

# Contract Agreement

**KNOW ALL MEN BY THESE PRESENTS:**

**JUN 30 2022**

THIS "CONTRACT" is made and entered into on \_\_\_\_\_  
in Quezon City, Philippines, by and between:

The **DEPARTMENT OF NATIONAL DEFENSE/ARMED FORCES OF THE PHILIPPINES**, represented by the Secretary of National Defense, **DELFIN N. LORENZANA**, with office address at Camp General Emilio Aguinaldo, Quezon City, (hereinafter referred to as the "Procuring Entity").

-and-

The **GOVERNMENT OF THE REPUBLIC OF KOREA (ROK)**, represented by **MR. SUNGMIN MA** of the **Defense Acquisition Program Administration** of the **Republic of Korea (DAPA ROK)**;

-and-

**Hyundai Heavy Industries Co., Ltd.**, represented by its Authorized Representative, **MR. SANGHOON NAM**, Senior Executive Vice President and Head of Naval Special Ship Business Unit, with office address at 1000, Bangeojinsunhwan-doro, Dong-gu, Ulsan 44032, Korea (hereinafter referred to as "the Supplier");

**WITNESSETH:**

**WHEREAS**, the Secretary of National Defense (SND) issued the Acquisition Defense Memorandum (ADM) No. 2022-011, dated 28 April 2022, directing the implementation of the procurement of Lifetime Support Services of the Frigates of the Philippine Navy (Supply and Delivery of Parts/Materials for Planned Maintenance Systems (PMS) and Carry On Board Spares (COBS) of FF150 & FF151) (hereinafter referred to as "the Project") with a total Approved Budget for the Contract (ABC) of **PhP 246,400,000.44**, which will be procured through Negotiated Procurement pursuant to Section 4.2 of the Revised IRR of RA 9184;

**CAPT MARCUS JASON D BARTOLOME PW(GSC)**  
Head, Technical Working Group

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

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

**Mr. Sanghoon Nam**  
Senior Executive Vice President  
Hyundai Heavy Industries, Co., Ltd.

**Mr. Sungmin Ma**  
Authorized Representative  
Government of the Republic of Korea

**Mr. Bokyung Kang**  
Authorized Representative  
Hyundai Heavy Industries, Co., Ltd.

**WHEREAS**, the PN Bids and Awards Committee 1 (hereinafter referred to as "the Committee") was designated by the Procuring Entity to act as the Negotiating Committee for the procurement of Lifetime Support Services of the Frigates of the Philippine Navy;

CAPT MARCUS JASON D BARTOLOME PN(GSC)  
Head, Technical Working Group

Senior Executive Vice President  
Hyundai Heavy Industries, Co., Ltd.

Mr. Sanghoon Nam  
S. H. NAM

**WHEREAS**, the Pre-Negotiation Conference and Negotiation Proper for the project were conducted on May 27, 2022, among the Committee, Technical Working Group (TWG), and representatives from the Government of Republic of Korea (ROK) and its designated supplier, Hyundai Heavy Industries Co., Ltd.;

**WHEREAS**, during Negotiation Proper, the Supplier submitted its legal, technical, and financial documents, which was found to be compliant, and was subsequently recommended by the TWG as the Single Calculated Offeror (SCO) for the Project, with a price proposal in the amount of **TWO HUNDRED FORTY-SIX MILLION ONE HUNDRED TWELVE THOUSAND ONE HUNDRED EIGHTY-EIGHT AND 41/100 PESOS (PhP 246,112,188.41)**;

**WHEREAS**, the Committee directed the Post Qualification (PQ) Team to conduct Post Qualification on the SCO to determine the responsiveness of the latter's offer pursuant to Republic Act No. 9184 and its Revised Implementing Rules and Regulations;

DELFIN N. LOREZANA  
Secretary of National Defense

Authorized Representative  
Government of the Republic of Korea

Mr. Sungmin Ma  
S. M. MA

**WHEREAS**, the Post Qualification (PQ) Team conducted post-qualification via online platform with observers from the COA of the Philippine Navy and Philippine Fleet, and with the assistance of **COL ENRIQUETO R DEOCADEZ PA (MNSA)**, of the Philippine Defense and Armed Forces Attaché to the Republic of Korea (**DAFA to ROK**) at the office of the Supplier on May 30, 2022, to verify, validate and ascertain all the submitted eligibility documents of the Supplier during the Negotiation Proper;

**WHEREAS**, on June 1, 2022, the PQ Team presented its PQ report with findings that the Supplier is compliant and responsive to all the requirements set forth in the TOR and recommended to the Committee that it be declared as Post-Qualified and the **Single Calculated Responsive Offeror (SCRO)** for the Project, which was accordingly approved by the PN BAC 1 through Resolution No. 066-2022, dated June 5, 2022;

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

Authorized Representative  
Hyundai Heavy Industries, Co., Ltd.

