



Audit Report of Global Manufacturer Certificate



| | | | |
|--|---|----------------|--------------------|
| Manufacturer: | Shenzhen Aglare Lighting Co., Ltd. 深圳市亿佳光电有限公司 | | |
| Factory Address: | Factory A Supply and Marketing Industrial Cooperative Park Guanlan Avenue, Guanlan Town, Shenzhen, Guangdong ,China | | |
| Factory Representative: | Cheng Jun | | |
| Site(s) audited: | Same as address | Date of Issue: | 21 January 2012 |
| Standard(s): | 2nd Party Audit in Terms of the Checklist of GlobalMarket | | |
| Audited by: | Danny Chen | Reviewed by: | Tony Xu / Ring Liu |
| The Audit Results : 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. | | | |

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Factory Profile:

General Information:

| | |
|--|--|
| Registered Capital: | RMB 500,000 |
| Time of Establishment: | 2005 |
| Factory Nature: | Limited liability company |
| Background of Factory (Ownership) | The factory is the applicant of GMC audit. |
| Main Products: | Led Lamps. Led strips, Led tube lights, Led modules, amusement Led lamp. |
| Target Market: | Global market |
| Export Market: | America, Europe, Asia, Middle East |
| Sold Method: | Directly sell to overseas market |
| Cooperated Key Buyer: | --* |
| Order Quantity from Key Buyer: | --* |
| GMC Audit Report No.: | 16038333 |

*Note: The information was kept confidential.

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.

Banking Relationship:

Banking relations are maintained principally with People's bank of china Shenzhen Branch
A/C No.: 4000055619100182187(for RMB)
Tel: Not available
Taxes No.: 440300770349540

Banker(s) opinion:

Normal: It means that SC has maintained a normal relationship with its bankers.
Its bankers have recorded nothing detrimental against SC.

Note:

SC: Super Centre of Bank, a EPR Software

Payment:

Export Payment Terms: T/T,
Export Price Terms: FOB Shenzhen
Domestic Sales Payment Terms: 10-15days for domestic sales payment
Purchasing Payment Terms: 10 days credit for domestic purchase

Factory Coverage & Buildings:

Total area: 5,000 m²
Production area and warehouse: one two-storey building
Office: One fifth of the second floor of one two-storey building
Accommodation: one three-storey building

No. of Employee:

Sales & Marketing: 10
Design/R&D: 3
Manufacturing: 80
Quality Control: 6
HR/Admin department: 15

Working Hour:

The daily working-hour starts from 08:00 to 18:00; from Monday to Saturday.
Lunch-hour starts from 12:00 to 13:30; Supper-hour starts from 17:30 to 18:30;
Overtime starts from 18:30 to 21:00.

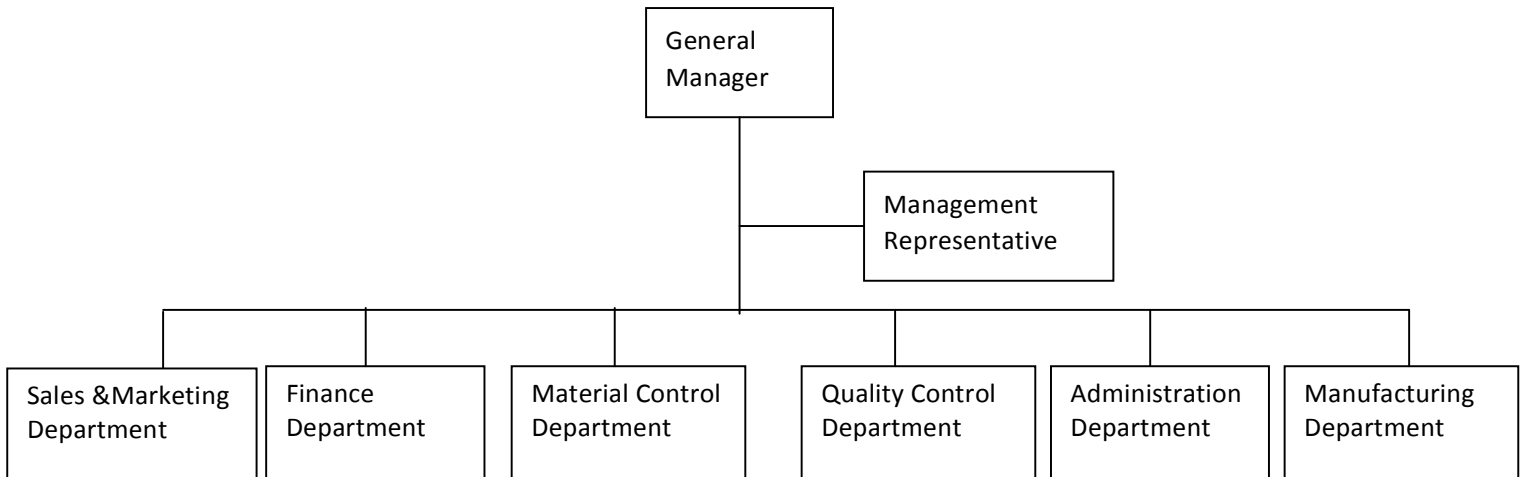
Main Production Facility / Machine:

| <u>ITEM</u> | <u>QUANTITY</u> | <u>CONDITION</u> |
|---------------------------------|-----------------|------------------|
| Printing machines | 2 | Equipped |
| Soldering machines | 3 | Equipped |
| High temperature tunnel furnace | 9 | Equipped |
| SMT pressing machines | 1 | Equipped |
| SMD LED auto-gluing machines | 1 | Equipped |
| Air-compressor machine | 2 | Equipped |

