


JOINT VENTURE AGREEMENT

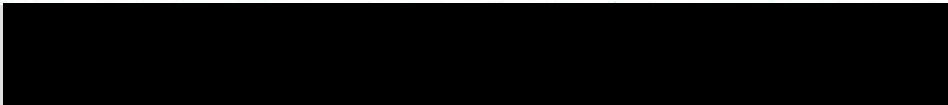
This Agreement is made and entered into this 01 SEP 2025 by and between:

QPAX TRAFFIC SYSTEMS INC., a corporation duly organized and


Chief Executive Officer, **Manolo Steven M. Ona**, and shall hereinafter referred to as "**QPAX**";

-and-

THE PROVINCIAL GOVERNMENT OF BATAAN, with


represented herein by its Local Chief Executive, **Governor Jose Enrique S. Garcia III**, as authorized by the Local Sanggunian through SP Ordinance No. 29, Series of 2024, and shall hereinafter referred to as "**PGB**";

QPAX and the PGB are each referred to as "**Party**" and collectively referred as the "**Parties**."

WITNESSETH, That:

WHEREAS, the Land Transportation Office (LTO), pursuant to Republic Act No. 8792 otherwise known as the "Electronic Commerce Act of 2000", Republic Act No. 11032 otherwise known as the "Ease of Doing Business and Efficient Government Service Delivery Act of 2018", and to fully maximize its Law Enforcement and Traffic Adjudication System module of its Land Transportation Management System (LTMS), recognizes and has, in fact, started, the use of handheld devices during physical apprehension of violators of traffic laws, rules, and regulations in order to digitalize the issuance of citation tickets and reduce opportunities for corruption;

WHEREAS, the Single Ticketing System established under the Metro Manila Traffic Code of 2023, which was approved and adopted by the Metro Manila Council pursuant to Metropolitan Manila Development Authority (MMDA) Resolution No. 23-02, Series of 2023, likewise recognizes physical apprehension of traffic violators through the use of handheld devices;

WHEREAS, physical apprehension using handheld devices will result to a more efficient and cost-effective enforcement of traffic laws, rules and regulations since traffic enforcers will be able to electronically issue citation tickets, immediately verify the authenticity of Driver's Licenses, Official Receipts (OR) and Certificates of Registration (CR) of motor vehicles, and other documents presented by violators, offer on-site electronic payment options for the settlement of violations, and electronically submit apprehension reports to the LTO for purposes of tagging of alarms on the motor vehicle, on its registered owner, and/or on the driver's license, and recording the corresponding

demerit points on the driver's record, in compliance with Republic Act No. 10930 and its Implementing Rules and Regulations;

WHEREAS, on November 09, 2023, QPAX submitted an unsolicited proposal to the PGB, complete with Cover Letter, Company Profile, Feasibility or Project Study, Draft Contract, and other pertinent documents, for the financing, development, provision, and maintenance of handheld devices, and for the establishment of interconnectivity between the PGB and the LTO's LTMS;

WHEREAS, the proposed handheld devices of QPAX may be customized so they can likewise be used to issue citation tickets or Ordinance Violation Receipts for other types of violations;

WHEREAS, upon initial evaluation, and in accordance with the PGB's Ordinance No. 11 entitled "*Revised PPP Code of Bataan*", the PPP Pre-qualification Bids and Awards Committee (PPP-PBAC) found QPAX to be eligible and its proposal to be complete;

WHEREAS, in view of the successful negotiations of the technical and financial aspects of the Project, the parties issued a Joint Certification, confirming the eligibility of QPAX and the agreement on the technical and financial aspects of the Project;

WHEREAS, the Provincial Governor, upon recommendation of the PPP-PBAC, issued a Certificate of Acceptance of the proposal for purposes of detailed negotiations, thereby conferring original proponent status to QPAX;

WHEREAS, a Competitive/Swiss/Comparative Challenge was conducted, during which the invitation for comparative proposals was published at least once a week for two (2) consecutive weeks in at least one (1) newspaper of general circulation, and posted in two (2) conspicuous places in the PGB and its official website;

WHEREAS, upon recommendation by the PPP-PBAC, the Provincial Governor issued a *Notice of Award* to QPAX, for having the superior or most advantageous proposal and since no matching offer was received by the PGB within the prescribed period;

WHEREAS, after conducting a public consultation, the Sangguniang Panlalawigan passed *SP Ordinance No. 29, Series of 2024*, approving and ratifying the terms and conditions set forth under this Agreement and authorizing the Provincial Governor to enter into this Agreement with QPAX;

NOW THEREFORE, in consideration of the foregoing and the mutual covenants contained hereunder, the Parties agree as follows:

1. DEFINITIONS

In this Agreement the words and phrases below shall have the following meanings:

1.1 "**Abandonment**" means the cessation of operations or services, not due to valid termination or expiration of the Term, by QPAX for a period of more than one hundred eighty (180) consecutive days in such a manner that indicates an intention to cease operations or services on a permanent basis.

1.2 "**Applicable Laws**" means all laws, statutes, ordinances, rules, judgments, orders, decrees, injunctions, licenses, permits, approvals, concessions, grants, franchises,

directives, policies, circulars, stipulations, judicial decisions, filings, registrations, requirements, restrictions, agreements, and regulations of or any similar form of decision of or determination having the force of law, or any interpretation or administration of any of the foregoing by any Governmental Authority having jurisdiction over the matter in question.

1.3 **“Authorized Personnel”** means the officials, employees, representatives, or other personnel of the PGB who perform law enforcement functions and have been issued a Handheld Device by the PGB.

1.4 **“Citation Ticket”** means the Ordinance Violation Receipt or other similar ticket issued to a Person who committed a violation of Applicable Laws.

1.5 **“Change in Law”** means any of the following events occurring during the term of this Agreement as a result of any action by a Governmental Authority: (a) a change in or repeal of Applicable Law/s and their respective Implementing Rules and Regulations; (b) an enactment or making of a new Legal Requirement of local application; and (c) a change in the manner in which a Legal Requirement of local application is applied, enforced, or interpreted, including any material change in the interpretation or enforcement regime after the effectivity of a Legal Requirement of local application.

1.6 **“Confidential Information”** means, with respect to any Person, any information, matter or thing of a proprietary, secret, confidential or private nature, whether or not so labeled, which is connected with such Person's business or methods of operation or concerning any of such Person's suppliers, licensors, licensees, customers or others with whom such Person has a business relationship, and which has current or potential value to such Person, or the unauthorized disclosure of which could be detrimental to such Person, including but not limited to:

- (a) matters of a business nature, including but not limited to information relating to development plans, costs, finances, marketing plans, data, procedures, business opportunities, marketing methods, plans and strategies, the prices such Person obtains or has obtained from its clients or customers, or at which such Person sells or has sold its services; and
- (b) matters of a technical nature, including but not limited to product information, trade secrets, know-how, formulae, innovations, inventions, devices, discoveries, techniques, formats, processes, methods, specifications, designs, patterns, schematics, data, access or security codes, compilations of information, test results and research and development of projects.

Notwithstanding the foregoing, to the extent consistent with Applicable Laws, Confidential Information will not include information that: (i) was generally available to the public or otherwise part of the public domain at the time of its disclosure; (ii) became generally available to the public or otherwise part of the public domain after its disclosure and other than through any act or omission by any Party in breach of this Agreement, (iii) is subsequently lawfully disclosed to the disclosing party by a Person other than a Party, (iv) was required by a court of competent jurisdiction to be described or disclosed, or (v) was required by Applicable Laws to be described or disclosed.

1.7 **“Effective Date”** means the date on which QPAX is able to provide the PGB with at least twenty-five (25) handheld devices in accordance with the terms of this Agreement.

1.8 **“Equipment”** means any and all cameras, sensors, computers, printers, equipment, components, products, and hardware other than Handheld Device, software, and other tangible and intangible property relating to the QPAX System or owned by QPAX.

1.9 **“Fine”** means the monetary sum assessed via one or more Citation Ticket.

