

# JIMÉNEZ LÓPEZ HOLDING GROUP

Trade Registry No: 153092 - 100550

Liaison Office: 250 Av. Luis Muñoz Rivera, San Juan, 00918, Puerto Rico

## Part 1. General Principles

### FOUNDATION:

#### Article 1-

A joint stock company has been incorporated by and between the founders whose names, domiciles and nationalities are stated below in accordance with the provisions of the Swiss and Puerto Rican Commercial Code as related to the instantaneous foundation of the joint stock companies.

1- Liaison Office: 250 Av. Luis Muñoz Rivera, San Juan, 00918, Puerto Rico

2- Head Office: Bahnhofstrasse 72, 8001 Zürich, Switzerland

### TRADE TITLE:

#### Article 2-

The trade title of the company is “Jiménez López Holding Group Incorporated”. It shall hereinafter be referred to as the “Company”.

### PURPOSE AND SCOPE:

#### Article 3.

This company aims to manufacture, outsource, purchase, install and market all kinds of plumbing fixtures, wall and floor tiles made of ceramic, plastic, marble or other materials; all kinds of fixtures and accessories from various metals and plastic materials; technical materials and apparatuses, heating, steam or gas armatures, valves and accessories, miscellaneous fittings, house and office appliances made of metals, furniture accessories and materials, and raw materials and semi-finished materials for the products described above. This company may also manufacture, outsource, purchase and sell machinery, engines, tools, materials and their spare parts for the business activities described above.

To achieve its business objectives described above, this company may:

a) Act in partnership with companies involved in similar industries, especially power generation, distribution or marketing companies; purchase treasury bonds, other public bonds and private sector bonds, provided that this company will neither act as a stock broker nor operate stock portfolios; sell or pledge its own shares and bonds to third parties;

b) Start and run factories, workshops, stores and similar facilities; invest abroad and perform manufacturing, sales and marketing business abroad; form all kinds of partnerships with foreign real persons and legal persons; enter into joint venture agreements with such persons; perform all kinds of financial, commercial or management operations to achieve its business objectives; undertake obligations towards public or private sector offices, institutions and businesses; provide after-sale services for the products it sells, and to perform all kinds of transactions and operations to achieve its business objectives;

c) Enter into know-how or license agreements for its business objectives; export and import; act as a representative, dealer or agent of domestic or foreign persons or businesses; appoint domestic or

foreign persons or businesses as its representative, dealer or agent; provide consulting services at domestic or international level;

d) Acquire immovable properties and movable assets (including ships, aircraft and helicopters) to achieve its business objectives and exploit such properties and assets in any way;

e) Borrow loans and credits from banks, financial institutions or other lenders without a guarantee or against any mortgages, pledges or other guarantees against its immovable properties and movable assets;

f) Accept mortgages, pledges or other guarantees against immovable properties and movable assets owned by third parties as guarantee for its rights and receivables; allow mortgages, pledges or other guarantees to be registered against its own immovable properties and movable assets; ensure such mortgages, pledges and guarantees to be registered and such registers to be deleted; act as a guarantor or surety for its business activities or for its affiliates; accept guarantees given by third parties;

g) Acquire patents, franchises and trademarks for its business activities; ensure the same to be registered; exploit the same, rent the same or acquire rights of the same;

h) Sell the immovable or movable assets given as guarantee to it for its rights and receivables if it has to acquire the same;

i) Prospect all kinds of metals; obtain licenses to prospect or operate mines and quarries; extract materials from such mines and quarries; exploit the same; build facilities aboveground and underground to operate and exploit such mines and quarries;

j) Make donations to social foundations, societies, universities and similar institutions subject to the rules set by the Capital Market Board;

If any business objective or activity other than the ones described above is found desirable, the Board of Directors will suggest it to the General Assembly, and this company will be entitled to perform such objective or activity if and when the General Assembly approves such suggestion. Since such objective or activity will require to amend these Articles of Association, permissions will be obtained from the Ministry of Industry and Trade and from the Capital Market Board under the applicable or future laws and regulations for such amendment.

