

RB (China Trading) Limited

Report and Financial Statements

Year ended

31 December 2021

Company Number 09927289

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RB (China Trading) Limited

Company Information

| | |
|----------------------------|---|
| Directors | Lu Youming John Charles Dixon Timothy John Martel |
| Company Secretary | James Edward Hodges |
| 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 2021

The Directors of RB (China Trading) Limited ("the Company") present their Strategic Report for the year ended 31 December 2021.

Principal activities

The principal activity of the Company is selling healthcare, personal care and household products to affiliated companies in the Reckitt Benckiser Group Plc group of companies (the "Group"). The Company, which is a member of the Group carries out the strategy intended by the Company Directors.

Business review

Review of the business

The Company continues to distribute healthcare and personal care products. From March 2021, Health and Hygiene supply chains in China and Hong Kong were consolidated as part of the overall move to an integrated Greater China Business Unit.

Performance of the business has decreased from previous year due to higher cost of sales and additional management fee and royalty charges.

Key performance indicators ("KPIs")

Given the straightforward nature of the business, the Company's Directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

Principal risks and uncertainties

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 Reckitt Benckiser Group plc, which include those of the Company, are discussed on pages 88 - 102 of the Group's 2021 Annual Report and Financial Statements which do 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 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 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

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, which is reassessed annually by the Board of Reckitt Benckiser Group plc. 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 2021

Statement under section 172 of the Companies Act 2006

This statement, which forms part of the Strategic Report, is intended to show how the Directors have approached and met their responsibilities under section 172 of the Companies Act 2006 during 2021. The statement has been prepared in response to the obligations as set out in the Companies (Miscellaneous Reporting) Regulations 2018.

As required by Section 172 of the UK Companies Act 2006, a Director of a company must act in a way s/he considers, in good faith, would most likely promote the success of the Company for the benefit of its shareholders. In doing this, the Director must have regard, amongst other matters, to the:

- likely consequences of any decisions in the long-term;
- interests of the Company's employees;
- need to foster the Company's business relationships with suppliers, customers and others;
- impact of the Company's operations on the community and environment;
- Company's reputation for high standards of business conduct; and
- need to act fairly as between members of the Company.

In discharging our section 172 duties we have regard to the factors set out above. In addition, we also have regard to other factors which we consider relevant to the decision being made. As a Board our aim is always to uphold the highest standards of governance and conduct, taking decisions in the interests of the long-term sustainable success of the Company, generating value for our shareholders and contributing to wider society. We recognise that our business can only grow and prosper over the long-term by understanding the views and need of our stakeholders. Understanding our stakeholders is key to ensuring the Board can have informed discussions and factor stakeholder interests into decision making. Those factors, for example, include the interests and views of other members of our Group and our relationship with our lenders. By considering the Company's purpose and values, together with its strategic priorities and having a process in place for decision making, we aim to make sure that our decisions are consistent and appropriate in all the circumstances. In particular:

- The strategy of the Group applies to the Company, as a member of the Group, and shapes the Company's business operations and activities. Details of the Group's long-term strategy can be found on pages 22 to 30 of the Group's 2021 Annual Report, which is available at www.reckitt.com.
- The Company is committed to responsible and ethical corporate behaviour. This includes high standards of business conduct in our relationships. The Company operates under documented treasury controls and policies approved by the Group, together with other Group policies, including the Group's Code of Business Conduct, Global Anti Bribery Policy and Global Anti Money Laundering Policy and processes are in place to ensure compliance therewith.
- We understand the importance of engaging with, and understanding the perspectives of, our workforce. We also recognise the benefits of personal interaction and informal discussions in learning more about the day-to-day operations; the development and execution of strategy and gathering direct insight into our culture and workforce engagement.

We delegate authority for day-to-day management of the Company to executives and then engage management in setting, approving and overseeing execution of the business strategy and related policies. Board meetings are held periodically where the Directors consider the Company's activities and make decisions. As a part of those meetings the Directors receive information on section 172 matters when making relevant decisions. We, in conjunction with our executive management team, regularly review financial and operational performance and legal and regulatory compliance. During the year the decisions taken by the Company included the approval of the audited Financial Statements for the year ended 31 December 2020, payment of an interim dividend to Class A shareholders. In making our decisions we considered a range of factors. These included the long-term viability of the Company; its expected cash flow and financing requirements; the ongoing need for strategic investment in our business and the expectations of the Group.

