

Opportunities and Risks

In response to rapid changes in global trends, Sinyi Realty has formulated the "Risk Management Policy" to deal with various risks that may be faced in the course of operation. We conduct an overall trend analysis, and based on the main global risk trends, the United Nations Sustainable Development Goals (SDGs), SASB, CDP, TCFD framework and other global norms and standards, industry norms and standards, etc., identify risks and opportunities, assess potential impacts, formulate risk and opportunity strategies, and conduct risk management.

Management Process

Construct a proactive risk management mechanism so that relevant units can respond to risk events in a timely manner through risk management procedures, reduce or avoid the impact of risk events, and ensure sustainable operations. Through the establishment of risk management process, to identified the risks and opportunities, formulating strategies, and proposing action plans.



Risk Management Process Diagram

1. Establish risk/opportunity management environment

- **External risk/opportunity management environment:** Including general trends, natural disaster events, and changes at various levels of the industry, and assess the impact on the overall operation.
- **Internal risk/opportunity management environment:** Understand the business scope and various risks/opportunities in the future development of new ventures, and fully grasp the company's own strengths, weaknesses and capabilities.

2. **Risk/opportunity identification:** Identify the risks that affect the company's sustainable operation and the achievement of business performance goals.

3. **Risk/opportunity assessment:** Assess the impact level and possible probability of the risk/opportunity, and evaluate risk treatment options with reference to the risk tolerance of the project.

4. **Risk/opportunity response treatment:** Evaluate alternative treatment strategies, formulate and implement risk treatment action plans, and monitor and review the results of the plan.

5. **Continuous monitoring:** The oversight responsibility for risk/opportunity management rests with the risk management unit. The Board of Directors monitors key risk indicators (KRIs) by reviewing risk management reports and audit reports to confirm the effective implementation of risk management policies.

6. **Communication and negotiation:** Report and disclose in annual report, sustainability report, sustainability website every year.

Global, Industry Trends and Impacts: Environment

	ESG mega trend (Impact on the overall environment)	Trends in the real estate service industry (Customer and market)	Impact on Sinyi (financial/non-financial)	
			Risks	Opportunities
Environment	• Increase in extreme weather events such as typhoons and floods	• Customers value residential resilience	• Operational disruption due to extreme weather events • Climate change mitigation and adjustment failure	• Review climate change mitigation and adjustment actions to improve operational resilience
	• Average temperature rise	• Increased demand for greening of the living environment	• Increase in electricity costs	• Develop innovative power-saving services
	• Limited energy resources and uneven distribution • Increased energy costs	• Increased customer acceptance of energy-saving housing • Increased customer demand for energy-saving facilities	• Stability of energy resources • Investment in renewable energy increases costs	• Measures to enhance energy resource management • Counseling the business opportunities of community energy saving
	• Energy saving, carbon reduction and net-zero • Disclosure of environmental performance • Carbon fees (taxes) and carbon markets	• Increased request for low-carbon services • Increased demand for (near) zero-carbon/ green buildings • Increased needs for carbon credits and offsets	• Increased costs of low-carbon transition • Increased costs of legal/regulations compliance • Increased resource inputs for carbon management	• Develop low-carbon innovative services • Use clean and low-carbon energy • Obtain carbon credits by energy saving or carbon sink projects
	• Preserve biodiversity	• Architectural planning considers the conservation of biodiversity	• Natural ecological changes affect living habits	• Promote biodiversity

Global, Industry Trends and Impacts: Social, Governance, and Supply Chain

	ESG mega trend (Impact on the overall environment)	Trends in the real estate service industry (Customer and market)	Impact on Sinyi (financial/non-financial)	
			Risks	Opportunities
Social	<ul style="list-style-type: none"> Diversified and international talents 	<ul style="list-style-type: none"> Diversified background of employees 	<ul style="list-style-type: none"> It is not easy to recruit and develop multilingual talents 	<ul style="list-style-type: none"> Cross-industry talents establish trust relationships through community engagement services, which can meet more customer needs
	<ul style="list-style-type: none"> Diversified, cross-generational work and collaboration methods 	<ul style="list-style-type: none"> Online collaboration tools increase 	<ul style="list-style-type: none"> Cross-generational conflict Conflicts caused by workflow adjustment 	<ul style="list-style-type: none"> Develop collaboration tools Process optimization improves efficiency
	<ul style="list-style-type: none"> Population increase Demographic changes, trends toward singleness, aging, and declining birthrate 	<ul style="list-style-type: none"> Residential planning changes Urbanization affects residential patterns Insufficient living space 	<ul style="list-style-type: none"> Changes in housing supply and demand have an impact on transaction matching 	<ul style="list-style-type: none"> New-style residential model generates new service demand
	<ul style="list-style-type: none"> Technological development 	<ul style="list-style-type: none"> Rapid development of real estate technology New technology companies enter the market 	<ul style="list-style-type: none"> Risks arising from non-updated technology Risk of new type competitor 	<ul style="list-style-type: none"> Apply new technologies to improve service efficiency Develop new business models or value-added services
	<ul style="list-style-type: none"> New-type communication media develops and spreads rapidly 	<ul style="list-style-type: none"> Diversified service information dissemination methods 	<ul style="list-style-type: none"> Reputation (media) risk Negative information risk 	<ul style="list-style-type: none"> Apply new communication methods to enhance brand image and information transparency
	<ul style="list-style-type: none"> Consumer preferences change 	<ul style="list-style-type: none"> Changes in customer consumption habits 	<ul style="list-style-type: none"> The risk of failing to meet customer needs 	<ul style="list-style-type: none"> Develop services that meet customer needs
	<ul style="list-style-type: none"> The COVID-19 pandemic affects personal safety and economic development 	<ul style="list-style-type: none"> Restricted from moving increased the proportion of house online viewing 	<ul style="list-style-type: none"> Operational interruption risk Personnel health and safety risks 	<ul style="list-style-type: none"> Accelerate digital transformation Re-examining corporate resilience and adaptability
Governance	<ul style="list-style-type: none"> Changes in the global political and economic situation Conflicts between nations 	<ul style="list-style-type: none"> The housing market policy support self-occupation demand, and transactions continue to return to fundamentals 	<ul style="list-style-type: none"> Multinational business risk Housing market policies reduced transaction volume 	<ul style="list-style-type: none"> Expanding into new markets Improve operational resilience
	<ul style="list-style-type: none"> Frequent cyber attacks Increased frequency of information security threats 	<ul style="list-style-type: none"> Increased level of information security protection for customer personal data and transaction information 	<ul style="list-style-type: none"> Risk of critical infrastructure failure Risk of leakage of personal information and business secrets Information security risk 	<ul style="list-style-type: none"> Review and strengthen information security protection
Supply Chain	<ul style="list-style-type: none"> Sustainable supply chain has received more attention 	<ul style="list-style-type: none"> Increased demand for one-stop service, and convenience in residential service information 	<ul style="list-style-type: none"> Risk of poor service from partner suppliers 	<ul style="list-style-type: none"> Building Sustainable and Ethical Supply Chains Develop one-stop home services Develop support services
	<ul style="list-style-type: none"> Improve local procurement 	<ul style="list-style-type: none"> Customers prefer local home service 	<ul style="list-style-type: none"> Raw material procurement, supplier screening risk 	<ul style="list-style-type: none"> Develop local community engagement services