

Magnitude International Ltd. (NASDAQ: MAGH) — Forensic Short

Penny-Priced Pre-IPO Equity, Eight-Month Cashout, Resale Shelf Engineered for Insider Exit.

SHORT — HIGH CONVICTION

· 12-MO PT: BELOW US\$1.00 · DOWNSIDE: ~75-90%

· DECEMBER 2, 2025

Key Fact	Detail
Report	Forensic Short — Initial Publication
Publication date	December 2, 2025
Issuer	Magnitude International Ltd.
Ticker	NASDAQ: MAGH
Domicile	Cayman Islands (operations: Singapore; subsidiary: BVI)
IPO	August 11, 2025 — US\$4.00/share via Bancroft Capital Limited
Reference price	US\$5.72 (Dec 1, 2025 close)
Estimated market cap	~US\$199.8M (~34.9M shares post-IPO)
Industry (per filings)	Electrical works / installation services
Auditor	WWC P.C. (PCAOB-censured 2022)
Rating	SHORT — High conviction
12-month price target	Below US\$1.00 (implied downside ~75-90%)

Why We Are Publishing Today

Magnitude International Ltd. is, in our view, a Nasdaq-listed Cayman shell whose August 2025 IPO was structured as an insider exit rather than a capital raise. The thesis is supported by the issuer's own filings:

- The Chairman, **Mr. Lim Say Wei**, issued himself approximately **76.3% of the company** through his British Virgin Islands nominee (XJL International Ltd.) on **December 27, 2024** —

for ****US15,260 in aggregate**** (roughly **US\$0.02** per pre-split share). The IPO priced eight months later at **US\$4.00/share**.

- Five additional British Virgin Islands shell entities — **Kingkey Holdings (International) Ltd., SwiftBuild Solutions Group Ltd., Canningale Investments Ltd., Keystone Builders Group Ltd., and Beyond Merchant Ltd.** — were issued blocks of MAGH stock on the same day for cash consideration of approximately **US\$0.20 per pre-split share**, each carefully sized to remain **below 5%** of the post-IPO float.
- The Form F-1 includes a **Resale Prospectus registering 8,804,400 insider-held shares (25% of the company)** for immediate resale by these BVI shells and named individuals. The issuer received **none** of the proceeds. The customary 180-day lock-up contained an explicit **discretionary waiver** in favor of the underwriter.
- On **August 11, 2025**, the Chairman's BVI shell sold **550,000 shares directly into the IPO** for approximately **US\$2.2 million** in gross proceeds — equivalent to **25% of the offering**.
- Post-IPO, MAGH released its **FY2025 annual results on September 12, 2025** (fiscal year ended May 31, 2025 — i.e., known to management before the IPO priced). Revenue fell **36% year-on-year**, gross profit fell **82%**, and operating income fell **96%**.
- The auditor of record, **WWC P.C.**, was censured by the **PCAOB in 2022** (Release No. 105-2022-018) for failure to supervise an unregistered Hong Kong affiliate that conducted work on ten public-company audits.
- The underwriter, **Bancroft Capital Limited**, has lead-managed multiple recent micro-cap IPOs that subsequently collapsed or attracted SEC scrutiny — including **Premium Catering (Holdings) Ltd.**, whose stock the SEC suspended in October 2025 on suspected market manipulation.

We rate MAGH **SHORT — high conviction** with a twelve-month price target of ****below US1.00****, implying 75–905.72. The central catalysts are forced and identifiable: a near-term capital raise (the issuer is functionally insolvent on a net-cash basis), the unblocking of insider resale supply, and the routine update cycle for the FY2026 fiscal-year results.

Section 1 — The Pre-IPO Equity Distribution: ~1M Shares for ~US\$62,660

The most important single fact in this case is the date and pricing of MAGH's pre-IPO equity issuance. We address it first because every subsequent disclosure issue runs through it.

1.1 The Issuance

On **December 27, 2024**, MAGH allotted and issued a total of **999,998 ordinary shares** to six counterparties:

Counterparty	Shares	Cash Paid (US\$)	Implied Price (per pre-split share)
XJL International Ltd. (Mr. Lim's BVI nominee)	762,998	15,260	~\$0.02
Beyond Merchant Limited	49,000	9,800	~\$0.20
KeyStone Builders Group Limited	49,000	9,800	~\$0.20
SwiftBuild Solutions Group Limited	49,000	9,800	~\$0.20
Kingkey Holdings (International) Limited	45,000	9,000	~\$0.20
Canningale Investments Limited	45,000	9,000	~\$0.20
Total	999,998	62,660	—

The aggregate cash consideration was approximately **US\$62,660 for 1,000,000 shares** — **an average issue price of roughly US\$0.06 per pre-split share.**

1.2 The 1:40 Forward Split and IPO Price

On **May 27, 2025**, MAGH executed a **1-for-40 forward share split**. Par value dropped to **US\$0.000025**. The Chairman's XJL block became approximately **30.5 million shares**; each of the five BVI blocks became approximately **1.5 million to 1.6 million shares**.

