OPPORTUNITY. 機匯

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THE RISE OF HUTCHISON PORTS NETWORK IN MEXICO

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Business Unit: HUTCHISON PORTS EITHUTCHISON PORTS ICAVEHUTCHISON PORTS LCTHUTCHISON PORTS TILHHUTCHISON PORTS TIMSAHUTCHISON PORTS HITHUTCHISON PORTS YANTIAN



Mexico is emerging as an attractive alternative to many investors as it's the gateway to new markets in Latin America and the Caribbean. With a large and growing domestic market of about 130 million people, a rising middle class, and increasing demand for consumer goods and services, the country presents significant opportunities. Its strategic geographic location, enabling access to both the Atlantic and Pacific oceans, facilitates connections with North, Central, and South America.

Moreover, Mexico's numerous bilateral and multilateral trade agreements, such as the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), the Pacific Alliance, and the updated United States-Mexico-Canada Agreement (USMCA), give it a competitive edge. These agreements, coupled with a diversified and dynamic industrial base producing high-demand value-added goods like automobiles, electronics, and aerospace components, position Mexico favourably against other Latin American countries.

A prime example is the port of Lazaro Cardenas in Michoacán, the largest container terminal in Mexico and a main gateway for Chinese goods entering the country. China's strong interest in expanding its presence in Latin America, particularly in energy, infrastructure, telecommunications, and mining, has been

a catalyst for this growth. Facilitating Mexico's maritime trade with China is the significant presence of Hutchison Ports, which entered the Mexican market in 1995. Since then, Hutchison Ports has expanded its operations to include Lázaro Cárdenas, Veracruz, Ensenada, and Manzanillo, covering both the Pacific and Atlantic coasts.

STRATEGIC PORTS ON BOTH COASTS



Port of Veracruz
Located in the Gulf of Mexico, the Port of Veracruz offers sea cargo services connecting to Northern Europe, the Mediterranean, the US, South America, and the Caribbean, along with local intermodal transportation. Hutchison Ports ICAVE (Internacional de Contenedores Asociados de Veracruz) has been the main container port operator in Veracruz and invested nearly US$500 million in 2019 to upgrade its terminal facilities and enhance customer service experience with the latest smart technology, such as autonomous truck and Smart Port app. The new terminal marks one of the most significant port infrastructure developments in Mexico.

Port of Manzanillo
Situated in Colima, facing the coast of the Pacific Ocean, the Port of Manzanillo facilitates trade between Asia and the Americas. It is well-connected to the industrialised states of Guanajuato, Querétaro, and Monterrey. Hutchison Ports TIMSA (Terminal Internacional de Manzanillo), a multi-purpose terminal, leverages its strategic location to attract advanced industries such as automotive, aerospace, and biotechnology. Besides container cargo, TIMSA handles non-containerised cargo like mineral bulk and project cargo for the automotive industry. Its proximity to the agricultural area of El Bajío makes it a key terminal for agricultural products.

Port of Lazaro Cardenas
Hutchison Ports LCT (Lazaro Cardenas Terminal) features on-dock rail connectivity and extensive transshipment trade, connecting to South American ports on the Pacific Coast. The terminal's phase III expansion, including the construction of 345 metres of dock and a yard area expansion by 28 hectares, will enhance its handling capacity to 2 million TEU. The expansion will also introduce eco-friendly rubber tyred gantry cranes and automated quay cranes to maximise efficiency, productivity and reduce emissions.

Port of Ensenada
An alternative route for handling cargo to and from Asia, Central, and South America for northwestern Mexico and the southwestern US is Hutchison Ports EIT (Ensenada International Terminal). Located 110 km south of the US border, EIT's expansion project is expected to be completed by 2024, and includes a quay extension of 300 metres, increased yard capacity, and sustainable technology implementation. The terminal is preparing for future operations in response to nearshoring and increasing cargo volumes connecting to industrial markets of Southern California and Texas in the US.

Hutchison Ports TILH
Near Mexico City, Hutchison Ports TILH (Terminal Intermodal Logistica de Hidalgo), a modern logistics facility in Mexico's central valley, offers unique railroad connectivity with corridors between Lázaro Cárdenas, Manzanillo, and Veracruz. It serves the Mexico City metropolitan area and northern corridors such as Monterrey, including cross-border connections with the US.

