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Anne Stevenson-Yang
anne@jcapitalresearch.com

+852 5223 8703

Mountebank

Remark Holdings (MARK US) May Be the Most Brazen Stock Promote of the Year

▶ **No “there” there:**

Wherever we look, we cannot find a real business behind Remark Holdings. The company changes its business description so quickly that even management struggles to explain. That does not stop them from pushing out press releases that make wild claims for fantastic new technologies to come.

▶ **The mostly non-existent China business:**

The buying fever around MARK comes from extravagant promotion of a mostly non-existent artificial intelligence business in China. We did extensive diligence on MARK in China and found:

- ▶ 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.
- ▶ There is no evidence of promised partnerships with Alibaba, Tencent, and other Chinese majors.
- ▶ 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 on Park Avenue. They claim to manage a database with 2 petabytes of data and yet show no hosting costs.

▶ **No KanKan assets:**

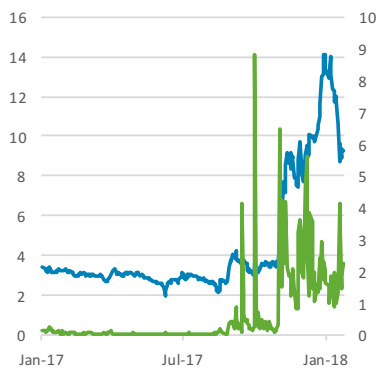
What's more, MARK owns none of the vaunted KanKan technology that is driving share appreciation. The platform resides in companies owned by individuals – these companies are not MARK's VIEs – and there are no discoverable patent applications, contrary to the company's claims.

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Remark Holdings (MARK US)

Share Price	\$ 9.25
Market Cap (mln)	\$ 254.65
S/I	13%
J Cap's Valuation	\$ 2.23
Difference	75%
P/E	N/A

Remark Holdings (MARK US) last share price in usd (blue, left) and volume (green, right, mln shares)



Source: Bloomberg February 5, 2018

▶ **The “leading website” with 335 followers:**

The website that the company claims is “China’s leading source of Western digital content” with 28 million followers has not attracted new user posts since 2014 and has 335 followers on Weibo.

▶ **All about the options:**

The real driver behind share appreciation seems to be that management is looking to cash in on options. The CFO in particular is a very active seller.

▶ **Shady U.S. websites:**

The U.S. properties look equally dubious. They appear to be money-losing businesses for which MARK makes big and unverifiable claims.

▶ **Conflicts right and left:**

The CEO and CFO lend money to MARK through their own investment company at rates over 8%, with conversion terms that price the shares well below market.

▶ **Valuation:**

On a sum-of-the-parts basis, we estimate that MARK could be worth USD 2.23 per share. But we think that, even if MARK were able to successfully exit its investment in Sharecare, it is questionable whether investors would receive any of the proceeds.

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We can't find evidence of the partnership with Alibaba that Remark features so prominently. A former Alibaba engineer told us the company does not share its database with third parties.

Tout

Remark Holdings is best described as a Chinese reverse merger that throws press releases against the wall and hopes something sticks. In the last four months, what has stuck is preposterous promises for an “artificial intelligence” offering, sending MARK’s share price up by close to 300% before it drooped again on January 30. We have done extensive due diligence in China and found the only accurate word in the company’s statements is “artificial.”

This grab-bag of also-ran websites started out as a Chinese cell phone sales business that acquired rights to How Stuff Works (HSW) content in China and Brazil and, based on those rights, set up a couple of websites. The business never really worked, and the HSW China website—although still disclosed as an active business—is now closed.

Now the share price is being driven by hyperventilation around the “KanKan platform,” an almost wholly fictional AI offering that MARK doesn’t even own. “Put frankly, I have never been as excited about any public investment in my career as that of Remark Holdings (MARK), due to its AI offering KanKan,” wrote an anonymous investor on a site run by Tailwinds group. The few analysts—one from that glue factory for sell-side analysts, Roth Capital Partners, and two private investors—who join the conference calls are similarly worshipful.

Buzz Word Bingo

MARK’s promotional statements include highly dubious claims about its partnerships.

Alibaba partnership: It is highly doubtful Alibaba has a partnership with KanKan. Granted, Alibaba is a huge organization, but we telephoned an engineer who formerly handled customer databases at Alibaba. He said that Alibaba does not open up its customer database to other companies and he had never heard of a cooperation of the type described by KanKan.