The Form F-1 was filed the following day, **May 28, 2025**. The IPO priced on **August 11, 2025** at **US\$4.00 per share**.

The pricing arithmetic is therefore:

- Chairman's XJL stake: cost **US\$15,260**; **market IPO** \approx **US\$122 million**.
- Each of the five BVI shell stakes: cost **US\$9,000–9,800**; **market IPO** \approx **US\$6 million each**.
- Total insider mark-to-market step-up between issuance and IPO: approximately **150x in eight months**.

These were not historic at-risk venture investments. They were equity grants made days before the F-1 was drafted, at consideration sized to be a rounding error against the contemporaneously-known IPO target.

1.3 Why The Sub-5% Sizing Matters

Each of the five non-XJL stakes was sized between **4.50% and 4.90%** of the post-IPO share count. The aggregate of the five stakes is approximately **~25%** of the company.

The sub-5% threshold is the SEC's standard cutoff for **Schedule 13D / 13G beneficial-ownership reporting**. Holdings above 5% trigger affirmative reporting obligations. Holdings between roughly

5% and 20% — and any holding by an officer, director, or their affiliates — additionally raise affiliate-status questions for Rule 144 resale eligibility and lock-up scope.

Five shells, each sized 4.5–4.9%. The probability that this distribution is the product of independent commercial decisions by five unaffiliated counterparties, each independently arriving at a stake size precisely below the disclosure threshold, is — in our framework — vanishingly low. The pattern is consistent with a single coordinator allocating positions across a nominee structure designed to evade disclosure.

Section 2 — The Resale Registration: 8.8 Million Shares, Zero Proceeds to the Issuer

The second core fact, embedded in the same Form F-1 that introduced the IPO offering, is the **Resale Prospectus** registering a parallel block of shares for immediate sale by the issuer's pre-IPO holders.

2.1 The Mechanics

The Form F-1 dated May 28, 2025 contains a Resale Prospectus registering **8,804,400 ordinary shares** for resale. The selling shareholders, per the document, are the same five BVI shell entities introduced in Section 1, plus a small number of named individuals (including Ms. Claudia Cheng, addressed in Section 4, and Mr. Choo Kay Chon, addressed in Section 6).

The Resale Prospectus states explicitly:

"We will not receive any of the proceeds from the sale of the ordinary shares by the selling shareholders."

That single sentence is the crux of the structure. The 8.8M-share resale registration is not a primary capital-raising offering. It is a **liquidation channel** for the same equity issued to the same parties at penny consideration eight months earlier.

2.2 The Dollar Math

At the **US\$4.00** * * **IPO price, the 8,804,400 registered resale shares represent approximately * * US\$35.2 million** in potential insider liquidity — with **0%** flowing to the company.

The aggregate cash paid by the same parties for the original issuance (Section 1.1) was approximately **US\$62,660**. The implied insider step-up, against the resale registration, is roughly **560x**.

2.3 The "180-Day Lock-Up" and the Underwriter Waiver

MAGH's Form F-1 represents that "all existing shareholders are subject to a lock-up agreement for 180 days." That representation, read in isolation, is the standard market-stabilization commitment expected in a U.S. IPO.

The actual lock-up language is materially weaker. The relevant prospectus excerpt reads:

"The underwriters may, in their sole discretion, release some or all of the shares subject to lock-up at any time."

Two further qualifications appear in the same section: (a) the lock-up restrictions explicitly **do not apply** to the ordinary shares sold by the Selling Shareholder in the IPO offering itself, and (b) the underwriter (Bancroft Capital) has stated that it has "no present intention" to waive the lock-up — a formulation that is, on standard U.S. capital-markets reading, a non-commitment.

In substance, the 8.8 million shares of insider-held equity registered for resale were never operationally restricted. The lock-up language exists as a representation to the public market; the resale registration is the operational reality.

2.4 The SEC Comment-Letter Trail

The SEC, in a comment letter dated June 6, 2025, raised the question directly. The Staff asked the Company to provide an analysis of why the resale offering should be characterized as a secondary offering, rather than an **indirect primary offering** disguised through resale-shareholder labeling. The relevant guidance citation in the Staff letter is **C&DI 612.09** under the Securities Act Rules.

MAGH's response argued that the BVI holders had "borne investment risk" by holding the shares from December 27, 2024 through the date of the IPO. We note that the holding period in question is approximately seven months, that the cash consideration was de minimis, and that the resale registration was filed contemporaneously with the F-1 — i.e., the registration of resale was a contemporaneous design feature of the IPO, not an independent decision made after the holders developed a view on liquidity.

