

# **Articles of Association of Public Stock Company “SANITAS”**

## **1. GENERAL PROVISIONS**

1.1. Public Stock Company “SANITAS” (hereinafter – the “**Company**”) was incorporated by means of public subscription of shares upon privatization of the State Pharmaceutical Company “Sanitas”. It is the successor of all the legal rights and duties of the latter company.

1.2. Public Stock Company “SANITAS” was reorganized by means of merger when the Public Stock Company “Baltijos finansų vystymo grupė”, which ceased to act as the legal entity after the reorganization, was merged with the Public Stock Company “SANITAS”. The latter continues its operations after the reorganization and is the successor of all the rights, duties and property of Public Stock Company “Baltijos finansų vystymo grupė”.

1.3. The Company is a private legal person incorporated for the termless period that has commercial, economic, financial, legal and organizational independence and which is operating in accordance with the laws of the Republic of Lithuania, Government’s decrees, other legal acts of the Republic of Lithuania, as well as these Articles of Association. The legal form of the Company is public stock company.

1.4. The Company has limited civil liability. The capital of the Company is separate from the capital of its shareholders. The Company is liable only by its capital for its duties. The shareholders of the Company are liable for the obligations of the Company only by the amount, which they have to pay for the subscribed shares.

1.5. The financial year of the Company is the same as calendar year.

## **2. ADDRESS OF THE REGISTERED OFFICE OF THE COMPANY**

2.1. The registered Office of the Company – Veiveriu str. 134 B, Kaunas city, Kaunas city municipality.

## **3. PURPOSE AND NATURE OF THE COMPANY’S ACTIVITIES**

3.1. The Company’s purpose is to gain profit from the activity described in the Articles of Association.

3.2. The object of the Company’s activity is the following:

3.2.1. **21.10** Production of the main products of pharmaceutical industry;

3.2.2. **21.20** Production of pharmaceutical preparations;

3.2.3. **10.84** Production of relish and seasoning;

3.2.4. **10.89** Production of the products not specified elsewhere;

3.2.5. **20.20** Production of pesticides and other agrochemical substances;

3.2.6. **46.37** Wholesale of coffee, tea, cacao and spices;

3.2.7. **46.46** Wholesale of pharmaceutical items;

3.2.8. **46.76** Wholesale of other intermediate products;

3.2.9. **46.77** Wholesale of waste and scrap;

3.2.10. **46.90** General wholesale;

3.2.11. **55.90** Other accommodation activities;

3.2.12. **68.20** Lease and exploitation of real estate owned by proprietorship or lease right;

3.2.13. **71.20** Technical inspection and analysis;

- 3.2.14. **73.11** Activities of advertising agency;
- 3.2.15. **73.12** Representation of media;
- 3.2.16. The other legal activity that is not contrary to the purpose of the Company and/or laws of the Republic of Lithuania.
- 3.3. The Company may carry on the licensed activities or activities that are to be carried following the established order only having received all necessary permits.

#### **4. AUTHORIZED CAPITAL OF THE COMPANY**

- 4.1. The authorized capital of the Company is **31,105,920 Lt (thirty one million one hundred five thousand nine hundred twenty Litas)**. It is divided into ordinary registered shares. The authorized capital of the Company may be increased by the decision of General Meeting and reduced by the decision of General Meeting or by court's decision in cases provided in the Law on Companies of the Republic of Lithuania.
- 4.2. The equity capital of the Company cannot be lower than ½ of the authorized capital prescribed hereunder.

