

RB (China Trading) Limited

Report and Financial Statements

Year ended

31 December 2018

Company Number 09927289

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RB (China Trading) Limited

Company Information

Directors	Adrian Nevil Hennah Lu Youming John Dixon Jonathan Timmis
Company Secretary	Christine Anne-Marie Logan
Registered Number	09927289
Registered Office	103-105 Bath Road Slough Berkshire SL1 3UH
Independent Auditor	KPMG LLP 15 Canada Square London E14 5GL

RB (China Trading) Limited

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RB (China Trading) Limited

Strategic Report For the Year Ended 31 December 2018

The Directors of RB (China Trading) Limited (the "Company") present their Strategic Report for the year ended 31 December 2018.

Principal activities

The Company acts as the principal, selling healthcare, personal care and household products to affiliated companies in the RB Group. The Company operated through a branch in the United Arab Emirates ("UAE") until 30 June 2018. On 1 July 2018, the Company transferred the UAE operations to UK. The Company, which is a member of the Reckitt Benckiser group of companies (the "Group") carries out the strategy intended by the Company Directors.

Key performance indicators ("KPIs")

The Directors of Reckitt Benckiser Group plc manage the Group's operations on a business unit and category basis. For this reason the Directors believe analysis using key performance indicators for the Company is not necessary, or appropriate for an understanding of the development, performance or position of the business. The development, performance and position of the Health and Hygiene Home category of Reckitt Benckiser Group plc, which includes the Company, is discussed in the Group's Financial Statements which does not form part of this report.

Principal risks and uncertainties

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the Group and are not managed separately. Accordingly, the principal risks and uncertainties of the Group, which include those of the Company, are discussed on pages 42 - 57 in the Reckitt Benckiser Group plc 2018 Annual Report which does not form part of this report.

Financial risk management

The Company is a subsidiary undertaking within the Group. Cash funds of the Company are managed at Group level. Interest is received/paid by the Company on certain loans with other Group companies.

Liquidity and interest rate risk

The Company's arrangements with the Group, as described above, ensure it can access the funds needed to meet its liquidity requirements as cash can be obtained through Group funding. Interest receivable/payable on loans with other Group companies is calculated at floating rates of interest. The Company's liquidity requirements and interest rate risks are managed at a Group level.

Currency risk

With effect from 1 January 2018 the Company changed its functional currency from Sterling to CNY and its Financial Statements are also presented in CNY. The Company does not purchase derivatives to manage its exposure to currency risk on such transactions. Instead, the Company's currency risks are managed at Group level.

Credit risk

The Company has no significant concentrations of credit risk. Financial Institutions counterparties are subject to approval under the Group's counterparty risk policy and such approval is limited to financial institutions with a BBB rating or above. The amount of exposure to any individual counterparty is subject to a limit defined within the counterparty risk policy. Amounts owing from companies in the Group are usually remitted within the Company's standard credit terms.

RB (China Trading) Limited

Strategic Report (continued) For the Year Ended 31 December 2018

Results for the year and movement on reserves

The Financial Statements for the year ended 31 December 2018 show a profit of CNY 440,211k (2017- profit of CNY 487,240k) which has been added to reserves (2017 - added to reserves).

In 2018, the Company paid a priority dividend on the Class A shares of CNY 71,129k (2017 - CNY 26,323k).

On 26 April 2019, the Company paid a 2018 final priority dividend on the Class A shares of CNY 86,927k relating to the financial year ended 31 December 2018.

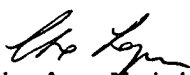
As at 31 October 2019, the Board of Directors have proposed a 2018 dividend of CNY 888,000k to Reckitt Benckiser plc to be paid in 2019.

The functional currency of the Company has changed from Sterling to CNY as the operations of the branch in the UAE were transferred to UK on 1 July 2018. The functional currency change has been assessed to be effective from 1 January 2018. The Company also elected to change its presentational currency to CNY in 2018, therefore, prior year comparative has been restated to CNY.

Future developments

No significant change in the business of the Company is expected in the immediately foreseeable future. On 26 September 2019, the board has approved for UAE branch to be included in the liquidation process in the near future.

This report was approved by order of the Board on 31 October 2019 and signed on its behalf.