The Staff did not, on the public record, force the issuer to recharacterize the offering. The registration became effective on July 30, 2025; the IPO priced on August 11, 2025.

The forensic question is not whether the SEC's procedural acceptance of the structure validates it — manifestly, it does not — but whether the structure is internally consistent with anything other than insider monetization. We do not believe it is.

Section 3 — The Five "Ghost" Shareholders

Each of the five non-XJL shell entities is, on the available public record, a vehicle without independent operating substance.

3.1 The Common Pattern

For each of the five BVI entities — Kingkey Holdings (International) Ltd., SwiftBuild Solutions Group Ltd., Canningale Investments Ltd., Keystone Builders Group Ltd., and Beyond Merchant Ltd. — we have searched for:

- A registered office outside a generic BVI registered-agent address;
- An operating website not built on a stock template or with stock photography;
- A staffed business with disclosed personnel;
- A track record of prior transactions, contracts, or engagements;
- A regulatory footprint (license, registration, or filing) other than the BVI corporate registration;
- A LinkedIn or business-database presence consistent with a real operating company.

For each entity, we have located **none** of the above to a degree that is material. The registered-agent addresses are mail-drop services typical of nominee structures (e.g., Vistra-style providers in Tortola). Where websites exist, they are template builds. The personnel listed in the BVI corporate filings are, in several cases, individuals whose names appear in adjacent micro-cap ownership disclosures but who have no commercially-documented business activity outside those disclosures.

3.2 Beneficial Ownership Behind Each Shell

MAGH's eventual response to SEC pressure included identification of the natural-person beneficial owners behind each of the five shells:

Shell	Beneficial Owner
Kingkey Holdings (International) Limited	Chen Jiajun
SwiftBuild Solutions Group Limited	Cheung Sai Ho
Canningale Investments Limited	Cheung Ching Ping (Stephen)
Keystone Builders Group Limited	Yip Ka Ki (Cherry)
Beyond Merchant Limited	Cheung Sze Wah (Sam)

Three of the five identified beneficial owners share the surname "Cheung." Without asserting a familial or commercial relationship that we have not independently confirmed, we observe that the simultaneous appearance of three Cheung-surnamed beneficial owners across five sub-5% shell stakes in a single Cayman/Singapore micro-cap IPO is a pattern consistent with proxy structuring. We have not

been able to identify any of the five named individuals as principals of any operating business outside this transaction.

3.3 The Canningale "Reactivated Shell" Pattern

We highlight Canningale Investments Ltd. as a representative case. The entity was incorporated in 2007 — i.e., approximately seventeen years before its first appearance on MAGH's cap table — and shows no activity in commercial-database registers in the intervening period. The acquisition of an LEI in late 2024, contemporaneous with the MAGH issuance, is the standard administrative footprint of a dormant shell being reactivated for a discrete transaction.

The other four entities show similar patterns of dormancy followed by reactivation in late 2024.

Section 4 — SwiftBuild Solutions Group: Stolen Imagery and a Prop Website

The forensic case for treating the five shell shareholders as nominees, rather than independent investors, is materially strengthened by direct evidence drawn from one of them: SwiftBuild Solutions Group Limited.

4.1 The Website

SwiftBuild operates a public-facing website that markets the entity as a U.K.-domiciled construction firm. The site is built on a generic small-business template. The "Our Projects" section displays a portfolio of completed projects — including kitchen renovations, house extensions, and loft conversions — under the heading "Newsham, London."

4.2 The Source Imagery

The project photographs displayed on SwiftBuild's "Our Projects" page are, on direct comparison of pixel-level imagery, **identical** to project photographs hosted on the website of a separate U.K. building contractor, **DLD Building Ltd.** The same kitchens, the same camera angles, the same tile patterns, the same fixtures appear on both sites. The SwiftBuild presentation is built around DLD Building Ltd.'s image library.

4.3 The DLD Building Ltd. Confirmation

We contacted DLD Building Ltd. directly. The owner confirmed that DLD has **no commercial relationship** with SwiftBuild Solutions Group Ltd., has never granted permission for the use of DLD's project images, and was unaware that SwiftBuild was using them.

4.4 What This Establishes

A "construction firm" whose entire portfolio is fabricated using a competitor's image library is not, in any operational reading, a construction firm. It is a corporate identity assembled around a website, with no corresponding commercial activity. The presence of such an entity in the cap table of a Nasdaq-listed issuer — holding 4.9% of post-IPO equity, registered for immediate resale — is, in our view, dispositive of the question of whether the broader cluster of five "investor" entities is independent.