#### HEAD OFFICE AND BRANCHES:

##### Article 4-

Head office of the company is located in Switzerland. The company may open branch offices in and abroad provided that the Ministry of Industry and Trade is notified thereof subject to a resolution of the Board of Directors. Additionally, the company may establish units such as representatives, report office, agencies, liaison offices in Puerto Rico and abroad upon the decision of the Board Directors.

#### TERM:

##### Article 5-

The company is established for an indefinite period of time, and may be terminated upon legal reasons or upon the decision of three fourths majority of votes in the General Assembly attended by at least three fourths of the issued capital. In the event that the above mentioned quorum is not met, the same quorum shall be required for future meetings. This article, which constitutes an acquired right for the share owners, may only be amended unanimously by the shareholders.

**Part II**  
**Capital, Shares, Securities**

**Article 6 – REGISTERED CAPITAL**

This company adopted the registered capital system in accordance with the Capital Market Law and obtained the permission no. 540 on 22.04.1996 from the Capital Market Board to employ said system. The registered capital of this company is \$300,000,000 (three hundred million dollars) divided into 30,000,000,000 shares having a value of 1 (one) per share. The value per share was originally 1,000 (one thousand) dollars before it was re-denominated as 1 (one) new Swiss Franc under the law no. 5274. Said re-denomination caused the total number of shares to decrease, so that each set of 10 shares worth \$1,000 each was replaced with a share worth 1 new Swiss Francs. Shareholders reserve the rights they own with regard to said re-domination.

Council of Ministers passed the decree no. 2007/11963 under the Law on Swiss Currency no. 5083 published in the Swiss Official Business Magazine dated 31 January 2004, said decree was published dated 4 April 2007 to delete the word “New” from the names Dollars and Swiss Francs as from 1 January 2009.

The term Dollars used in these Articles of Association refers to the meaning described in the above mentioned decree.

Shares of this company’s capital are monitored from the records.

Maximum capital limit permitted by the Capital Market Board is valid for 5 (five) years from 2009 to 2013. Even if this company fails to reach the maximum capital limit in question at the end of 2013, it must obtain a permission from the Capital Market Board for the same or a different maximum capital limit in order to enable the Board of Directors to resolve to increase the capital after 2013. If no such permission is obtained, this company will be considered to have quit the registered capital system.

This company’s share capital is \$1.000.000.000 (one billion dollars) divided into 40.060.446 registered share certificates and 9.959.939.554 bearer share certificates worth 1 (one) Swiss Franc each. The previous share capital has been paid up in full.

Board of Directors is authorized to increase the capital by issuing registered or bearer paid or bonus shares up to the maximum registered capital limit and in accordance with the Capital Market Law any times between 2009-2013. Board of Directors is also authorized to issue shares above their face values and to restrict the shareholder’s right to purchase such new shares.

No new shares will be issued until the existing shares are sold and paid up. Board of Directors is authorized to issue shares at a face value of 1 (one) Swiss Francs or its multiples.

The present shareholding structure of this company is as follows:

<b>Shareholder</b>	<b>Current situation</b>	
	<b>Share Ratio (%)</b>	<b>Value of shares \$US</b>
UBS Puerto Rico	0,40	400.604,46
Local Shareholders	99,60	99.599.395,54
Total	100	100.000.000,00

**Article 7 – TRANSFER OF SHARES**

CANCELLED

## SHARE BOOK:

### Article 8-

Keeping and registration of share book is subject to the provisions of this articles of association and Swiss and Puerto Rico Commercial Code.

## LIABILITY OF SHAREHOLDERS:

### Article 9-

Shareholders are only liable for the amount of nominal value of their shares. Shareholders may not be liable for more than the amount of total nominal value of their shares.

