

GENERAL TERMS AND CONDITIONS OF RED SPRINGS LTD

These General Terms and Conditions of "RED SPRINGS" LTD. apply to all commercial relations between "RED SPRINGS" LTD., hereinafter referred to as RED SPRINGS (including any of its affiliates, subsidiaries, branches or holding companies) and the Customer, without prejudice to the individual clauses of the signed framework agreement for sale of mattresses and their derivative products and/ or articles, hereinafter referred to as the Goods. The specific terms regarding size, quantity, specifications, prices and delivery are specified in separate orders, their confirmation and the delivery/ sale contracts.

These General Terms and Conditions shall not constitute a sale agreement but an integral part of such. Any agreement for sale of goods between RED SPRINGS and the Customer under these Terms and Conditions shall be concluded only after RED SPRINGS accepts in writing, including via e - mail the purchase order(s) submitted by the Customer for any goods. Any other terms and conditions of the Customer which are provided to RED SPRINGS in any manner whatsoever, including those differing from the present terms and conditions for delivery and payment, shall be completely excluded and shall not be binding on RED SPRINGS.

Any amendments to these terms and conditions shall be agreed between the parties in writing by an authorized representative of RED SPRINGS. Any of the previous transactions relating to the business and/ or implementation process between the parties shall be considered irrelevant for the purpose of interpretation of these General terms, even in cases where the parties were aware of the nature of the performance and the opportunity for raising an objection.

"RED SPRINGS" LTD. reserves the right to modify these "General Terms and Conditions" at any time. Upon any amendments to these "General Terms and Conditions" the customer may state that he rejects the changes. Upon obtaining the express statement of rejection the sale agreement shall be considered terminated. The changes in the "General Terms and Conditions" do not affect the relations between the Customer and "RED SPRINGS" LTD. arising in connection with purchase orders validly submitted before the change.

1. PRICES AND PAYMENT

1.1 The agreed prices do not include VAT and "RED SPRINGS" LTD. is entitled to change the agreed prices unilaterally if the price of the main and/ or auxiliary materials used in the manufacture of the products offered by the Company, has changed by more than 10%.

1.2. Unless the sales agreement concluded by the parties provides otherwise, the purchase price shall be the price of the relevant product on the day of delivery and the shipping costs and any other costs, fees and taxes shall be charged separately according to the current rules for DAP prices.

1.3. For each individual delivery of goods, the Customer owes a payment for the goods at the prices indicated on the relevant invoice.

1.4. In the absence of a special condition for deferred or advance payment, specified in the written contract, invoice or bill of goods, the Customer shall pay the price at the time of delivery to the bank account of RED SPRINGS indicated in the invoice or contract.

1.5. The term for payment for the goods produced is determined for any particular order placed by the Customer.

1.6. If the customer fails to observe the payment terms, RED SPRINGS may require advance payment or refuse any subsequent deliveries although it has already confirmed the customer orders, without bearing any responsibility thereof

1.7. In case of deferred payment "RED SPRINGS" LTD. is entitled to set a credit limit to the Customer. If the customer exceeds the credit limit due to delayed payment or a new order the execution and delivery of which will exceed the specified credit limit, "RED SPRINGS" LTD. will have the right: to reject the new order; suspend the execution of customer orders or suspend the delivery of already produced quantities until payment of all amounts exceeding the credit limit, and to charge interest on the overdue amounts at the rate of 10 (ten) % surcharge to the reference interest rate of the European Central Bank from the due date until the date of full payment.

1.8. Unless otherwise agreed by "RED SPRINGS" LTD. in writing, the prices do not include delivery costs in accordance with the current rules on DAP prices.

1.9. Any possible discounts or reductions provided by RED SPRINGS have effect only for the relevant delivery and not for any follow orders or deliveries

2. QUALITY

The quality of the products offered by "RED SPRINGS" LTD. complies with the established quality standards of "RED SPRINGS" LTD., bilaterally signed technical specifications and/or bilaterally agreed and signed samples.

2.1. "RED SPRINGS" LTD. will not bear any warranty liability in case of damage caused by improper operation, in case of violation of the physical integrity of the product, in the event of a chemical, electrical and/ or other impacts unrelated to the ordinary use of the product.

3. PRODUCTION AND DELIVERY

3.1. The minimum period for production and shipment corresponds to the individual arrangements with each customer according to the type and number of products ordered.

3.2. The time and place of delivery, mode of transportation and risk transfer shall be agreed and specified in the order and its confirmation in accordance with the generally accepted rules of Incoterms

3.3. The title shall be transferred to the customer upon full payment of the goods.

3.4. If the Customer arranges the transportation, "RED SPRINGS" LTD shall inform him by fax or letter, including electronically, that the products are ready and the customer shall be obliged to transport the products within 3 days of receipt of the notification.

