

Nicaragua Ratifies Exclusive Commercial Agreement with HKND Group to Develop Nicaragua Canal and Development Project

HKND Group to Undertake Technical, Environmental, Social and Commercial Studies, Drawing on Global Team of Experts; Project Designed to Adhere to International Best Practices Protecting the Environment and Local Heritage and Culture

Preliminary Analysis Indicates Strong Commercial Potential; Project Intended to Address Demand for Higher Efficiency, Lower Cost on Global Trade Routes, Including US to Asia, and to Complement Expanded Panama Canal

MANAGUA, June 13, 2013 – The Nicaragua National Assembly gave final ratification today the Government’s exclusive commercial agreement with the HKND Group to develop the Nicaragua Canal and Development Project. With the potential to transform global trade and enhance regional economic growth, the [Nicaragua Canal and Development Project](#) is expected to have the capacity to handle the world’s largest ships and demand for greater efficiency, lower cost, and increased reliability and safety on important global trade routes, including expected increases in US to Asia trade.

The agreement grants HKND Group exclusive rights for the planning, design, construction, operation, and management of the Nicaragua Canal and other potential projects, including port projects, free trade zones, an international airport, and other infrastructure development projects.

“We are honored to be given the opportunity to develop this transformational project that has the potential to bring tremendous, long-term economic benefits to Nicaragua, to the region, and to international shippers and consumers around the world,” said HKND Group Chairman [Mr. Wang Jing](#). “We are committed to building and operating the Nicaragua Canal and Development Project in accordance with international best practices. It is very early in a long process, and we have a lot of work ahead, but we want to be clear that we intend this to be a world-class effort that creates economic opportunity, serves the global trade community, and also protects the local environment, heritage, and culture of Nicaragua.”

“Central America is at the center of North-South and East-West global trade flows, and we believe Nicaragua provides the perfect location for a new international shipping and logistics hub. Global shipping demands the efficiency and cost competitiveness of increasingly larger ships, and we believe this project will serve that still-unmet need. We are confident that this

project will be an economic success for Nicaragua, for the region, for trading partners around the globe, and for HKND Group,” Mr. Wang Jing continued.

“We have enlisted a global team of world-class experts to support HKND’s feasibility studies on multiple fronts, including outreach over time to a range of stakeholders with an interest in this new project. Moreover, a leading sustainability consultancy will conduct an independent environmental and social impact assessment. By definition, this is a truly global initiative, and we are committed to operating in a transparent and open manner with participation of entities from around the world, according to high standards of environmental and social responsibility,” said [Ronald MacLean-Abaroa](#), HKND Group’s spokesperson. “While much more planning lies ahead, we are looking forward to the potential of this project to create economic opportunities for Nicaragua and the region, while also respecting local heritage and the environment.”

HKND Group has already determined that the route will not follow the San Juan River. ERM, one of the world’s leading sustainability consultancies, is in the process of independently assessing the environmental and social impact of various routes under consideration. China Railway Construction Corp. Ltd. has been engaged to conduct the initial technical feasibility assessment consistent with international, technical, and other standards selected by the HKND Group. McKinsey & Company is providing HKND with fact-based research and analysis.

Initial findings from HKND’s commercial analysis indicate that the combined impact of growth in East-West trade and in ship sizes could provide a compelling argument for the construction of a second canal, substantially larger than the expanded Panama Canal, across Central America. This conclusion is supported by the following:

- We believe that by 2030 – just over 16 years from now – the volume of trade addressable by the Nicaragua Canal will have grown by 240% from today.
- The total value of goods transiting the combined Nicaragua and Panama canals could exceed US\$1.4 trillion, making this one of the most important trade routes in the world.
- Ongoing growth in trade indicates potential congestion at the Panama Canal within 10 – 15 years, also suggesting the need for a complementary route.
- The fuel savings provided by the deployment of larger ships on the trade routes served by the Nicaragua Canal could be substantial. For example, going from Shanghai to Baltimore, the new route is 4,000 kilometers shorter than the Suez Canal route, and 7,500 kilometers shorter than around Cape of Good Hope. At current fuel prices, for an average size containership, this represents roundtrip savings of US\$500,000 and US\$1.0MM respectively. For the largest ships, the savings would be US\$110/TEU and US\$327/TEU relative to the two alternative routes, mostly from lower fuel consumption.

- In addition to the flow of commodities from Latin America to Asia, rapidly growing production of Light Tight Oil (LTO) is expected to soon make the United States a net energy exporter, and an efficient route for large super-tankers to Asia’s refining centers could create enormous economic benefits for both the United States and Asian countries, including, but not limited to, China.

“There is an enormous amount of work to be done, and we will provide future updates on our progress as we address key milestones ahead,” said Mr. MacLean-Abaroa.

About HKND Group

HKND Group is a privately-held international infrastructure development firm headquartered in Hong Kong with offices in Managua, Nicaragua. HKND Group’s team has extensive experience in construction management and infrastructure development.

HKND is led by Mr. Wang Jing, a successful businessman and investor with over twenty years of experience building successful enterprises.

HKND is committed to operating according to the highest standards of transparency and accountability. In partnership with the Government of Nicaragua, HKND is focused on the development of the Nicaragua Canal and Development Project – a major infrastructure project with the potential to transform global trade and make Nicaragua a pivotal hub for transportation and logistics.

For more information about HKND Group and the Nicaragua Canal and Development Project, visit www.hknd-group.com.

For media inquiries, please send an email to media@hknd-group.com

###