

## Sunpower's steam sales volume rises 9.5% YoY to 11.46 million tons in FY 2024

### Key Highlights of FY 2024

- Total steam sales volume rose 9.5% Year over Year (YoY) to 11.46 million tons, driven by the continuing ramp-up of the GI projects.
- GI recurring EBITDA and GI recurring PATMI excluding a one-off provision for bad debt<sup>5</sup> recorded in 3Q 2024 was RMB1,062.2 million (+12.4% YoY) and RMB372.1 million (+9.5% YoY) respectively.
- GI recurring EBITDA and GI recurring PATMI including a one-off provision for bad debt recorded in 3Q 2024 was RMB942.7 million (-0.2% YoY) and RMB292.0 million (-14.1% YoY) respectively.
- GI recurring operating cashflow was RMB678.2 million (+28.5% YoY).

Singapore, 27 February 2025 – Mainboard-listed Sunpower Group Ltd. (“中聖集團”, “Sunpower” or the “Group”), a leading provider of clean steam and industrial services through a sizeable portfolio of centralised Green Investments (“GI”) projects that generate long-term, recurring income, announced its results for the financial year to 31 December 2024 (“FY 2024”).

### GI Financial Highlights (Without Financial Effects of Convertible Bonds)

RMB million	4Q 2023	4Q 2024	YoY Chg	FY 2023	FY 2024	YoY Chg
Total steam sales volume (mil tons)	3.02	3.25	7.8%	10.47	11.46	9.5%
GI recurring revenue <sup>2</sup>	887.4	912.0	2.8%	3,261.5	3,316.5	1.7%
GI recurring EBITDA (excluding provision for bad debt in 3Q2024) <sup>3</sup>	235.0	277.9	18.3%	944.8	1,062.2	12.4%
GI recurring PATMI (excluding provision for bad debt in 3Q2024) <sup>4</sup>	85.2	101.9	19.6%	340.0	372.1	9.5%
GI recurring EBITDA (including provision for bad debt in 3Q2024) <sup>3</sup>	235.0	277.9	18.3%	944.8	942.7	-0.2%
GI recurring PATMI (including provision for bad debt in 3Q2024) <sup>4</sup>	85.2	101.9	19.6%	340.0	292.0	-14.1%
GI recurring operating cashflow <sup>5</sup>	337.2	394.6	17.0%	527.9	678.2	28.5%

<sup>5</sup> For the detailed disclosure, please refer to the Announcement of Unaudited Interim Financial Statements for the Third Quarter and Nine Months Ended 30 September 2024 released on 14 November 2024 (the “3Q 2024 and 9M 2024 Earnings Announcement”).

*The Company uses the terms “GI recurring revenue”, “GI recurring EBITDA”, “GI recurring PATMI”, and “GI recurring operating cashflow” to reflect the operating results of the GI business. This document should be read in conjunction with the Announcement of Unaudited Interim Financial Statements for the Six Months and Full Year ended 31 December 2024 released at the same time.*

<sup>2</sup> GI recurring revenue refers to recurring revenue generated by the GI business, including commission fees recognised in accordance with *SFRS(I) INT15*. It excludes one-time contributions from services for BOT projects including EPC services that are performed by the Group’s internal project management department, recognised under *IFRIC 12 Service Concession Arrangements* (if any).

<sup>3</sup> GI recurring EBITDA refers to the recurring Earnings before Interest, Tax, Depreciation and Amortisation of the GI Business. It excludes one-time contributions from services for BOT projects, including EPC services, that are provided by the Group’s internal project management department, recognised under *IFRIC 12 Service Concession Arrangements*; as well as expenses incurred by the Company that are not related to the running of the GI Business, such as listing-related expenses and remuneration of the employees at the group level, etc., which reflects the operating results of the GI business within the current period.

<sup>4</sup> GI recurring PATMI refers to the recurring Profit After Tax and Minority Interests of the GI Business which reflects the profit of the GI business attributable to the Group within the current period. It excludes one-time revenue contributions from services for BOT projects, including EPC services, that are provided by the Group’s internal project management department, recognised under *IFRIC 12 Service Concession Arrangements*; and expenses incurred by the Company that are not related to the running of the GI Business, such as listing-related expenses and remuneration of employees at the group level, etc.

<sup>5</sup> GI recurring operating cashflow refers to cashflow generated by operating activities of the GI Business.