1.10 **“Force Majeure”** refers to an event or a circumstance which cannot be foreseen, or even though foreseen, is beyond the reasonable control of a Party or is unavoidable despite the exercise of due diligence, the cause of which event is not due to the fault of a Party, and which wholly or partially prevents or delays such Party from performing and fulfilling its obligations under this Agreement. For purposes of this Agreement, causes of Force Majeure are as follows:

- (a) Any war, declared or not;
- (b) Hostilities;
- (c) Blockades;
- (d) Embargo;
- (e) Revolution;
- (f) Insurrection;
- (g) Riot;
- (h) Public disorder, political violence or acts of sabotage or terrorism;
- (i) Export or import restrictions;
- (j) Closing of harbors, docks, canals or other assistance to or adjuncts of shipping or navigation of or within any place;
- (k) Rationing or allocation, whether imposed by law, decree or regulation by, or by compliance of industry at the insistence of, any Governmental Authority, in each of the above cases;
- (l) Fire;
- (m) Severe flood;
- (n) Drought;
- (o) Earthquake;
- (p) Volcanic eruption;
- (q) Storm;
- (r) Lightning;
- (s) Tide (other than normal tide);
- (t) Tsunami;
- (u) Air crash;
- (v) Unexploded ordinance;
- (w) Nuclear contamination;
- (x) Epidemic;
- (y) Quarantine;
- (z) Loss of internet connection not due to the fault or negligence of QPAX;
- (aa) Any instance analogous to the foregoing, or any event, matter or thing, wherever occurring.

1.11 **“Governmental Authority”** means any national or local governmental authority, court, tribunal, regulatory or administrative agency, commission, or organization, and any subdivision, branch or department of any of the foregoing with jurisdiction over the Province or its implementation of Applicable Laws.

1.12 **“Handheld Device”** refers to the mobile devices or gadgets financed,

developed and maintained by QPAX, capable of printing Citation Tickets, verifying the authentic of Driver's Licenses, Official Receipts (OR) and Certificates of Registration (CR) of motor vehicles, and/or other documents presented by Violators, and/or electronically submitting reports to the PGB or the LTO.

1.13 **"Intellectual Property"** means, with respect to any Person, any and all now known or hereafter known tangible and intangible (a) rights associated with works of authorship throughout the world, including but not limited to copyrights, moral rights, and mask-works, (b) trademark and trade name rights and similar rights, (c) trade secrets rights, (d) patents, designs, algorithms, and other industrial property rights, all other intellectual and industrial property rights of every kind and nature throughout the world, regardless of designation, whether arising by operation of law, contract, license, or otherwise, and (f) all registrations, initial applications, renewals, extensions, continuations, divisions, or reissues hereof now or hereafter in force (including any rights in any of the foregoing), of such Person.

1.14 **"Legal Requirement"** means any Philippine law, statute, ordinance, rule, standard, administrative interpretation or guideline, regulation, order, writ, injunction, directive, judgment, decree, relevant consent, and any requirement of any Governmental Authority having jurisdiction over the PGB, QPAX, or any of their properties, assets, or personnel.

1.15 **"Material and Adverse Government Action" or "MAGA"** means any act of a Governmental Authority, a Change in Law, or delay due to action or inaction of any Governmental Authority which has material and adverse effect on any of the rights and privileges of, or on the enjoyment and/or exercise thereof by QPAX under this Agreement, or which has a material and adverse effect on QPAX's financial rate of return or its ability to comply with its contractual obligations and responsibilities under this Agreement.

1.16 **"Person"** means a natural individual, juridical entity, Governmental Authority, partnership, firm, public or private corporation, or any other entity imbued with legal personality.

1.17 **"Project"** refers to the financing, development, provision, and maintenance of Handheld Devices and Equipment for the PGB, and the establishment of interconnectivity between the PGB and the LTO's LTMS using the QPAX System.

1.18 **"Project Manager"** means the project manager appointed by the PGB, who shall be such person as the PGB shall designate to be responsible for monitoring and ensuring the performance of the Parties' obligations and responsibilities under this Agreement, and has the power and authority to make management decisions relating to the PGB's obligations pursuant to this Agreement, subject to any limitations set forth in the PGB's charter or Applicable Laws.

1.19 **"Proprietary Property"** means, with respect to any Person, any written or tangible property owned or used by such Person in connection with such Person's business, whether or not such property is copyrightable or qualifies as Confidential Information, including without limitation products, samples, equipment, files, lists, books, notebooks, records, documents, memoranda, reports, patterns, schematics, compilations, designs, drawings, data, test results, contracts, agreements, literature, correspondence, spreadsheets, computer programs and software, computer print outs, other written and graphic records and the like, whether originals, copies, duplicates, or

summaries thereof, affecting or relating to the business of such Person.

1.20 **"QPAX Marks"** means all service marks, trade names, logos, and trademarks owned, licensed, or utilized by QPAX or any of its subsidiaries, affiliates, subcontracts, agents, and employees in connection with the Project.

1.21 **"QPAX Project Manager"** means the project manager appointed by QPAX in accordance with this Agreement, who shall be such person as QPAX shall designate to be responsible for the customer relationship and program oversight for the duration of this Agreement.

1.22 **"QPAX Property"** means: (a) all Intellectual Property and Proprietary Property of QPAX; (b) all Intellectual Property and Proprietary Property relating to the QPAX System; and (c) Handheld Devices, Equipment and QPAX System.

1.23 **"QPAX System"** means all the Equipment, applications, back-office processes, servers, off-site backup systems, digital cameras, sensors, components, products, software, motor vehicles, and other tangible and intangible property owned by QPAX.

1.24 **"Relevant Consent"** means all national and local consents, permissions, approvals, authorizations, acceptances, licenses, exemptions, filings, registrations, notarizations, and other matters which are prescribed or mandated by any Legal Requirement or under the terms of, or in connection with, this Agreement in connection with the Project from any Governmental Authority or third party.

1.25 **"Violation"** means any violation contrary to the terms of Applicable Laws, including, but not limited to, violations of traffic laws, rules and regulations, and the PGB's ordinances.

1.26 **"Violations Data"** means any data pertaining to a Violation in connection with a Citation Ticket issued by the PGB or any of its personnel.

1.27 **"Violator"** means the Person legally responsible to pay the Fine in connection with a Violation or Citation Ticket.

2. RULES OF INTERPRETATION

2.1 Except as expressly otherwise provided in this Agreement, this Agreement or any provision hereof shall not be construed more strictly against either Party.

2.2 Unless the context otherwise requires:

- (a) In case of ambiguities or discrepancies within this Agreement, the following rules of interpretation shall apply:
 - (i) Between two or more Sections of this Agreement, the provisions of a specific Section relevant to the issue under consideration shall prevail over those in other Sections;
 - (ii) Between the Sections of this Agreement and the Annexes, the Sections shall prevail;
 - (iii) Between any two Annexes, the Annex relevant to the issue shall prevail; and

- (iv) Between any value written in numerals and that in words, the latter shall prevail.
- (b) "Include", "includes", and "including" are deemed to be followed by "without limitation" or "but not limited to", whether or not actually followed by such words or words of like import.
- (c) References to any document or agreement shall be deemed to include references to such document or agreement as amended, supplemented, novated, varied or replaced from time to time.
- (d) References to Sections are references to Sections of this Agreement, unless expressly provided otherwise.
- (e) References to Annexes, which do not specify which document they are annexed to, are references to Annexes to this Agreement.
- (f) Headings are for convenience only and shall not affect the interpretation or construction of any provision of this Agreement.
- (g) Reference to a "day" refers to a calendar day, unless expressly provided otherwise; reference to a "month" refers to a calendar month, and a "year" as a period of time commencing on a particular date and ending on the day before the anniversary of such date.
- (h) Where there is any conflict or inconsistency between the provisions of the body of this Agreement and any Annex thereto, the former shall prevail.
- (i) Where any Party is required under this Agreement to give a consent, approval, or acceptance, make a determination or be satisfied or find a matter acceptable or satisfactory, such Relevant Consent, approval, acceptance, determination, or expression of satisfaction shall not be unreasonably withheld or delayed.

2.3 The following documents hereby comprise, and shall be read and construed as integral parts of this Agreement, which, in case of any conflict with its terms, shall be interpreted using the following order of preference:

- (a) This Agreement; and
- (b) Annexes to this Agreement.

3. RELATIONSHIP OF THE PARTIES

3.1 *Joint Venture Undertaking.* The Parties hereby agree to contribute their resources in order to jointly undertake the Project, with a view of sharing both profits and losses, subject to the terms of this Agreement.

3.2 *Objectives of the Joint Venture Undertaking.* This joint venture undertaking aims, among others, to:

- (a) digitalize the issuance and settlement of Citation Tickets, thereby making it efficient and cost-effective;

- (b) reduce opportunities for corruption; and
- (c) improve vehicular traffic flow.

