

# Company Limited by Guarantee

## ARTICLES OF ASSOCIATION

### OF

## Hong Kong Adult Industry Consortium Limited

## 香港成人業協會有限公司

### Part A Mandatory Articles

#### 1. Name

The name of the company is

In English:

“Hong Kong Adult Industry Consortium Limited”

In Chinese:

“香港成人業協會有限公司”

#### 2. Members' Liabilities

The liability of the members is limited.

#### 3. Liabilities or Contributions of Members

Every member of the association undertakes to contribute to the assets of the association in the event of its being wound up while he is a member, or within 1 year afterwards, for the payment of the debts and liabilities of the association contracted before he ceases to be a member, and the costs, charges and expenses of winding up, and for the adjustment of the rights of the contributories among themselves, such

amount as may be required not exceeding the amount specified below:

Class of Members	Corporate
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Amounts to be contributed by each of the members in the class	HKD 100
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Class of Members	Individual
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Amounts to be contributed by each of the members in the class	HKD 100
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Class of Members	Honorary
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Amounts to be contributed by each of the members in the class	HKD 100
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I/WE, the undersigned, wish to form an association and wish to adopt the articles of association as attached.

#### **Names of Founder Members**

Chu Hoi Chung )

)

)

Date )

Sho Lam Ngai )

)

)

Date )

#### **Part B Other Articles**

#### **Interpretation**

In these articles:

**Articles** means the articles of association of the association;

**Association** means Hong Kong Adult Industry Consortium Limited 香港成人業協會有限公司

**Executive Committee** means the directors of the Association

**Hong Kong** means Hong Kong SAR;

**Member and Members** means a member and members of any class of the Association

**Mentally incapacitated person** means a person who is found under the Mental Health Ordinance (Cap. 136) to be incapable, by reason of mental incapacity, of managing and administering his or her property and affairs;

**Ordinance** means the Companies Ordinance (Cap. 622);

**Secretary** means the Company Secretary of the Association

### **Objectives of the Association**

The objectives for which the Association is established are:

4. To promote, protect and grow the adult industry market in Hong Kong
5. To advance professional standards of operating businesses in adult industry in Hong Kong
6. To facilitate networking, experience sharing and partnership facilitation among and between industry players and consumers.
7. To organize meetings, events and seminars for the purpose of the Association
8. To link the adult industry market in Hong Kong with individuals and/or corporations of the world for the purpose of the Association.
9. To propose and maintain a “code of practice” to promote professional standards of businesses in adult industry in Hong Kong.
10. To propose and maintain a “code of ethic” to promote best practice for businesses in adult industry in Hong Kong
11. To create and maintain a “Good practice adult store certificate badge” campaign. Corporate members being adult retail stores that comply with the “code of practice” and “code of ethic” will be awarded the “Good practice adult store certificate badge”. The Association will arrange mysterious shopper regularly to audit participating members to ensure meeting of service level.
12. To expand advertising and marketing opportunities for members
13. To maintain a list of directories for members reference. The list shall include but not limited to: Service directory: a list of useful service providers including legal services, regulatory services and laboratory services; Black-list directory: a list of un-welcomed customers/thieves/suppliers/service providers
14. To provide an efficient communication channel for all members to obtain latest news and exchange of useful information related to adult industry in Hong Kong
15. To represent and safeguard the interests and opinions of the adult industry to the Government and other international parties.
16. To make representation to and negotiate with the Government or any of its departments on any question or matter affecting the adult industry and the Association or their interests.
17. To gather collective statistical information and conduct surveys and researches about the adult industry for the purpose of the Association.

