

# **Vital Mobile Holdings Limited**

## **維太移動控股有限公司**

(In the process of changing its name to “Vital Innovations Holdings Limited 維太創科控股有限公司”)

*(Incorporated in Cayman Islands with limited liability)*

**(Stock Code: 6133)**

### **2018 Environmental, Social and Governance Report**

## Scope and Reporting Period

The board (the “Board”) of directors of Vital Mobile Holdings Limited 維太移動控股有限公司 (In the process of changing its name to “Vital Innovations Holdings Limited 維太創科控股有限公司”) (the “Company”) (stock code: 6133) together with its subsidiaries (collectively, the “Group”) is pleased to present the report on the environmental, social and governance (“ESG”) issues (the “ESG Report”) in relation to the Group’s businesses for the year ended 31 December 2018 in accordance with Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

In full compliance with the disclosure obligation and after conducting the materiality testing, the Group decided to include all of its entities and businesses in the ESG Report. Unless otherwise stated, the reporting period is 1 January 2018 to 31 December 2018 (the “Reporting Period”). The Board considers that we have complied with the "comply or explain" provisions of the Environmental, Social and Governance Reporting Guide for the year ended 31 December 2018.

## Our commitment, management approach and strategy

The Group is a major smartphone supplier listed in Hong Kong, focusing on providing high-end and one-stop original design manufacturing (“ODM”) services and software development to overseas markets. We are principally engaged in providing support to suppliers of mobile telecommunication devices as well as providing design, development and related services for smart terminal products in Beijing and Hong Kong of the People’s Republic of China (“PRC”). Over the years, thanks to the continuous support of our shareholders, clients and working partners, the Group has been improving its corporate structure and has shouldered the responsibilities of a corporate citizen by striving to enhance its environmental, social and governance efficiency with a view to contributing to the community.

The Board is responsible for evaluating and determining the Group’s ESG-related risks and delegating authority to the management to implement detailed strategies and plans so as to ensure that good and effective ESG risk management and internal control systems are established and maintained. The Group maintains effective communication with its stakeholders through daily operations in order to understand and identify expectations and concerns about the Group’s ESG from its stakeholders, with a view to assessing materiality of various aspects of ESG and to formulating approach and strategies of long-term business development.

During the Reporting Period, we adhered to the missions and values of the Group by implementing various internal policies on an ongoing basis based on the principle of sustainable development, striving to reduce the environmental and social impacts caused by our daily operations. We also stepped up efforts in environmental protection, staff training and anti-corruption in order to create values for all our employees, suppliers, shareholders and other stakeholders and strike a balance of interests among different parties.

## A. ENVIRONMENTAL

### *A1: Emissions*

In light of the nature of the Group’s business which mainly is the provision of design, development and related services for smart terminal products, the management considered that emissions and wastes from operations had relatively less impacts on the environment and there has been no substantial influence on the assessments and decisions of the Group and/or the stakeholders about the performance of the Group.

Nevertheless, the Group (including Beijing Benywave Wireless Communication Co., Ltd.<sup>1\*</sup> (北京百納威爾無線通訊設備有限公司) (“Beijing Benywave”) and Vital Mobile (HK) Limited (“Vital HK”), our major subsidiaries based in Beijing and Hong Kong respectively) has fully complied with the relevant laws and regulations relating to emissions (i.e. air emissions, greenhouse gas (“GHG”) emissions, discharges into water and land, and generation of hazardous and non-hazardous wastes), including but not limited to the Environmental Protection Law (《環境保護法》), Air Pollution Control Ordinance (《空氣污染管制條例》), Noise Control Ordinance (《噪音管制條例》) etc., during the Reporting Period. The Group also engaged a third-party testing organisation to carry out a review on its discharge of noise and domestic wastewater so as to ensure it has met the standards of discharge set by the state and provincial and municipal governments.

In pursuit of environmental sustainability and in compliance with a wide spectrum of environmental laws and regulations stipulated by the PRC state, provincial and municipal governments, Beijing Benywave has developed a set of compliance procedures to monitor and meet the environmental standards and indicators during operations in an effective manner. Those are Control Procedures on Identification and Evaluation of Environmental Factors (環境因素認別、評價控制程式), Procedures for Pollution Control (污染控制程式), Procedures for Energy and Resources Consumption Control (能源資源控制程式), Procedures for Environmental Operational Control (環境運行控制程式), etc.

