

Supplier / Manufacturer Factory Audit Report

Instruction

A. Glossary

| | |
|------------|---|
| Auditor : | The personnel who visit the factory for review, checking and made comments on the finding |
| Accessor : | The personnel who review the completed audit check list done by auditor |
| Supplier: | The personnel who is represent from supplier side as the main contact |

B. Section Responsible

| Section | Fields/columns to be responsible | | |
|--|---|-----------------------------|------------|
| | Auditor | Accessor | Supplier |
| Audit Summary | 1. Audit date 2. Supplier Name 3. Manufacturer Name 4. Audit Conclusion | Audit Conclusion (Optional) | - |
| Background | - | - | ALL fields |
| Incoming goods, Product Development, Production Process, Quality Assurance, Test, equipment and others | 1. MGB Auditor (Name) 2. Supplier Validation (Name from supplier) 3. Yes/Yes with concern/No 4. Comments | Accessor Score (Optional) | - |

C. Working Guidelines

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|--|
| - Auditor start from incoming goods and visit as per the production flow for the assessment |
| Yes - As if the evidence is fulfilled the question completely, a "x" should put in the "Yes" box and comments is not necessary, unless special finding which is related for additional concern can be observe or provided by supplier side |
| Yes, with concern - As if evidence is only partially fulfill the question, a "x" should put in the "Yes with concern" box and comments needs to put to explain the situation and findings |
| No - As if evidence shows that the requested details cannot be provide, a "x" should put in the "No" box and comments needs to put to explain the situation and findings |
| Score - Scoring scheme had provided for reference and auditor should put the score for each question base on the scheme. Score should be from 0 to 100 and no decimal place should put |
| - For a particular section which the factory was not suppose to have pls mark "N/A" in the "Calculated score" field, which makes the "Overall score" for the particular section change to "N/A" |
| - For a particular section which the factory was not suppose to have pls mark "N/A" in the "Calculated score" field, which makes the "Overall score" for the particular section change to "N/A" |

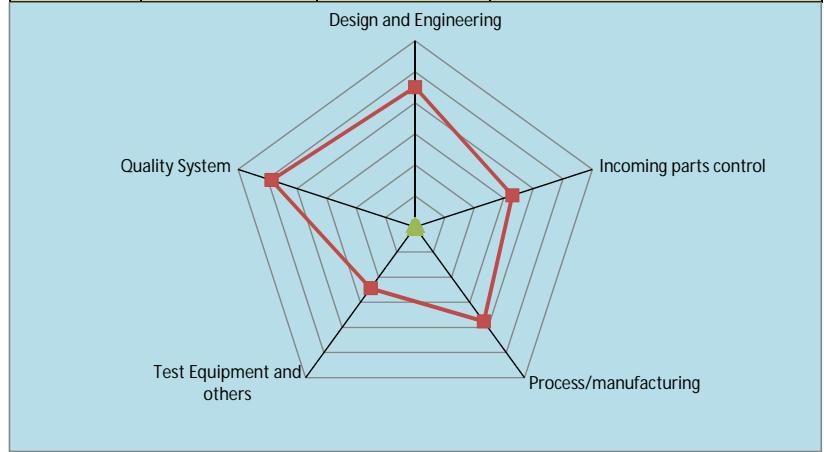
Supplier / Manufacturer Factory Audit Report

FA-25107-005-01

MGB HK
Supplier Quality System/Process Audit Checklist

| | | | |
|--------------------|-----------|----------------------|--|
| Audit Date: | 6/30/2015 | Supplier: | 25107 NINGBO Elion Import & Export Co., Ltd.. |
| | | Manufacturer: | 25107-005 Ningbo New Oriental Electric Industrial Development Co., Ltd. /Rm 4-11, #1-1 Building, Tianrun Business Block, No.737 Zhongxing Rd China - 315040 Jiangdong district, Ningbo |

| No. | SECTION | total Points | Audit OK Points | Total Available Points % |
|------------------------------------|---------------------------|--------------|-----------------|--------------------------|
| A | General Info | Info only | Not Rated | Not Rated |
| B | Design and Engineering | 45.0 | 45.0 | 100.0% |
| C | Incoming parts control | 35.0 | 32.9 | 94.0% |
| D | Process/manufacturing | 48.0 | 37.7 | 78.5% |
| E | Test Equipment and others | 30.0 | 24.5 | 81.5% |
| F | Quality System | 55.0 | 48.7 | 88.5% |
| Total Points: | | 213 | | |
| Audit Result (% compliance) | | | 88.6% | |



