



NOTICE TO PROCEED

NOV 20 2019

MR. KIM BAEKNYUN
Authorized Representative
Hanwha Systems Co., Ltd.
Hanwha Building 13th Floor, 86 Cheonggyecheon-ro
Jung-gu, Seoul, South Korea

Dear Mr. Baeknyun:

In view of the approved Contract Agreement hereto attached, hereby issued is the Notice to Proceed for the Del Pilar Class Frigate Upgrade Acquisition Project of the Philippine Navy with a Total Contract Price of **One Billion Three Hundred Four Million Two Hundred Thousand Pesos (PhP1,304,200,000.00)** effective upon receipt.

You are hereby notified to implement the Contract within the terms and conditions set forth in the Contract Agreement and strictly conform to the Implementation Schedule.

Kindly acknowledge receipt and acceptance of this Notice by signing both copies in the space provided. May we further request that one (1) of the copies of the received Notice be returned to the Department of National Defense.

Truly yours,

DELFIN N. LORENZANA
Secretary



I acknowledge receipt of this Notice on NOV 21, 2019
Name of the Representative of the Bidder HAN MYEONGOL (Sandra)
Authorized Signature [Handwritten Signature]

Contract Agreement

KNOW ALL MEN BY THESE PRESENTS:

This Agreement is made and entered into on NOV 20 2019 in Quezon City, Philippines by and between:

The **DEPARTMENT OF NATIONAL DEFENSE OF THE REPUBLIC OF THE PHILIPPINES**, (DND-PHL for brevity), represented by the Secretary of National Defense, **DELFIN N. LORENZANA** with office address at Department of National Defense, Camp General Emilio Aguinaldo, Quezon City (hereinafter referred to as "**the Procuring Entity**");

-and-

HANWHA SYSTEMS CO., LTD., represented by its Authorized Representative, **MR. KIM BAEKNYUN**, with office address at Hanwha Building 13th Floor, 86 Cheonggyecheon-ro, Jung-gu, Seoul, South Korea (hereinafter referred to as "**the Supplier**");

WITNESSETH:

WHEREAS, on 28 August 2018, the Secretary of National Defense (SND) issued Acquisition Decision Memorandum No. 2018-021 directing the procurement of key sensors and combat system of Del Pilar Class Frigate Upgrade Acquisition Project of the Philippine Navy (PN) with an Approved Budget for the Contract in the amount of PhP1,540,000,000.00, which shall be procured through Limited Source Bidding;

WHEREAS, on 19 February 2019, the DND BAC 1 conducted a Submission, Opening and Bid Evaluation (SOBE) for the project which was participated by Ultra Electronics Limited Command and Control Systems and Hanwha Systems Co., Ltd. While the Joint Venture of SAAB and Propmech Corporation sent a letter to the Committee formally withdrawing its intention to participate in the bidding;

COMMO
COMMO CAESAR BERNARD N VALENCIA AFP
Head, Technical Working Group

DELFIN N. LORENZANA
DELFIN N. LORENZANA
Secretary of National Defense

LTC MARLON B DAYAO JAGS PN
LTC MARLON B DAYAO JAGS PN
Legal Officer, Technical Working Group

MR. KIM BAEKNYUN
Authorized Representative
Hanwha Systems Co., Ltd.
[Signature]

MR. KIM SAMSOO
Witness
[Signature]

WHEREAS, in the same conference, both bidders passed the initial evaluation of the eligibility and technical requirements and declared by the Committee as eligible to bid for the project and preceded with the opening of the Financial Proposals with the following results:

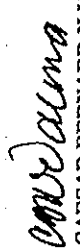
Name of Bidder	Financial Proposal	Rank
Ultra Electronics Limited Command and Control Systems	PhP1,284,999,999.80	LCB
Hanwha Systems Co., Ltd.	PhP1,304,200,000.00	2 nd LCB


WHEREAS, considering the results of the evaluation of the financial proposals, the Technical Working Group (TWG) of the project recommended to declare Ultra Electronics Limited Command and Control Systems as the Lowest Calculated Bidder (LCB) and Hanwha Systems Co., Ltd. as the Second Lowest Calculated Bidder (2nd LCB) for the Del Pilar Class Frigate Upgrade Acquisition Project of the PN through Resolution No. DND/PN-DPCFU-19-03, and to direct the conduct of Post-Qualification (PQ) on the LCB to determine the responsiveness of the latter's bid pursuant to Republic Act No. 9184 and its Revised Implementing Rules and Regulations;


WHEREAS, the PQ Team conducted an initial post-qualification of the eligibility, technical and financial documents of the LCB based on the documents on hand, as well as the requested Class A eligibility documents from PhilGEPS;


WHEREAS, on 07 March 2019, the PQ Team presented its PQ Report and recommended to the Committee to declare Ultra Electronics Limited Command and Control Systems as Post-Disqualified as its bid failed to comply with, and be responsive to be requirements and conditions specified in the Bidding Documents for the said project particularly in the Financial Requirement (NFCC Computation, Goods Offered from Within the Philippines) and Financial Proposal upon careful examination, verification, validation and ascertainment of all statements and representations made, including all documents submitted in relation to its bids;


WHEREAS, the Committee after due deliberation, resolved to adopt the recommendations of the PQ Team, to declare Ultra Electronics Limited Command and Control Systems as Post-Disqualified (PD), and directed the


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 Secretary of National Defense


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 Authorized Representative
 Hanwha Systems Co., Ltd.


