

Report Number: QIP-ASI119020

Audit Date : 23 Feb., 2011
Expiry Date : 22 Feb., 2012

This report is issued by Focus Technology Co., Ltd. (Made-in-China.com) and the supervising inspectorate (SGS-CSTC Standards Technical Services Co., Ltd.) to confirm that:

Company Name : Hunan Jiepai Zhenhong Porcelain Factory
 湖南界牌振弘陶瓷有限公司
Showroom : <http://zhenhongporcelain.en.made-in-china.com>
Address : Jiepai Town, Hengyang County, Hengyang City, Hunan, China
Product : Daily Porcelain, Art Porcelain

has been on site audited for the Following Scope of Activity

1. General Information
2. Foreign Trade Capacity
3. Product Research & Development Capacity
4. Quality Management System and Product Certification
5. Production Capacity & Quality Control
6. Financial Position
7. Working Environment & Energy Saving
8. Photos



General Comments:

“Hunan Jiepai Zhenhong Porcelain Factory” is a manufacturer and trader combined company with about 232 staffs. The company was established in year 2001 which located in “Jiepai Town, Hengyang County, Hengyang City, Hunan, China”. This company occupied an area about 37,337 square meters. And it passed ISO 9001 quality management certification. The main products of company were daily Porcelains, art Porcelains. And the main overseas markets included: Europe, South America and Australia etc.



Sign for and on behalf of
 SGS-CSTC Standards Technical Services Co., Ltd.

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SUPPLIER ASSESSMENT REPORT

Audited Company	Hunan Jiepai Zhenhong Porcelain Factory 湖南界牌振弘陶瓷有限公司
Audited Site:	Jiepai Town, Hengyang County, Hengyang City, Hunan, China
Representative of Audited Company:	Mr. Zhang Liping

Consigner of Assessment	Made-in-China.com		
Audit Type	<input checked="" type="checkbox"/> Initial Audit <input type="checkbox"/> Follow-up Audit <input type="checkbox"/> Re-audit		
Valid Date	From 23 Feb., 2011 to 22 Feb., 2012	Verify Report	
Auditor Name	Paul Chen	Reviewed by	Roger Wang

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Part A: General Information

Section 1: Company Overview

1.1 Legal Validity			
Does the company have a valid business license?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Others	Valid Date	17 Jul., 2011
Year of established	18 Jul., 2001	Registration Number	430400400001415
Registered address	Jiepai Town, Hengyang County, Hengyang City, Hunan, China		
Actual address	Jiepai Town, Hengyang County, Hengyang City, Hunan, China		
Is the annual review done by local authority (Industrial & Commercial Bureau)?	The company passed annual review in year 2010.		
Registered capital	RMB 30 million		
Name of legal representative	Mr. Wang Zhenbing		
Business scope	R&D for ceramic material and ceramic product. Produce and sales for daily ceramic products and construction ceramic products.		
1.2 Basic Information			
Contact person	Ms. Lily Wang / Export Manager	Email	lily@zhenhongporcelain.com
Phone number	86-755-82471408; 86-13823689700	Fax number	86-755-82220554
URL/Web address	www.zhenhongceramic.cn & www.zhenhongporcelain.com		
Company type	<input type="checkbox"/> Manufacturer <input type="checkbox"/> Foreign trader <input checked="" type="checkbox"/> Combined		
Type of ownership	<input type="checkbox"/> Limited Company <input type="checkbox"/> Public Company <input checked="" type="checkbox"/> Joint Venture <input type="checkbox"/> State-Owned <input type="checkbox"/> Private Owner <input type="checkbox"/> Wholly foreign-owned enterprises		
Subsidiary factory	Nil		
Products manufactured / sold scope	Daily Porcelain, Art Porcelain		
1.3 Company Building Information			
According to: <input checked="" type="checkbox"/> Land certificate <input checked="" type="checkbox"/> Real estate certificate <input type="checkbox"/> Lease agreement <input type="checkbox"/> Supplier claimed			
The land occupy about 37,337 square meters. The offices occupy about 472.4 square meters. The workshops occupy about 23,170 square meters.			