#### **5. NUMBER, NOMINAL VALUE AND RIGHTS GRANTED BY THE SHARES**

- 5.1. The authorized capital of the Company is divided into **31,105,920 (thirty one million one hundred five thousand nine hundred twenty)** ordinary registered shares. The nominal value of one share is **1 (one)** Litas.
- 5.2. The shares of the Company are incorporeal. They are recorded in the personal securities accounts of the shareholders.
- 5.3. The shares are the securities of property that certify the part of their owners in the authorized capital of the Company and grant the following property and non-property rights:
- 5.3.1. To receive a part of the Company's profit (dividend);
- 5.3.2. To receive a part of assets of the Company in liquidation;
- 5.3.3. To receive shares without payment if the authorized capital is increased out of the Company funds except in cases provided in the Law on Companies of the Republic of Lithuania;
- 5.3.4. To have pre-emption right in acquiring shares or convertible debentures issued by the Company, except in cases when the General Meeting decides to withdraw the pre-emption right for all the shareholders, according to the Law of Companies of the Republic of Lithuania;
- 5.3.5. To lend to the Company in the manner and procedure prescribed by law;
- 5.3.6. To leave all or part of the shares for the other persons by will;
- 5.3.7. To sell or otherwise transfer the shares to the proprietorship of other persons;
- 5.3.8. To attend the General Meetings;
- 5.3.9. To vote at General Meetings (one fully paid share of one Litas nominal value grants one vote);
- 5.3.10. To receive the information concerning economic activity of the Company, following the order set in Article 8 of these Articles of Association;
- 5.3.11. To file a claim with the court for reparation of damage resulting from nonfeasance or malfeasance by the Managing Director and Management Board members of their obligations prescribed by the laws and the Articles of Association as well as in other cases laid down by laws;
- 5.3.12. To receive funds of the Company in cases when the authorized capital of the Company is reduced for the purpose of disbursement of funds of the Company to the shareholders;

- 5.3.13. To submit the questions related to the agenda of General Meeting of Shareholders (hereinafter – “General Meeting”) to the Company in advance;
- 5.3.14. To authorize natural or legal person to represent his interests in relations with the Company and other persons;
- 5.3.15. The shareholders may exercise other property and non-property rights.

## **6. GOVERNANCE OF THE COMPANY**

6.1. The bodies of the Company shall be the following:

6.1.1. General Meeting;

6.1.2. The Management Board constituted of 5 (five) members elected for the period of 4 (four) years;

6.1.3. The Manager of the Company – Managing Director.

6.2. The Supervisory Board shall not be formed at the Company.

6.3. Except as otherwise provided in Articles 6.3 and 6.4 herein, the competence, convocation and procedure of conducting the General Meeting is similar to what is provided in the Law on Companies of the Republic of Lithuania. The General Meeting shall have the exclusive right to adopt the following resolutions regarding:

6.3.1. Amendment to the Articles of Association of the Company;

6.3.2. Amendment to the rights associated with any of the shares of the Company;

6.3.3. Issuance of bonds and debentures, including convertibles;

6.3.4. Issuance of new equity or capital, including shares, rights, options, warrants to purchase shares (or other convertible or quasi-equity securities), provided each shareholder has a pre-emptive right to subscribe for the newly issued shares or rights;

6.3.5. De-listing of the shares, new public listing of the shares on any stock exchange;

6.3.6. Any reduction, repayment or buyback of the shares of the Company or any shares of its subsidiaries;

6.3.7. Declaration and payment of any dividends or other distributions;

6.3.8. Liquidation, dissolution or winding up of the Company including appointment of the liquidator;

6.3.9. Appointment and change of the audit company for the Company, establishment of payment conditions for audit services;

6.3.10. Approval of the set of annual financial accounts and the report on the Company's operation, including the report of the Board;

6.3.11. Issuance of shares or other securities under the employee stock option plan and its rules and regulations, and any other future stock option or incentive plans as approved by the Board;

6.3.12. Decisions on the reorganization, transformation or restructuring of the Company;

6.3.13. Decision to revoke for all the shareholders the pre-emptive right in acquiring the shares or convertible debentures of the Company of a specific issue;

6.3.14. Other decisions prescribed to the competence of the General Meeting of the Company provided under the applicable laws.

