

FOR IMMEDIATE RELEASE

## **Hafary poised to become a key player in Southeast Asia's ceramic industry - JV to add manufacturing capabilities to its portfolio**

- Manufacturing capabilities will enable the Group to overcome supply constraints and compete in larger scale projects across the region as well as leverage on Hap Seng's ceramic distribution network in Malaysia to replicate its Singapore market success
- Plans to invest approximately MYR40 million to expand the JV's production capacity from approximately 16,000 m<sup>2</sup> per day to approximately 41,000m<sup>2</sup> per day as it seeks to capture a larger market share

**Singapore, 15 December 2022** - Hafary Holdings Limited ("**Hafary**" or the "**Group**"), the leading distributor of premium ceramic tiles in Singapore has expanded its operations by gaining manufacturing capabilities through the incorporation of a new Joint Venture ("**JV**") Company, International Ceramics Manufacturing Hub Sdn Bhd ("**ICMHSB**"). The JV will enable the Group to move upstream and overcome supply chain constraints as well as leverage on majority shareholder Hap Seng Consolidated Berhad's ("**Hap Seng**")'s MML brand and its distribution networks to grow sales in Malaysia and the regional export market.

Since 2015, the strong union between the two companies, Hafary and Hap Seng, have provided a steadfast supply of ceramic tiles to the building material industry in the region. 2023 will see Hap Seng and Hafary move to the next level of their integration, with the ceramic manufacturing and distribution business divisions within the Hap Seng Group consolidated under the umbrella of Hafary, arguably one of the most competent players in this industry. The strong synergies are bound to solidify their leadership position in the ceramics industry going forward.

### **Strengthening core capabilities through a synergistic JV**

With over 40 years of industry experience and its extensive distribution capabilities in Singapore, Hafary is well-positioned to capitalise on this regional expansion opportunity. Together with its JV partners, Guangdong ITA Element Building Materials Co. Limited (“**ITA**”) and CNA Pte Ltd (“**CNA**”), the Group will lease two manufacturing plants in Johor, Malaysia, from Hap Seng Group.

CNA, an established premium tile manufacturer will bring its significant manufacturing capabilities and know-how into the JV. Having operated manufacturing plants in China for over 13 years and in Malaysia for over 3 years, CNA has vast experience in serving international markets like America, EU and Australia. Coupled with ITA’s fine expertise in tile design patterns, Hafary is on track to become a key player in Southeast Asia’s ceramic industry. To further build on their core capabilities, Hafary has plans to invest approximately MYR40 million to ramp up the plants’ production capacity from approximately 16,000 m<sup>2</sup> per day to approximately 41,000 m<sup>2</sup> per day.

In addition to helping Hap Seng Group’s ceramic business division, Hafary will also undertake the distribution of the MML brand of ceramic tiles through its wholly owned subsidiary Hafary Trading Sdn Bhd (“**HTSB**”) for retail, project as well as export markets. With greater control over its supply chain, Hafary will be able to fully capture MML’s steadily growing demand and will also be better equipped to take on larger project opportunities.

### **The road ahead: Forging a path to become key player in the ceramic industry in SEA**

These strategic partnerships with Hap Seng’s subsidiaries and the synergies that they will generate will help set Hafary on a robust growth trajectory. The joint venture will enhance not only Hafary’s distribution outreach but also its production capabilities across Singapore, Malaysia and beyond. With this integration, Hafary strives to address potential supply chain issues in order to stay ahead of the competition. As Hafary continues to scale, it will aim for greater level of efficiency in its operations moving forward.

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**Hafary Holdings Limited**  
**105 Eunos Avenue, Hafary Centre, Singapore 409836**  
Phone: (65) 6383 2314 · Fax: (65) 6253 4496  
Company Registration No.:200918637C  
Incorporated in the Republic of Singapore



### **About Hap Seng Consolidated Berhad**

Hap Seng Consolidated Berhad (“HSCB”) is a public company listed on the Main Market of Bursa Malaysia Securities Berhad. HSCB is a diversified group with six core businesses namely plantation, property investment & development, credit financing, automotive, trading and building materials. Progressive and forward-looking, the Group’s emphasis on value creation, operational excellence and sustainability has enabled the Group to consistently deliver value to our shareholders

### **About Hafary Holdings Limited**

Hafary Holdings Limited (“Hafary”) is a public company listed on the Main Board of Singapore Exchange. Hafary is a leading supplier of premium tiles, stone, mosaic, wood-flooring, quartz top and sanitary ware and fittings in Singapore. Leveraging on our strong sourcing and procurement network, we carry a wide variety of surfacing materials from Europe (mainly Italy and Spain) and Asia and supply to our customers at competitive prices.

### **About CNA Pte Ltd**

CNA Pte Ltd (“CNA”) focuses on ceramic tile manufacturing and currently have over 3 years' of experience in operating tile factories in Malaysia. CNA has extensive experience in the Ceramic manufacturing factory in China which focuses on high-end ceramic tile designs for international markets.

### **About Guangdong ITA Element**

Guangdong ITA Element (“ITA”) is Hafary’s existing long term business partner in China and Hafary owned 50% shareholdings in ITA. ITA owned various design patterns in the tiles industry and has design capabilities. Since the establishment of this joint venture, Hafary has been sourcing tiles from ITA.

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**Issued for and on behalf of Hafary Holdings Limited.**

**by Financial PR**

Kamal SAMUEL/Shivam SARAF/Urvija DIWAN

Email: [kamal@financialpr.com.sg](mailto:kamal@financialpr.com.sg) / [shivam@financialpr.com.sg](mailto:shivam@financialpr.com.sg) / [urvija@financialpr.com.sg](mailto:urvija@financialpr.com.sg)

Tel: (65) 6438 2990 / Fax: (65) 6438 0064