RB (China Trading) Limited

Strategic Report (continued) For the Year Ended 31 December 2021

Results for the year and movement on reserves

The Financial Statements for the year ended 31 December 2021 show a profit of CNY 206,338k (2020 - profit of CNY 394,521k) which has been added to reserves (2020 - added to reserves). As at 31 December 2021, the Company has net assets of CNY 505,759k (2020 - CNY 745,183k).

In 2021, the Company paid:


1. A priority dividend on the Class A shares of CNY 125,762k (2020 - CNY 92,836k);
2. A dividend on the Ordinary shares of CNY 320,000k (2020 - CNY Nil);

which sums up to the total of CNY 445,762k (2020 - CNY 92,836k) paid in the financial year ended 31 December 2021.

Future developments

No significant change in the business of the Company has taken place during the year or is expected in the immediately foreseeable future.

This report was approved by the Board on 29 September 2022 and signed on its behalf.

DocuSigned by:

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John Charles Dixon
Director

RB (China Trading) Limited

Directors' Report to the members of RB (China Trading) Limited For the Year Ended 31 December 2021

The Directors present their report and the audited Financial Statements for the year ended 31 December 2021.

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:

Aditya Sehgal (resigned 29 October 2021)
Lu Youming
John Charles Dixon
Timothy John Martel

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 year. 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, relevant and reliable;
- state whether applicable United Kingdom accounting standards, comprising FRS 102, 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 2021

Business relationships

In discharging our section 172 duties we have regard to the need to foster the Company's business relationships with suppliers.

The Company is committed to responsible and ethical corporate behaviour. This includes high standards of business conduct in our relationships with suppliers. The Company operates under documented policies approved by the Group, including the Group's Code of Business Conduct, Global Anti-Bribery Policy, Data Privacy Policies and Global Anti-Money Laundering Policy and processes are in place to ensure compliance therewith.

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 3.

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 has taken place during the year or is expected in the immediately foreseeable future.

Post balance sheet events

On 27 April 2022, the Company declared a 2021 priority dividend on the Class A shares of CNY 144,146k and ordinary dividend of CNY 100,000k (2020 - CNY 320,000k) relating to the financial year ended 31 December 2021.

Going concern

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

The Directors have received indication from Reckitt Benckiser Group plc to the effect that it will ensure that the Company has sufficient funds to enable it to continue as a going concern without significant curtailment of its operations for at least the next twelve months from the date of this report.

The primary risk surrounding this company is in relation to its ability to pay its creditors due within 12 months from the Balance Sheet date. The Company seeks to meet these payments either by using cash received from other Group companies from the sale of goods or by calling money put on deposit with other Group companies.

The Directors have performed an assessment of the ability to recover intercompany debtors and, where necessary, the parental support of Reckitt Benckiser Group plc to such counterparties if this liability is called up for repayment. As with any company placing reliance on other group entities for financial support, the Directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these Financial Statements, they have no reason to believe that it will not do so.

Having assessed the principal risks and other matters discussed in connection with the Group's Viability Statement as set out on page 103 of the Group's 2021 Annual report and Financial Statements, the Board believes that the Group is well-positioned to manage its principal risks successfully. The Board's belief is based on consideration of the historic resilience of Reckitt and has taken account of its current position and prospects, the actions taken to manage the Group's debt profile, risk appetite and the principal risks facing the business in unexpected and adverse circumstances.

RB (China Trading) Limited

Directors' Report to the members of RB (China Trading) Limited (continued) For the Year Ended 31 December 2021

Independent auditor

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

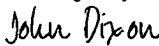
The Company made no political donations or incurred any political expenditure during the year.

Disclosure of information to auditor

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.

This report was approved by the Board on 29 September 2022 and signed on its behalf.

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John Charles Dixon
Director

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 2021 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 2021 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.

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").

In our evaluation of the Directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the Directors' use of the going concern basis of accounting in the preparation of the Financial Statements is appropriate;
- we have not identified, and concur with the Directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

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 above conclusions are 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)

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included enquiring of Directors, reading Board of Directors meetings' minutes and inspection of policy documentation as to the Reckitt Benckiser Group plc's policies and procedures to prevent and detect fraud that apply to this group company as well as enquiring whether the Directors have knowledge of any actual, suspected or alleged fraud.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because all revenues are with Group companies and therefore there are limited incentives or pressures to commit fraud.

We performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included entries containing key words and unrelated and unusual journal pairing for cash, bank and revenue ledgers.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the Financial Statements from our general commercial and sector experience and through discussion with the Directors (as required by auditing standards), and discussed with the Directors the policies and procedures regarding compliance with laws and regulations.

The Company is subject to laws and regulations that directly affect the Financial Statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related Financial Statement items.