Christine Anne-Marie Logan
Company Secretary

RB (China Trading) Limited

Directors' Report to the members of RB (China Trading) Limited For the Year Ended 31 December 2018

The Directors present their report and the audited Financial Statements for the year ended 31 December 2018.

Branch outside the United Kingdom

The Company operated through a branch in the United Arab Emirates ("UAE") until 30 June 2018. On 1 July 2018, the Company transferred its trading operations to the UK.

Directors

The Directors of the Company who held office during the year and up to the date of signing of the Financial Statements, unless otherwise stated, were as follows:

Adrian Nevil Hennah
Lu Youming
John Dixon
Jonathan Timmis

Directors' indemnity

On 28 July 2009, Reckitt Benckiser Group plc executed a deed poll of indemnity for the benefit of each individual who is, at any time on, or after 28 July 2009, an officer of Reckitt Benckiser Group plc and/or any company within the Group in respect of costs of defending claims against them and liabilities suffered or incurred by them.

Statement of Directors' responsibilities in respect of the Strategic Report, the Directors' Report and the Financial Statements

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law they have elected to prepare the Financial Statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including *'FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland'*.

Under Company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the Financial Statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the Financial Statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

RB (China Trading) Limited

Directors' Report to the members of RB (China Trading) Limited (continued) For the Year Ended 31 December 2018

Results for the year and movement on reserves

The Company's results for the year and movements on reserves are included in the Strategic Report on page 2.

Financial risk management

The Company's approach to financial risk is included in the strategic Report on page 1.

Future developments

No significant change in the business of the Company is expected in the immediately foreseeable future. On 26 September 2019, the board has approved for UAE branch to be included in the liquidation process in the near future.

Going concern

The Company participates in the Group's centralised treasury arrangements and so shares the banking arrangements with its parent and fellow subsidiaries.

On the basis of their assessment of the Company's financial position and of the enquiries made of the Directors of Reckitt Benckiser Group plc, the Company's Directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual Financial Statements.

Independent auditor

The external auditor of the Company for the prior financial year was PricewaterhouseCoopers LLP. The Company's ultimate parent company, Reckitt Benckiser Group plc ("the Group"), undertook an audit tender in 2017 and appointed KPMG LLP as external auditor for the Group for the financial year ended 31 December 2018. Accordingly, KPMG LLP was appointed by the Company to replace PricewaterhouseCoopers LLP as auditor for the year ended 31 December 2018.

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

Political contributions

The Company made no political donations or incurred any political expenditure during the year.

Disclosure of information to auditors

Each of the persons who are Directors at the time when this Directors' Report to the members of RB (China Trading) Limited is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

RB (China Trading) Limited

Directors' Report to the members of RB (China Trading) Limited (continued) For the Year Ended 31 December 2018

This report was approved by order of the Board on 31 October 2019 and signed on its behalf.


Christine Anne-Marie Logan
Company Secretary

RB (China Trading) Limited

Independent Auditor's Report to the Members of RB (China Trading) Limited

Opinion

We have audited the Financial Statements of RB (China Trading) Limited ("the Company") for the year ended 31 December 2018 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the Financial Statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Accounting Standards, including *FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the Financial Statements. All audits assess and challenge the reasonableness of estimates made by the Directors, related disclosures and the appropriateness of the going concern basis of preparation of the Financial Statements. All of these depend on assessments of the future economic environment and the Company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the Company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Going concern

The Directors have prepared the Financial Statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the Financial Statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the Financial Statements. In our evaluation of the Directors' conclusions, we considered the inherent risks to the Company's business model, including the impact of Brexit, and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this Auditor's Report is not a guarantee that the Company will continue in operation.