We advocate employees the awareness of greening proactively through the promotion of reducing and recycling of wastage in life and work. Energy and other resources are consumed efficiently, which reduces environmental pollution on an effective manner and achieves conservation under the requirements of sustainable development of the Group. For instance, extractor fan should be turned on for ventilation while using printer or photocopier, wasting or parking around outlet of water pipe is not allowed, dumping of pollutants and mixed flow of rain and sewage into water pipe is prohibited etc.

In addition, Vital HK has set up a new warehouse facility in Hong Kong as a customer supporting and operating center for software and product upgrade. Vital HK does not produce significant air pollutants, chemical waste, sewage and noise during operations. The warehouse advocates recycling of paper and computers, so as to reduce level of environmental pollution from operations.

#### Performance indicators for air emissions and GHG emissions

The Group does not generate significant air emissions or GHGs in the course of its business operation. Air emissions and GHGs from operations mostly arise from the consumption of purchased electricity, the consumption of natural gas as well as the exhaust/consumption of gasoline by vehicles, including emissions of nitrogen oxides (NO<sub>x</sub>), sulphur oxides (SO<sub>x</sub>), particulate matters (PM) and carbon dioxides (CO<sub>2</sub>).

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<sup>1</sup> \* for identification purposes only

The types and total volume of air emissions of the Group in Beijing and Hong Kong during the Reporting Period were as follows:

Sources	Emission of Nitrogen oxides (NO <sub>x</sub> )		Emission of Sulphur oxides (SO <sub>x</sub> )		Emission of Particulate Matters (PM)	
	Volume (in grams)		Volume (in grams)		Volume (in grams)	
	Year 2018	Year 2017	Year 2018	Year 2017	Year 2018	Year 2017
Consumption of purchased electricity	99,290	49,313	156,875	75,899	9,648	5,942
Consumption of natural gas	7,542	8,062	1,197	1,280	2,873	3,071
Exhaust/consumption of gasoline by vehicles	-	2,213	-	-	-	212
Total	106,832	59,588	158,072	77,179	12,521	9,225

The volume of GHG emissions of the Group in Beijing and Hong Kong during the Reporting Period was as follows:

Sources	Emission of Carbon dioxides (CO <sub>2</sub> )	
	Volume (in kilograms)	
	Year 2018	Year 2017
Consumption of purchased electricity	59,233	28,219
Consumption of natural gas	22,494	24,046
Exhaust/consumption of gasoline by vehicles	-	503
Consumption of fresh water	160	172
Total	81,887	52,940

A new customer support operating facility has been running in the Hong Kong warehouse since October 2017. In addition to its basic functions of logistics, the warehouse has also been used as a support to optimise hardware and software of mobile communication equipment as well as provision of packaging services. As a result, there was an increase in consumption of purchased electricity and emissions of air and GHGs, such as nitrogen oxides, sulfur oxides, particulates and dioxide, during the Reporting Period.

#### Performance indicators for wastes

Besides, during the Reporting Period, the Group's main business activities did not generate any hazardous wastes (2017: Nil) but merely produced mild non-hazardous wastes (2017: approximately 10 tonnes such as domestic wastes), which did not have any significant impact on the environment. As a result, no such disclosure is considered necessary. The Group collects the hazardous and non-hazardous wastes separately for further handling on a regular basis. Hazardous or dangerous wastes are disposed by designated and qualified units. Other wastes are sent to designated sanitation facilities for central treatment. In addition, wastewater discharged by the Group is purely domestic wastewater, which is discharged and treated through the municipal sewerage. Our professional team conducts annual testing on domestic wastewater to ensure it meets the environmental requirements and do not jeopardise the environment.

## ***A2: Use of Resources***

The resources consumed in the operation of the Group are mainly electricity, natural gas, fresh water and packaging materials. During the Reporting Period, the Group has adopted green initiatives and measures to enhance the efficient use of resources. Measures include paper recycling, energy conservation and water saving. For example, we promote double-sided photocopying; our employees are encouraged to bring their own cups instead of using disposable paper cups to reduce paper consumption; refillable ball pens and mechanical pencils are used in all our offices to minimise waste; energy-saving guidelines are distributed to employees to ensure that the lighting and air-conditioning systems, computers and other office appliances are all turned off after office hours; in washrooms, sensor taps have been installed and “save water” signs are posted in water-consuming areas.

