

CBL+iO3: Reclaiming A Pudding Cup From the Twilight Zone

(How iO3's Recent Curveball May Have Strengthened the Case for a CBL–iO3 Tie-Up)



Our recent [series of research articles](#) on CBL International (“CBL”) and IOThree Limited (“iO3”), introduced a speculative hypothesis that the two entities were planning a M&A, after quietly piloting technology and biofuel solutions together since 2022. It was dubbed a “Twilight Zone” M&A because of the murky nature of many of the facts and coincidences that emerged to support the hypothesis. In this article, we are going to continue that Hollywood theme to frame more emerging research that has materially increased the likelihood of this potential M&A.

In the quirky 2002 film *Punch-Drunk Love*, Adam Sandler’s character stumbles onto a bizarre arbitrage: a pudding cup promotion that, thanks to a math oversight, allows him to rack up millions of frequent flyer miles for just a few thousand dollars in grocery-store desserts. It was quirky, absurd — and brilliantly exploitable by someone willing to read the fine print and run the numbers. Everyone else saw dessert cups. He saw a loophole.

What we may be seeing with iO3 and CBL is a similar dynamic. To most investors, the companies look like low-float failed IPO microcaps drifting sideways. But beneath the tape, structural inefficiencies — resale timing, MM inventory control, insider behaviour, and synchronized catalysts — suggest a setup that could rerate the stocks in explosive fashion. Suddenly the synchronicities (detailed in our previous articles) look less like random noise and more like a carefully engineered “promotion” nobody bothered to read the fine print on.

If there’s one lesson from this ongoing research series, it’s that when you enter the M&A Twilight Zone, what looks like disaster can actually be opportunity. The very filing that likely scared many investors out of iO3 might be the missing puzzle piece that confirms the CBL–iO3 merger framework. Let’s explore this all further.



The iO3 Curveball (SEC filing)

First, let’s deal with the ugly elephant in the room. On September 16, iO3 stunned investors by proposing sweeping governance changes: authorizing up to **800M shares**, creating **three distinct share classes**, and seeking authority for a **reverse split (1:2–1:20)**. On paper, it looked like the textbook retail nightmare — more dilution, less control, insiders entrenched. Yet, instead of collapsing, iO3’s share price repeatedly held support above \$0.35, suggesting that inventory is being carefully managed, not abandoned.

Governance Filing: Three Plausible Scenarios

iO3’s September filing is far from routine housekeeping. The vote falls on October 10, 2025 — the exact date insider lock-up expires — making the timing as important as the mechanics. The proposals are clear. What isn’t clear is why, but three interpretations and their likelihood stand out:

1. Predatory Insider Enrichment (~30%)

Super-votes concentrate power in founder-linked entities, while the reverse-split option gives them a cleanup tool. The effect is straightforward: ordinary shareholders are diluted and disenfranchised, with retail reduced to spectators.

2. Defensive Signaling (~45%)

Here the filing is less about plundering and more about preserving leverage. The board has a year to use or discard the reverse split, and the Class A structure ensures founders control any negotiation — whether with CBL, investors, or activists. It’s a defensive wall, not an immediate attack.

3. Orchestrated Deterrence & Hidden Accumulation (~25%)

The “reverse split + super-votes” headline all but guarantees retail hesitation, while BANL and IOTR’s steady 2:1 trading symmetry hints at managed flows. The hidden prize: a 1:1 equity swap. If CBL valued at ~\$0.73 absorbed IOTR at ~\$0.37, iO3 holders would see an instant 100% uplift. Market makers quietly building inventory at those lows could deliver it straight into a deal. The catch: this logic only holds if an announcement comes soon. Delay into 2026, and warehousing becomes expensive.

Key Takeaways

Whichever lens one applies, the through-line is the same: insiders retain control while outsiders bear the risk. Whether it is outright enrichment, defensive posturing, or engineered deterrence for institutional accumulation, the reputational fallout could be substantial.

Scenario 3 adds an even sharper edge: if retail is scared away now, those same shares could be the currency of a future CBL–iO3 equity swap, crystallizing a 100% premium for the very players accumulating today.

