

# Corporate Policy and Strategy Committee

10.00am, Tuesday, 2 October 2018

## Visit to Shenzhen, China and Agreement to Further Collaboration

Item number	7.10
Report number	
Executive/routine	Executive
Wards	All
Council Commitments	2

### Executive summary

---

This report provides an update on Edinburgh's collaborative agreement with Shenzhen in China and recommends that the Lord Provost leads a delegation to Shenzhen in October 2018 to deliver a series of co-investments between the cities and to further extend the cities' cooperation. The report seeks the Committee's authorisation for the Lord Provost to visit Shenzhen, including to sign a commitment to reinforce and extend cooperation between Edinburgh and Shenzhen for a further five years.

## Visit to Shenzhen, China and Agreement to Further Collaboration

### 1. Recommendations

---

- 1.1 It is recommended that the Committee:
  - 1.1.1 Notes the delivery of mutual opportunities for Edinburgh and Shenzhen from the Memorandum of Understanding (MOU) signed in 2013.
  - 1.1.2 Notes the potential ongoing and future benefits to the city of furthering links between Edinburgh and Shenzhen as part of the Council's strategic international engagement with China.
  - 1.1.3 Notes the co-delivery and pooling of resources and opportunities with key sectoral interests in Edinburgh in furthering relations with Shenzhen.
  - 1.1.4 Approves that the Lord Provost lead a delegation to Shenzhen in October 2018, as agreed with Shenzhen, to further extend discussions on the relationship, jointly with key Edinburgh stakeholders. This would include agreement on behalf of the Council to sign a commitment with Shenzhen for reinforced cooperation, as outlined in paragraph 3.9, for a further five years.

### 2. Background

---

- 2.1 The cities of Edinburgh and Shenzhen signed an MOU for five years to create dedicated soft landing and investor support for the creative and tech sectors. Council officers researched the opportunities with Shenzhen's creative and tech sector given the city's UNESCO City of Design status, the growth and ecosystem of its creative industries and its exceptional tech and Research and Development (R&D) base. Since then, Shenzhen has grown in greater significance as a major player in the Guangdong-Hong Kong-Macau Greater Bay area.
- 2.2 The MOU (appended) was witnessed at the time by Scottish Government Ministers as part of the Scotland China Plan and has since then been supported via the office of the Scottish First Secretary, China.
- 2.3 In terms of progress and outputs a wide range of companies from both cities have accessed the soft landing support. Since the profile of the project has grown, links have been created into life sciences and education, dovetailing with wider city interests, in particular with the University of Edinburgh.
- 2.4 At the time of the original MOU, the agreement with Shenzhen was unique in UK China relations. SDI has since extended operations in South China, and London

has opened an office in Shenzhen. Shenzhen has become China's third city in terms of GDP, and second in terms of R&D.

### 3. Main report

---

#### Benefits to Date

- 3.1 The MOU of 2013 appointed the Shenzhen Creative Investment Group (SCIG) as Shenzhen Government's delivery partner of the Edinburgh soft landing space in Shenzhen. The SCIG is now established in Edinburgh and a Mandarin speaking member of the team with a Doctorate in life sciences works with the Council's Investment and International Relations team on the project. The SCIG has 15 subsidiaries and employs over 2,200 people. Its focus is on supporting SMEs in creative industries, including education and it operates F518 Idea Land incubation and creative industry showcase space, (60,000 sq m) where the Edinburgh soft landing space is based.
- 3.2 Extensive messaging since 2013 by Shenzhen on Edinburgh's award winning innovation eco-system and tech base has led to a high profile in Shenzhen and growing interests in Edinburgh across wider sectors. Edinburgh companies using the Shenzhen base and support to showcase products and services have further focussed attention on Edinburgh and created new business opportunities. Examples include: Senient Systems (initially into Edinburgh from the US), Sainted Media, Snap40, SpotSensor, Sensewhere, SpeechGraphics, Kal and Freakworks.
- 3.3 Incoming company interests from Shenzhen have tended to be wider than the creative industries sector and include investors attending Edinburgh's Engage Invest Exploit investment showcase (Kotler, BYD, Alibaba, Huawei, CITIC, Hawk Eye, Codemao, SXUltrasonic, Syno Minicircle, NuboMed, Digital Tiger, Lofree) and others within Smart Shenzhen – [www.smartshenzhen.com.cn](http://www.smartshenzhen.com.cn).
- 3.4 The Edinburgh Chamber of Commerce is supporting the project with soft landing space and the University of Edinburgh's Diabetes project has taken space at F518. In November 2016, The University of Edinburgh and Hua Xia Healthcare formed a new academic-industry collaboration to pursue opportunities in China's healthcare market, commencing with Shenzhen, in the field of diabetes.