3.3 The joint venture herein referred to is a contractual, unincorporated joint venture which shall be governed by the Civil Code of the Philippines, the PPP Code, and other applicable laws, rules and regulations.

3.4 During the Term, the joint venture shall do business under the name "Province of Bataan Digitalized Traffic Enforcement".

3.5 Nothing contained in this Agreement shall create the relationship of principal and agent or otherwise permit either Party to incur any debts or liabilities or obligations on behalf of the other Party, except as otherwise declared in this Agreement.

3.6 Nothing contained in this Agreement shall be construed as a delegation by the PGB of its regulatory authority to QPAX.

4. TERM

This Agreement shall commence from the date it is signed by both Parties and shall continue for a period of ten (10) years after the Effective Date (the "Term"). The Term shall be automatically extended or renewed for two successive terms of five (5) years each, unless either Party gives the other Party written notice of non-extension or renewal of this Agreement not less than 180 days prior to the end of the then current term.

5. CONTRIBUTIONS AND OBLIGATIONS OF QPAX

QPAX shall, at its own cost and in accordance with the Minimum Performance Standards and Specifications or "MPSS" (attached as Annex "B") and/or the Key Performance Indicators or "KPIs" (attached as Annex "C"):

- (a) Develop and maintain a minimum of twenty-five (25) Handheld Devices, including their internet connectivity, for the PGB;
- (b) Finance, provide, and maintain additional Handheld Devices, subject to the terms of this Agreement, as may be required or requested by the PGB;
- (c) Supply the thermal paper for printing Citation Tickets using the Handheld Devices;
- (d) Operate, troubleshoot and/or maintain the Equipment necessary for the establishment of the interconnectivity between the PGB and the LTO's LTMS using the QPAX System;
- (e) QPAX shall provide the PGB with one (1) workstation, such as internet-ready personal computer and compatible software/programming, which it will exclusively use to access the LTMS and Violations Data stored in the QPAX System;
- (f) Design, troubleshoot and maintain a portal or website for the PGB, which can be used to keep a record, access, and administer Citation Tickets, facilitate the settlement thereof, generate reports, and submit traffic apprehension reports to the LTO;
- (g) Upon notice from the PGB, promptly troubleshoot or replace the components of any Handheld Device that is damaged or malfunctioning, or otherwise has become unusable due to causes not attributable to the fault or negligence of the or any of its personnel;
- (h) Provide and/or maintain sufficient onsite or cloud storage spaces necessary

- to perform the services under this Agreement without disruption;
- (i) Notify the PGB within a reasonable time of all the changes in features, functionality and availability of QPAX System or Equipment that have bearing on the ability of the PGB to perform its obligations or services;
 - (j) Provide the necessary user's training to Authorized Personnel for the operation and maintenance of Handheld Devices, the portal or website, Enforcer's Self-Service Application, Back-end System and Equipment; and
 - (k) Render services related to the foregoing or as otherwise agreed by the Parties.

6. OBLIGATIONS AND RESPONSIBILITIES OF THE PGB

The PGB shall:

- (a) notify QPAX of, and provide assistance in ensuring compliance with, any specific requirements relating to the Project;
- (b) extract data from its existing system, if any, for migration to the QPAX System, ensure integrity and accuracy of the data to be migrated and place in a specific format that will facilitate uploading to the QPAX System;
- (c) confirm its acceptance of the Handheld Devices in accordance with the MPSS, by having its Project Manager or other authorized representative sign the *User's Acceptance and Testing Certificate* sent by QPAX. The certificate must be signed within five (5) days from receipt of the Notice, otherwise the Handheld Devices are deemed accepted by the PGB;
- (d) provide the necessary access to the PGB's properties and facilities in order to allow QPAX to comply its obligations and to perform the services under this Agreement;
- (e) secure the services of a payment service provider compatible with the QPAX System to process the online settlement of Fines;
- (f) provide every fifth business day of every month for the entire duration of the Term of this Agreement, a report to QPAX detailing the PGB's collection of Fines of the previous month, and such other information as QPAX may reasonably request and lawfully obtain in relation to this Agreement;
- (g) provide assistance in necessary electrical and telephone services, or give assistance to QPAX in securing such services, for the Handheld Devices and Equipment;
- (h) assign one (1) Handheld Device to every Authorized Personnel, and direct them to only issue Citation Tickets using the assigned Handheld Device;
- (i) proscribe all Authorized Personnel from manually issuing Citation Tickets unless the assigned Handheld Device is unable to issue Citation Tickets due to causes not attributable to the fault or negligence of Authorized Personnel, the PGB, or any of other personnel of the PGB;
- (j) ensure that all its personnel will exercise due diligence to safeguard, and prevent causing any avoidable damage to or loss of, the Handheld Devices, the Equipment, and the QPAX System;
- (k) reimburse QPAX for the cost of replacement of any Handheld Device that was damaged or lost due to the fault or negligence of the PGB or any of its personnel; and
- (l) handle, address, and resolve all questions, complaints and issues related to the issued Citation Tickets, and hold QPAX free and harmless from any dispute, claim or liability in connection with or arising from the issuance of Citation Tickets.

7. VIOLATIONS PROCESSING

From the Effective Date and until the expiration or termination of this Agreement, Violations shall be processed as follows:

- (a) Authorized Personnel shall, before reporting for field duty, ensure that the Handheld Device is fully-charged, in good working condition, and has adequate supply of thermal paper. Upon deployment, they must bring with them the accompanying peripherals, such as back-up battery or charging device;
- (b) Authorized Personnel must use the Handheld Device in issuing Citation Tickets for all Violations;
- (c) The PGB or Authorized Personnel shall be the sole, unilateral, and exclusive discretion to issue a Citation Ticket, and in no event shall QPAX have the ability or authorization to issue or otherwise cause the issuance of a Citation Ticket;
- (d) All Violations Data shall be stored in the QPAX System and/or the applicable system of the PGB;
- (e) The PGB shall exert all practical and reasonable efforts to pursue the collection of the Fines in connection with the Citation Tickets;
- (f) For traffic-related Violations or Citation Tickets, the PGB shall ensure that the corresponding apprehension report has been submitted to the LTO for purposes of tagging of alarms on the motor vehicle, on its registered owner, and/or on the driver's license, and recording the corresponding demerit points on the driver's record, as mandated under Republic Act No. 10930 and its Implementing Rules and Regulations;
- (g) The PGB shall maintain detailed and accurate records of the collection of Fines assessed in connection with each Citation Ticket.

8. JOINT VENTURE

8.1 *Capital Expenditure.* The initial capital expenditure for the Project is estimated to be [REDACTED] (the "CapEx Amount"), the funding of which shall be the sole responsibility of QPAX. Any additional capital expenditure for the Project, such as those relating to additional Handheld Devices and Equipment, shall likewise be shouldered by QPAX.

8.2 In consideration of their respective contributions to the Project, the Parties agree that the PGB shall pay QPAX an amount equivalent to [REDACTED] based on the following:

- i. every settled or paid Citation Ticket issued using a Handheld Device;
- ii. every settled or paid Citation Ticket manually issued by an Authorized Personnel who fails or refuses to issue a Citation Ticket using a functioning Handheld Device; and
- iii. every settled or paid Citation Ticket manually issued by any other personnel of the PGB that was encoded, entered, or otherwise processed in the QPAX System.

8.3 All amounts collected by the PGB from the payment of Fines shall be [REDACTED]

deposited in a Dedicated Trust Account which shall be distinct and separate from the PGB's General Fund or any other bank account. The PGB shall not and will not commingle such collected amounts with the PGB's General Fund or any other funds. In case of omission and/or mistake by the PGB, it will automatically return to the said Dedicated Trust Account the commingled amounts from The General Fund or other account within five (5) days from notice thereof.

8.4 The PGB, upon receipt of the monthly invoice or billing from QPAX, shall instruct the bank where the Dedicated Trust Account is located to transfer QPAX' Share to QPAX' account. In case of default and upon receipt of a written demand from QPAX, the PGB shall be liable to pay interest on all amounts due and outstanding at a rate of one percent (1%) per annum.

8.5 Any dispute between the Parties in connection with determining the amount of the QPAX Share shall be definitively settled by the binding decision of a reputable, independent auditor mutually nominated or appointed by the parties. The PGB is deemed to have approved the appointment of the auditor nominated by QPAX if the PGB does not express its objection thereto in writing within ten (10) days from notice by QPAX.

