THIS AGREEMENT made this 06 day of FEB 2019 between GOVERNMENT ARSENAL, Camp General Antonio Luna, Limay, Bataan of the Philippines (hereinafter called “the Entity”) of the one part and POONSGAN CORPORATION of Poongsan Building, 23, Chungjeong-ro, Seodaemun-gu, Seoul, 03737, Korea represented by Mr. Ki Suk Hahn, Attorney-In-Fact Poongsan Corporation of YUNG SUNG INDUSTRIAL PHILIPPINES, INC., E1901B PSE Center, Exchange Road, Ortigas Complex, Pasig City (hereinafter called “the Supplier”) of the other part:

WHEREAS the Entity invited Bids for certain goods and ancillary services, viz., Procurement of 3,700,000 pieces 7.62mm Bullet, IB Nr. GA BAC 2019DP-04, and has accepted a Bid by the Supplier for the supply of those goods and services in the sum of TWENTY FOUR MILLION NINE HUNDRED SEVENTY FIVE THOUSAND PESOS (PhP24,975,000.00) only (hereinafter called “the Contract Price”).

NOW THIS AGREEMENT WITNESSETH AS FOLLOWS:

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

2. The following documents shall be deemed to form and be read and construed as part of this Agreement, viz.:
   (a) Bid Form and the Price Schedule submitted by the Bidder;
   (b) Schedule of Requirements;
   (c) Technical Specifications;
   (d) General Conditions of Contract;
   (e) Special Conditions of Contract;
   (f) Entity’s Notification of Award; and
   (g) Supplemental Bulletin

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

4. The 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 or such other sum as may become payable under the provisions of the contract at the time and in the manner prescribed by the contract.

IN WITNESS whereof of the parties thereto have caused this Agreement to be executed in accordance with the laws of the Republic of the Philippines on the day and year first before written.

Signed, sealed, delivered by:

Daniel R Casabar Jr
Director
Government Arsenal

Mr. Ki Suk Hahn
Attorney-In-Fact
Poongsan Corporation
SIGN IN THE PRESENCE OF:

MS. ROWEENA G. BASA
Superintendent
Planning & Logistics Division

MS. MA. CRISTINA B. ESPIRITU
Corporate Secretary
Yung Sung Industrial Phils., Inc.

ATTY. ABEGAIL C. GABRIEL
Arsenal Legal Officer

MS. ALLECIAH D. CARREON
Chief Accountant

ACKNOWLEDGEMENT

REPUBLIC OF THE PHILIPPINES
CITY OF BALANGA, BATAAN ) s.s.

BEFORE ME, a Notary Public for and in Balanga City, Bataan, Philippines, on this
day of FEB 0 8 2019 personally appeared:

DANIEL R. CASABAR JR
MR. KI SUH HAHN
MS. MA. CRISTINA B. ESPIRITU
MS. ROWEENA G. BASA
ATTY. ABEGAIL C. GABRIEL
MS. ALLECIAH D. CARREON

Valid Identification Card No.

TIN 120-449-129
TIN 506-370-454
TIN 113-581-000
TIN 196-041-509
TIN 406-648-758
TIN 432-710-749

known to me and to me known to be the same persons who executed the foregoing instrument
and acknowledged to me that the same is their free and voluntary deed.

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

ATTY. DINDO D. BEBE
NOTARY PUBLIC FOR AND IN THE PROVINCE OF BATAAN
Notarial Commission No. 335-18
Until December 2019
Office No. 63224
PTR No. 27-78956-03-19 Balanga City, Bataan
IBNR 095537-011799-53
MCLE Compliance No. 34045-02
2/F Citiwalk Bldg., cor. J.P. Rizal St.,
Poblacion, Balanga City, Bataan
NOTICE TO PROCEED

31 JAN 2019
(Date)

MR. KI SUK HAHN
Atty-In-Fact for Poongsan Corporation
POONGSAN CORPORATION
Poongsan Bldg., 23, Chungjeong-ro,
Seodaemun-gu, Seoul, Korea

Dear Mr. Hahn,

The attached Contract Agreement having been approved, notice is hereby given to POONGSAN CORPORATION that work may commence for the supply and delivery of 3,700,000 pieces 7.62mm Bullet, under ITR # GA-BAC-2019DP-04 for the Government Arsenal, DND upon receipt of this notice provided that the specification will be strictly complied with during delivery.

Upon receipt of this notice, you are responsible for performing the services under the terms and conditions of the Agreement and in accordance with the Implementation Schedule.

Please acknowledge receipt and acceptance of this notice by signing both copies in the space provided below. Keep one copy and return the other to the Arsenal, DND.

Very truly yours,

DANIEL R CASABAR JR
Director

I acknowledge receipt of this Notice on
Name of the Representative of the Bidder
Authorized Signature

2/1/2019

KI SUK HAHN
PURCHASE ORDER

GOVERNMENT ARSENAL

Supplier: POONGSAN CORPORATION
Address: Poongsan Building, 23, Chungjeong-ro, Seodaemun-gu, Seoul, Korea
Represented by: Mr. Ki Suk Hahn

P. O. No.: 201 9-01-006
Date: January 14, 2019
Mode of Procurement: Public Bidding

Gentlemen:

Please furnish this Office the following articles subject to the terms and conditions contained herein:

Place of Delivery: Government Arsenal, Limay, Bataan, Philippines
Date of Delivery: Within one hundred eighty (180) calendar days from the receipt of Notice to Proceed (NTP)
Delivery Term: DAP, Camp General Antonio Luna, Limao, Limay, Bataan
Payment Term: Letter of Credit (LC)