### *Performance indicators in the use of resources*

To achieve the goals of energy conservation and emission reduction, Beijing Benywave sets indicators for energy and resource consumption each year and communicate them to staff members for implementation and monitoring. Beijing Benywave also periodically reviews the implementation of measures and assesses energy efficiency indicators. At the beginning of each year, it prepares an energy consumption summary for the previous year.

During the Reporting Period, Beijing Benywave registered and achieved the following benefits from energy savings:

<b>Energy category</b>	<b>Consumption indicator (per annum)</b>	<b>Actual consumption (2018)</b>
Water for domestic use	250 tonnes	229 tonnes
Electricity usage in office facilities	25,000 kilowatts	21,775 kilowatts
Paper	22 packs	18 packs

Purchased electricity is the main resources used by office and warehouse in Hong Kong. During the Reporting Period, consumption of purchased electricity in Hong Kong was as follows:

<b>Consumption of Purchased Electricity in Hong Kong</b>		
<b>Areas of Consumption</b>	<b>Year 2018 kWh</b>	<b>Year 2017 kWh</b>
Office	12,170	12,865
Warehouse	40,757	4,393
Total	52,927	17,258

In addition, the management considers that the Group consumed mild packaging materials during the Reporting Period, which did not have any significant impact on the environment. As a result, no such disclosure is considered necessary.

### ***A3: The Environment and Natural Resources***

As mentioned above, use of energy resources is the major environmental impact caused by the businesses of the Group. To improve efficient energy consumption, the Group has set annual indicators for energy and resource consumption. All departments are required to strictly achieve the indicators and report the implementation progress on a regular basis for better coordination and monitoring. The above measures allow the Group to ensure proper use of resources and minimise the environmental impact brought about by its business operation.

## **B. SOCIAL**

### **(i) Employment and Labour Practices**

#### ***B1: Employment***

The Group has complied with all the applicable laws and regulations relating to employee benefits of the places where it operates. It has also formulated specific policies regarding different aspects and measures for monitoring their implementation. For example, Beijing Benywave has made contribution to the basic pension insurance, medical insurance, unemployment insurance, injury insurance, maternity insurance and housing provident fund for its employees as required by the state, including the Labour Law 《勞動法》. Employees are entitled to public holidays, marriage leave, maternity leave, bereavement leave and paid annual leave in accordance with the national requirements. Vital HK has established policies on human resource management in compliance with the Employment Ordinance in Hong Kong.

The Group treats all employees equally. It has established clear policies on the rights and benefits of employees such as the Employee Handbook (員工手冊), Administrative Measures for Wages, Benefits and Labour Welfare (工資福利及勞動待遇管理辦法) and Employees' Performance Appraisal Management System (員工績效考核管理制度). Employees will not be subject to discrimination because of their gender, age, work position and ranking or other personal attributes. We promote diversified development of employees and provide them with competitive compensation and benefits and opportunity for career development based on their individual merits and performance.

#### **Performance indicators in employment**

As at the end of the Reporting Period, the Group had employed a total of 23 employees (2017: 31) in Beijing. 10 of them (2017:15) were male and 13 of them (2017: 16) were female. During the Reporting Period, eight employee (2017: one) departed, which represented a turnover rate of 25% (2017: 3.1%).

## ***B2: Health and Safety***

As employees are the most valuable assets of the Group, we have always been adhering to the necessary health and safety standards to protect employees from occupational and health risks. The Group is proud of being capable of providing a safe, efficient and comfortable working environment. During the Reporting Period, appropriate arrangements, training and coaching were made by the Group to ensure the good health and safety of our working environment. Also, information on health and safety were made available to employees so as to enhance their awareness of occupational health and safety. As at the end of the Reporting Period, the Group has complied with all the applicable laws and regulations in China and Hong Kong, including the Occupational Safety and Health Ordinance 《職業安全及健康條例》, the Work Safety Law of the PRC 《中華人民共和國安全生產法》, relating to the provision of a safe working environment and protecting employees from occupational health risks, and has formulated specific policies to these effect.

