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STAR CM Holdings Limited

星空華文控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6698)

CONNECTED TRANSACTIONS PROVISION OF LOANS

PROVISION OF LOANS

Fortune Star Media, a direct wholly-owned subsidiary of the Company, as the Lender entered into a series of Loan Agreements with the Borrower, pursuant to which the Lender agreed to provide the Borrower with a number of Loans in an aggregate principal amount of approximately US\$5,657,000.

IMPLICATIONS UNDER THE LISTING RULES

The Borrower is a limited liability company established in the BVI and is indirectly controlled by Mr. Tian. As Mr. Tian is an executive Director, chairman of the Board, chief executive officer and one of the controlling shareholders of the Company, the Borrower is therefore a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the transactions contemplated under the Loan Agreements constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As the Loan Agreements were entered into between the Lender and the Borrower within a 12-month period, the Loan Agreements shall be aggregated pursuant to Rule 14A.81 of the Listing Rules. As the highest applicable percentage ratio (other than the profits ratio) in relation to the Loan Agreements calculated pursuant to Rule 14.07 of the Listing Rules, on an aggregate basis, exceed 0.1% but less than 5%, the transactions contemplated under the Loan Agreements are subject to the reporting and announcement requirements but exempt from the circular and shareholders' approval requirements under Rule 14A.76(2) of the Listing Rules.

The Company would have complied with the notification and announcement requirements under Rule 14A.76(2) of the Listing Rules in respect of the respective Loan Agreements entered into between the Lender and the Borrower when the notification and announcement obligations arose. However, due to unintentional and inadvertent oversight, the compliance by the Company with the relevant Listing Rules requirements was delayed. Accordingly, the Company hereby makes this announcement to inform the Shareholders as soon as practicable that the respective Loan Agreements entered into between the Lender and the Borrower have proceeded.

THE LOAN AGREEMENTS

Details of the Loans contemplated under the respective Loan Agreements are as follows:

	Loan I	Loan II	Loan III	Loan IV
Date	January 17, 2024	October 20, 2024	November 4, 2024	November 25, 2024
Parties	(1) Fortune Star Media (as the Lender) (2) CMC Asia (as the Borrower)	(1) Fortune Star Media (as the Lender) (2) CMC Asia (as the Borrower)	(1) Fortune Star Media (as the Lender) (2) CMC Asia (as the Borrower)	(1) Fortune Star Media (as the Lender) (2) CMC Asia (as the Borrower)
Principal amount of the Loan	HK\$28,000,000 (equivalent to US\$3,607,000)	US\$850,000	US\$500,000	US\$700,000
Loan period	From January 18, 2024 to October 1, 2025 ^(Note)	One year from October 21, 2024	One year from November 5, 2024	One year from November 26, 2024
Interest rate	From January 18, 2024 to February 29, 2024: interest-free From March 1, 2024 to October 1, 2025: 5% per annum ^(Note)	5% per annum	5% per annum	5% per annum
Purpose	The Loan I shall be applied and used by the Borrower solely for the general working capital of the Borrower's operation.	The Loan II shall be applied and used by the Borrower solely for the general working capital of the Borrower's operation.	The Loan III shall be applied and used by the Borrower solely for the general working capital of the Borrower's operation.	The Loan IV shall be applied and used by the Borrower solely for the general working capital of the Borrower's operation.
Repayment	The outstanding principal amount of Loan I together with all accrued interests shall be repaid at the end of the term of the Loan I. The borrower has the right to decide to repay the loan in full at any time before the loan term expires.	The outstanding principal amount of Loan II together with all accrued interests shall be repaid at the end of the term of the Loan II. The borrower has the right to decide to repay the loan in full at any time before the loan term expires.	The outstanding principal amount of Loan III together with all accrued interests shall be repaid at the end of the term of the Loan III. The borrower has the right to decide to repay the loan in full at any time before the loan term expires.	The outstanding principal amount of Loan IV together with all accrued interests shall be repaid at the end of the term of the Loan IV. The borrower has the right to decide to repay the loan in full at any time before the loan term expires.