18. To support charities, non-profit making associations for the greater good of the society, with priority in sex related topics.
19. To undertake arbitration for the settlement of disputes of all kinds between members and the public
20. To purchase, take on lease or in exchange, hire or otherwise acquire any real and personal property, and any rights or privileges which may be deemed necessary or convenient for any of the purposes of the Association.
21. To construct, maintain, and alter any houses, buildings, or works necessary or convenient for the purpose of the Association.
22. To sell, manage, lease, mortgage, dispose of, or otherwise deal with all or any part of the property of the Association.
23. To amalgamate, enter into partnership or into any arrangement for sharing profits, union of interest, cooperation, joint venture, reciprocal concession or otherwise with any person, company or association carrying on or engaged in or about to carry on or engage in or any business or transaction which is capable of being conducted so as directly or indirectly to benefit the Association.
24. To raise money by subscriptions, donations, endowments or other lawful means, and to accept the same for the purpose of the objects herein provided or any of them.
25. To invest and deal with the moneys of the Association not immediately required, upon such securities and in such manner as may from time to time be determined.
26. To seek from and make representations to the Government for the tenure of lease of any land, property or building for the use of the Association towards the promotion of its objects and to enter into any arrangements with government or with any authority, supreme, municipal, local or otherwise that may be conducive to the Association's objects or any such authority any rights, privileges and concessions which the Association may think it desirable to obtain and to carry out, exercise and comply with any such arrangements, rights, privileges and concessions.
27. To co-operate with or assist any associations or clubs in any way which the Association or the Executive Committee shall think proper and to enter into or adopt any agreement or arrangement with such associations or clubs.
28. To set up or attend to any form of tribunal for the purpose of settling disputes between any member and the public in respect of any grievances, claims, hardship and to award to any party thereto and to sue for and on behalf of any aggrieved party for the defaulting party to any adult industry issues.
29. To undertake and execute any trusts which may seem to the Association conducive to any of its objects.
30. To give awards and/or credentials to the individual member and /or the group member of the Association, who has shown himself outstanding performances and/or made contributions in the field of trade, industry, business, enterprises and commerce.
31. To collect, circulate and provide data, statistics and other information relating to and in connection with the adult industry, commerce, trade, business and enterprises of the world.

32. To establish branch offices with the view of development of business of the Association if the Association thinks fit.
33. To do all such other lawful things as are incidental or conducive to the attainment of the above objects or any of them. It is hereby declared that the objects specified in each of the paragraphs of this clause shall be regarded as independent objects, and accordingly shall in no wise be limited or restricted (except where otherwise expressed in such paragraphs) by reference to or inference from the terms of any other paragraph, but may be carried out in as full and ample a manner and constructed in as wide a sense as if each of the said paragraphs defined the objects of a separate and distinct company. Provided that the Association shall not support with its funds any object, or endeavour to impose on or procure to be observed by its member or others, any regulation, restriction or condition which if it were an object of the Association would make it a Trade Union.

### **Determination of Membership**

34. Membership shall be open to duly registered body of persons (whether incorporated or not) and an individual who agree to comply with the code of practice maintained by the Association and with interests in adult industry. Membership will consist of the following classes: --  
(a) Corporate Member (b) Individual Member (c) Honorary Member
35. Any body of persons or individual who wishes to be admitted as a member must apply in writing in such form as the Executive Committee shall from time to time think fit. Such application shall be referred to the next meeting of the Executive Committee and the Executive Committee may at its discretion and without assigning any reason for its decision approve or refuse any such application. The decision of the Executive Committee shall be final.
36. Membership of the Association shall cease in any of the following circumstances:--
- a. If a Member by notice in writing to the Association resigns his membership or is dead.
  - b. If any body of persons or individual is adjudicated a bankrupt or goes into liquidation.
  - c. If he becomes lunatic or is of unsound mind.
  - d. If the annual membership fee of any member is not paid fully before expiration of the membership period, unless the Executive Committee before the expiration of such membership grant extension of the membership, the membership shall be expired unless the subscription fee have been paid fully.
  - e. If a majority of three-quarters of the votes of the members of the Executive Committee present at an Extraordinary Meeting convened for the purpose

and voting shall resolve pursuant to the provisions of the Articles hereof that any member be expelled. In such event no membership fee will be refunded, fully or partially.

