

Business Dynamics and Risk Factors



Business Risk Management is an essential discipline in our business operations

SunCity has implemented and maintained a comprehensive Enterprise Risk Management framework across the Group as a critical part of corporate governance. Proactive steps are taken to manage all potential risks at various business units which are integrated with the risk appetite at the corporate level, to optimise the financial impact to SunCity.

SunCity adopts the Corporate Risk Scorecard System in managing and monitoring the risks at all levels. The system is embedded with monitoring and reporting tools for management's actions and controls. This facilitates the Group Risk Management Committee to perform an independent review of the risks and ensures consistent, disciplined and systematic approach in risk management.

The risks identified to have the most significant potential impact on SunCity are set out below:-

- The effectiveness in managing the cost, level and availability of funding is important to the financial performance of SunCity and its ability to deliver returns to shareholders.
- The increasing competition for strategic landbanks, resulting in the escalating land cost can affect the long-term growth and profitability of the property development division.
- Intense business competition among shopping mall operators can reduce the profitability of the property investment division.
- The escalating prices in the economy which are largely due to the increase in oil prices can have an effect on the operating results of all SunCity's businesses.
- SunCity's overseas operations expose SunCity to risks associated with international operations such as political, economical and social instability, trade and foreign exchange restrictions, and foreign currency fluctuations.
- Adverse publicity arising from uncontrollable crises such as epidemics, natural disasters and terrorism can harm SunCity's reputation with stakeholders.
- Unfavourable circumstances such as changes in economic conditions, the allocation and investment of capital and resources may not deliver the required returns, or fail to maximise potential value for SunCity.