

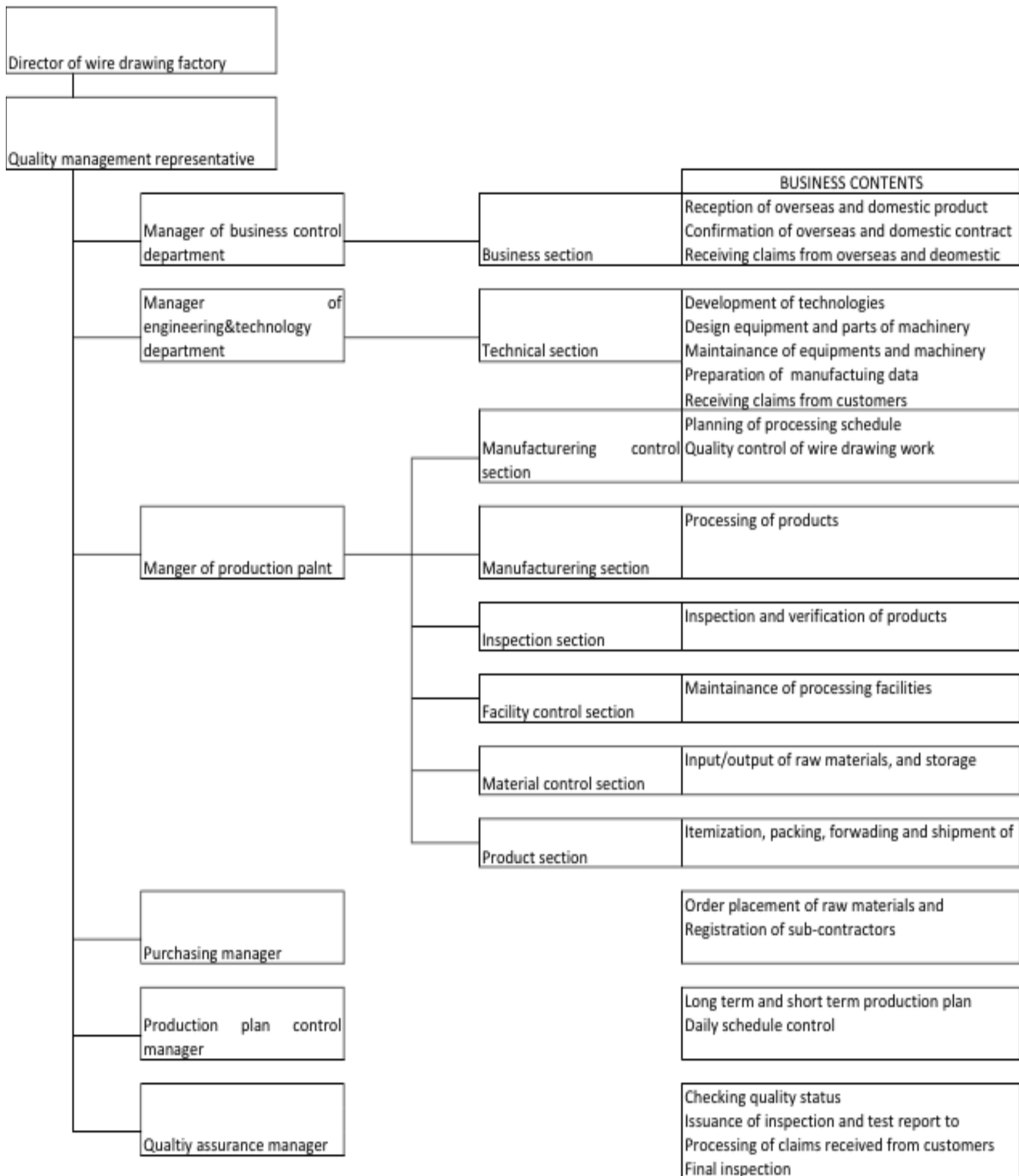
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QUALITY ASSURANCE MANUAL

YGGGS

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ORGANIZATION CHART



1.2 MANAGEMENT OF THE QUALITY ASSURANCE PROGRAM

1.2.1 Quality Assurance Manager shall control and assist plants and their staff so that every operation may be performed in accordance with QUALITY ASSURANCE MANUAL.

1.2.2 QA Manager shall make periodical review of this manual and insure all the staff involved is informed of its revisions.

1.2.3 Fabrication Manual, Purchasing Specifications, Work Instruction, etc. shall provide for permissible tolerances, inspection criteria, etc.

1.2.4 Errors on client's documents detected by YGGS shall be reported to clients immediately and the relevant records shall be properly controlled.

Correction of such errors shall be checked later during full size drawing inspection, member inspection, shop assembly inspection and other inspections.

1.2.5 YGGS's quality control program allows for coordination with control actions of the clients as outlined in the client's specifications.

1.2.6 The clients shall have access to YGGS specifications, records, purchase orders and other documents as required to accomplish all necessary control actions as set forth in the clients specifications.

1.2.7 Manager of each department in YGGS shall oversee a training program for all the staff under his control.

1.2.8 Quality Management Representative shall audit Quality Program in order to insure proper quality control and improve the program.

1.2.9 The designated inspectors are responsible for the following processes:

- | | |
|---|-------------------------------|
| a. Test of raw materials | Inspector of QA Dept. |
| b. Test of pickling and phosphating | Inspector of Production Plant |
| c. Inspection of products during production | Inspector of QA Dept. |
| d. Final inspection of products | Inspector of QA Dept. |

The quality assurance program requires at least four inspectors to ensure the quality of products.

