

Part 1

Business Operation

1. Policy and Business Overview

The company is a manufacturer of automotive parts made of plastic that can response to both Original Equipment Manufacturer (OEM) market and Replacement Equipment Manufacturer (REM) market, as well as a center for selling spare parts for automotive parts with a wide range of products. The company is able to fully meet the needs of customers. In the REM market, the company is regarded as one of the market leaders because the company is in the automotive parts industry for more than 27 years, and having more than 2,000 molds. The company's customer base is increasing every year, which currently, the company can deliver products to more than 137 countries around the world and the competition in REM market is limited. The number of new entrants is small because it requires high investment, meanwhile each manufacturer will have a market group or customer group based on the specific type of car (NICHE MARKET), such as European parts manufacturers, will produce European car products such as Peugeot, Renault, Citroen, and Volkswagen; US manufacturers would produce Ford, General Motors and Chrysler parts; Japanese car's parts manufacturers, only manufacturers in Taiwan, China, Malaysia and Thailand. Each factory have different strengths in each model depending on the economy of scale of each company. The company has an advantage of the entire Japanese pickup car's market, including Toyota, Mazda, Isuzu, Mitsubishi, Suzuki and Nissan since Thailand is the production base for a 1-ton pickup car, the largest Japanese carriage in the world. Therefore, the company has an advantage in the part of the pickup car.

Over the past 27 years, the company has continuously focused on the development of modern production processes since 2005. The company has developed technology and raised the production standard from REM to the standard of OEM production by using Japanese and German production's technology and environmentally friendly. Products are accepted by customers from more than 137 countries around the world, which can generate revenue from exports for more than Baht 1,725 million per year. In addition, the products are accepted by both domestic and foreign carmakers including LAND ROVER, VOLVO, SUZUKI, TOYOTA, NISSAN, MAZDA, MITSUBISHI and BENZ.

Also, the production cost of the company is lower than those from Taiwan, which is the main competitor of the company. The products from China and Malaysia are mostly of produced for domestic's market. With the product quality of the company is better than competitors' in China. Although the product price from China is lower, the customers of the company prefer buying products from the company, except for the African market and the old model car market that have been sold in the market for more than 10 years, which does not give much importance to the product quality.

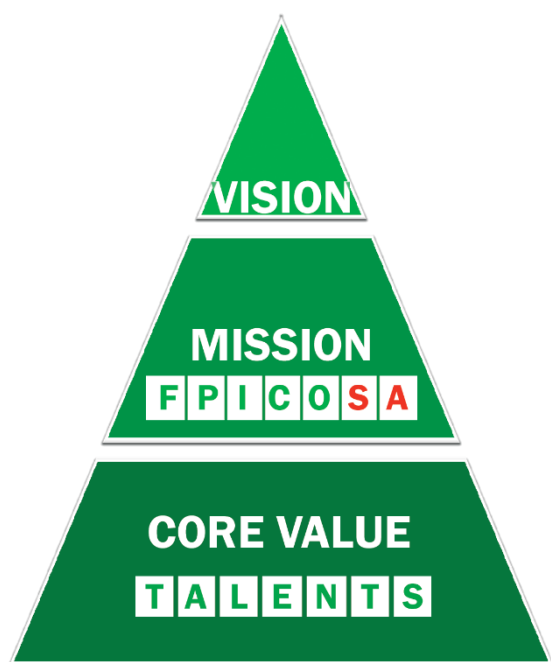
For the year 2018, it is the 6th year of being a listed company on the Stock Exchange of Thailand (MAI), it was the year that the company faced volatility in both domestic and international economic conditions, foreign exchange rates and the price of the primary raw material used in production, which all leads to the operation below the target. However, the team is still committed in maintaining the leadership in manufacturing and being the center for the distribution of automotive parts and expanding the business that is environmentally friendly for sustainable growth.

In addition, the company continues to focus on improving the capabilities of the organization and accelerating the results in concrete aspects such as the development of the management system and work processes, technology and innovation development, creating knowledge within the organization, human resource management, and developing the ability of personnel. The company has defined 3 critical strategies as follows;

1. Creating a sustainability Culture so that businesses can quickly adjust under the context of various changes. Therefore, cultivating the Sense of urgency within the organization is important.
2. Human Resource Development, to prepare as well as continuously developing the potential and enhancing the capabilities of employees in order to consistent with the work in the changing context.
3. Application of information technology for sustainable development (IT for Corporate Sustainability) to set up a system and develop data storage tools for using various resources to cover the entire organization that can help decision support system for executives.

The company determines the vision and mission as follows.

1.1 Vision, objectives, goals or operational strategies



Vision



“We are one of the leading plastic automotive parts manufacturer as well as the hub of the automotive parts distribution and expansion of the business lines that are environmental friendly for sustainable growth”

Mission

The company has an operational plans and organization management to achieve their goals by adhere to the business practices since the company's establishment to now, which is “Giving Sustainable Growth”, provides sustainable growth by implementing seven main policies:



F P I C O S A as details below:

Forever Continuous Improvement

Continuously develop and create new innovation to add value to the products

Producing Quality Products

Produce quality and environmental friendly products

International Penetration

Expand the worldwide market through distribution channels

Customer Satisfaction

Create highest satisfaction to customers, employees and stakeholders.

On Time Delivery

Deliver product on time

Sustainability Development

Create a sustainable society, business and stakeholders by using good governance and anti-corruption principles.

Alliance

Continuously build business alliances and develop partnership to cover all business chain

Objectives and Goals

Fortune Parts Industry Public Company Limited focuses on sustainable growth by promoting innovation and technology, as well as being aware of social and environmental responsibilities that businesses have the possibility to create both direct and indirect impacts, with the purpose of creating a balance between the economic growth of the business and the environmental conservation. For taking care of the community and society, the company aims to build Eco Operation Excellence, which the major details could be summarized as below;

Business Goals

Creating Sustainable Performance Excellence The company operates its core business as a manufacturer and distributor of complete automotive parts, consisting of Replacement Equipment Manufacturing (REM), spare parts produced for manufacturers which are Original Equipment Manufacturing (OEM), products purchased for resale (Trading), services; plastic injection, painting, provide rental equipment; molds, and selling other products such as plastic bean and packaging. The company has product distribution channels covering 137 countries around



the world, with reputation and trusted in company's products and services of more than 800,000 business partners and customers. The company expected growth is to have Baht 3,000,000,000 of revenue by 2023. The company focuses on building a business network that could supports stable and sustainable growth of the company in expanding its customer base to Australia and Africa. Moreover, the company has invested in Safe Energy Holdings Company Limited ("SAFE") and Price of Wood Green Energy Limited in the biomass power plant business.

Operating according to the principles of good corporate governance and business ethics The company operates in accordance with the principles of corporate governance, anti-corruption, business ethics, risk management and management compliance with relevant laws and regulations of the Stock Exchange of Thailand in disclosing transparent and auditable business information. Furthermore, the company promotes the innovation culture in the organization, which will lead to being an innovative organization; both in the creation of new products (Product Innovation), creating new service innovations and creating new processes (Process Innovation), which will support the development of innovator who can integrate innovation with the effective management system.

Environment and Society Goals

Creating value for the environment The company operates on the basis of environmental and social responsibility by recognizing the importance of reducing the environmental impact caused by business operations, products and services. Throughout the past operation, the company has promoted the development of production processes, innovation to reduce the potential impact to the environment. The company set up an objective to use natural resources with value and reduce the use of limited natural energy. What is more, the company prepare the plans and measurements to participate in solving the failure of climate change which is currently ranked as top five world's risk in 2019. In the impact and opportunity perspective, by comparing with 2015, the company has set a goal to reduce the amount of energy consumption per production unit by 10 % within 2019, reduce greenhouse by 10% of production unit within 2020, and reduce water usage by 10% of production unit within 2021. The company tied up this plan with the annual performance of the head of the department and higher to show the organizational commitment to respond to the global average temperature control of no more than 2 degrees Celsius increase. Furthermore, the company applies 17 sustainable development goals of the United Nations to develop the business into a low-carbon business, promotes employment of disadvantaged and disabled people by hiring them as an employees and support local workers to participate in such activities.

Creating value for society The company operates on the basis of living happily with the community and society by focusing on creating educational and career opportunities for youth groups, especially in vocational education, to have knowledge, self-reliance, strength and ability to live on their own, and to promote the employment of disadvantaged and disabled. The company hires those people as a regular employees and supports the employment of local workers. The company also focuses on working processes with business partners in promoting

health for cancer patients and promoting various activities of communities both around the company and in other areas according to the company policy and the development direction of the government and community to improve the quality of life, health and economy of the community in a sustainable way.

Sustainable Development Strategies

The company perceives an importance of the organization sustainable growth in raising the standard of the automotive parts industry that is environmental friendly for managing to the world's standard level in creating competitive advantages. The company is taking into account the valuable use of natural resources in business management in order to achieve the organization's objectives in driving the business towards Eco Operation Excellence. The company has set the direction and strategy as a framework for the operation and regularly follow up to achieve the organization's objectives, which is including the following strategies;

H I C

1.) Human Capital Development

Develop strategic human capital to be competent and competitive to become a major capital contributing to sustainable growth

Recruit human resources that are willing to work, having a sense of partnership and having opportunities of the career path in the organization to develop values and enhance skills of the human capital, following the dimension of quality, productivity, innovation and environmental and social responsibility to create the benefit of human capital utilization which could lead to create knowledge management in the organization and the exchange of knowledge transfer from both within and outside the organization and leads to a learning organization.

