



SUNPOWER GROUP LTD.

("Company")

For Discussion at the Company's Annual General Meeting
on 26 April 2017

Question 1:

The Group has entered into the Build-Operate-Transfer ("**BOT**") projects (as set out on page 82 of the Company's annual report for the financial year ended 31 December 2016 ("**FY2016 Annual Report**")), which are expected to be completed in the first half of 2017, and the Group has recognised approximately RMB634 million as concession service arrangement in FY2016.

Detailed breakdown of the RMB634 million recognised as concession service arrangement relating to the BOT projects:	The RMB634 million recognised as concession service arrangement are classified as intangible assets for the Changrun Project, Quanjiao Project and Lianshui Project, as set out in the FY2016 Annual Report. The Changrun Project accounts for the majority of the RMB634 million recognised.
Amount of revenue expected to be recognised for each project in FY2017:	As at 31 December 2016 , the projects are approximately 80% completed, and the rest are presently expected to be completed in FY2017.
Funds for development of the cogeneration facilities in Chaonan District (Shantou), Guangdong Province and the centralised heat transfer oil project in Changyi, Shandong:	The Group intends to use (i) the net proceeds from the issue of the US\$110 million Convertible Bonds, together with (ii) the Group's internal resources and project financing, to fund the aforementioned facilities and project developments.



Question 2A:

The revenue and segment results from the engineering, procurement and construction ("**EPC**") integrated solutions segment and the environmental equipment manufacturing ("**EEM**") segment, has seen growth in the past few years (as set out on pages 94-97 of the FY2016 Annual Report).

Key drivers to the Group's improved profitability:	<ol style="list-style-type: none">1. The Group has strong research and development teams and capabilities, with its own proprietary technology know-how comprising more than 150 patents, which enables the Group to improve its product offerings and solutions to its customers.2. Since the Company's listing on the SGX-ST in 2005, it has been the Group's long-term strategy to export its products to overseas markets. This has helped to enhance the Group's technology, service and quality of products. The Company has a well-diversified global customer base, exporting products to North America, Europe, Australia, Southeast Asia, South Asia, Central Asia, South America and the Middle East. The Group also has long-standing and repeated customers, including BASF, BP, Shell, Dow Chemical, Technip, Celanese, Shell, Sinopec, CNPC, CNOOC, Shenhua.3. The Group has a range of products and service applications in diversified fields and industries, such as the Petrochemical, Chemical, Oil Gas, Coal Industry, Clean Energy (Polysilicon, LNG), Pharmacy, Paper Pulp, Mining, Oil Sand industries, which has allowed the Group to mitigate the risks of cyclical downturn in a particular industry.4. Long Distance Heat Insulated Steam Distribution Pipelines has been the Group's proprietary products for over 20 years. The Group's EEM segment provides technical service and support to its GI business, and contributions from sales of its proprietary products to the GI business has also improved profitability of the EEM segment.



Question 2B:

The revenue and segment results from the engineering, procurement and construction ("**EPC**") integrated solutions segment and the environmental equipment manufacturing ("**EEM**") segment, has seen growth in the past few years (as set out on pages 94-97 of the FY2016 Annual Report).

Key projects and major opportunities available in the EEM segment in FY2017:	The Company has announced two contracts with Hengli Petrochemical and LDK PV Silicon on 30 March 2017, which focuses on equipment manufacturing with total value of approximately RMB90.3 million. Please refer to Question 2A for more information.
The Group also generated about RMB178 million from outside of the PRC (as set out on page 97 of the FY2016 Annual Report):	Most of the RMB178 million revenue generated from markets outside the PRC in FY2016 has been contributed by the EEM segment.
Viable strategy for the Group to increase its exports:	Since the Company's listing on the SGX-ST in 2005, the Group has strived to internationalise its business in order to enhance its technology, service and quality of products. Please refer to the above for a list of the Group's diversified global customer base and long standing customers.



Question 3:

The independent directors of the Company ("**IDs**", comprising Mr Jiang Ning ("**Mr Jiang**"), Mr Lau Ping Sum Pearce ("**Mr Lau**") and Mr Chin Sek Peng ("**Mr Chin**") were first appointed to the board on 2 February 2005 (as set out on page 19 of the FY2016 Annual Report). Guideline 2.4 of the Code of Corporate Governance 2012 ("**Code**") issued by the Monetary Authority of Singapore calls for the board of directors ("**Board**") to "also take into account the need for progressive refreshing of the Board".

Steps the Company has taken to ensure independence of the IDs and progressive refreshing of the Board, as required by Guideline 2.4 of the Code of Corporate Governance 2012:	Mr Jiang, Mr Lau and Mr Chin were appointed as IDs of the Company on 2 February 2005 (approximately 12 years ago). In accordance with Guideline 2.4 of the Code, the Board has undertaken rigorous review of the independence of the IDs, and determined that each of the IDs, as experienced IDs for listed companies, has been and is able to objectively advise the management at all times in the interests of the Company and its shareholders. The Company will continue to evaluate the independence of the IDs on an ongoing basis.
Search and nomination for new directors, especially IDs:	The Company is currently not searching for new IDs.

