

# 樓宇管理實務指南

## BUILDING MANAGEMENT TOOLKIT



OF PROXY FOR MEETINGS OF OWNERS

We, the owner(s) of \_\_\_\_\_ of building, hereby appoint \_\_\_\_\_, holding him \_\_\_\_\_ and vote on my / our behalf r \_\_\_\_\_ held on the \_\_\_\_\_ thereof.

Dated this day of \_\_\_\_\_

(Signature of owner(s))



# Building Management Toolkit

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For the purpose of compiling this Toolkit, all 18 District Councils were consulted through ICAC focus groups. We are grateful for the helpful views and suggestions from the District Councils.

## From the Editorial Board

This Toolkit aims at providing general guidance on major building management functions and does not purport to deal with management issues that may arise in any given situation. Descriptions and explanations of the legal requirements under the relevant Ordinances and the recommended work procedures and practices are necessarily general and abbreviated to make this Toolkit easy to understand from the layman's angle. Users of this Toolkit should seek legal or professional advice as and when necessary. Whilst we endeavour to ensure the accuracy of the information in this Toolkit, no statement, representation, warranty or guarantee, express or implied, is given by us as to the accuracy, completeness or the appropriateness of such information for use in any particular circumstances and the ICAC, HAD, HKHS, LSHK, HKIS, HKIH, HMRB, CIHAPB and HKAPMC are not responsible for any loss or damage whatsoever arising out of the use of the Toolkit or in connection with any information contained in this Toolkit.

Throughout this Toolkit, the male pronoun is used to cover references to both the male and female. No gender preference is intended.

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# Foreword

Good building management is important to help owners continuously improve their living conditions, provide a safe living environment and enhance the value of their property. The Owners' Corporations (OCs) are given the powers and responsibilities under the Building Management Ordinance to manage and maintain the common parts of the building in a safe and clean condition. This is a complex task and can only be effectively dealt with through the concerted efforts and co-operation of all owners of the building.

Building management involves a wide range of activities, including the appointment of a trustworthy Management Committee (MC) to set out the management framework, the organization of OC meetings to determine important building management issues through voting by owners, and the procurement of essential services such as cleaning, security, and property management. Some of the building management functions, such as carrying out major building maintenance works, may involve the use of substantial building funds contributed by owners. Any mismanagement or misuse of the funds will lead to the allegation of abuse and corruption against the MC.

This Toolkit provides succinct guidance on good practices for general building management activities to assist building owners, MCs and OCs, particularly those which have not appointed a Manager to manage the buildings on their behalf. It also recommends preventive measures to reduce the opportunities for abuse and corrupt practices. Sample forms are provided at the Annexes to help MCs perform the recommended procedures. If a Manager is appointed to manage the building on behalf of the OC, the OC can work with the Manager in adapting and adopting the control measures recommended in this Toolkit.