2.) IT for Corporate Sustainability

Develop strategic technology to create a balance between human resources and technology, leading to the development of a sustainable management system

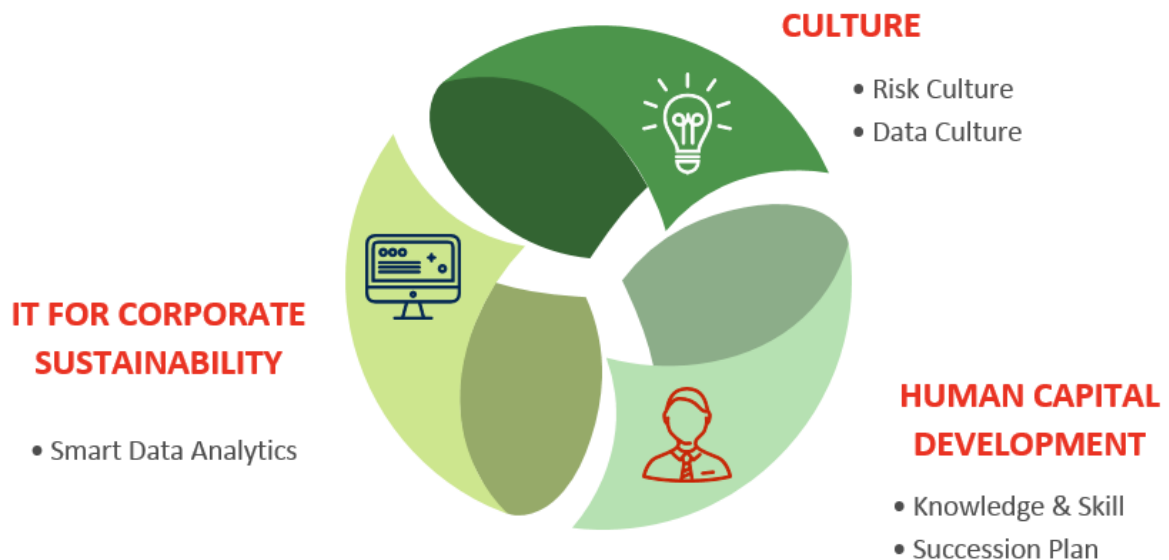
Develop innovation and technology in the system and develop data storage tools, more efficiently prepare for higher competition in the future and help Decision Support System for executives to drive both efficiency and growth of the business firmly.

3.) Sustainability Culture

Create a strategic sustainability culture to create balance that businesses can adapt to the rapidly changing context

Create opportunities for businesses to systematically grow and manage business risks in the future to ensure that they are able to achieve the goals both in the short and long term, covering political, technological, economic, legal, social and environmental dimensions including promoting the analysis of the causes of driving forces, risks and related opportunities for sustainability.

FPI SUSTAINABILITY STRATEGY



CORE VALUE

The company has reviewed the core values to ensure it is in line with the diverse business practices. The company also focuses on the development of business and social innovation that is environmental friendly in maintaining a balance between economic growth and environmental protection according to the objectives of organizations to create Eco Operation Excellence.

TALENTS for Sustainable Innovation

Teamwork

Leadership

Noble

Synergy

T A L E N T S

Autonomous

Environment

Transformation

Fortune Parts Industry Public Company Limited has systematically reviewed the vision, mission, and direction of business operations. In order to be consistent with the environmental factors and long-term business trends, the company aims to become a leader in three areas within the year 2020 as follows:

Growth

The company is committed to continue growing with being a leader in the production and distribution of auto parts with competitive capabilities at the forefront of the industry and has a customer base and investment in many countries.

The Return on Investment

The company is determined to generate returns from business operations at the level of the global automotive parts manufacturer industry and deliver fair returns to all groups of stakeholders.

Sustainability

The company is committed to conducting businesses that create balance between business operations, society and environment for sustainable growth.

Business strategy

The direction and strategic plan of the company's business are focusing on creating and maintaining competitiveness sustainable business growth and preparation in various fields, which will support future growth plans. The company has adopted this direction and strategic plan as a framework for operating and regularly monitoring results to achieve the organization goals both in short and long term with the following main strategies;

1. **Customers**, the company aims to create maximum satisfaction for customers by focusing on various aspects as follows:

- 1.1 Production and distribution of one-stop auto parts
- 1.2 Products that are similar to OEM's quality at competitive prices
- 1.3 Fast and on time delivery
- 1.4 Meet the needs of customers as soon as possible (Quick Response)
- 1.5 Create good customer relations (Customer Relation Management)
- 1.6 Aim to create maximum satisfaction for customers by focusing on production or creation of products that are the same as OEM's quality products at competitive price and build good relationships with customers by producing and selling complete automotive parts cycle.

2. Sales and marketing

- 2.1 Research and development of products to meet market demand and increase distribution channels to expand into the global market
- 2.2 Complete production of products and various products
- 2.3 Have potential in price competition due to having many business partners
- 2.4 Warranty of product quality

3. Partners and creditors (Supplier)

- 3.1 Looking for new trade partners continuously
- 3.2 Develop relationships with business partners in bringing business goals together.
- 3.3 Integrated supply chain management

4. Human resources

- 4.1 Continuously increase the capacity for personnel at all levels
- 4.2 Develop skills to become experts and experts in each field.
- 4.3 Develop an integrated work model create cooperation with various parties including opening opportunities. Also, allowing employees to participate in the administration
- 4.4 Develop the system of performance management to be linked to the goals of the organization to the goal of the people by linking the work results and competencies of the employees to evaluate the performance of each period.
- 4.5 Determine the structure of succession in all command lines to determine the skill development model, knowledge and ability of individuals to be able to substitute for a higher position.
- 4.6 Develop personnel to create innovations that are in line with business technology and changing external contexts.

5. Cost

- 5.1 Develop the work system to achieve maximum efficiency by providing the lowest cost that can be competed.
- 5.2 Develop modern production technology systems.

6. Administration system

- 6.1 Develop an effective management system according to the international standards with good corporate governance principles in order to compete in the world's market.
- 6.2 Improve product and service quality including business risk management by controlling and reducing risk factors that have a negative impact on business operations.
- 6.3 Develop a successful management system for work teamwork and continuous development.

7. Research and development

7.1 Increase the potential in product research and development to create new innovations to create more value for product.

7.2 Develop new innovations and seeking new business opportunities to create sustainable growth.

8. Technology

8.1 Development of production technology, product design and modern management system.

8.2 Develop modern information systems to manage logistics and warehousing systems.

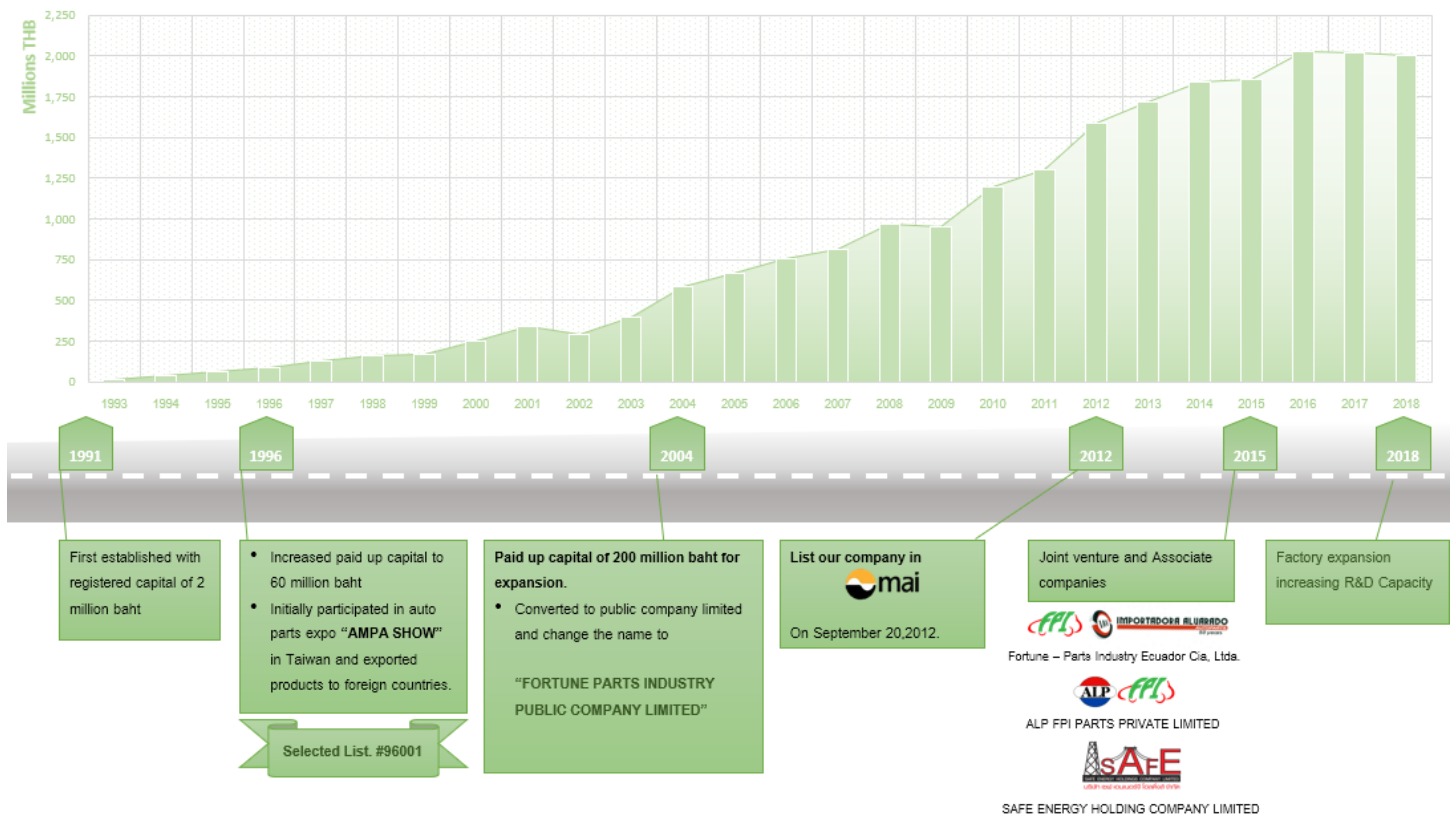
9. Society and environment

9.1 Support and participate in the development of quality of life of Stakeholders such as employees, communities and society.