The cleanest reading is that SwiftBuild is a prop. By extension, the cleanest reading of the four other identically-structured BVI entities is that they share that character. By further extension, the cleanest reading of the entire 8.8M-share resale registration is that it is a coordinated insider liquidation channel labelled as third-party secondary supply.

Section 5 — The Claudia Cheng Transfer

5.1 The Transaction

On **January 10, 2025**, the Chairman's BVI shell, XJL International Ltd., transferred **27,000 pre-split shares** of MAGH (equivalent to approximately **2.7%** of the company) to **Ms. Claudia Cheng** for consideration of approximately **US\$27** ***—i.e., ** US\$0.001 per pre-split share*, characterized in the filing as "par value."

After the May 27, 2025 1:40 forward split, Ms. Cheng's stake became approximately **900,000 shares**. At the IPO price of US\$4.00, *the block was worth approximately **US\$3.6 million***. Ms. Cheng's shares were included in the 8.8M-share resale registration.

5.2 The Stated Rationale

MAGH's filings state that Ms. Cheng "agreed to assist the Company to expand its business in South-east Asia after the Company's initial public offering as well as to introduce customers to the Company for diversification of its customer base."

The filings disclose **no employment agreement, no consulting contract, no stated compensation structure, no performance milestones, no defined deliverables, no professional credentials, and no operational role**. Ms. Cheng is not named in any subsequent MAGH filing as having executed on any of the stated assistance commitments. She is not listed in the corporate website's leadership or advisor sections. She does not appear in any subsequent MAGH press release, regulatory filing, or operational disclosure.

5.3 The Forensic Reading

A US\$3.6 million equity grant to an individual who is described in filings only by reference to a vague forward-looking promise, with no enforceable consideration mechanism, is not, in our reading, a strategic-services transaction. The economically consistent reading is that the grant is a value transfer routed through a counterparty who does not appear elsewhere on the operational record.

We do not, in this report, take a definitive position on the precise nature of the relationship between Ms. Cheng and Mr. Lim. We highlight that the transaction's **characterization as arms'-length** in the filings depends entirely on representations about Ms. Cheng's independence from the Chairman, and that the filings provide no documentation supporting that independence beyond the bare label.

Section 6 — Chairman Lim's Day-One Cashout

6.1 The Sale

On **August 11, 2025**, MAGH's IPO priced at US\$4.00/share. *The offering totaled **2.2 million shares * of those shares, ** 550,000 * —i.e., ** 252.2 million in gross proceeds*** for Mr. Lim's vehicle.

6.2 The Investment Math

Mr. Lim's total cash consideration for the entire XJL stake (Section 1.1) was **US\$15,260 *** *.The IPO sale of 550,000 shares returned approximately **US\$2.2 million.*

Day-one realized return on initial cash outlay: approximately **144x**, in eight months.

6.3 Why This Is The Single Cleanest Tell In The Filing Set

Founder behavior in legitimate U.S. IPOs is overwhelmingly characterized by lock-up — typically 180 days minimum, and in many cases longer for control persons. Founders who believe their company is on the cusp of operational acceleration do not sell into the IPO itself.

Founders who **do** sell into the IPO are signaling, with maximum economic weight, that their valuation expectations are materially lower than the IPO price they have just helped engineer. In our analytical framework, founder participation in the IPO offering — as a Selling Shareholder rather than as a holder of locked-up restricted stock — is a near-categorical short signal.

Mr. Lim sold approximately **20% of his pre-IPO XJL stake on day one**. That sale recovered approximately **144x his total cumulative investment in the company**. The remaining ~30 million post-split XJL shares carry, at the IPO price, a mark of approximately ***US\$120 million *** — *sitting against total cash basis of US\$15,260* — and remain available for subsequent resale once any nominal restrictions expire.

This is not a signal that requires interpretation. It is the founder of the company exiting at the offering, having paid one penny per share for stock he is now selling at four hundred.

Section 7 — Post-IPO Financial Collapse

The IPO priced on August 11, 2025 against the trailing **FY2024 (year ended May 31, 2024)** financial statements. MAGH's fiscal year had already closed on **May 31, 2025** — i.e., approximately ten weeks before the IPO priced. Management therefore had complete visibility into FY2025 results when the IPO was marketed.

The FY2025 annual report was released on **September 12, 2025** — approximately thirty days after the IPO closed.

7.1 The Numbers

Metric	FY2024	FY2025	YoY Change
Revenue	US\$27.2M	US\$17.5M	-36%
Cost of Revenue	US\$22.2M	US\$16.6M	-25%
Gross Profit	US\$5.0M	US\$0.873M	-82%
Operating Income	US\$3.8M	US\$0.132M	-96%
Net Income	US\$3.2M	US\$0.327M	-90%

The operating-leverage signal is severe. Revenue fell 36%; the cost base fell only 25%. The thin gross-margin spread between the two collapsed by 82%. Operating income was effectively eliminated.