## Investment Highlights

- **Leading provider of industrial steam with development strategy aligned with national policies**
  - Sunpower's long-term development strategy is aligned with national energy and environment policies that facilitate China's Carbon Peak and Carbon Neutrality goals.
  - The Group enables energy conservation and emission reduction through application of the circular economy model and development of efficient centralised steam generation facilities.
  - "Multiple" pollution sources can be eliminated with just "one" centralised GI plant that helps industrial parks and their enterprises comply with emission standards. This will also help the park to attract new investments that in turn benefit steam demand.
- **GI business model proven to generate long-term high-quality recurring income**
  - GI projects typically have exclusive concession rights of ~30 years (with first right to renew) and/or extensive pipeline networks that typically enhance *de facto* exclusivity in their coverage areas.
  - Industrial steam business typically operates on a B2B model, with a contractual price adjustment mechanism linking feedstock costs to industrial steam prices that supports long-term profitability.
  - Structural growth drivers mainly include organic expansion of customers, relocation of new enterprises into industrial parks, and/or long-term structural development of industrial parks that either have economic viability or have industry clusters of excellence.
  - All these enable GI projects to be in a strong position to supply steam, a non-discretionary input product, to a large and diversified base of customers, bolstered by technologies that act as entry barriers against competition.
- **Proven track record in delivering solid financial performance**
  - Despite the challenges of tough macro-economic conditions caused by various significant events in 2020-2022, total steam sales volume still rose by a CAGR of 20.4% while GI recurring revenue rose by a CAGR of 35.6% in FY2019 to FY2022.
  - By 2023, the proven business model had enabled a quick recovery with significant growth in total steam sales volume ( 20.6% YoY), GI recurring revenue ( 13.2% YoY) and GI recurring PATMI ( 114.9% YoY), and significant improvement in profit margins in FY2023.
  - In FY2024, operating results continued to grow. total steam sales rose 9.5%, GI recurring revenue rose 1.7%. GI recurring EBITDA and GI recurring PATMI excluding one-off provision for bad debt in 3Q 2024 rose 12.4% and 9.5%, respectively.
- **Well positioned to capture long-term growth potential**
  - Growing steam demand expected from customers' organic growth and structural expansion of industrial parks.
  - Large addressable market in China and the Company has robust pipeline.
- **Practises ESG and sustainability values**
  - Sunpower commits to better sustainability in its business by incorporating environmental, social and governance (ESG) values in every aspect.
  - It is a pioneer in the development of the circular economy model that promotes efficient resource utilisation and greater conservation and recycling of resources.
- **Professional & disciplined management with strong execution and entrepreneurship**
  - Key management are professional and disciplined executives with extensive experience, strong execution capabilities, entrepreneurship as well as a refined management approach.
  - Centralised management model integrates resources for better technological innovation, transformation and refined management, as well as good control of procurement cost and oversight of a sizeable project portfolio across China.
- **Strong institutional investors that support the Group**
  - CDH and DCP invested US\$130 million through convertible bonds that mature in April 2025.
  - They are among the largest and most experienced private equity investors in China with a strong track record of investing and nurturing many leading companies.
  - As of February 2025, the remaining outstanding principal amount of the existing CBs has been reduced to US\$71.9 million ahead of schedule.

## 11 Projects in Commercial Operation



## Financials

Total steam sales volume rose 9.5% YoY to 11.46 million tons in FY 2024 due to the continued ramp-up of the GI projects mainly including Shantou Project.

GI recurring revenue rose 1.7% YoY to RMB3,316.5 million in FY 2024, with the growth attributed to higher steam sales volume, moderated by the continuing execution of the price adjustment mechanism that links feedstock cost to industrial steam price.

The profit of the GI business in FY 2024 was impacted by a one-off provision for bad debt recorded in 3Q 2024 on account of a reduction in biomass power subsidies for two GI projects that have biomass boilers and sell biomass-generated electricity to the State Grid – Xintai Project and Tongshan Project – of which the negative impact to net profit attributable to the shareholders was approximately RMB80.1 million. As a result, FY 2024 GI recurring EBITDA and GI recurring PATMI (including provision for bad debt in 3Q 2024) fell 0.2% and 14.1% YoY to RMB942.7 million and RMB292.0 million respectively.

Excluding the impact of the one-off provision for bad debt in 3Q 2024 however, GI recurring EBITDA and GI recurring PATMI grew 12.4% and 9.5% YoY to RMB1,062.2 million and RMB372.1 million respectively in FY 2024. It was supported by the continued growth of the GI business in 4Q 2024, when GI recurring EBITDA and GI recurring PATMI grew 18.3% and 19.6% YoY to RMB277.9 million and RMB101.9 million respectively.