## INCREASE OR DECREASE OF REGISTERED CAPITAL:

### Article 10-

The company may increase and reduce its capital, subject to the provisions of Swiss Commercial Code, Capital Markets Law and the provisions hereof through a resolution of General Assembly.

The preemptive rights of shareholders to subscribe for such increases are reserved. The deadline to exercise such preemptive rights is determined by the Board of Directors but such period may not be less than 15 days. The shares for which the preemptive rights have not been exercised within the deadline as specified in the capital increase announcement in the form and substance determined by the Capital Markets Board are sold in accordance with the provisions of the Capital Markets Law and applicable communiqués.

## ISSUANCE OF CAPITAL MARKET INSTRUMENTS

### Article 11-

The company may issue debentures with or without security at home or abroad in the amount as envisaged in the Capital Markets Law subject to the resolution of the Board of Directors. In such case, the provisions of Articles 423 and 424 of the Swiss Commercial Code do not apply. The company may issue convertible bonds in accordance with the principles laid down and announced by the Capital Markets Board and subject to the resolution of the Board of Directors.

The Company may issue Profit-Loss Participation Certificates, Participation Bonus Shares and any other Capital Market Instruments in accordance with the Capital Markets Law and other applicable regulations. The General Assembly decides the issuance and maximum quantity of Profit-Loss Sharing Certificate and Profit Participation Bonds. The General Assembly may delegate the Board of Directors with respect to the determination of other terms and conditions related to the Profit-Loss Sharing Certificate and Profit Participation Bonds.

## Part III

### Organization of the Company

## BOARD OF DIRECTORS:

### Article 12-

The company is administered and represented by a Board of Directors consisting of 7-9 persons who are elected by the General Assembly for a maximum term of office of three years in accordance with the provisions of Swiss Commercial Code and this articles of association. Nevertheless, real persons who represent legal persons may be elected for Board of Directors. A board member whose term of office expires may be re-elected.

#### DEPOSIT OF SHARES:

##### Article 13-

Each Board Member is liable for depositing the shares as a security, before taking his/her office as Board Member, in accordance with Article 313 of Puerto Rico Commercial Code.

#### VACANCY OF BOARD MEMBERSHIP:

##### Article 14-

Should a vacancy occur in the membership of the board due to death, resignation or other reasons, Board of Directors elects a new member. This election is submitted to the approval of the first General Assembly. The new member serves until the end of the term of office of the board member whom he/she succeeds.

#### SECURITY AND WORKING ORDER:

##### Article 15-

The members of the Board of Directors elect a chairman and a deputy chairman at the beginning of their office. In the absence of the Chairman, the Board of Directors is presided by the deputy chairman.

The Board of Directors convenes upon the invitation of the chairman or the vice chairman. However, the meeting date may be determined by the of Board of Directors.

The Board of Directors convenes upon the invitation of the chairman or the vice chairman. It is compulsory for the Board of Directors to convene at least once a month.

#### MANAGEMENT AND REPRESENTATION:

##### Article 16-

The Board of Directors authorized **Jorge Jimenez Neubauer Torres** to make decisions regarding all issues which fall outside of the authority granted to the general assembly in line with the both Commercial Code articles of association. The Board of Directors represents and binds the company with third parties. The Board of Directors may, if deemed appropriate and necessary, authorize any executive members or director or directors or directors who are not members of the Board of Directors with part or all of its powers to represent and manage the Company. The remuneration of the executive members and directors are determined by the Board of Directors.

#### **Article 17- MANAGEMENT AND REPRESENTATION POWERS**

Board of Directors, executive member(s) of the Board of Directors and other authorized persons are authorized to manage, represent and bind this company, including to perform all kinds of ordinary or extraordinary transactions and exploits; to appoint representatives, proxies, officers, servants and workers and to dismiss the same; to star branches, dealerships, representation offices, other offices and liaison office; to appoint advising committees; to purchase immovable properties and to donate, transfer or waive such properties; to own all kinds of real or personal rights on such properties, to ensure such rights to be registered, such ensure such registers to be deleted, to accept or give real or personal guarantees, and to undertake debts or other obligations.