Mr. Bokyug Kang  
B. KANG

**WHEREAS**, upon the recommendation of the PN BAC 1, the SND approved and issued the Notice of Award (NOA) and was duly conformed to by the Supplier on June 13, 2022;

**NOW THEREFORE**, in view of the foregoing premises and for and in consideration of the sum of **TWO HUNDRED FORTY-SIX MILLION ONE HUNDRED TWELVE THOUSAND ONE HUNDRED EIGHTY-EIGHT AND 41/100 PESOS (PhP 246,112,188.41)** and of the mutual covenant and stipulation hereinafter provided, the Procuring Entity, and the Supplier have agreed, as follows:

**CAPT MARCUS JASON D BARTOLOME PN(GSC)**  
Head, Technical Working Group

**Mr. Sanghoon Nam**  
Authorized Representative  
Hyundai Heavy Industries, Co., Ltd.

1. In this Contract, words and expressions shall have the same meanings as are respectively assigned to them in the Conditions of Contract referred to.

2. The following "Contract Documents" shall be deemed to form and be read and construed as part of this Contract:

Tab	Document
A	Specific Implementing Arrangement
B	Terms of Reference
C	Financial Proposal
D	Bill of Quantities
E	Resolutions of PN BAC 1
F	Eligibility & Technical Requirements
G	Notice of Award

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

**Mr. Sungmin Ma**  
Authorized Representative  
Government of the Republic of Korea

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 and the remedying of defects therein, the Contract Price of **PhP 246,112,188.41**, including such other sum as may become payable under the provisions of the contract at the time and in the manner prescribed by the Contract Agreement.

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

**Mr. Bokyung Kang**  
Authorized Representative  
Hyundai Heavy Industries, Co., Ltd.

5. All disputes arising out of or in connection with this Agreement shall be finally settled under Rules of Arbitration of the International Chamber of Commerce by one or more arbitrators appointed in accordance with said Rules. The place of arbitration shall be in Singapore and the language of arbitration shall be in English.

6. All charges for the selected mode of transmission of payment, such as Telegraphic Transfer or the opening of Letter of Credit and / or

ACKNOWLEDGMENT

CAPT MARCUS JASON D BARTOLOME PN(GSC)  
Head, Technical Working Group

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

JUN 30 2022

Mr. Sanghoon Nam  
Authorized Representative  
Hyundai Heavy Industries, Co., Ltd.

Before me, a Notary Public for and in Quezon City, this \_\_\_\_ day of \_\_\_\_\_, appeared the following persons presenting to me their respective proofs of identity, to wit:

Competent Evidence of Identity No.	Issued at	Expiry Date
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DELFIN N. LORENZANA	_____	_____	_____
SANGHOON NAM	M14448782	South Korea	17 <sup>th</sup> Sep. 2031

Mr. Sangmin Ma  
Authorized Representative  
Government of the Republic of Korea

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

This instrument consisting of five (5) pages including this page where the Acknowledgement is written refers to a Contract Agreement and has been signed by the parties and their instrumental witnesses on each and every page thereof.

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

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

Doc. No. 172 ;  
Page No. 35 ;  
Book No. XV ;  
Series of 2022.

ATTY. RUBEN M. AZAÑES, JR.  
NOTARY PUBLIC  
UNTIL DECEMBER 31, 2022  
PTR No. 2463598D/ 01-03-22, Quezon City  
IBP No. 178672-Jan. 3, 2022 QC Chapter  
Roll of Attorney's No. 46427  
Admin Matter No. 004  
MCLE NO. VI-0030360/02-18-2020  
TIN No. 140-394-386  
Agora J Complex, Cranie, Q.C.

Mr. Bokyung Kang  
Authorized Representative  
Hyundai Heavy Industries, Co., Ltd.