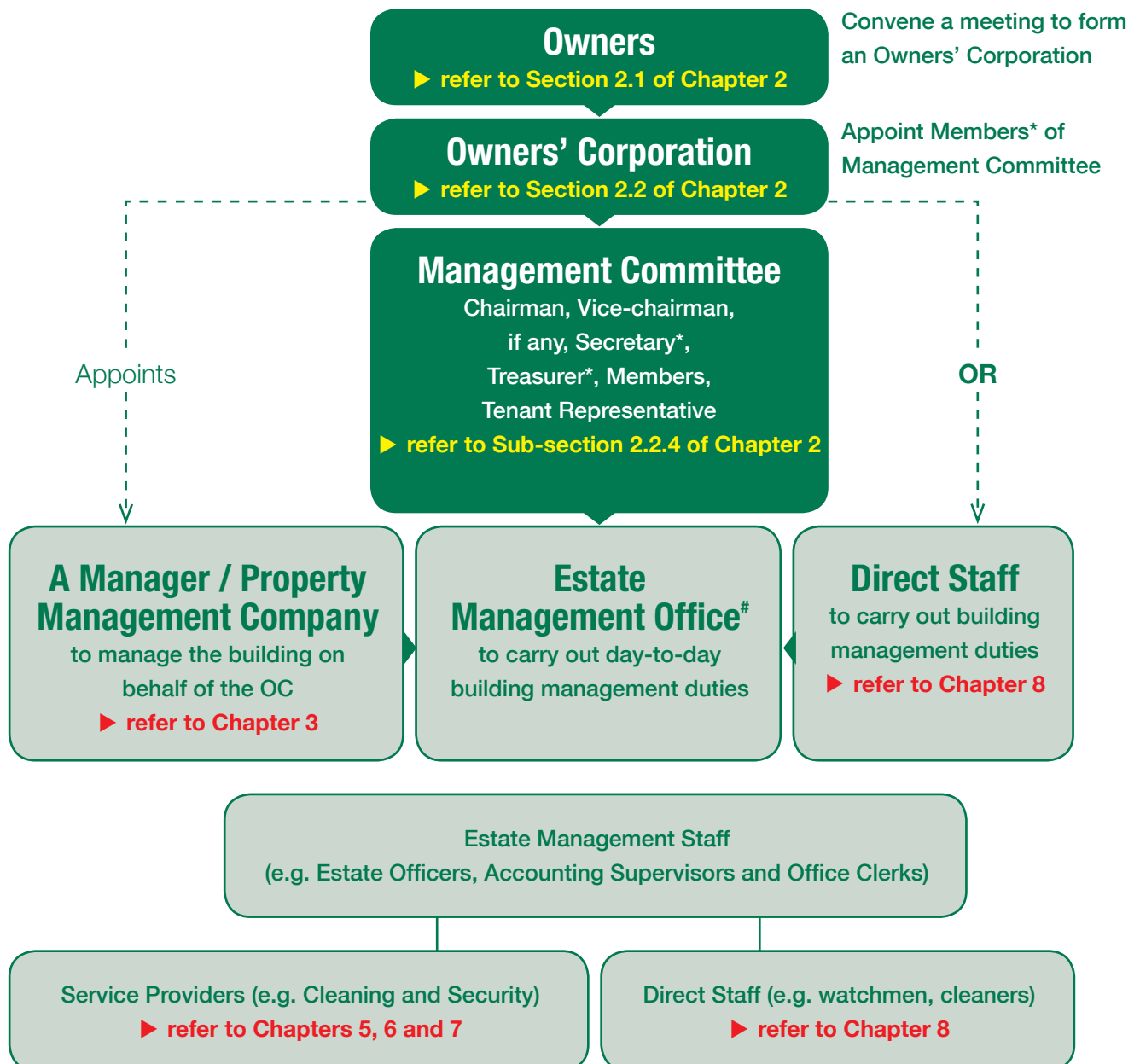
# Getting Started

## Chapter Objectives

- Know the building management structure
- Know the legal framework for building management
- Know the integrity requirements

## Section 1.1 Building Management Organizational Structure

The general organizational structure for the management of a building is as shown below :



■ Figure 1

\* All Management Committee members must be owners. But the office bearers of the Secretary and the Treasurer of the Management Committee are not necessarily owners. They can be staff of the Property Management Company or people with expertise in secretarial or accounting services.

# For small buildings, some of the functions of the Estate Management Office may be performed by Management Committee members or appointed staff.