37. If any Member shall willfully refuse or neglect to comply with the code of practice or any of the provisions of the Article of Association or shall be guilty of any conduct objectionable to other Members of the Association or contrary to the interests of the Association, the member shall be liable to the cancellation of membership by a resolution of the Executive Committee provided that not less than one week's notice in writing shall be given by the Executive Committee to any such Member of the intended resolution and of the nature of the allegations made against him and the Member shall be entitled at his option to give an explanation in writing or to attend the meeting of the Executive Committee at which such resolution is to be considered and to give such explanation or make such defence in person as he may think fit. But the Executive Committee Meeting shall have absolute and unfettered discretion to accept or reject any such explanation or defence, and its decision to suspend any Member shall be final and conclusive. No membership fee will be refunded upon cancellation of membership. The owner and senior executives of the business of the cancelled membership will not be accepted to the Association at least in one full calendar year, even membership is applied based on another business registration.
38. Any member wishing to resign his membership of the Association shall give notice in writing addressed to the Secretary and deposited at the registered office of the Association, and the Secretary shall report such resignation to the Executive Committee and the Sub Committee nominated by Executive Committee.
39. No person ceasing to be a Member of the Association shall have any right or claim upon the Association or its property and funds.

#### **Membership Subscription**

40. The annual subscription payable by members of the Association shall be such as the Association in General Meeting shall from time to time be prescribed by the Executive Committee. Unless and until the Executive Committee shall otherwise prescribe, subscriptions payable shall be as follows :
- a. Corporate Member    HK\$3,000, with maximum 2 branch outlets.  
   HK\$1,000 for each additional branch outlet address
  - b. Individual Member    HK\$500
  - c. Honorary Member    Free-of-charge

41. Subject to the provisions mentioned in paragraphs (a), (b) and (c) of the Article hereinbefore appearing, all members shall pay before the 31<sup>st</sup> January of each and every calendar year their annual subscriptions in respect of that year. For members who join the Association during the year shall pay membership fee prorated based on the number of months remaining for the year. For example if a member join in September shall pay for Sep, Oct, Nov & Dec. Thus to pay 4/12 of the annual membership subscription fee. For those member who are failing which they shall have no voting rights and shall not be elected to be members of any committee.
42. Subject to the provisions contained in paragraphs (a), (b), (c) of the above Article hereinbefore appearing, any member who has failed to pay his subscription for one year shall ipso facto cease to be a member of the Association and shall forfeit all rights in and claims upon the Association, but may be reinstated at the discretion of the Executive Committee and on payment of all arrears of subscriptions and other moneys due to the Association.
43. The rights and privileges of membership shall be exclusive to the Members and such rights and privileges shall not be transferable by their own act or by operation of law and shall cease upon their dissolution or ceasing to be Members for any cause under the provisions of the Articles.
44. Each member shall have the following privileges :
  - a. To attend all general meetings of the Association.
  - b. To be recommended for office.
  - c. To be elected as a committee Member.
  - d. To apply to the Association for assistance and arbitration in settling his difference (acceptance at sole discretion of the Executive committee) with other member of the Association.
  - e. To attend all Association's function such as seminar, exhibition, training, conference and etc.
  - f. To enjoy any function and social gathering conducted by the Association.
45. Each Corporate Member shall have following privileges in addition to the provisions of the Articles.
  - a. To elect the Members of any committee of the Association.
  - b. To make proposals and vote for or against the same, and collect to make proposals and vote for or against the same, and collectively to remove member of the Executive Committee.
  - c. To nominate representative to the Association.

**Patrons and Honorary Chairman / Honorary Member / Advisor**

46. The Executive Committee may invite any person or persons whether members or non-members to become Patron or Honorary Chairman / Honorary member / Advisor of the Association from year to year.
47. The Patron/Patrons or Honorary Chairman/Chairmen /Honorary Member/ Advisor shall not make payment of any fee or subscription. Any person who has accepted the office of a Patron or Honorary Chairman / Honorary member / Advisor may relinquish it at any time, upon written notice being given to the Executive Committee.