| MGB Scoring | Description | Please check the relevant box |
|-------------|--------------|-------------------------------|
| 95 - 100 % | Excellent | |
| 81 - 94 % | Good | X |
| 61 - 80 % | Satisfactory | |
| 51 - 60 % | Inadequate | |
| 0 - 50 % | Poor | |

Audit Conclusion

- Advantage:**
- The factory has enough testing equipment for functional test, such as spectrum testing, temperature testing for solder joints, EMC testing, aging testing, surge testing etc..
 - The Engineering Department has divided into electrical, structure, testing and ERP parts team, and they had mature design and engineering control process for new products.
 - There are clear work instructions for assembly and packaging process.
 - The factory has obtained QMS certificate on Apr.19, 2013 by AFNOR ASIA.

- Insufficiency:**
- Some plates of outgoing products put in incoming holding areas at the 1F.
 - Not fill the detailed information in the material cards and only have numbers.
 - In the holding area for incoming materials at the 1st floor, a plate of non-conforming materials E27 Ni-plating Aluminum Lamp Bases are not segregated from other materials in the same area.
 - Not equip dust-proof facilities in the SMT workshop.
 - No any relative dust control requirement in the workshop.
 - Lot number for using solder paste QI3570301 not recorded in the process records.
 - No materials loading records for mounter machine..
 - Not add the glue into glue-filling machine in time according to relevant instructions
 - Could not trace SMT production lot number on-site for the client's order GL150416.
 - The final products warehouse not provide the receiving and releasing records for the order No. 4600316822, article No. 11431.
 - In IQC inspection area, two bottles of drinkable water are stored together with solder pastes in the refrigerator.
 - Not shown XDF101 power equipment for lighting inspection in measurement equipment list.
 - The worker don't know how to operate the glue-filling machine, and has no awareness of the bad influence on product's torque force when there is no enough glue.
 - No relative work instructions for mounter machine and reflow oven in SMT workshop at the 2F.
 - No annual calibration reports for High and low temperature test machine and EMC test equipment .
 - At 2F press riveting process, the red box for non-conforming products is used for good semi-products.

A. Background

| | |
|-----------------------------|-------------------------------|
| MGB auditor: | Mr. Hammer ZHANG |
| Supplier Validation: | Mr. Kejun FU/ Quality Manager |

1. Supplier Details

| No | Items | | Comments | |
|---------|---|--|----------|--|
| A.1.1. | Supper's Name | NINGBO Elion Import & Export Co., Ltd.. | | |
| A.1.2. | Manufacturer's Name | Ningbo New Oriental Electric Industrial Development Co., Ltd. | | |
| A.1.3. | Address | Rm 4-11, #1-1 Building, Tianrun Business Block, No.737 Zhongxing Rd China - 315040 Jianadong district, Ningbo | | |
| A.1.4. | Contact Person Name : Phone : Fax : E-mail : | Johnson +86 574 8771 1937 +86 574 8733 3530 johnson@cnneworiental.com | | |
| A.1.5. | Private /JV / State-Owned | Private | | |
| A.1.6. | Owner's Name | Jack | | |
| A.1.7. | Establish Date | 1989 | | |
| A.1.8. | Product Description | LED BULB, Energy saving lamp, halogen lamp | | |
| A.1.9. | Major Material | Aluminum, plastic, glass | | |
| A.1.10. | With I/E License | Yes | | |
| A.1.11. | Export Rate % | 100% | | |
| A.1.12. | Export Countries (with %) | Germany 50% Austria 20% Spain 10% England 10% Others 10% | | |
| A.1.13. | Total Production Area | 23000 m2 | | |
| A.1.14. | Number of workers Administration: Production: QM: QC: Total: | 420 25 10 20 45 520 | | |
| A.1.15. | Production Machine Details (Brand, Types and Number) | production line *8, aging line*2, aging frame*4, glue spray*2, packaging line *2, printing machine(imaje of France) *4, automatic spray machine*6, wave-soldering machine(TOLO of Japan)*1,high speed placement machine *2, 24 temperature zone solder-reflow machine*2,automatic assembling machine of globe bulb *1,blister machine *8 | | |
| A.1.16. | Monthly Output / Capacity | 4,500,000 pcs | | |
| A.1.17. | Production Shift (Hrs/Shift, # of Shift/Day) | 8 Hrs/shift, 2Shifts/Day | | |
| A.1.18. | Main Customers | OBI, Audi, Lidl | | |

