally jumped when I walked in, a Westerner more than 190 centimetres tall in this city where the average citizen does not even reach up to my shoulder, and they speak a language of which I know perhaps ten words. No wonder everyone immediately assumed I had entered by mistake, and tried to shove me out the door. But I have stood my ground all this time, refusing to budge, quietly insisting on a seat in the 50-100 game; Hong kong dollars, that is.

I am not unfamiliar with the kind of balls-to-the-wall, blood-on-the-table variant of mahjong they play in here. In fact, only three days ago I played it in the Diamond Casino in Macau, upstairs in that large room where almost no other foreigners venture. But here in this little club in Hong Kong, they refuse to listen when I try to point that out. And I

am even wearing my World Series of Poker jacket from Las Vegas, just to show that yes, I am used to playing for serious money, with serious people.

When I politely refused to be pushed out the door again, the staff went to plan B: they started ignoring me. And so I am here, in this small, smoky mahjong club, looking out over more than a dozen tables. Only two of the players are women, of indeterminate middle age; all the others are men, young as well as old. They allow me to walk back and forth, studying the frenzied action. Above every table there is a metal tray with a bowl, suspended from the ceiling on a thin steel bar, and underneath this hangs, by a small chain, a sign showing the table number – in Western writing, I notice. As soon as a player makes a mahjong and goes out, the elderly manager rushes forward: it is among his appointed tasks to give the table number sign a whack so that it swings wildly back and forth on its chain, after which another person from the staff hurriedly comes by to immediately collect a certain amount from the winner and deposit it into the metal bowl. It is the rake: five percent of the amount won. This is the income sustaining this mahjong club, one of over 300 in Hong Kong, and all with similar procedures. Every now and then the bowls are replaced with empty ones, while those that have been filled are taken to "the cage", a small opening in the wall, to be emptied. Inside it I catch occasional glimpses of a stern, matronly Chinese lady who is as unsmiling as the rest.

All the mahjong games going on in here are for cold, hard cash; unlike the Diamond Casino in Macau no chips are used. As soon as a player hits a kong, or goes out, bank notes

immediately change hands.

Another young Chinese comes in, and just seconds afterwards is directed to a vacant chair when a player leaves a 50-100 table. "Hey! I've been waiting a lot longer!" I say; but they all keep ignoring me.

After a few minutes I walk up to the manager again, and once more insist that I have come to play. His reply comes in bad and heavily accented English, straight out of a crime B-movie: "Cost you three-thousand Hong Kong dollars to play!" Without a word I pull out a wad of bank notes from my pocket and show him that I have at hand considerably more than that. The manager sulks, when his most recent ploy to get me away from the club fizzles out. Another fifteen minutes go by, during which two other recent arrivals are given vacant chairs. "Why don't I get a seat?" I ask, still trying to keep my voice friendly. A man in his forties, sitting in one of the 100-200 games, turns around to me and replies in very good English: "Because you do not know the rules." Without hesitation I rattle off the basics of the payment system including the special bonus tile at the end. He grimaces and returns to his game.

After I have waited fully one and a half hours, there is suddenly a vacant chair in a 50-100 game but no Chinese in line. I immediately sit down, pull out my wad of Hong Kong dollars and stuff into the slot that folds out from the table, and say: "Let's play."

There is sudden tension in the air. The other three players at the table stiffen and glance uncertainly at the elderly manager. At last he shrugs, almost imperceptibly: I have finally been given my chance.

Just like in the Diamond Casino in Macau, the tempo at the



table is murderous. I can feel cold sweat breaking out under my armpits from trying to keep up with the other three, who no doubt grew up with the game and have played it for decades. This is the raw, blitzkrieg version of mahjong: no finessing about with point counts, just racking up the tiles and making split-second decisions as to whether I should call any opponent's discard or not, aiming for what will complete my hand and hoping for

extra plunder in accomplishing a kong or two on the way. Compared to this lightning-speed play, any game of bridge or poker seems like a sedate occupation for retirement pensioners in the old folks home. Every now and then I take a couple of tenths of seconds too long in making my move, prompting the typical Chinese gesture which denotes quiet criticism: something halfway between a sigh and a snort, with shoulders exaggeratedly sagging.

But still: on the whole I manage to keep up, do most things right, and even win a couple of hands. When at last I get up to return to my hotel and pack for my morning flight, I have lost 600 Hong Kong dollars but on the other hand earned grudging respect; that much I can tell from the farewell gestures of the others. And I consider it money well spent, for a unique, adrenaline-packed thriller of a game experience like no other.

QUOTES *from customers and partners*



Mahjong Logic allows our company to seamlessly incorporate peer to peer online mahjong which is a game our customers have been asking for. Operating in the Asia region ultimately requires us to offer the region's most popular game. Mahjong Logic gives us instant player liquidity and the confidence in launching this new game for all our operators and their customer base worldwide.

PETER KJAER AND ANGELA HO *ho gaming founders and members of the world renowned stanley ho family.*

66mahjong

66mahjong.com is extremely excited to have the number one game in Asia, mahjong, offered online via our new platform. Mahjong Logic is the perfect solution and partner for what our online objectives are for the region. The game flows smoothly and offers our players a peer to peer experience which is unmatched anywhere.

WILLIAM HU *ceo of 66mahjong.com*



Bodog88 has searched long and hard for the best peer to peer online mahjong solution and we have found the perfect partner in Mahjong Logic. Asia is the world's fastest growing market for online gaming and having mahjong is an absolute must for us in this region.

ROBERT GUSTAFSSON *managing director of bodog88.com*

Shenzhen Rules – Kong is King

Mahjong Logic now offers online Shenzhen games. Shenzhen mahjong, also known as Bang Bang mahjong, is a fast paced game where money is paid for kongs during the game in addition to settling when somebody wins.



