Audit Report of Global Manufacturer Certificate

Manufacturer:	Wenzhou Outdoors Co., Ltd 温州户外用品有限公司		
Factory Address:	Lingxia, Ruian, Wenzhou, Zhejiang Province, P.R. China		
Company Representative:	Liuzhian		
Site(s) audited:	Same as address	Date of Issue:	07 September, 2012
Standard(s):	2nd Party Audit in Terms of the Checklist of GlobalMarket		
Audited by:	Rocky Liu	Reviewed by:	Amherst Chen / Ella Liang
The Audit Results : Quasi-GMC Level (Only Assessed by GMC Audit Committee)			
Confirmed by GMC Audit Commissioner:			
This report is confidential and distribution is limited to GlobalMarket representative and the TÜV office.			

Index

Factory Profile

General Information
Finance Condition
Banking Relationship
Payment
Factory Coverage & Buildings
Employee Division
Working Hour
Main Production Facility / Machine
Manufactory Process Covered in the Audit Process
Organization Chart of the factory

Checklist & Results

1． Business Registration
2． Quality Management System
3． Product Certification / Approvals
4． Company Size Assessment
5． Foreign Trade Capacity
6． Research & Development Capacity
7． Credit or Goodwill
8． Social Environmental Responsibility
    8.1 About SA 8000
    8.2 About Environment
    8.3 About Safety
8． OEM / ODM Experience

Gap Analysis

Factory Tour

Final Evaluation

End of Report

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Factory Profile:

General Information:

Registered Capital:	RMB 1,000,000
Time of Establishment:	2012
Factory Nature:	Limited liability company
Main Products:	Umbrella,parasol, tent, gazebo, hat
Target Market:	Europe, Southeast Asia, South Africa
Export Market:	Worldwide market
Sold Method:	Directly exported to overseas market
Cooperated Key Buyer:	Baros, Pepsi ,etc
GMC Audit Report No.:	16035470

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Finance Condition:

Total Assets

Profitability Ratios: [Net profit before tax / Turnover × 100%] --*

Asset Management Ratios: [Total assets turnover: Turnover / Total assets] --*

*Note: The information was kept confidential.

Payment :

Export Payment Terms:	T/T, West Union, Paypal
Export Price Terms:	FOB, CIF Ningbo, Shanghai
Domestic Sales Payment Terms:	30 days credit for domestic sales
Purchasing Payment Terms:	30 days credit for domestic purchase

Factory Coverage & Buildings :

Total area:	2,600 m2 Production area and warehouse: One 3-storey building
Office:	One 1-storey building
Accommodation:	--*

No. of Employee:

Sales & Marketing:	2
Design/R&D:	4
Manufacturing:	60
Quality Control:	4
HR/Admin department:	6

Working Hour:

The daily working-hour starts from 7:30 to 17:30; from Monday to Saturday.
Lunch-hour starts from 11:30 to 13:00.

Main Production Facility / Machine:

