

Third party report No.: **10190440174** Score: **76.0%** FCCA Report No: **WGSFCCA44-CN201903-36112299-BV**

SUBJECT: FCCA RATING **FINAL AUDIT RESULT: PASS**

Audit Date: March 20, 2019

We would like to thank you for your cooperation during our Factory Capability & Capacity Audit held last **March 20, 2019** (date) at **Dongguan City Tian Hua Photoelectric Technology Co., Ltd.** / **36112299** (Factory Name/ Factory ID) under **HORIZON GROUP USA INC** / **29801426** (Supplier Name /Supplier ID).

The above stated factory received a " **76.0%** "rating. This factory has Non-Conformities observed during the audit and/or Conditions that were deemed to affect Production and Quality process as well. Please work closely with your factory to remedy these Non Conformities to prevent future rejection. The following conditions apply to this factory:

- The completed Corrective Action Plan (CAP) by factory management must be accomplished and sent to third party office, **2** days from receipt of audit findings.
- Follow-up audit (Announced or Un-announced) will be conducted within **2** days from factory submission of Corrective Action Plan (CAP)
- It is also expected that the Supplier on record will closely assist and monitor assigned factory in performing action plans and completion dates indicated.
- **Please note that factory management must strictly implement Corrective Action Plan (CAP) based on target completion dates stipulated on the "Quality Summary" form accomplished by factory. Failure of factory to rectify observed Non-Conformities that widely contributes to factory's poor performance and un-acceptable quality may result in cancellation of order/s and will later be reviewed with Merchandising Team if future orders would still be placed.**

Thank you for your usual assistance and support for WMGS QA's Factory Capability and Capacity Audit (FCCA) Program.

Sincerely,

Mike Sui

3PS Factory Auditor/Supervisor

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Score Summary

Category	Total Possible Points	Total Actual Points	Total N/A	Total Adjusted Points	Total Percentage
1.0 Factory Facility & Environment	189	121	30	159	76.1%
2.0 Quality Management System	114	96	0	114	84.2%
3.0 Incoming Material Quality Control	156	100	12	144	69.4%
4.0 Process and Production Control	303	204	30	273	74.7%
5.0 In-House Lab Testing	87	64	0	87	73.6%
6.0 Final Inspection	84	72	0	84	85.7%
7.0 People Resources and Training	75	54	0	75	72.0%
Total Points	1008	711	72	936	76.0%
Final Audit Score	76.0%				

Rating	Result	Remark
80 - 100%	Good	Critical point must be at least "1" score
60 - 79%	Acceptable with corrective actions	Critical point must be at least "1" score
0 - 59%	Unacceptable	

Executive Summary

<p>Basic Information: Dongguan City Tian Hua Photoelectric Technology Co., Ltd. was established in 2009, and was located at No. 3, 2nd Road, Jinqianling Industrial Zone, Jitigang, Huangjiang Town, Dongguan City, Guangdong Province, China. The factory was engaged in development, manufacturing and distribution of lamps. The factory had 62 employees working in it at current. Major markets were US and EU, and major customers were Wal-Mart, SPENCER GIFTS, xxxLUTZ, ALDI, etc.</p>
<p>Capability: For new items, the samples production lead time was about 20 days, production lead time was 60 days. All QC staffs in the factory were independent from production departments, QC staffs were well trained, could handle their own responsibility. The factory had some testers to conduct some product and materials tests including the applicable mandatory in-house testing items. Also, the factory would entrust the 3rd party laboratory such as SGS, ITS, BV for materials tests and product tests per requirement.</p>
<p>Capacity: The factory area included 840 square meters production areas and 1,680 square meters warehouse areas. The monthly production capacity was about 400,000 pieces for all kinds of products. Main production processes were assembly and packing. All of the work instructions were available for all of respective processes and stations.</p>
<p>Quality System: The factory had established the quality management system based on ISO 9001, which was certified by CQC, certificate number: 00118Q311001R0M/4400, valid date: October 17, 2021. The necessary quality manual, procedures and instructions had been established and implemented, the relevant records were provided for verification. However, some deviations still were found during this audit, the factory should take immediate actions to improve all deviations listed in CAP.</p>
<p>CONCLUSION/RECOMMENDATION: The factory was an existing factory for the client. The audit score was 76.0% with 0 critical item was lower than score 1, so the audit result was rated as "Acceptable with corrective actions". The factory should take the appropriate corrective actions for improvements according to recommendations in CAP file. The factory had adequate capacity and capability to produce Wal-Mart products: lamps for US and Canada markets. Generally, the factory management was cooperative and had good will and attitude for continuous improvement.</p>
<p>"0" score critical check points are: Nil</p>
<p>"1" score critical check points are: 3.0.7</p>