

Sabah TLAS Audit Report Principles 5 & 6

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|-----------------------|---|-----------------------|-----------------|
| Organisation | Kin Chiew Furniture Sdn. Bhd. 200801021634 (822952-K) | Reference # | GFSSBH 004-775 |
| Contact Person | Ms. Ng Lee Shong (Director) | Audit Date | 21/01/2025 |
| Office Address | No. 12671, Jalan Sg. Tajong, Batu 3, Tawau, Sabah, Malaysia. | Date close out | - |
| Mill Address | No. 12671, Jalan Sg. Tajong, Batu 3, Tawau, Sabah, Malaysia. | Telephone | +6012 817 8689 |
| Email | kin.chiew@hotmail.com DFO Tawau: Nooridayu.MohdAyub@sabah.gov.my PPW Tawau: MohdArapa.lamuda@sabah.gov.my | Fax | - |
| | | Approved By | Dr. Kevin Grace |

Statements

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|-------------------------|------------------------------------|-----------------|----------------|
| Statement of Compliance | NC: Non-Compliance – Criterion 5.1 | | |
| Issuance Date | Not applicable | Expiration Date | Not applicable |

Assessment Details

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|---------------------|--|
| Company Type | Moulding mill |
| Scope of Assessment | Sabah TLAS P5-6: JP(T)TW001/10(M01), KON(TTW)008/10(KK) |
| Product Group | Moulded timber, Finger Joint |
| Source of Material | Sabah, Malaysia. |
| Species | <i>Drybalanops spp.</i> (Kapur), <i>Dipterocarp spp.</i> (Keruing), <i>Koompassia malaccensis</i> (Impas), <i>Parashorea spp.</i> (White seraya), <i>Shorea spp.</i> (Red seraya, Yellow seraya, Melapi), <i>Heritiera simplicifolia</i> (Kembang), <i>Sapotaceae spp.</i> (Nyatoh), <i>Neolamarckia cadamba</i> (Laran), <i>Duabanga moluccana</i> (Magas), <i>Octomeles sumatrana</i> (Binuang), <i>Alstonia spp.</i> (Pulai), <i>Annonaceae spp.</i> (Karai), <i>Eugenia spp.</i> (Obah), <i>Sindora beccariana</i> (Sepetir), Lauraceae (Medang), <i>Planchonia valida</i> (Putat), <i>Terminalia subspatulata</i> (Talisai), Myristicaceae (Darah-darah), <i>Dillenia spp.</i> (Simpor), <i>Cotylelobium spp.</i> (Resak batu), <i>Cratoxylum arborescens</i> (Serungan), <i>Pentace spp.</i> (Takalis), <i>Hopea sangal</i> (Gagil), <i>Calophyllum obliquinervium</i> (Bintangor), <i>Macaranga spp.</i> (Sedaman), Prerospermum (Bayor), <i>Dyera spp.</i> (Jelutong), <i>Dialium indum</i> (KerANJI), <i>Azadirachta excels</i> (Bawang-bawang), <i>Magnolia candollii</i> (Chempaka) |
| Lead Assessor | Glory Linggou |
| Assessor(s) | Sheanna Kehong, Merlyne Gerard |
| SFD Staff | Abd Suhaimi Bin Abd Manap (PPD Tawau) |

Terms of Assessment

The scope of the evaluation is to verify compliance with Kin Chiew Furniture 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:

Kin Chiew Furniture Sdn. Bhd. (Kin Chiew Furniture) is, on and from 25/06/2008, incorporated under Companies Act 2016, and is registered in Tawau, Sabah, Malaysia, with registration #: 200801021634 (822952-K). Kin Chiew Furniture produces moulded timber and finger joint for the local market.

Associated Organizations & Subcontractors:

Kin Chiew Furniture does not engage other companies as their subcontractors to provide or manufacture products.

Description of the Supply Chain:

From October 2023 to December 2024, Kin Chiew Furniture purchased raw materials from the suppliers as below:

| Supplier | License | Raw Material | Location | GFS WTP # STCC # | Overall Risk * |
|--|----------------------|---|---------------|--------------------------|----------------|
| Soonlinmas Sdn. Bhd. | FDS(KK)(S)043/2019 | Plywood | Kota Kinabalu | GFS 261 WTP (04/02/2025) | Low |
| Yun Seng Enterprise Sdn. Bhd. | - | Plywood | Sandakan | - | High |
| YC Supplies Sdn. Bhd. | - | Plywood | Sandakan | - | High |
| Sherwood Timber Processing Sdn. Bhd. | JP(T)TW004/00(X02) R | Lumber core | Tawau | GFS 042 WTP (22/09/2025) | Low |
| Fu Yee Corporation Sdn. Bhd. | JP(T)KA001/00(X52)R | Lumber core Sawn timber Sawn timber log end | Kalabakan | GFS 079 WTP (08/10/2024) | High |
| Hap Seng Property Investment Sdn. Bhd (Chuan Huan Trading Sdn. Bhd.) | JP(T)TW002/05(B01) | Reject wood | Tawau | GFS 216 WTP (08/12/2025) | Low |

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

Summary Results:

(Major gap = 1, Minor gap = 0, Observation = 0)

| GAPs: Year 2025 | | | | |
|-----------------|-------|--------------|--------|---|
| GAP # | Type | Checklist | Status | Description |
| 001/2025 | Major | 5.1.2 | New | January 2025: The Moulding Plant license and Mill Contractor licenses are expired. |
| 002/2025 | minor | 5.3.1, 5.3.2 | Closed | 21 January 2025: Inconsistent in issuing employment agreements. 22 January 2025: Kin Chiew Furniture has issued employment agreements for all workers. |

*Major = Non-Compliance

| Observations: Year 2025 | | |
|-------------------------|-----------|-------------|
| Obs # | Checklist | Description |
| - | - | - |

| Highlights of Close-Out Visit (if applicable) | Date: - |
|--|---------|
| Major gap 001/2025 shall be addressed within 2 months by March 2025. | |

Recommendations

Kin Chiew Furniture Sdn. Bhd. has not demonstrated compliance with the Sabah Principles 5-6 for Chain of Custody as non-compliance was identified under Criterion 5.1 and is not recommended to receive a GFS Statement of Compliance or Sabah Timber Legality Assurance System Compliance Certificate (TLAS-CC) from SFD.

The Major Gap shall be addressed within two months by **March 2025**.

Gap 001/2025 (Major) – Checklist 5.1.2: Kin Chiew Furniture should follow up with the SFD regarding payment for Moulding Plant and Mill Contractor licenses. SFD should finalize the licenses approval for the mill to pay the necessary payment renewal.

The next surveillance visit is scheduled for January 2026.

End of Summary Report