The following terms are relevant to the building management organizational structure:

<p><b>Owners' Corporation (OC)</b></p>	<ul style="list-style-type: none"> <li>• A body corporate set up under the Building Management Ordinance (BMO) by the owners and registered with the Land Registrar to exercise and perform the rights, powers, privileges and duties of the owners, and act legally on behalf of the owners in respect of any liabilities in relation to the common parts of the building.</li> <li>• The OC may directly employ paid staff or appoint a property management company and / or contractors to provide building management services.</li> </ul>
<p><b>Management Committee (MC)</b></p>	<ul style="list-style-type: none"> <li>• A management committee is appointed by the OC in an owners' meeting to handle the day-to-day business of the OC. Under normal circumstances, the powers and duties conferred or imposed by the BMO shall be exercised and performed on behalf of the OC by the MC.</li> </ul>
<p><b>Manager</b></p>	<ul style="list-style-type: none"> <li>• A property management company or any other person appointed by the OC to perform the day-to-day building management duties. For buildings with a Deed of Mutual Covenant (DMC), the DMC Manager is appointed under the DMC to manage the building while subsequent Managers are appointed under contracts with the terms agreed by the OC and the Managers.</li> </ul>
<p><b>Estate Management Office</b></p>	<ul style="list-style-type: none"> <li>• An Estate Management Office may be set up and managed either by the Manager or the MC to deal with the day-to-day building management matters.</li> </ul>
<p><b>Deed of Mutual Covenant (DMC)</b></p>	<ul style="list-style-type: none"> <li>• A DMC is a private contractual agreement binding on all owners, the Manager and the developer of a building. It defines the rights, interests and obligations of the parties concerned in respect of the control, management and maintenance of private and common parts and facilities of the building.</li> <li>• Terms of a DMC include the definition of the common parts of the building, the ownership of such common parts, the allocation of undivided shares among owners, the contribution of management fees, the formation of an OC or Owners' Committee, the restrictions on the rights and obligations of owners, and the resolution on matters concerning building management and maintenance, etc.</li> <li>• A DMC is registered with the Land Registry and comes into effect on the date of execution between the developer and the purchaser of the first unit of the building. It is binding on other subsequent purchasers. The terms of a DMC cannot be amended unilaterally without the consent of all parties concerned.</li> </ul>



## Section 1.2

# Key Building Management Activities

The chart below shows the key building management activities:



■ Figure 2











Building management involves a wide range of activities, which are complex tasks and can only be effectively dealt with through the concerted efforts and co-operation of all owners of the building with the assistance of a professional **Manager**. Other persons responsible for these activities should preferably have suitable training or seek professional advice or assistance if necessary.

## Section 1.3

# Building Management Ordinance

The Building Management Ordinance (BMO) (Cap. 344) provides a legal framework for the formation and operation of an OC and incorporates mandatory terms in the DMC.

The OC and the Manager are obliged to comply with the provisions of the BMO and DMC and follow the Codes of Practice issued by the Secretary for Home Affairs under the BMO. The following provisions of the BMO are relevant to the subjects covered by this Toolkit:

-  Formation of an OC (▶ refer to summary of legal requirements in Chapter 2 Sub-section 2.2.1 )
-  Rights of owners to be exercised by the OC (▶ refer to summary of legal requirements in Chapter 2 Sub-section 2.2.1 )
-  Duties and powers of an OC (▶ refer to summary of legal requirements in Chapter 2 Sub-section 2.2.1 )
-  Meeting and procedures of an OC (▶ refer to summary of legal requirements in Chapter 2 Sub-section 2.4.1 )
-  Proxy (▶ refer to summary of legal requirements in Chapter 2 Sub-section 2.5.1 )
-  Dissolution of an MC (▶ refer to summary of legal requirements in Chapter 2 Sub-section 2.6.1 )
-  Winding up of an OC (▶ refer to summary of legal requirements in Chapter 2 Sub-section 2.7.1 )
-  Termination of the Manager's appointment (▶ refer to summary of legal requirements in Chapter 3 Section 3.7 )
-  Procurement of goods and services (▶ refer to summary of legal requirements in Chapter 4 Section 4.1 )
-  Procurement of a third party risks insurance (to be effective on 1 January 2011) (▶ refer to summary of legal requirements in Chapter 5 Sub-section 5.8.1 )

Extract of Relevant BMO Provisions

Annex 1

# Section 1.4

## Prevention of Bribery Ordinance

Section 9 of the Prevention of Bribery Ordinance (Cap. 201) prohibits corrupt acts of agents when conducting the business of their principals. The following gives a brief introduction of the relevant provisions in the Prevention of Bribery Ordinance. The OCs should refer to the original text of the Prevention of Bribery Ordinance for the full version if necessary.