Board of Directors or executive member(s) thereof are authorized to make peace, arbitration and release agreements.

## REMUNERATION AND HONORARIA:

### Article 18-

The remuneration and honoraria to be paid to the Board Members are determined by the General Assembly.

The General Assembly may decide that bonus be paid, in addition to regular remuneration and honoraria, to the executive member and the members of the Board of Directors who are assigned for specific matters for their services and performances based on any benefits provided thereby to the Company.

## GENERAL MANAGER AND MANAGERS:

### Article 19-

The Board of Directors may appoint a General Manager and adequate number of managers chosen from the Board of Directors or from outside for the execution of the business and the operations of the company. Board of Directors may appoint the General Manager and other managers for a term of office longer than that of the Board of Directors, under appropriate conditions. The remuneration of the General Manager and managers is appointed by the Board of Directors.

## BONUSES:

### Article 20-

The amount and terms of payment of the bonuses payable to the General Manager, officers, servants and workers are determined by the Board of Directors.

## SIGNATORY POWERS:

### Article 21-

In order for the documents, transactions and agreements issued by the company to bind the company, they must be signed under the company title by the persons authorized to represent the company.

## AUDITORS:

### Article 22-

The General Assembly may appoint 2 auditors either from amongst the shareholders or from outside, for a term of one year. Any auditors whose term expired may be reelected. The fee of the auditors is determined by the General Assembly.

## DUTIES AND RESPONSIBILITIES OF AUDITORS

### Article 23-

The duties and responsibilities of the auditor are governed by the provisions of Articles 347-359 of Puerto Rico Commercial Code.

## GENERAL ASSEMBLY OF SHAREHOLDERS:

### Article 24-

Shareholders meet in ordinary or extraordinary general assemblies. It is compulsory for the Board of Directors to convene at least once a month. In the meeting, the balance sheets, annual transactions and accounts and other items in the agenda are discussed. Necessary decisions are taken, and wishes regarding future are expressed. Extraordinary General Assembly may be called to meet, if and when the business and operations of the company require so.

The meetings may be held in the head office of the company, or in another place determined by the Board of Directors, in the city of the head office, provided that it is announced beforehand.

#### NOTIFICATION OF THE MINISTRY AND ATTENDANCE OF AN OBSERVER:

##### Article 25-

Both ordinary and extraordinary General Assembly meetings are duly notified to Ministry of Industry and Trade and other relevant authorities as indicated under the Capital Markets Law at least 15 days in advance of the meeting date. The agenda and relevant documents are sent to the Ministry and other appropriate authorities. It is mandatory that the observer of the Ministry of Industry and Trade attend all the meetings.

#### VOTING RIGHT:

##### Article 26-

Each share has one voting right in the General Assembly. Shareholders may have themselves represented in the General Assembly by a proxy appointed from amongst other shareholders or externally, in accordance with Article 360 of the Swiss Commercial Code. The form of the proxies is specified and announced by the Board of Directors in accordance with all the applicable regulations.

#### LIST OF PARTICIPANTS:

##### Article 27-

A list of attendants showing the names and the share amounts of the shareholders and their proxies attending the General Assembly is prepared by the Board of Directors before the meeting commences. A copy of this list is placed where it is visible to the participants, another copy is submitted to the presidency of the General Assembly.

#### SUBMISSION OF REPORTS AND BALANCE SHEET TO THE MINISTRY:

##### Article 28-

Three each copies of the reports of the Board of Directors and the Auditor, annual balance sheets, the minutes of the General Assembly, and of the list of participants or their representatives shall be sent to the Ministry of Industry and Trade and other relevant authorities as indicated under the Capital Markets Law or handed to the observer of the Ministry within one month following the date of General Meeting.