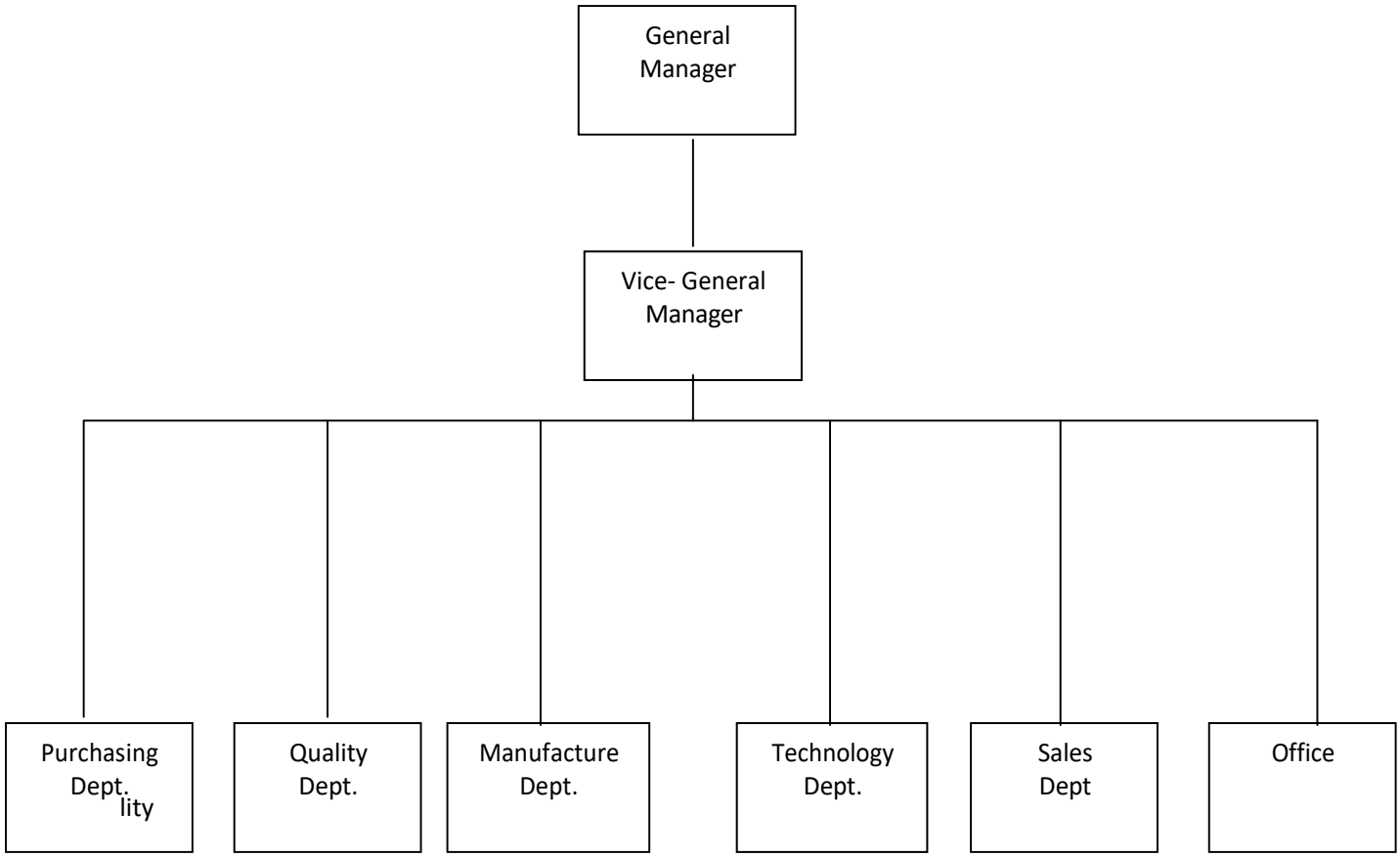
ITEM	QUANTITY	CONDITION
Sewing Machine	5	Equipped
Cutting Board	6	Equipped
Flatcar	4	Equipped

Manufacturing Process Covered in the Audit Process:

Raw Material Preparation → Cutting → Sewing → Inspection → Assembly → Inspection → Packaging

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Organization Chart of the Factory



Checklist and Results

Note：
The Judgments means that results are complied with the requirements based on the evidences.
(Yes ---- conformity, No --- inconformity or N/A--- Not Available / Not Applicable)

1. Business Registration

Item	The Checking Points	Evidences	Judgments
a.	Does the company have Business Registration?	The factory has Business Registration.	Yes
b.	Do the registered company name and business scope comply with the actual situation?	The scope of the company name and product is complied with the actual situation.	Yes
c.	Is an annual review done?	The annual review was done in 2011.	Yes
d.	Is Business Registration still valid?	The BR is valid until 23 August 2026.	Yes
e.	Who is the Legal Representative?	Chen Rongguo	Yes
f.	Is the factory a subsidiary? If it were YES, what is the name of its parent company?	The factory isn't a subsidiary.	No
g.	Copy of Business Registration	The copy of the BR was submitted.	Yes
Conclusion	It is confirmed that the company or factory is a real manufacturer.		Yes

