

China's latest EV is a 'connected' car from smart phone and electronics maker Xiaomi

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Visitors to the Xiaomi Automobile flagship store look at the Xiaomi SU7 electric car on display in Beijing, Tuesday, March 26, 2024. Xiaomi, a well-known smart consumer electronics brand in China, is joining the country's booming but crowded market for electric cars. Credit: AP Photo/Ng Han Guan

Xiaomi, a well-known maker of smart consumer electronics in China, is

joining the country's booming but crowded market for electric cars with a sporty high-tech sedan.

The tech company began accepting orders in China via an app on Thursday night, after founder Lei Jun wrapped up a more than two-hour presentation on the SU7 car by announcing the much-awaited price range: 215,900 yuan to 299,900 yuan (about \$30,000 to \$40,000).

Xiaomi said that it received 50,000 orders for the SU7 in the first 27 minutes after sales opened at 10 p.m. Beijing time (1400 GMT).

Government subsidies have helped make China the world's largest market for electric vehicles, and a bevy of new makers are locked in fierce competition. Most of the industry's sales have been domestic, but Chinese makers are [pushing into overseas markets](#) with lower-priced models, posing a potential challenge to European, Japanese and American auto companies.

Lei wasn't bashful about that challenge, saying that Beijing-based Xiaomi aims to become one of the world's top five automakers in the next 15 to 20 years. It's hard to make cars, he told an audience in a live-streamed presentation at a convention center, but added that it's cool to succeed.



A man peeks at the interior of the Xiaomi SU7 electric car on display in Beijing, Tuesday, March 26, 2024. Xiaomi, a well-known smart consumer electronics brand in China, is joining the country's booming but crowded market for electric cars. Credit: AP Photo/Ng Han Guan

The combined share of EVs and hybrids in China's auto sales is likely to reach 42% to 45% this year, up from 36% in 2023, according to Fitch Ratings. But the agency said in a December report that the competition could put pressure on automakers' short-term market share and profitability.

Lei said Xiaomi would lose money on the basic model at 215,900 yuan, a price that undercuts the Tesla Model 3 in China. He claimed the SU7 outperformed the Tesla in most categories, though the top-line version

falls short of the Porsche Taycan.

"There's still a long way to go for our car to become a Porsche," he said, but that if Xiaomi keeps striving for five to 10 years, "we will eventually surpass Porsche one day."

Known for its affordable smartphones, smart televisions and other devices, Xiaomi aims to capitalize on that technology by connecting its cars with its phones and home appliances in what it calls a "Human x Car x Home" ecosystem.



Visitors to the Xiaomi Automobile flagship store look at the Xiaomi SU7 electric car on display in Beijing, Tuesday, March 26, 2024. Xiaomi, a well-known smart consumer electronics brand in China, is joining the country's booming but crowded market for electric cars. Credit: AP Photo/Ng Han Guan

Lei presented the SU7 as a high-performance vehicle with a long range, before highlighting its smart features, such as talking to a delivery person from the car when the doorbell rings at home. In a nod to the popularity of the iPhone, he said that the system would be compatible with Apple as well as Xiaomi phones.

Tu Le, the founder of the Sino Auto Insights consultancy, said that Xiaomi is trying to close the loop by adding transportation to a product mix already integrated into its customers' personal and professional lives.

"The ability to seamlessly be a continuous part of someone's life is the holy grail for tech companies," he said in an emailed response. "You probably don't know anyone in Beijing that doesn't have at least one Xiaomi product, be it a mobile phone, computer, TV, (air) purifier, or tablet."



Xiaomi founder Lei Jun shows off the multiple colors of the SU7, a sporty four-door sedan, during a launch event in Beijing, Thursday, March 28, 2024.

Xiaomi, a well-known maker of smart consumer electronics in China, is joining the country's booming but crowded market for electric cars. Credit: AP Photo/Ng Han Guan

As a newcomer to automaking, the company is making an educated guess that it can design and develop a car that will sell, he said. Given the sluggish Chinese economy and an ongoing EV price war, he predicted it would take a year or two to see if Xiaomi can adapt to correct any missteps and succeed.

"They are a technology company, so that's their advantage, but they need to reconcile that with drinking through a fire hose to learn how to be a

tech company that builds cars," Le said.

CreditSights, a financial research firm, said that it expects Xiaomi's EV division to sell 60,000 vehicles in its first year and lose money for its first two years because of high marketing and promotion costs.

Chinese automakers trying to [expand abroad](#) face political headwinds.

The European Union is [investigating Chinese subsidies](#) to determine if they give made-in-China EVs an unfair market advantage overseas. The U.S. announced an investigation last month into Chinese-made connected cars that it says could gather sensitive information about their drivers.



Xiaomi founder Lei Jun speaks at a launch event for the SU7, a sporty four-door sedan, in Beijing, Thursday, March 28, 2024. Xiaomi, a well-known maker of smart consumer electronics in China, is joining the country's booming but crowded market for electric cars. Credit: AP Photo/Ng Han Guan



Xiaomi founder Lei Jun shows off the colors of the SU7, a sporty four-door sedan, with matching Xiaomi smartphones in Beijing, Thursday, March 28, 2024. Xiaomi, a well-known maker of smart consumer electronics in China, is joining the country's booming but crowded market for electric cars. Credit: AP Photo/Ng Han Guan



Xiaomi founder Lei Jun, waves after introducing the SU7, a sporty four-door sedan in Beijing, Thursday, March 28, 2024. Xiaomi, a well-known maker of smart consumer electronics in China, is joining the country's booming but crowded market for electric cars. Credit: AP Photo/Ng Han Guan



Visitors to the Xiaomi Automobile flagship store look at the interiors of a Xiaomi SU7 electric car on display in Beijing, Tuesday, March 26, 2024. Chinese smartphone maker Xiaomi announced that it will deliver its first electric vehicle on March 28, 2024. Credit: AP Photo/Ng Han Guan



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"China is determined to dominate the future of the auto market, including by using unfair practices," President Joe Biden said when the U.S. investigation was announced. "China's policies could flood our market with its vehicles, posing risks to our national security. I'm not going to let that happen on my watch."

China pushed back this week, filing a World Trade Organization complaint that alleges that U.S. subsidies for electric vehicles discriminate against Chinese products.

The U.S. Defense Department put Xiaomi on a blacklist in 2021 over alleged links to China's military, but removed it a few months later after the company denied the links and sued the U.S. government.

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