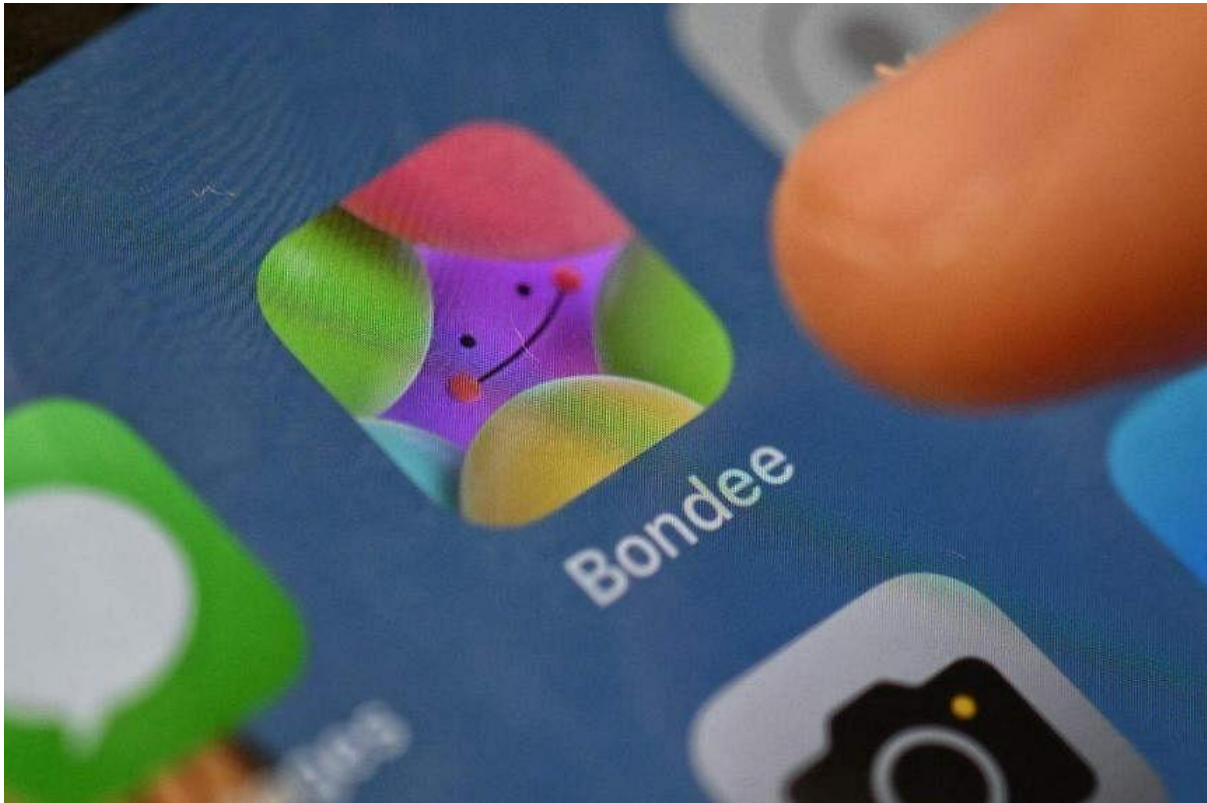


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**Headline: Bondee app downloads plummet as China ties come to light**

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For a short stretch early this year, Bondee seemed on track to be the next hot app in some of the biggest markets in Asia. Millions of young people were drawn to the idea of creating cute avatars and hanging out in one another's "virtual plazas," and users described it as a mixture of the video game *Animal Crossing* and Meta Platforms' WhatsApp messaging service. It topped download charts from Singapore to South Korea.