The basic rules are the same as for almost any kind of mahjong: get four sets and a pair (or seven pairs or thirteen orphans) and declare mahjong to win. There are no minimum requirements on the hand and all mahjong hands are equal in value – no doubles, fans, hans, yakus or points. In essence, Shenzhen games are fast and probably the easiest variant of mahjong to learn.

However, the devil (and the fun) is as always in the details. First of all, you cannot claim a discarded tile for a chow unless it is the final tile needed to go mahjong. Second, going for mahjong is not always the best course of action, since any kongs you declare during the game usually pay as much, or more, than winning the hand. Third, if you can go mahjong with a discarded tile and decline to do so, you may not claim discarded tiles for mahjong until the next hand.



In live games, the bet levels are given as two numbers: one small payment and one big payment, for example \$1/\$2. Online, we show this as six times the big payment, since that is where we cap your losses.

Payment for going mahjong is simple: if you go mahjong on a discard, the discarding player pays you a big payment, while a mahjong

on self-draw means that all other players must pay you a big payment each.

Given small and big payments of \$1 and \$2 – shown as a \$12 table online – the following payments may happen during a game:

- If you declare a hidden kong, the other players must pay you \$2 (a big payment) each.
- If you claim a discarded tile to form a kong from a hidden pong, the discarding player pays both a small and a big payment, for a total of \$3 on our example table.
- If you have already declared a pong and then draw a fourth tile of the same kind from the wall and declare a kong, all other players must pay a small payment.

So kong is king in Shenzhen mahjong, except in one case: if you declare a kong in some way, but another player can use a tile from that



kong to go mahjong, you are robbed of your kong and must pay the winner for yourself and the other players as if the winner had won on self-draw.

Going for mahjong is a good strategy if you are not close to any kongs. There is also another reason to try to go mahjong, though, and that is the lucky draw that follows. Each

wind has a list of lucky tiles. If you go mahjong on self-draw, you get to draw the next tile from the wall. If that tile is one of the lucky tiles connecting with your seat wind, all losers must pay you a big payment each, in addition to the big payment paid for mahjong on self-draw. (Robbing the kong does not count as self-draw in this case.)

For East, the lucky tiles are East, 1, 5 and 9 of any suit; for South they are South, Red Dragon, 2 and 6; for West they are West, Green Dragon, 3 and 7 and for North they are North, White Dragon, 4 and 8.

This means that East is somewhat more likely to draw a lucky tile. And a final twist to the game is that if you win, you get to be East in the next hand!



With a Licence

to Thrill

TEXT *Barry Smith*

Mahjong Logic is a tremendous success story and is testament to the professionalism of the senior team whom we have had the pleasure of working with since 2009.

As a corporate service provider headquartered in the Isle of Man, Equiom has been involved in the e-Gaming sector since 2005 providing licensing and ongoing administration services to e-Gaming operators.

As is often the case, the team at Mahjong Logic were introduced to a number of Isle of Man Corporate Service Providers by the Isle of Man Department of Economic Development in May 2009 in order to determine which company was best placed to assist Mahjong Logic in securing an Isle of Man Gambling Licence. From the outset it was clear that we established an excellent working relationship with Mahjong Logic's founders Jonas Alm and Anders Nordstrand, and we embarked on a joint initiative to obtain licence approval from the Island's Gambling Supervision Commission (GSC). Equiom's successful management of a number of licenses was clearly a determining factor in Mahjong Logic placing their trust in us to help them achieve their business goal. With this in mind we set out to develop a close working knowledge of Mahjong Logic's business and licensing requirements – all of which was easily achieved through regular communication with Jonas and Anders and which culminated in the submission of a robust application to the GSC which included full due diligence on the principles, an extensive business plan detailing the business model and proposed products together with the marketing strategy that was to be undertaken.

Even though the Isle of Man is an extremely popular jurisdiction within the industry and is well

renowned for being a business-friendly location in which to operate, the process to gain an e-Gaming licence here can be a very rigorous one. Our services were also called upon in the very early stages to facilitate meetings with key support businesses such as banking, hosting and telecoms companies. An e-Gaming business, as part of their licence agreement, is required to have a physical presence on the Island in addition to Directors and key personnel – all of which Equiom provide for Mahjong Logic. Once the application was submitted, the GSC was extremely efficient at processing it and Mahjong Logic were successfully granted their licence in December 2009. Since then our relationship has continued to grow through the co-ordination of support service providers and the facilitation of enhanced network licensing opportunities in other jurisdictions.

"It is very pleasing to partner with the Mahjong Logic team which continues to be highly successful and innovative in delivering and progressing their business in the fast paced e-Gaming industry, and we look forward to continuing our partnership in the future."

Barry Smith is the Legal Director at Equiom Trust Company Limited – a leading provider of Trust & Corporate Services. With over 11 years experience in e-Gaming law he has been instrumental in developing

Equiom's successful e-Gaming business line and brings a wealth of knowledge in relation to licensing applications and regulatory issues.



Equiom Trust Company Limited is licensed by the Isle of Man Financial Supervision Commission. **Barry Smith** is their Legal Director.



Isle of Man Government

Reiltys Ellan Vannin

Mahjong Logic Limited is licensed and regulated (31/12/2009) by the Gambling Supervision Commission of the Isle of Man.

Mahjong Parlours and Gambling in Japan

TEXT *Garthe Nelson*

One of the things I will never stop loving about this country is the Japanese ability to state complete falsehoods while looking reality squarely in the face and actually believing what they say. My favourite: “You can’t gamble in Japan, it’s illegal!”

Gambling being absolutely everywhere, it’s one of the most laughably false claims a person could make in Japan. Never mind the fact that there is state sanctioned gambling in the form of a lottery and betting on horse, bicycle, dog, or on anything-that-moves races. Never mind that fact that underground casinos can be found in any major city. What really makes your mouth drop when someone bold-facedly lies this to you is the ubiquity of pachinko and mahjong parlours throughout the country.

