QDM INTERNATIONAL INC.
$7,500,000
[•] Shares of Common Stock

Why Would Anybody Invest Even $1 in this QDM International Offering - or with these Underwriters?
By Craig McCann and Mike Yan

Introduction

In March 2024, we documented that Aegis Capital was systematically underwriting spectacularly failing nano-cap stocks. We concluded that investors, including many Aegis' retail customers, suffered $3.0 billion to $5 billion in losses in recent years as a result of Aegis' conduct. You can read that post, *Aegis Capital is Farm-to-Table Securities Fraud Purveyor, Harming Investors at Least $5 Billion!* on LinkedIn **here** or on our website **here**.

In June 2024, we published *Who Will Stop Aegis as it Continues to Harm Investors?* available **here**. We illustrated the ongoing harm caused by Aegis's underwriting with Sunshine Biopharma (SBFM), BYND Cannasoft Entreprises (BCAN), C3is (CISS), Applied UV (AUVIQ), Flora Growth (FLGC), Serve Robotics (SERV), Cyngn (CYN) and Cemtrex (CETX) as examples. In that post, we reported on the value of these eight stocks as of May 31, 2024. Just for fun, you might look up these stocks and see how they have done in the 11 months since we called them out.

Aegis is not alone underwriting securities issued by obviously failing issuers. Sometimes Aegis partners up with another firm to underwrite obviously failing firms. QDM International, which Aegis is attempting to underwrite with Axiom Capital Management, appears to be a case in point.

QDM International

QDM filed Amendment No. 2 to Form S-1 with the SEC on March 21, 2025. You can download the filing here. This is our 30,000 foot take on this Aegis / Axiom proposed offering.

The $7.5 million offering is to be a firm commitment underwriting by Aegis Capital Corp. and Axiom Capital Management.

QDM trades on the OTCQB Venture Market and expects to qualify to trade on the NASDAQ Stock Market if the offering is completed.

QDM is a Florida incorporated holding company which owns a Hong Kong-based operating company, YeeTah, through its ownership of a BVI subsidiary intermediary entity.

YeeTah is a retail insurance brokerage firm. Not like Marsh McLennan with $23 billion in revenue in 2023. Yeetah is more like the 7-employee insurance agency in your local strip mall.

QDM was formed as a result of a reverse merger into a shell, 24/7 Kid Doc, Inc in 2020 which had been incorporated in 1998. Interesting 24/7 Kid Doc side-story.

What is a share in the Contemplated Offering Worth?

QDM International has 291,563,930 shares outstanding. It's CEO, Huihe Zheng, owns 41.8% of the common stock and sufficient Series B and Series C preferred stock to have 80.1% of the total votes.

QDM's consolidated balance sheet reflects net assets of $3,417,960 as of March 31, 2024. There isn't much on the balance sheet really. The net assets are roughly equal $5,158,223 in cash less $1,283,221 due Mr. Zheng. If these net assets were reachable by retail investors in QDM – they are not – the common stock would be worth at most $0.012 per share.

QDM's consolidated statement of operations reflects net income of $1,564,538 in 2024 and $44,550 in 2023. This seems modest, even for a 7-employee, retail insurance agency located in a strip mall anywhere in the USA.

For these reasons, and others, $0.012 per share sounds like an upper limit on the value of a pre-offering share. Shares in this offering can only end up being worth more than $0.012 per share in our opinion to the extent new investors pay far, far more than $0.012 per share. Of course, the more new investors pay per share the more they are diluted by the 291 million pre-offering shares outstanding.

The OTCBB Venture quotes of around $1.30 per share are laughable. Many days no shares traded at all; other days, 1,000 or 2,000 shares out of 291 million shares trade. If there was thick trading in this stock, it would be at prices around $0.01 per share.

How might this offering help QDM qualify to trade on the Nasdaq Capital Market?

If 1,500,000 shares were sold for $5 per share, QDM would raise $6.975 (i.e. $7.5 million less 7% selling concessions) and there would be 293 million shares outstanding. Assuming the consolidated net assets increased $6.975 million and the stock traded at net assets, the common stock would be worth $10.392 million in total or $0.035 per share. These numbers don't meet our understanding of the Nasdaq Capital Market's listing requirements. QDM would have to raise another $5 million and would have to do an 80:1 reverse split.

If 2,500,000 shares were sold for $5 per share, QDM would raise $11.625 (i.e. $12.5 million less 7% selling concessions) and there would be 294 million shares outstanding. Assuming the consolidated net assets increased $11.625 million and the stock traded at net assets, the common stock might be worth $15.042 million in total or $0.051 per share. After a reverse split of 80:1, the stock might trade for $4.08.

How have these newly minted QDM shareholders in our "Offering to Nasdaq Capital Market" hypothetical faired?

Investors would have paid $5 pre-reverse-split, $400 post-reverse split, for shares then trading on the Nasdaq Capital Market for $4.08. They would have lost 99% immediately.

This makes sense since the new investors are contributing $12.5 million of the $15.042 million net assets in exchange for 0.85% of the shares. 0.85% of the shares would be worth about $127,908.

As we asked rhetorically at the beginning, **Why Would Anybody Invest Even $1 in this QDM International Offering - or with these Underwriters?**