



# Global Manufacturer Certificate Audit Report



Organization:	Shenzhen Mason Technologies Co., Ltd. 深圳万润科技股份有限公司		
Address:	No. 64D# Building, Mashantou No. 4 <sup>th</sup> Industrial Zone, Gongming Town, Baoan District, Shenzhen City, Guangdong Province, China.		
Standard(s):	2nd Party Audit in Terms of the Checklist of GlobalMarket		
Factory Representative:	Huang Gang		
Site(s) audited:	Same as address	Date of Issue:	Aug. 29, 2008
Audited by:	Chris Ouyang	Reviewed by:	Y.Q. Li
The Audit Results : ( Only Assessed by GMC Audit Committee) Passed GMC Level ( ) / Passed QUASI-GMC Level ( ) / Fail ( )			
Confirmed by GMC Audit Commissioner:			
This report is confidential and distribution is limited to GlobalMarket representative and the Intertek office.			

## Products of the Factory:

LED Lighting

## Manufacturing Process Covered in the Audit Process:

Incoming Materials → Automatic Die Bonding → Automatic Soldering → Automatic Double Orbit Encapsulation → Automatic Color & Light Separating → Packing → Storage

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## Factory Profile:

### General history / background of Factory (Date of Established, Ownership, The type of Business, etc.):

The factory was originally established in 2002 and named as Shenzhen Mason Technologies Co., Ltd. Now, the factory was operated at No. 64D# Building, Mashantou No. 4<sup>th</sup> Industrial Zone, Gongming Town, Baoan District, Shenzhen City, Guangdong Province, China. It takes half hour from Shenzhen Huangtian International Airport to get to the factory by car. It is a private company. The factory had obtained ISO9001:2000 Certificate of registration for its quality assurance system on Sep. 15, 2005 by China United Certification Center. The turnover was RMB 48,881,730 in 2007 from Jan. to Dec., Namely USD 6.52Million.

This information was obtained through audit on Sep. 29, 2008.

### Factory area, No. of buildings:

Total area: 15,000 m<sup>2</sup>

Office, Production area and warehouse: 2 buildings with 3 floors

Dormitory and canteen: 1 building with 5 floors

### No. of Employee:

Design/R&D:	14
Trading and Marketing:	8
Management:	183
Manufacturing:	883
Quality Control:	8
HR department:	4

### Main Production Facility / Machine:

<u>ITEM</u>	<u>QUANTITY</u>
Automatic Mounting Machine	31
Automatic Soldering Machine	22
Automatic Color & Light Separating Machine	38
Soldering Machine	92
Gluing Machine	69
Filling Machine	20
Stamping Machine	13
Aging Test Machine	30
Microscope	184
Spectrum Analysis System	1
Photoelectric photometer	3
RoHS Testing Machine	1