6.4. A decision shall be deemed to be adopted by the General Meeting when more shareholders have voted in favour of it than against it except for the following cases:

6.4.1. Adoption of decisions under subparagraphs 6.3.3 – 6.3.7 and 6.3.9-6.3.12 of Article 6.3 hereof shall require a 2/3 (two thirds) majority vote, whilst adoption of decisions under subparagraphs 6.3.1-6.3.2, 6.3.8 and 6.3.13 of Article 6.3 hereof that require a 5/6 (five sixths) majority vote of the shareholders present in the General Meeting;

6.5. Convening order of the General Meeting shall not differ from the order set in the Law of Companies of the Republic of Lithuania.

6.6. Election and revocation order of Management Board of the Company shall not differ from the order set in the Law of Companies of the Republic of Lithuania.

6.7. The Management Board shall have all powers and authority provided under the applicable laws and which are normally appropriate for the boards in practice, including the competence to decide on the following issues:

6.7.1. A material change in the business of the Company;

6.7.2. Any merger, consolidation or acquisition, or the sale, lease or other disposal of the Company, or all or substantially all of the Company's assets;

6.7.3. The establishment of any new subsidiary of the Company;

6.7.4. Any joint ventures between the Company and another entity;

6.7.5. Any transaction giving rise to contingent liabilities not provided in the budget in excess of EUR 250,000 (two hundred fifty thousand);

6.7.6. A sale of any subsidiaries of the Company or of all or substantially all the assets of any of the Company's subsidiaries;

6.7.7. Approval of the Company's annual operating plan and budget and any material deviation therefrom;

6.7.8. Capital expenditure in excess of EUR 250,000 (two hundred fifty thousand) not provided in the budget, in one transaction or a series of transactions during any year;

6.7.9. Sale of assets of the Company with a book value in excess of EUR 250,000 (two hundred fifty thousand) not provided in the budget in one transaction or a series of transactions during any year;

6.7.10. Borrowings in excess of EUR 250,000 (two hundred fifty thousand) not provided in the budget in one transaction or a series of transactions during any year and the establishment of any mortgage, pledge or lien over any asset of the Company where the book value of the asset exceeds EUR 250,000 (two hundred fifty thousand);

6.7.11. Any transaction with any officer, Management Board member or other interested party, or close relatives of any such interested party;

6.7.12. Any transaction with a shareholder or close relatives of a shareholder;

6.7.13. The constitution of any committee of the Management Board or the Management Board of any subsidiary of the Company;

6.7.14. Any transaction not in the ordinary course of business;

6.7.15. Any change in the signatory rights on behalf of the Company;

6.7.16. Appointment or change of the Managing Director (CEO) and the Chief Financial Officer (CFO);

6.7.17. Payment to any employee of remuneration in excess of EUR 50,000 (fifty thousand) (after tax) in any one year;

6.7.18. Other decisions prescribed to the competence of the Management Board of the Company provided under the applicable laws, resolutions of the General Meeting or these Articles of Association.

6.8. Decisions made by the Board shall be lawful if more than a half of all elected Board members vote in favour of it, except for the matters referred to in subparagraphs 6.7.3-6.7.5, 6.7.7.-6.7.9, 6.7.10-6.7.11, 6.7.13-6.7.15, 6.7.17 of Article 6.7 hereof shall require qualified majority of 3/5 (three fifths) of Board members attending the Board meeting and for matters referred to in subparagraphs 6.7.1,

6.7.2, 6.7.6, 6.7.12 and 6.7.16 of Article 6.7 hereof, which shall require more than 4/5 (four fifths) majority vote of Management Board members attending the Management Board meeting.

6.9. The Management Board may take decisions and its meeting is deemed to have taken place if at least 4 members are present at the meeting in person or by telephone.

6.10. The Management Board shall elect and remove the Managing Director of the Company, fix his remuneration, other terms of employment contract, approve his office regulations, assign to him incentives and penalties. An employment contract with the Managing Director of the Company on behalf of the Company shall be signed by the Chairman of the Board or other member authorized by the Board. A contract with the Managing Director of the Company who is a Chairman of the Board of the Company shall be signed by a member of the Board authorized by the Board.