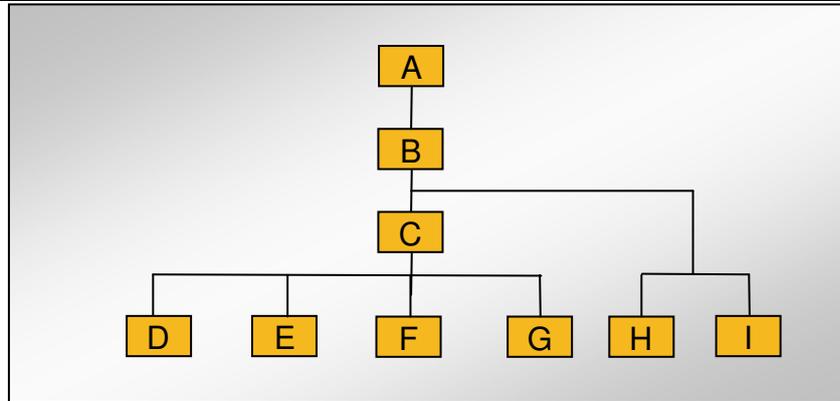
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Section 2: Human Resources

2.1 Company Chart



2.2 Explanation of Code and Employee Details

Code	Department	Number of employees
A	Board Chairman	1
B	General Manager	1
C	Vice General Manager	1
D	Fin. Dept.	2
E	Purchasing Dept.	1
F	QA Dept.	19
G	Production Dept.	202
H	Export Dept.	4
I	Admin Dept.	1
Number in total:		232

2.3 Key Staff

Title	Full name	Education	Working experience for this trade / total experience
General Manager	Mr. Zhang Liping	College	About 20 years

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Part B: Foreign Trade Capacity

Section 1: Export Overall Situation

1.1 Export Overall Situation	
Does the company have a valid export license?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
The export license registration No.?	4300727964732
The number of foreign trading staff with relevant trading experience.	<input type="checkbox"/> within 1 year staff <input checked="" type="checkbox"/> 2-5 years 1 staff <input checked="" type="checkbox"/> 5-10 years 2 staff <input checked="" type="checkbox"/> over 10 years 2 staff Total 5 staff
The language freely used by foreign trade staff	<input checked="" type="checkbox"/> English <input type="checkbox"/> others
Annual revenue of previous year	Refer to the financial report provided by company; the total revenue was RMB 52,585,684.12 in year 2010.
Annual export revenue of previous year	Refer to the company's description; the export revenue was about RMB 37,125,615.72 in year 2010.
Estimated export revenue for this year.	The export revenue target was about RMB 42 million in year 2011.
Overseas agent	Nil
Nearest port	Shenzhen Port
Acceptable quotation	<input checked="" type="checkbox"/> FOB <input checked="" type="checkbox"/> CIF
Acceptable payment type	<input checked="" type="checkbox"/> LC <input checked="" type="checkbox"/> T/T
What is the company's projected average lead time from PO confirmation to production EX works delivery?	Refer to the company's description; the average lead time was about 30~60 days from PO confirmation to delivery.

Section 2: Export Business Capacity

2.1 Market Distribution (please list top three areas)		
Market	Main Product	% of Total Business Volume (last year)
South America	Daily porcelain	14%
Europe	Daily porcelain	42%
Domestic	Daily porcelain	30%

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Section 3: Supplier Management

3.1 Supplier Management		
Item	Content	Observations /Comments
1	Does the company establish and implement an effective suppliers' assessment procedure?	<input checked="" type="checkbox"/> Have the written procedures and followed records <input type="checkbox"/> Have the written procedures but no records <input type="checkbox"/> Have relevant records without written procedure <input type="checkbox"/> Have no written procedures or followed records
2	Does the company have an updated list of approved suppliers?	<input type="checkbox"/> The approved suppliers list was updated in _____ <input checked="" type="checkbox"/> Have the written suppliers without approved signature or date. <input type="checkbox"/> Provide the some suppliers names <input type="checkbox"/> No approved suppliers list