<table>
<thead>
<tr>
<th>Stock/Property No.</th>
<th>Unit</th>
<th>Description</th>
<th>Qty</th>
<th>Unit Cost</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>pc</td>
<td></td>
<td>Lot II - 7.62mm Bullet</td>
<td>3,700,000</td>
<td>6.75 P</td>
<td>24,975,000.00</td>
</tr>
</tbody>
</table>

### A. Workmanship

The requirements for workmanship are as specified on the applicable drawings, reference specifications and the following:

- The bullet shall be free from such defects as dent, scratch, split, bullet jacket, missing cannulure, scaly metal, upset (crooked) point, blunt point, defective cannulure, open base and other defects which will render it unsuitable for the purpose intended.
- The bullet shall be clean and free from corrosion, stain, dirt, oil and other foreign matter.

### B. Materials/ Gaging and Weight

Use Drawing No. GB-13-02 for reference only.

### C. Accuracy

US MIL SPECS

The average mean radii of all targets (9 targets at 10 rds / target) of the sample cartridges fired in standard accuracy test weapons over a range of 600 yards shall not exceed 127mm for ammunition scheduled for packing as loose rounds. When the accuracy test conducted in ballistic ranges shorter than 600 yards, the average of the mean radii of the targets shall be multiplied by the applicable conversion factor, hence, the equivalent mean radii at such distances shall be indicated in the following table:
**POONGSAN CORPORATION**

<table>
<thead>
<tr>
<th>Stock/Property No.</th>
<th>Unit</th>
<th>Description</th>
<th>Qty</th>
<th>Unit Cost</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td><strong>Ballistic Range (yards)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>200</td>
<td>300</td>
<td>400</td>
<td>500</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Conversion Factor, mm</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>3.20</td>
<td>2.13</td>
<td>1.60</td>
<td>1.28</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Equivalent mean radius, maximum, mm, for loose ammunition</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>40</td>
<td>60</td>
<td>80</td>
<td>100</td>
</tr>
</tbody>
</table>

**NATO SPECS**

The Pooled Mean of the Vertical Standard Deviations and the Pooled Mean of the Horizontal Standard Deviations of 90 rounds (30 rounds from each of three (3) different barrels) shall be equal or less than:

<table>
<thead>
<tr>
<th>Horizontal Standard Deviations, max.</th>
<th>Vertical Standard Deviations, max.</th>
<th>At Target Distance of:</th>
</tr>
</thead>
<tbody>
<tr>
<td>200 mm</td>
<td>200 mm</td>
<td>550 meters</td>
</tr>
</tbody>
</table>

**D. Stripping (Bullet Integrity) Test**

The jacket of the bullet, or any part thereof, shall not strip from the slug when the cartridge is fired.

**E. Visual and Dimensional Inspection Criteria**

E.1 Visual examination shall be in accordance with Table III (BULLET) Quality Conformance classification of defects, MIL-C-46931F (AR) dated 29 March 1991.

E.2 Sampling plan shall be in accordance with ANSI/ASQ Z1.4-2003 using a Double Sampling Plan (Normal) and General Inspection Level II. The Acceptance Quality Level (AQL) for Major and Minor Defects shall be as follows:

- For Visual Defects:
  - Major - 0.25%
  - Minor - 1.5%

- For Dimensional Defects to include weight - Major - 0.25%

E.3 Classification of visual defects shall be in accordance with MIL-STD-636 (Visual Inspection Procedures for Small Arms Ammunition through Cal.50)

**F. Manufacturing Requirements**

The bullet shall be manufactured by a single manufacturer only within one (1) year from date of award, with the manufacturing date indicated on the packaging.

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****nothing follows****
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**BASIS:** Case and Bullet Division

**REF:** PR No. 2018-09-262; APP 2019, Page 2, Item D-I-B

**PURPOSE:** For assembly of 7.62mm Ammunition
**TERM OF PAYMENT:**
The terms of payment shall be as follows:

Payment of ninety-five percent (95%) for each delivery shall be made thru Letter of Credit (LC) after delivery at the Government Arsenal and upon presentation of Certificate of Acceptance Inspection (Pre-delivery inspection) at manufacturer's plant site, shipping documents and Advice of Payment duly signed by the Director, Government Arsenal.

The remaining five percent (5%) shall be retained to cover warranty obligations, to be released after three (3) months or upon submission of an equivalent special bank guarantee. In both instance, upon presentation of the Certificate of Final Acceptance Inspection and Advice of Payment duly signed by the Director, Government Arsenal.

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

(Total Amount in Words) TWENTY FOUR MILLION NINE HUNDRED SEVENTY FIVE THOUSAND PESOS only

P 24,975,000.00

In case of failure to make the full delivery within the time specified above, a penalty of one-tenth (1/10) of one percent for every day of delay shall be imposed on the undelivered items.

Conforme:  

MR. Ki Suk Hahn  
Att'y-in-Fact  
Poongsan Corporation  

2/1/2019

Date

Very truly yours,

DANIEL R. CASABAR, JR.  
Director

Fund Cluster: 101101  
Funds Available: PHP 24,975,000.00  

ORS/BURS No.: 02-101101-2019-01-0075  
Date of the ORS/BURS: JAN 28, 2019  

Amount: PHP 24,975,000.00  

MS. Alleciah D. Carreon, CPA  
Chief Accountant