The Board has chosen a path that effectively signals to the market: retail investors are peripheral, insider stability is paramount, and market makers may be the hidden beneficiaries. For outsiders, the question is not *if* this governance wall stands — it already does — but rather *how* it will be used: to entrench, to negotiate, or to quietly stage-manage the next chapter of this story.

New CBL-iO3 Assumptions: CBL Q2 2025 Webinar

Before layering in other new developments, it is worth noting that the many core assumptions developed in our earlier articles, the scaffolding that supported the original “Twilight Zone” M&A hypothesis, were not random speculation. They were built from a web of operational pilots, mirrored governance, aligned investor interests, and carefully staged market signals. Each assumption on its own was circumstantial; taken together, they sketched a consistent framework in which a merger was not only plausible, but strategically elegant.

On September 15th CBL executed a very informative H1 2025 webinar that included several passages that align directly with the M&A hypothesis, and provide one of the clearest windows yet into how CBL is positioning itself for an integration with iO3:

1. Integration Signals

Dr. Chia, responding to a question from Nelson Lee (ICBCI), referenced:

“...we are also regularly exploring different vertical and horizontal integration opportunities in order to strategically position ourselves to capitalize on the growth opportunities...”

This is as close as management can get on a public call to admitting openness to M&A. It is a direct breadcrumb pointing toward synergy opportunities, including the “tech + bunkering” model IO3 embodies.

2. IT and Automation Upgrades

Management highlighted:

“...utilize office automation and IT systems to streamline operations and explore advanced technologies for continuous improvement, cost-saving, upgraded backend systems, and implementing real-time order tracking and data analytics.”

This is precisely the gap iO3’s JARVISS and F.R.I.D.A.Y. systems can fill. By emphasising the need for augmentation, CBL essentially underlined the rationale for a digital overlay via partnership or merger.

3. Biofuel & ESG Positioning

CBL emphasized ISCC EU / ISCC+ certifications and its leadership in B24 biofuel blends. iO3’s digital monitoring stack complements this directly — pairing fuel compliance supply with regulatory reporting tech under tightening IMO carbon caps (including IMO 2028).

4. Capital Markets Readiness

CBL stressed that its ATM and shelf registration are earmarked for “acquisitions and business opportunities.” This dovetails with our thesis: CBL has set up “currency” for a potential equity-based swap with iO3, balanced by its buyback program to manage float optics.

5. Scale Without Assets

CBL reinforced its asset-light model — expanding network reach while avoiding heavy fixed-cost infrastructure. This frames iO3’s technology as the natural “scalability layer,” enabling growth without physical build-out.

Analyst Participation & Signals

Eight analysts joined CBL’s H1 2025 webinar Q&A, spanning Citi, ICBCI, Eddid, and regional brokers. Their questions ranged from margins and OpEx to trade flows and growth areas. Notably, Nelson Lee (ICBCI) drew out the management comment on “vertical and horizontal integration opportunities.”

Yet what happened after the call was just as revealing: silence. For a microcap with eight analysts engaged, no research notes emerged in the following week. That absence can be read four ways:

1. **Hu Guangyi** – Southwest Securities (growth areas)
2. **Wang Chen** – Eddid Financial (net loss reduction, sustainability)
3. **Marcus Wong** – Hensan Bank (trade flow rerouting)
4. **Pauline Lau** – Citibank (gross margin sustainability)
5. **Alvin Chung** – Prudential Brokerage (non-container liner sales growth)
6. **Alan Wu** – Philip Securities (OpEx reduction, long-term strategy)
7. **Nelson Lee** – ICBCI (five-year vision → prompted integration comment)
8. **Tony Fei** – BOCI (U.S. reciprocal tariffs impact)

1. **Monitoring without coverage** – Analysts listening for industry intel, not to publish.
2. **Waiting for clarity** – With both CBL and iO3 facing governance risks, coverage may be deferred until survival optics improve.
3. **Quiet period** – CBL may have informally signaled that September 24's conference will be the venue for sharper strategy.
4. **M&A awareness** – If a tie-up is suspected, analysts may self-censor; anyone “wall-crossed” with insider info is legally barred from publishing.