"Mexico can leverage its strategic location and its free trade agreements to attract more foreign investment and trade connecting with other Latin American countries to diversify its export markets.

We have a large and young population that offers a potential market for Chinese investors for bilateral cooperation in many fields.

Our ports in Mexico have already begun their infrastructure expansion to boost handling capacity, modernise their facilities by adopting smart technology and introducing sustainable operations to meet the growing demand for efficient eco-friendly cargo handling across industries and continents."

Carlos Alberto Machorro, Commercial Senior Manager
Hutchison Ports ICAVE

SOUTH CHINA DIVISION RIDING CREST OF MEXICAN EXPORTS WAVE

A burgeoning trade lane is developing between China and Mexico, driven by increasing demand for new energy vehicles (NEVs) and high-tech components from the mainland. According to Container Trades Statistics, China-Mexico trade has risen 28 percent in the first five months of 2024. This exciting route has boosted cargo handling with the Americas at Hutchison Ports' HIT and YANTIAN, known as the company's South China division.


Hong Kong

China-Mexico Trade



HIT in Hong Kong
Hong Kong, an international maritime centre with a natural deep-water port, is located at the heart of the Far East trade route. In 2023, Hutchison Ports HIT (Hongkong International Terminals), a member of HPH Trust, handled 672,000 TEU from Latin America and South America, offering 14 weekly calls with the highest number of service calls among ports in South China. In addition, Mexico is the city's largest export market in Latin America, accounting for 45 percent of the region's total. HIT handled approximately 195,000 TEU of Mexican cargo last year of which 83 percent for transshipment, re-exporting to China and other Asian countries.

YANTIAN in Shenzhen
In 2023, our port in Shenzhen, Hutchison Ports YANTIAN, a member of HPH Trust, exported over 26,000 NEVs (New Energy Vehicle) from China, along with lithium and solar batteries to South America. The port's extensive multi-modal connections enable cargo movement from inland manufacturing plants to coastal ports for export. YANTIAN's connectivity offers 17 feeder ports in the Greater Bay Area (GBA), 31 sea-rail services, 17 inland ports linking central, southwest China and the GBA; and 13 Port Alliances. All the above led to Mexican trade growing by 31 percent through YANTIAN, while trade with South America increased by 12 percent.

"HIT and YANTIAN offer complementary strengths to Hutchison Ports South China division. The dual creates operation synergy to ensure efficient movement of goods between the mainland and the Latin American markets.

HIT serves as the primary import gateway into China, offering the highest service frequency to Latin America, while YANTIAN functions as the export gateway which offers an extensive multi-modal connection towards the regional and national network. Cargoes can be transported from manufacturing plants from inland towards China's coastal ports for export."