7.2 The Disclosure Timing Question

The FY2025 fiscal year ended on May 31, 2025. The Form F-1 was filed on May 28, 2025 — i.e., three days before fiscal year-end. The IPO priced on August 11, 2025 — approximately ten weeks after fiscal year-end. The FY2025 results were released on September 12, 2025 — approximately one month after the IPO priced.

In our reading, this sequence is consistent with **strategic timing of disclosure release** to permit the IPO to price against the more favorable FY2024 numbers, without the issuer formally violating any reporting deadline. We do not, in this report, make a definitive claim about whether MAGH or its underwriter possessed sufficient FY2025 visibility to be required to update the offering documents under existing materiality standards. We highlight that the question is open and that a forensically-careful auditor reviewing the IPO file would, in our view, want to test it.

7.3 The Tape

MAGH opened post-IPO at approximately the **US4.00** * *offer price. By late October 2025, the stock had traded as low as* * **US1.00** as the FY2025 results were absorbed by the market. In **November 2025**, against no operational catalyst we have been able to identify, the stock tripled — moving from the low-US1 range into the * **US5–6** band. We discuss the November rally separately in Section 11.

Section 8 — Customer Concentration and the Cheng Meng Related-Party Loop

8.1 The Customer Concentration

MAGH's own SEC filings disclose that the company derived the following share of its total revenue from its five largest customers in each of the last three fiscal years:

Year	Top 5 Customers as % of Revenue	Top 1 Customer as % of Revenue
FY2023	88%	70%
FY2024	86%	52%
FY2025	77%	31%

The filings additionally disclose that **all customer engagements are project-based**, with **no long-term contracts** and **no recurring revenue** from any of the five major customers. Per the filings: *"We did not enter into any long-term contracts with any of our five largest customers... our services are provided on a project-by-project basis and are non-recurring in nature."*

This is not a customer-diversification problem. It is the absence of any contractual relationship structure that would support continuity of revenue beyond the current project tender cycle.

8.2 The Cheng Meng / Choo Family Relationship

One of MAGH's disclosed top-five customers is **Cheng Meng Furniture Group (Pte.) Ltd.**, a Singapore-domiciled hotel-interior contractor. Per Singapore's ACRA corporate registry, Cheng Meng is owned and controlled by members of the **Choo family**, including Mr. Choo Yong Fee (President) and Mr. Kesavan Choo Ker Yong (Chairman).

On **February 20, 2025** — approximately three months before the F-1 filing — XJL International Ltd. (the Chairman's BVI shell) transferred **34,000 pre-split shares** of MAGH (approximately **3.4%** of the company) to **Mr. Choo Kay Chon** for cash consideration of approximately **US18,000** * *(approximately* * **US0.53 per pre-split share** — i.e., at or near par).

After the 1:40 forward split, the Choo Kay Chon block became approximately **1.36 million shares**. At the IPO price of US\$4.00, *that block was worth approximately **US\$5.4 million***.

8.3 The Disclosure Issue

MAGH's filings characterized Mr. Choo Kay Chon as an **"independent third party."** The filings did not initially disclose:

- That Mr. Choo Kay Chon shares a surname with the Choo family that owns Cheng Meng — one of MAGH's disclosed top-five revenue-generating customers;
- That MAGH (through its subsidiary BNL Engineering) had performed approximately **S\$410,000** of electrical-installation services for Cheng Meng-led projects over the prior three years, including work on the Mandarin Oriental Hotel renovation project.

The S\$410,000 service-revenue disclosure was made only after SEC comment-letter pressure. The relationship between Mr. Choo Kay Chon and the Choo family that owns Cheng Meng was not affirmatively disclosed in MAGH's filings; it is identifiable from the public Singapore corporate registry.

8.4 The Forensic Reading

A pre-IPO equity grant of 3.4% of the company, at par value, to an individual sharing a surname with a family that owns one of the issuer's disclosed top customers, where the issuer has performed material work for that customer in the prior three years, is — under both U.S. GAAP (ASC 850) and SEC Regulation S-K Item 404 — at minimum a related-party-transaction-disclosure question. The issuer's filings characterized the transaction as arms'-length. We do not believe that characterization survives examination of the underlying surname linkage and revenue-relationship documentation.

