

MGB METRO Group Buying HK Limited

FACTORY AUDIT

Audit n°: CN1745GX00.00

Supplier: **BBQ MASTER HONG KONG LIMITED** Supplier code : **24304**
Audited company Address: **ZHEN HUA FA HOUSEHOLD MANUFACTURING LTD.
1 LEKOU INDUSTRIAL DEVELOPMENT ZONE, JIU JIANG, NANHAI DISTRICT,
FOSHAN CITY, GUANGZHOU PROVINCE, CHINA**
Audit Date: **19/09/2006**

MGB representative present: Yes No

Objective:

Supplier listing Initial assessment Pre-production assessment Substandard average delivery quality

Achieved points	69
Max. points achievable	78
Percentage	88.46 %

Conclusion

A - Pass
 B - Action required Re-audit recommended NO YES
 C - Fail

Explanatory notes to assessment

ACTION REQUIRED ON FAILURE CRITICAL QUESTION NO. # 3.1*.

Auditor **GORDON CHUNG**
Supplier's representative **MR. GUAN JU PEI (GENERAL MANAGER)**

FACTORY AUDIT

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Date : 19/09/2006

Supplier :

Company name	BBQ MASTER HONG KONG LIMITED
Address	ROOM 2003, 20/F, C.C. WU BUILDING, 302-308 HENNESSY ROAD, WANCHAI,
City	HONG KONG
Country	CHINA
Tel	852-25271125
Fax	852-25270470
E-mail	SALES@BBQMASTER.COM
Contact person/ position	MR. RICHARD HO / WESLEY KONG

Manufacturing location :

Company name	ZHEN HUA FA HOUSEHOLD MANUFACTURING LTD.
Address	1 LEKOU INDUSTRIAL DEVELOPMENT ZONE, JIU JIANG, NANHAI DISTRICT, FOSHAN CITY, GUANGZHOU PROVINCE
City	FOSHAN
Country	CHINA
Tel	86-757-86587283
Fax	86-757-86587583
E-mail	zhenhuafa@21cn.com
Contact person/ position	MR. GUAN JU PEI GENERAL MANAGER
Product Type	CHARCOAL BRIQUETS (120)

1. Company Structure

1.1.	Company's legal title a. Incorporation b. Ltd c. Sole ownership d. Other form	<input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
1.2.	Ownership a. Single ownership b. Partnership c. Private incorporation d. Public traded company e. Belonging to a Group	<input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
1.3.	Establishment date in current legal form	SINCE 2002
1.4.	Turnover in DM or US\$ Last year: NO INFORMATION Year before: Year before:	
1.5.	Turnover of last year per product type in DM/US\$ a. NO INFORMATION b. c. d.	
1.6.	Type of product CHARCOAL BRIQUETS	
1.7.	Do branches or affiliate production locations exist with the same or other name's If yes, name and location:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
1.8.	Export rate in %	100%
1.9.	Export destinations in percentage (total export is 100%) a. NO INFORMATION b. c. d.	
1.10.	Current major customers a. DOLLAR GENERAL b. KMART c. SAINSBURG'S d. TESCO e. HOME BEST f. BMG	Annual sales in DM/US\$

(remarks)

1. Company Structure

1.11.	Is sub-contracting used If yes, number of sub-contractors:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
1.11.1	Name of the main sub-contractors and since when do you work with these sub-contractors a. N/A b. c. d.	
1.12.	Countries of origin of sub-contractors a. N/A b. c. d.	
1.13.	Is assembly sub-contracted	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
1.14.	Percentage of the production made by sub-contractors	N/A
1.15.	Production capacity (product type has to be specified if facility produce more than one product) a. Units per line (per day) b. Units per day 100 TONES / DAY c. Units per month 2400 TONES / MONTH d. Units per year	
1.16.	Lead-time from sampling (order release) to production	15 Days
1.17.	Average lead-time of an order of 2'500 units from ordering to shipment (product type as per 1.15.)	1 Days
1.18.	Average working hours per week	144 Hours
1.19.	Does shift operation occur	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
1.20.	If yes, how many shifts	3 Shifts
1.21.	Is the factory operated on piece-work (payment of worker is depending on production quantities achieved in a specified time frame defined by factory)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
1.22.	Total employees working for the factory	128
1.23.	Is the factory set up vertically (from raw material to end product)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