The method by which pachinko parlours skirt their illegality makes an absolute mockery of Japanese law. Players collect their winnings at a building outside of the pachinko parlour. Because they do not receive their money inside the parlour, some genius of Catch-22 style logic has ruled that it is not gambling. Virtually guaranteed money makers, pachinko parlours are thus more prevalent throughout Japan than 7/11 stores. How convenient!

Mahjong parlours equally enjoy some strange mechanism of logic by the authorities. Also approaching the prevalence of 7/11 stores, many of them advertise the stakes at which one may gamble inside their establishment right on their sign outside, or in a popular mahjong comic book called *Kindai Mahjong*. If they were really looking, police need only buy the

comic book or walk outside their station to find these dark dens of iniquity. However, in most cases they choose not to because the stakes are low enough and the cost of playing is high enough that over the long term, most players are not going to be able to win any considerable amounts of money. They are essentially only playing for the cost of playing and it is reasoned again that this is not illegal. Occasionally a higher stakes parlour will be raided by the police, usually

**I’M SHOCKED
– SHOCKED TO FIND
THERE IS GAMBLING
GOING ON IN HERE!**

because some disgruntled customer has lost more than he wanted to and then called the police to complain that there is gambling in that there establishment! One is reminded of that famous line in the movie *Casablanca*: “I’m shocked – shocked to find there is gambling going on in here!”

Shocking indeed when one considers that given their position on the borderline of legality, mahjong and pachinko parlours tend to have a close financial relationship with the police in order to earn them the privilege of running their businesses. That a parlour could possibly exist without police knowledge is simply unimaginable.

In recent years there have been many efforts to change gambling laws so that casino operators might move into Japan. With the success of casinos in Macau and more recently Singapore and their subsequent boon

for the tax coffers in these places, it’s hard to imagine why Japan’s government – heavily in debt – would want to object. One common objection from the politicians is that it would foster organized crime. Foster organized crime?!?! Are you joking?

Given the “illegality” of gambling, who could possibly be running the illegal and quasi-legal businesses if not for organized crime? With the obvious potential benefit to the government totally ignored, one really must wonder how much in bed with organized crime the politicians really are. I’m not sure how my game of choice, mahjong, would fit into a large casino – but it would be great to see the laws changed so that these otherwise legitimate businesses could be run without the extra taxes levied by the police and organized crime (redundant, I know).

So it was with typical stealth that I wandered around the Shibuya district last night, a little tipsy after my weekly mahjong study night, in search of a game. My favorite old haunt has been replaced by a hostess club and Zoo has moved! Brightly lit and with the rate advertised outside, I assume that Zoo’s new location which I finally found across the street was not for the purposes of evading police detection. I walked out with 13,800 more yen than I walked in with, a miracle of non-gambling mathematics which means I will have to play at least 40 more games (at 350 yen/game) to “break even.”

I guess it will give me something to do as we wait for the politicians to wake up and smell the reality...

Mahjong in China

TEXT *Pierre Wu*
– *Founder of the World Mahjong Tour*

Mahjong has always been known as China’s most popular game whose name literally means “sparrow” in Chinese. Played throughout Asia and the rest of the world, mahjong has its origins in China and over the years has remained the favorite pastime of the entire country. You cannot walk the streets, enter an Internet café or even eat at a large restaurant in China without seeing a game being played or talked about. Mahjong is king in China!

In 1998, the China State Sports Commission published the country’s first official rule set and the General Administration of Sport of China recognized Mahjong as the country’s 255th sport. The first World Championship for mahjong was held in October 2002 in Tokyo, Japan.

The importance of mahjong in Chinese culture can be understood from one of the late Mao Zedong’s quotes: “China has made three tremendous contributions and national treasures to the world. The first is the Chinese traditional medicine; the, second is the novel *Dream of the Red Chamber* by Cao Xueqin; and last but not the least is the game of mahjong.” This shows the sheer passion for the game engrained throughout the long history of China and its people – even through the period of the “Cultural Revolution”, when it was officially banned.

In China alone there are an estimated 20,000 registered mahjong parlours and countless unregistered parlours, nearly all of which have private games involving real money. These parlours provide automated mahjong tables and charge players for use of the room by the hour and also sell food and drink. All cities have them and playing there has become standard protocol for many.

Popular culture throughout China also embraces mahjong via songs and movies that incorporate mahjong

themes and images throughout. Many movies are completely centered on the game of mahjong and have become huge hits. The movie “*God of Gamblers*” (1989) is ranked as the highest grossing movie in Hong Kong history and showcases mahjong. These trends which have become mainstream are then distributed worldwide to the over 40 million overseas Chinese who play a crucial role in popularizing the game in other countries throughout the world.

It is only a matter of time before the game of mahjong becomes the China version of online poker. Tours like the World Mahjong Tour and World Series of Mahjong help popularize the game and further increase its popularity. There are also countless tournaments throughout China, and which have high numbers of participants. Online, the game has become very popular. It is estimated that at peak time the Chinese site qq.com hosts over 250,000 concurrent online mahjong players, on a free games site.

The appetite for online gambling in China is the largest among the Asian countries. Figures are somewhat uncertain for online players, but the land-based figures coming from Macau are staggering. Analysts estimate Macau gambling revenues will hit US\$33.1 billion this year (2011) while Las Vegas is estimated to reach \$10.3 billion. Mainland Chinese players, many of which are now online, support the vast majority of the Macau-revenue. While the online gambling market remains “grey”, there are undoubtedly vast numbers of active players. Either way, online mahjong will be a large part of this market both today and in the future!



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Winning Strategy in Mahjong

TEXT Dan Glimne, Games Consultant

If you are among the multitude who believe that playing for money rather than mere points or vaguely defined glory will spice up any game, then mahjong is sooner or later bound to pique your interest. As someone once said: "It is the wagering element that separates the truly involved from the merely interested".

