

## 《乐视陷入财务危机》

Chinese actress Gan Wei is better known as the wife of Jia Yueting, founder of Chinese internet company LeEco, which was once a successful tech story but now faces a severe cash crunch.

Gan recently forwarded Jia a post on Sina Weibo, a microblog platform, which says that "Life may be fraught with hardships, but happiness should never be affected by that. Even if life is hard, I still love it."

Gan has been very supportive ever since Jia publicly admitted in November that the company's expansion efforts have gone too far and the troubled Chinese tycoon was bombarded with questions and doubts about his ambitious business plan and his ability to reinvigorate LeEco.

But the financial crisis may be far more severe than Gan and Jia had expected. The 21st Century Business Herald quoted a due diligence report from an undisclosed financial institution that said LeEco has seven business units which span smartphones, finance, sports and automobiles, but only its video-streaming unit and movie business are making money. The others are all in the red.

In the first three quarters of 2016, LeEco recorded 9.73 billion yuan (\$1.43 billion) in losses, although its revenue stood at around 40 billion yuan, the 21st Century Business Herald said.

Smartphones are the biggest culprit, contributing 5.66 billion yuan in losses. Its sports and automobile units posted 2.63 billion yuan and 1.34 billion yuan in losses respectively, the report added.

LeEco was not immediately available for comment.

Almost at the same time, five investment funds, all investors in Leshi Internet Information and Technology Corp, the listed video-streaming unit of LeEco, lowered their valuation of Leshi's stock.

ICBC Credit Suisse Asset Management Co Ltd, for instance, lowered its valuation to 22.37 yuan per share. In comparison, Leshi stock closed at 30.68 yuan before its shares were halted from trading in April. The suspension continues. LeEco did not disclose when the shares will resume trading.

This equals Leshi shares declining to their 10 percent daily limit for three consecutive days, analysts said.

Shen Meng, director of boutique investment bank Chanson & Co, said LeEco has been suffering from a number of setbacks, which considerably diminished investor confidence.

Last month, Shanghai High People's Court froze 15.9 billion yuan worth of Jia's stocks in Leshi due to unpaid interest debt.

The ruling came as a China Merchants Bank branch applied for a property preservation order in June to block the 1.24 billion yuan of assets owned by Jia, his wife and three affiliated companies.

Shen said LeEco's cash flow problems were worsening, despite a 16.8 billion yuan investment from real estate developer Sunac China Holdings and others at the beginning of the year.

Partly as result of the mounting financial pressure, Jia resigned from all positions at the listed Leshi unit, stepping down as chairman, and left the board of directors.

Jia said he would focus on LeEco's automobile business, which is not listed. He would especially devote more time to Faraday Future, the US-based startup he personally backs.

But Faraday Future said on Tuesday that it halted plans to build a \$1 billion factory in Nevada. "We are in the process of identifying a manufacturing facility that presents a faster path to start-of-production and aligns with future strategic options," Faraday said.

Lu Zhenwang, CEO of the Shanghai-based Wanqing Consultancy, said it is highly difficult for Jia to succeed in the cash-intensive automobile sector, given LeEco's worsening financial risks.

"Producing cars is far more complicated than making smartphones. The faster an auto factory grows, the more resources firms will need to keep it running. It will take at least three to five years before enterprises generate any profit from a car factory," Lu said.