RB (China Trading) Limited

Independent Auditor's Report to the Members of RB (China Trading) Limited (continued)

Strategic Report and Directors' Report

The Directors are responsible for the Strategic Report and the Directors' Report. Our opinion on the Financial Statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the Strategic Report and the Directors' Report and, in doing so, consider whether, based on our Financial Statements audit work, the information therein is materially misstated or inconsistent with the Financial Statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the Strategic Report and Directors' Report;
- in our opinion the information given in those reports for the financial year is consistent with the Financial Statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the Financial Statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 3, the Directors are responsible for the preparation of the Financial Statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

RB (China Trading) Limited

Independent Auditor's Report to the Members of RB (China Trading) Limited (continued)

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



JEREMY WILLIAMS (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

15 Canada Square
London
E14 5GL

Date: 31 October 2019

RB (China Trading) Limited

Statement of Comprehensive Income For the Year Ended 31 December 2018

	Note	2018 CNY000	2017 CNY000 Restated
Turnover	4	1,310,188	1,160,916
Cost of sales		(592,075)	(483,892)
Gross profit		718,113	677,024
Administrative expenses		(98,924)	(36,716)
Other operating income		-	28,591
Other operating expenses		(209,982)	(185,476)
Operating profit	5	409,207	483,423
Interest receivable and similar income	7	31,004	4,227
Interest payable and similar charges	8	-	(410)
Profit before tax		440,211	487,240
Tax on profit	9	-	-
Profit for the financial year		440,211	487,240
Other comprehensive income			
Foreign currency translation gain		-	5,050
Other comprehensive income for the financial year		-	5,050
Total comprehensive income for the financial year		440,211	492,290

The functional currency of the Company has effectively changed from Sterling to CNY from 1 January 2018. The Company also elected to change its presentational currency to CNY in 2018, therefore, prior year comparative has been restated to CNY. Please see note 1.10 and 3 for further details.

The notes on pages 12 to 21 form part of these Financial Statements.

RB (China Trading) Limited

Registered number: 09927289

Balance Sheet
As at 31 December 2018

	Note	2018 CNY000	2017 CNY000 Restated
Current Assets			
Debtors due within one year	11,13	1,275,257	846,248
Cash at bank and in hand	13	54	690
		<u>1,275,311</u>	<u>846,938</u>
Creditors due within one year	12,13	(137,668)	(78,377)
Net Current Assets		1,137,643	768,561
Net Assets		1,137,643	768,561
Equity			
Share capital	14	908	908
Share premium		226,211	226,211
Other reserves		(7,242)	(7,242)
Retained earnings		917,766	548,684
Total Equity		1,137,643	768,561

The notes on pages 12 to 21 form part of these Financial Statements.

The functional currency of the Company has effectively changed from Sterling to CNY from 1 January 2018. The Company also elected to change its presentational currency to CNY in 2018, therefore, prior year comparative has been restated to CNY. Please see note 1.10 and 3 for further details.

The Financial Statements on pages 9 to 21 were approved and authorised for issue by the Board and were signed on its behalf on 31 October 2019.



John Dixon
Director

RB (China Trading) Limited

Statement of Changes in Equity For the Year Ended 31 December 2018

	Share capital CNY000	Share premium CNY000	Other reserves CNY000	Retained earnings CNY000	Total equity CNY000
At 1 January 2018 - as restated	908	226,211	(7,242)	548,684	768,561
Comprehensive income					
Profit for the financial year	-	-	-	440,211	440,211
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	-	440,211	440,211
Transactions with owners					
Priority dividend to Class A shareholders	-	-	-	(71,129)	(71,129)
The transactions with owners recorded directly in equity	-	-	-	(71,129)	(71,129)
Balance at December 2018	908	226,211	(7,242)	917,766	1,137,643

Statement of Changes in Equity For the Year Ended 31 December 2017

	Share capital CNY000 Restated	Share premium CNY000 Restated	Other reserves CNY000 Restated	Retained earnings CNY000 Restated	Total equity CNY000 Restated
At 1 January 2017 - as restated	908	226,211	(12,292)	87,767	302,594
Comprehensive income					
Profit for the financial year	-	-	-	487,240	487,240
Other comprehensive income	-	-	5,050	-	5,050
Total comprehensive income	-	-	5,050	487,240	492,290
Transactions with owners					
Priority dividend to Class A shareholders	-	-	-	(26,323)	(26,323)
The transactions with owners recorded directly in equity	-	-	-	(26,323)	(26,323)
Balance at December 2017 - as restated	908	226,211	(7,242)	548,684	768,561

The notes on pages 12 to 21 form part of these Financial Statements.