In the Western world mahjong has long been associated with genteel socializing and innocent fun. And fact is, in the East it is currently going through a paradigm shift and reshaping itself into a thriving tournament game, since mahjong in 1998 was officially named China's 255th sport and an international set of competition rules subsequently was hammered out in cooperation with Japan.

But to most Asians – who make up the overwhelming majority of the game's 500-700 million devotees all over the world – mahjong is still about one thing, pure and simple: show me the money. Mahjong

**Mahjong is still about one thing,
pure and simple:
SHOW ME THE MONEY**

is quite likely the single live game in the world with the highest annual accumulated turnover, overshadowing poker and blackjack by far. Indeed, there are over 300 mahjong clubs in Hong Kong, and over 25,000 mahjong parlours in Japan! And if you walk one summer evening through the



quiet backstreets of Beijing, Shanghai or Taipei, you cannot avoid hearing through the open windows the characteristic click-click-click of mahjong tiles being shuffled on someone's kitchen table.

SKILL VERSUS LUCK

As a beginner to mahjong you may quickly infer that the game contains a significant element of luck: after all, you

start with 13 randomly drawn tiles, and will keep drawing new ones mostly “out of the hat”. But in the long run, just like in bridge, poker and backgammon, skilled players will make mincemeat out of less experienced players – and when it comes to mahjong, there are thousands of hardened professionals making a living from the game. So exactly what kind of skill elements do you need to

national and regional variants. The basic game play – drawing and discarding with the goal of forming four groups plus a pair – is the same in nearly all of them; the main difference instead lies in the various scoring systems used.

How to correctly score a finished mahjong hand, meaning figuring out what it is worth in points, requires some practice. But make no mistake about it: you have to

know by heart ALL the scoring elements in the mahjong variant you play, if you are to become a consistent winner. This is where a sizable part of the skill in mahjong comes in: the ability to quickly select which possible scoring elements, and combinations of those scoring elements, will suit your tiles best and can help you achieve that minimum point score or more.

And you have to keep doing it under pressure, flexibly adapting to the ever-changing game. As you draw new tiles and your opponents keep throwing out their discards and building up their own hands, new opportunities will present themselves while others disappear. There just is no substitute for an intimate knowledge of the scoring system in

use, and the ability to continuously apply it to the progress of your hand, when it comes to developing your winning abilities in mahjong.

1. KNOWLEDGE OF THE SCORING SYSTEM USED

Mahjong is not one single standardized game, like “Western” chess Karpov style, but rather exists in over two dozen

2. ASSESSING YOUR HAND

The first thing you must do, after picking up your starting tiles, is assessing the strength and “direction” of your

hand. This is especially true when a winning hand can be assembled in a great number of possible ways from the various scoring elements.

Mahjong offers the challenge of balancing your play between aiming to go out quickly but with not very valuable sets of tiles in hand, or shooting for more high-paying but harder-to-achieve combinations. Therefore, you must – literally in seconds, when playing for serious stakes – be capable of assessing your best options for putting together a winning hand. Do you keep or discard honour tiles? Is an all-pong hand your best bet? Or one of the chow-based hands instead? Or something more exotic?

The art of assessing your hand is a continuous process as the game develops. You must as long as possible keep several options open, and be prepared to switch your play when need dictates or new opportunities arise. Flexibility is vital!

3. KNOW THE ODDS

Just like in poker, keeping track of your “outs” – in this case which still available tiles will improve your hand – is important, along with the ability to figure out the odds of actually acquiring them. When faced with a choice as to which tile to discard, nearly always discard the one that will maximize your mathematical odds of winning with the remaining tiles in hand.

4. WATCH THOSE DISCARDS

Few skills are more important in mahjong than tracking which tiles your opponents choose to discard; this will say a lot about what sort of hands they are trying to build up, and force you to adapt your own play to the circumstances. But don’t forget, just as you will watch your opponents’ discards, they will watch yours!

Which tiles are likely to be safe for you to discard? If an opponent has thrown out a West Wind without any drama, you can probably do it too. But has your right-hand opponent so far discarded no Dragons or Winds at all? Uh-oh, it will be dangerous for you to discard such a tile, as she will probably pounce on it immediately. Or is your left-hand opponent obviously clearing his hand of all Bamboo tiles? Then that just might be the suit it would pay you to collect instead. In several forms of mahjong, the player who discards the final tile an opponent needs to go out on, will be punished for careless play by paying extra points. Don’t let it be you!

5. TO MELD OR NOT TO MELD?

Never automatically claim a tile that an opponent discards, just because it would complete (“meld”) a group in your hand. One reason is that if you claim and complete a group, that group must be exposed on the table for all to see – and your opponents will learn more about your hand from your melds and discards than they could from your discards alone. Another is that every time you meld, it narrows the remaining opportunities for your hand in progress. A third reason is that the more of your winning hand you can keep concealed, the more points it will score. If you choose to claim a discarded tile and meld it, make sure you have a solid reason for it!

6. DEFENSIVE PLAY

As much as you want to assemble the winning hand yourself, at times – especially towards the end of the hand – it might be wiser to prevent an opponent from winning instead. If the players run out of available tiles to draw, that round will come to an end without anyone scoring; and a draw beats a loss, every time!

Therefore, towards the end when you realize that the odds are heavily against you, it might be better to switch into defensive mode; especially if it from melds and discards looks like you might be up against a high-scoring hand in the making. Then it is time to ruthlessly break up groups in your hand and discard tiles you judge to be safe, in order to prevent that opponent from going out. A smart reverse strategy here can save you a lot of money!

Hopefully, this article has further whetted your appetite for one of the truly great game classics of the world. See you on one of the websites powered by Mahjong Logic, perhaps?



TURN KEY SOLUTION

The Mahjong Logic Network is designed to provide our partners with a world class turn key business solution. Partners enjoy all the benefits of being an online mahjong operator without having to manage the technical, business, support and operational infrastructure.

