

# Microsoft unveils Xbox in China as it faces probe

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A screen shows the Xbox One logo during the presentation in Shanghai on July 30, 2014

Microsoft on Wednesday unveiled its Xbox game console in China, the first to enter the market after an official ban 14 years ago, even as it faces a Chinese government probe over business practices.

China's State Administration for Industry and Commerce said Tuesday it was investigating the US technology firm for "monopoly actions" related

to its flagship Windows operating system and Office suite of software.

The day after the announcement of the investigation, Microsoft introduced its newest Xbox One model to the potentially vast Chinese market ahead of the official sales launch, which a company representative said would be September 23.

"We are deeply committed to deliver the very best games and entertainment experience for fans in China," Yusuf Mehdi, chief marketing and strategy officer for Xbox, told reporters at an event billed as a chance to "experience" the Xbox.

The slick presentation at the Shanghai Film Museum included Xbox games projected onto a big screen on a darkened stage with deafening sound effects for a crowd of 100 journalists and game developers.

Xbox signs were prominently displayed but Microsoft's coloured square logo was conspicuously absent.

Microsoft said earlier on Wednesday that it seeks to comply with Chinese law.



Yusuf Mehdi, VP Marketing and Strategy for Microsoft's Interactive Entertainment Business, speaks during the presentation of the Xbox One in Shanghai on July 30, 2014

The Xbox One is the first gaming console available for purchase in China through authorised sales channels since 2000. Illegal machines, smuggled into the country, are widely available from online vendors and electronics markets.

## **New trade zone**

China last year set up the country's first free-trade zone (FTZ) in Shanghai as a test bed for economic reforms, among them allowing foreign firms to manufacture game consoles for sale into the domestic market after passing authorities' inspections.

The move has opened up the market to the likes of Microsoft, as well as

Sony's PlayStation and Nintendo's Wii.

Analysts said Microsoft was targeting high-end users in China with the Xbox One, but the price—from 3,699 yuan (\$600), 50 percent more than the basic \$400 US package—might prevent it from reaching a wider market.

"It might need a shift in its strategy if it wants to achieve bigger sales volume after selling to its niche group of users," said Xue Yongfeng, an analyst with consultancy Analysys International.

The government investigation was unlikely to have significant impact on sales among indifferent gamers, he said.

"For its core users, the impact won't be particularly big as users who buy their products don't particularly care about this anti-monopoly investigation," he told AFP.

Microsoft is in the process of setting up a facility to assemble the Xbox in one part of the FTZ at Shanghai's Pudong airport. It is cooperating with China's BesTV New Media, a subsidiary of Shanghai Media Group.

It has enlisted powerful partners to help sell the Xbox in China, including one of the country's top telecom companies and JD.com, the Chinese equivalent of Amazon.

JD.com has already started taking pre-orders through WeChat—China's most popular instant messaging platform—and will accept website pre-orders from Thursday, according to the company.

China Telecom also said it will offer the Xbox through its sales channels from September.

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