

## Sabah TLAS Audit Report Principles 5 & 6

<b>Organisation</b>	Tenant: Fung Guan Enterprise Sdn. Bhd. 200601029951 (749708-X) Landlord: Mastergroup Enterprise Sdn. Bhd. 198801001665 (169022-W)	<b>Reference #</b>	GFSSBH 004-916
<b>Contact Person</b>	Ms. Joan Siew Chiau Hui (Fung Guan Enterprise Account)	<b>Audit Date</b>	04/02/2026
<b>Office Address</b>	A16, TB 12189, Lorong Megah, Taman Megah Jaya, Batu 3.5, Jalan Apas, 91000 Tawau, Sabah, Malaysia.	<b>Date close out</b>	-
<b>Mill Address</b>	Mile 22, Sg. Hj. Matahir, Bombalai, Tawau, Sabah, Malaysia.	<b>Telephone</b>	+6012 833 0092
<b>Email</b>	fungguanenterprisesb@gmail.com DFO TWU: Nooridayu.MohdAyub@sabah.gov.my PPW TWU: MohdArapa.lamuda@sabah.gov.my	<b>Fax</b>	+6089 754 353
		<b>Approved By</b>	Dr. Kevin Grace

### Statements

Statement of Compliance	GFS 153 WTP		
Issuance Date	17 February 2026	Expiration Date	16 February 2027

### 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	<i>Shorea spp.</i> (Selangan batu, Red seraya), Other timber (OT)
Lead Assessor	Shenna Kehong
Assessor(s)	Ennald Chin, Celine Cheong
SFD Staff	Syed Abd. Rahim Sheikh

### 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 Sdn. Bhd. (Fung Guan Enterprise).

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 the 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 for the rent of the property from 01/09/2024 to 31/08/2027.

The previous assessment was conducted in February 2025 that resulted in 2 gap(s) and 2 observation(s) (Report #: GFSSBH 004-780).

**Associated Organizations & Subcontractors:**

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

**Description of the Supply Chain:**

From January 2025 to January 2026, 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 (17/08/2026)	Low
Kalabakan Borneo Resources	SFMLA 04/2018	Round logs	Serudong	GFS 175 LVS (27/07/2026)	Low

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

**Summary Results:**

(Major gap = 0, Minor gap = 2, Observation = 4)

GAPs: Year 2026					
GAP #	Type	Checklist	Status	Description	
001/2025	minor	5.2.1, 6.1.1, 6.1.2, 6.1.4	Closed	<b>February 2025:</b> The current system for purchasing is not according to the CoC procedure. <b>February 2026:</b> Purchase Orders are used according to the CoC procedure.	
002/2025	minor	5.3.6	Closed	<b>February 2025:</b> No work safety training was conducted for workers. <b>February 2026:</b> Training for safety was conducted to workers.	
001/2026	minor	5.1.6	New	<b>February 2026:</b> The coding system is not clear in relation to batch receiving and batch production and Sabah TLAS status.	
002/2026	minor	5.2.3, 5.2.4, 5.2.5	New	<b>February 2026:</b> Inconsistent in stamping "Sabah TLAS CC" by the SFD in the Removal Pass for supplier that compliant under Sabah TLAS.	

\*Major = Non-Compliance

Observations: Year 2026		
Obs #	Checklist	Description
001-2025 Addressed	5.1.3	<b>February 2025:</b> Incorrect recording of Appendix 7 manual and incorrect recording of C/F sawn timber for 10/2023. <b>February 2026:</b> Appendix 7 manual and sawn timber CF for 10/2023 was amended.
002-2025 Addressed	5.3.1, 5.3.2	<b>February 2025:</b> Fung Guan Enterprise has no employment agreement and contracting labour for workers. <b>February 2026:</b> Workers have employment agreement for workers.
001-2026	5.1.3	<b>February 2026:</b> Inconsistent in recording log supply volume between Removal Pass and Arrival Book.
002-2026	6.1.1, 6.1.2	<b>February 2026:</b> Inconsistent in recording the Sabah TLAS status through a Risk Assessment.
003-2026	6.1.3	<b>February 2026:</b> Purchase Order was not recorded in the Arrival Book.
004-2026	6.4.1	<b>February 2026:</b> Inconsistent in recording Sabah TLAS logs received.

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

Recommendations
<p><b>Fung Guan Enterprise Sdn. Bhd.</b> 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.</p> <p>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:</p> <p><b>Gap 001/2026 (minor) – Checklist 5.1.6:</b> The coding system in the Coc procedure should be clear in relation to batch receiving, batch production and Sabah TLAS status.</p> <p><b>Gap 002/2026 (minor) – Checklist 5.2.3, 5.2.4, 5.2.5:</b> SFD should consistent in stamping the Sabah TLAS CC on the Removal Pass for suppliers that compliant under Sabah TLAS.</p> <p><b>Observation 001-2026 – Checklist 5.1.3:</b> Fung Guan Enterprise should contact SFD HQ regarding supply volume in Appendix 1 and consistently record the log supply volume between Removal Pass and Arrival Book.</p> <p><b>Observation 002-2026 – Checklist 6.1.1, 6.1.2:</b> Fung Guan should conduct a Risk Assessment and not relying on the Sabah TLAS CC stamping by the SFD.</p> <p><b>Observation 003-2026 – Checklist 6.1.3:</b> Purchase Order number should be recorded in the Arrival Book.</p> <p><b>Observation 004-2026 – Checklist 6.4.1:</b> Fung Guan Enterprise should record logs received based on status.</p> <p>The next surveillance visit is scheduled for February 2027.</p>

**End of Summary Report**