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PRINCE FROG INTERNATIONAL HOLDINGS LIMITED

青 蛙 王 子 國 際 控 股 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1259)

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

The Board is pleased to announce that Prince Frog (China) has entered into a Sale of Goods Agreement with Shuangfei (USA) on 6 June 2014.

Prince Frog (China) is an indirectly wholly-owned subsidiary of the Company and a member of the Group. Each of Mr. Li Zhenhui and Mr. Xie Jinling, both our Directors, holds 51% and 48% outstanding shares of Shuangfei (USA). Therefore, Shuangfei (USA) is an associate of Mr. Li Zhenhui and Mr. Xie Jinling and constitutes a connected person of our Company under Chapter 14A of the Listing Rules and the transactions contemplated under the Sale of Goods Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratio for the transactions contemplated under the Sale of Goods Agreement on an annual basis is less than 5%, the Sale of Goods Agreement is exempt from independent Shareholder's approval requirements but is subject to the reporting, announcement and annual review requirements under Chapter 14A of the Listing Rules.

I. BACKGROUND

Reference is made to the prospectus of the Company dated 30 June 2011. The previous sale of goods agreement entered into between Prince Frog (China) and Shuangfei (USA) will expire on 12 June 2014.

After a review of the Non-exempt Continuing Connected Transactions by the Board, Prince Frog (China) has entered into a Sale of Goods Agreement with Shuangfei (USA) on 6 June 2014 for a period from 13 June 2014 to 31 December 2016, respectively. The terms and conditions of the Sale of Goods Agreement were basically the same with the previous sale of goods agreement as disclosed in the prospectus of the Company dated 30 June 2011.

II. THE SALE OF GOODS AGREEMENT

1. Principal Terms

Date of the Agreement: 6 June 2014

Parties: Prince Frog (China); and
Shuangfei (USA)

Subject matter: Pursuant to the Sale of Goods Agreement, Prince Frog (China) agreed to sell and Shuangfei (USA) agreed to buy bath and skin care products produced by the Group.

Price and Payment: The prices of the bath and skin care products will be determined in accordance with the purchase orders on the basis of arm's length negotiations and with reference to fair market price of such products. Shuangfei (USA) shall pay the Group within a payment period of no more than 120 days after the delivery of such products.

Term: A term of three years commencing from 13 June 2014 and ending on 31 December 2016

2. Historical Figures

The following table shows the actual transaction amounts in respect of the transactions between Prince Frog (China) and Shuangfei (USA) for the three years ended 31 December 2013.

	Year ended 31 December		
	2011	2012	2013
	(RMB)	(RMB)	(RMB)
Annual cap applied	39,420,000	45,333,000	52,133,000
Purchase payment paid by Shuangfei (USA)	35,006,636	16,921,189	6,800,093

3. New Annual Caps

The Board has considered and proposed that the following caps be set for the annual volumes of the relevant transactions under the Sale of Goods Agreement for three years starting from 1 January 2014 to 31 December 2016:

	Year ended 31 December		
	2014	2015	2016
	(RMB)	(RMB)	(RMB)
Purchase payment to be paid by Shuangfei (USA)	12,000,000	14,400,000	17,280,000

The above new annual cap for the year ended 31 December 2014 is determined with reference to the actual purchase order as of the date of this announcement and the expected purchase orders for the rest of 2014. The above new annual caps for the two years ended 31 December 2016 are determined with reference to an expected growth rate of 20%, which is determined with reference to the expected future growth of the Group's oversea sales.

III. REASONS FOR AND BENEFITS OF ENTERING INTO THE SALE OF GOODS AGREEMENT

Prince Frog (China), as the main operation subsidiary of the Company, is principally engaged in manufacture and sale of personal care products. Shuangfei (USA) is mainly engaged in sales of personal care products. The Non-exempt Continuing Connected Transactions under the Sale of Goods Agreement are necessary for and are beneficial to the Company and therefore is of commercial benefit to the Company and the Group as a whole. Entering into the Non-exempt Continuing Connected Transactions has facilitated and will continue to facilitate the operation and growth of the Group's business.

The Directors (including the independent non-executive Directors) are satisfied that (i) the terms and conditions of the Non-exempt Continuing Connected Transactions contemplated in this announcement have been negotiated on an arms' length basis and are on normal commercial terms; (ii) such transactions will be conducted in the ordinary and usual course of business of the Company; (iii) the new annual caps for the years ended 31 December 2014, 2015 and 2016 are reasonable and (iv) terms of the same transactions are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

IV. LISTING RULES IMPLICATIONS

Prince Frog (China) is an indirectly wholly-owned subsidiary of the Company and a member of the Group. Each of Mr. Li Zhenhui and Mr. Xie Jinling, both our Directors, holds 51% and 48% outstanding shares of Shuangfei (USA). Therefore, Shuangfei (USA) is an associate of Mr. Li Zhenhui and Mr. Xie Jinling and constitutes a connected person of our Company under Chapter 14A of the Listing Rules and the transactions contemplated under the Sale of Goods Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratio for the transactions contemplated under the Sale of Goods Agreement on an annual basis is less than 5%, the Sale of Goods Agreement is exempt from independent Shareholder's approval requirements but is subject to the reporting, announcement and annual review requirements under Chapter 14A of the Listing Rules.

Mr. Li Zhenhui and Mr. Xie Jinling are deemed to have material interests in the continuing connected transactions and therefore are abstained from voting at the meeting of the Board convened for the purpose of approving such transactions. Save as disclosed above, none of the Directors has a material interest in such transactions.

V. DEFINITIONS

For the purposes of this announcement, capitalized terms appearing herein shall, unless the content otherwise admits, have the meanings set out below:

“Board”	the board of Directors of the Company
“Company”	Prince Frog International Holdings Limited (青蛙王子國際控股有限公司), an exempted company incorporated with limited liability under the laws of Cayman Islands on 11 January 2011
“connected person(s)”	shall have the meaning as defined in the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Non-exempt Continuing Connected Transactions”	the non-exempt continuing connected transactions which are and will continually to be entered into between Prince Frog (China) and Shuangfei (USA) as set out in this announcement
“PRC” or “China”	the People’s Republic of China

“Prince Frog (China)”	青蛙王子(中國)日化有限公司(Frog Prince (China) Daily Chemicals Co., Ltd.*), a company established in the PRC on 28 February 2005, indirectly wholly-owned by the Company
“RMB”	Renminbi yuan, the lawful currency of the PRC
“Sale of Goods Agreement”	an agreement for sale of bath and skin care products entered into between Prince Frog (China) and Shuangfei (USA) on 6 June 2014
“Shareholder(s)”	the holder(s) of the shares of the Company
“Shuangfei (USA)”	Shuangfei Daily Chemicals (USA) Inc., a corporation incorporated on 16 July 2008 in the United States of America under the laws of the State of Florida

By order of the Board
Prince Frog International Holdings Limited
Huang Yishan
Company Secretary

Hong Kong, 6 June 2014

As at the date of this announcement, the Board comprises five executive directors, namely Mr. Li Zhenhui, Mr. Xie Jinling, Mr. Ge Xiaohua, Mr. Huang Xinwen and Ms. Hong Fang; and three independent non-executive directors, namely Mr. Chen Shaojun, Mr. Ren Yunan and Mr. Wong Wai Ming.

* *For identification purposes only.*