The Eddid Connection

Among the participants, one stood out: Wang Chen of **Eddid Financial**. Eddid was joint bookrunner of iO3's April IPO and again underwriter of its August resale/F-1. Now, Eddid appears on CBL's call probing profitability sustainability. This dual role positions them at the crossroads: financing iO3 while assessing CBL's readiness for integration.

The implications are clear:

- **Matchmaker role** – Eddid is well placed to advise or underwrite a future CBL–iO3 deal.
- **Capital alignment** – CBL's financing levers (ATM, shelf, buyback) mesh with Eddid's work on iO3, helping shape swap mechanics.
- **Continuity for institutions** – Eddid's presence on both sides reassures cross-holders that the story is converging.

Key Takeaways

In sum, the signals are becoming unmistakable. CBL's management has moved from hinting to explicitly discussing integration opportunities, while its acknowledged technology gaps align precisely with iO3's offerings. The company's capital-markets toolkit — shelf, ATM, and buyback — appears tailored for deal maneuverability, and Eddid's dual role across both companies bridges the financing and narrative threads. Most telling of all is the silence: the absence of analyst notes is not a void, but a signal that the story is already in motion.

Insider & Institutional Holdings: Equity Engineering

One of the most under-appreciated aspects of the CBL–iO3 merger hypothesis is the **mirror-image** shareholder structures. Filings, trading events, and ownership shifts suggest more than coincidence: both companies appear to be engaging in a form of equity engineering designed to preserve insider control, harmonize legacy shareholder economics, and accumulate float into market-maker hands.

Trading Events and Float Compression

The effective float of both CBL and iO3 is likely far smaller than headline numbers suggest. Sticky retail, high insider concentration, and strategic secondary sales have created thin, easily managed trading conditions.

Both stocks are locked in an unnatural ~2:1 trading ratio — engineered stability that cannot last forever. This looks more like **structured liquidity engineering**: market makers recycling inventory between legacy holders and insiders while compressing float. If correct, the stage is set for a break once a catalyst (EGM, integration, or new financing) materializes.



Float Engineering in Action

For iO3, April 16, 2025, was the defining inflection point. A staggering 6.3 million shares traded as IOTR spiked above \$5 intraday before collapsing below \$2. The evidence strongly suggests that legacy institutions used the frenzy to unload blocks into market-maker inventory. A resale prospectus covering roughly 5.3 million shares provided further potential flexibility for redistribution, while insiders maintained overwhelming control — about 75% of the company — through All Wealthy (4.9M shares) and iO3 Strategic (14.3M shares).

CBL followed a similar path two months later. In June 2025, its buyback program coincided with a trading surge of over 35 million shares, dwarfing the effective float. The sequence looks engineered: retail flushed out, inventory passed into the hands of market makers. Even after the dust settled, insiders still controlled roughly 48% of the company. What remains is a float that is thin, synthetic, and tightly managed — a structure that mirrors iO3’s and sets the stage for coordinated equity engineering.

Institutional Holdings: The Balanced Blocks

At CBL, one of the most distinctive ownership features is the Straits Energy block. This group controls 7.64 million shares — about 28% of the company — distributed evenly across seven individuals: Ho, Ramasamy, Naujeck, Cheah, Ong, Wong, and Chiu. Each holds roughly 1.09 million shares, or about 4% of outstanding equity. The effect is a kind of “trustee-style” arrangement — fragmented enough that no single individual dominates, but balanced so the group can act in coordinated fashion when required.

iO3’s legacy institutional block mirrors this design. Before the IPO, about 4.79 million shares — roughly 20% of the company — were held in equal-sized tranches by Ace Smart (Tsang), One

Investment (Ng), Sakal Capital (Ong), and Shao Qi (Qiu). Each institution controlled about 1.2 million shares. The IPO included the sale of 450,000 of those institutions' shares, leaving ~4.34 million still tied to these legacy holders. The outcome is strikingly similar to CBL's structure: a block that is equalized, distributed, and cohesive without any one player exercising dominance.

