

Sabah TLAS Audit Report Principles 5 & 6

Organisation	Tenant: Fung Guan Enterprise Sdn. Bhd. 200601029951 (749708-X) Landlord: Mastergroup Enterprise Sdn. Bhd. 198801001665 (169022-W)	Reference #	GFSSBH 004-780
Contact Person	Siew Chiau Hui (Fung Guan Enterprise Account)	Audit Date	13/02/2025
Office Address	A16, TB 12189, Lorong Megah, Taman Megah Jaya, Batu 3.5, Jalan Apas, 91000 Tawau, Sabah, Malaysia.	Date close out	-
Mill Address	Mile 22, Sg. Hj. Matahir, Bombalai, Tawau, Sabah, Malaysia.	Telephone	+6012 833 0092
Email	fungguanenterprisesb@gmail.com DFO Tawau: Nooridayu.MohdAyub@sabah.gov.my PPW: MohdArapa.lamuda@sabah.gov.my	Fax	+6089 754 353
		Approved By	Dr. Kevin Grace

Statements

Statement of Compliance	GFS 153 WTP		
Issuance Date	17 February 2025	Expiration Date	16 February 2026

Assessment Details

Company Type	Sawmill, Moulding mill, Exporter and Importer
Scope of Assessment	Sabah TLAS P5-6: JP(T)TW001/00(X37)R, JP(T)TW002/03(X07), JP(T)TW001/03(X22), FDS(TW)(E)086/2019(MT), FDS(TW)(S)057/2019(MT), FDS(TW)(I)047/2019(MT), KON(TTW)007/16(KK)
Product Group	Sawn timber
Source of Material	Sabah, Malaysia.
Species	Shorea domatiosa (Selangan batu), Shorea curtisii (Red seraya), Dipterocarpus cornutus Dyer. (Keruing), Shorea acuminatissima (Yellow seraya), Other timber (OT)
Lead Assessor	Glory Linggou, Shenna Kehong (Acting Lead)
Assessor(s)	Merlyne Gerard
SFD Staff	-

Terms of Assessment

The scope of the evaluation is to verify compliance with of Mastergroup Enterprise Sdn. Bhd. (Fung Guan Enterprise Sdn. Bhd.). to the criteria within the Sabah Timber Legality Assurance System (TLAS) Principle 5 - Mill Operations and Principle 6 - Trade and Customs standards. Compliance is defined when the organization demonstrates that there is no non-compliance to any applicable criteria. Non-compliance to the Sabah Legality Standard occurs when the organization does not comply with 1 or more criteria. Non-compliance must be formally addressed prior to certification or within 2 months following a surveillance assessment.

Limitations of Assessment

The information presented in this report is based on documentation and other information presented by the client and observations made during the field verification under the assessment. Auditor's reporting of information presented by the client is taken as accurate unless evaluated differently through the observations made during the assessment. All information presented in the report is accurate and complete to the best knowledge of GFS.

Background Information:

Mastergroup Enterprise Sdn. Bhd. (Mastergroup Enterprise) is, on and from 09/03/1988, incorporated under Companies Act 2016, and is registered in Tawau, Sabah, Malaysia, with registration #: 198801001665 (169022-W). Mastergroup Enterprise has no operations and only leased the property and heavy machinery to Fung Guan Enterprise.

Fung Guan Enterprise Sdn. Bhd. (Fung Guan Enterprise) is, on and from 06/10/2006, incorporated under Companies Act 2016, and is registered in Tawau, Sabah, Malaysia, with registration #: 200601029951 (749708-X). Fung Guan Enterprise purchases round logs and produces sawn timber for local market and exports them to Japan.

A Tenancy agreement between Mastergroup Enterprise (The Landlord) and Fung Guan Enterprise (The Tenant) was made on 16/08/2024. The rent of the Property was for the term from 01/09/2024 to 31/08/2027. The Landlord desires to lease the Property and the Tenant agrees to accept the Property for the specified Term under the terms and conditions.

Associated Organizations & Subcontractors:

Fung Guan Enterprise does not engage subcontractor to produce, manufacture products or provide manpower.

Description of the Supply Chain:

From October 2023 to December 2024, Fung Guan Enterprise purchased raw materials from the suppliers as below:

Supplier	License	Raw Material	Location	GFS WTP # STCC #	Overall Risk *
Rakyat Berjaya Sdn. Bhd. (Kinsasynergy Sdn. Bhd./Terus Jadi Sdn. Bhd.)	SFMLA 09/97	Round logs	Kinabatangan	GFS 178 LVS (28/04/2025)	Low
Rakyat Berjaya Sdn. Bhd. (FMU 15)	SFMLA 09/97	Round logs	Keningau	Non-Compliance	High

*GFS risk evaluation is based on the risk matrix for Sabah TLAS (VL) materials & products.

Summary Results:

(Major gap = 0, Minor gap = 2, Observation = 2)

GAPs: Year 2025				
GAP #	Type	Checklist	Status	Description
001/2025	minor	5.2.1, 6.1.1, 6.1.2, 6.1.3, 6.1.4	New	February 2025: The current system for purchasing is not according to the CoC procedure.
002/2025	minor	5.3.6	New	February 2025: No work safety training was conducted for workers.

*Major = Non-Compliance

Observations: Year 2025		
Obs #	Checklist	Description
001-2025	5.1.3	February 2025: Incorrect recording of Appendix 7 manual and incorrect recording of C/F sawn timber for 10/2023.
002-2025	5.3.1, 5.3.2	February 2025: Fung Guan Enterprise has no employment agreement and contracting labour for workers.

Highlights of Close-Out Visit (if applicable)	Date: -
Not applicable	

Recommendations

Mastergroup Enterprise Sdn. Bhd. (Fung Guan Enterprise Sdn. Bhd.) has demonstrated compliance with the Sabah Standard Principles 5-6 for Chain of Custody and is recommended to receive a GFS Statement of Compliance and Sabah Timber Legality Assurance System Compliance Certificate (TLAS-CC) from SFD.

Gap(s)/Observation(s) identified in this assessment should be addressed before the next surveillance visit. Action required to close the gap(s)/observation(s) include:

Gap 001/2025 (minor) – Checklist 5.2.1, 6.1.1, 6.1.2, 6.1.3, 6.1.4: Fung Guan Enterprise shall ensure the current purchasing system is according to the CoC procedure.

Gap 002/2025 (minor) – Checklist 5.3.6: Fung Guan Enterprise shall conduct work safety training for workers annually.

Observation 001-2025 – Checklist 5.1.3: Mastergroup Enterprise and Fung Guan Enterprise should ensure the recording of Appendix 7 manual and C/F sawn timber online are consistent.

Observation 002-2025 – Checklist 5.3.1, 5.3.2: Fung Guan Enterprise shall provide an employment agreement to all workers based on the Sabah Labour Ordinance.

The next surveillance visit is scheduled for February 2026.

End of Summary Report