	Loan I	Loan II	Loan III	Loan IV
Outstanding balance as at the date of this announcement	US\$1,480,209.47 ^{Note} together with all accrued interests	US\$850,000 together with all accrued interests	US\$500,000 together with all accrued interests	US\$700,000 together with all accrued interests

*Notes: The agreement for Loan I was originally entered into between the Lender and the Borrower for a term of one year from January 18, 2024. On March 1, 2024, a supplementary agreement (the “**First Supplementary Agreement for Loan I**”) was executed by, amongst others, the Lender, the Borrower and SCML, a wholly-owned subsidiary of the Borrower. Pursuant to the First Supplementary Agreement for Loan I, Loan I was partially settled by offsetting the Group’s trade payables due to SCML, totaling RMB8,715,781.49. After the offsetting, the outstanding principal amount of Loan I was RMB16,769,818.51 (equivalent to US\$2,330,209.47). On October 1, 2024, the Lender and the Borrower entered into another supplementary agreement (the “**Second Supplementary Agreement for Loan I**”) and extended the term of the loan to October 1, 2025. Pursuant to the Second Supplementary Agreement for Loan I, the Lender shall charge the Borrower an interest rate of 5.0% per annum on the outstanding principal amount of Loan I, with interest period commencing on March 1, 2024. As at the date of this announcement, the Borrower has repaid US\$850,000, and the remaining outstanding principal amount of Loan I is US\$1,480,209.47.*

BASIS FOR DETERMINATION OF LOAN AMOUNTS AND TERMS OF THE LOAN AGREEMENTS

The principal amounts of the Loans and other terms of the Loan Agreements (including the annual interest rate) were agreed upon by the Lender and the Borrower after arm’s length negotiation and with reference to, among others, the prevailing market terms of transactions of similar nature, the prevailing market interest rates, the financial conditions, other background and the repayment ability of the Borrower as well as commercial practices.

REASONS FOR AND BENEFITS OF ENTERING INTO THE LOAN AGREEMENTS

The Loans were used primarily by the Borrower as its general working capital for its operation, in particular, for the business operation of SCML, a wholly-owned subsidiary of the Borrower. Regarding Loan I, though the Loan was initially interest-free, the Company conducted a thorough assessment of the Borrower’s creditworthiness before approving the provision of Loan I. Meanwhile, the Group recorded trade payables of approximately RMB8,715,781.49 due to SCML, which could potentially be used to partially offset the principal amount of Loan I. The offset subsequently took place in March 2024. Subsequently on October 1, 2024, the Lender and the Borrower entered into the Second Supplementary Agreement for Loan I, charging the Borrower an interest rate of 5.0% per annum on the outstanding principal amount, with interest period commencing on March 1, 2024. For Loan II, Loan III and Loan IV, the Company would receive interest for these Loans at the rate of 5.0% per annum, which is more favorable than the Hong Kong Interbank Offered Rates (HIBOR). In addition, the Company has sufficient cashflow and funded the Loans with its internal resources, and there was no material negative impact to the Company’s operations and financial performance for granting these Loans. The Directors (including the independent non-executive Directors) therefore consider that the provision of the Loans, although not in the ordinary course of business of the Company, is on normal commercial terms or better and the terms of the Loan Agreements and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

INFORMATION OF THE PARTIES

The Lender

The Lender is a private company limited by shares established in Hong Kong and a direct wholly-owned subsidiary of the Company. It is principally engaged in film library and licensing. The Company is a company incorporated in the Cayman Islands with limited liability and is an investment holding company operating its business through its subsidiaries. The Group is principally involved in variety program intellectual property (“IP”) production, operation and licensing, music IP operation and licensing, drama series and film IP operation and licensing and other IP-related business.

The Borrower

The Borrower is a limited liability company established in the BVI and is indirectly controlled by Mr. Tian. The Borrower is an investing holding company. Its principal subsidiary, SCML, is principally engaged in television programming and broadcasting business.

LISTING RULES IMPLICATIONS

The Borrower is a limited liability company established in the BVI and is indirectly controlled by Mr. Tian. As Mr. Tian is an executive Director, chairman of the Board, chief executive officer and one of the controlling shareholders of the Company, the Borrower is therefore a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the transactions contemplated under the Loan Agreements constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As the Loan Agreements were entered into between the Lender and the Borrower within a 12-month period, the Loan Agreements shall be aggregated pursuant to Rule 14A.81 of the Listing Rules. As the highest applicable percentage ratio (other than the profits ratio) in relation to the Loan Agreements calculated pursuant to Rule 14.07 of the Listing Rules, on an aggregate basis, exceed 0.1% but less than 5%, the transactions contemplated under the Loan Agreements are subject to the reporting and announcement requirements but exempt from the circular and shareholders’ approval requirements under Rule 14A.76(2) of the Listing Rules.

Save for Mr. Tian, who had abstained from voting on the relevant board resolutions in connection with entering into of the respective Loan Agreements and the transactions contemplated thereunder, no Director had a material interest or was required to abstain from voting on the relevant board resolutions in connection with entering into the Loan Agreements and the transactions contemplated thereunder.