9. OTHER RIGHTS AND OBLIGATIONS.

9.1 The PGB shall fully cooperate in the implementation of the Project and to execute, issue and deliver such other documents, instruments, and/or certifications that may be necessary in connection with the Project.

9.2 The PGB shall do all things necessary to ensure this Agreement is compliant with the requirements of the PPP Code.

9.3 Upon submission of, or compliance with, the requirements by QPAX, the PGB shall assist in securing all permits, licenses, agreements, and approvals necessary for implementation of the Project (collectively, the "Approvals") and other legal requirements from the relevant Governmental Authorities. Unless due to its own fault or negligence, QPAX shall not be deemed in default when it is caused by the non-issuance or delay in the issuance of the Approvals.

9.4 QPAX shall assist the PGB in public information and education efforts, including the development of artwork for utility bill inserts and press releases for any public launch of the Project, provided actual print and production costs shall be the sole responsibility of the PGB, unless otherwise agreed upon by the Parties.

9.5 The PGB authorizes QPAX to use the PGB's name, logos, trademarks, or other marks for purposes related, such as placing them in the portal or website and in the Citation Tickets to be issued using the Handheld Device.

9.6 The PGB shall assign a Project Manager and other personnel who will have overall responsibility over the Project, including making decisions to finalize the design and configuration of the Handheld Devices to conform with the requirements and purposes of the PGB.

9.7 The QPAX Project Manager and the Project Manager shall regularly meet throughout the duration of this Agreement, at such times and places as the QPAX Project Manager and the Project Manager shall mutually agree upon, to discuss the progress of,

and resolve matters relating to, the implementation of this Agreement, or as may be required by the circumstances.

9.8 The PGB shall not:

- (a) access the QPAX System or use the Handheld Device in any manner which: (i) restricts or inhibits any other Person from using the QPAX System, or (ii) could damage, disable, impair, or overburden the QPAX System or Handheld Device;
- (b) gain, attempt to gain, or cause another Person to gain, or attempt to gain, unauthorized access to: (i) any account of another Person maintained by QPAX or the QPAX System, (ii) any computer systems or networks connected to the QPAX System, or (iii) any materials or information related to QPAX or the QPAX System by means of hacking, password mining, or any other method whatsoever; and
- (c) install any program or application not authorized by QPAX on, or otherwise modify, alter, or tamper with, the QPAX System or the Handheld Devices without the prior written consent of QPAX.

9.9 The PGB shall maintain the confidentiality of any username, password, or other process or device for accessing the QPAX System.

9.10 The PGB shall promptly advise QPAX of any changes in any Applicable Law relevant to the Project.

9.11 The PGB shall promptly reimburse QPAX for the cost of fixing or replacing any portion of the QPAX System, the Equipment, or Handheld Device that is damaged due to the fault or negligence, whether directly or indirectly, of the PGB or any of its employees, contractors, or agents.

9.12 During the Term of this Agreement, QPAX will maintain insurance coverage, in such amounts as is customary in the Philippines for projects of a similar nature, for personal injury and property damage claims that may arise in connection with QPAX's performance of its obligations pursuant to this Agreement.

10. TRAINING

10.1 QPAX shall provide training regarding the QPAX System and the Handheld Device to Authorized Personnel and other persons involved in the implementation of the Project, including with respect to strategies for presenting Violations Data in judicial, administrative, or other pertinent proceedings.

10.2 QPAX shall provide such training to the PGB personnel as shall be reasonably necessary in order to allow such personnel to act as expert witnesses on behalf of the PGB with respect to the Project.

10.3 Subject to the Applicable Law, QPAX shall interact with judicial and administrative personnel to address issues regarding implementation of the QPAX System, and the development of the process to allow the presentation of Violations Data in judicial or administrative proceedings.

11. LICENSE AND RESERVATION OF RIGHTS

11.1 *License.* Subject to the terms and conditions of this Agreement, QPAX hereby grants the PGB, and the PGB hereby accepts from QPAX upon the terms and conditions herein specified, a non-exclusive, non-sublicensable and non-transferable license during the Term of this Agreement to access and use the QPAX System for the purpose of reviewing Violations Data stored therein, and to print or otherwise make available copies of any content posted on the QPAX System in connection therewith.

11.2 *Reservation of Rights.* The PGB hereby acknowledges and agrees that: (a) it has no claim to any right, title, or interest in the QPAX System including, but not limited to, in any images, photographs, animation, texts or micro application thereof, the QPAX Marks, any QPAX printed materials, or any QPAX Property, and (b) it shall not gain any such right, title, or interest by reason of the exercise of its rights and performance of its obligations pursuant to this Agreement.

11.3 *Restricted Use.* The PGB hereby covenants and agrees that its employees, or agents shall not: (a) service, replace, repair or make any modifications to the QPAX System; (b) service, replace, repair or make any modifications to the Handheld Device without the assistance of QPAX; (c) alter, remove, replace, or tamper with any QPAX Marks; (d) use any of the QPAX Marks in any way which might prejudice their distinctiveness or validity or the goodwill associated therewith; (e) use any trademarks or other marks other than the QPAX Marks in connection with the PGB's use of the QPAX System, without first obtaining the prior consent of QPAX; (f) disassemble, de-compile, or otherwise perform any type of reverse engineering on the QPAX System or any QPAX Property; (f) rent, lease or lend out the QPAX System; or (g) cause or allow any other Person to do any of the foregoing.

11.4 *Protection of Rights.* QPAX shall have the right to take whatever action it deems necessary or desirable to remedy or prevent the infringement of any QPAX Property, including without limitation the filing of applications to register as trademarks in any jurisdiction any of the QPAX Marks, the filing of patent applications for any of the QPAX Property, and making any other applications or filing with appropriate Governmental Authorities. The PGB shall not take any action to remedy or prevent such infringing activities, and shall not, in its own name, make any registrations or filings with respect to any of the QPAX Marks or the QPAX Property without the prior written consent of QPAX.

11.5 *Infringement.* The PGB shall use its best efforts to give QPAX prompt notice of any activities, or threatened activities, of any Person of which it becomes aware that infringes or violates the QPAX Marks or any of the QPAX Property or that constitute a misappropriation of trade secrets, act of unfair competition, or violation of any patent, trademark, copyright, trade secret or other Intellectual Property, that might dilute, damage, or destroy any of the QPAX Marks or any of the QPAX Property. QPAX shall have the exclusive right to make settlements with respect to the foregoing. In the event that QPAX commences an enforcement action with respect to any of the foregoing, the PGB shall render to QPAX such reasonable cooperation and assistance as is reasonably requested by QPAX, and QPAX shall be entitled to any damages or other monetary amount that might be awarded after deduction of actual costs; provided that QPAX shall reimburse the PGB for any reasonable costs incurred in providing such cooperation and assistance.

11.6 *Infringing Use.* The PGB shall give QPAX prompt written notice of any action or claim, whether threatened or pending, against the PGB alleging that the QPAX Marks, or any QPAX Property, infringes or violates any patent, trademark, copyright, trade secret or other Intellectual Property of any other Person, and the PGB shall render to QPAX such reasonable cooperation and assistance as is reasonably requested by QPAX in the defense thereof; provided that QPAX shall reimburse the PGB for any reasonable costs incurred in providing such cooperation and assistance. If such a claim is made and QPAX determines, in the exercise of its sole discretion, that an infringement may exist, QPAX shall have the right, but not the obligation, to procure for the PGB the right to keep using the allegedly infringing items, modify them to avoid the alleged infringement or replace them with non-infringing items.

12. ASSIGNMENT

Except as otherwise provided in this Agreement, no Party may assign its rights, obligations, or interest in this Agreement without the express written consent of the other Party. Notwithstanding the foregoing statement, QPAX may, in its sole discretion, assign its rights, obligations and interests in this Agreement to its wholly-owned subsidiary.

13. EXCLUSIVITY

QPAX shall have the exclusive right to provide and maintain Handheld Devices to the PGB throughout the duration of this Agreement. In the event that the PGB develops, procures, or otherwise makes use of any device or gadget similar to the Handheld Device, QPAX shall not be obligated to connect it to the QPAX System.