#### Proposed Visit

- 3.5 The Lord Provost has been invited to visit Shenzhen in October 2018 to attend the opening of the new Merchiston International School in Shenzhen and to extend the visit to Putian to attend the ribbon cutting ceremony of the new joint venture hospital in Putian by the University of Edinburgh / Edinburgh International Investments. This follows the establishment of the Shenzhen Diabetes Hospital joint venture by the University of Edinburgh / Edinburgh International Investments and Hua Xua Healthcare.
- 3.6 An opportunity has therefore arisen to pool discussion with the academic and education sectors, including life sciences, to explore the Edinburgh Shenzhen relationship further.

- 3.7 It is therefore recommended that the Lord Provost's delegation include an invitation to the Scottish First Secretary, China and the University of Edinburgh to join discussions with Shenzhen on how the relationship between the cities could be reinforced to pool resources and maximise benefits for both cities.
- 3.8 With Committee's approval, this would include agreement to sign a commitment with Shenzhen for reinforced cooperation, as outlined in paragraph 3.9.
- 3.9 It is proposed that during the visit both cities agree to extend cooperation for a further five years as follows:
- continue the collaboration in the creative and tech industries (as outlined by the 2013 MOU);
  - continue to provide soft landing facilities and business support services with partners;
  - strengthen and build upon the excellent work to date which has linked trade and investment opportunities with Shenzhen;
  - encourage wider links to build collaboration, partnership and investment opportunities in the creative, tech and design sectors;
  - deepen exchanges in life sciences and ICT (robotics, artificial intelligence, data driven innovation);
  - and further education links (student exchanges, university collaboration, establishment of international schools); and
  - and further potential flight route development.

## **4. Measures of success**

---

- 4.1 Re-commitment to the delivery of creative and tech sector collaboration and investment opportunities as designed in the initial MOU in 2013. The opportunity to drive collaboration for a further five years in line with mutual city benefits. Support of both the City of Edinburgh Council and Shenzhen Government for the University of Edinburgh / Edinburgh International Investments Diabetes Hospital project, and support for further development of this joint venture healthcare project to the city of Putian, and the opening of the Merchiston School Campus in Shenzhen.

## **5. Financial impact**

---

- 5.1 Flights from Edinburgh via Istanbul to Hong Kong and return are being provided by Turkish Airlines for the Lord Provost and the City Officer. Accommodation and local expenses are covered by Merchiston International School Shenzhen and University of Edinburgh / Edinburgh International Investments. The costs of accompanying officer support from Economic Development are anticipated to be £2,000.

## **6. Risk, policy, compliance and governance impact**

---

- 6.1 There are no specific risks arising other than those referenced in international travel risk assessments.

## **7. Equalities impact**

---

- 7.1 No equalities impacts arising.

## **8. Sustainability impact**

---

- 8.1 Travel, including flights, will be arranged in accordance with the Council's policy.

## **9. Consultation and engagement**

---

- 9.1 Consultation is ongoing with a range of stakeholders in Edinburgh, the China Britain Business Council, the Chamber of Commerce, the universities, the Scottish Government and the UK Embassy in China.

## **10. Background reading / external references**

---

- 10.1 July 2018 Edinburgh Shenzhen event and Shenzhen films:  
<http://futurescot.com/smart-shenzhen-showcases-collaboration/> ,  
<https://www.youtube.com/watch?v=5eiSBYHqX20>,  
<https://www.youtube.com/watch?v=SNQdMiZtM2g>

### **Paul Lawrence**

Executive Director of Place

Contact: Elaine Ballantyne, Service Manager, Investment and International Relations

E-mail: [elaine.ballantyne@edinburgh.gov.uk](mailto:elaine.ballantyne@edinburgh.gov.uk) 0131 469 3854

## **11. Appendices**

---

1. 2013 MOU between Edinburgh and Shenzhen
2. Invitations from Merchiston School and Edinburgh International Investments.