9.2 Promote job creation and make money in the development of social communities.

9.3 Green community development, save environment and pollution both inside and outside the organization.

Major development of the company in the past years can be classified as follows:



Year	Milestones
1991	<ul style="list-style-type: none"> Fortune Parts Industry Public Company Limited ("The Company") was registered under the name of "Fortune Parts Industry Co., Ltd." with an initial capital of Baht 2 million by Tanadamrongsak Family on 26 November 1991. To commence its operation, the company imported two models of auto part molds from Republic of Taiwan and commissioned other factories to produce the parts for the Company to sell to domestic clients.
1993	<ul style="list-style-type: none"> Increased paid up capital to Baht 20 million for importing 20 molds from Profortune Industry Company Limited who is the manufacturer of automotive parts in the Republic of Taiwan. The imported molds are used to manufacture grille, bumper and others plastic automotive parts.
1994	<ul style="list-style-type: none"> Increased paid up capital to Baht 40 million, which Profortune Industry Company Limited from Republic of Taiwan invested in the company by holding 25% of total paid up capital.
1996	<ul style="list-style-type: none"> Increased paid up capital to Baht 60 million as a working capital in the company and prepare for the expansion of the business which was having continuous growth. Moreover, the company began to produce molds by hiring specialist from the Republic of Taiwan to work with the company. The company is fully in the manufacturer of automotive plastic business, including injection, plating, chrome painting and assembly plastic parts as well as design and build molds. Initially participated in auto parts expo "AMPA SHOW" in the Republic of Taiwan and exported products to foreign countries.
2001	<ul style="list-style-type: none"> Increased paid up capital to Baht 80 million to purchase land of 11 rais 60 square wah for building a factory at Lamlukka klong 7 to expand its production base prepared for foreign customers expansion.
2002	<ul style="list-style-type: none"> Relocated operations from Lamlukka Klong 4 to Lamlukka Klong 7 offering the usable area of 16,000 square meters.
2004	<ul style="list-style-type: none"> Restructured the company's shareholders as Profortune Industry Co., Ltd. sold the business by sold the shares back to Tanadumrongsak family. Transformed into public company limited and changed the name to Fortune Parts Industry Public Company Limited

2004-05	<ul style="list-style-type: none"> Increased Paid-up capital to Baht 200 million to fund further business expansion: Built factory and warehouse on area of 14 rais 1 ngan 28 square wah, totally 25 rais 1 ngan 88 square wah (useable area of 48,000 square meter) for expanding all production processes. Invested in an automatic chrome plating line, which increased capacity from 13 million square decimeters per year to 49 million square decimeters per year. Mold development and research by importing CNC machine (Computer Numerical Control) and EMD machine (Electrical Discharged Machine) from foreign countries for building large tools such as bumper and grill. Consequently, the company was able to reduce its cost from import mold from foreign countries. Increased another automatic painting line, total 2 lines, to prepare for OEM customers which could increase the capacity of painting process to 15.72 million square decimeters per year.
2009	<ul style="list-style-type: none"> Modified chrome plating system by using technology and chemical solution from UEMURA (Japan) and ATOTECH (Germany) for improving its quality from REM quality to OEM with Trivalent Chrome Plating (Cr3+) which used better biodegradable chemical solution than Hexavalent Chrome (Cr6+) and increased capacity by 5 million square decimeters to 54 million square decimeters per year.
2010	<ul style="list-style-type: none"> Built a 1,800 square-meter depot for raw material storage to accommodate the production growth. Invested in 4 injection machines, total 20 injection machines which increased its capacity to 4,103 tons per year. Built a painting line, total 3 lines, capacity was increased by 15.72 million square meters to 22.22 million square meters. Purchased nearby land area of 28 rais 4 square wah prepared for automotive customers' demand and separated OEM and REM customers.
2011	<ul style="list-style-type: none"> Invested in a plastic injection with robot system which increased its capacity to 4,839 tons per year. Increased a painting line, total 4 lines which increased its capacity from 22.22 million square decimeters to 28.72 million square decimeters per year, prepared for OEM customers. Increased registered capital to Baht 295 million by issuing 95 million shares, with a par value of Baht 1.00 which can be allocated as follows: <ul style="list-style-type: none"> - 32,000,000 common shares to existing shareholders, which already

	<p>allocated. Therefore, the company had paid up capital of 232,000,000 shares - 63,000,000 common shares offer to initial public offering in which 3,000,000 common shares offer to the company's directors and employees, and 60,000,000 offer to general public.</p>
2012	<ul style="list-style-type: none"> ● Acquired a plot of land nearby: 4 rais to prepare for continuous improvement expansion of production, research & development and mold makings area. ● Acquired a plot of land of 1-2-99 rais to build a new office building. ● First Day Trade in Stock Exchange of Thailand for Market for Alternative Investment (MAI) on 20 September 2012.
2013	<ul style="list-style-type: none"> ● Built Engineer Building for 30% expansion capacity of injection mold ● Expansion capacity for injection, for production bumpers. ● Expand VACCUM plating process to accommodate growth in production lamps. ● Built new office, 80% progress ● Built new warehouse, more than 20% progress ● Increase capital of Baht 25 million, from Baht 295 million to Baht 320 million by issuing new ordinary shares of 25 million shares at par value of Baht 1.00 to support the conversion of convertible debenture.
2014	<ul style="list-style-type: none"> ● Built new office and showroom with almost 100% progress ● Built new warehouse, more than 80% progress ● Changed the Issued and paid-up share capital from Baht 295 million to Baht 301 million at par value Baht 1.00 due to foreign fund exercised the right to convert the convertible debentures to common stock. ● Change par value of Baht 1.00 per share to the new par value of Baht 0.25 per share with registered shares of 320 million shares to 1,280 million shares and paid-up capital of 300.60 million shared to 1,202.38 million shares. ● Invested in the Joint Venture, namely "Fortune-Parts Industry Ecuador Cia, Ltda. Located in Ecuador, for 45% of the registered capital of USD 500,000 representing the investment of USD 225,000. The investment objectives is to accommodate future growth related to production, and distribution of automotive parts and accessories in South America.

2015

- Increase the company's registered share capital from Baht 320 million (1,280 million ordinary shares of Baht 0.25 each) to Baht 395.73 million (1,582.92 million ordinary shares of Baht 0.25 each), through the issuance of 302.92 million additional ordinary shares with a par value of Baht 0.25 each, to be reserved for the exercise of the warrants.
- Paid-up 45% of share capital of USD 500,000 to Fortune-Parts Industry Ecuador CIA, LTDA. Located in Ecuador representing a total investment of USD 225,000.
- Issuance and offering warrants (FPI-W1) by allocated to the existing shareholders of the company in a ratio of 1 warrant for every 4 existing ordinary shares, not exceeding 302.92 million units, term not exceeding 3 years from the issue date, exercise ratio is 1 warrant per an ordinary share, and exercise price is Baht 2.
- Construction of office building, showroom and warehouse building are completed.
- Increase capacity by adding an injection mold machine of 2,500 tons and 1,000 tons for increasing the production capacity of plastic bumper and grille groups.
- Enhance chrome plating process to increase production effectiveness and quality, giving rise to a market segment of OEM.
- Signed a Memorandum of Understanding (MOU) for cooperation in the biomass power plant of up to 120 MW. Also, the company established four companies in which each company has a registered capital of Baht 20 million and the company has paid the amount of Baht 4.75 million.
- Signed a Memorandum of Understanding (MOU) on cooperation in India to establish a Joint Venture ALP FPI PARTS PRIVATE LIMITED in order to expand the production of the OEM which is considered to be large and has high growth rate.

2016

- Decreased registered capital by Baht 17,072,366.50 from the existing registered capital of Baht 395,731,908.25 to the new registered capital of Baht 378,659,541.75, by cancelling 68,289,466 outstanding and unsold ordinary shares that have been reserved for exercising the right for the company's convertible debentures, at par value of Baht 0.25 per share.
- Incorporated associates for the total of 4 companies:
 - Safe Energy Group (Narathiwat 1) Co., Ltd.
 - Safe Energy Group (Yala 1) Co., Ltd.
 - Safe Energy Group (Pattani 1) Co., Ltd.
 - Safe Energy Group (Songkhla) Co., Ltd.