BANL Ownership	Current Shares	%	IOTR OWNERSHIP	Current Shares	OWNRSH %
CBL (Asia) Limited (Insiders)	13,175,000	94.8%	Institutional	4,340,400	17%
Straits Energy Resources Berhad (IPO)	7,644,588	55.0%	Ace Smart Global Limited (Tsang Nga Kwok)	947,600	4%
Asian Strategy Ltd. (PIPE)	1,534,984	11.0%	One Investment and Consultancy Ltd. (Thomas Der Sian Ng)	1,097,600	5%
Other Institutions (SEC Filings)	241,595	1.7%	Sakal Capital Pte. Ltd. (J Superfoods Inc./Shen Chieh Ong)	1,097,600	5%
Public (E)	4,903,833	35.3%	Shao Qi Limited (Qiu Zhiqiang)	1,197,600	5%
Total	27,500,000	198%	Insider	19,209,600	75%
CBL (Asia) Limited (1) Insiders	Shares	%	iO3 Strategic Investments Limited	14,282,400	60%
Teck Lim Chia (1)	6,785,125	51.5%	Eng Chye Koh (Chair/CEO)	7,284,024	30%
Xiaoling Lu	5,862,875	44.5%	Wei Meng See (CTO)	1,428,240	6%
Yuan He	527,000	4.0%	Joanna Hui Cheng Soh (CCO)	2,856,480	12%
Total	13,175,000	100.0%	Zhenhua Yin (Team Mgr.)	1,428,240	6%
Straits Energy Resources Berhad (2)	Shares	%	Loo Koon Goh (GC)	1,285,416	5%
Dato' Sri Kam Choy Ho	1,092,412	14.3%	All Wealthy International Limited	4,927,200	21%
Logeswaran Ramasamy	1,092,412	14.3%	Eng Chye Koh	4,927,200	100%
Ulf Lothar Naujeck	1,092,412	14.3%	IPO Shares (includes the 450,000 from Institutional Contributors)	2,100,000	8%
Karen Yee Lynn Cheah	1,092,412	14.3%	Total	25,650,000	100%
Koon Liang Ong	1,092,412	14.3%			
Khai Fei Wong	1,092,412	14.3%			
Sing Chung Raymond Chiu	1,092,412	14.3%			
Sub-Total	7,646,881	100.0%			

Why It Matters

Both sides require alignment to act — suggesting orchestration. Across both companies, insider structures align with uncanny precision:

- **Anchor insider at ~51%:** Koh (iO3) and Teck (CBL).
- **Co-anchor at ~40–45%:** Wei/executive group (iO3) vs. Lu (CBL).
- **Balanced institutional blocks:** Each with multiple holders of ~4–5%.

Both companies also have **similar outstanding share counts (~25.65–27.5M)**, with insiders holding **roughly half** of each. The choreography is striking:

- **Balanced blocks:** Straits insiders at CBL and legacy institutions at iO3 look like counterparts.
- **Float control:** Retail provides liquidity but little governance influence.
- **Merger pathway:** Equalized insider holdings, thin floats, and synchronized O/S figures create a seamless path to a **1:1 equity swap**, where insiders preserve control, institutions re-enter at higher valuations, and MMs provide liquidity.

This is “**shadow symmetry**” — the equity structures of CBL and iO3 don't just rhyme, they look engineered for eventual integration.



Updated Probability Assessment

The September 15 CBL webinar has materially shifted the probability landscape. Management did not simply hint at integration — they explicitly referenced “**vertical and horizontal integration opportunities**” in their five-year outlook. Equally important: eight analysts were on the line, including **Wang Chen of Eddid Financial** (joint bookrunner for iO3’s IPO).

1. Full Merger — ↑ from 55% to ~75%

- **New Signal:** CBL publicly put M&A language on the table. The absence of analyst follow-up suggests either **informal guidance exists** or analysts are deferring questions until closer to announcement.
- **Implication:** This strengthens the merger path and weakens alternatives. The combination of management breadcrumbs and analyst restraint fits the pattern of a process already underway.

2. JV / Strategic Alliance — steady at ~15%

- **New Signal:** Expansion commentary emphasized structural growth — global reach, capex, bank facilities, and biofuels — not the lightweight tone of a “trial partnership.”
- **Implication:** JV remains possible, particularly as a transitional step.