Manufacturing Process Covered in the Audit Process:

Raw Material →pressing →forming →soldering →painting →assembling →packing→ Outgoing sampling inspection
→ Warehouse →Shipping out

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 factory have Business Registration? | The factory has Business Registration. | Yes |
| b. | Does 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 , valid date is to 25 January 2015 | Yes |
| e. | Who is the Legal Representative? | Cheng Jun | 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 didn't achieved ISO9001 Certification | No |
| b. | What is the certification scope of ISO 9001 or other equivalent certificate? | | N/A |
| c. | Is the Certificate still valid? | | N/A |

| | | | |
|-------------------|--|---|-----|
| d. | Is surveillance done accordingly? Have all opened major CAR been closed? | | N/A |
| e. | Has the factory provided the copy of certificate and the recent audit report? | | N/A |
| f. | Is the Internal Audit of QMS [Quality Management System] proceeded according to documented procedure and plan? | The Internal Audit of QMS [Quality Management System] doesn't proceed according to documented procedure and plan. | No |
| g. | Is the latest internal audit report kept? Has all opened major CAR been closed? | | N/A |
| h. | Does the factory maintain the record of the Internal and External Corrective Action? | | N/A |
| Conclusion | The company or factory is implementing a valid quality management system. | | No |

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 license for their main products? | The factory does hold product certification Such as CE for their main products. CE Certificate No: CGZ2100810-0494-E Model No: YJLED-007-SV20W Date: 06 September 2010 Product: Amusement LED Lamp Certificate body: Centre of Testing Service International | Yes |
| 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 has the product testing report which was issued by the third party to evaluate their products for ROHS as below: Report No.: BTRS0805213004 Product: LED Testing standard: EPA3050B:1996,EN1122:2001 Issued date:15 December 2011 Certificate body: Shenzhen BST Technology Co., Ltd | Yes |

| | | | |
|-------------------|---|---|-----|
| 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 supplier/sub-contractor and keeps 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 are available for incoming material inspections or testing and the factory keep the inspection record for main material. The copy of the below documents was submitted: Raw material inspection record Raw material name: D27PAR38A Date: 28 December 2011 | Yes |
| e. | Does the factory conduct necessary test/inspection for their finished products? | The factory conducts necessary inspection for their finished products. | Yes |
| f. | Was the copy of documents above items submitted? | The factory didn't provide the copy of documents for above items. | No |
| 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, 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. TUV, SGS, Intertek, UL, BV, DNV,CCIC,WIT,CTI, HKQAA...). | Yes |

4. Company Size Assessment

| This audit module belongs to GMC Requirement: | | | |
|---|---|---|--|
| Item | The Checking Points | Evidences | Judgments |
| a. 1) | If the financial report can not be showed by the factory, was the annual production capacity more than USD 5 million based on the data from <i>Company Size Evaluation Table</i> ? (Time period is based on 12 months prior to on site audit) | The estimated production capacity was RMB 66,000,000 from January 2011 to December 2011; namely USD 9.8 million. 80% of products were exported to overseas market. | Estimated Production Capacity Yes |