The Group strives to eliminate or reduce the use of toxic and hazardous materials. Our R&D Department gives careful consideration to the risks concerning health hazards, work injuries and occupational diseases in the course of product design or before making changes to production parameters and processes. When reviewing the design, we assess the possible occupational health and safety risks that may arise from the use or production of products to ensure that the safety of employees will not be posed at risks. Meanwhile, the Group encourages the use of non-toxic and non-hazardous materials and production techniques, and has simplified the manufacturing process to better secure the safety of our employees.

The Group has put in place high safety standards of equipment and instruments. Overloading or abnormal operation is prohibited for any equipment and instrument. Guidelines for proper use of equipment and instruments are also provided. In addition, these equipment and instruments are regularly maintained, inspected and repaired by qualified technicians. Equipment which is discovered to be obsolete and not up to the safety standards will be upgraded and improved in a systematic way, after detailed arrangements are made to prevent employees from health impacts and work injuries

In addition, the Group has put great emphasis on the health and well-being of employees. Therefore, the Group provides them a favourable working environment by maintaining hygienic restaurants and recreational facilities, etc. Every year, the Group arranges medical check-up for its employees, enabling them to pay close attention to their physical and mental health. Our employees are also entitled to medical insurance benefits and other healthcare packages so that their physical and mental health is effectively protected.

### **Performance indicators in health and safety**

During the Reporting Period, no case of work-related fatality or serious injury was reported. Beijing Benywave sets its annual targets on occupational health and safety such as zero rate of serious injury and 98% of employee medical check-up rate. The company also reviews its implementation status and prepares the Report on Implementation Status of Targets and Indicators (《目標、指標實施完成情況報告》) every year to ensure the effectiveness of the Group's prevailing occupational health and safety management system.

### ***B3: Development and Training***

The continued development of employees underpins the creation of additional value for the business of the Group. Therefore, the Group has developed a series of specific policies to enhance employees' professional knowledge and career skills, and to help them fully unleash their potentials in their respective positions.

To further enhance employees' knowledge and skills, all departments of the Group arrange training schemes in each year for new recruits, incumbent staff members, staff members holding special posts and management staff members. Incumbent staff members are required to attend training as planned annually to enhance and strengthen their professional skills. Staff members holding special posts are required to attend training at least annually about the special work procedures and contents relevant to their posts. In addition, employees of nationally designated special trades, such as electrical workers and drivers, are required to undergo professional training and qualification assessments in order to obtain certificates of competency for the respective posts. On the other hand, national authorised qualification accreditation and consultancy institutions provide training for in-house internal auditors within the management, who shall be certified for employment, whereas accounting staff should attend adequate training and continuous professional development, including financial reporting functions, taxation etc., to retain their qualifications. Management staff members will undergo training based on the actual needs of their posts for acquiring new knowledge and new theories of the relevant business operations and keeping abreast of the needs of the industry, so as to enhance governance standards.

To ensure that employees are competent and commensurate with the job requirements of their posts, all departments evaluate and give advice on employee's working capabilities at the end of each year. We strive to provide employees with continuous and sufficient resources for training and development and keep them updated with latest information on market and industry development while improving their performance and allowing self-development in their posts.

#### *Performance indicators in staff development and training*

During the Reporting Period, departments, including the purchasing department, sales department, finance department and integrated management centre etc., of Beijing Benywave held a total of approximately four induction training sessions for new employees (2017: eight) so that they could understand our workflows, codes of conduct, organisational structure and staff composition as soon as possible. This effectively shortened the time for new employees to get acquainted with their work, and helped them adapt to our working environment and gain a deeper understanding of the Group's values and corporate culture.

In addition, those departments organised a total of more than 40 training activities (2017: 50) during the Reporting Period, which covered training on quality management, special training on corporate targets and indicators, environmental factors, sources of hazards, laws and regulations, finance and taxation, and training on basic quality inspection in sales, so as to achieve an overall improvement in the working capability of our staff.