### Working Hour:

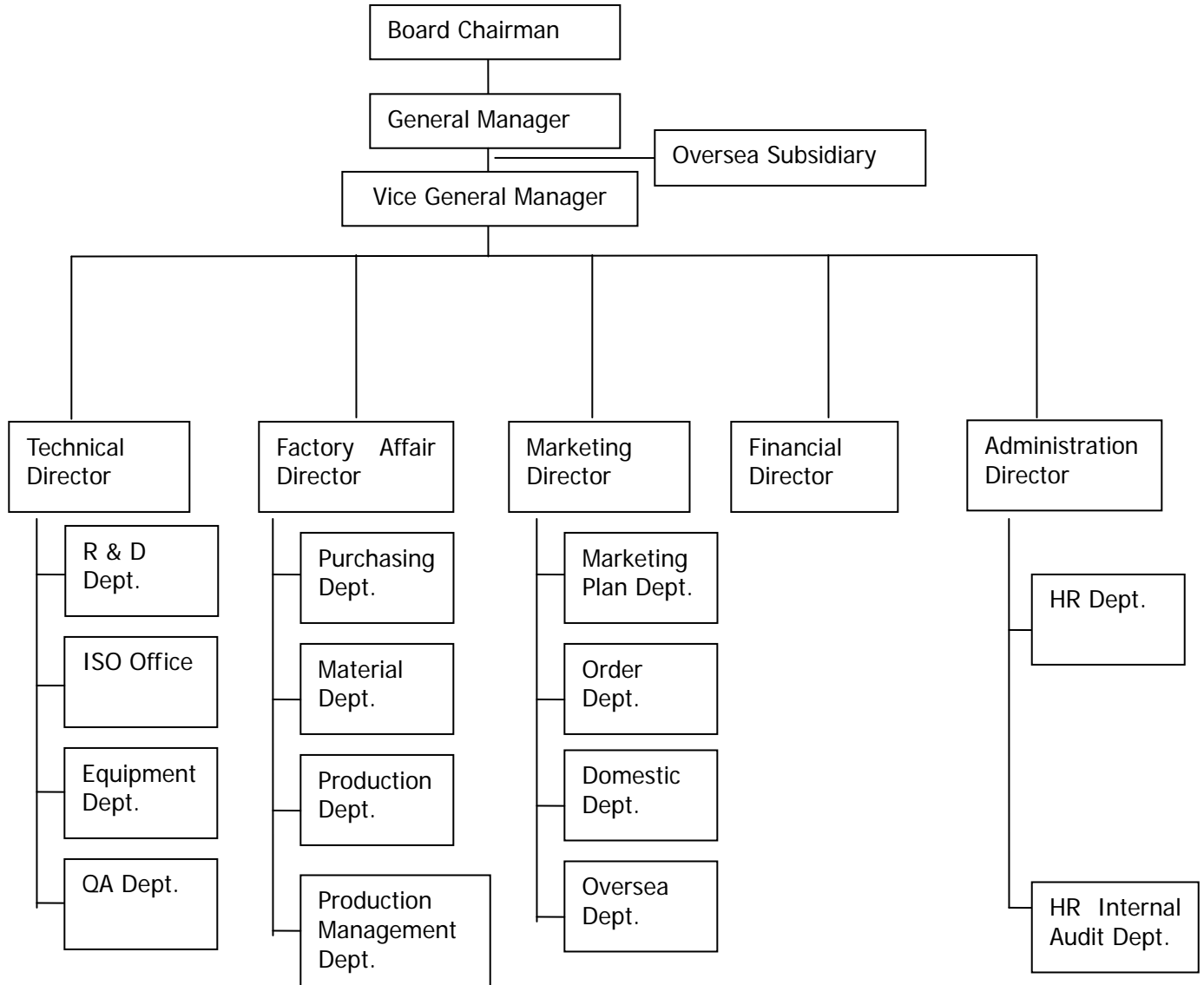
The daily working-hour starts from 8:00 to 18:00; from Monday to Friday.

Lunch-hour starts from 12:00 to 14:00; Supper-hour starts from 18:00 to 18:30;

Overtime starts from 18:30 to 20:30.

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**Organization Chart of the Factory**



## Checklist and Results

Item	The Checking Points	Evidences	<b>Judgments:</b> Are the results complied with the requirements based on evidences? ( Yes / No / N/A / Investigating / Consult to GMC Audit Committee )
<b>The Business Registration (BR)</b>			
1	a. Is the scope of the company name and product complied with actual situation?	The registered product scope covered sales, design and manufactures of electronic lighting diode, digital lamp.	Yes
	b. Is annual review done?	The annual review had been done on Jun. 03, 2008	Yes
	c. Is BR still valid?	It is valid to Dec. 13, 2012	Yes
	d. Who is the owner?	Li Zhi Jiang	Yes
	e. Copy of BR	The copy of BR was submitted.	Yes
<b>Conclusion</b>	It is confirmed that it is a real manufacturer.		Yes