### **General Meeting**

48. The Annual General Meeting of the Association shall be held in each year at such time and place as may be determined by the Executive Committee (but so that no more than fifteenth months be allowed to elapse between any two Annual General Meetings) for the purpose of transacting the business of the Association, the election of Auditors for the ensuing twelve months and of receiving the income and expenditure account and balance sheet for the past year with the Auditors' Report and also a report from the Executive Committee on the past year's transaction and accounts as well as for the discussion of questions incidental to the affairs of the Association.
49. Extraordinary General Meeting of the Association shall be held at such time and place as the Executive Committee shall from time to time appoint.
50. Fourteen days' notice at the least of every General Meeting (other than an Annual General meeting and a General Meeting for the passing of a Special Resolution), specifying the day, the place, and the hour of the meeting and in the case of special business, the general nature of such business shall be given to the Members, in manner hereinafter mentioned, or in such other manner (if any) as may be prescribed by the Association in General Meeting, but the accidental omission to give such notice to or the non-receipt of such notice by any Member entitled thereto shall not invalidate the proceedings at any General Meeting.
51. At any General Meeting three-quarters of the number of Corporate Members present shall form a quorum.
52. The Executive Committee may, whenever it thinks fit, convene an Extraordinary General meeting, and an Extraordinary General Meeting shall also be convened on the requisition or in default may be convened by such requisitionists.
53. All business shall be deemed special that is transacted at an Extraordinary General meeting, and at an Annual General meeting with the exception of the consideration of accounts, balance sheets and the ordinary reports of the Executive Committee and Auditors.



### **Proceedings at General Meeting**

54. The Chairman of the Executive Committee, or in his absence the Vice- Chairman shall preside as Chairman at every General Meeting. If neither the Chairman nor any of the Vice-Chairmen be present within fifteen minutes after the time appointed for the meeting, the Members present shall choose one of their number to be Chairman of such meeting.
55. The Chairman may, with the consent of any General Meeting, adjourn the same from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.
56. Questions arising at any General Meeting shall be decided on a show of hands of Corporate Members present, a declaration by the Chairman that a resolution has been carried, or carried by a particular majority or lost or not carried by a particular majority, and an entry to that effect in the book of proceedings shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against that resolution.
57. The Chairman of a General Meeting shall, in case of an equality of votes be entitled to a second or casting vote.
58. Every Member shall be entitled to receive notice of and to attend every General Meeting. Every Corporate Member shall be entitled to one vote.
59. No Corporate Member shall be entitled to be present or to vote on any question at any General Meeting or be reckoned in a quorum, whilst any money is due from it to the Association.

### **Extraordinary General Meeting**

60. If necessary and upon the written request of over half of the number of members of the Executive Committee, the Chairman must convene an Extraordinary General Meeting within 3 weeks after receipt of the request. However, discussions and resolutions at the Extraordinary General Meeting shall be restricted to those subjects as raised in the request. Subject relating to special resolution, Members shall be notified in writing not less than 14 calendar days prior to convocation. The quorum shall be the same as that for the General Meeting.
61. Proposals for amendments to the Articles of Association shall not be made except at Extraordinary General Meetings specially convened for the purpose of considering passing or rejecting such proposals. They should be sent to the

Secretary and /or Treasurer together with the requisition for an Extraordinary General Meeting.

### **Votes of Members**

62. Every Corporate member shall have one vote.
63. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorized in writing. A proxy must be a member of the Association.
64. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the registered office of the Association not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, and in default the instrument of proxy shall not be treated as valid.
65. As instrument appointing a proxy may, as nearly as circumstances will admit, be in the form contained in the Schedule hereto or in any other form which the Executive Committee may from time to time approve.
66. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.
67. No member shall be entitled to hold more than five proxies at a time.