2. Quality Management System

This audit module belongs to GMC and Quasi-GMC Requirement.			
Item	The Checking Points	Evidences	Judgments
a.	Is the factory certified with ISO9001 or other equivalent Quality Management System?	The factory has been certified with ISO9001 Certificate No.: Q17101278. Certificate body: DAS Certification Ltd. Issued date: 17 December 2010.	Yes
b.	What is the certification scope of ISO 9001 or other equivalent certificate?	The scope of ISO9001 certificate is "Production and Sales of Umbrella".	Yes
c.	Is the Certificate still valid?	The certificate is still valid until 16 December 2013.	Yes

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d.	Is surveillance done accordingly? Have all opened major CAR been closed?	The surveillance is done accordingly, and all opened major CAR were closed.	Yes
e.	Has the factory provided the copy of certificate and the recent audit report?	The factory provided the copy of certificate and the recent audit report.	Yes
f.	Is the Internal Audit of QMS [Quality Management System] proceeded according to documented procedure and plan?	The internal audit was conducted once per year according to documented procedure. The first audit was conducted in August 2009.	Yes
g.	Is the latest internal audit report kept? Have all opened major CAR been closed?	The factory has kept the latest internal audit report (19 August 2010), and all opened major CAR were closed	Yes
h.	Does the factory maintain the record of the Internal and External Corrective Action?	The factory has maintained the record of the Internal and External Corrective Action.	Yes
Conclusion	The company or factory is implementing a valid quality management system.		Yes

3. Product Certification / Approvals

This audit module belongs to GMC Requirement and Quasi-GMC Reference Condition.

Item	The Checking Points	Evidences	Judgments
a.	Does the factory hold any product certification and/or valid manufacturer licence for their main products?	The factory didn't hold any product certification and/or valid manufacturer licence for their main products.	No
b.	Does the factory have the product testing report which is issued by the third party to evaluate safety/function of their products?	The factory didn't have the product testing report which issued by the third party to evaluate safety of their products.	No
c.	Does the factory conduct the assessment when changing or adding a new supplier/sub-contractor? Does the factory keep the assessment report?	The factory conducts the assessment when changing or adding a new suppliers/sub-contractor and kept the assessment report.	Yes
d.	Are the written criteria available for incoming material inspections or testing? Does the factory keep the inspection/testing record for main material?	The written criteria available for incoming material inspection. The factory kept the inspection record for main material	Yes

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e.	Does the factory conduct necessary test/inspection for their finished products?	The factory conducts necessary inspection for their finished products and the inspection records were retained	Yes
f.	Was the copy of documents of above items submitted?	The copies of documents of above item were submitted.	Yes
g.	Has the factory had the Production process controlled?	The factory has had the production process controlled.	Yes
Conclusion	The company or factory has had at least one product with valid product certification (e.g. UL, CE, GS, CCC, EMC, WEEE, UL, 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. TUV, SGS, Intertek, UL, BV, DNV,CCIC,WIT,CTI, HKQAA…).		No

4. Company Size Assessment

This audit module belongs to GMC Requirement:			
Item	The Checking Points	Evidences	Judgments
a. 2)	Was the total revenue more than USD 5 Million, or the export revenue more than USD 2.5 Million based on the data from The Application Form of VAT Tax Return or Profit and Loss Statement or Summary Table of Export Quantum or Operation Statement or the other reliable financial report? (Time period is based on 12 months prior to on site audit)		N/A
This audit module belongs to Quasi-GMC Requirement			
a.2)	Was the total revenue or the exported revenue more than USD 2.5 Million based on the data from The Application Form of VAT Tax Return or Profit and Loss Statement or Summary Table of Export Quantum or Operation Statement or the other reliable financial report? (Time period is based on 12 months prior to on site audit)	The total revenue was RMB 22,477,836.53 from Jan. 01, 2010 to Dec. 31, 2010, namely USD 3.33 million.	Total Revenue: Yes
b.	If the revenue is below the number of item a, how much is it?		N/A

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c.	Copy of above evidences	The Profit and Loss Statement is submitted to TÜV & GMC Audit Committee.	Yes
d.	What percentage of the total output capacity does the current production cover?	80%	Yes
Conclusion	The revenue has met the requirements.		Yes