Our Turn Key Solution is fully equipped with all the components which are necessary to build and operate a successful gaming business that will guarantee maximum returns on your investment.

To ensure sound player liquidity, your mahjong gaming operation will be plugged directly into the Mahjong Logic Network where your customers have the advantage of playing through your branded software client against other players within the network from around the world.

OUR TURN KEY SOLUTION FEATURES

- Multiple Secure Payment Systems
- Custom Branded Game Client
- Powerful Back Office Management System
- 1st line Customer Support
- Network Tournament Marketing
- Being Part of the Mahjong Logic Network

INTEGRATED SOLUTION

Our integrated solution is the perfect system for existing gaming operators looking to expand their game product portfolio, attract new customers and target new markets with one of the world's most popular, proven games for money.

With our integrated solution, you can seamlessly include the Mahjong Logic Network games into your current gaming platform, allowing your customers to use their existing account information and your established banking facilities.

INTEGRATED SOLUTION FEATURES

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The Women's Fight Club

TEXT Jenn Barr

In a bright room on the 3rd floor of a rented out mahjong parlour, Japan's most predominant professional mahjong league meets once a month to determine who will move up in the rankings and who will move down. At staggered times A-League veterans that have been in the league since it started and new pros alike play in the same room over a 2-day event.

This is the Japan Professional Mahjong League (JPML) and it hosts some of the strongest mahjong professionals in the world.

O

ne reason that so many pros are concentrated in one league is the fact that Japan is the only country that maintains a professional circuit. Why are so many in JPML? Maybe it is the high level of competition, maybe it is the endorsements (does Konami's Mahjong Fight Club or Ron2.jp ring a bell?), maybe it is the business-like and professional attitude that the competitors bring to the table (suits are the normal dress code for game-days). Whatever draws the masses to take the professional test every year, JPML continues to be successful through the current recession.

The term "professional" might be misleading in the Western sense of the word. It is true that only the top pros, probably less than 10%, make their living off mahjong only. That is the elite group. The majority of professional players have day jobs or work in parlours as fill-ins and waiters. Advancing to "video game" status usually takes an audition and some show of talent, such as winning a title.

Title wins are hard to come by in this industry. The normal league mentioned above takes place every month and at the end of the year only the top A1-leaguers battle it out for the Phoenix Cup title. It takes years to make it from the starting ranks to A1 and most players never get there, since there are only 12 spots. There are other leagues that generally last 5 months each, including the Women's League, the Champions League and a number of regional leagues. These are a new player's best chances at making it to a final table since players start on a more even playing field.

There are 5 major tournaments in the JPML each year too, but they last for weeks at a time since events only take place on weekends and there are hundreds of participants. Masters in the spring, 10-tier, Pro Queen and Rookie Cup in the summer, and OUI in the fall keep the pros pretty busy. The top contenders from previous years

are seeded in after the qualifiers and it is still a long road from there.

Garthe Nelson and I got our start as the first Western pros on the circuit back in 2006. We established ReachMahjong.com the same year and with all the work we have done on mahjong's behalf throughout the world, waving the JPML flag, our place in the league was soon solidified. Since then Garthe has posted some amazing results including 2 final tables and a win in North Kanto last year.

While being part of JPML is awesome and I would not trade the experience for anything, it isn't always the easiest sticking out like a sore thumb. Some of the perks are amazing, but there is still the idea that people that look like us could not possibly know how to play Japanese mahjong and sometimes that works against us. When it doesn't though, I have to say it is fun to beat the people that doubted us.

Besides just the good experience, I have to say we have also made some great friends in the league.

You have to. You start out by taking a test with these people,

then meet them once a month just to

get into the league. Once you are in you see

them almost every weekend for events, travel with them to regional events and appearances, and most importantly you play mahjong with them. Playing a game like mahjong with someone in combination with drinking for hours afterward gives you insight into someone's personality that is hard to get anywhere else. This is how tournament days are often spent. We work hard together at the mahjong

table and play hard after the working day is done.

Becoming a professional mahjong player is not easy. Even if you pass the written exam, the playing exam and the interview and make it into the league, there is a long road before that can become an income. Especially with the lack of cash-prizes in mahjong tournaments, it's difficult worldwide. But for the experience and to upgrade mahjong skills, I wouldn't have done it any other way.

日本プロ麻雀連盟

How to Succeed in Japan

TEXT Lars Broberg, COO, Mahjong Logic

One of the online companies on the move in Japan is Dora Mahjong. We asked a few questions about the Japanese online market and the future of Dora Mahjong.

Kong: What is the Japanese gambling market like?

Dora: Japan is a major nation for gaming potential. Also due to the economic situation of the nation, as well as the impact of the latest earthquake, the debate to legalize casinos have picked up speed, with the major belief that legalization of casinos is inevitable.

Kong: How big is Mahjong in Japan?

Dora: Mahjong is one of the most popular games in Japan. There are over 30 million players in Japan, playing at tens of thousands of mahjong parlours “janso” throughout the country. Many learn to play at universities and play on a regular basis. The community of mahjong players is tight knit, and the janso’s are crowded during weekends. The popularity has spread to female players as well in the recent days and mahjong parlours have renovated their outlets to provide a cleaner or smoke-free environment to welcome all kinds of players.

Kong: Is Mahjong big online in Japan?

Dora: There is a very large market in Japan for online mahjong. The top three sites have over 10,000 concurrent players at peak times. However these games are play-for-fun or offer a subscription based service. The fact that so many players play mahjong for fun proves that the game has gathered popularity online as a skill game.

Kong: How is Dora Mahjong doing?

Dora: As mentioned, the environment is favourable for operation of online mahjong, but no major sites have provided the play-for-money model of online mahjong in Japan. The play-for-money model can target the existing mahjong parlour user as well as online mahjong players. Dora Mahjong is starting to get recognition online through the network of mahjong players, and we are fully convinced that there is a great need for such a service in Japan.