3. No Deal / Independent Paths — ↓ from 10% to ~5%

- **New Signal:** If eight analysts (including an iO3 underwriter) avoided direct M&A questions, it is unlikely they don’t see it — more likely they cannot or will not address it.
- **Implication:** The chance of both firms continuing entirely independently shrinks.

4. Alternative M&A — steady at ~5%

- **New Signal:** CBL’s “vertical and horizontal integration” language leaves open the possibility of a different partner, or a multi-pronged portfolio strategy.

Bottom Line

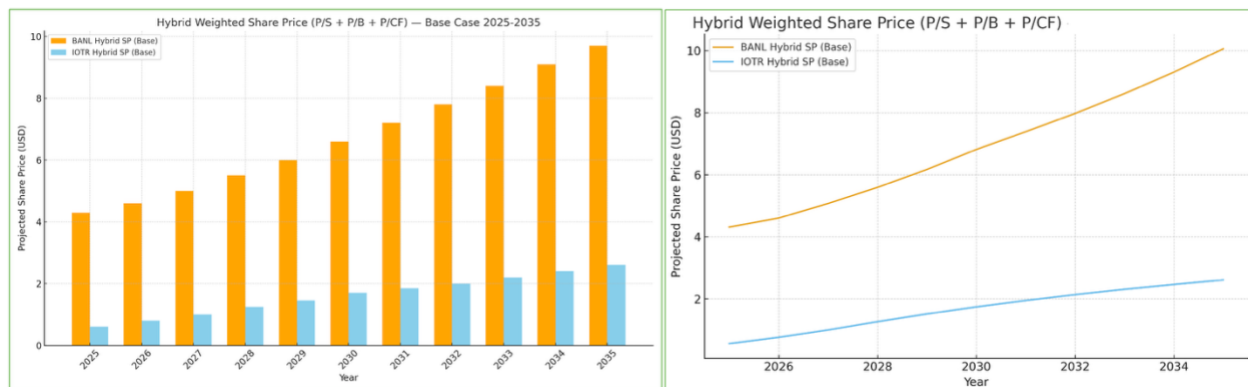
The CBL Q2 call provided the most explicit public breadcrumb yet: CBL management openly discussed integration. The absence of probing questions from analysts — especially those directly connected to iO3’s IPO — reinforces the view that the silence is coordinated, not coincidental. As a result, the “no deal” path now looks remote, while the full merger probability edges higher.



Swap Ratio Scenarios: iO3 vs. CBL

If a CBL–iO3 merger were announced, the swap ratio would immediately become the fulcrum of debate. Market cap and revenue comparisons lean one way; insider incentives and optics lean another. Below we evaluate three potential ratios.

When bankers, insiders, or investors weigh a merger swap ratio, they rarely rely on a single metric. Instead, they use a blend of valuation lenses to test fairness and optics. On market cap and enterprise value, CBL is roughly $2.1\times$ larger by market cap and $1.8\times$ by EV, which tilts the balance toward a 2:1 ratio. Revenue and sales tell a similar story, with CBL’s top line far stronger, again favoring 2:1. Book value, however, is essentially neutral, as both companies remain thinly capitalized microcaps.



Other factors begin to bend the picture back toward iO3. On operating cash flow multiples, CBL lags, which gives iO3 a stronger case for parity, closer to 1:1. Forward growth and margin potential also lean toward iO3, with its digital/IP optionality promising value that current revenue numbers do not yet capture. Insider control further reinforces symmetry: Koh (iO3) and Teck (CBL) both remain $\sim 51\%$ anchors, which naturally supports a 1:1 framing. Finally, there’s IPO symmetry: both companies listed at \$4 per share, equating to $\sim \$100$ million valuations each. That shared anchor gives insiders a ready-made narrative for a “reset to par” through a 1:1 swap.

1:1 Swap

Overvalues iO3 against CBL on size and revenue, but book value is neutral and iO3’s forward optionality helps balance the case. Crucially, it preserves insider symmetry — both founders stay as anchors — and sells easily as a “merger of equals.” Execution risk is lowest here: insiders aligned, narrative clean.