**Memorandum of Understanding**  
**on**  
**the Establishment of the Edinburgh - Shenzhen International**  
**Creative Industry Incubation Centre**

On June 26 2013, the Scottish Minister for External Affairs and International Development, Humza Yousaf and the Lord Provost of the City of Edinburgh Council visited Shenzhen and met with Vice Mayor Madam Wu Yihuan. Both parties exchanged proposals on the establishment of joint International Creative Industry Incubation Centres in Edinburgh and Shenzhen.

In order to enhance the relationship and to promote the collaboration between the cities of Edinburgh and Shenzhen, the City of Edinburgh Council and the City of Shenzhen agreed to sign a "Memorandum of Understanding on Establishing the Edinburgh - Shenzhen International Creative Industry Incubation Centres" and agreed on the following matters of cooperation:

- 1) Based on the principle of mutual benefit, the cities of Edinburgh and Shenzhen will endeavour to strengthen commercial and R & D cooperation in the creative and cultural industry to achieve shared prosperity and development.
- 2) The Heads of the relevant Departments in each city will maintain regular contact in order to promote Edinburgh and Shenzhen as two leading international creative centres.
- 3) Edinburgh and Shenzhen will encourage bilateral business ties and support the internationalisation of local creative businesses by establishing the cultural and creative industries incubator centres.
- 4) Edinburgh and Shenzhen parties will endeavour to increase the trade and investment in the cultural and creative industries and to promote their sustainable development.
- 5) Bilateral cultural and creative industries visits will be carried out between Edinburgh and Shenzhen on the basis of mutual agreement.
- 6) Edinburgh and Shenzhen shall endeavour to establish the "Edinburgh - Shenzhen International Creative Industry Incubator Centre," in both cities and

the first tranche of companies will be encouraged to set up in the incubation centres within 3 years.

7) The above actions will be coordinated by the relevant Department in each city.

This Memorandum of Understanding is written in Chinese and English, each in duplicate, and both texts being equally authentic. This Memorandum of Understanding is signed on 26 June 2013 in Shenzhen with effect from the date of signing.



Mr Xinliang Chen  
Deputy Director General  
Shenzhen Municipal Bureau of  
Culture, Sports and Tourism  
People's Republic of China



The Rt Hon Donald Wilson  
Lord Provost of the City of  
Edinburgh

# 深圳-爱丁堡国际创意产业孵化中心 友好交流合作备忘录

2013年6月26日，苏格兰对外事务及国际发展部部长胡穆萨·尤萨夫率代表团对深圳市进行了友好访问。胡穆萨·尤萨夫部长和爱丁堡市市长当·劳威尔森与深圳市副市长吴以环亲切会面，双方进行了友好交谈，并就联合建立国际创意产业孵化中心事宜交换了意见。

为增进两市友谊，推动双方的交流与合作，经协商，双方同意签署《深圳-爱丁堡国际创意产业孵化中心友好交流合作备忘录》，并就下列事宜达成合作意向：

一、根据互利原则，双方在创意和文化领域加强商业和研发合作，促进相关产业繁荣发展；

二、双方领导人及有关部门应保持经常的联系，以推广深圳和爱丁堡作为国际领先创意产业中心的地位；

三、共同促进双方企业的商业联系，支持当地创意企业的国际化进程，推动互建文化创意产业孵化中心；

四、双方增加在文化创意产业领域的贸易投资，促进相关产业的健康持续发展；

五、双方将派出文化创意产业代表团互访；

六、双方将致力于三年内分别在深圳和爱丁堡建立“深圳-爱丁堡国际创意企业孵化中心”，双方第一批企业进驻孵化中心；

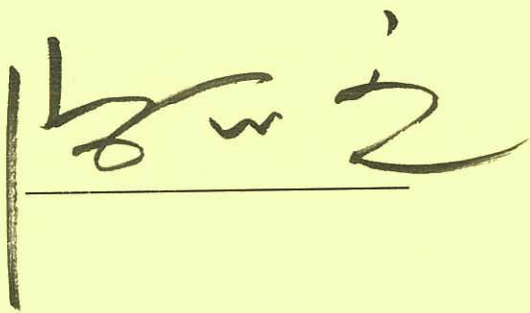
七、上述交流合作具体事宜由两市文化部门负责协调联系。



本备忘录用中、英文写成，各一式两份，两种文字具有同等效力；备忘录于2013年6月26日在深圳签署，自签字之日起生效。

深圳市文体旅游局副局长  
陈新亮先生

爱丁堡市市长  
当劳·威尔森先生



A handwritten signature in Chinese characters, appearing to be '陈新亮' (Chen Xinliang), written in black ink. The signature is positioned above a horizontal line.