Whilst the Company is subject to many other laws and regulations, we did not identify any others where the consequences of non-compliance alone could have a material effect on amounts or disclosures in the Financial Statements.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the Financial Statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the Financial Statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

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 4, 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.



JACK MARTINEZ (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

15 Canada Square
London
E14 5GL

Date: 30 September 2022

RB (China Trading) Limited

Statement of Comprehensive Income For the Year Ended 31 December 2021

| | | 2021 CNY000 | 2020 CNY000 |
|--|------|----------------|----------------|
| | Note | | |
| Turnover | 3 | 1,378,128 | 1,377,562 |
| Cost of sales | | (750,597) | (647,629) |
| Gross profit | | 627,531 | 729,933 |
| Administrative expenses | | (109,112) | (94,905) |
| Other operating expenses | | (324,570) | (250,548) |
| Operating profit | 4 | 193,849 | 384,480 |
| Interest receivable and similar income | 5 | 12,590 | 10,041 |
| Interest payable and similar charges | 6 | (101) | - |
| Profit before tax | | 206,338 | 394,521 |
| Tax on profit | 7 | - | - |
| Profit for the financial year | | 206,338 | 394,521 |
| Other comprehensive income for the year | | - | - |
| Total comprehensive income for the year | | 206,338 | 394,521 |

The notes on pages 14 to 23 form part of these Financial Statements.

RB (China Trading) Limited

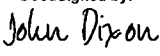
Registered number:09927289

Balance Sheet
As at 31 December 2021

| | Note | 2021 CNY000 | 2020 CNY000 |
|-------------------------------|------|----------------|----------------|
| Current Assets | | | |
| Stock | 9 | - | 52 |
| Debtors due within one year | 10 | 667,640 | 874,302 |
| Cash at bank and in hand | | 3,441 | 398 |
| | | <u>671,081</u> | <u>874,752</u> |
| Creditors due within one year | 11 | (165,322) | (129,569) |
| Net Current Assets | | 505,759 | 745,183 |
| Net Assets | | 505,759 | 745,183 |
| Equity | | | |
| Share capital | 12 | 908 | 908 |
| Share premium | | 226,211 | 226,211 |
| Other reserves | | (7,242) | (7,242) |
| Retained earnings | | 285,882 | 525,306 |
| Total Equity | | 505,759 | 745,183 |

The notes on pages 14 to 23 form part of these Financial Statements.

The Financial Statements on pages 11 to 23 were approved and authorised for issue by the Board and were signed on its behalf on 29 September 2022.

DocuSigned by:

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John Charles Dixon
Director

RB (China Trading) Limited

Statement of Changes in Equity For the Year Ended 31 December 2021

| | Share capital CNY000 | Share premium CNY000 | Other reserves CNY000 | Retained earnings CNY000 | Total equity CNY000 |
|--|----------------------------|----------------------------|-----------------------------|--------------------------------|------------------------|
| At 1 January 2021 | 908 | 226,211 | (7,242) | 525,306 | 745,183 |
| Comprehensive income | | | | | |
| Profit for the financial year | - | - | - | 206,338 | 206,338 |
| Other comprehensive income for the year | - | - | - | - | - |
| Total comprehensive income for the year | - | - | - | 206,338 | 206,338 |
| Transactions with owners | | | | | |
| Dividend paid | - | - | - | (445,762) | (445,762) |
| Total transactions with owners | - | - | - | (445,762) | (445,762) |
| Balance at December 2021 | 908 | 226,211 | (7,242) | 285,882 | 505,759 |

Statement of Changes in Equity For the Year Ended 31 December 2020

| | Share capital CNY000 | Share premium CNY000 | Other reserves CNY000 | Retained earnings CNY000 | Total equity CNY000 |
|--|----------------------------|----------------------------|-----------------------------|--------------------------------|------------------------|
| At 1 January 2020 | 908 | 226,211 | (7,242) | 223,621 | 443,498 |
| Comprehensive income | | | | | |
| Profit for the financial year | - | - | - | 394,521 | 394,521 |
| Other comprehensive income for the year | - | - | - | - | - |
| Total comprehensive income for the year | - | - | - | 394,521 | 394,521 |
| Transactions with owners | | | | | |
| Dividend paid | - | - | - | (92,836) | (92,836) |
| Total transactions with owners | - | - | - | (92,836) | (92,836) |
| Balance at December 2020 | 908 | 226,211 | (7,242) | 525,306 | 745,183 |

The notes on pages 14 to 23 form part of these Financial Statements.