<b>(1)Quality Management System Certification</b>			
<b>P.S This audit module belongs to GMC and Quasi-GMC Requirement.</b>			
2	a. Is it certified with ISO9001 or other equivalent certificate?	The factory achieved the ISO 9001:2000 Certification On Sep 15, 2005	Yes
	b. b. If item a was yes, what is the certification scope of ISO 9001?	The certification scope covers Production and Service of LED and Infrared Receiver Module.	Yes
	c. Is the Certificate still valid?	It is not valid, and the expired date is Sep 14, 2008	No
	d. Is surveillance done accordingly? Has all opened major CAR closed?	Latest surveillance audit was done on Dec. 2007 and all CARs had been closed.	Yes
	e. Is it provided the copy of certificate and the recent audit report?	ISO9001 certificate were copied.	Yes
	f. Did the Internal Audit of QMS [Quality Management of System] proceed?	The internal audit procedure was established.	Yes

2	g. Have they kept the Internal Audit record?	The internal audit was implemented on Aug 13, 2008, and the internal audit report was available.	Yes
<b>2.1 Conclusion</b>		The company or factory is holding a valid quality management system.	Yes

<b>(2) Product Certification</b>			
<b>P.S. This audit module belongs to GMC Requirement and Quasi-GMC Reference Condition.</b>			
2	a. Do they have the Failure Analysis Capability in raw material analysis?	The factory understands the product or material legislation or standard, and related test items were required in the material inspection or testing criteria.	Yes
	b. Do they have the Product Certification List?	The Product Certification List was available.	Yes
	c. Do they have the Product test report?	The product test report was issued by SGS on Mar 24, 2008. The test report number is CANEC0801010701.	Yes
	d. Sample of product certification (at least one of key products)	The product certification was conducted by Underwriters Laboratories Inc. on Sep. 11, 2007, The certified product is Seasonal and Holiday Decorative Product Accessories, and the certification file number is E313471.	Yes
	e. Copy of product certification sample (1-5 key products)	The copy of product certification was submitted.	Yes
	f. Have they had the Production process controlled?	The production process was controlled effectively. The working instructions were provided to each key workstation, and the in-process inspection was conducted by trained inspector.	Yes

2	g. Do they proceed the calibration of Design Lab Test Equipment according to Applicable Standards?	The calibration procedure was established and the calibration schedule was prepared. During the factory audit, the test and measuring equipment was effectively calibrated and the calibration record was kept.	Yes
	h. Do they have the Emerging Production Roadmap?	The production flow and relevant equipments were arranged adequately. The identification was clear for the processes and the in-process products.	Yes
2.2 Conclusion		The company or factory has had at least one product with valid product certification (e.g. UL, CE, GS, CCC, EMC, WEEE, cUL, VDE, CB, UR, ETL or the other relevant export certificate or the equivalent inspecting and testing report which is issued by the third-party audit organization (e.g. SGS, Intertek, UL, TUV, BV, or HKQAA,DNV,WIT...)).	Yes

<b>Company Size</b>			
3	<b>a. This audit module belongs to GMC Requirement:</b> Was the total revenue or annual production capacity more than USD 5 millions or exported revenue more than USD 2.5 Millions based on the data from <i>The Application Form of VAT Tax Return</i> or <i>Profit and Loss Statement</i> or <i>Summary Table of Export Quantum</i> or <i>Operation Statement</i> or the other reliable financial report? (Time period is based on 12 months prior to on site audit)	The total revenue was RMB 48,881,730 in 2007 from Jan. to Dec., Namely USD 6.52Million	Yes
	<b>a. This audit module belongs to Quasi-GMC Requirement</b> Was the total revenue or annual production capacity or exported revenue more than USD 2.5 Millions based on the data from <i>The Application Form of VAT Tax Return</i> or <i>Profit and Loss Statement</i> or <i>Summary Table of Export Quantum</i> or <i>Operation Statement</i> or the other reliable financial report? (Time period is based on 12 months prior to on site audit)		N/A

