

non-binding

DUS's Manual

SAMPLE LETTER OF INTENT FOR MAIN CONTRACT

Ref.C/35

Note : For use when certain terms have not yet been agreed or certain conditions are not yet met to allow award by the Employer but it is desired to commence works to avoid delay)

[date]

[Contractor]

Dear Sirs,

[Project Title]
LETTER OF INTENT

On behalf of [name of Employer] ("the Employer"), we are pleased to confirm that it is our intention to enter into a Contract with you for the construction and completion of [project name].

1. The documents which will form the Contract, to be formalized later, are set out below :-
 - 1.1 The Articles of Agreement
 - 1.2 Conditions of Contract
 - 1.3 Special Conditions of Contract
 - 1.4 Conditions of Tender
 - 1.5 Form of Tender
 - 1.6 Specification
 - 1.7 Drawings
 - 1.8 Bills of Quantities
 - 1.9 Correspondence prior to Letter of Intent (as listed in Appendix A to this letter)
 - 1.10 [Others]

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2. The following matters remains outstanding, namely :

- 2.1 [List matters not yet agreed or pending confirmation]

It is our intention that once the aforesaid matters are agreed, we will issue the Letter of Award and prepare the contract documents for execution.

The Letter of Award is targeted to be issued by [date] or such other date as agreed by both parties.

3. The Contract shall provide that :-

- 3.1 the Contract Sum will be of Hong Kong Dollars of [insert awarded amount] (HK\$ _____).

- 3.2 the Commencement Date shall be [] or such other date as mutually agreed.

- 3.3 the whole of the Main Contract Works shall be completed in [] calendar days from the Commencement Date.

- 3.4 the Date(s) for Possession of Site shall be [] days from the date of this letter.

- 3.5 [Others].

4. This Letter of Intent provides the Main Contractor with the authority, subject to the terms set out below, to carry out the following activities (hereinafter referred to as "the Authorised Activities") prior to the Possession of Site :-

- 4.1 [List activities desired].

5. The Authorised Activities are subject to the following conditions :-

- 5.1 In the event that the intended contract is concluded between the Main Contractor and the Employer, the Main Contractor's entitlement to payment in respect of the Authorised Activities will be determined in accordance with that intended contract as if the Letter of Intent had been a Letter of Award and the Contract had come into full force and effect at the date of the Letter of Intent, and thereafter, the liabilities of each party which have been discharged or partially discharged under this Letter of Intent shall be deemed to have been discharged or partially discharged under the intended contract, and liabilities and duties yet to be carried out under this Letter of Intent shall be carried out under the intended contract as if the intended contract had been in place from the Commencement Date;

- 5.2 In the event that the intended contract is not concluded between the Main Contractor and the Employer by the targeted date for issuance of the Letter of Award referred to in Clause 2.0 above, the Main Contractor's authority under the terms of this Letter of Intent shall cease and the Employer shall not be obliged to pay for any work performed or obligations undertaken by the Main Contractor after this date or any exceeded amount over the limited sum referred to in clause 6.0 below unless by separate written agreement.

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6. The amount which the Employer will be obliged to pay the Main Contractor under the terms of this Letter of Intent shall be by quantum meruit to the work performed but shall not, under any circumstances, exceed [insert ceiling amount] and the Main Contractor hereby waives its rights to claim for further payment or any loss and / or expense and / or damages for works carried out under this Letter of Intent or at law. All payments made shall be deemed to be advance payments made from the Contract Sum of the intended contract.
7. The title of any materials ordered and the copyright of any design done by the Main Contractor shall vest in the Employer from the date the Employer has made payment to the Main Contractor in respect of such materials and design work.
8. This letter shall be kept confidential and both parties shall not reveal it to any third party other for the purpose of resolving the outstanding matters or carrying out the Authorised Activities.

Please confirm your agreement to the foregoing by signing the original of this Letter of Intent. The enclosed duplicate copy is for your retention.

.....
[Name of Employer]

ACKNOWLEDGEMENT

I, in the capacity of
duly authorized to sign for and on behalf of [Contractor], hereby confirm the acceptance of the terms and conditions stipulated in this Letter of Intent.

