

November 20, 2018

**EXCHANGE OF LETTERS ON PROJECT OF DAVAO RIVER BRIDGE
PROJECT (BUCANA)**

(Translation)

Manila, November 20, 2018

H.E. Mark A. Villar
Secretary of Public Works and Highways
The Government of the Republic of the Philippines

Your Excellency,

On behalf of the Government of the People's Republic of China, I have the honor to confirm that our two sides have, through friendly consultations, reached the following agreement:

1. According to the consensus reached by the leaders of China and Philippines, the Chinese Government agrees to help the Philippine Government to implement the Davao River Bridge Project (Bucana) (the "Project"). The Project includes the construction of bridges, roads, and related ancillary works. The total length of the route is about 1,340 meters, including the 477-meter long bridge.
2. The Project will be implemented by the Philippine side through its implementing agency. The Philippine side shall be responsible for providing land for construction, demolition of buildings, resettlement and relocation of affected families, and clearance of power lines and underground pipelines within the construction area. The Philippine side shall put out a tender to finish the selection of the Consultant and General Contractor among the Chinese companies recommended by the Chinese side. The Philippine side shall sign the applicable contracts with the Consultant and General Contractor, respectively. The Philippine side shall also facilitate the entry and exit procedures, and the permits to stay and work of the Chinese technical and management personnel. The Philippine side shall be responsible for the daily management, repair, and maintenance after the acceptance of the Project. The costs incurred in the above-mentioned responsibilities shall be borne by the Philippine side.
3. The Chinese side shall be responsible for reviewing the project investment based on the feasibility study report. The Chinese side shall bear the Project's construction costs and survey, design, and construction supervision fees within the investment cap. The Chinese side shall also appoint the project management firms for external supervision and bear the corresponding costs thereto .
4. When the Philippine side implements the Project, the total costs shall not exceed Four Hundred and Twenty-Six Million and Six Hundred and Thirty Thousand