14. INSURANCE

14.1 From the Effective Date and until the termination of this Agreement, QPAX shall, at its cost, procure and maintain or, whenever applicable, and its Subcontractor/s, to procure and maintain insurance coverage for certain claims which may arise from or out of the performance of the obligations under this Agreement, including, at a minimum, the following:

- (a) Coverage for claims arising under workmen's compensation laws and disability and other similar employee benefit laws applicable to the Project;
- (b) Coverage for claims for QPAX's employees for bodily injury, sickness, disease, or death; and
- (c) Coverage for claims for damages because of personal injury or death, or property damage resulting from ownership, use and maintenance of any motor vehicle.

15. REPRESENTATIONS AND WARRANTIES

15.1 QPAX represents and warrants that:

- (a) it is a corporation duly organized and validly existing under the laws of the Republic of the Philippines. It has all requisite power, authority, and legal right to execute and deliver this Agreement, and to perform its obligations hereunder; and it has taken all appropriate and

necessary corporate and legal action and obtained all necessary permits and approvals for the execution, delivery, and performance of this Agreement and all other instruments or documents contemplated hereunder;

- (b) its signatory to this Agreement has full legal capacity and has been duly authorized by the Board of Directors of QPAX to sign, execute, and deliver this Agreement for and on behalf of QPAX;
- (c) this Agreement constitutes the legal, valid, and binding obligation of QPAX, enforceable against QPAX in accordance with its terms;
- (d) there is no adverse litigation, arbitration, investigation, or proceeding pending, or to its best knowledge threatened, against or affecting it that could reasonably be expected to materially adversely affect its ability to fulfill its obligations under this Agreement or that may affect the legality, validity, or enforceability of this Agreement; and
- (e) neither it, nor its representatives or agents, have offered any government officer or employee, national or local, any consideration or commission for its award of this Agreement nor has it exercised any corrupt, undue or unlawful influence, directly or indirectly through relatives within the third degree of consanguinity or affinity in securing this Agreement.

15.2 The PGB represents and warrants that:

- (a) it is a duly organized and validly existing political subdivision and local government of the Republic of the Philippines and has all requisite power, authority, and legal right to execute and deliver this Agreement, and to perform its obligations hereunder;
- (b) this Agreement is entered into with the priority authorization and/or ratification by the Sangguniang Panlalawigan of the PGB.
- (c) it has taken all appropriate legal and/or other action which may be required or appropriate to authorize the execution, delivery, and performance of this Agreement and any and all other agreements, instruments, or documents contemplated hereunder;
- (d) this Agreement constitutes the legal, valid, and binding obligation of the PGB, enforceable against the PGB in accordance with its terms;
- (e) this Agreement is in satisfactory and proper legal form pursuant to all Applicable Laws, including the PPP Code; and
- (f) it is subject to Applicable Law in respect of its responsibilities under this Agreement, and that it is not immune from suit, judgment, or execution or any legal process in connection with said responsibilities. Nothing herein shall be considered as waiving the immunity of the State with regard to the assets and interest of the Republic of the Philippines.

15.3 *Limited Warranties.* Except as otherwise provided in this Agreement, QPAX makes no warranties of any kind, express or implied, including but not limited to warranties of merchantability and fitness for particular purpose, with respect to the QPAX System or with respect to the results of the PGB's use of the QPAX System. Notwithstanding anything to the contrary set forth in this Agreement, QPAX does not warrant that any of the Handheld Devices, or the QPAX System, will operate in the way the PGB selects for use, or that the operation or use thereof will be uninterrupted. The PGB hereby acknowledges that the Handheld Devices and the QPAX System may malfunction from time to time and, subject to the terms of this Agreement, QPAX shall diligently endeavor to correct any such malfunction in a timely manner.

16. PERFORMANCE SECURITY

16.1 As security for the satisfaction of the obligations of QPAX under this Agreement, QPAX shall deliver a Performance Security to the PGB at the Effective Date of this Agreement in an amount equivalent to ten percent (10%) of the Net Book Value of CapEx Amount which shall be valid during the Term of this Agreement ("**Performance Security Validity Period**").

16.2 QPAX shall ensure that the Performance Security is at all times in full force and effect in accordance with this Agreement for the duration of the Performance Security Validity Period.

16.3 The PGB may draw from the Performance Security in accordance with the relevant provisions of this Agreement.

16.4 The PGB shall release the Performance Security, net of the amounts drawn upon or forfeited under this Agreement, at the end of the Performance Security Validity Period.

17. WARRANTIES AGAINST CORRUPTION

17.1 QPAX and its officers, agents, employees, and representatives shall always observe the highest standard of ethics.

17.2 QPAX warrants that its officers, agents, employees, or representatives have not engaged in any Corrupt Practice or exerted any unlawful influence to secure or solicit this Agreement for any commission, favor, or any other consideration. For purposes of this Section, "**Corrupt Practice**" shall mean any of the prohibited acts and omissions punishable under R.A. No. 3019 (the "Anti-Graft and Corrupt Practices Act"), R.A. No. 3815 (the "Revised Penal Code of the Philippines"), R.A. No. 6713 (the "Code of Conduct and Ethical Standards for Public Officials & Employees), R.A. No. 7080 (the "Plunder Law"), and other applicable laws by which a person improperly or unlawfully enriches or benefits himself or others or induces others to do so and includes the offering, giving, receiving, or soliciting, directly or indirectly, of anything of value to influence the actions of any person connected with the bidding for the Project or the implementation of this Agreement.

17.3 Notwithstanding anything to the contrary contained in this Agreement, any breach of the warranties and undertakings against corruption by QPAX shall entitle the PGB to terminate this Agreement. In such event, the PGB shall be entitled to draw on the Performance Security, without prejudice to any other right or remedy that may be

available to the PGB here under or other, including the filing of civil or criminal actions against (a) QPAX and/or its officers, agents, and representatives; (b) officers, officials, employees, or representatives of the Governmental Authority involved in the commission of any Corrupt Practices; and (c) other parties liable under applicable laws.

17.4 Without prejudice to the rights and remedies which the PGB may have under this Agreement, if QPAX is found by the PGB to have directly, indirectly, or through an agent, committed a Corrupt Practice, QPAX shall not be eligible to participate in any bidding for any project undertaken or to be undertaken by the PGB from the date on which QPAX is found to have directly or indirectly engaged in any such Corrupt Practice in a final and executory judgment or decision issued by a court of competent jurisdiction.

17.5 The PGB may seek to impose the maximum penalties for civil, criminal, and/or administrative liability available under applicable laws.

18. SUBCONTRACTING

Notwithstanding anything to the contrary in this Agreement, QPAX may subcontract any part of the works, provided that primary responsibility for the subcontracted work will remain with QPAX and will not in any way relieve QPAX of its liability and/or responsibility under this Agreement.

19. MATERIAL AND ADVERSE GOVERNMENT ACTION.

19.1 Upon occurrence of a MAGA, QPAX shall provide written notice to the PGB thereof within thirty (30) days of becoming aware of the same with supporting evidence.

19.2 If a Party is rendered, wholly or partly, unable to perform its obligations under this Agreement directly as a result of a MAGA, it shall be excused from performance of such obligations to the extent that it is unable to perform on account of such MAGA, provided that:

- (a) The suspension of performance shall be of no greater scope and of no longer duration than is reasonably required by the MAGA;
- (b) The affected Party shall make all reasonable efforts to mitigate or limit the effects of the MAGA on its performance in accordance with this Agreement;
- (c) When the affected Party is able to resume performance of its obligations under this Agreement, it shall give written notice to the other Party to that effect and shall promptly resume performance of such obligations.

19.3 If a MAGA or a combination thereof: (a) adversely affects the interest of QPAX and/or QPAX's financial rate of return (on a net of tax basis) in connection with the Project (including, without limitation, any restriction on the ability to remit funds in foreign currency outside the Philippines), or (b) will significantly reduce or reduces the demand for, or the utilization of, the Handheld Devices or the QPAX System, the Parties shall meet for the purpose of coming up with amendments to this Agreement that shall put QPAX substantially in the same financial position it would have been had the MAGA

not occurred.

20. FORCE MAJEURE

20.1 Neither Party will be liable to the other or be deemed to be in breach of this Agreement, for any failure or delay in performing any obligation hereunder arising out of causes beyond its reasonable control and without its fault or negligence. The Party whose performance is affected agrees to notify the other Party promptly of the existence and nature of any delay.

20.2 Upon the occurrence of Force Majeure, the affected Party shall continue to be responsible for performing its obligations that are still possible to be performed, whether wholly or partially, and shall mitigate the effects of the Force Majeure. Irrespective of the occurrence of the Force Majeure, the affected Party shall exercise diligence to ensure the continued implementation of this Agreement.