B. Design and Engineering

| | |
|-----------------------------|-------------------------------|
| MGB auditor: | Mr. Hammer ZHANG |
| Supplier Validation: | Mr. Kejun FU/ Quality Manager |

| No | Question | Judgment criteria, Requirements | Weight | Evidence | Comments | Rating (0 ~ 100 %) | Score |
|------|---|---|--------|----------|----------|--------------------|-------------|
| B.1. | Design and Engineering or Product Development Department existing? | Independent Department with Engineers/personnel doing Research and Development or product design (20%) | 20.0% | | | 100.0% | 9.00 |
| B.2 | Are there clear job description , duties and responsibilities on people doing the design and Engineering of the products? | Job descriptions are present with clear duties and responsibilities (15%) | 15.0% | | | 100.0% | 6.75 |
| B.3 | Are design review conducted and recorded for every product? | Design review records should be present with analysis and data as a result of such review 15% | 15.0% | | | 100.0% | 6.75 |
| B.4 | Are there adequate resources and tools to produce quality Engineering designs? | Allocated space and tools should be evident to prove this criteria 10% | 10.0% | | | 100.0% | 4.50 |
| B.5 | How is design quality secured ? | The quality flow during the design phases follows clear defined milestones and mentions clear deliverables to be timely provided. Critical parameters to customers are formally identified. Test plans have been designed and are systematically executed to ensure robustness of the design against specifications and identified critical characteristics. Adequate qualification levels are given to safety and performance requirements 20% | 20.0% | | | 100.0% | 9.00 |
| B.6 | Engineering Competency | What technology training or quality tooling training are given to engineer ? 20% | 20.0% | | | 100.0% | 9.00 |

100.0%

| | | |
|---------------------|--------------------------|-------------|
| 1. Enablers: | Calculated score: | 45.0 |
| | Assessor score: | 45.0 |

C. Incoming Parts Control

MGB auditor: Mr. Hammer ZHANG
 Supplier Validation: Mr. Kejun FU/ Quality Manager

| No | Question | Judgment criteria, Requirements | Weight | Evidence | Comments | Rating (0 - 100 %) | Score |
|-----|---|--|--------|----------|---|--------------------|-------|
| C.1 | Is Organizational chart available? Are the people in-charge on securing the quality of the incoming materials trained and competent on their respective fields? | Organizational chart is present with clear duties and responsibilities and reporting lines Training plans and records are available Qualifications are clearly mentioned in the Job Descriptions 15% | 15.0% | | | 100.0% | 5.25 |
| C.2 | Are there procedures in place for Material Qualifications and handling of non-conforming materials? | SOP (Standard Operating procedures), work Instructions, Specifications , Inspection Standard and procedures are present. quality records are kept and reviewed regularly 15% | 15.0% | | | 100.0% | 5.25 |
| C.3 | Are there adequate test equipment and calibration records? | Test equipment for implementing quality checks should be adequate Test equipment for safety and measurement should be calibrated 15% | 15.0% | | | 100.0% | 5.25 |
| C.4 | Supplier Quality Agreements are in place, supplier process audits performed regularly? | All suppliers have contracts in place which are regularly reviewed. Supplier compliance against these agreements is reviewed by means of audits or other agreed methods. Supplier performance is measured at a frequency adapted to the business life cycle of the purchased products 15% | 15.0% | X | | 100.0% | 5.25 |
| C.5 | Early warning procedure in case of goods shipped with component quality problems ? | In case of problem detection , the company systematically activates an early warning system to all relevant customers, internal Departments and suppliers. The performance of this system is confirmed and reviewed. Example of such kind of event. 10% | 10.0% | X | | 100.0% | 3.50 |
| C.6 | Is there a system in place to control and notify suppliers in case non-conforming material is found? | Rejection records with lot numbers and supplier notification are present 10% | 10.0% | | | 100.0% | 3.50 |
| C.7 | Is identification and traceability of materials ensured? <u>Are the lot numbers of the incoming material lots captured in the incoming material inspection report?</u> | Inspection records must prove traceability to inspected or rejected lots 10% | 10.0% | | - Some plates of outgoing products put in incoming holding areas at the 1F. - Not fill the detailed information in the material cards and only have numbers. - In the holding area for incoming materials at the 1st floor, a plate of non-conforming materials E27 Ni-plating Aluminum Lamp Bases are not segregated | 40.0% | 1.40 |
| C.8 | Is there a record of the supplier data? Is supplied material certification required and verified for all strategic materials used in production? <u>Are all suppliers providing compliance test results with each lot?</u> | For Certified parts , Certificates are present Material composition reports are present for specific parts 10% | 10.0% | X | | 100.0% | 3.50 |