MR. KIM SAMSOO
 Witness


conduct of PQ on **Hanwha Systems Co., Ltd, the 2nd LCB** for the said project to determine the responsiveness of the submitted legal, technical and financial requirements;

WHEREAS, on 19 March 2019, the Committee resolved to deny the Motion for Reconsideration filed by Ultra Electronics Limited Command and Control Systems upon the recommendation of the TWG through Resolution No. DND/PN-DPCFU-19-06;

WHEREAS, after the conduct of PQ in Tel-Aviv Yafo, Israel from 27 March to 03 April 2019, in Wartsila ELAC Nautik GmbH Kiel, Germany from 01-06 April 2019 and in Seoul South Korea on 04-10 April 2019, the Committee declared Hanwha's Systems Co., Ltd. as the **Single Calculated Responsive Bidder (SCRB) through DND BAC1 Resolution No. DND/PN-DPCFU-19-08;**

WHEREAS, upon the recommendation of the DND BAC1, the SND approved and issued the Notice of Award (NOA) and was duly conformed by the Supplier on 15 August, 2019;

NOW THEREFORE, in view of the foregoing premises and for and in consideration of the mutual covenants and stipulations hereinafter provided, the Procuring Entity and the Supplier have agreed, as follows:

1. In this Agreement words and expressions shall have the same meanings as are respectively assigned to them in the Bidding Documents referred to.

2. The following documents, as attached shall be deemed to form and be read and construed as part of this Agreement:

Tab	Document
A	General Conditions of the Contract
B	Special Conditions of the Contract
C	Technical Specifications
D	Supplemental Bid Bulletin Nos. DND/PN-DPCFU-18-02, DND/PN-DPCFU-19-03 and DN/PN-DPCFU-19-04

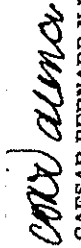
MR. KIM BAEKHYUN
Authorized Representative
Hanwha Systems Co., Ltd.



MR. KIM SAMSOO
Witness



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Head, Technical Working Group



DELFIN N. LORENZANA
Secretary of National Defense



LTC MARLON B DAYAO JAGS PN
Legal Officer, Technical Working Group



E	Schedule of Requirements
F	Test and Acceptance Procedures
G	Resolutions of DND BAC1
H	Abstract of Bids
I	Eligibility Requirements
J	Notice of Award
K	Performance Security

3. In consideration of the payments to be made by the Procuring Entity to the Supplier as hereinafter mentioned, the Supplier hereby covenants with the Procuring Entity to provide the goods and services and to remedy defects therein in conformity in all respects with the provisions of this Contract Agreement.

4. The Procuring Entity hereby covenants to pay the Supplier in consideration of the provision of the goods and services, this Contract Agreement Price or such other sum as may become the manner prescribed by this Contract Agreement.

5. All charges for the opening of Letter of Credit and / or incidental expenses thereto (i.e., bank commission, documentary stamp tax, cable, etc.) shall be for the account of the Supplier only.

6. The Parties hereby covenants and affirms that the signatories in this Contract Agreement are duly authorized to enter thereto.

COMMO CAESAR BERNARD N VALENCIA AFP
 Head, Technical Working Group

DELFIN N. LORENZANA
 Secretary of National Defense

LTC MARLON B DAYAO JAGS PN
 Legal Officer, Technical Working Group

MR. KIM BAEKHYUN
 Authorized Representative
 Hanwha Systems Co. Ltd

MR. KIM SAMSOO
 Witness

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed in accordance with the laws of the Republic of the Philippines on the date and at the place stated above.

HANWHA SYSTEMS CO., LTD.

By:



MR. KIM BAEKNYUN
Authorized Representative

DEPARTMENT OF NATIONAL DEFENSE

By:



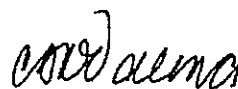
DELFIN N. LORENZANA
Secretary of National Defense



SIGNED IN THE PRESENCE OF:



MR. KIM SAMSOO
Witness



COMMO CAESAR BERNARD N VALENCIA AFP
Head, Technical Working Group



LTC MARLON B DAYAO JAGS PN
Legal Officer, Technical Working Group

ACKNOWLEDGMENT

Republic of the Philippines) S.S.
Quezon City)

NOV 21 2019

Before me, a Notary Public for and in Quezon City, this ____ day of _____, personally appeared the following persons presenting to me their respective identifications, to wit:

	Competent Evidence of Identity No.	Issued at	Expiry Date
DELFIN N. LORENZANA	2016-015	DND	31 Dec 2019
MR. KIM BAEKNYUN	Passport No. M33921595	South Korea	15 May 2025

known to me and to me known to be the same persons who executed and voluntarily signed the foregoing Contract Agreement which they acknowledged before me as their own free and voluntary act and deed with full authority to sign in that capacity.

This instrument refers to the Contract Agreement and consists of six (6) pages including this page where the acknowledgment is written duly signed by the parties and their instrumental witnesses.

WITNESS MY HAND AND SEAL, on the date and place above written.

NOTARY PUBLIC

ATTY. RUBEN M. AZANES, JR.
NOTARY PUBLIC
UNTIL DECEMBER 31, 2020
PTR NO. 7324199. 01-04-2019, Quezon City
IBP No. AR001205 - Quezon City Chapter
Roll of Attorney's No. 46427
Admin Matter No. 053
MCLE-V-0024616
TIN: 140-394-380-000

Doc. No. 362 ;
Page No. 73 ;
Book No. X ;
Series of 2019.

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