Remark says a partnership with Alibaba gives it consumer records that KanKan analyzes with its “big data” analytics. However, our due diligence casts serious doubt on this claimed partnership. The company has been touting that partnership since May 2016. Here is a quote from an 8-K last April: “Alibaba has granted us access to the data of all transactions made through Alibaba, primarily through Taobao, Tmall, and Alipay. This reflects approximately 400 million users on an annual basis.”

In the Q1 2017 call, CEO Shing Tao said:

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We cannot find a private lender that has heard of KanKan, and they use credit records from the central bank--they generally do not pay third parties for credit data.

“Alibaba’s Cloud also chose KanKan to support its new enterprise profile portion for artificial intelligence technology. The combined offering provides Alibaba Cloud enterprise customers with a comprehensive platform offering realtime risk insights, enterprise development analysis, investor, partner and customer targeting and customized data packages by leveraging publicly available business data in China on the macro level. This enterprise profile solution is expected to be made available to customers in the second quarter with incremental revenues begin shortly thereafter and increasing in the months ahead. With our partner Tencent, we are co-developing machine learning-based predictive model, customers in a wide variety of verticals.”

Earnings Call Transcript | [Seeking Alpha](#)

Possibly the “partnership” means that MARK once rented space from Alibaba. [KanKan’s website](#) lists an address in Hangzhou that is an Aliyun (the cloud division) incubation center hosting a dozen small companies. But we visited the center and the manager told us that no KanKan or related company had been in residence there.

When we called the KanKan Chengdu office to verify, a manager said that the Hangzhou address was incorrect and that the company had “almost no”



The Aliyun incubation center. | Photo by J Capital January 2018.

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The claims for KanKan are just preposterous—natural language recognition, big data analysis, credit checks, facial recognition, online content filtration—all in two years and on less than \$3 million!

staff in Hangzhou. Yet the address is still on the website and MARK continues to claim operations in Hangzhou.

At the incubation center, a staff member at the front desk said that companies were free to rent space in the center. Four staff members we spoke with had not heard of KanKan or the Remark entities.

Credit screening: By Q4 of 2016, Remark said the company was performing credit checks based on a proprietary technology and that it could handle 100 million checks per day. Excitement on the MARK calls about this offering is at a fever pitch but conversations with private lenders turn up no evidence that lenders use, would use, or are even aware of MARK’s offering. From the Q3 2017 call: “First, quality lead acquisition; second, social credit score and risk management; third, social listening and loan monitoring and fourth, professional debt collection. This expansion allows our SaaS based FinTech platform to provide a complete consumer financing solution to our customers whether they need us to help them with one more areas or the entire platform to support their consumer loan business.” “Exciting times!” exclaimed MARK investor George Kafkarou on the Q3 call. He and the MARK management team dangle the possibility that KanKan will support 2% of credit decisions in this market and will furthermore help lending companies monitor loans. MARK management claims already to have achieved a low default rate on supported loans.

But private lenders say this is complete nonsense. In interviews with 10 private lenders in China, including the three largest, we found none that paid for credit data and we discovered only two that use any third-party private data, including the Alibaba Sesame Credit score. One used the Sesame Credit score for marketing and customer acquisition rather than credit checks and was not paying Alibaba for the data. The other used the Zhixindu (“wisdom and credibility”) app, which provides largely the same records licensed financial institutions get from the central bank in a more convenient fashion.

Private lenders agree that the central bank’s credit records are the most important source of credit data and, otherwise, each company has its own verification method relying on information that the applicant provides.

Said one company, “We wouldn’t buy sensitive personal data. . . If I asked someone to check whether an applicant is blacklisted somewhere, I wouldn’t pay—this time, you check for me and next time I’ll check for you.” The loan officer had not heard of KanKan.

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Why doesn't MARK own the company that is developing the KanKan platform? Chinese regulation would welcome foreign ownership.

Said another, "If I suspect the credit quality of an individual, I use the Zhixindu app. If we need company credit data, we have a financial services license and we use the central bank's credit check system. . . I have never heard of something called KanKan."

Although it is difficult to prove a negative, we have yet to find a private lending company that knows about the KanKan offering.

The KanKan platform: The company cannot seem to get straight even on when the KanKan offering started or what it includes. That is not really surprising, considering that MARK does not actually own the KanKan platform, nor does it appear to have any patents associated with the technology.