### **Office**

68. The Association's Registered Office where the management and superintendence of its business is conducted shall be in Hong Kong and the Executive Committee may at its discretion open or close subsidiary district and local offices elsewhere.
69. The Executive Committee, consisting of not less than 3 and not more than 5 members. The Executive Committee shall be the supreme executive body. The immediate past Chairman shall be an advisory member to the Executive Committee for consultation.
70. All office-bearers of the Association shall serve without remuneration. Their term of office shall be one year.
71. Subject to the provisions of Articles, the Executive Committee shall have power at any time, and from time to time to appoint any person to be a member of the Executive Committee, either to fill a casual vacancy or as an addition to the existing members of the Board of Directors, but so that the total number of

members of the Executive Committee shall not at any time exceed the number fixed in accordance with these Articles.

#### **Proceedings of the Executive Committee**

72. Meetings of the Executive Committee shall be held not less than once in every six months and / or whenever the Chairman deems it necessary. The quorum shall be constituted by more than three-quarters of the number of members of the Executive Committee personally present.
73. The Executive Committee may make such regulations as it thinks proper as to the summoning and holding of its meetings, and for the transaction of business thereat, and it may adjourn any meeting, and may from time to time fix the quorum necessary for the transaction of business but until it shall otherwise determined, more than three-quarters of the number of members of the Executive Committee personally present shall form a quorum.
74. The Chairman, or any three members of the Executive Committee, may at any time summon a special meeting thereof.
75. The Chairman, or in his absence one of the Vice-Chairmen, shall take the chair at all meetings of the Executive Committee and if at any meeting not one of them be present within 15 minutes after the time appointed those present shall choose one of the members of the Executive Committee to be the Chairman of the meeting.
76. Questions arising at any meeting of the Executive Committee shall be decided by a majority of votes, and in case of an equality of votes the Chairman shall have a second or casting vote. All advisory members, irrespective of their number, shall jointly have one vote.
77. A member of the Executive Committee, not being an advisory member, may at any time resign by giving notice in writing to the Secretary, but shall not thereby be disqualified from being at any time thereafter re-appointed.
78. If a member of the Executive Committee, not being an advisory member, shall without leave of absence granted by the Executive Committee, be absent from the meetings thereof for three consecutive meeting, the Executive Committee may declare his office vacant, and he shall thereupon cease to be a member of the Executive Committee.
79. The Executive Committee may act, notwithstanding any vacancy in the body provided the number of its members be not reduced below 9. If the number be reduced below 9, the remaining members may act for the purpose of filling vacancies in the Executive Committee or convening a General Meeting of Association but for no other purpose.

80. Minutes of the proceedings of every meeting of the Executive Committee and of attendance thereat respectively, shall be recorded by the Secretary in a book kept for that purpose, and after approval be signed by the Chairman of the meeting at which they are read. Every such minutes when so recorded and signed shall, in the absence of proof of error therein, be considered a correct record and an original proceedings.
81. All acts of the Executive Committee and its agents in their respective capacity shall be valid notwithstanding that some defect shall afterwards be discovered to have existed or to have arisen in the appointment of the Executive Committee or of any such agent.

#### **Power of the Executive Committee**

82. In the government of the Association the Executive Committee shall, in addition to the powers and authorities by these Articles expressly conferred upon them, be entitled to exercise all such powers and do all such acts and things as may be exercised or done by the Association and are not hereby or by statute expressly directed or required to be exercised or done by the Association in the General Meeting.
83. In furtherance and not in limited of the general powers conferred by the last preceding Article hereof: --
- a. The Executive Committee may from time to time appoint or terminate the appointment of any person as an official or servant of the Association;
  - b. The Executive Committee may from time to time make such rules, regulations and by-laws for ensuring and carrying into effect the objects of the Association including the Fund as it may think fit, not involving any such alteration as could only legally be made by special resolution and not being contrary to the Article of Association, and may from time to time alter and amend the same;
  - c. The Executive Committee may, in the temporary absence of the Secretary and / or Treasurer, or his inability to act, appoint any person to act in his stead, and the person so appointed may temporarily exercise all the powers and duties of the Secretary and /or Treasurer;
  - d. The Chairman shall represent the Association, conduct all its affairs, and preside over all its meetings;
  - e. The Vice-Chairman shall assist the Chairman in managing the affairs of the Association, and in case he is absent, on leave or has vacated his post, they shall act for him;

- f. The Secretary and/or Treasurer shall attend to the correspondence and secretarial work of the Association and record the minutes of all meetings and shall also attend to all financial matters, receipts and payments of the Association; he shall compile, before the convocation of the Annual General meeting, a statement of accounts which, after being approved by the Executive Committee and duly audited shall be submitted to the Annual General Meeting for adoption.