(remarks)

2. Organisation

2.1.	General Manager	Name MR GUAN JU PEI	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
2.2.	Sales Manager	Name IN HK OFFICE	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
2.3.	Do multiple sales departments exist <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
2.3.1	Sales departments a. N/A b. c. d.	Sales representative's name	
2.4.	Purchase Manager	Name MS LIN XIAO FANG	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
2.5.	Do multiple purchase departments exist <input type="checkbox"/> Yes <input type="checkbox"/> No		
2.5.1	Purchase departments a. N/A b. c. d.	Purchaser's name	
2.6.	Technical Manager	Name MR. GUAN QUAN HUI	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
2.7.	Production Manager	Name MR. GUAN QUAN HUI	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
2.8.	In house sampling/design department		<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
2.9. *	<i>Quality Assurance Manager</i>	Name MR. GUAN QUAN HUI	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
	Quality Assurance Management reports to	Name GENERAL MANAGER	
2.10.	Logistics Manager	Name MR. QIN NAI QIANG	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
2.11. *	<i>Export Manager</i> <i>include export documentation</i>	Name MS. GUAN YAN HONG	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
2.12.	Accounts/Finance Manager	Name MS. WU KUN YI	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
2.13.	Human Resources Manager	Name MS. LIAO LI YING	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

Assessment Organisations	Total points	11	Number "Critical questions"	2
	Achieved points	10	Answered with No	

(remarks)

3. Administration

3.1.*	Can key staff in contact with customers communicate in English or German ALL RELATED DOCUMENTS WILL BE TRANSLATED INTO CHINESE BY HK OFFICE.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
3.2.	Can factory assure that orders from one single customer are handled by one key staff member only (merchandiser)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
3.3.*	Are orders registered, handled and filed chronologically	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
3.4.	Are records available to document point 3.3.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
3.5.	Is a systematic order processing system in use	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
3.6.	Is the confidential treatment of technical information of customers ensured	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
3.7.	Is the communication equipment in use of acceptable operational level	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
3.8.	Is an internal system controlling the flow of documents, data and information in use	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
3.9.*	Is a systematic reporting procedure in use in case of any production complications	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
3.9.1	In what manner and to whom Q.C. WILL DRAFT A Q.C. REPORT FOR MANAGERS.	
3.10.	Are records available to document point 3.9. + 3.9.1	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
3.11.	Does a planning department exist which controls delivery dates	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
3.12.	Are written instructions available for the administration of export documentation, including lead times and contact persons	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

Assessment Administration	Total points	12	Number "Critical questions"	3
	Achieved points	11		Answered with No

(remarks)

4. Quality Assurance

4.1.	Is the company holding a valid customer- or ISO 9000 certification NO WRITTEN MATERIAL	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
4.1.1	If Yes : What kind of certification? Who certified? What is the expiry date of the certification and which areas are covered N/A	
4.2.	Does the company possess a quality manual WRITTEN MATERIAL AVAILABLE	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
4.3.	Do internal quality assurance procedures exist for individual stages of production	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
4.4.	Does the company apply quality control procedures on production equipment (maintenance plans for machines, calibration instructions)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
4.5.*	<i>Is documentation available on internal quality control (in-line inspection reports, final inspection reports, inspection plans)</i>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
4.6.	Are such inspection reports regularly analysed and are corrective actions initiated when necessary	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
4.7.	Are subcontracted productions controlled by the quality assurance team, is quality control maintained throughout production according to standard procedures	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> N/A
4.8.*	<i>Are parts/material suppliers being assessed through audits or presentation of inspection reports</i>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
4.9.	Do individual work instructions exist for the various stages of production	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
4.10.	Does the company provide training for work procedures and production skills	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
4.10.1	Are training records available NO WRITTEN MATERIALS	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
4.11.	Is the QA responsible authorised to stop production at any time	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
4.12.	Are efforts made to comply with customers specific quality requirements (e.g. separate production, special controls, separate internal documents)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
4.13.*	<i>Is external production controlled by supplier's own QC</i>	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> N/A
4.13.1	Describe the type of control N/A	
4.14.	Are special QC instructions for external production available and in use	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> N/A