RB (China Trading) Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

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 3.

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; 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 www.reckitt.com.

RB (China Trading) Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

1. Accounting Policies (continued)

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.

The Directors have received indication from Reckitt Benckiser Group plc to the effect that it will ensure that the Company has sufficient funds to enable it to continue as a going concern without significant curtailment of its operations for at least the next twelve months from the date of this report.

The primary risk surrounding this company is in relation to its ability to pay its creditors due within 12 months from the Balance Sheet date. The Company seeks to meet these payments either by using cash received from other Group companies from the sale of goods or by calling money put on deposit with other Group companies.

The Directors have performed an assessment of the ability to recover intercompany debtors and, where necessary, the parental support of Reckitt Benckiser Group plc to such counterparties if this liability is called up for repayment. As with any company placing reliance on other group entities for financial support, the Directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these Financial Statements, they have no reason to believe that it will not do so.

Having assessed the principal risks and other matters discussed in connection with the Group's Viability Statement as set out on page 103 of the Group's 2021 Annual report and Financial Statements, the Board believes that the Group is well-positioned to manage its principal risks successfully. The Board's belief is based on consideration of the historic resilience of Reckitt and has taken account of its current position and prospects, the actions taken to manage the Group's debt profile, risk appetite and the principal risks facing the business in unexpected and adverse circumstances.

RB (China Trading) Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

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 discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost.

c) Cash at bank and in hand

Cash at bank and in hand comprise cash balances and deposits.

1.7 Turnover

Turnover represents the net amount relating to the financial 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 receivable is recognised when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Interest receivable is credited to the Statement of Comprehensive Income on recognition. Interest payable is recognised when it is probable that the economic benefits will flow from the Company and the amount of expense can be measured reliably. Interest payable is debited to the Statement of Comprehensive Income on recognition.

RB (China Trading) Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

1. Accounting Policies (continued)

1.9 Dividend paid

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

1.10 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.

1.11 Foreign Currency Balances

The functional and presentation currency of the Company is Chinese Yuan (CNY). Foreign currency is to be determined by any other currency than 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.

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.

RB (China Trading) Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

3. Turnover

During the year 100% of the Company's turnover related to sales to entities outside of the United Kingdom. The Company has only one class of business, that being the sale of healthcare, personal care and household products.

An analysis of turnover by geographical location is given below:

| | 2021 CNY000 | 2020 CNY000 |
|-----------|------------------|------------------|
| China | 973,788 | 995,626 |
| Hong Kong | 404,340 | 381,936 |
| | <u>1,378,128</u> | <u>1,377,562</u> |

4. Operating profit

The operating profit is stated after charging:

| | 2021 CNY000 | 2020 CNY000 |
|-------------------------|----------------|----------------|
| Management cross charge | 108,005 | 93,993 |
| Other expenses | 1,107 | 911 |
| Royalty fee | 324,570 | 250,548 |
| | <u>433,682</u> | <u>345,452</u> |

5. Interest receivable and similar income

| | 2021 CNY000 | 2020 CNY000 |
|---|----------------|----------------|
| Interest receivable from Group undertakings | 12,590 | 9,698 |
| Net foreign exchange gain | - | 343 |
| | <u>12,590</u> | <u>10,041</u> |

6. Interest payable and similar charges

| | 2021 CNY000 | 2020 CNY000 |
|---------------------------|----------------|----------------|
| Net foreign exchange loss | 101 | - |

RB (China Trading) Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

7. Taxation

| | 2021 CNY000 | 2020 CNY000 |
|--|----------------|----------------|
| Corporation tax | | |
| Current tax on profit for the financial year | - | - |
| Total current tax | - | - |
| Tax on profit | - | - |

Reconciliation of tax charge

The tax assessed for the year is lower than (2020 - lower than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

| | 2021 CNY000 | 2020 CNY000 |
|---|----------------|----------------|
| Profit before tax | 206,338 | 394,521 |
| Profit multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%) | 39,204 | 74,959 |
| Effects of: | | |
| Group relief not paid for | (63,410) | (74,715) |
| Transfer pricing adjustments | 24,205 | - |
| Expenses not deductible | 1 | 62 |
| Movement in deferred tax not provided | - | (306) |
| Total tax charge for the year | - | - |

Factors that may affect future tax charges

The UK Budget 2021 announcements on 3 March 2021 included measures to support economic recovery as a result of the ongoing COVID-19 pandemic. These included an increase to the UK's main corporation tax rate to 25%, which was due to be effective from 1 April 2023. These changes were substantively enacted in The Finance Bill 2021 on 24 May 2021. The UK Growth Plan 2022 announcements on 23 September 2022 included cancelling this planned increase to the UK's main corporation tax rate from 19% to 25%. These changes were not substantively enacted at the Balance Sheet date.