100.0%

| | | |
|---------------------|--------------------------|-------------|
| 1. Enablers: | Calculated score: | 32.9 |
| | Assessor score: | 32.9 |

D. Process/Manufacturing

MGB HK auditor: Mr. Hammer ZHANG
Supplier Validation: Mr. Kejun FU/ Quality Manager

| No | Question | Judgment criteria, Requirements | Weight | Evidence | Comments | Rating (0 - 100 %) | Score |
|-----|--|--|--------|----------|--|--------------------|-------------|
| D.1 | Is production process or layout, material flow and finished product flow clearly understandable? Is it clean and in order? | Logical and efficient flow of production processes , conveyors (material supply to finish product) 10% | 10.0% | X | Not equip dust-proof facilities in the SMT workshop. | 50.0% | 2.40 |
| D.2 | Is there a system in place which ensures workers executing the required process steps? (E.g.: work instructions , set-up procedures etc.)? | Work instructions and procedures are present in the work area 15% | 15.0% | X | No any relative dust control requirement in the workshop. | 50.0% | 3.60 |
| D.3 | Are in-process inspections, test operations, and processes specified in supplier's Standards , Instructions ? and performed properly? | Check line Inspections , line Patrol and Production testing are being done and recorded 10% | 10.0% | X | - Lot number for using solder paste QI3570301 not recorded in the process records. - No materials loading records for mounter machine. - Not add the glue into glue-filling machine in time according to relevant instructions. - Could not trace SMT production lot number on-site for the client's order GL150416. - The final products warehouse not provide the receiving and releasing records for the order No. 4600316822, article No. 11431. - In IQC inspection area, two bottles of drinkable water are stored together with solder pastes in the refrigerator. | 40.0% | 1.92 |
| D.4 | Are in process inspections, measurements in accordance with specified requirements (Inspection standards, Product Specification sheet , Drawing, etc.)? | Check quality and inspection records 10% | 10.0% | X | | 100.0% | 4.80 |
| D.5 | Are non-conforming materials , semi-finished products and finished products identified and segregated from good products? | System should be in -placed in marking and storage of non-conforming products (red mark "REJECT" for example) 15% | 15.0% | X | At the 2F press riveting process , the red box for non-conforming products is used for good semi-products. | 80.0% | 5.76 |
| D.6 | Are repaired/reworked products submitted for re-inspection ? | process flow and inspection records should prove existence of such system | 15.0% | | | 100.0% | 7.20 |
| D.7 | Are test equipment in the production line well maintained and calibrated? | Should be proven by calibration certificate 10% | 10.0% | | | 100.0% | 4.80 |
| D.8 | Are safety checks and quality checks performed 100% and results recorded? | Inspection standards and inspection records should be present 15% | 15.0% | X | | 100.0% | 7.20 |

100.0%

| | | |
|--------------------|--------------------------|-------------|
| 2. Results: | Calculated score: | 37.7 |
| | Assessor score: | 37.7 |

| | | |
|------------------------------|-----------------------|-------------|
| Process Manufacturing | Overall score: | 37.7 |
|------------------------------|-----------------------|-------------|

