

China's Xiaomi takes aim at Apple with new phone

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Lei Jun, chairman of Chinese smartphone maker Xiaomi, takes a selfie on the latest Xiaomi Note smartphone at a press event in Beijing, Thursday, Jan. 15, 2015. The Chinese manufacturer on Thursday unveiled a new model that Lei said has processor size and performance comparable to Apple's iPhone 6 but is thinner and lighter. (AP Photo/Ng Han Guan)

Rising smartphone star Xiaomi is moving upmarket and taking aim at Apple's iPhone.

The Chinese manufacturer known for ultra-low-priced handsets on Thursday unveiled a new model that Chairman Jun Lei said is comparable to Apple's iPhone 6 but thinner, lighter and much cheaper. The phone starts at 2,299 yuan (\$375), less than half the 5,288 yuan (\$865) price of an iPhone 6 in China.

"We paid attention to every detail to make it as perfect as possible," said Lei, standing on stage before reporters at a convention center in Beijing.

Xiaomi, founded in 2010, passed South Korea's Samsung Electronics Co. in the second quarter of last year as the best-selling smartphone brand in China by number of handsets sold. The company is expanding into India and other developing markets but has yet to announce plans to enter the United States or Europe.

The new Xiaomi could add to competition for Apple Inc. in China, a market CEO Tim Cook has said is expected to become its biggest. Other Chinese smartphone brands including Lenovo Group and Huawei Technologies Ltd. also have released models they say offer features similar to the iPhone but at lower prices.

Xiaomi "is a respected brand that already has an Apple-like following" in China, said analyst Brian Blair, who tracks mobile device makers at Rosenblatt Securities. Apple is still a relatively small player in China, selling about 45 million iPhones there last year, Blair estimates, but will continue to grow.



Lei Jun, chairman of Chinese smartphone maker Xiaomi, holds up the latest models of the Xiaomi Note at a press event in Beijing, Thursday, Jan. 15, 2015. The Chinese manufacturer on Thursday unveiled a new model that Lei said has processor size and performance comparable to Apple's iPhone 6 but is thinner and lighter. (AP Photo/Ng Han Guan)

"Apple is very much a premium brand," said Blair. "The company that's more at risk is Samsung, which has been losing share in that market."

Wearing jeans and a blue button-down shirt with the sleeves rolled up, Lei showed a side-by-side comparison of Xiaomi's newest model, the Mi Note, and the iPhone 6, which went on sale in China in October. He said the processor power, performance and memory size were comparable and the Mi Note includes an improved camera.

While less expensive than an iPhone, the Mi Note's price is a departure for Xiaomi, whose other models cost as little as 699 yuan (\$114). Lei

said the company will offer a professional version of the Mi Note with a more powerful processor and other features for 3,299 yuan (\$540).



Lei Jun, chairman of Chinese smartphone maker Xiaomi, walks past a picture of the Xiaomi Note at a press event in Beijing, Thursday, Jan. 15, 2015. The Chinese manufacturer on Thursday unveiled a new model that Lei said has processor size and performance comparable to Apple's iPhone 6 but is thinner and lighter. (AP Photo/Ng Han Guan)

Privately held Xiaomi said last year's sales tripled to 61.1 million handsets and revenue more than doubled to 74.3 billion yuan (\$12.2 billion).

The company, based in Beijing, recently completed a round of fundraising from investors that it said valued Xiaomi at \$45 billion, making it one of the world's most valuable technology brands.



Lei Jun, chairman of Chinese smartphone maker Xiaomi, talks about the latest Xiaomi Note smartphone at a press event in Beijing, Thursday, Jan. 15, 2015. The Chinese manufacturer on Thursday unveiled a new model that Lei said has processor size and performance comparable to Apple's iPhone 6 but is thinner and lighter. (AP Photo/Ng Han Guan)

Xiaomi ran into legal trouble in India in December after a court blocked sales while it hears a complaint by Sweden's LM Ericsson that the Chinese company violated its patents.

In a blog post earlier this month, Lei called the case a "rite of passage" for a young company.



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Fans of Xiaomi cheer as Lei Jun, chairman of the Chinese smartphone maker, unveils the latest products at a press event in Beijing, Thursday, Jan. 15, 2015. The Chinese manufacturer on Thursday unveiled a new model that Lei said has processor size and performance comparable to Apple's iPhone 6 but is thinner and lighter. (AP Photo/Ng Han Guan)

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