RB (China Trading) Limited

Notes to the Financial Statements For the Year Ended 31 December 2018

1. Accounting Policies

The principal accounting policies are summarised below. They have been applied consistently throughout the year and preceding year.

1.1 General Information

RB (China Trading) Limited is a private company limited by shares and is registered in England and Wales. The address of the registered office is given on the Company Information page at the beginning of these Financial Statements. The nature of the Company's operations and its principal activities are set out in the Strategic Report on pages 1 to 2.

1.2 Statement of Compliance

The Financial Statements have been prepared on a going concern basis, under the historical costs convention and in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

1.3 Basis of Preparation

The principal accounting policies applied in the preparation of these Financial Statements are set out below. These policies have been consistently applied to the period presented, unless otherwise stated.

The preparation of Financial Statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 2).

1.4 Financial Reporting Standard 102 – Reduced Disclosure Exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these Financial Statements, as permitted by FRS 102 for qualifying entities:

- the requirements of section 3 Financial Statement Presentation paragraph 3.17(d) and section 7 Statement of Cash Flows not to prepare a Statement of Cash Flows;
- the requirements of section 4 Statement of Financial Position paragraph 4.12(a)(iv) not to prepare a reconciliation of the numbers of shares outstanding at the beginning and end of the year; and
- the requirements of section 33 Related Party Disclosures paragraph 33.7 not to disclose key management personnel compensation in total.

The Company's results are included in the publicly available consolidated Financial Statements of Reckitt Benckiser Group plc and these Financial Statements may be obtained from 103-105 Bath Road, Slough, Berkshire, SL1 3UH, United Kingdom or at <https://www.rb.com>.

1.5 Going Concern

The Company participates in the Group's centralised treasury arrangements and so shares the banking arrangements with its parent and fellow subsidiaries.

On the basis of their assessment of the Company's financial position and of the enquiries made of the Directors of Reckitt Benckiser Group plc, the Company's Directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual Financial Statements.

RB (China Trading) Limited

Notes to the Financial Statements For the Year Ended 31 December 2018

1. Accounting Policies (continued)

1.6 Financial Instruments

The Company only enters into basic financial instrument transactions that result in the recognition of basic financial assets and liabilities, including trade and other receivables and payables and loans to and from related parties. These transactions are initially recorded at transaction price, unless the arrangement constitutes a financing transaction where the transaction is measured at the present value of the future receipt discounted at a market rate of interest, and subsequently recognised at amortised cost.

(a) Financial Assets

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in comprehensive income or expense.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

(b) Financial Liabilities

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Basic financial liabilities, including loans from fellow group companies, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of future payments. Debt instruments are subsequently carried at amortised cost.

(c) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and deposits.

1.7 Turnover

Turnover represents the net amount invoiced during the year. Net turnover is defined as gross sales net of trade discounts and sales related taxes. Net turnover is recognised at the time that the risks and rewards of ownership of the products are transferred to the customer.

1.8 Interest

Interest payable is charged to comprehensive income or expense as incurred and interest receivable is credited as it falls due.

1.9 Taxation

Tax is based on the result for the year and takes into account taxation deferred due to timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax liabilities are provided for in full and deferred tax assets are recognised to the extent that they are considered recoverable.

RB (China Trading) Limited

Notes to the Financial Statements For the Year Ended 31 December 2018

1. Accounting Policies (continued)

1.10 Foreign Currency Balances

The functional currency of the Company and the overseas branch is Chinese Yuan (CNY).

Transactions denominated in foreign currencies are translated into the functional currency at the rate of exchange on the day the transaction occurs. Monetary assets and liabilities denominated in a foreign currency are translated into the functional currency at the exchange rate ruling on the balance sheet date. Exchange differences arising during the year are recorded as part of profit or loss before taxation.

The Directors have elected to present these Financial Statements in Chinese Yuan (CNY).

2. Accounting Estimates and Judgements

In the application of the Company's accounting policies the Directors are required to make a number of estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The Company's Directors are of the opinion that there are no judgements and no key sources of estimation uncertainty that have a significant risk of causing material adjustment to the carrying value of assets and liabilities for the Company within the next financial year.

3. Change in functional and presentation currency

The functional currency of the Company has changed from Sterling to CNY as the UAE branch operations was transferred to its holding company in UK on 1 July 2018. The functional currency change has been applied prospectively from 01 January 2018. On this date, the Company also elected to change its presentation currency from Sterling to CNY.