5. Foreign Trade Capacity

Item	The Checking Points	Evidences	Judgments
a.	Is a name list with education level and working experience records of foreign trading staff kept?	The name list of 2 foreign trading staff with education level and 2-5 years' working experience records was submitted.	Yes
b.	Do the trading staff have adequate English level and foreign trading experience based on interview question (e.g. Do the staff know what L/C and FOB is)?	The foreign trading staff have adequate English level and experience for trading.	Yes
c.	Are the staff acquainted with the features of the products and can introduce the products to buyers?	The staff are acquainted with the features of the products and can introduce products to the buyers.	Yes
d.	Do the trading staff clearly know the responsibilities and trading jobs?	The trading staff clearly know the responsibilities and trading jobs.	Yes
e.	Does the trading team of the factory hold a clear organizational structure?	The factory holds the clear structure of organization for trading team.	Yes
f.	Copy of above evidence	Copy of above evidence was submitted.	Yes
Conclusion	The factory has trading staff who are experienced and well qualified.		Yes

6. Research & Development Capacity

Item	The Checking Points	Evidences	Judgments
a.	Was the name list of R&D staff with education, experience and job duties showed to and copied by the auditor?	The name list of 4 R&D staff with education, 3-10 years' experience and job duties was copied.	Yes

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b.	Has the factory had successful R&D projects? (e.g. Patent Certificate for at least one product)	The factory has successful R&D projects, such as the Patent Certificate of Utility of Umbrella on 24 February 2010, the report number is ZL 2009 2 0116873.3.	Yes
c.	Does the factory have the relevant design output, verification, validation documentation in Product Improvement Program?	The factory has relevant design output, verification, validation documentation in Product Improvement Program.	Yes
d.	Does the factory have a systematic method (e.g. IECQ QC080000) to avoid adopting the hazardous and environmentally sensitive materials in design & production process?	No evidence was provided to show that the factory has a systematic method to avoid adopting the hazardous and environmentally sensitive materials in design & production process.	No
e.	Is the factory equipped with suitable staff and instruments or apparatus based on on-site observation?	The factory was equipped with suitable staff and instruments or apparatus based on on-site observation.	Yes
f.	Was the practical sample presented in the show room, R&D dept. or exhibition hall?	The practical sample was presented in the show room.	Yes
Conclusion	According to the above-mentioned items, the factory has the abilities to design the key products.		Yes

7. Credit or Goodwill

Item	The Checking Points	Evidences	Judgments
a.	Has the factory signed the declaration of No illegal records or fraud in business behavior which is drafted by GlobalMarket?	The factory has signed the declaration of No illegal records or fraud in business behavior which is designed by GlobalMarket.	Yes
b.	Has the factory signed the copy of the declaration?	The signed copy was submitted.	Yes
c.	Has the factory obtained any award from local government, industry institute or local chamber of commerce in the past two or three years?	The factory didn't obtain any awards from local government, industry institute or local chamber of commerce in the past two or three years.	No

d.	Does the factory participate in the social commonweal or charity campaigns on average annually?	The evidence wasn't provided to show that the factory participated in the social commonweal or charity campaigns on average annually.	No
Conclusion	According to the above-mentioned items, the factory has a good credit or goodwill.		Yes

8. Social Environmental Responsibility

8.1 About SA8000

Item	The Checking Points	Evidences	Judgments
a.	Has the factory ever been certified with SA 8000?	The factory has not been certified with SA8000.	No
b.	Is it confirmed that there's no child labor in the factory?	No child labor was found during the audit.	Yes
c.	Is it confirmed that there is no discrimination during recruitment or daily practice in this factory? Such as race, religion, age, nationality, gender, political affiliation, or disability.	No discrimination was found during the audit.	Yes
d.	Is it confirmed that there is no mental harassment or corporal punishment within the factory?	No mental harassment or corporal punishment was found within the factory during the audit.	Yes
e.	Does the factory own the unionist or regulations of trade union or union movement?	The factory doesn't own the unionist or regulations of trade union or union movement.	No
f.	Through onsite interviewing at least 5 workers and the HR records scanning, is forced labor found to be prohibited within the factory?	No forced labor was found during the audit.	Yes

8.2 About Environment

Item	The Checking Points	Evidences	Judgments
a.	Has the factory ever been certified with ISO 14001?	The factory hasn't been certified with ISO 14001.	No
b.	Is the certificate still valid?		N/A