FPI investment in 4 associates companies at 25, 20, 25, and 25, respectively.
- Signing Memorandum of Understanding (MOU) with

2017

- Sriwattana Green Power Co.,Ltd. ("SGP")
 - Srijaroen Bio Power Co.,Ltd. ("SBP")
 - Prize of Wood Green Energy Co.,Ltd. ("Prize")
- For cooperation on feasibility study to invest in biomass power plant project of SGP, SBP. According to SGP and SBP, the operation of the biomass power plants is in Burirum province with installation capacity at 9.9 MW each. Prize operates the biomass power plants in Narathiwat province with installation capacity at 7.5 MW each.
- To dissolve the investment with the following companies;
 - Safe Energy Group (Narathiwat 1) Co., Ltd. held 25.00% by FPI
 - Safe Energy Group (Yala 1) Company Limited held 20.00% by FPI
 - Safe Energy Group (Pattani) Company Limited held 25.00% by FPI
 - Safe Energy Group (Songkhla) Company Limited held 25.00% by FPI
- Due to these 4 joint venture companies could not pass the auction to acquire power purchase agreements (PPA) according to the regulation of purchasing the electricity from renewable power producer by competitive bidding at the first phase for the 3 southern border provinces and 4 districts of Songkhla province. The register of the companies' liquidation was on 15 December 2016.
- Paid the share capital for the investments in ALP FPI PARTS PRIVATE LIMITED, a 45% stake with registered capital of Rs 200,000,000. The company is based in India. The investment is to expand OEM production base, which is considered as a large market with high growth rate.
 - Investment in automatic painting line with robotic painting system.
 - Improve the use of thermal energy from gas to biomass energy.
- Invest in the new associate company, namely SAFE Energy Holdings Company Limited located in Thailand that registered to invest in biomass power plant. Incorporated and registration on 7 February 2017 with registered capital of Baht 1,000,000. The company holds 49.98% of the registered share capital.
 - On 13 February 2017, the meeting of the company's Board of Directors had a resolution to investment in a biomass power plant project of Prize of Wood Green Energy Co., Ltd. by having Safe Energy Holdings Company Limited purchase 99.99% of the registered share capital, representing an investment of not more than Baht 425 million.
 - On 13 March 2017, an Extraordinary General Meeting of the shareholders of Safe Energy Holdings Company Limited passed a resolution to approve an increase in its registered

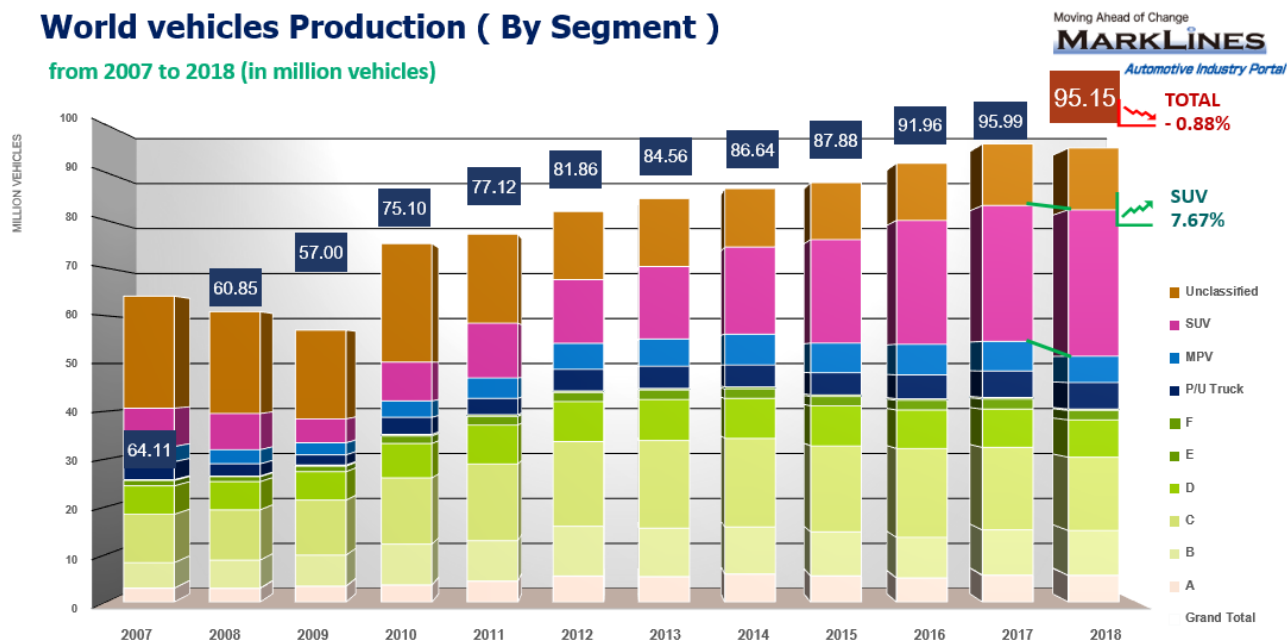
2018

- share capital from Baht 1 million (10,000 ordinary shares of Baht 100 each) to Baht 426 million (4,260,000 ordinary shares of Baht 100 each), through the issuance of 4,250,000 additional ordinary shares with a par value of Baht 100 each for purchasing ordinary shares of Prize of Wood Green Energy Co., Ltd. However, the company waived its right to subscribe to some additional shares. As a result, the company's shareholding decreased from 49.98% to 33.37%. During the year, the company made share payments in proportion to its investment amounting to Baht 142 million.
- On 11 August 2017, an Extraordinary General Meeting of the shareholders of Safe Energy Holdings Company Limited passed a resolution approving an increase in its registered share capital from Baht 426 million (4,260,000 ordinary shares of Baht 100 each) to Baht 581 million (5,810,000 ordinary shares of Baht 100 each), through the issuance of 1,550,000 additional ordinary shares with a par value of Baht 100 each to existing shareholders for investment in Bina Puri Power (Thailand) Co., Ltd. and SAFE Biomass Co., Ltd. During the year, the Company made share payments amounting to Baht 52 million.
 - On 31 August 2017, the Annual General Meeting of the shareholders of ALP FPI PARTS PRIVATE LIMITED passed a resolution increasing its registered share capital from INR 200 million to INR 320 million, with the Company's shareholding structure remaining unchanged.
 - Acquired land of 6 raise with the total investment of Baht 35.65 million. The transfer ownership of 4 rai which accounting for Baht 22.94 million to expand the production lines.
- Invested in the construction of engineering building of 6,400 square meter, and the value of the construction is Baht 64.13 million. The building will be used for producing mold and mold storage.
 - Install solar rooftop of 0.92 MW to use the solar energy in the production process. Green Yellow Co., Ltd. is the investor and sell the electricity with discount of 23.5% for 20 years.
 - Condensate Return System** which could reduce water usage of 4,468 m3 per year and LPG usage of 23,822.18 kilogram per year and biomass fuel usage of 145,566.08 kilogram per year.
 - Set up **Screw Air Compressor** which could decrease the use of electricity of \$185,472 (kWh/year).

1.3 Industry Overview and Competition

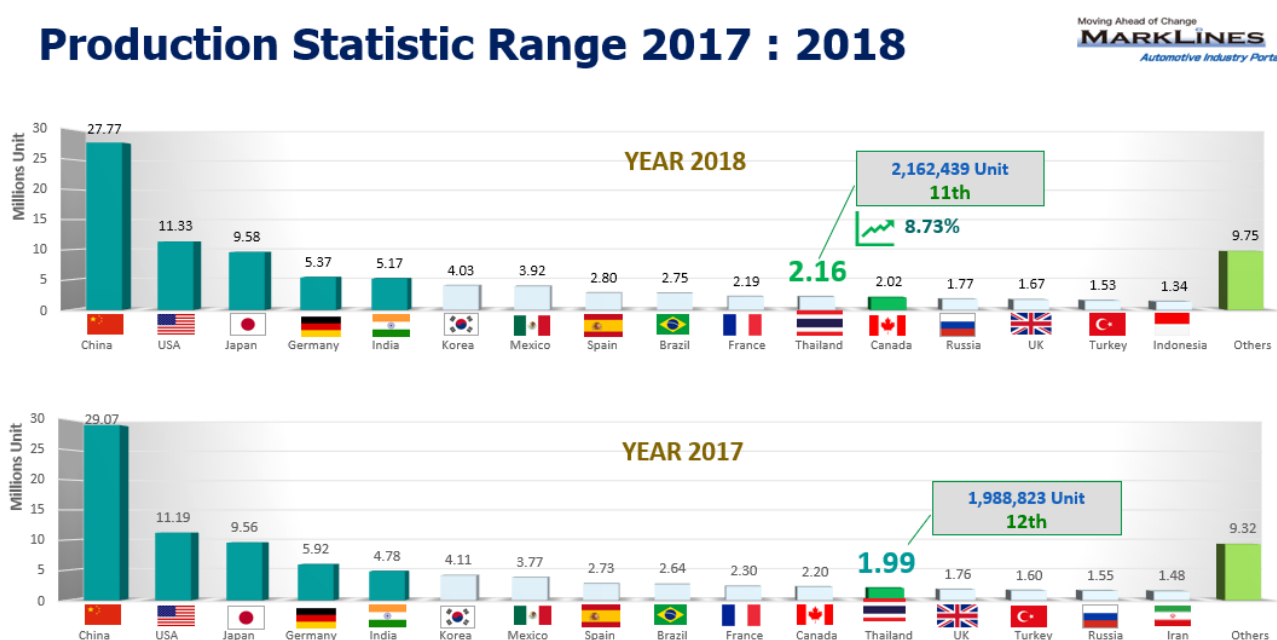
World vehicles Production (By Segment)

from 2007 to 2018 (in million vehicles)



In 2018, the automotive industry slowed down with the global production of 95.15 million units, divided into personal sedans of 40.46 million cars, pick-up SUV MPV 41.72 million cars and commercial vehicles such as vans, trucks, buses and others amounting 12.97 million cars. Overall production decreased by 0.93 percent from the previous year. For new market segments such as Compact SUV, which penetrates the consumer market who wants to use more multi-purpose vehicles in the city, increased from 28.46 million units to 30.64 million units or increased by 7.67 percent.