8.5 The IPO Appreciation Night Photo Evidence

Public photo evidence from MAGH's **IPO Appreciation Night on October 30, 2025** shows both **Kesavan Choo (Chairman, Cheng Meng)** and **Choo Yong Fee (President, Cheng Meng)** in attendance alongside MAGH's management team. We treat the attendance as corroborating evidence — but not as the principal basis for the related-party finding. The principal basis is the surname linkage, the corporate-registry record of Cheng Meng's ownership, and the documented S\$410,000 services revenue trail. The photo evidence is consistent with all three.

Section 9 — Auditor: WWC P.C. and the PCAOB Censure

9.1 The Engagement

MAGH's auditor of record is **WWC, P.C.**, a small California-based public accounting firm. WWC is the audit-of-record signatory on MAGH's financial statements as filed with the F-1 and the FY2025 annual report.

9.2 The PCAOB Action

On **April 19, 2022**, the Public Company Accounting Oversight Board issued **PCAOB Release No. 105-2022-018** censuring WWC, P.C. for failure to supervise an unregistered Hong Kong affiliate that performed audit work on **ten public-company audits**. The Board imposed a **US\$50,000 civil money penalty** and ordered remedial action with respect to WWC's quality-control policies and procedures.

The Board's specific findings included:

- WWC permitted its unregistered Hong Kong affiliate to exceed the level of participation that would have required the affiliate's PCAOB registration;
- WWC failed to take steps to ensure the affiliate's participation would be consistent with PCAOB registration requirements;
- WWC therefore failed reasonably to supervise the affiliate in a manner designed to prevent violations of the Sarbanes-Oxley Act and PCAOB rules.

9.3 The Operational Implication

A 2022 censure is, in itself, not disqualifying. Many firms continue to operate after a public PCAOB enforcement action. The forensically-relevant question is whether the conduct addressed by the censure has structural relevance to the engagement at issue.

In MAGH's case, the engagement involves a **Cayman parent**, a **British Virgin Islands shell shareholder structure**, a **Singapore operating subsidiary** (BNL Engineering Pte Ltd), and a network of related-party and nominee transactions concentrated in offshore jurisdictions. The central failure addressed by the 2022 censure was precisely a failure of **cross-border audit supervision** in a Hong Kong context. The operational profile WWC was censured for is the operational profile MAGH presents.

We do not assert that WWC's audit of MAGH's financial statements is deficient. We do assert that the audit-supervision risk profile that was the subject of the 2022 censure is materially elevated in this engagement, and that an independent reviewer of the FY2025 audit file would, in our view, want to test it.

Section 10 — Underwriter: Bancroft Capital's Pattern

10.1 The Underwriter

The lead underwriter for MAGH's August 2025 IPO was **Bancroft Capital Limited**.

10.2 The Track Record

Bancroft has lead-managed multiple recent micro-cap IPOs whose post-listing trajectories have been characterized by collapse, regulatory scrutiny, or both. The cases we view as most relevant:

- **FCHL (First Channel)** — post-IPO collapse; near-zero current trading volume; effectively a defunct listing.
- **SKK Holdings** — post-IPO collapse; subsequent delisting trajectory.
- **JEM / 707 Cayman** — post-IPO collapse; nominee equity-structure pattern.
- **Premium Catering (Holdings) Ltd.** — **trading suspended by the SEC** under Section 12(k) of the Exchange Act on **October 17, 2025**, citing suspected market manipulation involving social-media-driven retail recommendation campaigns designed to artificially inflate the price and volume of the issuer's securities. The suspension order is on the public record.

10.3 The Pattern Match

The structural elements common to the Bancroft-underwritten IPOs we view as comparators include: (a) Cayman or BVI-domiciled issuer, (b) Asia-based operating footprint, (c) low public float at offering, (d) significant insider-held equity registered for resale, (e) limited or absent institutional anchor at pricing, and (f) post-listing volatility patterns consistent with promotion-network involvement.

MAGH presents each of these elements. We do not, in this report, assert that Bancroft Capital has engaged in any specific misconduct in connection with MAGH or any other named issuer. We highlight that the underwriter selection is consistent with the broader structural picture — small cross-border issuers with insider-friendly cap-table structures select underwriters who specialize in placing such issuers — and that the SEC's Premium Catering suspension establishes that this issuer cohort has, in the recent past, been the subject of active enforcement attention.

Section 11 — The November 2025 Promotional Cycle

11.1 The Tape

Between approximately mid-October 2025 (when the stock traded as low as ~US1.00) and late November 2025 (when the stock printed US6.00), MAGH's share price moved approximately **5x without any disclosed operational catalyst we have been able to identify**.

In the same window, MAGH did not release any earnings, did not announce any contract awards, did not disclose any material customer wins, and did not file any 6-K or 8-K disclosing a material business development. There was no analyst initiation, no S-1 amendment, no insider purchase disclosure.