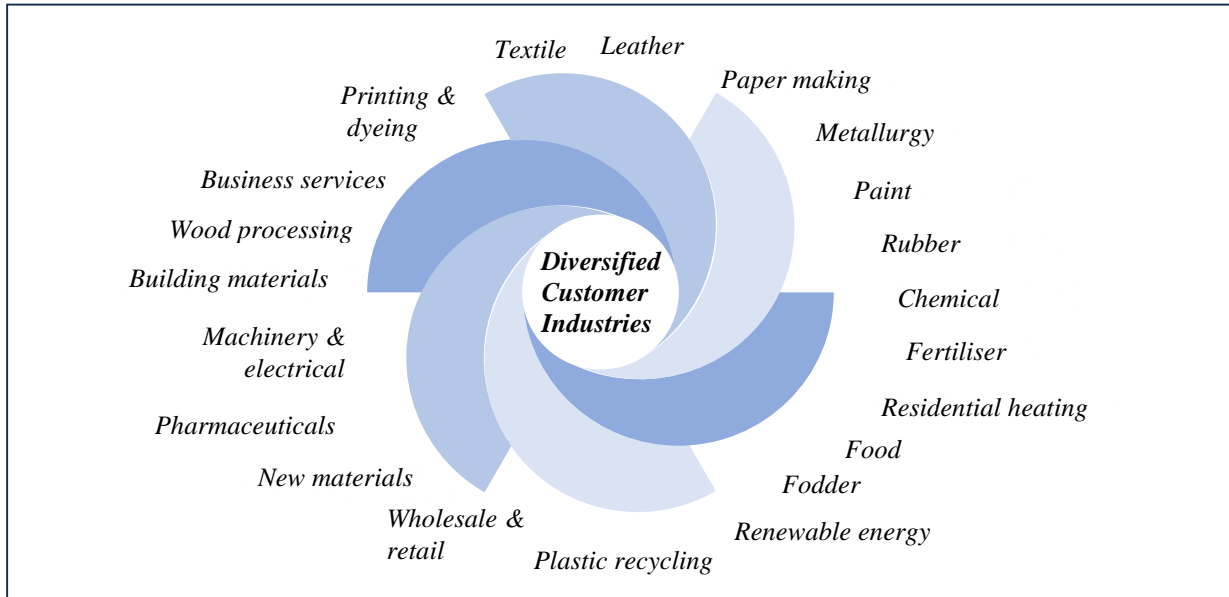
On balance, FY 2024 profit excluding the 3Q 2024 provision for bad debt improved despite challenges due to a comprehensive set of supportive reasons, including economies of scale from increased steam sales volume; the price adjustment mechanism; optimised feedstock procurement; efficiency and cost benefits from the application of waste heat recovery technology in Xintai Project; refined management practices, etc.

Furthermore, GI recurring operating cash inflow increased 28.5% YoY to RMB678.2 million in FY 2024.

## GI Business Updates

The Group is a leading player in the centralised facilities industry, supplying clean steam and industrial services. It is also a pioneer in facilitating the development of circular economy industrial parks, promoted by the “14th Five-Year Plan for Circular Economy Development” of the National Development and Reform Commission (NDRC).

Industrial steam is a non-discretionary input product for the Group’s large and diversified captive customer base spanning over 20 industries, ensuring stable and resilient demand. Sunpower’s customers play an integral role in supporting local economic development.



Further, the GI projects are strategically located in industrial parks within economically developed areas or key industry clusters of excellence. They are typically exclusive suppliers in their coverage areas, either through exclusive operating concessions and/or extensive networks of steam distribution pipelines that provide *de facto* exclusivity.

In addition to industrial steam, Sunpower supplies clean civil heating to a large base of households and electricity to the State Grid. Certain projects have also introduced new products, such as compressed air, to complement steam sales and expand their capabilities as industrial service providers.



- **Sizeable GI portfolio:**
  - 11 projects in commercial operation
  - Robust pipeline of projects under evaluation
- **Exclusive concessions: Typically ~30 years with right of first renewal**
- **Total length of GI pipelines of ~415 km enhances *de facto* project exclusivity in coverage areas**
- **Number of GI customer industries: >20**

**Updates on GI Projects:**

- **Qianjiao Project:** The construction of Phase 2 biomass boiler is complete. Expanding new customers.
- **Tongshan Project:** New industrial customers are expected to be connected in 2025.
- **Xinyuan Plant:** Plans are in progress to improve product mix, such as additional supply of add hot water to certain customers in 2025.
- **Shanxi Xinjiang Project:** in ramp-up phase and connecting customers in the industrial park.