Arising from the change, the prior year comparative has been restated as if the new presentation currency had always been the Company's presentation currency and were translated from Sterling to CNY on the following basis:

- Assets and liabilities at the rate of exchange ruling at the prior year end date (1 GBP = CNY 8.7931);
- Equity items at the rate of exchange ruling at the transaction date (1 GBP = CNY 9.0830); and
- Items recognised through comprehensive income at the average rate ruling during the financial year (1 GBP = CNY 8.7036).

Exchange differences arising from the translation of the prior year comparative's net assets of the UAE branch are taken to the Statement of Comprehensive Income.

RB (China Trading) Limited

Notes to the Financial Statements For the Year Ended 31 December 2018

4. Turnover

During the year 100% of the Company's turnover related to sales of goods to affiliated entities outside of the United Kingdom.

Analysis of turnover by country of destination:

	2018 CNY000	2017 CNY000 Restated
China	1,015,047	960,258
Hong Kong	293,337	199,846
Europe	1,804	812
	<u>1,310,188</u>	<u>1,160,916</u>

5. Operating profit

The operating profit is stated after charging/(crediting):

	2018 CNY000	2017 CNY000 Restated
Franchise fee income	-	(28,591)
Management cross charge	95,440	30,261
Other expenses	3,484	6,455
Royalty fee	<u>209,982</u>	<u>185,476</u>

RB (China Trading) Limited

Notes to the Financial Statements For the Year Ended 31 December 2018

6. Staff costs

Staff costs were as follows:

	2018 CNY000	2017 CNY000 Restated
Wages and salaries	3,011	4,197

The average monthly number of employees during the year was as follows:

	2018 No.	2017 No.
Administration and support	3	5

Wages and salaries are included in administrative expenses in the current year Statement of Comprehensive Income.

7. Interest receivable and similar income

	2018 CNY000	2017 CNY000 Restated
Interest receivable from Group undertakings	24,567	4,227
Net foreign exchange gain	6,437	-
	31,004	4,227

8. Interest payable and similar charges

	2018 CNY000	2017 CNY000 Restated
Net foreign exchange loss	-	410
	-	410

RB (China Trading) Limited

Notes to the Financial Statements For the Year Ended 31 December 2018

9. Taxation

	2018 CNY000	2017 CNY000 Restated
Current tax on profit for the financial year	-	-
Tax on profit	<u>-</u>	<u>-</u>

Reconciliation of tax charge

The tax assessed for the year is lower than (2017 - lower than) the standard rate of corporation tax in the UK of 19% (2017 - 19.25%). The differences are explained below:

	2018 CNY000	2017 CNY000 Restated
Profit before tax	<u>440,211</u>	<u>487,240</u>
Profit multiplied by standard rate of corporation tax in the UK of 19% (2017 - 19.25%)	83,639	93,794
Effects of:		
Branch income not taxable	(39,793)	(93,794)
Group relief not paid for	(43,846)	-
Total tax charge for the year	<u>-</u>	<u>-</u>

Factors that may affect future tax charges

The UK tax rate reduces to 17% from 1 April 2020 and this has been substantively enacted. Future profits will be taxed at the appropriate rate.

RB (China Trading) Limited

Notes to the Financial Statements For the Year Ended 31 December 2018

10. Dividends

	2018 CNY000	2017 CNY000 Restated
Dividend paid to Class A share	71,129	26,323

On 26 April 2019, the Company paid a 2018 final priority dividend on the Class A shares of CNY 86,927k relating to the financial year ended 31 December 2018.

As at 31 October 2019, the Board of Directors have proposed a 2018 dividend of CNY 888,000k to Reckitt Benckiser plc to be paid in 2019.

11. Debtors due within one year

	2018 CNY000	2017 CNY000 Restated
Amounts owed by Group undertakings	1,275,257	846,248
	<u>1,275,257</u>	<u>846,248</u>

Included in the amounts owed by Group undertakings is an amount of CNY 892,933k (2017 restated - CNY 383,081k), which is unsecured, interest bearing at 3M HIBOR minus a margin of 0.125% (2017 - same), repayable on demand.