Our diligence indicates minimal market awareness of this platform at best, and an outright falsehood at worst. The KanKan offering was started in 2015, according to MARK, which opened the Chengdu office where KanKan resides January 2016. CEO Shing Tao claimed in Q3 2017 that they spent three years developing the KanKan technology—but that was less than two years after the company was founded. At that time, MARK said there were 15 KanKan products.

Initially, KanKan was a "Data intelligence and social media application" that also "aggregates social media" across Facebook, Twitter, Instagram, WeChat, Weibo. This assertion is difficult definitively to prove wrong. But we spoke with a large advertising agency and a large search engine optimization agency in China. Neither had heard of KanKan AI, and both said that the only way to buy clients across platforms would be to buy advertising on Google

A few local agencies offer malicious pop-up advertising that infects browsers and therefore can be seen on multiple platforms, but the KanKan websites do not offer any advertising services. We telephoned the main KanKan company in Chengdu to inquire about purchasing advertising, but the company did not respond or return our call.

Face recognition: In the Q4 call, Remark said it had billions of images in its database, which contained 2 petabytes of data. This is confusing, since Remark does not report costs for hosting.

KanKan offers a facial recognition software available from the [Huawei cloud](#) in different formats—two are free, one costs RMB 10 per month, and one, a universal license for the platform, costs RMB 150,000. The KanKan Chengdu website displays a screen shot of a Sina video product that does not

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contain the KanKan name but presumably must use KanKan. But a search for the product, whether on Baidu, in the Chinese iStore or in the U.S. iStore yields no results.

Among the use cases most actively promoted is a program that MARK says will “enforce food safety policy” by placing the KanKan “SmartEye system” in cameras in 2,000 restaurants in 2018. In Q3 2017, Shing Tao claimed a “multi-million-dollar contract” from a “leading solution provider in China.” The question is who might pay for this service.

We spoke with the Food and Beverage Department director at a five-star hotel in Shanghai. He said that the city of Shanghai is providing cameras to five-star hotels under such a surveillance program for free. It would be unusual for China for the cameras and embedded technology to be paid for outright; China is crawling with start-up hopefuls offering all sorts of free technology to government agencies, from mobile ordering systems to online menus and inventory management services for restaurants, all in return for the privilege of selling advertising to the restaurant clientele. So, does the China Food and Drug Administration have a budget for monitoring? None has been publicly discussed, but it is not impossible.

We did manage to find one camera company that claims to be supplying the “Bright Kitchen” program, a company called [Micrown](#). When we telephoned that company, a salesperson had not heard of KanKan AI.

Several types of facial recognition software are available online. Facial recognition software is generally bundled with other software and provided for a very small fee or for free. There may be some companies that use KanKan’s system. But if you search “download facial recognition software” on Baidu, KanKan does not appear.

The porn and terrorism filter: In the Q4 2016 call, Shing Tao claimed that there are 100 million active



Page from the Datapeak brochure offering web filtration. Datapeak is the brand name used by the company that says it is developing KanKan. | Screen shot by J Capital January 2018.

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Why would you pay for a porn and terrorism filter when displaying porn and terrorism content is illegal to begin with?

users per day of the company’s porn and terrorism filter. But the product is “in the process of being launched” and does not have a name yet. It is hard to know what lies behind this claim. Searches on Baidu for porn and terrorism filters lead only to results about U.S. offerings and technologies.

The company that is developing the KanKan platform calls its system Datapeak and does not use the KanKan name. In the Datapeak product brochure, the company says it has a “bad content filtration system.” A salesperson from KanKan Chengdu said the company was offering the filtration system for sale either outright, for RMB 150,000, or for RMB 10 per 10,000 filters. The filter runs, this salesperson said, every 5-10 seconds when installed on a browser.

Maybe there is someone dumb enough to download such a tool. All online companies in China have taken active measures to guard against pornographic and terrorist content since well before KanKan existed. Terrorism and pornography are both illegal in China, of course, and any search tool that displayed such illegal content would lose its license.

Vaulting the firewall: MARK management says that it offers international advertisers the opportunity to avoid China’s firewall controls on content. We have serious doubts about this claim. In the Q4 2015 call, the company said of its “relationship” with Alibaba, “By virtue of this relationship, we’ve been granted a dedicated line to bypass the greatest firewall that exists between U.S. and China, enabling us to support user experience across geographies and track user data.”