.....
Signature and Stamp of Contractor

Date

binding lot

lot

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SAMPLE LETTER OF INTENT FOR NOMINATED SUB-CONTRACT

Ref.C/37

SAMPLE LETTER OF INTENT FOR NOMINATED SUB-CONTRACT

Ref.C/37

Date

[Name of sub-contractor]
[Address]

Attention: _____

Dear Sirs,

[Sub-contract title]
LETTER OF INTENT

We are pleased to confirm on behalf of the Employer <Note 1>, [insert name of the Employer], that the tender submitted by you for the captioned is acceptable and that it is their intention to nominate you as the sub-contractor for this sub-contract in the fixed lump sum price of Hong Kong Dollars <Note 2> (HK\$ <Note 2>). The award of this sub-contract shall be subject to the following conditions:

1. This sub-contract will be awarded at a lump sum of HK\$ <Note 2> inclusive of a provisional sum for contingencies of HK\$ <Note 2>. The sub-contract sum is made up as follows:-

(HK\$)

Original Tender Sum

Add [insert detail]

Add [insert detail]

Less [insert detail]

Awarded Sub-Contract Sum

HK\$
=====

If MC is not
yet appointed.
⇒ "to be duly appointed
by the Employer at
a later stage".

2. You will be required to enter into a nominated sub-contract with the Main Contractor, [insert name of the Main Contractor] <Note 3>. You shall cooperate with the Main Contractor in the execution of your works and you shall be required to comply with and organize your works to suit the Main Contractor's programme in all aspects.

The preliminary programme, method statement and drawings <Note 4> submitted by you together with your tender are for reference only and shall not form part of the sub-contract. These documents shall be subject to the final comments/approval by the Main Contractor and our office.

4. All unit rates in your submitted schedule of rates (except for the stipulated Prime Cost Rates) shall be subject to an adjustment factor of +/- % <Note 5> for the purpose of the valuation of all future variations and interim payments.

5.)
6.) [list all particular items clarified or agreed subsequent to the submission of tender]
7.)
8.)

eg. - Payment terms
- Contract Period.

9. In addition to the original tender documents and drawings, the following documents/ correspondence shall also form part of this sub-contract

- 9.1)
9.2) [list all relevant documents/correspondence]
9.3)
9.4)

In the event of there being any discrepancy between any of the above documents/correspondence, the documents/correspondence bearing the latest date shall take precedence. In any case, this letter of intent shall prevail over the above listed documents/ correspondence in case of there being any discrepancy or conflicts. All other documents/correspondence which are not listed above shall not form part of the sub-contract.

lot/lot A
C.C.) 4.

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10. Unless otherwise expressly and specifically accepted by the Employer or Architect in writing in the documents/correspondence listed in Item 9 < Note 6> above and/or elsewhere in this letter of intent, all tender qualifications/ departures from the original tender documents/drawings proposed by you, if any, are hereby **unconditionally agreed to be withdrawn.**

EITHER

<Note 7>

[You shall perform your obligations under this sub-contract as if the same has been entered into and has taken effect from the date of this letter of intent. It is agreed that the Employer shall be entitled to enforce your performance of such obligations as if the Employer were the Main Contractor. Upon execution of the sub-contract between you and the Main Contractor, you shall release and discharge the Employer from all claims and demands whatsoever in respect of this letter of intent and such liability shall be transferred to the Main Contractor as if the Main Contractor had accepted this tender in place of the Employer.]

OR

<Note 7>

{Notwithstanding the provision in Item 2 <Note 6> above, you shall (when required by the Employer) enter into a nominated sub-contract with the Employer as if the Employer were the Main Contractor. Upon the future appointment of the Main Contractor, you shall enter into a novation agreement with both the Employer and the Main Contractor to novate the sub-contract (entered into between you and the Employer). You shall then release and discharge the Employer from any further performance of the Main Contractor's obligations under the sub-contract and from all claims and demands whatsoever in respect of the sub-contract and to accept the liability of the Main Contractor in lieu of the Employer.}

Pending the execution of the formal sub-contract documents between you and the Main Contractor, this letter of intent together with the documents/correspondence listed in Item 9 <Note 6> above shall form a binding contract on the Employer's part to nominate you as the sub-contractor for the captioned sub-contract works and on your part to accept such nomination.

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In the meantime, please arrange for the commencement of your works and submit the following documents for our approval or review:

- a. A construction programme in accordance with the tender documents.
- b. Insurance policies in accordance with the Conditions of Contract < Note 8>
- c. Performance bond in accordance with the Conditions of Contract < Note 8>
- d. Site organization chart with the contact telephone no. of the key personnel.
- e. <Note 9>

Please confirm your acceptance of the above conditions by signing and returning the duplicate of this letter to us on or before [insert date].

Yours faithfully,

Confirmed and Accepted by:

For and on behalf of
[name of Architect]

[name of sub-contractor]

Date : _____

c.c. Employer
DLS

*novation
arrangement*