20.3 If the affected Party is completely prevented from performing its obligations under this Agreement due to Force Majeure, such affected Party shall commence the performance of its obligations once the Force Majeure has ended.

20.4 All insurance proceeds in respect of insurances from physical damage received by or payable under any insurance policy shall be applied to the damage caused by Force Majeure.

21. DEFAULT

21.1 A Party shall be deemed in Default when:

- (a) it fails to perform any of its obligations under this Agreement which materially and adversely affects the operations of the Project; or
- (b) it breaches any of its representations and warranties;

21.2 QPAX shall be deemed in Default when:

- (a) it commits Abandonment as defined in this Agreement;
- (b) it fails or unjustifiably refuses to comply with any of its material obligations under Section 5 of this Agreement, which is not remediable, or, if remediable, shall remain unremedied within ninety (90) days from written demand of the PGB or within a longer period reasonably agreed upon by the Parties;
- (c) it fails to complete any of the Implementation Milestones (attached as Annex "A"); or
- (d) it (i) becomes voluntarily or involuntarily the subject of rehabilitation, receivership, or suspension of payment proceedings under any bankruptcy or insolvency law or other law or procedure for the relief of financially distressed debtors; (ii) it does not, is unable, or admits in writing its inability to pay its debts when due or as they mature; or (iii) becomes insolvent, takes or suffers any action for its liquidation or dissolution, or has a receiver or liquidator appointed for all or any

substantial part of its assets and, in the event any such occurrence is involuntary, it results in the entry of an order for relief or the adjudication of QPAX or any such guarantor of QPAX as bankrupt or insolvent and it remains undismitted or undischarged for a period of thirty (30) days.

21.3 The PGB shall be deemed in Default when:

- (a) QPAX is ready, willing, and able to perform any of its obligations under this Agreement but the PGB obstructs its ability to perform the same without justifiable reason;
- (b) it fails to perform any of its obligations under this Agreement which renders it impossible for QPAX to perform its own obligations under this Agreement for a continuous period of thirty (30) days, unless due to Force Majeure; or
- (c) without a valid reason, the PGB fails or refuses to: (i) issue any provided Handheld Device to its personnel; (ii) direct them to only issue Citation Tickets using the assigned Handheld Device; (iii) and/or proscribe all Authorized Personnel from manually issuing Citation Tickets.

22. LIQUIDATED DAMAGES

22.1 In addition to the right of the PGB to forfeit the Performance Security of QPAX, Liquidated Damages in the [REDACTED] shall incur upon failure of QPAX to complete any of the Implementation Milestones (attached as Annex "A"). The PGB shall send a written demand to QPAX for the payment of Liquidated Damages. Such Liquidated Damages shall be paid within ten (10) days from receipt by QPAX of such written demand.

22.2 In the event that the PGB forfeits the Performance Security of QPAX for its failure to complete the Implementation Milestones without terminating this Agreement, QPAX shall post Performance Security within fifteen calendar (15) days from notice of the forfeiture of the original security. Failure to do so shall be a ground for termination of the Agreement.

23. PENALTIES

23.1 The PGB will be liable, in addition to incurring interest, to pay a penalty in the amount of One Thousand Philippine Pesos (Php 1,000.00) in every instance of default arising from its failure to timely pay the QPAX Share pertaining to at least three (3) invoices or billings it received from QPAX.

24. TERMINATION

24.1 *Termination due to Default.* The innocent Party shall have the right to terminate this Agreement if the other Party is deemed to be in Default. The following procedures shall apply:

- (a) the innocent Party shall serve a written Notice of Default specifying in reasonable detail the ground/s for Default to the defaulting Party

within thirty (30) days of becoming aware of such ground for Default;

- (b) the defaulting Party shall have forty-five (45) days from its receipt of the aforementioned notice in which to cure the Default provided that the default is not due to failure to complete an implementation milestone. In such case, the defaulting Party shall only be given a maximum of three (3) calendar days to cure the default unless extended by the innocent Party but in no case will the extension period be more than seven (7) calendar days. If the defaulting Party needs more than that period to cure the Default, it shall serve to the innocent Party a Rectification Plan within ten (10) days from receipt of the Notice of Default specifying the remedial actions it plans to undertake and the number of days necessary to cure such Default;
- (c) the aforementioned Rectification Plan shall be subject to the innocent Party's written approval, which shall not be unreasonably withheld. Upon the approval of such Rectification Plan, the defaulting Party shall faithfully comply with its terms; and
- (d) if such Default is not cured within forty-five (45) days (or such longer period as the innocent Party may have approved), the innocent Party shall have the right to terminate this Agreement. This termination is without prejudice to any of the innocent Party's remedies under this Agreement and those accorded by law.

24.2 *Termination due to Force Majeure.* This Agreement may be terminated if Force Majeure prevents a Party from performing any of its obligations under Sections 5, 6, and 7 of this Agreement for a continuous period of 180 days. This Agreement may only be terminated under this Section:

- (a) By the Party who is not prevented by Force Majeure from performing any of its obligations under Sections 5, 6, and 7 of this Agreement; or
- (b) By mutual agreement of the Parties, if both are prevented by Force Majeure from performing any of its obligations under Sections 5, 6, and 7 of this Agreement.

24.3 *Termination due to MAGA.* This Agreement may be terminated by QPAX:

- (a) If MAGA prevents one Party or both Parties from performing any of its obligations under this Agreement for a continuous period of 180 days; or
- (b) In case of inability of both Parties to agree on and execute the amendments indicated in Section 19.3 within thirty (30) days from written notification of the MAGA by QPAX.

24.4 The termination of this Agreement shall not relieve either Party of any liability that accrued prior to such termination. Moreover, upon termination:

- (a) QPAX shall: (i) immediately cease to provide services and to perform its obligations and responsibilities under this Agreement, and (ii) promptly deliver to the PGB a final invoice stating all outstanding

QPAX Share, interests, penalties, and charges properly owed by the PGB to QPAX prior to the termination;

- (b) The PGB shall: (i) immediately cease using the QPAX System and the QPAX Property, and (ii) promptly deliver to QPAX any and all Proprietary Property of QPAX provided to the PGB pursuant to this Agreement; and
- (c) Ownership and possession of all Handheld Devices and Equipment shall revert back to QPAX. Unless the PGB and QPAX have agreed to enter into a new agreement relating to the Project or have agreed to renew or extend the Term of this Agreement, QPAX shall recover all Handheld Devices and remove any and all Equipment or other materials of QPAX installed in connection with QPAX's performance of its obligations under this Agreement.

24.5 *Termination Payment.* In the event this Agreement is terminated in all cases other than due to the following circumstances: (a) Force Majeure, (b) Default of QPAX, or (c) a MAGA by a national Governmental Authority, provided that the PGB has exhausted all possible means to mitigate the effect of such national MAGA within the 180-day period, the PGB shall, within a period of 180 days after such termination, pay to QPAX an amount equal to the sum of the costs actually incurred by QPAX, including but not limited to:

- (a) unrecoverable costs of Handheld Devices and Equipment relating to the Project;
- (b) unrecoverable cost of re-deploying or making redundant staff dedicated to the Project;
- (c) cancellation and/or termination costs and charges of any agreements with third parties that have been disclosed to the PGB prior to the date of termination; and
- (d) reasonable administrative costs directly incurred as a result of the early termination.

The straight-line depreciation method shall be used to determine the amount of the termination payment which the PGB shall pay QPAX in the event any of the above-enumerated circumstances happen.

24.6 *Forfeiture of Performance Security.* In the event this Agreement is terminated due to the Default of QPAX, the PGB shall forfeit the latter's Performance Security upon termination.

24.7 Upon expiration of the term and any extension thereof of this Agreement, all Handheld Devices currently being used by the PGB shall be transferred to the PGB.

24.8 Notwithstanding the foregoing, the following provisions shall remain in force and effect even after the termination of this Agreement, to the extent necessary for the Parties to exercise their rights or perform their obligations thereunder: Section 1 (Definitions), Section 11.2 (Reservation of Rights), Section 15 (Representations and Warranties), Section 24 (Termination), Section 25 (Confidentiality), Section 26

(Indemnification and Liability), Section 27 (Notices), Section 28 (Dispute Resolution), Section 30.9 (Applicable Law) and those provisions set forth in this Agreement which either by their terms state that they survive the expiration or termination of this Agreement or that must survive to give effect to the intent of this Agreement.

