



## Remark Holdings Refutes Misleading and Inaccurate Report and False Allegations About the Company

February 7, 2018

LAS VEGAS, Feb. 7, 2018 /PRNewswire/ -- Remark Holdings, Inc. (NASDAQ: MARK), a global technology company focused on providing artificial intelligence ("AI") solutions, both firmly rejects and denies the numerous false allegations made by J Capital Research analyst Anne Stevenson-Yang in a report published yesterday.

"The claims made in the J Capital Report are completely false and unsubstantiated," stated Kai-Shing Tao, Chairman and CEO of Remark Holdings. "It's unfortunate that we have to even respond to such baseless accusations, but we believe it is necessary to prevent this cowardly attack from creating further damage to Remark's strong, hard-won reputation as a global technology leader. With this now behind us, we will continue focusing on the more important matters of our business. We greatly appreciate the confidence and support shown by our shareholders and remain dedicated to creating long-term value in the months and years ahead. We look forward to discussing the progress of our AI platform and our continued revenue growth on our next earnings release."

In December 2017, the Charoen Pokphand Group (CP Group), one of the world's largest conglomerates, invested in MARK with sizeable premium, which shows the confidence they have in our KanKan technologies and businesses. MARK CEO Kai-Shing Tao was selected to be one of 35 VIP speakers to present last November at the prestigious 4thWorld Internet Conference in China, where past speakers included the founders of leading Chinese companies like Alibaba, Tencent, Xiaomi, Baidu and JD.com. And in April 2017, MARK received "The Most Technical Breakthrough Award" from Alibaba Cloud for its KanKan Open Artificial Intelligence Platform.

### Numerous Factual Misstatements

J Capital's report is inaccurate, contains numerous factual misstatements and presents information that is seriously misleading. Remark refutes all the unsubstantiated claims in J Capital's report, and would like to address these inconsistencies directly, including the following examples:

*J Capital: MARK claims to be a major player in credit checks, but some of the biggest private lenders have never heard of the KanKan credit platform and say they wouldn't use it if they had.*

This is false. After lengthy testing of our credit product, Remark has been selected as a partner by large banking institutions, such as Bank of China, China CITIC Bank International and numerous other major lenders as we mentioned in our previous public releases. As of Q4 2017, Remark had completed an additional six FinTech contracts using KanKan credit data.

*J. Capital: There is no evidence of promised partnerships with Alibaba, Tencent, and other Chinese majors.*

This is false. Remark announced a series of partnership agreements with Alibaba Cloud and Tencent Cloud in Q4 2016 as the releases were published both on MARK's websites and, Alibaba and Tencent websites respectively, and Remark continues to successfully execute those partnership agreements with Alibaba and Tencent. Furthermore, Remark increased its relationship with Alibaba through an announced partnership with the company's mobile unit in 2017.

*J. Capital: MARK claims to have developed language-recognition software, web filtration, Big Data analysis of virtually all China's consumer records, and 3D face recognition, all on a historical total of USD 2.8 mln in R&D costs— roughly the price of a nice two-bedroom apartment or Park Avenue. They claim to manage a database with 2 petabytes of data and yet show no hosting costs.*

In 2017 alone, Remark spent nearly \$1 million just to host KanKan data in the cloud. KanKan provides private cloud services for customers, as well as public cloud services on Alibaba Cloud. Remark currently has approximately 2,000 to 2,500 server instances on Alibaba Cloud, Tencent Cloud, Digital Ocean Cloud, Linode Cloud and Amazon Web Services AWS for data storage, archiving, indexing, data analysis and data services.

*J. Capital: What's more, MARK owns none of the vaunted KanKan technology that is driving share appreciation. The platform resides in companies owned by individuals – these companies are not MARK's VIEs – and there are no discoverable patent applications, contrary to the company's claims.*

These claims are seriously misleading. Remark developed and controls the KanKan technology through a control structure common among businesses operating in China. Remark has established variable interest entity (VIE) partnerships with companies in Chengdu and Hangzhou. Alibaba, Baidu and others have similar VIE partnerships. Financials for Remark's VIE companies are consolidated with Remark's financials, which are audited by third-party auditors. Remark is the process of filing patents in both China and the U.S.

*J. Capital: In case the shares do not appreciate, MARK's CEO and CFO have made loans to MARK through an investment vehicle they control called Digipac LLC. The USD 10.8 mln in loans paid 8.67% after year 1. We initially questioned the wisdom of lending money to a company wthat(sic) appears unable to generate any EBITDA or FCF, but, reading further, we believe this was nothing but an attempt to grab more options. In 2016, USD 2.5 mln in unpaid principal and interest was converted into MARK shares at less than USD 2 per share (see page F-31 of the 2016 AR).*

A blatant math mistake makes this statement inaccurate. J Capital cites the 2016 10K as its source for this statement, but neglected to add the additional \$3.5 million Senior Secured Convertible Promissory Note to the \$2.5 million Senior Secured Convertible Promissory Note.

