

# Chinese tech giant Xiaomi eyes global market with custom chip

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Xiaomi chairman Lei Jun presents the new Surge S1 chipset in Beijing on February 28, 2017

Chinese technology giant Xiaomi on Tuesday unveiled an in-house processor, setting its sights on a top-tier global market long dominated by American companies.

With the launch of its Surge S1 chipset, Xiaomi joins a rarified group of

smartphone manufacturers with self-designed processors—the only others are Apple, Samsung and Chinese telecom company Huawei.

"The ability to create its own chipsets is the pinnacle achievement for any smartphone company," said Lei Jun, Xiaomi's CEO and co-founder.

Lei also introduced the Mi 5C, the first smartphone to be powered by the custom processor, and a new edition to its Redmi phone line at an event for media and "Mi fans."

Custom chipsets are designed to enhance the user experience by making the phone's software and hardware more cohesive.

The Surge S1 was developed by a Xiaomi subsidiary called Pinecone that had been discreetly formed in 2014.

"China is now on the cutting edge of microchip technology," Sun Changxu, a technology analyst for several trade magazines, told AFP. "Xiaomi's release today is strategically significant."

The company previously relied on chips made by MediaTek in Taiwan and Qualcomm in the United States.

Qualcomm's dominance in processor manufacturing has been challenged by antitrust investigations in several countries over the last few years, including a lawsuit filed by the US Federal Trade Commission last month.

Around the same time, China's largest chip maker announced it will invest \$30 billion to build a new semiconductor factory, as the country seeks to reduce its dependence on foreign technology.

At the event on Tuesday, Lei thanked local officials in Beijing for

"encouraging us to invest in a microchip despite our lack of experience."

Xiaomi has long faced criticism for products bearing close resemblance to Apple's, but Lei emphasised the company's innovations.

"We are not copying anyone," he said. "We are learning."

The company faces an uphill battle not only to become globally competitive but also to best domestic rivals.

While Xiaomi led Chinese smartphone sales in 2015, it slid to fifth last year, behind previously lesser-known brands like Vivo and OPPO.

But at least one self-professed "Mifan" was optimistic about the company's future.

Wang Haiyi, a 20-year-old university student who attended Tuesday's launch, told AFP he had no doubt Xiaomi will soon surpass Apple and Samsung.

"We'll go beyond our borders," Wang said.

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