

Our Ref. : LT16003506
Job Ref. : 8026

DUPLICATE

29 March 2016

(To Email and To Be Collected)

Mitsubishi Elevator Hong Kong Co. Ltd.
7/F, 321 Java Road, North Point,
Hong Kong

Attn: Mr. Henry Yan

Dear Sirs,

Re: **Proposed Residential Development at New Kowloon Inland Lot No 6516 & 6517**
- Supply and Installation of Lifts Nominated Sub-Contract
- Letter of Nomination

On behalf of the Employer, Ace Dragon Development Limited, we are pleased to inform you that your Tender 'C' submitted on 31st October 2014 for the captioned works has been selected to enter into a Nominated Sub-contract with the Main Contractor (China Overseas Building Construction Limited), in the Sub-Contract Sum of **HK\$48,932,000.00** (Hong Kong Dollars Forty Eight Million Nine Hundred and Thirty Two Thousand Only) subject to the following terms and conditions:-

1. Sub-Contract Sum

Tender Sum submitted on 31st October 2014:	82,000,000.00
Less: Cost adjustment under Tender Query 1	(10,000.00)
Add: Cost adjustment under Tender Query 2	568,000.00
Less: Cost adjustment for change of Specification Details As per Mitsubishi's letter dated 1st Apr 2015 (as per Mitsubishi's letter ref. 4075/SAL/0221-15-13/MTTH)	(33,258,000.00)
Add: Cost adjustment for change of Specification Details As per Mitsubishi's letter dated 7 May 2015 (as per Mitsubishi's letter ref. 4075/SAL/0321-15-13/MTTH)	1,122,000.00
Less: Discount As per Mitsubishi's letter dated 7 May 2015 (as per Mitsubishi's letter ref. 4075/SAL/0321-15-13/MTTH)	(432,000.00)
Final Best Offer for Cost Saving Proposal	49,990,000.00
Less: Design Change of Lift L3 (975 kg and 1no. 1050mm W door opening.	(2,088,000.00)
Revised Final Best Offer for Cost Saving Proposal	47,902,000.00

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1. Sub-Contract Sum (Cont'd)Adjustment

Add: 1) Enlargement of Tower Lift Door to 1050mm W* (Tower 1 – 5no., Tower 2 – 3no., Tower 3 – 4no. and Tower 5 – 4 no.; Total 16 no.)	246,000.00
Add: 2) i) Change of door panel and door jamb from metallic paint sheet steel to nickel silver hairline stainless steel for G/F only * (Tower 1 – 5no., Tower 2 – 3no., Tower 3 – 4no. and Tower 5 – 4 no.; Total 16 no.)	64,000.00
Add: ii) Change of door panel and door jamb from metallic paint sheet steel to nickel silver hairline stainless steel (Block 13 no.)	348,000.00
Add: 3) Add A/C units inside lift cars (Tower 1 – 5no., Tower 2 – 3no., Tower 3 – 4 no. and Tower 5 – 4 no.; Total 16 no.) (Block – 13no.) (Podium – 2no.)	192,000.00 156,000.00 24,000.00

Awarded Sub-Contract Sum**48,932,000.00**

Remarks:

-It is mutually agreed that the Lump Sum discount is one-off basis and not applicable for calculation of any discount factors.

* - Exclude Tower Service Lift L9, L14 & L19

- Lift L33 is glass door with stainless steel frame at all floors & L36 is stainless steel door at B/F floor and glass door with stainless steel frame at G, 1-2/F

- Retail Lift L34, L35, L37 & L38 are with stainless steel door panel and door jamb in Cost Saving Proposal

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2. Contract Period

The Main Contract has commenced on 12 June 2015. The Contract Period of the respective stages of the Main Contract Works is in calendar days are listed below (inclusive of all holidays, Sundays and days of typhoon and inclement weather):-

Stage	Milestone Works	Milestone Commencement Date	Milestone Completion Date	Liquidated and Ascertained Damages
1.	Completion of the Mockup Floor	Date for Possession	290 days from and including the Date for Possession	HK\$200,000.00 / per day
2.	Completion of EVA (Outside North-West of Site Boundary)	Date for Possession	500 days from and including the Date for Possession	HK\$200,000.00 / per day
3.	Obtaining the Occupation Permit	Date for Possession	590 days from and including the Date for Possession	HK\$320,000.00 / per day
4.	Completion of all works under the Contract	Date for Possession	680 days from and including the Date for Possession	HK\$320,000.00 / per day

You are required to agree a programme for the Sub-Contract Works to be completed within a period to suit the Main Contractor's construction programme, which may be revised from time to time. Any storage and handling charges incurred due to your premature delivery of equipment shall be borne by you.