2:1 Swap (iO3:CBL)

Fair by market cap and EV, but penalizes iO3 heavily on book value and revenue. It discounts iO3’s digital upside, breaks governance symmetry, and makes CBL look like the rescuer. Execution risk is highest: iO3 insiders would likely reject it outright. And optics are problematic — the market has tested CBL down to $\sim \$20$ M over two years, but iO3 raised at \$100M only six months ago. Forcing them into a \$10M valuation invites pushback: “What’s changed since April?”

1.5:1 Swap

A middle ground. Book value impact is softer than 2:1, revenue weight still favors CBL but credits iO3's growth potential. Control tilts slightly toward CBL but not fatally. Optics can be spun as “balanced but fair,” making this a negotiable fallback if institutions demand compromise and insiders insist on parity.

Interpretation

If spreadsheets ruled, 2:1 would be the answer. But in the Twilight Zone of small-cap M&A, perception, governance, and insider symmetry dominate. The shared \$4 IPO price strengthens the case for a 1:1 reset-to-par, while asking iO3 to concede 2:1 so soon after that raise looks reputationally indefensible. Our probabilities:

- **1:1 Swap** — best fit for alignment and optics (~70%)
- **1.5:1 Swap** — fallback compromise (~20%)
- **2:1 Swap** — fair by math, fragile by narrative (~10%)

For insiders, the path of least resistance is also the simplest: a 1:1 merger of equals, framed as returning to IPO parity while setting a platform for growth.

Conclusion: Reputation as the Final Constraint

The strategic case for a CBL–iO3 tie-up is now overwhelming. Governance symmetry, float choreography, and management breadcrumbs all point toward an imminent announcement. Yet the decisive factor may not be probabilities or swap ratios — it is reputation:

- **Customer Trust as Strategic Currency:** Core customers — Fratelli, Singfar, PIL — are not speculators. They are generational shipping families who value stability and reliability above all. If iO3 were perceived as a “pump-and-dump tech vendor,” trust could vanish, and in the maritime sectors, trust is the real contract currency.
- **Equity Intertwined with Industry:** Maritime executives and engineers often hold stock in counterparties. A governance move that torches retail investors also harm customers who are shareholders, creating a drama that could spill across tenders and renewals.
- **Scrutiny Under IMO2023:** With new rules (CII, EEXI, carbon monitoring), compliance vendors face heightened scrutiny. If a company undermines market trust, regulators and class societies could inevitably ask: if they treat investors this way, how can their data integrity be trusted?
- **Spillover Risk to CBL:** CBL has cultivated a conservative, institutional image. In a merger, any reputational hit to iO3 flows directly into CBL — undermining its buyback/ATM narrative just as it courts institutions.

- **The Maritime Culture Factor:** Shipping is still family-driven and reputation sticks globally. Once a firm is labeled “dodgy” in Piraeus, Singapore, or Genoa, the shadow follows everywhere. Koh and his team know this: even if the Preferreds look enticing, abusing retail is not a free move — it risks exile from the ecosystem iO3 needs to scale.

The temptation to treat governance engineering as a short-term tool is real, but how the deal is executed — fairly or cynically — will determine whether the combined entity emerges as a trusted integrator or a cautionary tale whispered in every port. Reputation may be the hidden guardrail; constraining the worst impulses and tilting outcomes toward patience, optics management, and a merger that can be marketed as a positive-sum integration.

The pudding-cup lesson is simple: markets, like promotions, are designed by humans — and humans make errors. The edge goes not to those who rely primarily on company actions or market treatment, but to those who spot the hidden narrative and mispricing, prepare patiently, and act decisively when the opportunity unlocks.

Epilogue

In the Twilight Zone, endings are never clean. They blur into choices, into consequences, into reputations that linger long after the filings fade. CBL and iO3 have engineered the numbers, the structures, the catalysts. What they cannot engineer is trust. If the merger comes — and all signs suggest it will — the verdict will not be written on Nasdaq tickers, but in the logbooks of shipowners from Singapore to Genoa. There, reputations are currency, and once spent, cannot be reprinted.