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<http://www.bloomberg.com/news/2014-05-25/sony-forms-ventures-to-make-sell-playstation-consoles-in-china.html>

Sony Forms China PlayStation Venture in Microsoft Challenge

SONY yesterday took steps toward selling PlayStation gaming consoles in China as Chief Executive Officer Kazuo Hirai seeks to tap players in the world's largest market and rebound from a projected sixth loss in seven years.

Sony agreed to form two ventures with Shanghai Oriental Pearl (Group) Co., owner of the Oriental Pearl Tower, to start making and selling PlayStation consoles after China lifted a 13-year ban on sales of the machines. The Tokyo-based company will have a 70 percent stake in one venture and 49 percent in the other, according to a statement filed with the Shanghai Stock Exchange.

The move by Sony comes after Microsoft Corp. announced plans to sell its Xbox One machine in China, and Nintendo Co. said it plans to expand in emerging markets with new devices. China's video-game industry will generate about \$10 billion in sales next year, according to PricewaterhouseCoopers LLP, and console makers are trying to distract Chinese players from games on their smartphones and tablet computers.

"Sony entering the China market can broaden sales," Ryosuke Katsura, a Tokyo-based analyst at UBS, said by phone. "PlayStation 4's online game network service can help the company avoid piracy issues that are more prevalent with packaged games."

In September, Shanghai inaugurated a free-trade zone with more relaxed financial and investment controls as China seeks to unleash market forces in the world's second-largest economy. That's helping attract companies from console makers to banks.

"We think mainland China is an attractive market, we will consider various possibilities in the market," Satoshi Fukuoka, a spokesman for Sony, said by phone.

Fukuoka declined to comment on whether Sony will sell the PS4 or design another console for China, and he also declined to comment on the timing for starting sales in China.