In case when two or more milestones are delayed and remain incomplete at the same time, the Liquidated and Ascertained Damages shall be imposed against the Contractor in respect of his liability referred to Clause 3 of Form of Sub-Contract, provided always that the rate of Liquidated and Ascertained Damages for such period of coexisting delay/ incompletion shall not exceed the maximum Liquidated and Ascertained Damages in the amount of HK\$320,000.00 per day.

✳ It is expressly agreed that the maximum liability shall be limited to 20% of the Sub-Contract Sum, i.e. HK\$9,786,400.00 (Hong Kong Dollar Nine Million Seven Hundred Eighty Six Thousand Four Hundred Only)

3. Lump Sum Fixed Price Contract

The Sub-Contract shall be a lump sum fixed price contract for carrying out of the whole of the Works in conformity with the Drawings, Specification, Building Regulations and Requirements of the local authorities having jurisdiction over the Works and all other terms and conditions. There will be no adjustment to the Sub-Contract Sum as a result of rises or falls in the cost of labour, materials or exchanges rates of currencies.

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4. Schedule of Rates

It is mutually agreed that all unit rates and prices in the Schedule of Rates submitted together with your Tender on 31st October 2014 and contract correspondence as stipulated in Item 5 of this letter of Nomination shall be used for all variation works measurement.

5. Contract Correspondence

It is agreed that this Letter of Nomination shall be incorporated into the Sub-Contract Document and shall form part of the Sub-Contract together with the following correspondence and documents. In the event discrepancies and/or divergences being found between the correspondence and the documents as listed herein below, the succeeding correspondence and documents shall override the one preceding. However, this Letter of Nomination shall take precedence over all correspondence and documents as listed herein below in case of conflict:-

- LWK's letter ref. LT15005138 dated 16th July 2015
- Mit's email dated 5th June 2015 (13:33)
- COPL's email dated 5th June 2015 (13:02)
- Mit's email dated 28th May 2015 (17:43)
- Mit's email dated 28th May 2015 (12:56)
- Mit's email dated 26th May 2015 (17:16)
- Mit's email dated 26th May 2015 (09:18)
- COPL's email dated 22nd May 2015 (16:12)
- Mit's email dated 22nd May 2015 (11:58)
- Mit's email dated 19th May 2015 (14:25)
- COPL's email dated 19th May 2015 (09:51)
- Mit's email dated 12th May 2015 (11:40)
- Mit's letter ref. 4075/SAL/0330-15-13/MTTH dated 11th May 2015
- Mit's letter ref. 4075/SAL/0321-15-13/MTTH dated 7th May 2015
- Mit's email dated 6th May 2015 (15:59)
- COPL's email dated 5th May 2015 (13:22)
- Mit's email dated 5th May 2015 (11:25)
- COPL's email dated 4th May 2015 (17:01)
- Mit's email dated 4th May 2015 (12:45)
- Mit's email dated 4th May 2015 (11:21)
- COPL's email dated 4th May 2015 (09:58)
- Mit's email dated 4th May 2015 (09:33)
- Mit's letter ref. 4075/SAL/0305-15-13/MTTH dated 30th April 2015
- COPL's email dated 29th April 2015 (17:57)
- WSP's email dated 28th April 2015 (22:46)
- WSP's email dated 28th April 2015 (12:54)
- COPL's email dated 22nd April 2015 (14:31)
- Mit's email dated 22nd April 2015 (13:19)
- COPL's email dated 22nd April 2015 (09:04)
- Mit's letter ref. 4075/SAL/0221-15-13/MTTH dated 1st April 2015
- Mit's letter ref. 4075/SAL/0183-15-13/MTTH dated 11th March 2015
- Mit's email dated 11th March 2015 (16:41)
- DLKPK's fax ref. 60303698/HK1595/F01/FOK1503019 dated 9th March 2015
- WSP's email dated 9th March 2015 (14:55)
- Mit's letter ref. 4075/SAL/0113-15-13/MTTH dated 12th February 2015
- DLKPK's email dated 4th February 2015 (11:21)

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5. Contract Correspondence (Cont'd)

37. DLKPK's fax ref. 60303698/HK1595/F01/FOK1502011 dated 3rd February 2015
38. Mit's Best Offer dated 16th January 2015
39. Mit's email dated 15th January 2015 (09:42)
40. COPL's email dated 14th January 2015 (18:35)
41. Mit's letter ref. 4075/SAL/1002-14-13/MTTH dated 29th December 2014
42. DLKPK's email dated 22nd December 2014 (15:58)
43. DLKPK's fax ref. 60303698/HK1595/F01/FOK1412055 dated 19th December 2014
44. Mit's email dated 16th December 2014 (18:02)
45. Mit's letter ref. 4075/SAL/0932-14-13/MTTH dated 2nd December 2014
46. DLKPK's email dated 25th November 2014 (15:04)
47. DLKPK's fax ref. 60303698/HK1595/F01/FOK1411044 dated 24th November 2014
48. Mit's letter ref. 1313-4075/MTTH dated 31st October 2014
49. DLKPK's fax ref. HK1595/F01/FOK1410080 dated 22nd October 2014
50. DLKPK's letter ref. 60303699(HK1595)/L2014002749C dated 15th October 2014
51. DLKPK's fax ref. HK1595/F01/FOK1409061 dated 25th September 2014
52. DLKPK's fax ref. HK1595/F01/FOK1409058 dated 25th September 2014
53. DLKPK's letter ref. 60303699(HK1595)/L2014002650C dated 24th September 2014
54. DLKPK's letter ref. 60303699(HK1595)/L2014002463C dated 9th September 2014