6.11. The competence of the Manager of the Company shall not differ from that set in the Law of Companies of the Republic of Lithuania. The Manager of the Company has a right to issue an authorization for the employee of the Company or the third person, following the Lithuanian legal order, to perform the legal actions related to the activity of the Company on its behalf and in its name.

## **7. PROCEDURE FOR PUBLICATION OF NOTICES OF THE COMPANY**

7.1. The notifications about convening of General Meeting shall be published as follows:

7.1.1 The Management Board of the Company, the Managing Director, the persons or authority which adopted the decision to convene the General Meeting shall present to the Company information and documents required for drawing up a notice of the General Meeting. The notice should indicate: Company's name, registered office and code; meeting's date, time and place (address); record date of the Meeting, it should explain that only the persons, who are shareholders in the end of accounting day of General Meeting, are entitled to participate and vote in General Meeting; record date of the rights provided General Meeting adopts various decisions specified in the Law on Companies of the Republic of Lithuania, and explain that only the persons, who will be the shareholders of the Company in the end of the tenth work day after the General Meeting that has made certain decision, shall have these rights; agenda of the Meeting; initiators to convene the General Meeting; the Company's bodies, persons or institution that were the initiators of the General Meeting; the purpose and planned mode to reduce the authorized capital if the agenda includes the issue on reduction of the authorized capital; participation and voting mode in the General Meeting by means of electronic communications provided such possibility is granted; where and how to receive the draft resolutions regarding each item of the General Meeting's agenda, or when such decisions are not needed – explanations of the Board and shareholders, other documents, which have to be submitted to General Meeting, as well as information related to the implementation of the shareholders' rights; the right of the shareholders to supplement the agenda of General Meeting, their right to suggest draft resolutions regarding the issues that are or will be included into the agenda of General Meeting, and their right to submit the questions related to the agenda of General Meeting to the Company in advance, as well as implementation procedures and terms of these rights; voting procedure in General Meeting by proxy, form of authorization to represent the shareholder in General Meeting (if it is specified), and procedure and terms of notice about authorization made by electronic communication means; procedure of voting in written when general voting bulletin is filled in; and address of the website, where the information related to General Meeting shall be presented.

7.1.2. A notice of the General Meeting must be published in the Republic of Lithuania and all other Member States of the European Union, as well as in the States, which belong to the European

Economic Area, following the Law on the Securities not later than 21 days before the General Meeting. If the General Meeting is not held, the repeated General Meeting shall be convened not earlier than 14 days and not later than 21 days after the day of the General Meeting which was not held. The shareholders must be notified of the repeated General Meeting in the manner specified in this paragraph of Articles of Association at least 14 days before the day of this General Meeting.

7.1.3. The documents confirming that the shareholders have been given notice of the General Meeting shall be announced when opening the Meeting.

7.1.4. At least 21 days before the General Meeting the Company shall present this information and documents on its website: notice about convening of General Meeting; total number of shares and number of shares granting the right to vote on the day of convening the General Meeting (including the number of shares, according to the classes if the shares of different classes exist); draft resolutions regarding each item of the General Meeting's agenda or when such decisions are not needed – explanations of the Board and shareholders, other documents, which have to be submitted to General Meeting; general voting bulletin and form of authorization to represent the shareholder in General Meeting (if it is specified), when voting by proxy is implemented, except when the general voting bulletin and form of authorization to represent the shareholder in General Meeting are sent directly to each shareholder.

7.1.5. If the agenda of General Meeting specified in the notice about convening of General Meeting was supplemented, the shareholders shall be notified about such supplementations in the same mode as about the convening of General Meeting at least 10 days before the General Meeting.

7.2. A notice of the decision to reduce the authorized capital of the Company must be delivered against acknowledgement of receipt sent by registered post to each creditor of the Company. Besides, this decision must be published in the daily "Verslo žinios" and delivered against acknowledgement of receipt sent by registered post to each shareholder of the Company.

