

**CONTRACT AGREEMENT
FOR THE SUPPLY AND DELIVERY OF
25,000 EACH GRENADE, HAND RIOT CONTROL
2021-ORD-FP-MOOE-003-07-22**

THIS AGREEMENT made and entered into this 06 day of AUG 2022 2021 at Fort Andres Bonifacio, Metro Manila, Philippines by and between:

The PHILIPPINE ARMY, thru the PHILIPPINE ARMY PROCUREMENT CENTER, AFPPS (PAPC, for brevity) represented by its Commanding Officer, COLONEL MANOLO V SANTIAGO CE (GSC) PA, with office address at Fort Andres Bonifacio, Metro Manila, hereinafter referred to as the "PROCURING ENTITY"

- and -

KOREA CNO TECH CO., LTD, a corporation organized and existing under the laws of the Republic of South Korea with office address at 20, Saegat-Gil, Yeongsun-Nyeon, MunGyeong-Si, Gyeongsangbuk-Do, Korea, herein represented by its Authorized Representative, Mr Yang Seop Lee, hereinafter referred to as the "SUPPLIER".

WITNESSETH:

WHEREAS, the Procuring Entity had identified an urgent requirement for the procurement of supply and delivery of 25,000 each Grenade, Hand Riot Control and which for this purpose, the procurement of Goods maybe alternately referred to as the "Project";

WHEREAS, the fund support for the Project in the amount of FORTY-SIX MILLION, THREE HUNDRED FIFTY THOUSAND PESOS (Php46,350,000.00) ONLY, Philippine currency is available;

WHEREAS, on 01 March 2021 the Procuring Entity thru the Philippine Army Bids and Awards Committee 2 (PABAC2) conducted a Public Bidding for the procurement of supply and delivery of 25,000 each Grenade, Hand Riot Control and the interested proponent submitted proposal for the Project, and after the initial evaluation and as confirmed in the subsequent Post Qualification conducted by the Post Qualification Team, the proposal made by KOREA CNO TECH CO., LTD, was found compliant to the specified requirements in the Bidding Documents, and other technical/performance requirements which resulted in its consequent declaration as the "Single Calculated and Responsive Bidder";

Approved By:

ROMEO S BRAWNER JR
Lieutenant General PA
Commanding General, PA

AYLENE P GARCIA, CPA, MMPA
Army Chief Accountant
VALID UNTIL 31 DECEMBER 2022
2022-09-18-21-28-1811

EUGENICE IVY GWYNN U-BAUTISTA PA
(JAGS)
Captain
Legal Member

ERWIN S MACALINAO
Lt Colonel GSO (OS) PA
Chairperson, TWG

MR YANG SEOP LEE
Authorized Representative

MANOLO V SANTIAGO
Colonel CE (GSC) PA
Commanding Officer

WHEREAS, on 17 June 2021, the Commanding General, Philippine Army issued a Notice of Award in favor of the SUPPLIER, which the latter has fully conformed and accepted;

WHEREAS, on 03 September 2021 PAPC, AFPPS forwarded contract and Notice to Proceed to G4, PA for approval of the Head of the Procuring Entity (HoPE);

WHEREAS, on 08 October 2021, G4, PA informed this Center that the HoPE/Commanding General, PA intends to realign the project into a more priority project to sustain the operations of the Philippine Army;

WHEREAS, on 15 December 2021, the Commanding General, Philippine Army issued a Notice of Cancellation acknowledged by the supplier for the abovementioned project and was posted on the PhilGEPS website on 22 January 2022;

WHEREAS, on 21 December 2021, Mr Oh Se Hong, President, Korea CNO Tech Co., Ltd filed a motion for reconsideration stating therein the provision on Sec 38. Period of Action on Procurement Activities – The procurement process from the opening of bids up to the award of contract shall not exceed three (3) months, or a shorter period to be determined by the procuring entity concerned. Without prejudice to the provisions of the preceding section, the different procurement activities shall be completed within reasonable periods to be specified in the IRR.

If no action on the contract is taken by the head of the procuring entity, or by his duly authorized representative, or by the concerned board, in the case of government owned and/or -controlled corporations, within the periods specified in the preceding paragraph, the contract concerned shall be deemed approved.

WHEREAS, on 04 January 2022, the Office of the Army Judge Advocate recommends denial on the request of the supplier on motion for reconsideration. Wherein the HoPE's exercise of its power under Section 41 of RA 9184 and its 2016 RIRR may be considered as a valid and reasonable ground for the delay/s in the procurement timeline as prescribed in Section 38, considering that the same is base on justifiable cause/s, that is, the award of the contract no longer redound to the benefit of the Philippine Army. To emphasize, the above procurement was cancelled because of the "improvement of current peace and order situation compared to the time when it was programmed, thus, continuing procurement thereof might incur wastage of item in the future, considering the very low projected consumption and the five (5) year shelf life of the grenades".