The Fanstang office in Shanghai. There were about eight people in the office around 4 pm on a Wednesday in January. | Photo by J Capital January 2018.

It is unclear what this means. We understand there are no services that evade the firewall unless it is VPN services, which are explicitly illegal. Even infrastructure services such as Akamai, the caching service, and Cisco routers are subject to firewall content restrictions and blocking.

Fanstang: Remark claims that its Chinese Fanstang site is immensely popular and has more than 120 mln followers. Its nearly non-existent Weibo following belies that claim. Remark does have a small office in Shanghai supporting the Fanstang website, with about 10 people at work when

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The video platform Youku has a [Fanstang channel](#) with many videos available and frequent updates. But there are only 21,000 followers. | Screen shot by J Capital January 2018.

Alpha transcript)

We expect that, if such applications were made, they were likely made by private parties who may have a beneficial interest in the KanKan platform; no patent applications appear in Chinese databases for entities that we have identified as belonging to Remark Holdings. In any case, it is remarkable to have developed 22 patents in three quarters. In the 2016 10-K, Remark made no reference to AI-related patents: “We have filed a provisional patent with the United States Patent and Trademark Office in relation to Roomlia, and we own two patents and several copyright registrations related to Vegas.com. We also hold various trademarks for our brands, and we have additional applications pending.” (page 4)

we visited. But the website is nowhere near the popular destination that Remark maintains. Fanstang has a rank of 16,153,480 on [Alexa China](#). Visitor comments and posts are from 2014. In February 2016, [press coverage](#) of Fanstang claimed 128 million followers “across all social media platforms,” but the Fanstang channel on the popular blogging site Weibo has just 335 followers and 470,000 fans as of January 2018.

Where are the patents?

Whether in Chinese databases or searching using Google Patent, no patents or patent applications are found either for Remark Holdings or under the name KanKan. In the Q3 2017 conference call, Shing Tao said, “As it relates to KanKan's IP, we have filed 22 AI-related patents in Q2 and Q3 and we're building up our IP portfolio quickly for the remainder of 2017 and coming 2018 to continue to be the leader in the AI space.” (Seeking

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We asked company IR about the patents but have not received a response.

Nothing owned

Among the more concerning red flags in the Remark businesses is the structure of the China operations. When it comes to the KanKan business, which is supposedly to deliver the company's first profit and raise MARK's total revenue by more than 50% in a single year, MARK (including its VIEs) does not own a thing.

KanKan is operated out of a company based in Chengdu, Sichuan that is called Remark and whose website connects to Remark Holdings but that was established only in January 2016. The company's shareholders are two Remark executives, CTO Jason Wei and Xiao Li, who frequently turns up in the company equity structure but is not identified in company materials. Shing Tao is a board member.

We believe CEO Tao may be attempting to seize without disclosure what legal control of KanKan Remark shareholders may have. Tao deregistered Kankan HK Limited (he was acting as a director) on December 8, 2017. One month earlier, in November 2017, Tao registered a new company (again as a director) in Hong Kong called Kankan Limited. Kankan HK Limited was owned by Remark and was disclosed in company filings—inaccurately, we think—as owning Kankan in China. The new Kankan Limited is owned by the company secretary of Kankan HK limited, Sino Asean Fiduciaries (HK) Limited, and the directors are Kai-Shing Tao and CTO Jason Wei.

Interestingly, KanKan is hosted on two different sites, which have almost the same content and the same look and logo but at different URLs, one owned by the Chengdu company and the other by a company in Hangzhou called Hangzhou Shufeng Tech. This company was first disclosed in November 2016 as a subsidiary of KanKan Limited, registered in the British Virgin Islands. But Jason Wei is the 100% owner of Hangzhou Shufeng. Either Wei or Xiao turns up in the equity structures of at least five other companies in China, including the company in Beijing that is disclosed as Remark's Variable Interest Entity (VIE), Bonet (Beijing) Technology Ltd.

There are many ways in which these arrangements are irregular. First, the activities of KanKan are not restricted and do not require that they be lodged in a VIE structure. In fact, China encourages foreign companies to establish technology development ventures, especially in AI. MARK's direct subsidiary could be collecting revenue from the KanKan business. So why is KanKan carved into two pieces and lodged in companies that do not belong to MARK? Neither the Hangzhou nor the Chengdu company is disclosed as a VIE, which means that any revenues will not be conveyed to MARK. Even if they are undisclosed VIE companies, Chinese VIEs cannot distribute hard-currency earnings to offshore entities. MARK does not own

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KanKan. It does not even have a trademark application for the name, at least one we can find in Chinese databases.