3	b. If no financial report can be showed, to calculate the revenue based on production equipments and infrastructure, how much is the estimated annual production capacity?		N/A
	c. If the revenue is below the number of <b>item a</b> , how much is it?		N/A
	d. Copy of above evidences	The factory only provided <i>the Application Form of VAT Tax Return 2007</i> for onsite-audit.	No
<b>Conclusion</b>		The revenue has been met the requirements.	Yes

<b>Foreign Trade Capacity</b>			
4	a. Is it the name list with education level and working experiences records of foreign trading staff?	There are 8 persons in the foreign trading department.	Yes
	b. Is English level and foreign trading experiences based on interview question (e.g. do they know what is LC and FOB)?	Based on interviewed with the foreign trading staff, She had adequate experience of foreign trading.	Yes
	c. Do the trading staffs clearly know the responsibilities and trading jobs?	The documented definition of responsibility was available, and the trading staffs clearly knew it.	Yes
	d. Do they hold the clear structure of organization for trading team?	The structure of trading team was available.	Yes
	e. Have they ever settled smoothly the foreign customers' complaint?	Based on the foreign customer complaint records such as e-mail, the factory settled the complaint positively, and the customer complaint records were kept and related corrective actions were taken.	Yes
	f. What was the rate of Customer complaints in 2007?	Total 4 complaints were recorded in 2008, and the main complaint was related to products quality.	Yes

4	g. Copy of above evidence	The copy of evidence was submitted.	Yes
<b>Conclusion</b>		The factory has the experience of foreign trading and competent staffs.	Yes

<b>R&amp;D Capacity</b>			
5	a. Was the name list of R&D Staff with education, experiences and job duties showed and copied to you?	There are 14 persons in R&D Dept. Most of them have 3 to 5 years experience in this industry.	Yes
	b. Have they had successful projects? (e.g. Patent Certificate for at least one product)	The patent certificate was available, patent certificate Number ZL 200720120161.X	Yes
	c. Do they have the relevant design output, verification, validation documentation in Product Improvement Program?	The design procedure was established and relevant design records were kept.	Yes
	d. Do they have New Product Introduction Process or Design Lab to Manufacturing Hand-off Process?	The NPI was required before mass production.	Yes
	e. Do they have the systematic method (e.g. IECQ QC080000) to avoid adopting the hazardous and environmentally sensitive materials in design & production process?	The restricted substance control procedure was established.	Yes
	f. Is the factory equipped with suitable staff and instruments or apparatus based on on-site observation?	The factory is equipped with suitable staff and instruments.	Yes
	g. Was the practical sample presented?	The factory has a sample exhibit hall.	Yes
<b>Conclusion</b>		According to the above-mentioned, the factory has the abilities of designing the key products.	Yes

<b>Credit or Goodwill</b>			
6	a. Has the factory signed the declaration of "No illegal records or fraud in business behavior" which designed by GlobalMarket?	The factory signed it on Sep 15, 2008	Yes
	b. Has the factory signed the copy of the declaration?	The copy was submitted.	Yes
<b>Conclusion</b>		According to all of the above-mentioned, the factory has a good credit or goodwill.	Yes

<b>SER (Social Environmental Responsibility)</b>			
<b>(1) About SA8000</b>			
<b>7</b>	<b>a.</b> Has the factory ever been certified with SA 8000?	The factory did not achieve SA 8000 certification	No
	<b>b.</b> Do you confirm the results of no child labor?	No child labor was found.	Yes
	<b>c.</b> Is the working time in accordance with China labor law?	Based on the working hour records provided by the factory, the factory can control working time effectively.  The sampled staff had worked for 184 and 168 hours in Jul. and Aug. 2008 individually. It was complied with the requirement of China Labor Law.	Yes
	<b>d.</b> Have their incomes met the local legal minimum salary level?	Based on the payment records provided by the factory, the workers' income can meet the local legal minimum salary level at RMB900. The sampled staff was RMB1500 in Jul. and Aug. 2008.	Yes
	<b>e.</b> Do they own the unionist or regulations of trade union or union movement?	No unionist or similar organization was established in the factory.	No
	<b>f.</b> Is forced labor prohibited in factory through interviewing 5 workers onsite and checking the HR records?	No forced labor was found.	Yes
	<b>(2) About Environment</b>		
<b>a.</b> Has the factory ever been certified with ISO 14001?	The factory achieved the ISO14001 Certification on Sep 15, 2005, Certification body: China United Certification Center Certification number: 01405E10134R0S.	Yes	
<b>b.</b> Is the certificate in valid?	It is not valid, and the expired date is Sep 14, 2008	No	