Moreover, despite issuance of NOA, the HoPE may still exercise the power under the Reservation Clause. There is nothing in RA 9184, as well as in its 2016 RIRR and Manual of Procedures for the Procurement of Goods and Services

Approved By:

ROMEO S BRAWNER JR
 Lieutenant General PA
 Commanding General, PA

AYLENE P GARCIA, CPA, MMPA
 Army Chief Accountant

VALID UNTIL 31 DECEMBER 2022
 22/01/2022 10:10:10 AM
 06-10-21

EUGENIE IVY GWYNN U BAUTISTA
 Captain (JAGS) PA
 Legal Member

ERWIN S MACALINAO
 Lt Colonel GSC (OS) PA
 Chairperson, TWG

MIR YANG SEOP LEE
 Authorized Representative

MANOLO V SANTIAGO
 Colonel CE (GSO) PA
 Commanding Officer

(Volume 2) that specifically provides for the period as to when such power may be exercised. What is clear is that Section 41 authorizes the Procuring Entity, which in this case is the PA, to reject bids, declare a failure of bidding, or not award the contract in any of the situations provided under the said provision;

WHEREAS, on 15 February 2022, the Commanding General, PA forwarded the comments to the Secretary of National Defense on the appeal of Mr. Oh Se Hong, President, Korea CNO Tech Co., Ltd relative to the decision of the HoPE/Commanding General, PA on the cancellation of the project;

WHEREAS, on 01 April 2022, DND Memorandum was issued to the Chief of Staff, Armed Forces of the Philippines directing as follows:

- a. Recall the previously issued cancellation of NOA for the said project and subsequently implement the project in accordance with RA 9184 and its RIRR;
- b. Submission of report to this Department (Attention: OLAS) of the action taken hereon is anticipated.

WHEREAS, on 13 June 2022, the HoPE/ CG, PA informed the Chairperson, PABAC2 that the previously issued cancellation of Notice of Award (NOA) for the procurement of 25,000 each Grenade, Hand Riot Control is nullified and directed to push through the procurement activities of the project and inform the supplier on the status of the NOA;

WHEREAS, on 24 June 2022, the Chairperson, PABAC2 issued a Resolution NO. PABAC2 019-PB-2022 with subject: BAC Resolution for Re-issuance of Notice of Award in favor to KOREA CNO TECH CO., LTD. represented in the Philippines by Union Community Philippines Inc. as the Single Calculated Bidder (SCB) for the Procurement of various Grenades for the Philippine Army under ORD PABAC2 011-02-2021 (Lot 2) with an ABC of PhP46,350,000.00 for the following:

- a) The re-issuance of NOA in favor of Korea CNO Tech Co., LTD by the Commanding General, PA pursuant to Section 14 of Department Circular Nr 12 dated 17 October 2014 for the Procurement of 25,000 each Grenade, Hand Riot Control under ORD PABAC2 011-02-2021 (Lot 2);
- b) To continue the procurement activities for the Procurement of 25,000 each Grenade, Hand Riot Control under ORD PABAC2 011-02-2021 (Lot 2); and
- c) The posting of the new Notice of Award at the Army Website for publication and for transparency purposes.

Approved By:


ROMEO S BRAWNER JR
Lieutenant General PA
Commanding General, PA

AYLENE P GARCIA, CPA, MMMPA
Army Chief Accountant
UNITED UNTIL 31 DECEMBER 2022

EUGENICE IVY GWYNNIJA BAUTISTA PA
(JAGS)
Captain
Legal Member

ERWIN S MACALINAO PA
Lt Colonel GSC (OS) PA
Chairperson, TWG

MR YANG SEOP LEE
Authorized Representative

MANOLO V SANTIAGO
Colonel CE (GSC) PA
Commanding Officer

WHEREAS, on 11 July 2022, the CG, PA approved the re-issuance of NOA in favor of **KOREA CNO TECH CO., LTD.**, and was posted at the Philippine Army website on 12 July 2022;

NOW, THEREFORE, for and in consideration of the foregoing premises, the parties hereby agree as follows:

1. In this Agreement words and expressions shall have the same meaning as they respectively assigned to them in the condition of Contract referred to.

2. In consideration for the delivery of the goods therein and in conformity in all respect with the provisions of this Contract, the **PROCURING ENTITY** hereby covenants to pay the Supplier the Contract Price of **THIRTY-SEVEN MILLION, FORTY-SEVEN THOUSAND PESOS (PhP37,047,000.00) ONLY**, Philippine currency and such other sum as may become payable under the provisions of this contract.

3. The following documents shall be deemed to form and be read and construed as part of this agreement, to wit:

- a. General Conditions of the Contract;
- b. Special Conditions of the Contract;
- c. Schedule of Requirements;
- d. Technical Specifications;
- e. Notice of Award;
- f. Notice to Proceed;
- g. Supplemental Bid Bulletin; and
- h. Technical & Financial Envelopes submitted by the bidder.

4. 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 aspects with the provisions of this Contract.