Kong: What are your plans for Dora Mahjong for the coming 12 months?

Dora: In Japan, affiliate marketing is very active, but affiliate activities for

gaming products are still very much unknown to the affiliates. As the Dora Mahjong affiliate program is something new to the affiliates, we plan to make this type of marketing our base. On the affiliate side we work with Japan’s largest affiliate network for gaming, SamuraiClick. As a new service to their members we have seen great results although the service is still in it’s infancy.

At the same time, we have been putting effort into personal introductions through CD hand-outs.

Paid marketing opportunities are difficult to find due to the gaming nature of the website, but we

are able to connect

with friendly

media partners

that allow for

us to advertise

our service.

Japanese players

have a tendency to

be cautious of websites

that look or feel “foreign” to

them. However, the team we have at Dora Mahjong are very well informed of the Japan market as well as how to distribute the product. We are most likely the only company in the industry with our kind of reach into marketing methods and opportunities for gaming services in Japan.



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ECONOMY *and technology*

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So to make things easy Mahjong Logic have gathered all your payment needs under one roof: with many payment options, ranging from credit cards with 7994 coding, E-wallets, bank transfers and on to vouchers and cheques.

”We believe in robust technical solutions that allow you to carry out your business undisturbed – 24 hours a day, 7 days a week, 365 days a year. It does not matter if you have customized payment pages or use our white label solution; either way, your customer will enjoy a smooth, secure and reliable payment experience, ensuring many return visits”, Lars Broberg at Mahjong Logic continues.

Part of a great gaming experience is being able to access your winnings, and winning players know the sites where it is quick and convenient to cash out. We have fast payouts!

A System that Keep Scammers Away

Proper fraud screening is critical. Not only does it save you money – it can also save your business.

High chargeback rates may also lead to higher processing fees or termination of your merchant account. The Mahjong Logic system offers a complete banking and payments system which is able to track all player deposits and withdrawals individually. It includes carefully designed checks that tie in withdrawals with game play.

Mahjong Logic uses a sophisticated fraud detection system that analyzes the playing patterns of any given player on the network. Ensuring a fair and safe online environment free of fraud is essential to all operators. The Mahjong Logic Network’s Anti-Fraud and Collusion team is made up of world-class experts in the field, dedicated to ensuring the fairness of play. The team monitors game play, identifying and preventing fraudulent activity.

Finally Universal Currency

The US dollar is well known all over the world, which is why many games use it as a base currency. But allowing players to play with the currency they collect their salary in is important to give the player a good feel for the bets they make. Mahjong Logic already supports deposits of US dollars regardless of which currency the user has his funds in, and the game platform is not bound to any specific currency. An upcoming feature of early 2012 is that exchanges will be handled by the platform so that players with different currencies in their game accounts can play against one another.

Scaling that Baseline

When you start a business, when you want to bring innovations to the market, when you truly believe your idea will be a game changer: take a good hard look at your technical platform. Because if you’re right, and you will get not just a few players but thousands, and in this era of social gaming even hundreds of thousands of players, can your platform handle that load?

Focusing on the challenges of massive scalability too early is a mistake, especially if you want to build a multi-player game. The kind of stability and high availability you want comes at a price if you want to do it yourself, not only in terms of sheer development cost, but also in risk: a few years back Sun Microsystems, now Oracle, estimated that nine out of ten multi-player server projects failed. And yet, you will only scale as far as your platform; it will form the baseline for your future operations. Can you be sure that you will make it? Or will the potential of a success actually be a risk?

Cubeia Firebase was created six years ago when we realized that almost everyone was building their own gambling platforms in-house. In many other markets this would be considered a folly: in banking or

e-commerce you would turn to already existing application servers; when creating PC-games you would use third party engines; and very few product companies at all own their entire supply chain. But within the gambling industry, this is where few options are to be found.

Scaling in Cubeia Firebase is handled by adding more hardware, which can be done without interrupting any game play. This horizontal scalability makes it possible to run truly large installations on commodity servers, without the need for solid state drives, back planes or other exotic – not to mention expensive – hardware. For example, a recent load test during the release of Cubeia Firebase 1.7 Enterprise Edition loaded up forty thousand concurrent poker players on three cheap “pizza box” style servers.

FACTS
Mahjong Logic is using Cubeia Firebase Enterprise Edition for their Mahjong product.

In addition to elastic horizontal scaling, Cubeia Firebase comes with a blistering performance as well. It is easy to forget, but performance impacts scaling: the more efficient your system is, the less hardware you will need for a given number of players. And less hardware equals less cost, and less risk of failure.

Performance is also impacts your revenue streams directly. Games may have their revenues tied directly to the speed of the game play: poker is one example, where the number of hands per hour is directly correlated to the rake. But game performance also has a direct impact on customer retention: a responsive system and

tight game-play will make it easier for you to attract and keep new players.

There’s an old programmer axiom that tells you that it is wrong to optimize too early. Generally this is true, but when you are looking at your server foundation you will have to remember that the platform sets the bar: you will never be faster than the platform you’re standing on, never faster than your baseline. But with Cubeia Firebase, that baseline is set sky-high.

Lars J. Nilsson

i-BANQ, Mahjong Logic’s Latest Payment Method for Japanese Customers

Unlike conventional payment solutions which involve regular forex exposure, long duration to affect the actual credit and complex administration procedures, i-BANQ is a very



straightforward solution wherein a person wishing to make a deposit will merely remit the money into a local bank account; and from then onwards, i-BANQ managers will seamlessly credit the client’s account.

EveryMatrix

Launched early 2008, EveryMatrix is a leading gaming software supplier. EveryMatrix is behind several independent products to the gaming industry including: **OddsMatrix** – award winning and fully managed white label sportsbook solution, **GamMatrix** – gaming management & white label platform, **RakeMatrix** – bingo network, and **PartnerMatrix** – affiliate and banner design software.