During the Reporting Period, all employees of the Group have completed no less than 10 hours training (2017:10 hours). Attendance of training has been reached 100% (2017:100%)

#### ***B4: Labour Standards***

During the Reporting Period, the Group has complied with all applicable laws and regulations prohibiting the employment of child and forced labour, including Law of the People's Republic of China on Prevention of Juvenile Delinquency (《中華人民共和國未成年人保護法》) and the Employment of Children Regulations (《雇用兒童規例》). The Group has formulated specific policies to eliminate illegal acts such as hiring child and forced labour. The Group has no tolerance to such acts and is committed to protecting the rights and interests of children. To prevent hiring child labour (i.e. persons under the age of 18) and forced labour, the Group carefully checks the information on identity of its employees and requests them to submit a copy of the relevant identity documents to ensure that the information provided is true and correct before employment of the employees. Any cases of false certificates or identity documents discovered will be taken as fraud. The Group has the right to terminate the labour contract with the relevant employee without assuming any compensation liability.

The Group has also formulated a Staff Compliance Handbook to make sure the operational management and the behaviour of all employees are complied with the laws, regulations and codes, and ensure compliance in operation. In addition, the Group upholds the philosophy of “work-life balance” and is committed to providing employees with a relaxing and harmonious working environment. During the Reporting Period, the Group implemented a five-day work week regime with 8 hours of work and 1 hour of lunch break per day, so as to allow employees to have adequate rest and to boost staff morale.

#### **(ii) Operating Practices**

##### ***B5: Supply Chain Management***

The Group believes that quality of our products are directly affected by the materials provided by suppliers. Whether the materials provided by suppliers are eco-friendly and safe will have a significant impact on the environmental benefits and health and safety performance of the production processes and products of the Group. Therefore, the Group has formulated policies to manage and monitor its supply chain and developed specific standards and measures for supplier selection.

The Group has stringent requirements on suppliers of materials. Those involved in the Group’s important environmental factors, significant occupational health and safety risks, or those who may cause environmental events or significant occupational health and safety events, are considered as key influential stakeholders and included in the List of Key Influential Stakeholders (《重點施加影響相關方一覽表》) as approved by the management. Other stakeholders not included in the list are considered as general stakeholders.

The quality assurance department and the relevant responsible departments each keep a copy of the list so that the relevant departments can closely monitor the impact of such stakeholders on the Group and take preventive measures, including (i) controlling and collecting information on material environmental indicators and various activities taking place at production sites by the quality assurance department; (ii) disseminating the relevant information by the purchasing, planning and production department to the above key influential stakeholders, and requiring them to understand the relevant approach and objectives of the Group and provide the required products and on-site services that meet the stipulated requirements; and (iii) strengthening the acceptance inspection of incoming materials and controlling environmental indicators of materials by the quality assurance department, who will timely contact the stakeholders, imposing necessary penalties and taking rectification measures for any identified acts that fail to meet the stipulated requirements.

### Performance indicators in supplier engagement and monitoring

As at the end of the Reporting Period, the Group had 154 qualified suppliers of materials (2017: 169).

For management and control purposes, suppliers are categorised into three types by the Group. New suppliers are assessed and selected based on their categories including: (i) examining their quality assurance capabilities or quality assurance systems; (ii) evaluating their delivery performance, post-sales services and contractual obligations; and/or (iii) carrying out trial installation and trial use of samples provided by suppliers. At the end of each year, the purchasing department invites the R&D department and quality assurance department to jointly review the performance of suppliers in terms of three areas, namely quality, delivery and pricing.

Moreover, for suppliers who have failed in the evaluation but wish to work with us again, they shall be subject to the selection and assessment procedures same as new suppliers so as to ensure suppliers' quality meet our requirements and are monitored.

### ***B6: Product Responsibility***

In a market with intense competition, customers become increasingly demanding in terms of products and services. The Group strongly believes that the only way to win the trust and support of customers is to create the greatest value for them. Therefore, the Group endeavours to stringently control the quality of its products by fully complying with laws and regulations relating to product responsibility, so as to boost customers' confidence in the products and services of the Group.

The Group has a stringent product responsibility policy which shall be strictly enforced by our employees. The departments of the Group regularly provide employees with training on professional knowledge in product responsibility. Through means such as meetings or training, our employees will be able to know which applicable laws and regulations relating to product responsibility shall be complied with during operations, which include the Product Quality Law of the People's Republic of China (《中華人民共和國產品品質法》), the Patent Law of the People's Republic of China (《中華人民共和國專利法》) and the Law of the People's Republic of China on Protection of Consumer Rights and Interests (《中華人民共和國消費者權益保護法》), in order to enhance their emphasis on product responsibility. The Group observes the Law of the People's Republic of China on Protection of Consumer Rights and Interests (《中華人民共和國消費者權益保護法》) by providing consumers with genuine information on its products or services and forbidding any false or misleading promotion.