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**Outlook**

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In January 2025, China’s Ministry of Finance expressed that China will implement a more proactive fiscal policy and launch a series of policies to promote the sustained recovery of the economy, following a stable year in 2024.<sup>6</sup> In addition, the People’s Bank of China made it clear that a moderately loose monetary policy will be implemented in 2025 to create a suitable environment for stable economic growth.<sup>7</sup> The key tasks for 2025 include the vigorous boosting of consumption, improvement in investment efficiency, and expansion of domestic demand, building on the trend of continuous expansion and steady improvement in 2024.<sup>8</sup>

On the external front however, the global economy has experienced economic shocks arising from geopolitical conflicts and inflation in the past few years, and uncertainties and risks remain. Further, the resurgence of trade protectionism has cast a new shadow on the world economy<sup>9</sup> following the imposition of a 10% additional tariff on US imports from China on 1 February 2025.<sup>10</sup>

In this context, the Group remains committed to solidifying the profitability of the GI business and enhancing the cash flows of the GI projects by continually ramping up the GI projects and further implementing refined management and operational practices. Additionally, the Group continues to adopt an agile approach to navigating through the macroeconomic uncertainties.

Barring unforeseen circumstances, the Group expects the following business trends for its business in FY2025:

**Continued ramp-up of the existing GI plants, namely:**

- For the existing 11 GI projects in commercial operation, mainly driven by the closure of small dirty boilers, the ramp-up or expansion of the existing customers, continuous relocation of new factories into industrial parks, and long-term structural development of industrial parks.
- Yongxing Plant’s general solid waste JV plant is in operation.
- Construction of Quanjiao Project’s biomass boiler which was built to supply industrial steam.

**The new plant of Xintai Zhengda Project has been included in the Renewable Energy Power Generation Subsidy List and will receive feed-in tariff subsidies for the electricity generated by its biomass boiler in due course.**

**Continued execution of holistic strategy to solidify the profitability of the GI business, namely:**

- To leverage artificial intelligence (AI) to enhance efficiency and reduce operational costs.
- Sustain execution of price adjustment mechanism.
- Further reduce costs through refined management, particularly lowering financial cost, and feedstock costs through optimization of procurement strategies and adjustment of feedstock mix).
- Implement technological transformation and refined plant management in each project.
- Tap into beneficial economies of scale in the GI business.
- Explore new business opportunities in medium to long term.

Pertaining to the existing Convertible Bonds with principal amount of approximately US\$130 million (the “**existing CBs**”) which mature in April 2025, the Company remains focused on the redemption work.

In December 2024, the Company announced the undertaking of a Rights Issue to raise up to S\$99.6 million in aggregate principal amount of CBs convertible into up to 398.4 million new ordinary shares, with coupon interest rate of 7.0% per annum due in 2030 (the “**CB Rights Issue**”), and to undertake partial repayment of the existing CB through the current resources of the Group, namely bank borrowings. As at February 2025, total payments of approximately US\$67.75 million have been made to the existing bondholders, reducing the remaining outstanding principal amount of the existing CBs to US\$71.9

<sup>6</sup> [https://www.gov.cn/zhengce/202501/content\\_6997969.htm](https://www.gov.cn/zhengce/202501/content_6997969.htm)

<sup>7</sup> [https://www.gov.cn/zhengce/202501/content\\_6996421.htm](https://www.gov.cn/zhengce/202501/content_6996421.htm)

<sup>8</sup> <https://baijiahao.baidu.com/s?id=1822906861178382398&wfr=spider&for=pc>

<sup>9</sup> <https://baijiahao.baidu.com/s?id=1823752096425137950&wfr=spider&for=pc>

<sup>10</sup> <https://www.whitehouse.gov/fact-sheets/2025/02/fact-sheet-president-donald-j-trump-imposes-tariffs-on-imports-from-canada-mexico-and-china/>

million. On 26 February 2025, the CB Rights Issue resolutions were approved by shareholders at the Special General Meeting. For complete information, please refer to the announcements made by the Company from 9 December 2024 to 26 February 2025.