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A Museum Devoted to Mahjong

There are actually two museums in the world devoted to the game of mahjong: one in Ningpo in China, the birthplace of the game; and one in Chiba outside Tokyo in Japan. We took the bus the latter and discovered over 3000 different games, including one – “The Imperial Palace Set”, made from ivory and ebony with inlays of noctilucent shell – that once was played at the court of Aihsinchueblo Pui, the last Emperor of China. Here are some of our favorite pics from our visit. One of a kind museum we must say.

Adress: 1-2 Nakahara, Misakicho, Isumi, Chiba
Phone: +81 470-87-8886

TEXT AND PHOTOS Dan Glimne



Macau Yesterday, Today and Tomorrow

TEXT Andrew W Scott CEO, World Gaming Magazine



Macau is the biggest gaming market in the world – by far. It left Vegas in its dust back in 2006. In fact the Macau gross gaming revenue is now four times the size of that of Las Vegas. And it's only going to get a lot, lot more.

Many people don't know there has been a thriving gaming market in Macau for more than 400 years. According to Macau's gaming regulator, gaming was alive and well in Macau as far back as the 16th century, and it was the Chinese that were driving it back then too. The Portuguese Macau government regulated gaming in 1847, and fan-tan was the main game back then. Gaming boomed. The first monopoly concession was awarded in 1930 to Hou Heng company headed by Fok Chi Ting, and the second in 1937 to Tai Heng company headed by Fu Tak Iong and Kou Ho Neng.

But one cannot talk about Macau without talking of Stanley Ho. Indeed for many, Dr Ho is Macau. In years gone by it was often said about a quarter of the entire work force of Macau was employed either directly or indirectly by Dr Ho.



Some 24 years after it was awarded, Tai Heng's monopoly concession expired, on 31 December 1961. An upstart young company called STD M managed to win the public bidding process and wrestle the licence away from Tai Heng. The company was set up by four men: Yip Hon, Teddy Yip, Henry Fok, and a handsome and relatively young businessman who had just turned 40: Stanley Ho. STD M won a 40 year monopoly concession and the rest, as they say, was history.

Stanley Ho emerged as the kingpin of STD M, but he was eventually to suffer the fate that he inflicted on Tai Heng company some 40 years earlier. Ironically, losing the monopoly would turn out to be the best thing that ever happened to STD M and Stanley Ho.

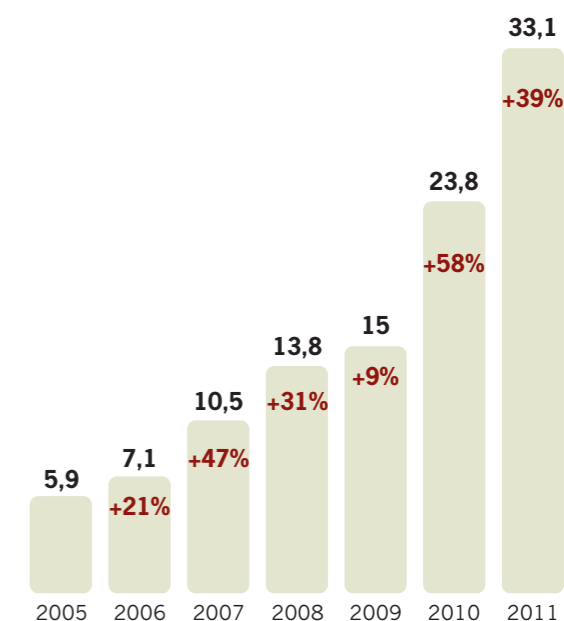
18 May 2004 is a day forever etched in the history of Macau. It was the day the Sands Macau opened, the first day for some 42 years that a non-Stanley Ho casino was operating in Macau. It was quickly followed by the Galaxy casinos (Waldo, Rio, President, Grand Waldo, StarWorld and Galaxy Macau), Sands' two sister casinos the Venetian and the Plaza, Wynn, MGM and the three Melco Crown casinos (Crown which went on to rename itself Altira, Taipa Square and City of Dreams). Of course the 20 or so Stanley Ho casinos continued to operate (and a few more opened), now through the STD M subsidiary company SJM.

The liberalization, coupled with the inexorable economic growth of mainland China, caused Macau gaming to boom in a way no one could possibly have imagined.

So much for the past. What about the present? Where are we at right now?

Undoubtedly, the mainland Chinese visitor drives the Macau gaming market. It is true that around a third of visitors to Macau are from Hong Kong, but they tend not to be the big players. Almost 60 percent of the visitors to Macau are from mainland China, and those players make up the grand majority, probably more than 90 percent, of the action on our gaming tables here in Macau. The average stay in Macau is a mere 1.5 days.

MACAU GROSS GAMING REVENUE (US\$ BILLIONS)



About half the people that come to Macau don't even stay overnight. Given the border gate with China is closed from midnight to 7am, many players are on a mission – get to a casino fast, play hard, and get out.

Let's do some math. With around 80,000 people coming to Macau every day, staying on average 1.5 days each, there are an average of 120,000 visitors in Macau at any given moment – even more on weekends. But there are only around 24,000 hotel rooms in Macau (we know, because we place a copy of WGM in many of them). Some of them stay at saunas (a uniquely Chinese phenomenon), but again, there are “only” 28 saunas in Macau (again we know, WGM is available in all 28 of them), so only a few thousand could be crashing overnight at a sauna. So where are all these 120,000 people? Many are just day-trippers, some are sharing rooms, but the honest truth is that many of them are playing in casinos through the night. While do-gooders may see this as a bad thing, we don't. It's just symptomatic of the passion of the Chinese player. Playing in a casino isn't just a pastime, it's a war of attrition! A challenge! A business. Serious stuff...

Baccarat is king. Over 90 percent of the play right now is baccarat. VIP play crushes the mass gaming floor by more than 2 to 1.