25. CONFIDENTIALITY

25.1 During the Term of this Agreement and for a period of three (3) years thereafter, neither Party shall disclose to any third person, or use for itself in any way for pecuniary gain or otherwise, any Confidential Information of the other Party.

25.2 Upon termination of this Agreement, each Party shall return to the other Party all tangible Confidential Information of such other Party.

25.3 Each Party shall not disclose to any third party any Confidential Information of the other Party without such other Party's express written consent, except:

- (a) to its employees who are reasonably required to have such Confidential Information;
- (b) to its agents, representatives, attorneys and other professional advisors that have a need to know such Confidential Information, provided that such parties undertake in writing to keep such Confidential Information strictly confidential; and
- (c) pursuant to, and to the extent of, a Legal Requirement or a request or order by any Governmental Authority.

26. INDEMNIFICATION AND LIMITED LIABILITY

Notwithstanding anything to the contrary in this Agreement, neither Party shall be liable to the other Party, by reason of any representation or express or implied warranty, condition or other term or any duty under law, for any indirect, incidental, special, or lost profits, however caused and on any theory of liability arising out of or relating to this Agreement.

27. NOTICES

27.1 All notices and other communications to be sent to a Party pursuant to this Agreement shall be addressed to such Party and sent to the address specified next to such Party's name below:

(a)

[REDACTED]

(b)

[REDACTED]

27.2 Any notices to be given hereunder shall be in writing and shall be deemed to have been given: (a) upon delivery, if delivered by hand; (b) three (3) days after being sent through registered mail; and (c) one (1) business day after being delivered through a reputable overnight courier service, prepaid and marked for next day delivery.

28. DISPUTE RESOLUTION

28.1 Upon the occurrence of any dispute, controversy, or claim arising out of, relating to, or in connection with this Agreement, or the breach, termination, or validity thereof (a "Dispute"), the Parties shall engage in informal, good faith discussions and attempt to resolve the Dispute. In connection therewith, upon written notice of either Party, each of the Parties will appoint a designated officer whose task shall be to meet for the purpose of attempting to resolve such Dispute. The designated officers shall meet to discuss the Dispute as often as the Parties shall collectively deem to be reasonably necessary.

28.2 If the Parties are unable to resolve a Dispute in accordance with Section 28.1, the Dispute shall be finally settled by arbitration. The arbitration shall be conducted in accordance with the arbitration rules of the Philippine Dispute Resolution Center Inc. ("PDRCI") in effect at the time of the arbitration. The seat of the arbitration shall be in the City of Balanga, Bataan, and it shall be conducted in the English language.

28.3 Any arbitration award shall be final and binding on the Parties and the Parties hereby irrevocably waive their right to any form of appeal, review, or recourse to any state court or other judicial authority insofar as such waiver may be validly made.

28.4 The Parties agree that the arbitration shall be kept confidential and that the existence of the proceeding, any occurrence therein, and element thereof (including but not limited to any pleadings, briefs, or other documents submitted or exchanged, any testimony or other oral submissions, and any awards) shall not be disclosed beyond the tribunal, the PDRCI, the Parties, their counsel, accountants and auditors, insurers and re-insurers, and any person necessary to the conduct of the proceeding. These confidentiality obligations shall not apply if and to the extent that (i) disclosure is required by law or in judicial or administrative proceedings, or (ii) disclosure is necessary to enforce the rights arising out of the award.

29. TAXATION

29.1 *Taxes on the Execution of the Agreement.* QPAX shall bear the Documentary Stamp Taxes and such other taxes and expenses arising from the execution of this Agreement.

29.2 *National Taxes from the Project.* National taxes due on the income from the Project shall be borne by each Party in accordance with the statutory requirements.

30. GENERAL PROVISIONS

30.1 *Entire Agreement.* This Agreement (including all documents annexed herein) is the complete and exclusive statement of agreement concerning the subject matter of this Agreement, and supersedes all prior understandings, oral communications and writings in respect of the subject matter of this Agreement. This Agreement may be amended or modified only in writing and signed by the Parties.

30.2 *Severability.* If any provision of this Agreement is held by any court or other competent authority to be void or unenforceable, the remaining provisions not so declared shall continue to be valid and enforceable.

30.3 *Waiver.* Any waiver by either Party of a breach of any provision of this Agreement shall not be considered as a waiver of any subsequent breach of the same or any other provision of this Agreement.

30.4 *Covenant of Further Assurances.* All Parties to this Agreement shall, upon request, perform any and all acts and execute and deliver any and all certificates, instruments, and other documents that may be necessary or appropriate to carry out any of the terms, conditions, and provisions hereof or to carry out the intent of this Agreement.

30.5 *Remedies Cumulative.* The rights and remedies provided for in this Agreement shall be construed as being cumulative, and not one of them shall be deemed to be exclusive of the others or of any right or remedy allowed by law or equity, and pursuit of any one remedy shall not be deemed a waiver of any other remedy.

30.6 *Binding Effect.* This Agreement shall inure to the benefit of, and be binding upon, all of the Parties hereto and their respective executors, administrators, successors and permitted assigns.

30.7 *Compliance with Laws.* Nothing contained in this Agreement shall be construed to require the commission of any act contrary to law, and whenever there is a conflict between any term, condition, or provision of this Agreement and any present or future statute, law, ordinance, or regulation contrary to which the parties have no legal right to contract, the latter shall prevail, but in such event the term, condition, or provision of this Agreement affected shall be curtailed and limited only to the extent necessary to bring it within the requirement of the law, provided that such construction is consistent with the intent of the Parties as expressed in this Agreement.

30.8 *No Third-Party Benefit.* Nothing contained in this Agreement shall be deemed to confer any right or benefit on any person that is not a party to this Agreement.

30.9 *Applicable Law.* This Agreement shall be governed by and construed in all respects solely in accordance with the laws of the Republic of the Philippines.

30.10 *Language.* English is the governing language of this Agreement, which shall be interpreted in accordance with English usage. All documents, notices, waivers and all other communications written or otherwise between the Parties in connection with this Agreement shall be in the English language.

IN WITNESS WHEREOF, the Parties have hereunto affixed their signatures on the date and place indicated above.

THE GOVERNMENT OF THE PGB
OF BATAAN

QPAX TRAFFIC SYSTEMS INC

By:

[Redacted Signature]

Jose Enrique S. Garcia III
Governor

By:

[Redacted Signature]

Manolo Steven M. Ona
President and Chief Executive Officer

[Redacted Signature]

WITNESSES

[Redacted Signature]

ACKNOWLEDGMENT

Republic of the Philippines)
CITY OF BALANGA) S.S.

CITY OF BALANGA

BEFORE ME, a Notary Public for and in _____, Philippines, on this _____ day of 01 SEP 2025, personally appeared Manolo Steven M. Ona and Jose Enrique S. Garcia III, known to be the same persons who executed the foregoing Services Agreement, which instrument consists of ___ pages including the page on which this Acknowledgment is written, and sealed with my notarial seal and aforesaid parties acknowledged to me that the same is their free act and deed. The parties exhibited to me their competent evidence of identity: _____ and _____, respectively.

Notary Public

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Page No. 102 ;
Book No. ✓ ;
Series of 2025 AF

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Annex A: Implementation Milestones

The Project shall be implemented in accordance with the 40-working day deployment plan shown below.