Section 4: After-sales Service Capacity

4.1 After Service Capacity		
Item	Content	Observations /Comments
1	Is there a procedure to conduct random product inspection after final packaging in place?	<input checked="" type="checkbox"/> Have clear standards and written inspection records <input type="checkbox"/> No written standards but had inspection reports <input type="checkbox"/> Have the procedures but no inspection records <input type="checkbox"/> It's not necessary to carry out the inspection
2	Is there a clear procedure for handling customer complaints?	<input checked="" type="checkbox"/> Has the clear procedure and followed records <input type="checkbox"/> Has the procedure but no written records. <input type="checkbox"/> No written procedures or records.
3	Can the finished/package product be traced by lot identification to the appropriate raw materials test reports?	<input checked="" type="checkbox"/> Have the procedures to trace the raw materials. <input type="checkbox"/> Can trace main materials <input type="checkbox"/> Can trace production date. <input type="checkbox"/> Can't trace products
4	Are corrective & preventive actions mechanism established and implemented effectively (including the suppliers/ sub-contractors control, incoming inspection, process control, final inspection and customer complaint)?	<input checked="" type="checkbox"/> Has the clear procedure and followed records <input type="checkbox"/> Has the procedure but no written records. <input type="checkbox"/> No written procedures or records.

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Part C: Product Research & Development Capacity

1.1 Product Research & Development Capacity	
The amount of R&D and relevant working experience.	<input type="checkbox"/> within 1 year staff <input type="checkbox"/> 2-5 years staff <input type="checkbox"/> 5-10 years staff <input checked="" type="checkbox"/> over 10 years 2 staff Total 2 engineers
What is the main job responsibility for R&D engineers?	Produce product sample according to client's requirement or sample.
Does the company have its own brand for the company, or ODM, OEM, others?	This company had own product brand "Zhenhong Porcelain ®" in domestic of China.
Is there any relevant design input, output, review, verification and validation documentation available to the auditor for review?	Refer to the company's description; the R&D staffs designed new products according to client's requirement. The relevant records didn't be kept in document.
Does the R&D staff normal have any special software to design new products? If yes, please list the main software.	Nil
Does the company have an effective design change control procedure in place?	The company claimed R&D staffs changed product design based on client's requirement.
Please list the patent certificates and qualification license.	Nil

Part D: Quality Management System and Product Certification

1.1 Quality Management System and Product Certification	
Has the company obtained a valid certificate for their quality management system? Such as ISO9001, QC080000 and etc.	ISO 9001 Certificate issued by CQC. No. 00108Q11774R0M/4300 Scope: Production and service of Daily-use Porcelain Valid date: 25 Jun., 2008 to 24 Jun., 2011
Is product certification done in terms of selling designation (UL for US, CCC for China, CE for Europe ...) at the company? I) Product certification list? if has II) Sample of product certification, if has (at least one of key products)? III) Copy of product certification sample (1-5 key products, if has)?	Nil

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Part E: Production Capacity & Quality Control

Section 1: Production Capacity

1.1 Production Workflow Chart		
	→	
Raw materials		Milling
	→	
Mud Filtering		Mud Forming
	→	
Mud vacuum Forming		Rough Production
	→	
Curing		Baking
	→	
Cosmetic		Baking
	→	
Baking		Package

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1.2 Products Situation (Top three Product Categories)

Product Category	Capacity in Top Month	Average Capacity	Total in 2010
 <p>Description:</p>	About 3.3 million pcs	About 2.9 million pcs per month	About 34.8 million pcs

1.3 Main Facilities

Picture	Facility name	Brand or Country/Region of origin	Quantity
	Milling Machine	China	10
	Mud Pump	China	6
	Mud Forming Machine	China	3
	Mud Vacuum Machine	China	3
	Production Line	China	4

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	Baking Oven	China	3
	Rough Machine	China	8
	Mud Filtering Machine	China	2
	Curing Oven	China	4

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Section 2: Production Process Control