Junkets control everything, and rightly so. They are the lifeblood of this boom. Without them Macau would be nothing. They are travel agents, concierges, credit providers, hosts, marketing executives, banks, customer relations officers and in many cases pseudo-casinos themselves. The junkets have copped a lot of bad press in the past, much of it unfair. The days when the line between “junket men” and, shall we say, “unsavoury characters”, was thin (or even non-existent) are long gone. Junkets are now legitimate businesses, many listed on the Hong Kong stock exchange. Their role in this dance is crucial. No junkets, no Macau.

What has all this boom done for Macau locals? Well, a lot. Macau has an extremely low tax rate and every Macau citizen has received an annual US\$750 cash social dividend from the government for the last few years. The country enjoys a mere 2.4 percent unemployment. The

running joke amongst employers is that if you're a Macau local, and you have a heartbeat, we'll hire you! There has been a wages explosion in Macau – kids are earning ten times what their parents made at the same age. The GDP per capita of Macau citizens now exceeds that of their Hong Kong counterparts – something that would have been inconceivable just five years ago. What a great source of pride for the citizens of Macau!

I was recently asked to estimate the gross gaming revenue for Macau in 2020... After doing some calculations and giving it a lot of thought, I came up with a number. It's a number that will get me laughed at today... How much? Just a lazy US\$250 billion.

In short, Macau is doing very, very well for herself. Some people think Macau has boomed so much, and so hugely, that it has to crash at some point. Or at least stop growing. You can't sustain 35 percent growth every year, right? Our response: “You ain't seen nothing yet!” Macau will continue to grow, and grow fast. There are a number of reasons why. The number one fundamental driver is China.

There's a huge growing middle class in China, currently at around 150 million people, but expected to grow to 300 or 400 million in the next decade. Most of them live on the thriving eastern seaboard, within a few short miles of the new China Railway high-speed (CRH) network. The CRH is massive and growing fast – by some time later this year China is expected to have more high-speed rail track than the rest of the world combined. Travelling to Macau will become incredibly convenient.

I was recently asked to estimate the gross gaming revenue for Macau in 2020. My first thought was I know it's going to be a wild ride over those next eight years, and I know our magazine WGM and our website wgm8.com will be here every step of the way to document and commentate on it, so we'll have to defend the number as the years roll by! After doing some calculations and giving it a lot of thought, I came up with a number. It's a number that will get me laughed at today. But in eight years from now, maybe I'll be laughing loudest. How much? Just a lazy US\$250.billion.

THE FIRST EVER WORLD CHAMPIONSHIP OF MAHJONG - ONLINE!

TEXT *Lars Broberg, COO, Mahjong Logic*

The first ever WCOOM, World Championship of Online Mahjong, is taking place in October 2012 and will feature a total of three Main Events with over US\$100,000 in combined prizes! The three main events will be Riichi, Hong Kong and MCR rules. The 2012 WCOOM is the inaugural event, and will in the future be hosted annually.

SATELLITES

The players can either qualify through the available satellite tournaments, or buy in directly to the Main Events. A satellite tournament in mahjong is a qualifying tournament, and the top players in these satellites each win a seat in the corresponding Main Event.

US\$100,000 IN THE MAIN EVENTS

There will be 3 Main Events with a combined price pool of over US\$100,000.

- Riichi: Japanese style Riichi
- Hong Kong – regular Hong Kong mahjong rules with point calculation using a fan-laak table.
- MCR (Mahjong Competition Rules) – also known as International Rules, or Chinese Official rules.

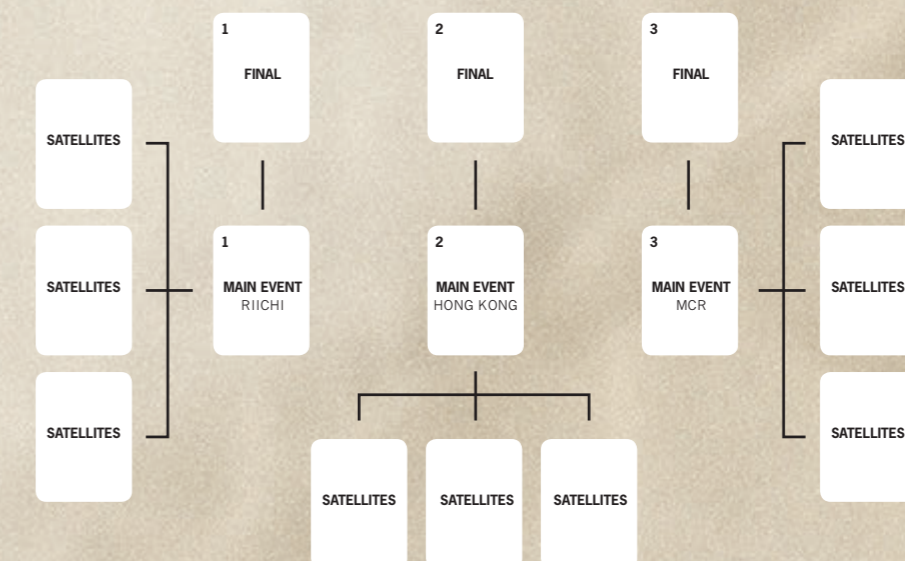
TOURNAMENT STRUCTURE

The tournaments will be played in shootout format. Each tournament is divided into successive rounds.

The top one or two ranked players (depending on the setup for that particular tournament) on each table will progress to the next round while the other players are eliminated from the competition. As the rounds progress, the number of remaining players and tables decrease, the final round consisting of the top four players who have made the final table. The winner of the final table is the overall mahjong champion in that discipline!

All Mahjong Logic licensees will offer the WCOOM tournaments on their respective sites.

For more information go to www.wcoom.com



Mahjong Logic Presents Autumn 2012



www.wcoom.com

Three main events

Qualify through satellites or buy-in directly to the main events