Included in the amounts owed by Group undertakings is an amount of CNY 97k (2017 restated - nil), which is denominated in USD, unsecured, interest bearing at 3M HIBOR minus a margin of 0.125% (2017 restated - nil) and repayable on demand.

All other amounts owed by Group undertakings are unsecured, non-interest bearing and repayable on demand (2017 restated - same).

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12. Creditors due within one year

	2018 CNY000	2017 CNY000 Restated
Amounts owed to Group undertakings	137,235	77,756
Accruals	433	621
	<u>137,668</u>	<u>78,377</u>

Included in the amount owed to Group undertakings is an amount of CNY 137,235k (2017 restated - CNY 77,756k) are unsecured, non-interest bearing and repayable on demand.

13. Financial Instruments

	2018 CNY000	2017 CNY000 Restated
Financial Assets		
Cash at bank and in hand	54	690
Financial assets measured at amortised cost	1,275,257	846,248
	<u>1,275,311</u>	<u>846,938</u>
Financial Liabilities		
Financial liabilities measured at amortised cost	<u>(137,668)</u>	<u>(78,377)</u>

The Company has entered into the following loan agreements with Group undertakings:

Included in the amounts owed by Group undertakings is an amount of CNY 892,933k (2017 restated - CNY 383,081k), which is unsecured, interest bearing at 3M HIBOR minus a margin of 0.125% (2017 - same), repayable on demand.

Included in the amounts owed by Group undertakings is an amount of CNY 97k (2017 restated - nil), which is denominated in USD, unsecured, interest bearing at 3M HIBOR minus a margin of 0.125% (2017 restated - nil) and repayable on demand.

All other amounts owed by Group undertakings are unsecured, non-interest bearing and repayable on demand (2017 restated - same).

Included in the amount owed to Group undertakings is an amount of CNY 137,235k (2017 restated - CNY 77,756k) are unsecured, non-interest bearing and repayable on demand.

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14. Share Capital

	2018 CNY000	2017 CNY000 Restated
Issued and fully paid		
80,000 (2017 - 80,000) Ordinary shares of £1 each	726	726
20,000 (2017 - 20,000) Class A shares of £1 each	182	182
	<u>908</u>	<u>908</u>

The share capital was translated from Sterling to CNY on 26 February 2016 using a spot rate of 9.083, as part of the presentational currency change.

Class A shares

Each shareholder of Class A shares is entitled to one vote per share.

The Company intends to pay to A shareholders in each financial year, a dividend up to a fixed amount relating to the prior financial year (the "priority dividend"). The Company shall not declare any dividends to Ordinary shareholders in any financial year unless the Priority Dividend has been first declared to A shareholders. Where the Priority Dividend has been paid, the A shareholders shall not be entitled to any further distributions that year and any remaining distributions for that year shall be paid to the Ordinary shareholders.

Upon a liquidation all shareholders shall be treated equally with respect to the distribution of company assets.

Ordinary shares

The Ordinary shares have attached to them full voting, dividend and capital distribution (including on winding up) rights, they do not confer any rights of redemption.

15. Ultimate Parent Undertaking and Controlling Party

The immediate parent company is Reckitt Benckiser plc, a company registered in England and Wales, holding 80% of the ordinary share capital of the Company. The remaining 20% of ordinary share capital is held by Man Wah Holdings Company Limited.

The ultimate parent company and controlling party is Reckitt Benckiser Group plc, a company registered in England and Wales, which is the parent undertaking of the smallest and largest Group to consolidate these Financial Statements. Copies of the Group Financial Statements of Reckitt Benckiser Group plc can be obtained from 103-105 Bath Road, Slough, Berkshire, SL1 3UH, United Kingdom or at <https://www.rb.com>.

16. Auditor's Remuneration

The auditor's remuneration is met by the ultimate parent company, Reckitt Benckiser Group plc and is disclosed in total in the Group Financial Statements. No recharge is made to its subsidiaries as it is not practical to make an allocation of the audit fee to each subsidiary entity individually.

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Notes to the Financial Statements For the Year Ended 31 December 2018

17. Post Balance Sheet Events

On 26 September 2019, the board has approved for UAE branch to be included in the liquidation process in the near future.