Assessment Quality Assurance	Total points	15	Number "Critical questions"	3
	Achieved points	10	Answered with No	

(remarks)

5. Control Facilities

5.1.*	Does the company maintain in house laboratory facilities and /or utilises nominated external laboratory facilities, qualified to ascertain product compliance with legal requirements .	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A
5.1.1	Are required analysis executed by laboratories nominated by customer ITS	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
5.2.	Is equipment available for incoming material control SCALE, WATER-CONTENT TESTER, ENERGY RELEASE MEASURING TOOLS.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
5.3.	Are records available to document the incoming material control	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
5.4.	Are in-line inspections carried out at various production stages INLINE Q.C. CONDUCT RANDOM CHECKING AT EACH STAGE	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
5.5.	Are records available to document point 5.4. F.Q.C. CONDUCT RANDOMLY FINAL CHECKING.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
5.6.	Are final inspections carried out	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
5.7.*	Are records available to document point 5.6., is this documentation conclusive for the status of the quality. Is this documentation referenced to specific orders	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
5.8.	Is the final inspection sufficient to ensure conformance with customer's requirements	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
5.9.	Are inspectors provided with adequate training for their job	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
5.9.1	Are training records available to document the statement under 5.9. WRITTEN MATERIAL AVAILABLE	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
5.10.	Is it ensured that defective units are segregated and/or repaired at every production stage	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
5.11.	Are records available to document point 5.10.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
5.12.	Is defective material appropriately identified to ensure that it is not dispatched with bulk	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
5.13.	Is the factory aware of legal requirements at the country of import that need to be adhered to	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

Assessment Control Facilities	Total points	14	Number "Critical questions" Answered with No	2
	Achieved points	14		

(remarks)

6. Building and Facilities

	Size of production area in m ²	16000
	Size of office + administration area in m ²	800
	How many buildings/floors	1/1+1/1+2/3
	Number of staff in production	108
	Number of staff in management and administration	20
6.1.*	<i>Is the plant layout generally suitable for the manufacturing of relevant products</i>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
6.2.	Is maintenance of production facilities at acceptable level	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
6.3.	Can the internal maintenance department provide quick and efficient trouble shooting	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
6.4.*	<i>Is maintenance of production equipment based on maintenance plans</i>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
6.4.1*	<i>Is maintenance of production equipment carried out periodically</i>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
6.5.	Are suitable warehousing facilities available and are they in a proper condition (orderly, clean, goods in stock have to be traceable, stock room needs to be lockable)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
6.6.	Are suitable loading docks/delivery areas available	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
6.7.*	<i>Is production carried out under a production schedule</i>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
6.8.	Do safety/security arrangements appear suitable for prevention of accidents	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
6.9.	Are all buildings/floors fitted with fire extinguishing equipment and First Aid Kits in workable condition and suitable for the facility size NO SUFFICIENT FIRST-AID SUPPLIES PROVIDED.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
6.10.	Are emergency exits available	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
6.11.	Is there suitable space between lines/work stations for a smooth emergency evacuation	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
6.12.*	<i>Are production areas and work stations appropriately clean</i>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
6.13.	Are suitable sanitary facilities available relevant to the size of operation	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
6.14.	Is the factory equipped for adequate packing /delivery methods relevant to the characteristics of the merchandise a. flat pack <input checked="" type="checkbox"/> b. hanger <input type="checkbox"/> c. pallets <input checked="" type="checkbox"/>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

(remarks)