Phase	Deliverables	Duration
Project Planning	Project Plan review Identification of Project Team Kick-off Preparation Sign off of Project Plan Master Files Preparation a) Introduction to Master File Preparation b) Data Cleansing c) Validate Master File Template IT Infrastructure Preparation a) Prepare ECMS Server b) Deploy EMCS c) Pilot Demo Database, LGU Set up, Data Management and Usernames	10 days
Development	Create functional and technical specifications Present functional specifications for approval Actual Coding and Design Integration of chosen payment gateway Internal QA On-site Testing	15 days
Deployment	Master File Template Orientation Master File Checking Uploading of Master Files in Staging Environment User Access Configuration and Assignment of Roles (ECMS and Handheld Device) ECMS and Handheld Device Set up and Process Training Sign-off Deployment Phase	5 days
Operation	Uploading of Master Files in Production Environment Data Uploading of Cut-off transactions Verify Set up and data in Live Environment Go-live	5 days
Post-Production Support	On-site and off-site monitoring End-user support and training, when needed	5 days

Annex B: Minimum Performance Standards and Specifications:

A. Handheld Device

Requirement	Features
Scanning and Printer Module	Handheld terminal has professional scanner and printer using the latest thermal printing technology. The device can print the violation ticket for a continuous period of at least eight (8) hours daily.
GPS Module	Global Position System tracks the coordinates of picture based on the geo-location of the camera. It has also a geo-location capability that checks the location of the enforcer if he or she is within the designated area.
Specifications	<p>All in One Handheld PDA Printer Smart POS Terminal Wireless Portable Printers Intelligent Payment Terminal Function BT/ WIFI/ USB OTG/ 3G Communication</p> <ul style="list-style-type: none"> ● OS - Android 11 Go ● CPU Quad core (4*2.0GHz A53) ● Memory 8GB ROM+1GB LPDDR3RAM (16GB ROM+2GB LPDDR3 RAM Optional) ● Display Screen 6.517" HD+ 720*1600, IPS ● WIFI 2.4G/5G, Supports IEEE 802.11 a/b/g/n/ac ● Camera <ul style="list-style-type: none"> ○ Rear camera:2M FF ○ Front camera:2M FF ● Battery Li-polymer battery 7.2V 2500mAh IC ● Card Reader Support smart IC card ● NFC Reader Type A&B, Mifare PBOC, PayPass, PayWave SAM card slot 1 ● SAM cards+2 SIM cards ● Printer 2inch, 72mm/s, width:57mm. Roll diameter:40mm ● Scanner E3 lite Scanner (Optional) ● Touch panel Capacity 5 points, full lamination, in-cell ● Magnetic Card reader Support 1/2/3 track, Bi-direction, complies with ISO7810/7811 standards ● Interface Type C USB, support OTG ● Security ANSI X9.8/ISO9564, ANSI X9.9/ISO0873, Master Key/Session Key, support3DES, RSA, SHA-256 ● Bluetooth Supports 2.1/3.0/4.0/5.0 ● Others 1m drop ● Satellite Positioning GPS, AGPS, Glonass, or Beidou ● Key pad Power on key and Function key Adaptor 5V/2A

B. Back-end System

Modules	Features
Traffic Offense Maintenance	This module allows LGUs and government agencies to create their own list of violations with corresponding penalties for each. List of violations can be grouped and categorized, e.g., grave, less grave, and light violations, and matched with the LTO's list of

	violations. The fine or penalty can be tiered based on the number of violations committed in every jurisdiction.
Violations Management	This module monitors and manages motorists physically apprehended by traffic enforcers through the issuance of Unified Ordinance Violation Receipt (UOVR) or citation ticket. It comprises of violation monitoring, verification of vehicle registration and driver's license with the LTO database and approval. Violation monitoring function includes: 1) monitoring and review of violation list and latest status of violation; 2) automatic distribution of violation based on active processors during a given day; 3) manual distribution per violation or batch by a team leader; 4) violation redistribution by batch or individually. Violation verification function involves: 1) auto or manual rejection of violation; 3) archiving of violation; 4) review of rejected violation for further investigation; and 5) approval of violation. Upon review and approval of the violation, the system will automatically create a digitized version of the UOVR or citation ticket, and its serial number can be used by the violator to pay the fine. This module is provided with counters so the encoders or the processors will be provided with insights on how many violations were processed during the day, how many violations with outstanding alarm, and how many violations were paid as of a specified date.
Driver Information Maintenance	This module enables direct integration and interface with the LTO Land Transportation Management System (LTMS) for the retrieval, verification, and validation of driver's and/or vehicle information. Driver's information, such as name, address, DL number, and DL validity, and vehicle information, such as registered vehicle owner's name, address, vehicle plate number, MV number, vehicle type or brand, can be used to check the authenticity of the driver's license and vehicle registration provided by the motorist during the apprehension. Through the information retrieved from LTO, the system is likewise able to push for alarm and/or demerit points and lifting of alarm when the violation is settled.
Traffic Enforcer Assignment	This module allows the assignment of traffic enforcers to specific areas with defined schedules. The location and time-based assignment module enable traffic head to electronically assign traffic enforcers within certain periods and location. This feature allows issuance of mission order as basis of the enforcer to issue citation tickets within the covered area. It is best implemented when traffic enforcers issue UOVR or citation ticket using handheld devices since through the system's geo-tagging capability, traffic heads can easily monitor the location or whereabouts of their enforcers. The system likewise provides handheld devices with voice or messaging applications for better and faster interaction between and among the traffic heads and enforcers on the ground.
Adjudication and Dispute Resolution	This module allows traffic violators to contest the apprehension and select their preferred date and time of hearing. The module comes with case management or email support for electronic submission of documents and notification.

Email or Contact Support	This module will help users to manage and consolidate email concerns and inquiries. The process involves sending inquiry through email, which will be automatically converted by the system into a case record that has auto-assignment features to an authorized user. The authorized user will then start working on the case and complete the necessary information. Once the case is resolved, the authorized user will mark the case completed or closed otherwise, it will be escalated to his/her superior for resolution. This module includes account and contact management, activity and case management.
User Management	This module establishes authorization among the specific users involved in processing the captured violations. It also limits the user's access to information based on their level of roles and responsibilities, thereby ensuring data security and integrity. Creation of the users goes through proper authentication with the LTO LTMS. Users are required to log in using their thumbprint and/or username and password.
Audit Trail	The ECMS logs the activities and details of the users who processed the captured violation. It also enables the specific users to ensure the quality of each process by reviewing and identifying errors in the recorded activities.
Reports and Dashboard	This module provides metrics and reports essential to the operations such as the number of captured violations and paid violations. It is also designed to automatically create data dashboard that would let specific users to monitor the performance of the operations as well as to display the Key Performance Indicators (KPI) vital to the operation.
Website and Payment Portal	The website and payment portal allows violators to inquire about their traffic violations, if any, and securely pay the applicable fines for their violations by inputting the required information. The website is fully secure and compliant with data privacy requirements.
Back up and Business Continuity	The backup of data is one of the features of ECMS. The system has the capacity to store large amount of data which is essential for a digital operation. It also let the specific users retrieve and restore data that would allow our government partners to continue their operation even on unexpected events and situations.

C. Storage and Server Requirements

The management server and database that provide primary and secondary storage via local disk or NFS have the following requirements.

- Preferred: CentOS/RHEL 7.2+ or Ubuntu 16.04(.2) or higher
- x86_64 CPU (more cores results in better performance)
- 4 GB of memory
- 250 GB of local disk (more results in better capability; 500 GB recommended)
- At least 1 NIC
- Statically allocated IP address
- Fully qualified domain name as returned by the hostname command

Annex C: Key Performance Indicators

Performance Parameters	Deliverables
Turn-Around Time for Violations Processing	Turn-Around Time from the time of DL / OR capture by the Handheld Device up to the Printing of Citation Ticket should not be more than 5 minutes
Technical Support	<p>QPAX will provide technical support such as:</p> <ul style="list-style-type: none"> • Telephone Support • Email Support • Remote Access Support (client must have broadband internet connection) • Implementing system bug fixes • Implementing system updates that are part of QPAX's development roadmap for the modules that are included in the project scope. • Onsite support (upon request and for scheduling) <p>Technical Support - available during regular office hours - Mondays to Friday, 8:00AM - 5:00PM (except on holidays)</p> <p>Initial and response time for Technical Support will be as follows:</p> <p>Severity 1 - 1 business day Severity 2 - 3 business days Severity 3 - 5 business days Severity 4 - 7 business days</p> <p>QPAX will respond to service-related incidents and/or requests submitted by the PGB within the herein provided period based on the severity of technical support or bug management, as shown below:</p> <ol style="list-style-type: none"> 1. Severity One (Urgent) - a catastrophic system problem which may severely impact the LGU's operations, or in which LGU's system is down or not functioning; no procedural work around exists. 2. Severity Two (High) - a problem where the LGU's system is functioning but in a severely reduced capacity. The situation is causing significant impact to portions of the LGU's operations and productivity. 3. Severity Three (Medium) - medium-to-low impact problem involving partial non-critical functionality loss. It impairs some operations, but allows the LGU to continue to function. This may be a minor issue with limited loss or no loss of functionality or impact to the LGU's operations and issues in which there is an easy circumvention or avoidance by the end user. 4. Severity Four (Low) - a general usage question or any other minor issue that has no impact on the quality, performance or functionality of the product or services. This includes documentation errors. 5. Remote assistance will be provided depending on the priority of the support request.