11.2 The Promotional Footprint

In the same window, the following were observable on standard micro-cap monitoring channels: (a) email-newsletter coverage characterizing MAGH as an undervalued "Singapore infrastructure sleeper play," (b) Telegram and Discord chatroom positioning of MAGH as a momentum candidate, and (c) spam-email distribution promoting MAGH against a generic "Southeast Asia infrastructure boom" narrative.

The composite footprint is consistent, on our reading, with **organized promotional flow** rather than organic institutional or retail price discovery.

11.3 The Function

The structural function of a coordinated promotional cycle in a name with the cap-table profile described in Sections 1–6 is to create a liquidity window into which insider-held resale supply can be distributed. The 8.8M-share resale block (Section 2) requires a counterparty to absorb its sale; in a name with no institutional bid and a thin natural retail float, that counterparty must be created by the promotional flow itself.

We do not assert that any specific named promoter or distribution channel has acted in coordination with MAGH or any insider. We assert that the structural setup — engineered insider supply needing an exit, no fundamental catalyst, observable promotional activity, sharp price acceleration — is consistent with the pattern of distribution we have observed across the comparable Bancroft Capital-underwritten name set in Section 10, and is internally consistent with the broader thesis.

Section 12 — Cash Position, Runway, and Imminent Dilution

12.1 The Balance Sheet

MAGH's FY2025 balance sheet, as filed September 12, 2025, shows:

- **Cash:** approximately **S\$0.74 million**
- **Debt:** approximately **S\$1.79 million**
- **Net cash position:** approximately **negative S\$1.05 million**

MAGH is, on a strict net-cash basis, **insolvent**.

12.2 The Operating Burn

FY2025 cash flow from operations: **negative S926,000** * *. **Quarterly run – rate burn :**
approximately * * **S230,000**.

At current burn, MAGH's S\$0.74 million in cash supports approximately **3.2 quarters / ~9.6 months** of continued operations — assuming zero project mobilization spend, zero capital expenditure, and zero working-capital shocks. The issuer's own filings warn that available cash covers "at least the next 12 months" of operations.

In construction subcontracting, working-capital requirements expand sharply with project award. New project mobilization requires upfront subcontractor advances (typically **S200–300k per project**), **materials deposits (S200–300k)**, and three-month payroll/overhead reserve (**S400k+**). **Total per – project liquidity requirement : approximately** * * **S650k–900k upfront****, before billing-cycle revenue collection.

In substance, MAGH cannot fund a single new mid-sized project award without raising external capital. Their stated growth strategy is operationally inaccessible without dilution.

12.3 The Insider Dividend in the Burn Year

In the same fiscal year (FY2025) in which the company generated negative S926,000 in operating cash flow, MAGH paid approximately * * **S1.0 million** in dividends** to insiders — i.e., roughly **4x net income** and a multiple of available operating cash flow. The cash for the dividend was funded out of available reserves and the IPO proceeds.

12.4 The Forward Capital Requirement

On any reasonable forward-runway scenario, MAGH must raise **US3M–5M** *
***within the next 6–12 months simply to avoid working –**
capital insolvency. To fund any growth, the requirements scale to * * **US8M–12M**.

At the current US\$5.72/share price, an US\$8M raise represents approximately 5% dilution. At our fair-value range of US\$0.50–US\$1.00, the same raise represents **23%–45% dilution**. The lower the share price at the time of issuance, the more dilutive the raise — establishing a forced-selling feedback loop in which any disclosed capital-raise will mechanically accelerate the move toward fair value.

In a PIPE, expect warrants, anti-dilution resets, and toxic-convertible structures consistent with the deeply-distressed micro-cap convertible market. The stock-price overhang from the 8.8M-share insider resale block compounds the issue: any new investor pricing the deal will price it against the visible insider supply pool.

Section 13 — Valuation

13.1 Current Multiples

At the December 1, 2025 reference price of **US\$5.72/share** and approximately **34.9 million shares outstanding** (post-IPO):

- **Market capitalization:** ~US\$199.8M
- **EV/Sales (FY2025):** ~17x
- **EV/EBITDA:** >100x (EBITDA effectively zero)
- **P/E (FY2025):** infinite (operating income near zero); P/E (FY2024): >130x
- **Price/Book:** >20x

13.2 Comparable Multiples

For Singapore- and ASEAN-region listed electrical contractors and small-scale construction-services firms, prevailing multiples are:

- **EV/Sales:** 0.5x–1.0x
- **EV/EBITDA:** 5x–8x
- **P/E:** 10x–15x
- **Price/Book:** ~1x

MAGH trades at approximately **17x peer EV/Sales**, **>10x peer EV/EBITDA**, and **>20x peer Price/Book**. There is no operational basis for the premium. The company has no proprietary technology, no IP estate, no recurring-revenue contracts, no documented pipeline backlog beyond current projects, no margin expansion mechanism, and no scaling levers identified in the filings.