RB (China Trading) Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

8. Dividend paid

| | 2021 CNY000 | 2020 CNY000 |
|---------------|----------------|----------------|
| Dividend paid | <u>445,762</u> | <u>92,836</u> |

In 2021, the Company paid:

1. A priority dividend on the Class A shares of CNY 125,762k (2020 - CNY 92,836k);
2. A dividend on the Ordinary shares of CNY 320,000k (2020 - CNY Nil);

which sums up to the total of CNY 445,762k (2020 - CNY 92,836k) paid in the financial year ended 31 December 2021.

9. Stock

| | 2021 CNY000 | 2020 CNY000 |
|-------|----------------|----------------|
| Stock | <u>-</u> | <u>52</u> |

10. Debtors due within one year

| | 2021 CNY000 | 2020 CNY000 |
|------------------------------------|----------------|----------------|
| Amounts owed by Group undertakings | <u>667,640</u> | <u>874,302</u> |

Included in the amounts owed by Group undertakings due within one year is an amount of CNY 393,150k (2020 - CNY 545,717k), which is unsecured, interest bearing at 3M CNH HIBOR minus a margin of 0.125% (2020 - same) and repayable on demand.

All other amounts owed by Group undertakings are unsecured, non-interest bearing and repayable on demand (2020 - same).

11. Creditors due within one year

| | 2021 CNY000 | 2020 CNY000 |
|------------------------------------|----------------|----------------|
| Trade creditors | 405 | - |
| Amounts owed to Group undertakings | <u>164,917</u> | <u>129,569</u> |
| | <u>165,322</u> | <u>129,569</u> |

Included in the amount owed to Group undertakings due within one year is an amount of CNY 164,917k (2020 - CNY 129,569k) are unsecured, non-interest bearing and repayable on demand.

RB (China Trading) Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

12. Share capital

| | 2021 CNY000 | 2020 CNY000 |
|--|----------------|----------------|
| Issued and fully paid | | |
| 80,000 (2020 - 80,000) Ordinary shares of £1.00 each (2020 - same) | 726 | 726 |
| 20,000 (2020 - 20,000) Class A shares of £1.00 each (2020 - same) | 182 | 182 |
| | <u>908</u> | <u>908</u> |

The ordinary shares were converted from GBP to CNY on 26 February 2016 using an exchange rate of 9.083, as part of the functional 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.

RB (China Trading) Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

13. Related Party Transactions

RB (China Trading) Ltd has traded with various group subsidiaries during the year during the normal course of business and these have been classified as Other related parties.

Details of outstanding receivables balance have been disclosed in Note 10.

Details of outstanding creditors balances have been disclosed in Note 11.

| | 2021 CNY000 | 2020 CNY000 |
|----------------------------------|------------------|------------------|
| Other Related Parties | | |
| Sale of goods | (1,378,128) | (1,377,562) |
| Cost of sales | 745,883 | 647,629 |
| Admin expenses | 109,265 | 94,905 |
| Interest | (12,590) | (9,698) |
| Net Foreign exchange (gain)/loss | 101 | (343) |
| Royalties | 324,570 | 250,548 |
| | <u>(210,899)</u> | <u>(394,521)</u> |
| Other Related Parties | | |
| Receivables outstanding | 667,640 | 874,302 |
| Creditors outstanding | (164,917) | (129,569) |
| | <u>502,723</u> | <u>744,733</u> |

14. Ultimate Parent Undertaking and Controlling Party

The immediate parent company is Reckitt Benckiser Limited 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 Co. 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 www.reckitt.com.

RB (China Trading) Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

15. Directors' Remuneration

During the year the Company had 3 Directors resident in the UK and 1 Director Resident in China, none of whom received any emoluments in respect of services to the Company (2020 - 4 Directors, no emoluments).

The Directors are also Directors of a number of fellow subsidiaries, and it is not practical to make an accurate apportionment of their remuneration in respect of each of the subsidiaries. The Directors have no material interest in any contract of significance to the Company's business.

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. Amounts receivable by the Company's auditor in respect of the audit of these Financial Statements is £27k (2020 - £27k).

17. Post Balance Sheet Events

On 27 April 2022, the Company declared a 2021 priority dividend on the Class A shares of CNY 144,146k and ordinary dividend of CNY 100,000k (2020 - CNY 320,000k) relating to the financial year ended 31 December 2021.