Abbreviation:

COPL	-	Ace Dragon Development Limited
WSP	-	WSP Hong Kong Limited
DLKPK	-	Davis Langdon KPK (Hong Kong) Limited
Mit	-	Mitsubishi Elevator Hong Kong Co. Limited
LWK	-	LWK & Partners (HK) Limited

It is further agreed that any correspondence aforementioned relating to method statements, programmes etc. shall not form part of the Sub-Contract. You are required to submit the same formally for the Architect's approval as required by the Sub-contract Document.

Unless otherwise expressly and specifically accepted by Employer or the Architect in writing, all tender qualifications, if any, are agreed to be unconditionally withdrawn by you.

6. Insurance

A "Contractor's All Risks" insurance policy inclusive of Third Party Liability Insurance have been taken out by the Main Contractor in the joint name of the Employer / Main Contractor and/or their Sub-Contractors, including the Nominated Sub-Contractor to cover Works. It is expressly agreed that you are satisfied with the terms, exclusions, provisions and conditions contained in the Policy and you have allowed in your Sub-Contract Sum for indemnifying the Employer against all exclusions and excess clauses as stated in the Policy.

You are required to take out all relevant insurance policies prior to commencement of works in accordance with the Sub-Contract and no payment for the insurance items shall be made unless and until the originals of the policy and receipts in respect of premium paid are produced for verification purpose.

7. Surety Bond

You are required to provide the Employer with a Surety Bond in a sum of HK\$4,893,000.00 under the terms of a bond in accordance with the specimen form attached as Appendix 'A' to Form of Tender.

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8. Terms of Payment

It is hereby agreed that the terms of payment will be made as follows:

	Stage	% Payment
(i)	Upon signing of the Letter of Intent	5%
(ii)	Upon presentation to the Architect copy of the Acknowledgement of order issued by lift and escalator manufacturer.	10%
(iii)	Upon major equipment are ready for shipment with claims supported by certified shipping document.	25%
(iv)	Upon arrival of major equipment on Site.	25%
(v)	Upon completion of the installation as certified by the issuance of Lifts Certificate / Use Permit by the relevant Authorities and as certified by the Architect.	30%
(vi)	Upon issue of Certificate of Practical Completion of the Main Contract or after the As Fitted Drawings and Maintenance & Operating Manuals have been submitted and approved by the Architect, whichever is the later.	2.5%
(vii)	Upon expiration of the Defects Liability Period or on the issue of the Certificate of Completion of Making Good Defects whichever is the later.	2.5%

(Note: Stage (ii) to (v) inclusive will be applied in proportion to each no. of the lifts to be installed.)

Pending the execution of the formal contract documents between you and the Main Contractor, this Letter of Nomination together with your confirmation hereto, the correspondence and documents as above-mentioned in Item 5 of this letter and your submitted tender shall constitute a binding agreement on the Employer's part to nominate you as the Sub-Contractor for the above Sub-Contract Works and on your part to accept such nomination. You are therefore required to proceed with all necessary preparatory works including shop drawings and material submission, so as not to cause delay to the programme.

Please confirm your agreement to the contents of this letter by endorsing and returning the duplicate copy of this letter and return the duly signed and witnessed Form of Warranty to our office within 7 days from the date of this letter, failing which we reserve the right to withdraw this nomination without prior notice.

Yours truly
For and on behalf of
LWK & Partners (HK) Limited

Paul Ng
Director

Confirmed and Accepted by:
For and on behalf of
Mitsubishi Elevator Hong Kong Co. Ltd.

(Authorised Signature with Company Chop)
Date: 5/4/2016

RL/IF/PN/KL/HC/KPS/BL/nkm

CC: Ace Dragon Dev. Ltd.

OAP (H.K.) Ltd.
WSP H.K. Ltd.
AECOM Consulting Services Ltd.
Davis Langdon KPK (H.K.) Ltd.

Mr. Philip Chan/ Mr. Desmond Tse (By Email)
Mr. Alfred Lam/ Ms. Yvonne Leung (By Email)
Mr. James Ng/ Mr. Harold Cheng (By Email)
Mr. Eric Lo / Mr. Juson Tong (By Email)
Mr. Rodney Ip / Mr. Elaine Ma (By Email)
Ms. Rebecca Yan / Mr. Andy Leong (By Email)