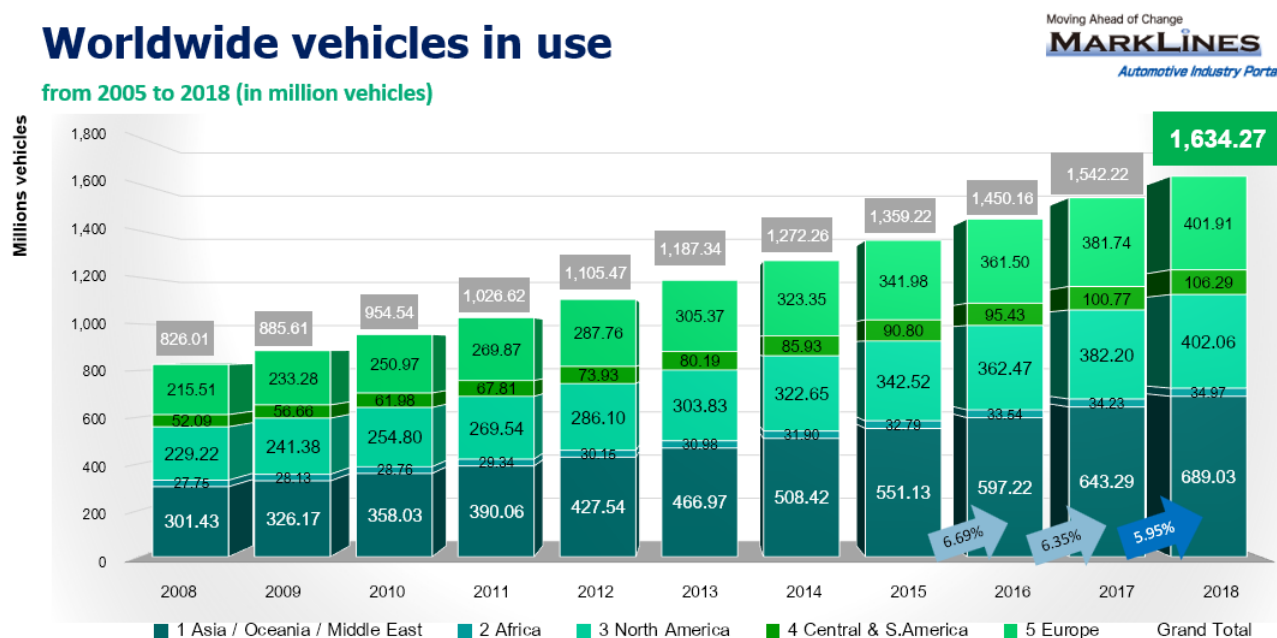
Production Statistic Range 2017 : 2018



The estimation of Thailand's automobile production in 2018 were ranked 11th in the world with the production volume of 2,162,439 vehicles while the previous year were ranked at 12th, with a production volume of 1,988,823 units which increase by 8.73 percent. The export value is \$22,686.60 million which increase by 14.5 percent from the previous year. For the top 5 countries that Thailand exports vehicles to, were America (13.95 percent), Japan (9.61 percent), Indonesia (8.06 percent), Malaysia (6.74 percent) and China (5.58 percent).

Worldwide vehicles in use

from 2005 to 2018 (in million vehicles)



EV. TREND

from 2012 to 2018 (in million vehicles)





There was a steadily increase in the volume of cars each year over the past several years with an average increase of 6.60 percent over the past 5 year. For the top 5 countries with the highest volume of motor vehicles: Asian countries Oceania and the Middle East (7.08 percent), African countries (2.18 percent), North America (5.20 percent), Central America (5.48 percent) and Europe (5.28%). For automotive technology that comes to replace oil, the trend continues to rise during the past 10 years. In 2018, the alternative energy increased 4.07 percent from the previous year.

1.4 Business Structure of FPI Group

Fortune Parts Industry Public Company Limited

Joint venture Company

Company Name	Holding Proportion (%)
FORTUNE-PARTS INDUSTRY ECUADOR CIA, LTDA.	45
ALP FPI PARTS PRIVATE LIMITED	45
Safe Energy Holdings Company Limited	33.37

1.5 Relationship with business groups of major shareholders

As at December 31, 2018, the company has no business operations through subsidiaries or a joint venture company.

2. Nature of Business

Fortune Parts Industry Company Limited engages mainly in the manufacture of automotive parts made of plastic, as well as the center of distribution of the automotive spare parts replacement and white-label automotive spare parts under various brand. The company also provides services: mold injection, chromium-plated and painted plastic product. The products and services of the company can be categorized as follows:

1. Products manufactured by FPI

1.1 Replacement Equipment Manufacturing : REM

- Grille and Head Light Door
- Bumper and Valance Panel
- Auto Lamps
- Spoiler, Skirt Set

1.2 Original Equipment Manufacturing : OEM, especially accessories parts to enhance the value of the products such as Front Bumper Guard, Over Fender, Side Cladding, Head Lamp Cover, Tail Lamp Cover, Mirror Cover, Spoiler and Skirt Set, as well as electrical parts.

2. Trading Product In order to have a product according to customer requirements.

2.1 Replacement Equipment (REM)

- REM produced from plastic: Bumper, Grille, Head Lamp and Tail Lamp
- REM manufactured from metal: Hood, door panels, fenders and radiator mounting.
- Others REM: rubber products, boiler components and the suspension filter.

2.2 Original Equipment Manufacturing (OEM): doors, hood, grille, headlights, taillights and bumpers.

3. **Other products** the company sold to the factory that the company hired to produce the products such as plastic containers, packaging, as well as the suppliers who sell raw material that do not meet the current production of the company.

4. **Other services** provide injection mold, chrome plating and painting. For instance, plastic beads, and packaging. Also, selling the raw material that is not meet the standard of the company.

5. Assets Utilization such as provide rental of mold equipment and mold

Product Variety and Services

“FPI” capability in the industry is to design mold for plastic and manufacture that is well-known. The success and growth of the previous could be clearly proved that the company has reach its goal of “Being the manufacturer who has endless experience in the industry”

Products and services

• 1.1 REM (Replacement Equipment)



• 1.2 OEM (Original Equipment)



1. Products Produced by FPI

• 2.1 REM (Replacement Equipment)



• 2.2 OEM (Original Equipment)



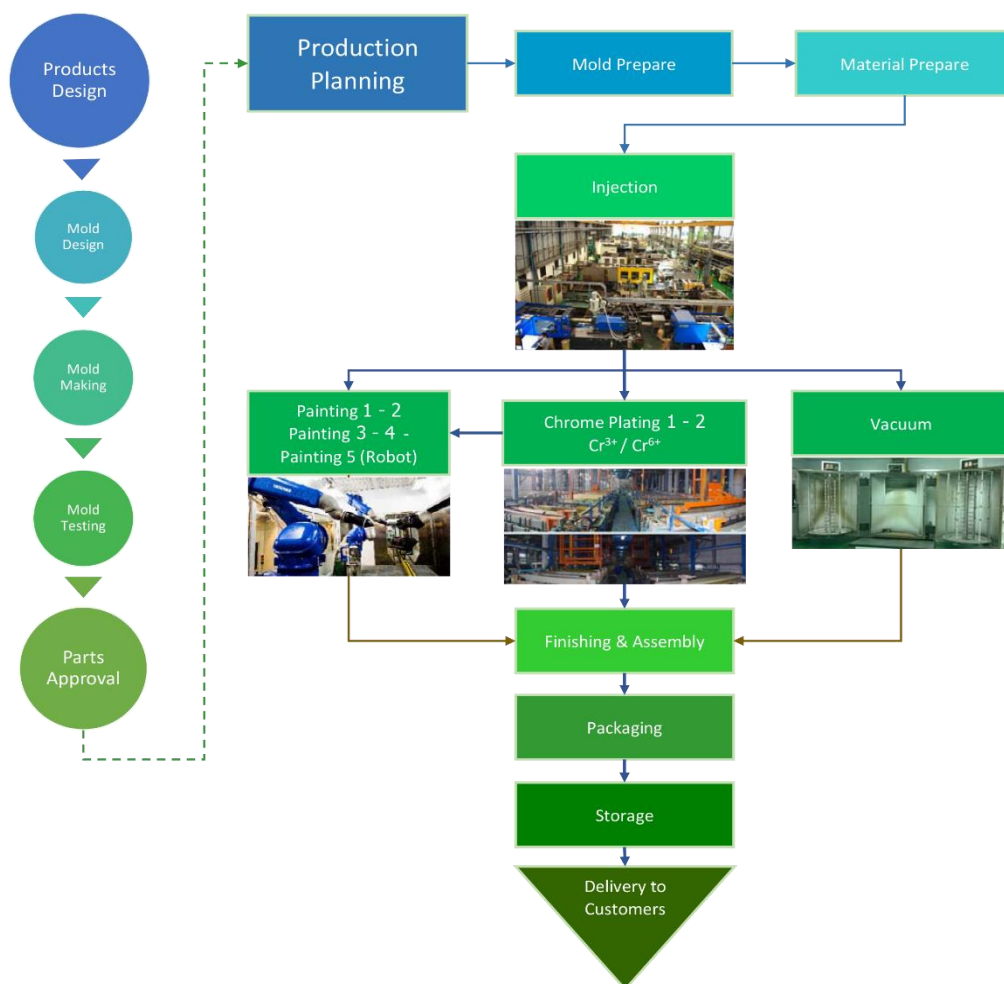
2. Trading Products



- Product Design
- Mold Design & Making
- Plastic Injection Molding
- Plastic Plating
- Plastic Painting