*J Capital: At the time of acquisition, Vegas.com reported total bookings of USD 250 mln but no revenue. It still has not reported revenue.*

False. Had the analyst read the company's most-recent "2018 FINANCIAL GUIDANCE & OUTLOOK" contained in the January 23, 2018, Current Investor Presentation, she would have seen that the company expects Vegas.com net revenue of between \$65-\$75 million with EBITDA margins of 10-13%. The company's most-recent 10Q filing shows actual nine-month revenue for the company's Travel and Entertainment Segment of \$43 million, which refutes the analyst's assertion that Vegas.com "has not reported revenue." Vegas.com is an established, successful 20-year-old business

acquired in 2015 with a long history as the premiere online booking service for all of the travel and entertainment opportunities related to Las Vegas and the immediately-surrounding areas.

### J Capital's Poor Track Record

The J Capital analyst has a lengthy and documented track record of bearish pronouncements about the Chinese economy and companies, including Alibaba, many of which have been proven wrong. She questioned Alibaba's finances as far back as 2014, for instance, and later recommended shorting the stock. Alibaba stock has almost tripled since. In 2015, she set a price target on JD.com of \$23.36. The stock now trades at almost twice as much, even accounting for recent market turbulence.

Digital news outlet Quartz called her firm "a bearish-on-China research firm," and Barron's has said on multiple occasions that Stevenson-Yang is a bear on China.

In contrast, Roth Capital Partners analyst Darren Aftahi issued a report about Remark Holdings (MARK) on January 31 headlined: "Potential Making of an AI Juggernaut," where the analyst wrote, "Numerous key contract wins point to KanKan's potential both near and long-term," and "KanKan has access to significant data which differentiates its platform in our view," among the analyst's other comments.

Unlike most analysts, Anne Stevenson-Yang possesses no credentials as a Chartered Financial Analyst, much less an accountant. She claims in her official biography to have started or co-founded several businesses, but there are no records of the dispositions of those alleged companies. The individual listed on J Capital's website as the "Compliance Officer" also offers no credentials or prior experience in that position. Like Stevenson-Yang, his prior experience appears to be in the media.

In fact, a disclaimer in J Capital's so-called report would largely disqualify the firm and its principals as analysts in the United States: *"You should assume that as of the publication date of our reports and research, J Capital Research USA LLC may benefit from short positions a client has in all stocks (and/or options, swaps, and other derivatives related to the stock) and bonds covered herein, and therefore stands to realize significant gains in the event that the price of either declines."*

Ms. Stevenson-Yang is welcome on her next visit to the United States to make an appointment in our offices and ask questions and conduct some actual due diligence. However since that is not her style, the company will no longer respond to the unsubstantiated claims of a stock trader masquerading as an analyst.

# Remark Holdings

## About Remark Holdings, Inc.

Remark Holdings, Inc. (NASDAQ: MARK) primarily focuses on the development and deployment of artificial-intelligence-based solutions for businesses and software developers in many industries. Additionally, the company owns and operates digital media properties that deliver relevant, dynamic content. The company is headquartered in Las Vegas, Nevada, with additional operations in Los Angeles, California and in Beijing, Shanghai, Chengdu and Hangzhou, China. For more information, please visit the company's website at [www.remarkholdings.com](http://www.remarkholdings.com).

## Forward-Looking Statements

This press release may contain forward-looking statements, including information relating to future events, future financial performance, strategies, expectations, competitive environment and regulation. Words such as "may," "should," "could," "would," "predicts," "potential," "continue," "expects," "anticipates," "future," "intends," "plans," "believes," "estimates," and similar expressions, as well as statements in future tense, identify forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors, including those discussed in Part I, Item 1A. Risk Factors in Remark Holdings' Annual Report on Form 10-K and Remark Holdings' other filings with the SEC. Any forward-looking statements reflect Remark Holdings' current views with respect to future events, are based on assumptions and are subject to risks and uncertainties. Given such uncertainties, you should not place undue reliance on any forward-looking statements, which represent Remark Holdings' estimates and assumptions only as of the date hereof. Except as required by law, Remark Holdings undertakes no obligation to update or revise publicly any forward-looking statements after the date hereof, whether as a result of new information, future events or otherwise.

### Company Contact:

Douglas Osrow, CFO  
Remark Holdings, Inc.  
[dosrow@remarkholdings.com](mailto:dosrow@remarkholdings.com)  
702-701-9514, ext. 3025

### Investor Relations Contact:

Matt Glover or Tom Colton  
Liolios Group, Inc.  
[MARK@liolios.com](mailto:MARK@liolios.com)  
949-574-3860

 View original content with multimedia: <http://www.prnewswire.com/news-releases/remark-holdings-refutes-misleading-and-inaccurate-report-and-false-allegations-about-the-company-300594868.html>

SOURCE Remark Holdings, Inc.