| This audit module belongs to Quasi-GMC Requirement | | | |
|---|--|---|-----|
| a. 1) | If the financial report can not be showed by factory, was the annual production capacity more than USD 2.5 million based on the data from <i>Company Size Evaluation Table</i> ? (Time period is based on 12 months prior to on site audit) | | N/A |
| b. | If the revenue is below the number of item a , how much is it? | | N/A |
| c. | Copy of above evidences | The copy of <i>Company Size Evaluation Table</i> was submitted to TÜV RH & GMC Audit Committee. | Yes |
| d. | What the percentage of total capacity is the factory's facility currently running at? | 85% | 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 10 foreign trading staffs with education level and 1-3 years' working experience records was submitted. | Yes |
| b. | Is 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 staffs have adequate English level and foreign trading experience. | Yes |
| c. | Are the staff acquainted with the features of the products and can introduce the products to buyers? | The staffs are acquainted with the features of the products and can introduce the products to buyers. | Yes |
| d. | Do the trading staffs clearly know the responsibilities and trading jobs? | The trading staffs 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 staffs 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, experiences and job duties showed to and copied by the auditor? | The name list of 2 R&D staffs with education, 3-6 years' experience and job duties was copied. | Yes |
| 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 Patent Certificate. Certificate No: ZL201030138430.2 Authorized date: 07 April 2010 Product Name and model no: LED lighting,YJLED-007-SV20 Certificate Body: The Patent Office of the People's Republic of China | 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? | The factory has no 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 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 <i>No illegal records or fraud in business behavior</i> which is drafted by Global Market? | The factory has signed the declaration of <i>No illegal records or fraud in business behavior</i> which is designed by Global Market. | Yes |
| b. | Has the factory signed the copy of the declaration? | The signed copy was provided | 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 has not obtained some award from industry institute in the past two or three years. | No |
| d. | Does the factory participate in the social commonweal or charity campaigns on average annually? | The factory didn't participate 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. | There was no discrimination and disciplinary practice found in this factory during audit | Yes |
| d. | Is it confirmed that there is no mental harassment or corporal punishment within the factory? | There was no mental harassment or corporal punishment 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 has not been certified with ISO 14001. | No |
| b. | Is the certificate still valid? | | N/A |
| 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: <ul style="list-style-type: none"> - New factory or new production process setup - Factory migration | The factory has the environmental permit report issued by local Environmental Protection Bureau, Report no: 201144030604833 <i>Valid date: 31 December 2011, the date was expired.</i> | 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? | Factory provided approval report about safety construction which is issued by local fire bureau. Report no: Shen Gong Bao Xiao((2002)Di 391 Hao Date : 14 November 2002 | Yes |

| | | | |
|-------------------|---|--|-----|
| 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 safety 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 25% for ODM. | Yes |
| c. | Is it contracted volume of OBM*? | It is accounted 25% for OBM. | Yes |
| 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 96% for quality. It is accounted 98% for delivery. | Yes |
| Conclusion | | It is an OEM/ODM/OBM vendor. | Yes |

Note:

OEM: Original Equipment/Entrusted Manufacture

ODM: Original Design Manufacture

OBM: Own Brand Manufacture



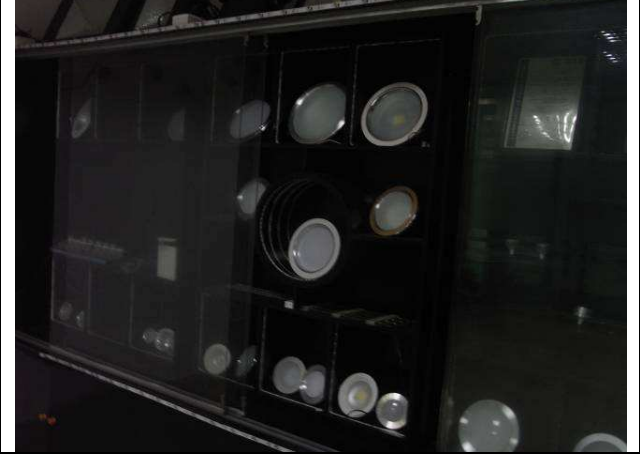



Gap Analysis

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 be certified with ISO9001, and achieved ISO9001 certificate. |
| 2 | It is suggested that the factory should conduct internal audit of QMS according to documented procedure and plan and keep detail internal audit report and maintain the records of the internal and external correction action. |
| 3 | It is suggested that the factory should set up a systematic method or system to avoid adopting the hazardous and environmentally sensitive materials in design and production process. |
| 4 | It is suggested that the factory should obtain award from industry institute after two or three years. |
| 5 | It is suggested that the factory should participate some more social commonweal and charity campaigns. On average annually. |
| 6 | It is suggested that the factory should found a own trade union or union movement. |
| 7 | It is suggested that the factory had better obtain SA 8000, ISO14001 and OHSAS 18001 certification to increase the competitiveness. |
| 8 | It is suggested that the factory should be re-audited for the environmental impact assessment and achieved valid report. |

Factory Tour

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

| | |
|---|--|
|  |  |
| FACTORY NAME | FACTORY BUILDING |
|  |  |
| SHOW ROOM-1 | SHOW ROOM-2 |
|  |  |
| ASSEMBLING WORKSHOP | ASSEMBLING WORKSHOP |



ASSEMBLING WORKSHOP



ASSEMBLING WORKSHOP



ASSEMBLING WORKSHOP



ASSEMBLING WORKSHOP



PACKING WORKSHOP



LIFE TEST



RAW MATERIAL WAREHOUSE



FINISHED PRODUCTS WAREHOUSE



DORMITORY



CANTEEN

Final Evaluation

| Audit No. | Company Name | Result |
|-----------|------------------------------------|------------|
| 16038333 | Shenzhen Aglare Lighting Co., Ltd. | PASSED GMC |

Qualification

| Audit Module | Results |
|--|--------------|
| The Business Registration | Yes |
| Quality Management System | No |
| Product Certification / Approvals | Yes |
| Company Size Assessment (USD 9.8 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 19