3. Services

Process Diagram



Revenue Structure

The revenue of the company during the year 2016-2018 could be categorized according to the operation segment as four segments as follows:

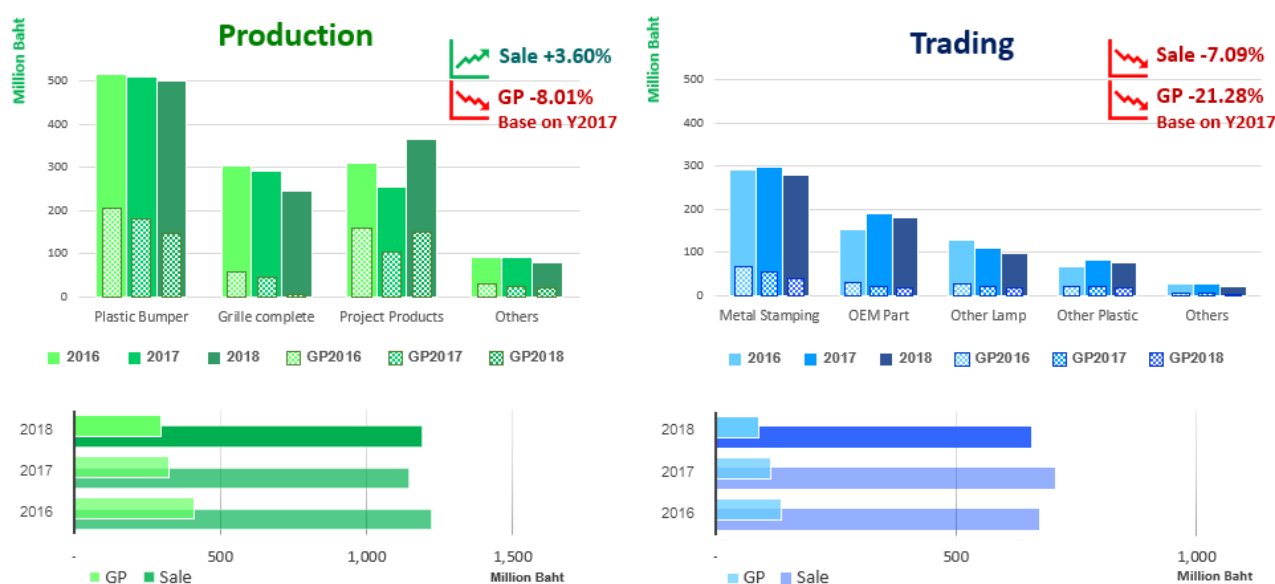
1. Domestic sales, which manufacture and distribute automotive parts and equipment in Thailand.
2. Export sales, which manufacture and distribute automotive parts and equipment to overseas.
3. Services from plating and painting automotive parts.
4. Other revenues which include export incentive, gain on exchange rate, interest income and gain from sales of scrap.

Type of Revenues	2016		2017		2018	
	Million Baht	%	Million Baht	%	Million Baht	%
1. Domestic Sales	279.77	13.79	252.46	12.49	293.54	14.92
2. Export Sales	1,703.39	83.96	1,724.64	85.30	1,645.58	83.66
3. Services Income	3.18	0.16	2.07	0.10	1.10	0.06
4. Other Revenues	42.51	2.09	42.76	2.11	26.86	1.36
Total Revenue	2,028.85	100.00	2,021.93	100.00	1,967.08	100.00

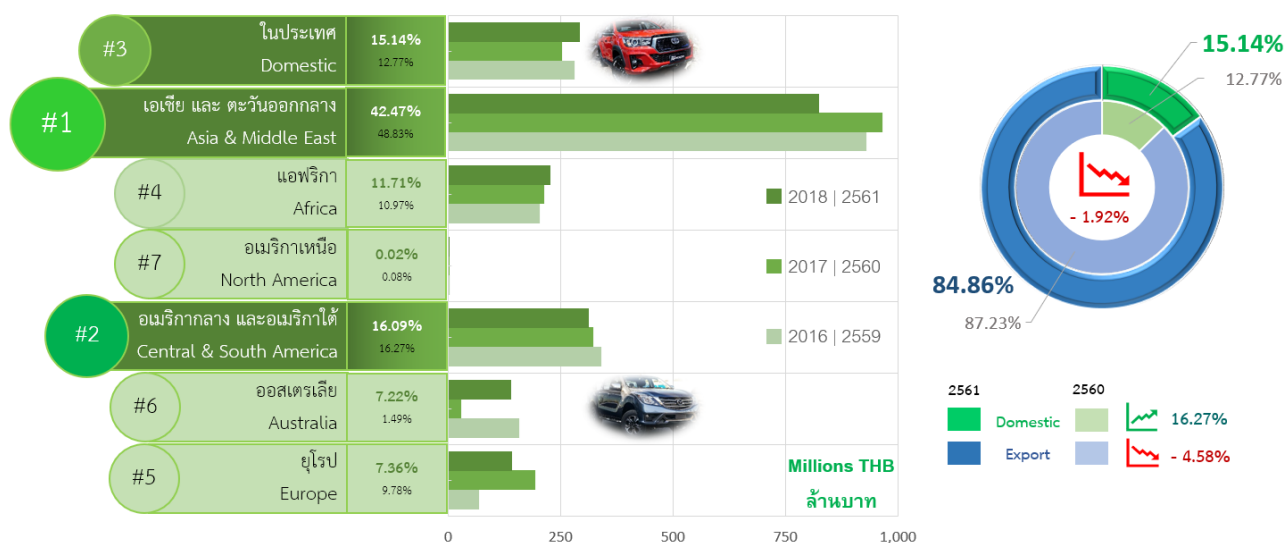
Note: Other Revenue: export incentive, gain on exchange rate, interest income and gain from sales of scrap.

The revenue of the company for the years 2016-2018 are categorized based on characteristic of company's products and services.

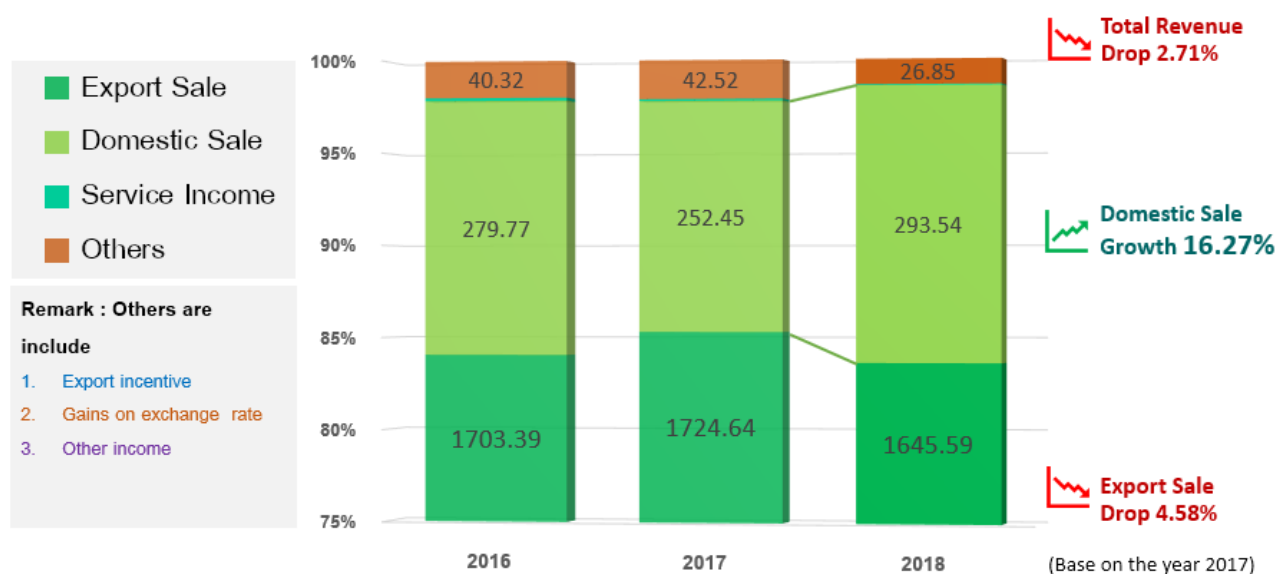
The company's products are what the company manufactures, purchased for resale, revenue from services and others as follows:



Total Revenues from Sales by Zone (Percent)



Total Revenues by Product categories (Unit: Million Baht)



3. Risk factors and the factors that affect investment decisions

Risk factors and the factors that affect investment decisions

Fortune Parts Industry Public Company Limited is striving to operate the business to achieve the goal which covers risk management in strategic, operation, financial and compliance with relevant regulations. To operate risk Management with a clear direction, in accordance with the business strategy and goals under the framework of good corporate governance, the company has categorized the type of significant risk management as follows;



1. Strategic Risk

The company has a strategic goal that will drive growth so it is necessary to invest in business expansion and to maintain the competitiveness of the company by improved production processes in countries with new technologies and innovations, and expansion into new businesses such as entering into the biomass power generation business. The company has continuously sought opportunities to invest. If the company is able to invest in expanding the business as planned, it will be an important part to achieve the long-term strategic goal. However, there may be uncertainties which could be both risks and opportunities, the company; therefore, has to plan such operations carefully and concisely to control the investment to be as targeted.