13.3 Implied Fair Value

At a generous **1x sales** multiple (the upper end of comparable multiples for a project-based contractor with declining revenue), MAGH would carry an enterprise value of approximately **US\$17.5M** * *—

*implying equity per share of approximately **US\$0.50* (after netting the negative net cash position).

At a **5x EBITDA** multiple, the implied equity value is **effectively zero**, given that FY2025 EBITDA was negligible.

At a balance-sheet basis (tangible book), the company's equity post-IPO is a few million dollars — implying per-share value in the **low-single-digit cents** range.

We anchor our **below US\$1.00** ***pricetargetattheconservativeendofthe1x – salesmultipleanalysis,*

*reflectingsomeoptionalityonrevenuestabilizationandonthelIPOproceedsthatremainonthebalancesheet inourview, is **US\$0.50–US\$0.90.*

Section 14 — Risks to the Short Thesis

We owe the market a clean statement of the principal risks to our position:

1. **Sustained promotional cycle.** A continued or repeated promotional cycle of the kind observed in November 2025 could push the stock materially higher in the near term. Position sizing must accommodate a 50%+ adverse gap.
2. **Strategic acquisition or merger.** A reverse-merger or asset-acquisition transaction could change the operational story and create short-term uncertainty around the thesis. We assess the probability as low because the current cap-table structure is unattractive to most counterparties, but the path is open.
3. **Material new project awards with disclosed contract value.** A genuinely material project announcement with audited revenue visibility would partially address the customer-concentration thesis. We have seen no indication of any such announcement in flight.
4. **Borrow availability and squeeze risk.** Small-cap Asian shell shorts carry materially asymmetric squeeze risk. The position must be sized such that a substantial adverse move remains survivable.
5. **Auditor change to a more credible firm.** Replacement of WWC P.C. with a higher-credibility auditor would partially address the audit-risk thesis — though it would also introduce the risk of a going-concern opinion, which is independently negative for the equity.
6. **Cap-table cleanup via insider buyback.** Insider repurchase of the resale-registered shares would address the supply overhang. We assess the probability as very low because the structural design appears to be optimized for the opposite outcome.

We have weighed each. The expected-value calculation remains decisively negative.

Section 15 — Position and Recommendation

Rating: Short — high conviction. **Twelve-month price target:** Below US1.00(*central range* US0.50–US0.90). * *Implied downside from* US5.72:** approximately **75–90%**. **Time horizon:** 6–12 months, with a majority of expected drawdown clustered in the 90–180 days following either (a) the announcement of a near-term capital raise, or (b) the unblocking of insider resale supply. **Sizing guidance:** Asymmetric small-cap short. Out-of-the-money put structures at the US2.50–US4.00 strike across 6-month tenors capture the catalyst window with defined downside. Direct shorts should be sized fractionally and entered in tranches; borrow conditions should be monitored daily. Holders of long exposure should consider reducing or exiting while liquidity is available — ahead of, not after, the next promotional cycle exhaustion.

Forward Catalyst Calendar

Window	Event	Direction
Q1 2026	Earliest-window capital raise (PIPE / convertible)	Negative
Q1–Q2 2026	Exhaustion of November 2025 promotional cycle; reversion of price toward fair value	Negative
Throughout 2026	Continued resale activity from the 8.8M-share insider block	Negative
Q2–Q3 2026	FY2026 fiscal year-end (May 31, 2026) and audit cycle	Negative-skewed
Indeterminate	Potential SEC follow-up on Form F-1 disclosure adequacy (related-party identification, resale offering characterization)	Negative
Indeterminate	Potential further enforcement attention on the Bancroft Capital underwriting cohort	Negative

Closing

Magnitude International Ltd. is, on the available public record, a small Singapore electrical subcontractor whose Cayman-domiciled corporate structure and Nasdaq listing exist to facilitate an insider liquidation rather than a capital raise. The eight-month progression from US0.02 – *per* – *share insider issuance* to US4.00-per-share IPO; the registration of 8.8 million insider-held shares for resale with zero proceeds to the issuer; the Chairman's day-one sale into the offering; the post-IPO

collapse of operating performance against pre-IPO marketing materials; the demonstrably-fabricated identity of at least one of the named pre-IPO "investors"; the related-party linkage to a disclosed top-five customer; the audit firm with a relevant PCAOB enforcement history; and the underwriter's pattern of comparable failed offerings — these are not isolated red flags. They are the components of a single coherent structure.

The structure has executed the issuance, the IPO, and the day-one cashout. What remains is the realization of the resale supply and the inevitable capital raise. Both are negative for the equity. We are short. We expect to remain short through resolution.

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