

# SeD to take on China social media giants



**Mr Chan:** This venture is his 'last revenge', after losing a fortune during the dotcom bust

**It is acquiring from its new CEO a mobile-app firm known as HotApps**

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SINGAPORE eDevelopment (SeD), fresh from a corporate restructure that puts a well-known white knight at the company's top spot, now looks to challenging Chinese giants Alibaba and Tencent in the instant messaging and e-commerce space.

SeD yesterday announced that it would acquire from its newly appointed chief executive officer, Chan Heng Fai, a mo-

bile-application company known as HotApps for S\$98,000.

HotApps, which is registered in Singapore, will launch an app by the end of this year that incorporates instant messaging and e-commerce. This will be launched in 24 countries, said Mr Chan at a press briefing, with key markets including China, Indonesia, Japan, Latin America and the United States.

This lofty ambition puts the company in the same arena as strong incumbents. Notably, Alibaba this year acquired a stake in messaging and Web-call app Tango, soon after Japan's e-commerce behemoth Rakuten snapped up Tango's competition Viber.

Tencent, which is China's biggest listed technology company and runs China's most popular messaging service, WeChat, is looking to capitalise on its vast social-media reach.

With WeChat's reach of nearly 400 million monthly active users - not far from WhatsApp's some 500 million users - Tencent is likewise lurching into e-commerce, hoping to see similar success from its sales of video games and digital products via its app.

But top firms such as Alibaba are still growing their mobile-based revenue, said Jacky Zhuang, who will be heading SeD's IT businesses, suggesting that there is room for more players.

Mr Zhuang said that the company is still in talks

with potential suppliers from Guangzhou. He also noted that recent moves by the Chinese government to censor social media communication is likely to affect bigger players, rather than newcomers such as HotApps.

Mr Chan, who is known for restructuring companies through his Hong Kong-listed Heng Fai Enterprises, said that this venture was his "last revenge", after losing a fortune during the dotcom bust.

SeD also intends to buy from Mr Zhuang CloudTel, a company that produces desktop phones with smartphone capabilities via a cloud-based service. No price has been set yet, and the acquisition will need shareholders' approval.

Despite offering Internet calls - thereby eliminating the need for analog lines - CloudTel is in talks with telcos in China to offer such phones to the mainland, because telcos, as the incumbents, still offer access to the office communications market, said Mr Zhuang. SeD plans to share revenue with the telcos for advertising apps.

SeD posted a net loss of S\$5.7 million for the six months ended June 30, compared to a net loss of S\$68,000 a year ago. The weaker result was due mainly to its loss-making construction unit, which was sold in May. Shares of SeD last closed at S\$0.005.