1.3 CONTROL OF STANDARDS, SPECIFICATIONS, ETC.

1.3.1 Definition The standards, specifications, etc. herein referred to include the following;

- a. Client's specifications
- b. World standards
- c. Inspection reports
- d. Quality document

1.3.2 Control of documents

QA Dept. receives the client's specifications. The original set of specifications is kept by QA Dept. and copies are delivered to the relating sections and departments. QA Dept. is responsible for the management of the client's specifications.

1.3.4 Control of world standards

Engineering Dept. manages the required world standards such as JIS, CEN, ASTM, etc.

1.3.5 Inspection reports and other quality reports

QA Dept. is responsible for the management of all the inspection reports and other reports relating to quality.

1.3.6 The preservation period of documents

The inspection reports and other quality documents are preserved by QA Dept. for three years from the final delivery of the contract products.

The documents relating to nonconformance are preserved at least for three years from the final delivery of the contract products.

1.4 CHANGES OF SPECIFICATIONS

1.4.1 The addendum of specifications is transmitted with a revision number and the contractual revisions are informed by "Information Note". These

changes are reflected on the revised "Work Instruction".

1.4.2 When additional requirements or changes from clients are considered to give an adverse effect to quality or contract requirements, Business Control Dept., Engineering Dept., Purchasing Dept., Production Plant and QA Dept. will review these requirements and changes.

1.5 REVIEW OF CONTRACTS AND CONTRACT SCHEDULE

The Contract Review Meeting is convened by QA Dept. immediately after the receipt of contracts in participation of all the relating sections and departments for classification of contractual requirements.

At this meeting, both commercial and technical contract requirements including production quantity, delivery are classified and discussed by staff members of Business Control Dept., Engineering Dept., Purchasing Dept., Production Plant and QA Dept. The matters, which need classification by clients and proposals to clients, are also discussed.

Production schedule, delivery schedule, test schedule (including wire tests) and other documents are also discussed to prepare the overall contract schedule.

1.6 QUALITY AUDIT

Quality audit shall be conducted annually to insure that all of the operations are performed in accordance with Quality Assurance Manual.

Some staffs in YGGS are authorized by Quality Management Representative the auditing members.

1.7 CONTROL OF MACHINERY AND EQUIPMENT

The control of machinery and equipment is conducted for the purpose of maintaining and stabilizing product accuracy, as well as insuring safety operation. The managers of the departments engaged in the operation of machinery or equipment shall conduct the maintenance of machinery and

equipment.

1.7.1 The personnel responsible for maintenance control

Engineering Department Dept. Manager

Production Plant Plant Manager

1.7.2 Routine maintenance

The routine maintenance is performed in terms of daily and periodical checkup.

The daily checkup is performed by operators of each machine in accordance with Daily Checkup Manual, which itemizes checkpoints such as detection of mechanical disorder, and maintenance of mechanical precision. Each checkup result is reported to the section chief. The maintenance team takes proper maintenance action when a mechanical disorder is detected.

The staffs in the department responsible for control of each machine or equipment perform the periodical checkup. Disorders detected during the periodical checkup are promptly repaired to restore proper mechanical operation.

1.7.3 Control of principal machinery and equipment

a) Pickling & phosphating tank

The daily chemical composition test is performed prior to operation. The maintenance is performed once every 6 months.

b) Heating oven

The performance is tested everyday by a thermometer. The maintenance is performed once every 9 months.

c) Drawing machine

The daily checkup is performed prior to operation of the machine.

d) Spot welding machine

The daily checkup is performed prior to operation of the machine.

e) Recycling cooling system

The daily checkup is performed prior to operation of the machine.

1.7.4 "The maintenance guide for machinery and equipment" shall be referred to on the other particulars.

1.8 CONTROL OF MATERIAL TEST INSTRUMENTS

The control is performed to maintain accuracy of the test instruments.

1.8.1 The periodical inspection of test instruments is performed quarterly by Nantong Bureau of Quality and Technical Supervision.

1.8.2 Quality Assurance Manager is responsible for the control of material test instruments.

1.9 CONTROL OF MEASURING & TEST INSTRUMENTS AND TOOLS

The control is performed to maintain accuracy of measuring & test equipment and tools.

1.9.1 The designated personnel control the following tools and instruments:

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|--------------------|------------------|
| a) Micrometer | QA Dept. Manager |
| b) Torsion machine | QA Dept. Manager |
| c) Tensile machine | QA Dept. Manager |
| d) Thermo detector | QA Dept. Manager |
| e) Clamp | QA Dept. Manager |

1.9.2 The periodical inspection Items a, b, c are inspected every three months and the inspection results are recorded in the book. Item d and e are checked up prior to use.

1.9.3 The measuring control rule

The periodical inspection of measuring & testing instruments is performed in accordance with the Measuring Control Rule, which enumerates inspection methods and criteria conforming to GB standard.

1.9.4 Inspection records

The inspection results of tools and instruments subjected to the quarterly inspection are recorded in the book and dates of inspection are written on the label affixed on each tool and instrument.

1.10 ACTION FOR NON-CONFORMANT

1.10.1 Conformance is determined based on the judgment standard in "Quality Control for wire drawing manufacturing" and "Non-conforming label" is affixed on non-conformant products to segregate them from conformant products.

1.10.2 "Non-conformance report" is issued by a section or a department responsible for such non-conformance and it is checked by Inspection Section before the responsible section or department proceeds with corrective action.

The corrective action is taken in accordance with "Corrective Action Notice" which is released after approval of the manager of the responsible department.

Corrected products are subject to inspection by the staffs in Inspection Section. Quality Assurance Dept. records and keeps all the data on non-conformance and corrective action if they are called for by the contract.