For the investment of large-scale projects with high investment value, the company has a guideline to manage the uncertainty of investment that may occur by determining the investment consideration process of the

company. The process is including the procedure which covers the period of seeking investment opportunities and the feasibility study period of the investment project. In each step, there will be executives and experts involved in each area to consider and give opinions on investment in a comprehensive manner. For instance, considering the consistency with the company's growth strategy, the return on investment to meet the criteria of the company and the assessment of project risk management. The consideration will be done by the Risk Management Committee to consider and scrutinize the adequacy of risk assessment, to consider the risk management measures before presenting to the Board of Director, and to regularly monitoring the progress of risk management following the guidelines.

Organizational strategy management with changes in the external environment that is currently becoming more global awareness of energy and environmental crises. The European's automotive industry has started to stop using fossils and start to use renewable energy. Therefore, this is the cause of changes in the use of electric vehicles and is the driving force passed to the Thai government. As a result, there is an approval of the plan to support investment in the electric vehicle assembly industry and related parts manufacturing industries. In addition, there is a tendency to change technology to other auto parts industries, such as focusing on lightweight products, shapes, sizes, new materials that change and vehicles that have self-defense systems. The change of these technologies is considered a risk that may affect the ability to compete and generate revenue to meet the company's goals. The company, therefore, has a policy to promote and support research and development in such matters, as well as, promoting the learning of technology related to electric vehicles to prepare and to support new technologies that are rapidly changing which may affect production and services by focusing on innovation that is environmentally friendly, safety, and energy saving.

In addition, the company continuously perceives the importance of personnel development to welcome the entering of automation system such as automatic machine and semi-automatic machines in the production process by promoting learning, seminars, and field trips, and try to apply those in the company. This is to support cost reduction policy, increase productivity, to reduce waste and to help reduce accidents. Above all, this is to reduce the risk of responding to customer needs in terms of product cost reduction.

2. Operation Risks

The company has given importance in building quality assurance throughout the process to get excellent products and services that can create maximum customer satisfaction. The company monitors the risk of product damage, insufficient production risks in the future, as well as, the risk of problems from external service providers or manufacturers whose risks could lead to the company may not be able to produce and deliver products to customers on time.

Therefore, the company has set up 2 operational risk assessment a year by executives of each department throughout the organization to find out the risks that exist in the organization and issues the risk

mitigation plan for each issue. The company also creates a risk management plan for production such as making an emergency backup plan, forecasts analysis of customer needs, studies and prepares a backup plan for sufficient production capacity, prepares preventive maintenance plan and forecasting plan as well as important spare parts ready. Moreover, the company has requested international standard certification according to the new version of the system, quality management or IATF16949: 2016, which is a special standard for the automotive industry. The company would like to build quality assurance throughout the process and bring other management systems such as ISO14001; environmental management system, OHSAS18001; occupational health and safety management system, and ISO50001; energy management system to help control operational risks.

The company also set up a process of internal audit system to strictly protect from quality of raw material, production process, and delivery of products to customers. The company has set clear goals for controlling waste, sent and encouraged all employees to have quality consciousness, controlled the price and prepared primary raw materials that may affect the process as follows;

2.1. Risk on material price and material procurement

The main materials that the company uses in production process are Acrylonitrile Butadiene Styrene (ABS) and Polypropylene (PP). These material values vary according to crude oil price and the demand and supply of those materials in the global market during the different period which is the uncontrollable factor of the company.



ABS. Plastic Material

PP. Plastic Material

Mitigation Measures:

The company has closely monitored the changes in raw material prices in the world market by providing a dedicated team, keep track of raw material prices, analysis of the trend of raw material prices over time, including the assessment of the company's raw material demand. In each period, the company can manage the procurement of raw materials efficiently. As a result, the company could effectively manage the procurement of raw material, so that the impact was not so great. The company has a policy of not relying on a particular distributor. In the past, the company was not affected by the supply of the raw material. To reduce

the impact factor beyond the control of the company, the company has improved the production formula to accommodate a wider variety of materials.

2.2. Risk on water management

In 2018, as a result of climate change in many areas, drought was a major problem of the country. Therefore, it is crucial to effectively allocate water for all sectors. Although in the past year the company has no impact, the company has prepared a plan to support water shortage problems to prepare with caution.

Mitigation Measures:

The company has set a policy to use water effectively with self-reliance by reducing water usage, recycled water, find supplementary water sources along with monitoring the water allocation of the government by implementing the 3R (Reduce, Reuse and Recycle) project. The company is focusing on improving the production process to reduce the amount of water used at the appropriate level (Reduce), reuse water to reduce the demand for water from outside (Reuse), water treatment of the used water and then bring back those water to the production process again (Recycle). This project will reduce the demand for water from external water sources. Therefore, the company is ready to cope with the water shortage situation if it happens and increase the ability to deal with it. As the company implements various measure, the company could ensure that all processes, activities and procedures in operation and quality supervision of the products are treated strictly.

3. Financial Risk

Even though in the year 2018, the automotive industry has a tendency to grow but the company still gives importance to managing financial liquidity. The company conducts business under conservative financial policy, both in debt to equity ratio, bad debt control, and control of exchange rate fluctuations. Thus, the company could run the business continuously and be able to invest to support future growth while maintaining the ability to pay dividends to shareholders. In 2018, the debt to equity ratio was 0.52 times, which continued to decrease from the previous year. For the foreign exchange risk management, the company has made forward contracts according to the situation and necessity. The policy to buy foreign exchange in advance covers foreign trade accounts receivable for approximately 6 months to prevent fluctuations. Therefore, the company could manage exchange rate fluctuations. Furthermore, the Company has measures to control the significant risks of finance as follows:

3.1. Risk of having customers in Sanctioned Countries List

The company exports and sells to customers located in the sanction countries list which are the countries with sovereignty concern under U.S. Department of Treasury such as Iran, Iraq, Libya, Sudan, Syria, Afghanistan and Myanmar. The company may have risk of not be able to collect money from these countries.

Mitigation Measures:

Most of the company's customers in this group do not have payment problem but have limitation in oversea fund transfer causing the longer period to transfer the funds. The revenues from this group are approximately in an average of 5%-9% of total revenues. However, the company is always cautious on selling to these countries by dealing with only the existing customers who have strong statement and good credit profile. For new customers, they have to transfer money before the company delivers the products (T/T before Shipment).

3.2 Risk from no long-term contracts

Practically, there is no long term contract with customers in automotive parts industry. For Original Equipment Manufacturing, there is a mold production contract and minimum purchasing order. For Replacement Equipment Manufacturing, there is no contract agreement but there will be purchasing order. In case of spare part that is not produced and sold in Thailand, the customers have to provide their yearly projection purchasing orders.

Mitigation Measures:

Regarding to the company's production capability, especially replacement auto parts, an efficiency in delivery of product on-time could affect the customer's confident toward the company. As a result, currently, the company's customers place a confident to the company, even though there, is no long-term contracts, 75% of the clients has been the customers of the company for more than 10 years.

3.3. Risks from Having a Group of Major Shareholders with Total Shares Over 50%

As of 31 December 2018, the holdings of Tanadumrongsak's group accounted for 989,602,772 shares, which is 65.41% of all distributed company shares, thereby causing the aforementioned group of shareholders to have power to control the company with influence in nearly every company decision whether concerning appointments of directors, requests for decisions on other topics requiring a majority vote of the shareholders' meeting, except for issues stipulating by laws or company regulations a requirement of votes amounting to no less than three out of four from the shareholders' meeting. Therefore, other company shareholders are at risk from their inability to collect votes to check and balance issues proposed by major shareholders for the consideration of the shareholders' meeting.

Mitigation Measures:

The management structure of the company consists of the Board of Directors and 7 sub-committees, namely Audit Committee, Nomination Remuneration Committee, Executive Committee, Risk Management Committee, Corporate Governance and Sustainability Development Committee, and Working Group on Anti-Corruption. The Executive Committee has full qualifications according to Section 68 of the Public Limited Companies Act BE 2535 and according to the relevant Capital Market Committee announcement. The Audit Committee will come to perform the audit, consider and scrutinize to prevent any transactions that may cause

conflicts of interest, as well as, to ensure transparency in the operation of the company. Moreover, the structure of the Board of Directors consists of 2 executive directors and 8 non-executive directors, including the Chairman of the Board and 5 directors of the Audit Committee. Such director structure will result in a balance of voting to consider various issues and helps to supervise the administration appropriately and effectively.