A handwritten signature in English, 'Donald Wilson', written in black ink. The signature is positioned above a horizontal line.



30 July 2018

Mr Edward Tsang  
CEO  
16668 Ltd

Dear Mr Tsang

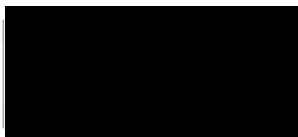
**Merchiston International School – Opening Ceremony Invitation**  
**Rt Honourable Frank Ross, Lord Provost and deputy Lord Lieutenant of Edinburgh City Council**

Further to your discussions with Mr David Rider from Merchiston Castle School, Edinburgh, I am pleased to advise that Mr Vincent Chen will be delighted to sponsor the Lord Provost's visit, including yourself and an officer, to Shenzhen covering transportation, meals and accommodation from his arrival on 11 October to his departure on Saturday 13 October.

As well as the official opening ceremony, scheduled for 2pm Saturday 13 October, Mr Chen and Mr Lyu would like to invite the Lord Provost to a lunch on Saturday to which they will invite local entrepreneurs and businessmen with interests in working in Edinburgh and with Edinburgh companies, with the aim of strengthening the Edinburgh/Shenzhen MOU collaboration.

We are looking forward to seeing Mr Ross again.

Yours sincerely



Sonia Buchan  
Director of Marketing & Admissions



## EDINBURGH INTERNATIONAL INVESTMENTS

Nine Edinburgh BioQuarter, 9 Little France Road, Edinburgh, UK EH16 4UX

23<sup>rd</sup> July 2018

TO WHOM IT MAY CONCERN

Edinburgh International Investments (EII) was established on 9<sup>th</sup> March 2018 and is a joint venture between the University of Edinburgh and Hua Xia Healthcare, a Hong Kong listed healthcare management and investment company. EII has a subsidiary company in Shenzhen where we collaborate with Shenzhen People's Hospital to establish an international diabetes centre. Our company is also active in promoting business and relations at large between Shenzhen, other Chinese cities and Edinburgh. In May of this year, we held our 2<sup>nd</sup> annual 'Night of Edinburgh' investors evening in Shenzhen which the Lord Provost attended. At this event, our company facilitated a promising connection with China Merchants Group, a 160 year old conglomerate with holdings in banking, insurance, shipping and port construction, operating 53 ports in 20 countries.

In addition to our interests in Shenzhen, our company has also agreed terms to establish the Edinburgh International Hospital in Putian City, Fujian Province - which neighbours Shenzhen's Guangdong Province. Two linked tower blocks are now topped off and we expect to commence internal refurbishment by Q4 of this year. This major project, to the best of my knowledge, is the first UK established hospital in modern China.

We are planning a 'ribbon cutting' ceremony at the hospital site with opportunities to meet with high profile investors on October 14<sup>th</sup> 2018. With this in mind, we would be delighted if the Lord Provost could join us so the City of Edinburgh is represented at the highest level.

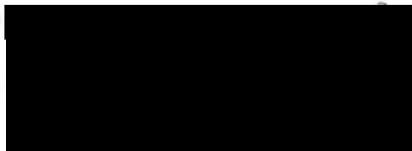
My company commits to arranging and paying for rail tickets, flights, hotel and meals for the Lord Provost and his accompanying officer from when they depart Shenzhen for Putian by high speed train on Saturday 13<sup>th</sup> October until the evening of Monday 15<sup>th</sup> October when they arrive at Hong Kong Airport for their return flight to the UK. During this period, they would be accompanied by either myself and/or Dr David Jiang, our company's Chairman.

Furthermore, should your other sponsorship efforts fall short, I am happy to discuss further support.

Please feel free to contact me by email ( [Nick.Mackie@eii-invest.com](mailto:Nick.Mackie@eii-invest.com) ). I will be in the UK from August 3<sup>rd</sup> for 2 weeks and am happy to arrange a time to discuss in person.

Thank you for your attention. I trust the above is of interest.

Kind Regards,



Nick Mackie  
General Manager