E. Test equipment and others

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|-----------------------------|-------------------------------|
| MGB auditor: | Mr. Hammer ZHANG |
| Supplier Validation: | Mr. Kejun FU/ Quality Manager |

| No | Question | Judgment criteria, Requirements | Weight | Evidence | comments | Rating (0 - 100 %) | Score |
|-----|---|---|--------|----------|--|--------------------|-------------|
| E.1 | Is preventive maintenance activity in place? | Preventive Maintenance Record present The latest activity is less than 1 year compare to the audit date (10%) | 10.0% | | | 100.0% | 3.00 |
| E.2 | Is preventive maintenance plan/schedule available? | Preventive Maintenance schedule present (10%) | 10.0% | | Not shown XDF101 power equipment for lighting inspection in measurement equipment list. | 70.0% | 2.10 |
| E.3 | Are workers trained? | Training record present with random check of 1% (10%) | 10.0% | X | The worker don't know how to operate the glue-filling machine, and has no awareness of the bad influence on product's torque force when there is no enough glue. | 50.0% | 1.50 |
| E.4 | Are there Work Instructions and standards in working area? | Work instruction manual/work sheet present in work area (15%) | 15.0% | X | No relative work instructions for moulder machine and reflow oven in SMT workshop at the 2F. | 60.0% | 2.70 |
| E.5 | Are test equipment calibrated (All)? | Calibration Record present (15%) | 15.0% | X | No annual calibration reports for High and low temperature test machine and EMC test equipment. | 70.0% | 3.15 |
| E.6 | Is there a procedure for equipment calibration? | Procedure present 10% | 10.0% | | | 100.0% | 3.00 |
| E.7 | Any safety protection aids / equipment installed? Documented and check regularly? | Proper Personal Protective gadget is present and used by the workers 10% | 10.0% | | | 100.0% | 3.00 |
| E.8 | Is there a yearly internal audit plan available? Is it implemented in time? | Internal Audit plan mentioned with documentation and with schedule and Record showing the audit was on time as per schedule (10%) | 10.0% | | | 100.0% | 3.00 |
| E.9 | Does the audit plan cover corrective actions? | Corrective Action points/plans marked in side the report (10%) | 10.0% | | | 100.0% | 3.00 |

100.0%

| | | |
|-----------------|--------------------------|-------------|
| Results: | Calculated score: | 24.5 |
| | Assessor score: | 24 |

| | | |
|-------------------------------------|-----------------------|-----------|
| F Test, equipment and others | Overall score: | 24 |
|-------------------------------------|-----------------------|-----------|

F. Quality System

| | |
|-----------------------------|-------------------------------|
| MGB auditor: | Mr. Hammer ZHANG |
| Supplier Validation: | Mr. Kejun FU/ Quality Manager |

| No | Indicator | Judgment criteria, Requirements | Weight | Evidence | Comments | Rating (0 ~ 100 %) | Score |
|-----|--|--|--------|----------|---|-----------------------|-------------|
| F.1 | Quality system certified? | Certified to ISO 9001,9002 , others? 10% | 10.0% | | | 100.0% | 5.50 |
| F.2 | Is there an independent Quality Assurance/Control Department? | Organizational chart with job descriptions with clear reporting lines should be present 10% | 10.0% | | | 100.0% | 5.50 |
| F.3 | Is there a defined procedure/instruction for in-process and outgoing quality inspection ? | inspection reports aligned with the defined procedures? 10% | 10.0% | X | | 100.0% | 5.50 |
| F.4 | Are the required parameters inspected as defined in the agreed Inspection procedures and standards? Is parameters classified (Critical, Major and minor items)? | Inspection Procedures and Standard should be present with inspection records 15% | 15.0% | | | 100.0% | 8.25 |
| F.5 | Are non-conforming, blocked products and lots identified and segregated properly? | procedure and records should be presented 15% | 15.0% | X | - In the holding area for incoming materials at the 1F, a plate of non-conforming materials E27 Ni-plating Aluminum Lamp Bases are not segregated from other materials in the same area. - At 2F press riveting process, the red box for non-conforming products is used for good semi-products. | 50.0% | 4.13 |
| F.6 | In case of rejection , does QC people issue non-conformance report and give immediate feedback to the workstation/ operator, where the mistake was done? | Documented procedure and records should be presented 10% | 10.0% | X | | 100.0% | 5.50 |
| F.7 | Are repaired/reworked products reinspected according to reinforced sampling level? | Documented procedure and records should be presented 10% | 10.0% | | | 100.0% | 5.50 |
| F.8 | Are responsibilities regarding release of blocked products clearly defined? | Are the responsible people defined when it comes to the decision on releasing the blocked products? 10% | 10.0% | | | 100.0% | 5.50 |
| F.9 | Personnel training and qualification including AQL, ,etc. | Training records 10% | 10.0% | X | The worker don't know how to operate the glue-filling machine, and has no awareness of the bad influence on product's torque force when there is no enough glue. | 60.0% | 3.30 |