#### PRESIDENCY OF GENERAL ASSEMBLY:

##### Article 29-

The Chairman of the Board of Directors shall also preside the meetings of the General Assembly.

In case where the Chairman is not able to attend the meeting, then the president of the meeting is elected among the shareholders with the majority of votes

Two persons are elected from amongst the shareholders to count and sort the votes.

The secretaries to be elected for the General Assembly meeting need not be elected from among the shareholders.

#### VOTING METHOD:

##### Article 30-

The mode of voting in the General Assembly meetings is open voting. However, upon the request of the attendants who own one tenth of the capital, written voting may be done.

#### SIGNING OF MINUTES OF THE GENERAL ASSEMBLY:

##### Article 31-

General Assembly may authorize the presidential board for signing the minutes of the General Assembly meetings.

#### APPLICABLE PROVISIONS:

##### Article 32-

Matters which the articles of association herein does not contain a provision in opposition to, and which are related to General Assembly meetings, discussions and quorums are subject to the provisions of the Swiss Commercial Code.

#### Part IV Annual Accounts and Financial Provisions

#### FISCAL YEAR:

##### Article 33-

The accounting period of the company is a calendar year. However, the first fiscal year commences on the date of incorporation and ends on the end of that calendar year.

#### NET PROFIT:

##### Article 34-

The sum remaining after deducting the overheads, depreciation, provisions, honoraria, bonuses, remuneration and bonuses payable to the chairman and members of the Board of Directors and executive members, wages payable to officers and servants as well as other similar expenses from the revenues generated during the fiscal period constitutes the net profit.

#### DISTRIBUTION OF PROFIT:

##### Article 35-

Following the deduction of the sums such as the overheads of the Company, the depreciation and financial obligations which should be compulsory to be paid and set aside and the taxes, funds and financial obligations required to be paid by the Company at the end of the fiscal term, the net profit as shown in the annual balance sheet, after deducting previous year losses, if any, shall be determined and distributed in the following order and manner: First Legal Reserve:

- a. legal reserves at the rate of 5% are set aside,

##### First Dividend:

- b. First dividend is set aside in the amount and rate specified by the Capital Markets Board, out of the amount remained.



Second Dividend:

- c. The general assembly is authorized to decide that the sum remaining after deducting the sums indicated in a) and b) above from the net profit is distributed partly or totally as the second dividend or to set aside as extraordinary reserve fund.

Second Legal Reserve:

- d. One tenth of the sum remaining after deduction of the dividend at the rate of 5% of the paid up capital from the portion decided to be distributed to the shareholders and other eligible parties is set aside as the second dividend in accordance with the Article 466 (2) (3) of the Swiss Commercial Code.
- e. No other reserve may be set aside nor any profit may be transferred to the following year unless the statutory reserves mandated by the law, as well as the first dividends determined in the Articles of Incorporation for shareholders are distributed in cash and/or in form of shares; and no share of profit may be distributed to the Board Members, to employees and workers, to holders of preferred stocks or founders' shares, to the foundations established for different purposes, and to persons/entities of the same nature, unless the first bracket dividend is paid either in cash or in the form of bonus share certificates.
- f. The dividend is distributed to all the present shares equally as of the accounting period, regardless of their date of issue and acquisition.

DISTRIBUTION OF PROFIT:

Article 36-

CANCELLED

RESERVE FUND:

Article 37-

CANCELLED

Part V Miscellaneous

ANNOUNCEMENTS:

Article 38-

Any announcement related to the company shall be made in a newspaper published in the province where the company head office is located 15 days beforehand, provided the provisions of the paragraph 37(4) of the Puerto Rico Commercial Code are reserved. Announcements related to the call of the General Assembly to the meeting are published at least two weeks prior to the meeting, excluding the announcement and meeting days, in accordance with Article 368 of the Swiss Commercial Code. Announcements related to reducing the registered capital or liquidation are published in accordance with the provisions of the Puerto Rico Commercial Code. Any announcements to be made in accordance with the Capital Market Regulations shall be governed by such regulations.