Then things began to unravel. The trouble started with unsubstantiated rumours of credit card data leaks, which Bondee's developer, Metadream Tech, denied. Some users also began pointing out Bondee's uncanny resemblance to the defunct Chinese app Zheli, better known as Jelly. That app, which briefly went viral in China in early 2022, had vanished from Chinese app stores amid reports of glitchy service and questions surrounding privacy. When internet users in South Korea dug up government records showing that Metadream had registered in South Korea as Chinese, Bondee's developers found themselves trying to refute charges that their big hit was just a way to relaunch Jelly while obscuring its origins.

Metadream, which said it was based in Singapore, explained that it had acquired the rights to Jelly from its previous owner, True.ly of China. While Metadream is indeed incorporated in Singapore, most of the start-up's employees were in China, and it shared legal and finance staff with Jelly's Chinese owner as of February, according to a person familiar with the matter. Metadream was led by Yang Yuxiang, an influential financier in China who spent two decades working for state-backed investment firms. He was listed as a director in Metadream's regulatory filings in Singapore but has recently been removed.

In any case, the damage was done. Many users didn't just abandon Bondee, they also started sharing social media posts on how to delete accounts and uninstall the app. By March, downloads from the iOS App Store and Google Play Store plunged to 400,000, from 2.6 million in February, according to data compiled by data.ai.

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In part, Bondee's story illustrates the faddish nature of smartphone apps. Some users said they simply got bored with it. One of its key features was to organize itself around social groups with a maximum of 50 members, which distinguished it from the largest social media platforms. "That was both its value proposition and its Achilles' heel," says Lim Sun Sun, a professor of communications and technology at Singapore Management University. "There were simply too few people to generate traction."

But Bondee's unusually swift rise and fall also underscores a key difficulty facing Chinese companies with ambitions to reach beyond the country. The prime example of this, of course, is ByteDance's TikTok, which India banned in 2020 and which is now at the centre of a political firestorm in the United States.

The US controversy over TikTok's national security implications seems largely disconnected from the grassroots enthusiasm for the app itself. In major Asian markets such as Japan and South Korea, though, many users express a deep-seated skepticism for services originating in China, in part because of their countries' long, complicated histories with Beijing. "Bondee's nationality controversy and security fears blew up, especially with TikTok fresh in people's minds," says Kim Myuhng Joo, a professor of information security at Seoul Women's University. "There's a lesson for other companies."

Users in South Korea criticized Bondee for collecting too much personal information, such as international mobile equipment identity numbers, unique to each mobile device and used by cellular networks to track them. Some expressed concern that the Chinese government could compel Metadream to share sensitive data about its users. The company issued one statement after another to address the allegations. It reiterated on its website that it was based in Singapore and said it had set up three independent data centres in the city-state, as well as in Japan and the US, to ensure data security and compliance with regional information security laws.

Metadream said in a statement posted on Feb 15 that it was registered as a Chinese company in South Korea because the process was handled by its Hong Kong unit after acquiring China's True.ly. It acknowledged that Bondee was based on Jelly, but noted it had "developed the creative concept further and internationalized the app, launching Bondee as a next-generation social app." Metadream declined an interview request and did not respond to emailed questions.

After witnessing the intense scrutiny TikTok has faced in the US and elsewhere, many Chinese start-ups have been trying to distance themselves from their origins and emphasizing their global nature, or even hoping to pass as local companies in the markets they target. Singapore, which has long played a neutral role in international affairs, is a natural location for Chinese companies seeking a new base. Companies that have moved their headquarters to Singapore include Shein, the popular fashion retailer, as well as TikTok, which has its main offices there and in Los Angeles.

But there's a danger in doing things that make it seem like you have something to hide. The scrutiny highlights how sensitive young smartphone users in countries such as South Korea are to potential privacy and data security risks, says Kim Sangkyun, a professor at the graduate school of business administration at Kyung Hee University in Seoul. "They felt they were misled by Bondee," he says. "You can create the most aesthetically pleasing metaverse platform, but if people feel misled or unsafe, they aren't going to stick around and socialise. Trust is everything." BLOOMBERG BUSINESSWEEK