3.5. "RED SPRINGS" LTD. shall invoice the products on the day set for an expedition and in case of agreed monthly orders - on the last business day of the month for all quantities which have not been shipped.

3.6. If the Customer does not pick up (does not accept) the goods within the agreed terms according to each individual order, "RED SPRINGS" LTD. will charge storage costs amounting to 0.25 euro per day for each item and the relevant amount shall be invoiced on the day of shipment. If the Customer does not take the commodities within 60 days "RED SPRINGS" will have the right to sell them to third parties.

3.7. In the case of p. 3.6. the customer shall not be released from the obligation to pay the price of the Goods and all agreed amounts under p.1.3. and p. 3.6. hereof.

3.8. After “RED SPRINGS” LTD. commences the production under a purchase order the Customer has no right to terminate its execution and is obliged to pay the agreed price.

4. COMPLAINTS

4.1. Upon receipt of the goods, the customer must make immediate qualitative and quantitative inspection and in case of a discrepancy, he shall notify “RED SPRINGS” LTD. thereof in writing by fax or letter, including electronically, within 2 business days. After the expiration of this term, any claims for discrepancies will be void.

The above-described notification procedures and terms apply to all customers of “RED SPRINGS” LTD unless otherwise agreed in the individual contracts and trade agreements.

4.2. The customer must keep the goods received in premises adapted for this purpose, complying with all requirements of the state authorities. “RED SPRINGS” LTD. will disregard any claims if the goods are not stored under such conditions and in the cases under point 2.3. herein.

4.3. In case of quantitative and qualitative deviations, the customer may be reimbursed only with the prior written consent of “RED SPRINGS” LTD..

4.4. In case of quantitative deviations “RED SPRINGS” LTD. has the right to choose between making an additional delivery and reimbursement of a proportional part of the price already paid under the contract.

4.5. “RED SPRINGS” LTD. shall be responsible for any quality discrepancies only if the quality parameters have been determined in advance or in case of discrepancies to the technical specifications of the company. In case of quality discrepancies that are not obvious (hidden defects), the Customer must notify “RED SPRINGS” LTD. about his objections within 30 days of receipt of the goods, after which the rights arising from the established quality discrepancies shall expire. Along with his objections, the customer is required to present the accompanying labels of the goods, giving information about its traceability.

4.6. In case of quality discrepancy, the Customer must enable “RED SPRINGS” LTD. to inspect the relevant delivery on site. “RED SPRINGS” LTD. is obliged to notify the Customer of that intention in writing within 7 days after receiving the written objection. In such case, the customer is obliged to store and has no rights to dispose of the non-compliant products.

In case the client has made a mistake with regards to the size, the product may be returned if it is in the original package.

The goods shall be transported to RED SPRINGS EAD with a description “Customer Complaint”.

4.7. The settlement of the claim shall be agreed by the parties in each individual case, subject to the type and degree of non-compliance. The additional delivery or replacement shall take place within 10 (ten) business days after the date of approval of the claim and the transport costs shall be borne by the defaulting party.

4.8. If the complaint is accepted, with the exception of any arrangements for rebates, the customer is obliged to return the relevant product to "RED SPRINGS" LTD. prior to or on the date of recovery of the complaint.

5.RESERVATION OF TITLE

5.1 The delivered Goods shall remain in the ownership of RED SPRINGS until the Customer has paid the purchase price in full.

5.2 During the entire period of the reservation of title, the Customer is obliged to handle the Goods with care, ensure their preservation and their sufficient insurance at the replacement value against theft, damage, fire, water and other risks.

5.3 In addition, the Customer shall take all measures necessary for the protection of RED SPRINGS's ownership and reservation of title.

5.4 The Customer is cannot pledge the delivered Goods or - with the exception of the resale in the ordinary course of business - transfer them until the payment of the Goods in full.

5.5 The Customer must inform RED SPRINGS immediately in the case of an attachment or seizure of the delivered Goods or in the case of any similar occurrence. If it omits to do this, the Customer shall be fully liable towards RED SPRINGS for any damage caused by the failure to inform RED SPRINGS.

6. JURISDICTION

6.1. The interpretation and application of the General Terms and Conditions shall be governed by the rules of Incoterms 2010 and the laws of the Republic of Bulgaria, excluding the action of the EU trade legislation.

6.2. All disputes arising from these terms and conditions or related thereto, including disputes arising from or relating to their interpretation, invalidity, breach or termination, shall be resolved by the Arbitration Court at the Bulgarian Chamber of Commerce and Industry according to its Rules for cases based on arbitration agreements.