7	c. Do they have the valid environment report which is issued by local environment bureau?	The factory had the environment monitoring report. The report was issued by Guangzhou the 2 <sup>nd</sup> Light Industry System Environment Monitoring Bureau.	Yes
	d. Have they got related environment related verification report according to government regulations? E.g. environment evaluation report, pollution letting permit?	The factory had the environment monitoring report. The report was issued by Guangzhou the 2 <sup>nd</sup> Light Industry System Environment Monitoring Bureau.	Yes
	<b>(3) About Safety</b>		
	a. Has the factory ever been certified with OHSAS 18001?	The factory did not achieve OHSAS 18001 certification	No
	b. Is the certificate in valid?		N/A
	c. Do they have the approval report about safety construction which is issued by local fire bureau?	The approval report was issued on Feb 31, 2004	Yes
d. Being had a plant tour; do you think that the factory is at the valid safety or environment control? ( It is around 30 minutes, based on the size of plant)	Based on plant tour, there is no hidden trouble of fire and pollution hazard emitted from the factory.	Yes	
<b>Conclusion</b>	According to the entire above-mentioned, no serious problem is found.		Yes

8	<b>OEM/ODM Experience</b>		
	a. Is it contracted volume of OEM?	It is accounted 10% for OEM.	Yes
	b. Is it contracted volume of ODM?	It is accounted 90% for ODM.	Yes
	c. Based on facilities and resources, is it proved that the production and delivery has lasted at least one year?	The production and delivery records have been kept over 2 years.	Yes
<b>Conclusion</b>	It is the OEM/ODM factory.		Yes

<b>9</b>	<b>According to the above-mentioned gap analysis for the factory, what areas do they need to further improve?</b>
1	It is suggested that the factory keep the certificate of ISO 9000 and ISO14000 in valid.
2	It is suggested that the factory establish trade union or establish communication channel between management and employees.
3	It is suggested that the factory should apply for SA8000 and OHSAS 18001 certificates.
4	The copy of related financial report should be provided as evidence.

**Remarks:**

- a) Report should be printed in paper with Intertek logo and letter head, reviewed and signed by supervisor.
- b) Opening meeting
  - What should be explained in the meeting?
    - i. The purpose of the audit: to verify the compliances of GMC requirements defined in the checklist For GlobalMarket
    - ii. Non-disclosure declaration
    - iii. Itinerary
    - iv. Escort
    - v. What are needed in the audit and seek for cooperation
    - vi. Attendants' record
- c) According to the result, communicate with the management and relation depart manager
- d) Close Meeting
  - i. Read out what are found in the audit process and signed the record by the management.
  - ii. Thanks
- e) Total time for one factory: around 3~4 hours

**The relevant on-site photos and audit documents are as follows,**

PHOTO ATTACHMENT



FACTORY GATE



AUTOMATIC DIE BONDING WORKSHOP



AUTOMATIC SOLDERING WORKSHOP



AUTOMATIC DOUBLE ORBIT ENCAPSULATION WORKSHOP



AUTOMATIC COLOR & LIGHT SEPARATING WORKSHOP



QA ROOM

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# PHOTO ATTACHMENT



DOMITORY



FINISHED PRODUCTS WAREHOUSE



INCOMING COMPONENTS WAREHOUSE



TESTING ROOM

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