The Company would have complied with the notification and announcement requirements under Rule 14A.76(2) of the Listing Rules in respect of the respective Loan Agreements entered into between the Lender and the Borrower when the notification and announcement obligations arose. However, due to unintentional and inadvertent oversight, the compliance by the Company with the relevant Listing Rules requirements was delayed. Accordingly, the Company hereby makes this announcement to inform the Shareholders as soon as practicable that the respective Loan Agreements entered into between the Lender and the Borrower have proceeded.

INTERNAL CONTROL MEASURES FOR THE CONNECTED TRANSACTIONS

The Company has adopted relevant internal policies and measures to ensure that the connected transactions of the Group are conducted in accordance with the relevant agreements. Further, the Directors consider the fact that delay in publishing the announcement related to the provision of Loans was an isolated event. In order to prevent the recurrence of any similar incidents in the future, the Company has taken necessary and additional measures to strengthen the Group's internal control measures on connected transactions, such as reporting and filing system. The policies and measures adopted by the Company include:

- (i) transaction data is periodically provided to the Company's management as part of the management accounts to facilitate the review and monitoring of the Group's connected transactions;
- (ii) the pricing for each transaction outlined in the agreements is regularly reviewed. This includes examining transaction records related to the Company's provision and procurement of similar loans from independent third parties. The aim is to ensure that connected transactions comply with pricing policies and that the terms offered to the Group are at least as favorable as those provided to independent third parties for comparable loans or products;
- (iii) the finance and compliance departments of the Company will conduct regular meetings to address any issues identified in transactions under the relevant agreements, along with solutions. The independent non-executive Directors will also perform annual reviews of these agreements;
- (iv) the process of data collection and verification within the Group is expedited to ensure timely adherence to Listing Rules. Before renewing existing business or establishing new business relationships with connected persons, the relevant operational department must report to the finance and compliance departments. Senior management will then evaluate whether to revise the scope of existing connected transactions or enter into new agreements for these transactions; and
- (v) additional training on connected transactions is provided to all management personnel and relevant employees. This aims to enhance their understanding of the Listing Rules and raise awareness of compliance with internal control procedures related to the Group's connected transactions, ensuring timely compliance with the Listing Rules.

The Board is of the view that the above methods and procedures can ensure that the pricing and other contractual terms of the connected transactions of the Group are on normal commercial terms, fair and reasonable and in the interests of the Company and its Shareholders, and that the connected transactions are conducted as agreed in the relevant agreements and in compliance with the requirements under Chapter 14A of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the meanings as set out below:

“Board”	the board of Directors
“Borrower” or “CMC Asia”	CMC Asia Group Holdings Ltd., a business company incorporated in the BVI on September 12, 2006 and indirectly controlled by Mr. Tian
“BVI”	the British Virgin Islands
“Company”	STAR CM Holdings Limited, an exempted company with limited liability incorporated in the Cayman Islands on March 29, 2021, the shares of which are listed on the main board of the Stock Exchange (stock code: 6698)
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Group”	the Company, its subsidiaries and consolidated affiliated entities
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“independent third party(ies)”	persons who themselves (and in the case of any corporate entities, their ultimate beneficial owners) are third parties independent of, and not connected with, the Company and its connected persons (as defined under the Listing Rules)
“Lender” or “Fortune Star Media”	Fortune Star Media Limited, a company established in Hong Kong with limited liability and a direct wholly-owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“Loan(s)”	the loans in the aggregate principal amount of approximately US\$5,657,000 granted by the Lender to the Borrower under the Loan Agreements, including Loan I, Loan II, Loan III and Loan IV, the details of which are included in the section headed “The Loan Agreements” in this announcement
“Loan Agreement(s)”	the respective agreements and/or supplemental agreements for Loan I, Loan II, Loan III and Loan IV, the details of which are set out in the section headed “The Loan Agreements” in this announcement

“Mr. Tian”	Mr. Tian Ming, an executive Director, chairman of the Board, chief executive officer and one of the controlling shareholders of the Company
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“SCML”	Star China Media Limited (星空華文中國傳媒有限公司), a private company limited by shares established in Hong Kong on May 31, 2010 and a wholly-owned subsidiary of CMC Asia
“Shareholder(s)”	holder(s) of the issued share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$”	United States dollar, the lawful currency for the time being of the United States
“%”	per cent

By order of the Board
STAR CM Holdings Limited
Mr. Tian Ming
Chairman of the Board and Chief Executive Officer

Hong Kong, March 31, 2025

As at the date of this announcement, the Board comprises (i) Mr. Tian Ming, Mr. Jin Lei, Mr. Xu Xiangdong, Mr. Lu Wei, Ms. Wang Yan and Ms. Shen Ning as executive Directors, and (ii) Mr. Li Liangrong, Mr. Chen Rehao and Mr. Sheng Wenhao as independent non-executive Directors.