Second, it is unusual for international companies operating in restricted industries to use VIEs as more than pass-throughs. Usually, the core staff and promotional activities are lodged in directly owned subsidiaries. The VIEs for companies like Baidu, Netease, and SINA are on-paper entities that bring in revenue for restricted activities and pay it out again under contractual arrangements with the foreign-owned Chinese company. Most listed companies recognize that VIEs technically have no obligation to the foreign company and it is risky to have them hold important assets.

Remark Holdings discloses two VIEs, Bonet and a company called Bowenwang Technology. We can find no records for a Bowenwang Technology. There is one company in Beijing with a similar name that offers online reading materials, but it is privately owned by an apparently unrelated shareholder. The website Bowenwang.com.cn, which Remark promoted in investor presentations until 2016 as the Chinese version of How Stuff Works, currently has no content.

We obtained financial records for Bonet for the years 2015 and 2016. Bonet should be collecting all Remark’s China revenue. But the company records show that it had no revenue in either year. The company did have half a million dollars in sales costs in 2016 and USD 2.2 mln in payables. It had just USD 117 in cash. In 2015, the only entry in the accounts was a credit of USD 56,000 in cash. That cash had disappeared in 2016.

**Table 1. Bonet Financial Statements
(in USD at current exchange rate)**

Statements	2016
Balance Sheet	
Cash	\$ 117
Accounts Receivable	\$ 223
Prepayments	\$ 98,402
Other Receivables	\$ 14,590
Total Current Assets	\$ 169,638
Fixed Assets	\$ 7,054
Total Long-Term Assets	\$ 7,054
Total Assets	\$ 176,692

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Statements	2016
Taxes Payable	\$ 6,535
Other Payables	\$ 2,200,591
Total Current Liabilities	\$ 2,207,126
Total Liabilities	\$ 2,207,126
Paid-in Capital	\$ 158,000
Retained Profit	\$(2,188,434)
Owners' Equity	\$(2,030,434)
Total Liabilities and Shareholders' Equity	\$ 176,692
Income Statement	
Business Income	\$ -
Sales Costs	\$ 18,678
G&A	\$ 461,983
Finance Costs	\$ 2,556
Business Profit	\$ (483,217)
Minus: Other Expenses	\$ 12
Total Profit or Loss	\$ (483,229)
Net Profit	\$ (483,229)

Source: Beijing Tax Bureau records provided by Wuhan Information Credit Company Management Co. Ltd.

“Show me the incentive and I will show you the outcome.” – Charlie Munger

Why would Remark’s comments about its products differ so much from the reality of what is now offered and what is possible? Look no further than the options and warrants.

Significant options have been awarded to CEO Kai-Shing Tao and CFO Doug Osrow. In 2015 and 2016, these two were awarded option packages of about 3.05 million shares--most of which vested immediately--at prices in the USD 4-4.50 range. Net gains are close to USD 23 mln. Osrow has regularly cashed in, making about USD 500,000 in January of this year alone.

From the start, incentives were established to drive the stock higher. One of the

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key members of the founding team, Jeff Arnold, received as his compensation a 10-year option to acquire 3 million shares for himself and 1 million to allocate to others at a strike price of USD 6.50.

Given the very recent share appreciation to over USD 11, we expect that Remark insiders will be cashing those options very soon.

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 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).

Remark is a money-losing company that is generally strapped for cash. In order to make its acquisitions, the company has had to borrow on perilous terms. MARK has USD 35.5 mln in loans outstanding that carry a coupon of LIBOR +10%--and, based on the financials, we think there is no way to repay this.

MARK signed a USD 20 mln purchase agreement with Aspire Capital LLC that offers Aspire shares at less than USD 4.50. Aspire has similar agreements with many other questionable micro-cap stocks, including iPass, Viking Therapeutics, Dare Bioscience, Cerecor, Parker Vision, Aptose, Valeritas, and many more.

Back in the U.S.: Snake oil, Vegas, and bikinis

The signature of MARK's U.S. acquisitions is the ability for executives to make money form the financial engineering of the deal itself, while shareholders lose.

The businesses themselves are without exception money-losing and were acquired when in decline.

