

IMPORTANT NOTICE: These Standard Terms and Conditions apply to all sales, manufacturing orders, outsourced production, and export agreements executed by LMY Packaging Group Limited. Receipt of an order, deposit, or invoice acknowledgment constitutes legally binding acceptance of these terms in full.

1. GENERAL & STRUCTURE

1.1 All goods, packaging materials, and services ("Goods") sold or supplied by LMY Packaging Group Limited ("the Company") are sold exclusively subject to these Standard Terms and Conditions of Contract ("Standard Terms").

1.2 Receipt by the Company of any purchase order, artwork, specification, or instruction from the Buyer shall be deemed to constitute full and unconditional acceptance of these Standard Terms, notwithstanding any conflicting terms stated in the Buyer's enquiries, purchase orders, or documentation.

1.3 All statutory implied warranties, conditions, or guarantees in favour of the Buyer are expressly negated and excluded to the maximum extent permitted under applicable law.

2. INTERPRETATION & DEFINITIONS

2.1 In these Standard Terms, the following definitions shall apply:

- **"Buyer":** The purchaser of Goods from the Company (and if multiple parties, jointly and severally).
- **"Company":** LMY Packaging Group Limited, registered in Hong Kong SAR, its successors, and assigns.
- **"Contract":** Any binding contract or agreement between the Company and the Buyer for the supply of Goods.
- **"Document":** Any communication sent via electronic transmission, email, or facsimile, deemed to be "in writing".
- **"Goods":** All packaging products, custom boxes, flexible films, bags, containers, raw materials, or tooling manufactured, outsourced, or supplied by the Company.
- **"Invoice":** Any pro-forma invoice, commercial invoice, or order confirmation issued by the Company.

3. CONTRACT FORMATION & ORDER ACCEPTANCE

3.1 A binding Contract is formed only when the Company issues an Invoice or formal Order Confirmation and the Buyer acknowledges receipt in writing or performs an affirmative act of acceptance (including issuing a deposit payment or approving pre-production artwork).

3.2 All quotations, price lists, and estimates issued by the Company prior to issuing an Invoice are non-binding invitation-to-treat documents and are valid for thirty (30) calendar days unless revoked earlier.

3.3 Specified delivery schedules or dispatch dates are non-binding operational estimates only. **Time is not of the essence** regarding delivery or production completion unless expressly agreed in writing by a director of the Company.

4. PRICING & PRICE ADJUSTMENT MECHANISMS

4.1 Prices contained in any Contract are based on material costs, labor, freight rates, customs tariffs, and exchange rates prevailing at the date of Contract formation.

4.2 The Company reserves the right to increase the agreed Price prior to delivery to reflect any actual cost increase resulting from raw material market spikes (e.g., paper pulp, resin, foil), freight surcharges, statutory tariff adjustments, or foreign exchange fluctuations exceeding 3%.

4.3 Unless explicitly stated otherwise on the Invoice, all prices are net of applicable taxes, import duties, customs clearance charges, insurance, and freight costs, all of which remain the sole liability of the Buyer.

5. PACKAGING INDUSTRY MANUFACTURING TOLERANCES

5.1 The Buyer expressly acknowledges that mass manufacturing of custom packaging involves inherent physical and technical variability. Delivery of quantities within the tolerance ranges set out below shall constitute full performance of the Contract, with the total Price adjusted pro-rata on the final invoice:

Order Quantity / Parameter	Standard Industry Tolerance	Invoice & Remedy Basis
Custom Printed Run < 10,000 units	± 10% Quantity Overrun / Underrun	Charged on actual quantity delivered
Custom Printed Run ≥ 10,000 units	± 5% Quantity Overrun / Underrun	Charged on actual quantity delivered
Grammage (GSM) & Material Gauge	± 5% Thickness / Weight Variance	Conforms to manufacturing standard
Color Matching (Pantone / CMYK)	ΔE ≤ 3.0 Standard Variance	Excludes raw substrate shade variation

5.2 Minor dimensional variations within ±2mm, normal registration shifts up to 0.5mm, and subtle shade variances resulting from natural raw paper/board substrates do not constitute defective performance.

6. INTELLECTUAL PROPERTY, MOLDS, ARTWORK & INDEMNITY

6.1 Buyer Artwork & Specifications: The Buyer warrants that all artwork, logos, graphics, trademarks, and packaging structures supplied to the Company are original or properly licensed. The Buyer hereby indemnifies and holds harmless the Company against all third-party liabilities, legal fees, claims, or damages arising from alleged intellectual property infringement.