6. Building and Facilities

6.15.	Condition of facility	<input type="checkbox"/> good <input checked="" type="checkbox"/> sufficient <input type="checkbox"/> poor
6.16.	Condition of production equipment	<input type="checkbox"/> good <input checked="" type="checkbox"/> sufficient <input type="checkbox"/> poor
6.17.	Light conditions in production area	<input type="checkbox"/> good <input checked="" type="checkbox"/> sufficient <input type="checkbox"/> poor
6.18.	Condition of electrical wiring and back-up systems POOR ELECTRICAL WIRING	<input type="checkbox"/> good <input type="checkbox"/> sufficient <input checked="" type="checkbox"/> poor
	FOR INFORMATION ONLY	
6.19.	Condition of heating and cooling systems	<input type="checkbox"/> good <input checked="" type="checkbox"/> sufficient <input type="checkbox"/> poor
6.20.	Are label and bar-code printer available	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
6.21.	Are bar-code readers available	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> N/A
6.22.	Age of machinery	<input checked="" type="checkbox"/> new <input checked="" type="checkbox"/> 5-10 years <input type="checkbox"/> over 10 years
6.22.1	Type and number of machinery CONVEYON BELT 2 BLENDER 8 COAL SORTING EQUIPMENT 2 BRIQUETS FORMING M/C 3 WOOL CRACKER 6 OVEN 13 HEAT SEALED M/C 2 NEEDLE STITCHING M/C 2	
6.23.	How is production site connected to traffic facilities	<input type="checkbox"/> Railroad <input type="checkbox"/> Motorway <input type="checkbox"/> Urban area
6.24.	Planed improvements, efforts for the future N/A	

Assessment Building and Facilities	Total points	19	Number "Critical questions"	5
	Achieved points	17		

(remarks)

7. Environment

7.1.*	Is the facility in compliance with all applicable environmental laws	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
	When was the last environmental audit by federal control authorities	N/A
7.2.	Has the facility ever been subjected to an environmental/efficiency evaluation of its operation If so, when:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
7.3.	Is waste water/exhaust air purified before released into the environment THE EXHAUSTED AIR FROM OVEN IS NOT PURIFIED BEFORE RELEASED OUT.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A
7.4.	Is waste water/exhaust air analysed for hazardous substances NO EXHAUSTED AIR ANALYSIS REPORT FOR HAZARDOUS SUBSTANCES.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A
7.5.	Is the plant connected to a public water purification plant	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
7.6.	Does the company maintain emergency planning for environmental incidents	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A
7.7.	Does the company have an environment delegate/responsible	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
7.8.	Does the company maintain programs targeting avoidance of waste, reduction of raw material and energy use	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
7.9.	Are all employees who are handling dangerous substances appropriately trained	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A
7.10.*	Does the company provide protective facilities, protective clothing, etc. FACE MASKS / GLOVES ARE PROVIDED FOR ALL WORKERS.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A

Assessment Environmental Protection	Total points	10	Number "Critical questions" Answered with No	2
	Achieved points	7		

(remarks)

Results

Summary - Assessment				
Sections - Assessment Subjects	Minimum Achievable Points	Maximum Achievable Points	Actual Achieved Points	NO at Critical Questions
1. Company Structure	-	-		
2. Organisation	8	11	10	
3. Administration	9	12	11	1
4. Quality Assurance	11-3	15 -3	10	
5. Control Facilities	10	14	14	
6. Building and Facilities	14	19	17	
7. Environmental Protection	6	10	7	
Total Number of Points Achieved			69	1
Maximum Achievable			81 -3 = 78	
Achieved Percentage of Max.			88.46%	

1. In each section the minimum number of points must be achieved, if not the audit is rated **B - Action required**.
2. The achieved percentage shall not fall below 70% of the maximal reachable points, otherwise the audit is rated as **C - FAIL**
3. Questions marked with an asterisk * are critical questions. Should any of these be answered with No, immediate corrective action is required. The audit will be rated as **B - Action required**, regardless of the number of achieved points or percentage rating.
4. Questions which are assessed as NA = Not applicable, reduce the maximum and minimum achievable points in this section accordingly.

To be filled out by the auditor:

Departure place (base or place of audit):	NANHAI
Next destination:	HONG KONG
Audit start at:	1200
Audit finished at:	1730
Time for travelling there:	3.5 Hours
Time for travelling to next destination:	4.5 Hours
Time of audit:	4 Hours
Total audit- and travelling time:	12 Hours