#### **Sub-Committee**

84. The Executive Committee shall have the power to appoint any persons to form a Sub-Committee or Sub-Committees for such purposes, general or specific, as may be specified in the resolution appointing the same. Any decision made by any Sub-Committee shall be reported to the Executive Committee and shall be valid and binding unless over-ruled by a decision of the Executive Committee.

#### **Seal**

85. The Executive Committee shall provide for the safe custody of the Seal of the Association, and make regulations as to the use thereof, but the Seal shall not be affixed to any instrument except by the authority of a resolution of the Board of Directors and in the presence of the Chairman, or of the Vice- Chairman and of the Secretary and/or Treasurer shall sign every instrument to which the Seal of the Association is so affixed in their presence.

#### **Discipline**

86. The Executive Committee may issue warning to or at any Extraordinary General meeting specially convened expel a member or a member of the Executive Committee who is found by the Executive Committee to have been guilty of any one of the following:--
  - a. Infringement of the articles or regulations of the Association;
  - b. Committing corruptive acts by using the name of the Association and thereby impairing its fair reputation.

#### **Register**

87. The General Secretary shall keep at the registered office a Register of Members which shall contain the name and address of each Member and the date on which the name of each Member was entered in the Register as such and the date on which any member ceased to be a member.

88. All entries in the Register and all amendments to the entries therein shall be subject to the approval of the Executive Committee and the Register shall be open to inspection by all Members of the Association during normal business hours at the Registered Office.

### **Accounts**

89. The financial year shall begin on the first day of the year.

90. The Executive Committee shall cause true accounts to be kept of the moneys received and expended by the Association, and the matters in respect of which such receipts and expenditure take place, of the assets, credits, and liabilities of the Association and of all sales and purchases of goods by the Association. The Executive Committee shall from time to time, cause to be prepared and to be laid before the Association in the Annual General Meeting such income and expenditure accounts, balance sheets and reports.

91. A copy of the income and expenditure account and balance sheet shall, not less than twenty one days prior to each Annual General Meeting, be sent to every member entitled to receive notices of General Meetings and the members of the Executive Committee, together with copies of the Reports of the Executive Committee and Auditors.

92. All annual fees, subscriptions, and other moneys payable to the Association shall be received by the Secretary and / or Treasurer, or by such person as the Executive Committee may from time to time appoint to act temporarily in his place.

93. All moneys received shall be kept in an appointed bank, and all cheques shall be signed by any two of the members of the Executive Committee from time to time authorised by a resolution of the Executive Committee. The Secretary and / or Treasurer is empowered to keep cash of an amount not exceeding HK\$ 2,000 to meet petty cash payments. The receipt of the Secretary and / or Treasurer for all moneys coming to the Association shall be sufficient discharge. Expenses of HK\$ 5,000.00 or under may be authorised by the Chairman. Any payment exceeding HK\$ 5,000.00 must be approved by the at least two Executive Committee members.

### **Winding Up**

94. The Association may be wound up by a special resolution passed at an Annual General meeting or Extraordinary General Meeting. If in the winding up the assets available for distribution shall be more than sufficient, the excess shall be

donated to a charity organization officially registered with the government of Hong Kong.

**Secretary**

95. The Association shall have one or more secretaries and his or their terms and conditions of office shall be determined by the Executive Committee of the Association.
96. Mr Chu Hoi Chung shall be the first Company Secretary of the Association and shall hold office until the first meeting of the Executive Committee of the Association.