

Troubled China tech giant LeEco confirms assets frozen

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Assets linked to LeEco and its founder and CEO Jia Yueting have been frozen in a dispute with a creditor

Assets linked to Chinese tech giant LeEco have been frozen in a dispute with a creditor, a unit of the troubled company has confirmed, highlighting its perilous financial state.

Chinese financial magazine Caixin first reported Monday that a Shanghai court had ordered the freezing of 1.237 billion yuan (\$182 million) in assets connected to LeEco, its subsidiaries, and billionaire founder Jia Yueting.

The court ruling was in response to legal action brought by China Merchants Bank over unpaid loans to a LeEco smartphone unit, Leview Mobile.

LeEco was founded in 2004 by Jia to provide online video streaming but has since launched aggressive forays into self-driving cars, smartphones, film-making, and sports broadcasting rights that have plunged it into a cash crunch.

In a statement late Tuesday to the Shenzhen stock exchange, Leshi Internet Information and Technology Corporation—a listed LeEco subsidiary—said 519 million of its shares owned by Jia, which were used as collateral in the loans, had been frozen by the court.

The statement did not refer to the apparently separate "assets" mentioned by Caixin.

Adding to LeEco's woes, debt collectors from 19 firms including some of its suppliers have gathered at the company's Beijing headquarters for the past two days to demand money they claim they are owed, the National Business Daily reported Wednesday.

Pictures posted online showed people lying or sitting on blankets and yoga mats inside the building.

Leshi's statement did not comment on LeEco's larger cash woes. LeEco and the bank did not immediately respond to AFP requests for comment.

In a statement emailed earlier to Bloomberg News, China Merchants Bank said the business risks in the dispute were under control, without elaborating, adding that the impasse could be resolved through negotiations with LeEco.

Sometimes referred to as a combination of Netflix, Apple, Amazon and Tesla, LeEco last year announced bold plans to break into the US market, but has since throttled back following a series of setbacks.

In a letter to employees in December, Jia admitted the firm was cash-strapped and had "blindly sped ahead" with expansion.

In January, it secured a \$2.2 billion investment lifeline from a group led by property developer Sunac China Holdings.

But a month later the Asian Football Confederation (AFC) said it had terminated a \$100 million contract with subsidiary LeSports to broadcast AFC games in China after reports of payment defaults.

In April, LeEco dropped a bid to acquire US television maker Vizio and in May announced it was laying off 70 percent of its US staff, or 325 jobs.

LeEco's troubles have been cited as a cautionary tale arising from a flood of Chinese overseas investment in recent years.

Since late last year, Chinese authorities have moved aggressively to rein in the outflows amid a fall in the country's currency, concerns over capital flight and official warnings that many overseas investments were unsound.

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