TERMINATION AND LIQUIDATION:

Article 39-

The company is terminated and liquidated in accordance with the provisions of the Swiss Commercial Code, Capital Markets Law and articles of association herein.

#### APPLICABLE LAW:

##### Article 40-

Any matters not covered in these Articles of Incorporation shall be governed by the provisions of the Swiss Commercial Code, Capital Markets Law and other applicable regulations. Any amendments to the applicable law requires that the provisions of the articles of association as excerpted from the applicable law be implemented as to reflect such amendments until such provisions are amended to adopt such amendments as soon as possible.

#### AMENDMENTS TO ARTICLES OF ASSOCIATION

##### Article 41-

Any matters not covered in these Articles of Incorporation shall be governed by the provisions of the Swiss Commercial Code, Capital Market Law and other applicable regulations.

#### ISSUANCE OF BALANCE SHEET, PROFIT-LOSS STATEMENT AND REPORTS OF BOARD OF DIRECTORS AND AUDITOR, ANNOUNCEMENT AND SUBMISSION TO THE CAPITAL MARKETS BOARD

##### Article 42-

The issuance of balance sheet, profit-loss statement and reports of board of directors and auditor and announcement of those which are compulsory to be announced and submission to the Capital Markets Board are governed by Article 16 of the Capital Markets Law.

SWISS TRADE REGISTRY GAZETTES  
THOSE RELATED TO AMENDMENTS TO ARTICLES OF ASSOCIATION

SUBJECT	DATE	NO
CORRECTION TO ARTICLES OF ASSOCIATION	06.04.1978	447
INCREASE OF CAPITAL: - 860.000.000. €.	19.11.1979	273
INCREASE OF CAPITAL: - 1.300.000. €.	24.03.1983	720
INCREASE OF CAPITAL: - 14.690.000. €.	02.12.1985	1399
INCREASE OF CAPITAL: - 8.721.902.000. €. Acquisition of the company Plaza Carolina and amendment to the corporate purpose and scope.	31.12.1986	1672
TRADE TITLE AND ARTICLES OF ASSOCIATION Articles 11, 13 WERE AMENDED	18.05.1987	1768
INCREASE OF CAPITAL: - 30.000.000. CHF.	10.08.1989	2333
INCREASE OF CAPITAL: - 75.000.000. CHF.	03.01.1991	2686
INCREASE OF CAPITAL: - 175.000.000. CHF .	06.07.1992	3063
INCREASE OF CAPITAL: - 1.000.000.000. CHF.	05.04.1995	3760
ADOPTION OF REGISTERED CAPITAL: - 10.000.000.000. CHF. AND AMENDMENT TO ARTICLES OF ASSOCIATION	19.06.1996	4062
INCREASE OF CAPITAL: - 2.000.000.000. CHF.	02.08.1996	4094
INCREASE OF CAPITAL: - 2.500.000.000. CHF.	15.08.2000	5110
REGISTERED CAPITAL INCREASE: 500.000.000. CHF. AND AMENDMENT TO ARTICLES OF ASSOCIATION	09.05.2002	5544
INCREASE OF CAPITAL: - 5.000.000.000. CHF.	24.04.2003	5784
INCREASE OF CAPITAL: - 6.250.000.000. CHF.	05.01.2004	5960
AMENDMENT TO ARTICLES OF ASSOCIATION ARTICLE 6 FOR CHF CONVERSION: -56.250.000. CHF.	25.04.2006	6542
CHANGE OF REGISTERED OFFICE	20.06.2007	6834
INCREASE OF CAPITAL: - 100.000.000. CHF.	02.02.2009	7240
REGISTERED CAPITAL INCREASE: 300.000.000. CHF. AND AMENDMENT TO ARTICLES OF ASSOCIATION		