

Memorandum of Understanding

Between



**The Scottish
Government**
Riaghaltas na h-Alba

and



中铁三局集团有限公司
China Railway No.3 Engineering Group Co.,Ltd

March 2016

PURPOSE

This memorandum reflects discussions between the First Minister for Scotland with Dr Peter Zhang and Sir Richard Heygate, representatives of China Railway No.3 Engineering Group (CR3), and SinoFortone Group (SinoFortone), hereafter referred to as "The Parties".

The President and the People's Republic of China have created an international strategy, "One Belt One Road" that seeks to deepen understanding and commercial relationships between countries lying between China and Europe.

1. The purpose of this MOU is to set out the basis and general principles for initial discussions between the parties with the overall objective of considering ways in which SinoFortone and CR3 can develop and fund major infrastructure projects in Scotland.
2. In so far as possible, the parties will be mutually supportive of each other in working towards this purpose and seek to develop a relationship that could lead to a program of investment into Scottish priority projects and infrastructure to the value of £10Bn.

WHEREAS

1. Dr Peter Zhang and Sir Richard Heygate brought to the First Minister's attention the opportunity to discuss with SinoFortone and CR3, investment and infrastructure projects in Scotland and consequently to deepen the personal relationships between the two countries.
2. Preliminary talks between the parties suggest that Scotland could benefit from such discussion in a number of important areas, such as Affordable Housing, Communities, Clean Energy, Industry and Business Parks and Transportation Infrastructure.

IT IS ACKNOWLEDGED AND AGREED AS FOLLOWS

1. That developing our relationships between Scotland and China is potentially mutually beneficial.
2. That the potential program of opportunities will be wide ranging and could include; a) creating and improving trade relationships between Scotland and China in both directions; b) creating employment in Scotland; c) securing investment into communities across Scotland.
3. That the parties will work together to identify resources and other supporting parties, that can work together to develop a program of potential projects for investment.

4. That it may also be necessary to adapt the operational and funding model normally used by China for such projects to ensure compliance with Scottish domestic and European law.
5. That Scottish financial institutions and other bodies may be approached with a view to obtaining their support for the program, or specific projects that may be taken forward.
6. That consideration will be given to using or developing best practice methods and solutions for investment opportunities as appropriate.
7. Strong existing links between our countries will be beneficial and potentially strengthened by this relationship.

SEQUENCE OF EVENTS

1. Agree and sign joint MOU.
2. Support the First Minister and others in Scotland in building strong working relationships with appropriate leaders and influential decision makers in China.
3. SinoFortone and CR3 work with Scottish Government, Directorate for Economic Development, Jonathan Guthrie and his team to create a target list of potentially suitable projects.
4. Consider options for a robust model that could see opportunities structured, financed and delivered in Scotland.
5. Propose for each of these a suitable operational model, local partnerships and funding strategy that is compliant with Scottish domestic and European law obligations.
6. Develop joint communications around the development of potential opportunities in the program.
7. Develop joint research and academia linked programs to support the project.

LEGAL STATUS AND CONFIDENTIALITY

This MOU is intended as a statement of intent and a platform to share confidential information, not a binding legal agreement.

COSTS

Nothing under this MOU shall be taken to represent a commitment of funds on the part of either party and, unless otherwise agreed between the parties in writing, each party will bear its own costs relating to activities further to this MOU

VALIDITY, REVISIONS AND TERMINATION

This MOU shall be effective once signed by BOTH parties. The MOU may be terminated by any of the parties for reasonable cause upon prior notice to the other parties, such notice to provide the grounds for termination. Ongoing collaborative

activities undertaken on the basis of joint work plans developed by the parties will continue to the extent required for their completion, unless terminated by separate agreement between the parties to such effect. Any revisions to this MOU shall be agreed in writing between the parties.

EXTERNAL COMMUNICATION

Each party may make public reference to the existence of this MOU as it thinks relevant and appropriate, provided that each party will obtain the approval of the other parties for the contents of any press release relating to the terms of this MOU prior to issue of such press release. The whole MOU may be subject to release in the event of a request for information made under the Freedom of Information (Scotland) Act 2002

Signed in two originals



First Minister for Scotland



Sir Richard Heygate,



Dr Peter Zhang

China Railway No. 3 Engineering Group (CR3), and SinoFortone (UK) Ltd