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c.	Does the factory have the valid approval, permit or report issued by external company or local Environmental Protection Bureau (EPB), to prove their environment management/ control on their: – New factory or new production process setup – Factory migration	The factory didn't have the valid report issued by external company or local Environmental Protection Bureau.	No
d.	According to the plant tour, is the factory under the environment control? E.g. Is there any pollution generated during the production process? Do the factory and local EPB control it properly? Please specify the control action.	According to the plant tour, no pollution was found in the product process. E.g. the useless goods were sold and cleaned. The factory is under the environment control.	Yes

8.3 About Safety

Item	The Checking Points	Evidences	Judgments
a.	Has the factory ever been certified with OHSAS 18001?	The factory hasn't been certified with OHSAS 18001 yet.	No
b.	Is the certificate still valid?		N/A
c.	Does the factory have the approval report about safety construction which is issued by local Fire Bureau?	The factory didn't have the approval report about safety construction which is issued by local Fire Bureau.	No
d.	According to the plant tour, is the factory in the valid safety condition? E.g. safety workshop environment, suitable personal protection equipment, roadmap for fire evacuation etc.	Based on the plant tour, there was no hidden trouble of fire and pollution hazard emitted from the factory, e.g. Emergency exit and path are clear.	Yes
Conclusion	According to the above-mentioned items, no serious problem is found.		Yes

9. OEM/ODM Experience

Item	The Checking Points	Evidences	Judgments
a.	Is it contracted volume of OEM*?	It is accounted 50% for OEM.	Yes
b.	Is it contracted volume of ODM*?	It is accounted 0% for ODM.	No
c.	Is it contracted volume of OBM*?	It is accounted 50% for OBM.	Yes

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d.	Based on the current equipment and resources, is it proved that the factory possesses at least one year experience of production and delivery?	The production and delivery has lasted for at least one year.	Yes
e.	What was the overall performance of quality and on-time delivery during the past year at factory?	It is accounted 98% for quality. It is accounted 98% for delivery.	Yes
Conclusion	It is an OEM/OBM vendor.		Yes

Note:
OEM: Original Equipment/Entrusted Manufacture
ODM: Original Design Manufacture
OBM: Own Brand Manufacture

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Gap Analysis

According to the above-mentioned gap analysis for the factory, what areas do they need to further improve?

1	It is suggested that the factory should have the product testing report issued by the third party to evaluate safety of their products.
2	It is suggested that the factory should have a systematic method (e.g. IECQ QC080000) to avoid adopting the hazardous and environmentally sensitive materials in design & production process.
3	It is suggested that the factory should own the unionist or regulations of trade union or union movement.
4	It is suggested that the factory had better obtain SA8000, ISO14001 and OHSAS18001 certification to increase the competitiveness.
5	It is suggested that the factory had better have the valid report issued by external company or local Environmental Protection Bureau.
6	It is suggested that the factory had better have the approval report about safety construction which is issued by local Fire Bureau.
7	It is suggested that factory should hold any product certification and/or valid manufacturer licence for their main products.

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Factory Tour

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











Final Evaluation

Audit No.	Company Name	Result
16035470	Wenzhou Yunhui Rain Tool Co., Ltd.	PASSED Quasi-GMC

Qualification

Audit Module	Results
The Business Registration	Yes
Quality Management System	Yes
Product Certification / Approvals	No
Company Size Assessment (USD 2.5 Million)	Yes, Reached
Foreign Trade Capacity	Yes
Research & Development Capacity	Yes
Credit or Goodwill	Yes
Social Environmental Responsibility	
About SA 8000	Yes
About Environment	Yes
About Safety	Yes
OEM / ODM / OBM Experience	Yes

Notes

1. The evaluation of the above results is not a certificate.
   The official certificates will be issued later to the passed manufacturer.

2. There are three classes of the results, Passed GMC, Passed Quasi-GMC and Fail.
   Only the passed manufacturer will be obtained the official certificate from Global Market Group (Asia) Ltd.

3. Global Market Group (Asia) Ltd reserves the right to amend the information given before issuing of certificates or endorsements to the passed manufacturers.

End of Report at Page 16

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