Furthermore, the company has a policy regarding connected transactions with directors, major shareholders or the person who has control power in the business and persons who may have conflicts of interest. The company would consider the comparison of conditions with other third parties first, then bringing various items into consideration by the Audit Committee in all cases before submitting to the Board of Directors for approval in the next step. The person who has a conflict of interest will not have the authority to approve the report. The Audit Committee will be responsible for monitoring the related transactions every quarter in order to ensure accuracy in the operation.

4. Compliance Risks

The Company places importance on compliance with rules and regulations related to business operations continuously. The company has prepared the charter of laws and regulations, whether it is law issued by the Ministry, Sub-Ministry, Department, as well as laws and regulations of the company who registered in the Stock Exchange and the customer requirements.

Those laws, rules, regulations, and regulations relating to such business operations will be reviewed, improved and evaluated for consistency by the Legal Department who has responsible for closely supervising and determining and also set up the person responsible for the operation. This is to comply with the law and to build confidence in term of product quality and administration throughout the process. Therefore, there is a monitoring of important risks such as complaints from the delivery of products or products that have not meet quality standard, including damaged products during transportation to customers. Therefore, the company has established a team of experts in law to study the limitations of various laws, assess the likelihood of an event, tracking and analyzing the impact, and obstacles to the expansion of the organization both at domestic and international.

For occupational health, safety and the environment, the company pays attention to the quality of life, employees, contractors and visitors. The company also complies with laws and regulations relating to the impact on occupational health, safety and the environment. Therefore, the company has set the policy, indicators, plans, remunerations, and responsible persons. In another word, in occupational health and safety, the management has announced the policy of "Occupational Health and Safety and Working Environment "with zero accident goals. There is a strategy to reduce and prevent accidents according to the 3 E (Engineering Education Enforcement) guidelines, which have carried out activities in the past year, such as Near Miss

Accident Report View Point, Completely Check Completely Find out, Safety Shop Floor Management, Safety Culture, Safety Standard, Machine Safety, Safety Week, 5S activity, and Kaizen suggestion.

For environmental care, the company has requested certification of international standard according to the new version of the environmental management system (ISO14001: 2015) in 2018. The company has trained the risk assessment, characteristics of environmental problems and product life cycles. The company also prepared various activities projects. For example, there is an environmental quality measurement (waste water, waste air, industrial waste) both within the factory and community. There are projects to reduce energy consumption and various waste, updated and adopt technologies that are environmentally friendly and save energy to be installed in the factory Operation Control. Furthermore, there are periodic internal inspections, reviewed by the management. The company is also certified for Carbon Footprint for Organization (CFO), Carbon Footprint Products (CFP) and Carbon Footprint Reduction. : CFR) from the Greenhouse Gas Management Organization in order to promote and reduce greenhouse gas emissions in the production process and partners.

4. Assets used in business operations

4.1 Details of assets used in business operations

As at 31 December 2018, the company has assets used in the following business operations

Type / Property Type	Proprietary characteristics	Obligation	Net book value As of December 31, 2018 (Million baht)
land Title deed No. 97282-91 and 86900 Total 11 title deeds, Lam Luk Ka District, Pathum Thani Province Total area of 28 rai 4 square wah	owner	Mortgage land and buildings with commercial banks With a mortgage amount of 22.30 million baht	22.30
land Title deed no. 115821 and 116445 Total 2 title deeds, Lam Luk Ka District, Pathum Thani Province Total area 14 rai 1 ngan 28 square	owner	Mortgage land and buildings with commercial banks With a mortgage amount of 29.69 million baht	29.69

Type / Property Type	Proprietary characteristics	Obligation	Net book value As of December 31, 2018 (Million baht)
wah			
land Title deed No. 102754 and 102755 Total 2 title deeds, Lam Luk Ka District, Pathum Thani Province Total area 11 rai 60 square wah	owner	Not obligated	21.75
land Title deed no. 4837 and 4838 Total 2 title deeds, Lam Luk Ka District, Pathum Thani Province Total area of 4 rai	owner	Not obligated	10.04
land Title deed No. 138800 and 115820 Total 2 title deeds, Lam Luk Ka District, Pathum Thani Province Total area 1 rai 2 ngan 99 square wah	owner	Not obligated	5.70
land Title deed no. 4839 and 4840 Total 2 title deeds, Lam Luk Ka District, Pathum Thani Province Total area 2 rai	owner	Not obligated	22.95
land Title deed No. 4841, number 1 title deed, Lam Luk Ka District, Pathum Thani Province	owner	Not obligated	12.70

Type / Property Type	Proprietary characteristics	Obligation	Net book value As of December 31, 2018 (Million baht)
Total area 2 rai			
Land improvement	owner	Mortgage land and buildings with commercial banks With a mortgage amount of 3.98 million baht	4.22
Equipment And office furnishings	owner	Not obligated	8.15
vehicle	owner	owner	5.98
Equipment and factory machinery	owner	owner	538.80
Equipment and factory machinery during construction	owner	owner	13.31
Factory building	owner	owner	282.52
Factory building during construction	owner	Not obligated	24.63
Total			1,002.74

5. Legal disputes

As of December 31, 2018, the company is not a party or a party. In the following cases

1. Cases that may have a negative impact on the company's assets which is higher than 5 percent of the shareholders' equity as of December 31, 2018
2. Cases that affect the business operations of the company Significantly But cannot assess the impact Numbers
3. Cases that are not caused by normal business operations of the company

6.General Company Information

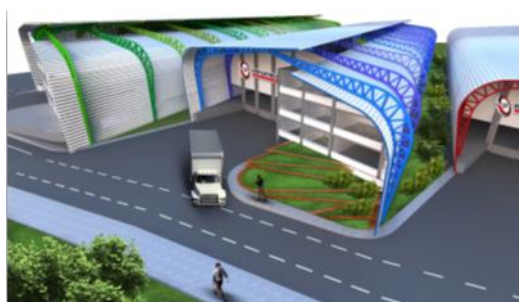


Company Name	:	Fortune Parts Industry Public Company Limited
SET Symbol	:	FPI
Registration No.	:	0107547000508 Head Office
Business Type	:	Designing & producing automotive parts, designing product and produce mold for plastic parts, provide injection, chrome plating, painting and assembly services for all plastic products.
Head Office and Factory	:	11/22 Moo 20 Nimitmai Road, Lamlukka, Lamlukka, Pathumthani
Branch	:	99/10 Moo 20 Nimitmai Road, Lamlukka, Lamlukka, Pathumthani
Telephone	:	0-2993-4970-77
Facimile	:	0-2993-0602
Web Site	:	http://www.fpiautoparts.com
Registered Capital	:	Baht 378,659,541.75 with a par value of Baht 0.25
Paid-up Capital	:	Baht 378,257,483.50 with a par value of Baht 0.25
Company's Secretary	:	Mr. Sarayuth Ouybuan Telephone :0-2993-4970-77 ext. 108 e-mail : sect@fpi.co.th , sarayuth@fpiautoparts.com
Investor Relation	:	 <ol style="list-style-type: none"> 1. Mr. Sompol Tanadumrongsak Telephone 0-2993-4970-77 ext. 200 e-mail: ir@fpi.co.th 2. Mrs. Nussara Tanadumrongsak Telephone 0-2993-4970-77 ext. 100 e-mail: ir@fpi.co.th 3. Mr. Sarayuth Ouybuan Telephone 0-2993-4970-77 ext. 108 e-mail: ir@fpi.co.th 3. Mr. Kowit Akkharaatimart Telephone 0-2993-4970-77 ext. 112 e-mail: ir@fpi.co.th

Information of Joint Venture and Associate Companies

Joint Venture Companies

Company Name	:	FORTUNR-PARTS INDUSTRY ECUADOR CIA.LTDA.
Business Type	:	Designing, producing and wholesaling automotive parts and accessories in South America
Head Office and Factory	:	S/N KM 7 1/2 PANAMERICANA, SECTORSAMANGA,UNAMUNCHO, AMBATO, TUNGURAHUA, ECUADOR
Registered Capital	:	USD 500,000



Company Name	:	ALP FPI PARTS PRIVATE LIMITED
Business Type	:	Designing, producing and wholesaling automotive parts and accessories in India
Head Office and Factory	:	25/31, East Patel Nagar, New Delhi 110008 in the State of NCT of Delhi
Registered Capital	:	INR 320,000,000



Company Name	:	Safe Energy Holdings Company Limited
Business Type	:	Biomass Power Plant Project
Head Office	:	11/22 Moo 20 Nimitmai Road, Lamlukka, Lamlukka, Pathumthani
Registered Capital	:	Baht 581,000,000 with a par value of Baht 100



Others Reference



Thailand Securities Depository

Registrar	Thailand Securities Depository Co., Ltd.
Address	93 The Stock Exchange of Thailand Building, Ratchadaphisek Road, Dindaeng, Dindaeng, Bangkok 10400
Telephone	0-2009-9000
Facimile	0-2009-9991
Website	www.set.or.th



Auditor	EY Office Limited
Address	33rd Floor, Lake Rajada Office Complex, 193/136-137, Ratjadapisek Road, Klongtoey, Bangkok 10110 G.P.O.Box 1047, Bangkok 10110
Telephone	0-2264-9090
Facimile	0-2264-0789-90
Website	www.ey.com



Legal Advisor	Dej-Udom & Associates Ltd.
Address	942/142-3 Chan Issara Tower I, 9/FL., Rama IV Road, Bangkok 10500
Telephone	0-2233-0055, 0-2233-0068
Facimile	0-2236-6681
Website	www.dejudomlaw.com