6.2 Company IP & Pre-Press Materials: All die-cut lines, structural designs, CAD files, printing plates, and prepress assets generated by the Company remain the exclusive intellectual property of the Company.

6.3 Tooling & Custom Molds: Unless full development costs are separately paid by the Buyer under a dedicated tooling agreement, all tooling, dies, and molds remain the property of the Company. Molds held for custom production will be stored for up to 12 months following the last active order; thereafter, the Company reserves the right to decommission unmaintained tooling.

7. SUBCONTRACTING & OUTSOURCING RIGHTS

7.1 As an integrated manufacturer and exporter, the Company reserves the unconditional right to sub-contract, outsource, or manufacture any part or the entirety of an order across its global network of verified manufacturing facilities.

7.2 Subcontracting shall not diminish the Company's primary obligations to the Buyer under the Contract, and all outsourced Goods remain fully governed by the Company's quality assurance framework and limitation of liability clauses.

8. GLOBAL TRADE COMPLIANCE, CUSTOMS & REGULATORY APPROVAL

8.1 The Buyer is solely responsible for verifying that ordered packaging complies with all consumer safety, labeling, environmental regulations, recycling declarations, and food-contact compliance laws in the destination jurisdiction.

8.2 Unless Goods are explicitly sold under **DDP (Delivered Duty Paid) Incoterms® 2020**, the Buyer is exclusively responsible for obtaining import licenses, clearing customs, paying tariffs/VAT, and handling local port inspections.

9. SHIPMENT TERMS & RISK TRANSFER

9.1 Unless specified otherwise on the Invoice, all Goods are sold on an ****FOB (Free On Board)**** basis from the designated shipping port in accordance with Incoterms® 2020.

9.2 Risk of loss or damage to the Goods passes completely to the Buyer upon delivery to the carrier or ocean vessel in accordance with the agreed Incoterm.

10. PAYMENT TERMS, DEFAULT & REMEDIES

10.1 **Payment Terms:** Default payment terms are 100% advance wire/SWIFT transfer upon order confirmation unless approved credit terms are specified in writing on the Invoice.

10.2 **No Set-Off:** The Buyer shall pay all amounts due in full without any deduction, withholding, set-off, or counterclaim under any circumstances.

10.3 **Late Payment Interest:** Overdue amounts shall accrue late interest at the rate of ****18% per annum (1.5% per month)****, calculated daily from the due date until full receipt of cleared funds.

10.4 **Legal Costs:** The Buyer shall indemnify the Company for all legal costs (on a full solicitor-and-own-client indemnity basis), debt collection commissions, and court costs incurred in enforcing payment or remedying any contractual breach.

11. CLAIMS, INSPECTION & DEFECT NOTICE PERIOD

11.1 **Transit Damage:** Claims for transit damage or missing outer packages must be explicitly noted on the carrier's bill of lading/delivery receipt at time of discharge.

11.2 **Quality Claims Notice:** The Buyer must inspect all Goods upon receipt and provide formal written notice of any defect, manufacturing variance, or short delivery within ****seven (7) calendar days**** of arrival at the destination warehouse. Failure to notify within 7 days constitutes absolute waiver and acceptance.

11.3 **Remedy Limit:** For verified defective Goods, the Company's sole responsibility shall be, at its option, to replace the Goods, repair them, or issue a credit note for the purchase price of the defective portion.

12. TITLE & RETENTION OF OWNERSHIP

12.1 Legal title and ownership in the Goods remains strictly with the Company and does not pass to the Buyer until all outstanding invoices and indebtedness owed by the Buyer are paid in full.

12.2 Until title passes, the Buyer shall store the Goods separately, insured, and clearly identifiable as the property of the Company.

13. ABSOLUTE LIMITATION OF LIABILITY

13.1 The maximum aggregate financial liability of the Company for any claim arising out of contract, tort, negligence, or strict liability shall be strictly capped at the ****invoiced value of the specific defective Goods**** giving rise to the claim.

13.2 **Exclusion of Consequential Losses:** The Company shall in no event be liable for any indirect, special, incidental, punitive, or consequential losses, including lost profits, production downtime, spoiled product contents, brand damage, or recall costs.

14. FORCE MAJEURE & GLOBAL SUPPLY CHAIN DISRUPTIONS

14.1 The Company shall not be liable for non-performance, delay, or failure to deliver resulting from acts of God, war, hostilities, trade embargoes, severe port congestion, global shipping container shortages, shipping route diversions, raw material allocation cuts, labor disputes, epidemics, or acts of government.

14.2 If a force majeure event prevents performance for more than sixty (60) days, either party may terminate the