100.0%

| | | |
|-----------------|-------------------|-------------|
| 2. | Calculated score: | 48.7 |
| Results: | Assessor score: | 48.7 |

| | | |
|-------------------|----------------|-------------|
| D. Quality | Overall score: | 48.7 |
|-------------------|----------------|-------------|



Factory name



Factory overview



Packaging line



Assembly line



Aging processing



SMT workshop



Material Warehouse



Product Warehouse



Rejected area



NG material



IQC and FQC testing room 1



IQC and FQC testing room 2



Solder paste stored refrigerator



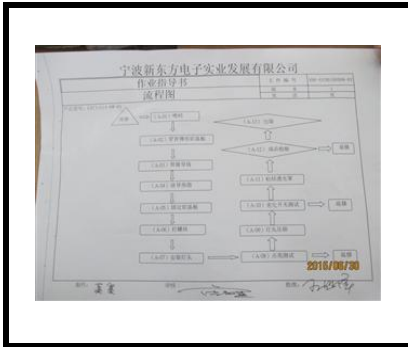
WI



NG Box



Lighting inspection



Processing flow

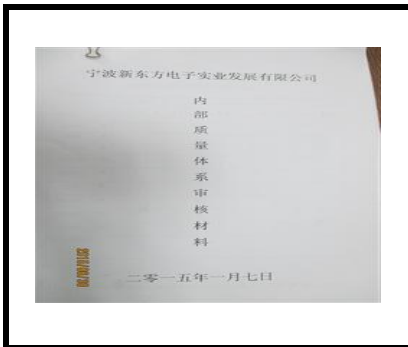
Production order



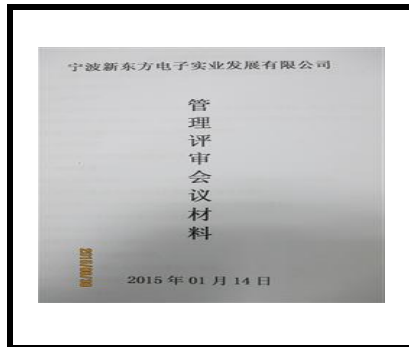
Repair and rework position



Display room



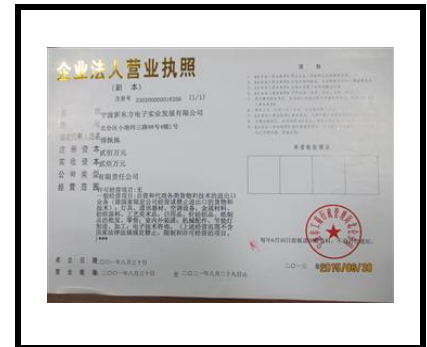
Internal audit records



Management review records



QMS certificate



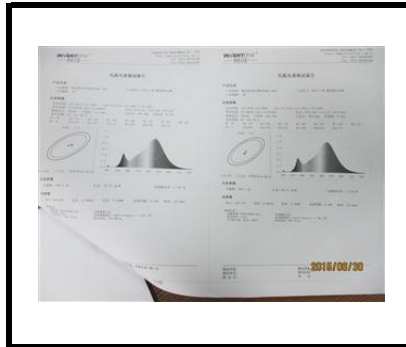
Business license



Engineering organization structure



WI



Spectrum graph

2015/06/30

AQL form

2015/06/30

Material inspection record



Temperature testing for solder joints



Spectrum equipment



High&low temperature testing

2015/06/30

Product inspection report