**Mr. Ma Ming, CEO and Executive Director of Sunpower, commented:**

“In FY 2024, the GI business still experienced YoY growth in steam demand, underscoring the resilience of our business despite headwinds. In addition, the operating profit of the GI projects continued to grow, excluding the provision for bad debt related to the Group’s two plants equipped with biomass boilers for electricity supply. Looking forward, we will be committed to ramping up each GI project and focused on enhancing the efficiency and profitability of specific projects, which could help us navigate through the increasingly complex internal and external landscape.

“The Company continuously monitors and actively manages potential risks, including geopolitical instability - such as the potential for a renewed trade war - and macroeconomic uncertainties. We will leverage on our well-established business model and extensive industry experience to navigate these challenges effectively.”

“Regarding the outstanding CB issue, which is a key matter for the Company, material progress has been made in redeeming the existing CBs. Approximately 45% of the principal amount of the existing CBs has already been redeemed using the current resources of the Group, namely bank borrowings, and the Company is still working hard to redeem the balance through the funds raised from the CB Rights Issue and other resources of the Group. The Company will provide timely updates through SGXNet announcements as appropriate.”

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***Forward-looking Statement***

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*This press release includes forward-looking statements and financial information provided with respect to the anticipated future performance and involves assumptions and uncertainties based on the Group’s view of future events. Among other things, the quotations from management in this press release and the Company’s operations and business outlook, contain forward-looking statements. These forward-looking statements can be identified by terminology such as “will,” “expects,” “anticipates,” “future,” “intends,” “plans,” “believes,” “estimates” and similar statements. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions; interest rate trends; continued availability of working capital financing in the amounts and terms necessary to support future business; capital availability and cost of capital for existing debt refinancing needs; competition from other companies and venues for the sales/distribution of similar services; seasonal and structural shifts in customer demand; changes in operating expenses, including raw material costs; and changes in governmental policies and planning that may affect the profitability of the GI business. Accordingly, there can be no assurance that such projections and forward-looking statements can be realised. No representations or warranties are made as to the accuracy or reasonableness of such assumptions of the forward-looking statements and financial information based thereon. The Group undertakes no obligation to update forward-looking statements and financial information to reflect subsequent occurring events or circumstances, or to changes in its expectations, except as may be required by law. The past performance and business model of the Group is not necessarily indicative of the future performance and business model of the Group.*

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**About Sunpower Group Ltd.**

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Sunpower Group Ltd. (SGX: 5GD.SI) is a leading provider of industrial steam with a sizeable portfolio of 100%-recurring, long-term income-generating Green Investments (“GI”) projects that use innovative integrated environmental-protection technology to facilitate the development of the circular economy and

help China to attain its carbon peak and carbon neutrality goals. It was founded in China in 1997 and listed on the Singapore Exchange (SGX) in 2005.

In 2020, Sunpower announced the disposal of its Manufacturing and Services (“M&S”) business for an attractive consideration that unlocked value and improved investment returns for investors. To reward shareholders and bondholders, a substantial Special Dividend of S\$0.2412 a share was declared and paid in 2021. Following the monetisation of M&S, the sole principal business of the Group is the Green Investments (“GI”) business where it has a sizeable portfolio of GI projects that generate 100% recurring, long-term income.

Sunpower is successfully expanding the GI business by leveraging its robust and replicable business model with a unique competitive edge to unlock the long-term growth potential. With the application of innovative technology packages that raise high entry barriers, a proven effective management team to provide leadership and execution capabilities in operations and risk management, and the strong support of strategic investors DCP and CDH, Sunpower is continuously shaping a green future for itself as it takes its green, low-carbon, circular economy GI business to greater heights.

Sunpower actively undertakes the responsibility of promoting the sustainable development of the economy and society and has been recognised by various environmental and industry associations. To date, Sunpower has been included as a member of the China Association of Environmental Protection Industry (中国环境保护产业协会), Renewable Energy Generation Branch of China Electric Power Promotion Council(中国电力发展促进会可再生能源发电分会), Shandong Province Electric Power Enterprise Association (山东省电力企业协会), Energy Association of Jiangsu Province (江苏省能源行业协会), and Jiangsu Association of Environmental Protection Industry (江苏省环境保护产业协会), and as a director member of Hebei Association of Environmental Protection Industry (河北省环境保护产业协会). In March 2023, Jiangsu Sunpower Clean Energy Co., Ltd was named as the “Advanced Unit for Green and Low-Carbon Development of the Thermoelectric Industry under the 14<sup>th</sup> Five-Year Plan” (十四五热电产业绿色低碳发展先进单位).

For more information, please refer to Sunpower’s investor relations website, <http://sunpower.listedcompany.com/>.

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