2.1 Production Process Control		
Item	Content	Observations /Comments
1	Are the environmental conditions, such as tidiness and cleanliness being controlled and suitable for the operation performed?	<input type="checkbox"/> Very tidy <input checked="" type="checkbox"/> Normal <input type="checkbox"/> Need to improve <input type="checkbox"/> Very poor
2	Are the following items /documents provided at appropriate location and under control when necessary?	<input type="checkbox"/> Work Instructions /procedures <input type="checkbox"/> Workmanship standard /acceptance <input checked="" type="checkbox"/> Golden sample /Approval sample <input type="checkbox"/> Product picture <input type="checkbox"/> Verbal by workshop director
3	Are written instructions available for incoming material inspections /testing? Is the relevant record maintained?	<input checked="" type="checkbox"/> Has instructions and uniformly followed <input type="checkbox"/> Has instruction but no written records <input type="checkbox"/> Materials checked by storage staff
4	Are written inspections /testing instructions available for finished products? Is the relevant record maintained?	<input checked="" type="checkbox"/> Have instructions and uniformly followed <input type="checkbox"/> Have instruction but no written records <input type="checkbox"/> Check the products by packing staff
5	What type of inspection is used for finished products?	<input checked="" type="checkbox"/> Random inspection <input type="checkbox"/> 100% inspection <input checked="" type="checkbox"/> Visual inspection <input type="checkbox"/> Function inspection
6	Are non-conforming units clearly marked/ segregated to prevent accidental dispatch?	<input type="checkbox"/> Marked and segregated <input type="checkbox"/> Segregated but not marked clearly <input checked="" type="checkbox"/> No found in site
7	How are the non-conforming units handled?	<input type="checkbox"/> Repaired and re-inspection <input checked="" type="checkbox"/> Picked out <input type="checkbox"/> Used under control <input type="checkbox"/> Others

Section 3: Company Development / Expansion Plans

3.1 Company Development / Expansion Plans		
Item	Company Development Action(s)	Timeframe
1	Plan to attend many fairs. Such as: Canton Fairs, Frankfurt Fair, HK Fair etc.	2011

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Part F: Financial Position

Section 1: Financial Data

1.1 Income Statement				
Item	Content	2009	2008	2007
1	Operating revenue	51,820,595.45	54,301,560.14	70,141,846.69
2	Operating cost	39,836,796.93	42,075,938.27	57,057,937.74
3	Gross profit	7,192,677.72	5,782,672.2	8,085,128.75
4	Operating profit	5,594,144.67	4,915,271.37	6,885,187.24
1.2 Balance Sheet				
Item	Content	2009	2008	2007
1	Cash and cash equivalents	5,977,359.84	8,486,495.3	7,193,595.6
2	Total current assets	40,916,915.72	37,758,629.81	33,590,570.06
3	Total current liabilities	25,462,853.16	16,475,619.62	18,354,136.89
4	total assets	87,236,573.67	72,655,195.46	69,618,441.36
1.3 Cash Flow From Operating Activities				
Item	Content	2009	2008	2007
1	Cash received from sales of goods or rendering of services	56,814,541.19	57,799,609.08	68,602,177.2
2	Sub-total of cash inflows	58,538,787.3	60,821,760.47	69,740,482.74
3	Sub-total of cash outflows	57,652,996.56	58,651,567.25	69,638,848.31

Remark: 1、 All monetary amounts quoted in this part are shown in RMB, unless otherwise stated.

2、 all financial data was from the audited company's financial reports reviewed by "Hunan Golden Horse Certified Public Accountant Firm Limited" accounting firm.