7.3. The Company must publish the notice on the prepared terms of reorganisation three times with at least 30-day intervals between publications in the daily "Verslo žinios" or publish them once at least 30 days before the General Meeting on the reorganisation of the company in "Verslo žinios" and notify all creditors and shareholders of the company by registered post.

7.4. The decision to transform the Company should be published three times with at least 30-day intervals between publications in the daily "Verslo žinios" or published once in "Verslo žinios" and all the creditors of the company should be notified in writing

7.5. The liquidator shall publish a notice of the liquidation of a Company three times with at least 30-day intervals between publications in the daily "Verslo žinios" or publish it once in the daily "Verslo žinios" and notify all the creditors of the Company thereof in writing.

7.6. In other cases the public information of the Company shall be published in the daily "Verslo žinios" in terms set in the Civil Code, Law on Companies and other legal acts of the Republic of Lithuania.

## **8. PROCEDURE FOR PROVISION OF THE COMPANY'S DOCUMENTS AND OTHER INFORMATION TO THE SHAREHOLDERS**

8.1. At the shareholder's written request the Company shall within 7 days from the receipt of the request grant him access to information and/or submit to him copies of the following documents: the Articles of Association of the Company, sets of annual financial accounts, annual reports of the Company, auditor's opinion and audit reports, minutes of the General Meetings and other documents

whereby the decisions of the General Meeting are drawn, lists of shareholders and members of the Management Board and other documents of the Company, which are public, according to the laws as well as the minutes of the Board meetings or other documents whereby the decisions of the Board are drawn provided they do not disclose any commercial (industrial) secret, or confidential information. A shareholder or a group of shareholders who hold or control more than 1/2 of shares shall have the right of access to all Company documents upon giving the Company a written undertaking in the form prescribed by the Company not to disclose the commercial/industrial secret. The Company may refuse the shareholder the possibility to access and/or submit the copies of the documents if it is not possible to identify the shareholder, who has requested the documents. At the shareholder's request the Company must execute in writing its refusal to submit the documents. Disputes relating to the shareholder's right to information shall be settled in court. The Company is entitled to demand the compensation of actual costs from the shareholder if they are caused by submission of the Company's documents, their copies or other information to the shareholder.

8.2. If the shareholder submits to the Company the questions related to the agenda of General Meeting in written and in advance, the Company shall respond before the General Meeting, provided the questions are received in the Company at least 3 work days before the General Meeting.

8.3. The persons, who disclose the commercial secret, are liable, according to the laws.

## **9. PROCEDURE FOR ADOPTION OF DECISIONS TO ESTABLISH AND CEASE THE ACTIVITIES OF THE BRANCHES AND REPRESENTATIVE OFFICES OF THE COMPANY**

9.1. The Management Board of the Company decides on the establishment of branches and representative offices of the Company, the cessation of their activity and certification of the Articles, following the order set in these Articles of Association and applicable laws.

9.2. The Managing Director of the Company appoints and dismisses the managers of the branches and representative offices of the Company.

## **10. PROCEDURE OF AMENDING THE ARTICLES OF ASSOCIATION OF THE COMPANY**

10.1. The Articles of Association shall be amended by the decision of General Meeting, which shall require a 5/6 (five sixths) majority vote of the shareholders present in the General Meeting, except for the exceptions indicated in the Law on Companies of the Republic of Lithuania.

10.2. After the General Meeting makes a decision to amend the Articles of Association, the text of amended Articles of Association is written, and the person authorized by the General Meeting signs it.

10.3. The Managing Director of the Company has to present the amended Articles of Association and the documents supporting the decision to amend them to the manager of the Register of Legal Entities within the time specified in laws.

The Company follows the Civil Code of the Republic of Lithuania, the Law on Companies, other laws and Government's decrees with regard to other issues not covered in these Articles of Association.

The Articles of Association were signed on ----- of the year two thousand and nine.