

Sabah TLAS Audit Report Principles 5 & 6

Organisation	Tenant: Chuan Huan Trading Sdn. Bhd. (1141359-K) Mill: Hap Seng Property Investment Sdn. Bhd. (183641-A)	Reference #	GFSSBH 004-061
Contact Person	Mr. Ting Sii Chuan (Chuan Huan Manager)	Assessment Date	25/06/2019
Office Address	No. 98. Taman Anggerik, Jalan Chong Thien Vun, 91000, Tawau, Sabah, Malaysia.	Date close out	-
Mill Address	TB2109 – 2110, Mile 1, Jalan Tg. Batu, 91000 Tawau, Sabah, Malaysia.	Telephone	+6014 699 2949 +6010 982 9608 (Mr. Ting)
Email	chuanhuansb@gmail.com	Fax	+6089 763 807
		Approved By	Dr. Kevin Grace

Statements

Audit Statement #	GFS 216 WTP		
Issuance Date	01 July 2019	Expiration Date	30 June 2020

Assessment Details

Company Type	Sawmill
Scope of Assessment	Hap Seng Property Investment Sdn. Bhd. (Chuan Huan Trading Sdn. Bhd.)
Product Group	Sawn timber
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, Selangan batu), <i>Annonaceae spp.</i> (Karai), <i>Eugenia spp.</i> (Obah), <i>Terminalia subspathulata</i> (Talisai), <i>Myristicaceae</i> (Darah-darah), <i>Cotylelobium spp.</i> (Resak batu), <i>Diospyros spp.</i> (Kayu malam), <i>Koompassia excelsa</i> (Mengaris), <i>Prerospermum</i> (Bayor), <i>Tristaniopsis merguensis</i> (Pelawan-pelawan), <i>Dialium indum</i> (KerANJI), <i>Castanopsis motleyana</i> (Berangan)
Lead Assessor	Lai Jia Woei
Assessor(s)	-
FDS Staff	PH Abd. Suhaimi Abd. Manap (PPM Tg. Batu Apas Balung)

Terms of Assessment

The scope of the evaluation is to verify compliance of the Chuan Huan Trading 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 are 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 of knowledge of.

Background Information:

Hap Seng Property Investment Sdn. Bhd. (Hap Seng Property Investment) is registered in Kuala Lumpur, Malaysia with registration # 183641-A. The company's premises sawmill equipment and machinery are rented to Chuan Huan Trading Sdn. Bhd. (Sawmill B/Chuan Huan Trading) to provide sawing, warehouse and export service. Finished products are sold locally and exported to Korea, Japan and Taiwan.

The previous assessment was conducted in June 2018 that resulted in 1 gap(s) and 0 observation(s) (report #: G162-435).

Associated Organizations & Subcontractors:

Hap Seng Property Investment premise is rented to Chuan Huan Trading for sawn timber production.

Description of the Supply Chain:

From June 2018 to May 2019, Chuan Huan Trading purchased raw materials from the suppliers as below:

Supplier	License	Raw Material	Location	FDS TLAS-CC (Expiry Date)	GFS Audit Statement # (Expiry Date)
Jawala Plantation Industries Sdn. Bhd.	SFMLA 02/15: KGU 10/16, KGU 06/17, KGU 07/17, KGU 10/17, KGU 01/18	Round logs	Tibow	FDS(SLS)029/2018 (31/05/2019)*	GFS 100 LVS (31/05/2020)
Fook Ngiap Sawmill Sdn. Bhd.	JP(T)TW002/00(X17)R FDS Log auction: Bountiful Returns Sdn. Bhd.	Round logs	Tawau	-	-
	JPHTN/SPP(S)700-5/3/9/JILID8(40) (Sukses Jadi Sdn. Bhd.)	Round logs	Tibow	FDS(SCS)072/2018 (05/07/2019)	GFS 115 WTP (05/07/2019)
	JPHTN/FRM700-2/4/1/342/21 (Salarong bin Ganar & 3 Peserta)	Round logs	Tibow	-	-
	JPHTN/FRM700-2/4/1/533/4 JPHTN/FRM700-2/4/1/533/8 (Gilbert Mundai & 3 Peserta)	Round logs	Tibow	-	-
	JPHTN/FRM700-2/4/1/642/6 (Gawar bin Siba & 1 Peserta)	Round logs	Tibow	-	-
	JPHTN/FRM700-2/4/1/382/23 (Lenna binti Yotong @ Atong)	Round logs	Tibow	-	-
	JPHTN/FRM700-2/4/1/661/2 (Keris b. Sagar & 2 Peserta)	Round logs	Tibow	-	-

Note: *FDS to update their website.

Summary Results:

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

GAPs:				
GAP #	Type	Checklist	Status	Description
001/2018	Minor	5.2.4	Closed	<p>June 2018: The CoC system lacks several elements and documentation in respect to their operation:</p> <ul style="list-style-type: none"> - Administration - Handling of purchasing and receiving of raw material - CoC operating procedure in the mill - Sales and storage <p>June 2019: Chuan Huan Trading CoC procedures adequately covered administration, Purchasing / Receiving, Production and Sales procedures.</p>
002/2019	Minor	5.1.2	Minor	The total volume of monthly logs arrival and logs input recorded in Appendix 1 from June 2018 to May 2019 did not correspond to the actual total of arrival and production volume by both companies (Gmelina Jaya and Chuan Huan Trading).

*Major = Non-Compliance

Obs #	Checklist	Description
-	-	-

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

Recommendations
<p>Chuan Huan Trading Sdn. Bhd. has demonstrated compliance with the Sabah Standard Principles 5-6 for Chain of Custody and is recommended to receive a GFS Audit Statement and STCC from FDS.</p> <p>Minor 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) includes:</p> <p>Gap 002/2019 (Minor) – Checklist 5.1.2: Hap Seng Property Investment shall report the actual monthly logs arrival and log input by its tenants. The Appendix shall be revised and submitted to FDS.</p> <p>The next surveillance visit is scheduled in April 2020.</p>

End of Summary Report