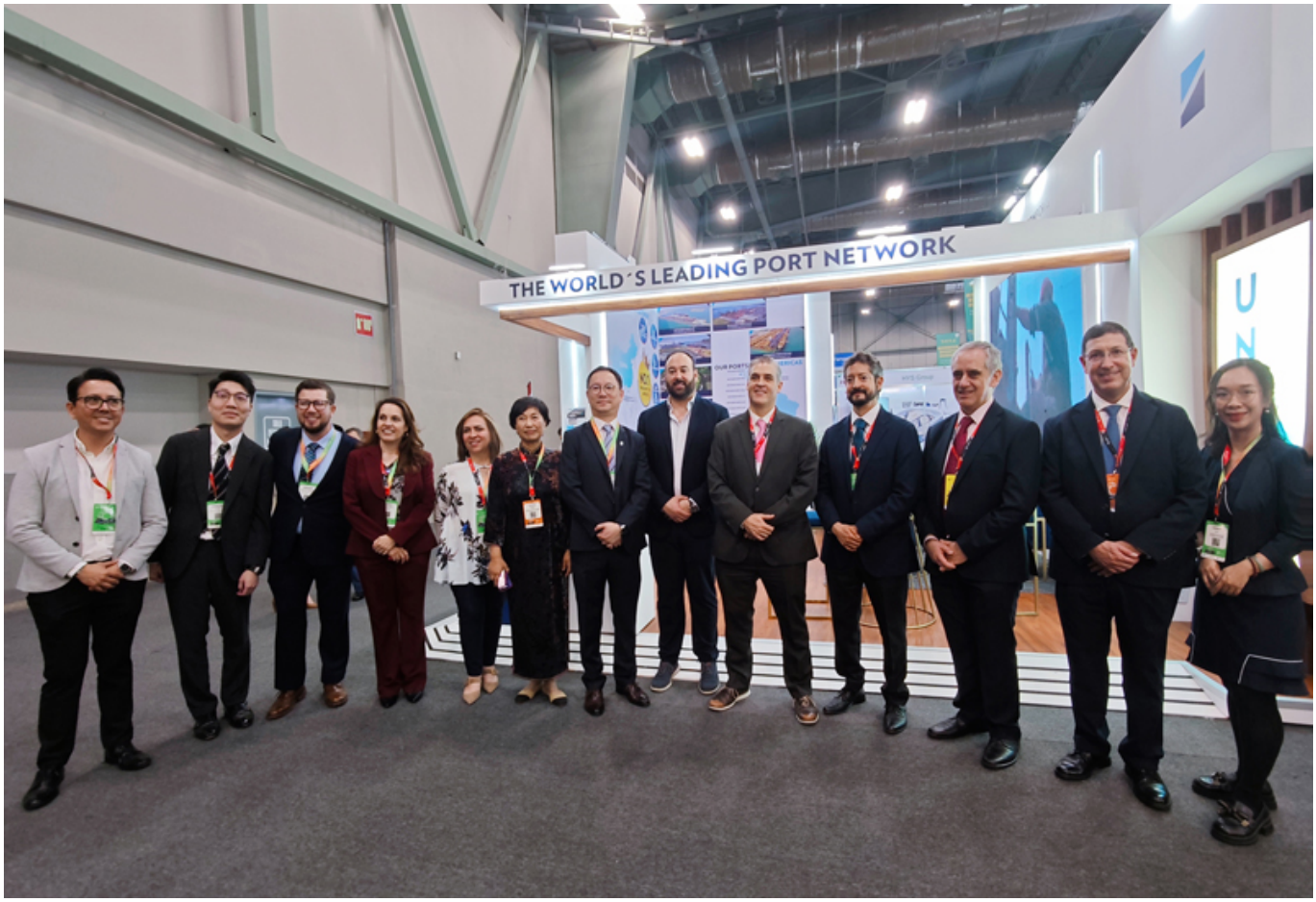
Neville Lam, General Manager – Commercial
Hutchison Ports YANTIAN



- No. 1 frequency to Mexico
- Covering 37 shipping lines
- 31 rail connectivity
- Fastest transit time to South & Central America – 23 days
- Over 100 daily barge service covering the PRD

HUTCHISON PORTS AT THE 2024 MEXICO-CHINA MODERN INDUSTRIAL FAIR





Representatives from Hutchison Ports YANTIAN and Mexico exhibited at the 2024 Mexico-China Modern Industrial Fair to promote their strengths and services in the Americas market. The fair provided a platform for networking, discovering new opportunities, and developing business in the automotive industry and global supply chain.

Key Benefits and Outcomes:

1. Insights into China-Mexico Trade Corridors:
   Gain firsthand knowledge of trends, technologies and best practices.
   Optimise logistics solutions to serve the growing trade lane.
2. Sharing Logistics Best Practices:
   Demonstrate best practices to potential customers and partners in Mexico.
   Highlight operational excellence and world-class terminal facilities.
3. Logistics Partnership Opportunities:
   Identify potential partners in Mexico to streamline cross-border transportation and logistics services.
4. Increased Brand Visibility and Credibility:
   Enhance awareness and reputation as a leading global port network and logistics provider in the Americas and The Caribbean.

As global trade still faces a sign of slowdown, the flow of goods from China to Mexico is expected to keep growing and is likely the most robust trade in the world at the moment. The collaboration of Hutchison Ports terminals in South China and Mexico connecting the Latin America market will continue to drive greater trade flows and offers comprehensive trade and logistics solutions. The strategic partnership is crucial in facilitating the supply chain between China and Mexico.

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