### Performance indicators in product responsibility

During the Reporting Period, the Group's products are in compliance with the requirements under the Restriction of Hazardous Substances Directive (《危害性物質限制指令》) adopted by the European Union national standards. The Group was not aware of any non-compliance incidents relating to product responsibility and there was no product recall due to safety reasons.

The Group has set up procedures for dealing with customer complaints and proposed a customer satisfaction indicator for 2018 of 85%, aiming at addressing any customer complaint and providing quality services to customers in a timely and swift manner. During the Reporting Period, the Group did not receive any complaint about its products or services. In 2017, the Group achieved service satisfaction of 97%, which is higher than the proposed indicator.

The Group stresses on the importance of protecting its intellectual property rights. It also develops awareness of the confidentiality and strict compliance with confidentiality regulations among employees. Employees are bound by the Group's confidentiality regime during their employment. Those holding special positions shall sign a Confidentiality and Non-Compete Contract (《保密與競業禁止合同》). By signing the Confidentiality and Non-Compete Contract (《保密與競業禁止合同》), which cover confidential matters such as information on product transactions, business strategies and production techniques of products, the Group's intellectual property rights are vigorously protected from harm. Employees on re-designation, no-pay leave, resignation and retirement, external personnel who has finished learning and study and temporary staff members shall return to the Group all technical information, experiment records, materials, samples and prototypes, products, devices and drawings before their departure. They shall also bear long-term obligation of keeping the Group's technical contents and information in confidentiality.

Sparing no effort in product quality management, the Group has developed stringent production operation and quality control processes and provided staff members with clear working guidelines to maintain quality standards of its products. The Group has established the Procedures for Product Monitoring and Measuring Control (《產品監視和測量控制程式》) to regulate the procedures for quality assurance. Our factories perform inspection control for both the work-in-progress and final products. For determining the overall performance of products, user testing on product performance is then carried out and under the supervision and technical support of the quality assurance department to ensure the quality and meet passing rate of products. Furthermore, the quality assurance department has coordinated with relevant departments to understand and identify laws, regulations and other requirements applicable to the quality of the Group's products or services, and has formulated specific measures to regularly follow up the status of products and update the information in a timely manner. The department will also disseminate and transmit the latest information to the concerning departments to ensure that the product quality meets all relevant requirements.

### ***B7: Anti-corruption***

The Group is committed to maintaining high standards of corporate governance. Anti-corruption and anti-fraud have always been the core philosophy of its internal governance. The Group strives to combat any unlawful acts in the course of business and eradicate any acts of bribery, extortion, fraud and money laundering. During the Reporting Period, the Group has fully complied with the relevant laws and regulations of China and Hong Kong relating to bribery, extortion, fraud and money laundering, including the Prevention of Bribery Ordinance, the Anti-Money Laundering and Counter-Terrorist Financing Ordinance, the Criminal Law of the PRC (《中華人民共和國刑法》), Anti-Unfair Competition Law of the PRC\* (《中華人民共和國反不正當競爭法》) etc.

The Group has designated the Audit Committee as the permanent committee for anti-fraud, which shall be responsible for giving guidance on anti-corruption and anti-fraud, and specifically coordinating and implementing the anti-fraud activities across departments and company-wide. In addition, the Group has established a set of sound and effective anti-fraud procedures, including risk assessment, prevention, reporting and investigation of fraud.

The Group has set up whistleblowing framework to provide channels such as hotline, mailbox and email and/or channels for all employees and other persons to inform, report and disclose actual or suspected cases of corrupt practice in breach of professional ethics. All reports, upon receipt, will be investigated in a comprehensive, impartial and fair manner as far as possible, and handled or rectified as soon as possible.

### **(iii) Community**

#### ***B8: Community Investment***

Although the Group has not yet formulated any specific community investment work plan, we are fully aware that as a socially responsible corporate citizen, we must strengthen our links with the communities in which we operate and contribute to community building and development. In the future, the Group will actively participate in welfare activities and encourage employees to actively participate in different types of charitable events, so as to serve our society and promote the robust development of the Group in the long run.