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Section 2: Key Performance Indication

2.1 Key Performance Indication				
Item	Content	2009	2008	2007
1	Operating revenues year-on-year rise (OR in this year- OR in last year) / (OR in last year)	-4.8%	-29.2%	/
2	Gross Margin Gross profit/ Operating revenues	13.9%	10.6%	11.5%
3	Current ratio Current assets / Current liabilities	1.6	2.3	1.8

Section 3: Banking

3.1 Banking		
Item	Content	Comments
1	Opening bank	Industrial and Commercial Bank of China
2	A/C No.:	1905035009201017080
3	The credit level evaluated by bank	Nil

Section 4: Product Insurance

4.1 Product Insurance				
Certification	Insurer	Number	Product	Expiry date
Nil	Nil	Nil	Nil	Nil

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Part G: Working Environment & Energy Saving

Section 1: Working Environment

1.1 Welfare Benefits		
Item	Content	Observations /Comments
1	Does the company have effective procedures to verify the age of staff at the time of recruitment?	<input checked="" type="checkbox"/> Has written procedure and keeps adequate age documents of workers <input type="checkbox"/> Has written procedure but doesn't follow records <input type="checkbox"/> Hasn't written procedure or follows records
2	Do all workers sign employment contracts with the factory?	<input checked="" type="checkbox"/> All workers sign employment contracts <input type="checkbox"/> Part workers sign employment contracts <input type="checkbox"/> Only management staff sign employment contracts <input type="checkbox"/> No staff sign employment contracts
3	Is statutory contribution required for all employees' social insurance (e.g. health insurance, unemployment insurance, accident insurance etc.) paid for by the enterprise?	<input checked="" type="checkbox"/> All workers have health insurance. <input type="checkbox"/> Part workers have social insurance <input type="checkbox"/> Only management staff have social insurance <input type="checkbox"/> No staff have social insurance
4	Does the company have a clear and effective policy on working hours, rest and vacations? If does, please list it.	<input type="checkbox"/> All staffs work kept to the policy <input type="checkbox"/> Most of the time it keeps to the policy except midseason. <input checked="" type="checkbox"/> Usually needs overtime. <input type="checkbox"/> No relevant records for working hours Describe the working hours: 8 working hours per day, 26 working days per month.
5	Does the company pay extra remunerations for all overtime work?	<input checked="" type="checkbox"/> For all overtime work. <input type="checkbox"/> For official holidays <input type="checkbox"/> For official holidays except weekend. <input type="checkbox"/> No extra remunerations for overtime.
6	Does the company have dormitories for staff? If yes, please describe the condition.	<input type="checkbox"/> Provide dormitories for all staff <input type="checkbox"/> Provide dormitories for workers <input type="checkbox"/> Provide dormitories for management staff <input checked="" type="checkbox"/> No dormitories were provided. Describe the condition:
1.2 Labor Protection		
Item	Content	Observations /Comments
1	Are there uniforms for all staff in company?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Other
2	Is the emergency medical supplies enough and easily used in workshop?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Other
3	Does the company arrange health and safety training for new workers?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Other
4	Do the workers have the appropriate protective equipment during operation in workshop? Such as gloves, masks.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Other
5	Is there training needed and carried out for fire protection?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Other

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Section 2: Energy Saving and Emission Reduction

2.1 Energy Saving and Emission Reduction		
Item	Content	Observations /Comments
1	Has the company defined and documented its corporate environmental policy, objectives and commitment to the environment?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Other
2	Does the company carry out a comprehensive system of planned and documented internal environmental audits?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Other: The relevant plan was kept in document but no relevant records were provided.
3	Has the company defined the environmental target for the long-term?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Other
4	Has the company defined the environmental target for the short-term? If yes, please list the specific measure or project.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Other
5	Has the company received honors from governmental or others organization? If yes, please describe the detail information.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Other

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Part H: Photos

Section 1: Photos of Documents

1.1 Photos of Documents

Description: Business License

Description: Real Estate Certificate (Copy)

Description: Export License

Description: Custom Registration

Description: ISO9001 Certificate

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Section 2: Photos of Company

2.1 Photos of Company and Product Sample

Description: Company Gate



Description: Office Building



Description: Workshop



Description: Workshop



Description: Workshop



Description: Workshop



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Description: Workshop



Description: Workshop



Description: Product Packing



Description: Material Warehouse



Description: Product Samples



Description: Product Samples



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Description: Product Samples



Description: Product Samples



Description: Product Samples



Description: Product Samples



-- End of the Report --

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