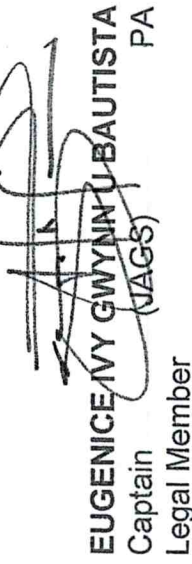
5. The **PROCURING ENTITY** hereby covenants to pay the SUPPLIER in consideration of the provision of this contract on the delivery of the goods and services, and the remedying of defects therein; the Contract price or such other sum as may become payable under the provisions of this contract; and at the time and in the manner prescribed by this contract.

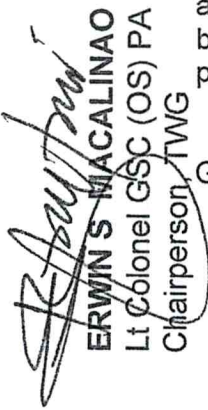
6. This Contract shall take effect upon the approval of the Commanding General, Philippine Army.

Approved By:



ROMEO S BRAWNER JR
Lieutenant General PA
Commanding General, PA†


AYLENE P GARCIA, CPA, MMPA
Army Chief Accountant
UNITED STATES ARMY
31 DECEMBER 2022


EUGENIE IVY GWYNN UBAUSTISTA
PA
Captain (VAGS)
Legal Member


ERWIN S MACALINALAO
Lt Colonel GSC (OS) PA
Chairperson, TWG


MIR-YANG SEOP LEE
Authorized Representative


MANOLO V SANTILLANO
Colonel CE (GSC) PA
Commanding Officer

IN WITNESS whereof, the parties have hereunto 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.

**PHILIPPINE ARMY PROCUREMENT
CENTER, AFPPS**

KOREA CNO TECH CO., LTD

By:

By:

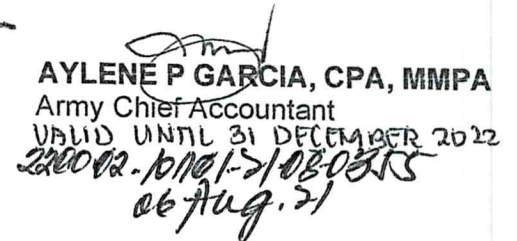

MANOLO V SANTIAGO
Colonel CE (GSC) PA
Commanding Officer


MR YANG SEOP LEE
Authorized Representative

SIGNED IN THE PRESENCE OF:


ERWIN S MACALINAO
Lt Colonel GSC (OS) PA
Chairperson, TWG


EUGENICE IVY GWYNN U BAUTISTA
Captain (JAGS) PA
Legal Member


AYLENE P GARCIA, CPA, MMPA
Army Chief Accountant
VALID UNTIL 31 DECEMBER 2022
220002-10101-5108-0315
06 Aug. 21

(522-03-120-00)

Approved By:


ROMEO S BRAWNER JR
Lieutenant General PA
Commanding General, PA

ACKNOWLEDGMENT

Republic of the Philippines)
 Metro Manila) SS.

Before me, a Notary Public for and in Metro Manila, this OCT 13 2022 day of OCT 13 2022, 2022 personally appeared the following persons presenting to me their respective identification cards, to wit:

	Passport No./ Any Government Issued ID	Issued at	Expiry date /Issued on
COL MANOLO V SANTIAGO CE (GSC) PA	MIL ID Nr.: A20-O-22220	Fort Andres Bonifacio, Metro Manila	22 Oct 2023
MR YANG SEOP LEE	Passport ID Nr: M80951826	Ministry of Foreign Affairs	01 Dec 2025

Known to me the same person/s who executed and voluntarily signed the foregoing Contract which they acknowledged before me as their own free and voluntarily act and deed with full authority to sign in their respective capacity.

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

Doc. No. 186;
 Page No. 39;
 Book No. 41;
 Series of 2022

GAUDENCIO A. BARBOZA JR.
 NOTARY PUBLIC

UNTIL DEC. 31, 2022
 PTR NO. A-5378160/ 01-03-2022 / TAGUIG CITY
 IBP NO. 167462 / Nov. 18, 2021 RSM (for yr 2022)
 ROLL NO. 41969
 MCLE COMP. VI No. 11021812
 MARCH 29, 2019
 APP No. 38(2021-2022)

Approved By:

ROMEO S BRAWNER JR
 Lieutenant General PA
 Commanding General, PA

MR YANG SEOP LEE
 Authorized Representative

MANOLO V SANTIAGO
 Colonel CE (GSC) PA
 Commanding Officer

AYLENE P GARCIA, CPA, MMPA
 Army Chief Accountant
 VALID UNTIL 31 DECEMBER 2022
 2022-10-13-22
 06 Aug 22

EUGENICE IVY GWYNNE BAUTISTA
 PA
 Captain (JAGS)
 Legal Member

ERWIN S MACALINAO
 Lt Colonel (GSC) (OS) PA
 Chairperson, TWG