- ▶ **Bikini.com:** An e-commerce site for beach clothing but described by Remark as a "young-adult lifestyle vertical." Bikini has a U.S. Alexa rank of 173,703. When Remark acquired the company in 2013, its parent company, Pop Factory LLC, had reported just USD 37,050 in revenue for the previous quarter and USD 165,099 in losses. Owners' equity and liabilities were less than USD 54,000. And yet MARK paid USD 2.375 mln to the couple who had founded Bikini.com. The money for the acquisition came from a Digipac note bearing interest at 6.67% in Year 1 and 8.67% thereafter and convertible at USD 2 per

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Where records are available, they show that the U.S. businesses were in decline when acquired.

share. The Bikini.com business has yet to report rising revenue or profit.

- ▶ **Hotelmobi:** Online travel bookings. The company's Roomlia.com site (Alexa rank: 7,037,611) purports to compete with Travelocity (rank: 857) and Expedia (rank: 158). Acquired in 2014, this company had had zero revenue the previous year. MARK acquired it for 400,000 shares of stock at the one-year anniversary of the merger, 500,000 warrants at USD 8, and 500,000 warrants at USD 12. Plus repayment of a small shareholder loan.
- ▶ **Banks.com:** Banks competes with the likes of Quicken, Money Supermarket, Nerd Wallet, Canstar, Policy Genius etc. and has an Alexa U.S. rank of 250,256. This company was delisted from the AMEX exchange in 2011 when its share price fell too low to meet continuing listing standards. Banks had seen its revenue decline by more than 60%, to USD 4.4 mln in 2011. Remark acquired the company for just USD 300,000 then paid USD 450,000 for domain names added to the business. Although MARK does not disclose revenue by business division, in Banks was already in fast decline when acquired and appears not to have been incremental to revenue.
- ▶ **IRS.com:** Remark has not disclosed revenue for its set of U.S. tax sites, taxextension.com, filelater.com. and irs.com. In January 2016, Remark announced that it would be offering tax preparation on its IRS.com URL. The principal model appears to be tricking taxpayers into believing that this is a U.S. government website and collecting fees for filing services that are free through the government.
- ▶ **Vegas.com:** Sells air, hotel, and package tours to Las Vegas. The site has a U.S. Alexa rank of 5,575. Expedia, which also sells package tours to Vegas, ranks 158. Ostensibly, this small business looked like it might be a good acquisition. But the deal was odd: in 2015, MARK paid USD 15.5 mln in cash for Vegas.com plus shares, warrants, and earn-outs that brought the total deal value to as much as USD 38 mln. Yet the company's total market cap in 2015 was just USD 59 mln. It had less than USD 2 mln in revenue in 2014 and had lost more than USD 136 mln in its time as a listed company. The company took a USD 27.5 mln loan from undisclosed lenders for the acquisition, and issued warrants to the collateral agent, a private lending company called MCG Investment Group. At the time of acquisition, Vegas.com reported total bookings of USD 250 mln but no revenue. It still has not reported revenue.
- ▶ **Sharecare:** Arguably MARK's most valuable property is its 5% holding in Sharecare, the online health information site that was founded by Jeff Arnold and Dr. Oz. Sharecare's Alexa rank in the U.S. is 5,430, compared with WebMD, which ranks No. 173 in the U.S. Sharecare has raised USD 360 mln in

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nine rounds of funding. However, a March round last year brought in USD 60 mln in debt, and that was followed in May with a USD 85 mln equity infusion by Summit Partners.

Sharecare does not appear competitive in the health and wellness space. Its “Find a Doctor” functionality hardly works, as the database is small and apparently neglected. Health information provides nowhere near the depth of information on competitors like WebMD. News reports differ wildly on the amount of revenue Sharecare may be pulling in. Some reports claim hundreds of millions in revenue. A report on [Owler](#) from January 2018 estimates that the company has USD 10.2 mln in annual revenue.

Valuation

We are convinced that Remark Holdings cannot make a profit; indeed, we think the company is not interested in profit but only in share price appreciation to make good on the outstanding warrants and options. Try as we might, we are unable to figure out a reliable valuation, given the level of disclosure. Giving it the benefit of the doubt, on a sum-of-the-parts basis, we estimate that the company might be worth USD 61 mln, or USD 2.23 per share. We give positive valuations to Vegas.com, which appears to have package tour bookings, and Sharecare, and we think the Banks.com group of assets, including IRS.com, might be worth USD 1 mln. The China business, we are certain, is not worth a penny.

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