### **Principal**

The OC, as the legal entity representing all owners, is the principal in relation to the management of the common parts of the building.

### **Agent**

Members of the MC, employees of the OC, the Manager, owners or any person including volunteers acting on behalf of the OC to carry out its business, are agents of the OC.

### **Advantage**

- Any gift, loan, fee, reward or commission consisting of money or money in kind or of any valuable security or of other property or interest in property of any description;
- any office, employment or contract;
- any payment, release, discharge or liquidation of any loan, obligation or other liability, whether in whole or in part;
- any other service, or favour (other than entertainment\*), including protection from any penalty or disability incurred or apprehended or from any action or proceedings of a disciplinary, civil or criminal nature, whether or not already instituted;
- the exercise or forbearance from the exercise of any right or any power or duty; and
- any offer, undertaking or promise, whether conditional or unconditional, of any advantage within the meaning of the above mentioned items.

\* Entertainment means the provision of food or drink, for consumption on the occasion when it is provided, and of any other entertainment connected with, or provided at the same time as, such provisions.



## Examples of Breaches under the Prevention of Bribery Ordinance

- a** An MC member / staff member solicits or accepts unauthorized commission from a supplier for recommending or supporting the purchase of goods from the latter.
- b** An MC member / staff member uses bogus quotations to make up the minimum number required under the Code of Practice on Procurement of Supplies, Goods and Services (Revised Version) of the BMO for the procurement of goods.
- c** An estate manager without the OC's permission solicits or accepts "referral fees" for employing an estate management staff member.
- d** A property management company (PMC) staff member solicits or accepts monies, loans or free services, such as free home cleaning service from a cleaning contractor, in return for conniving at the latter's substandard service.
- e** A PMC staff member accepts an advantage from a supplier in return for the acceptance of sub-standard goods or short delivery.
- f** A PMC staff accepts an advantage from a security contractor for connivance at the latter's poor service (e.g. inadequate number of security guards on duty).

# Section 1.5

## Integrity Management

### 1.5.1 Requirements for MC Members and Staff

In carrying out the building management work on behalf of the OC, the MC members and staff should:

- act in the interest of the OC;
- in no way solicit or accept any advantage when handling the OC's business;
- avoid and declare any conflict of interest, arising from their personal relationship with the Manager, suppliers and service providers serving the OC or any financial interest in their business; and

Sample Form for Declaration of Conflict of Interest

Annex 3

- abstain from the discussion of matters and decision making process as considered necessary and so directed by the MC after they have declared a conflict of interest.

### 1.5.2 Requirements for the Manager

The OC should set clear probity requirements for the Manager by:

- setting out in a set of **probity clauses** in the management agreement, requiring the Manager (including directors and staff):
  - **NOT to solicit or accept any advantage** when performing the duties under the agreement, from any person serving the OC (e.g. prohibiting acceptance of commission or free service from suppliers and service providers serving the OC);
  - **to avoid and declare any conflict of interest** in the course of their duties under the agreement, including any personal relationship with the suppliers and service providers serving the OC or any financial interest in their business; and
  - **to protect any confidential information** obtained in the course of their duties under the agreement.

Sample Probity Clauses for Inclusion in Service Agreements

Annex 4

## 1.5.3 Requirements for Suppliers and Service Providers

In the hiring of suppliers and service providers, the OC should:

- ✓ specify **anti-bribery and anti-collusion clauses** in the tender documents, and **probity clauses** in the agreements with service providers, including prohibition of offering or acceptance of advantage and declaration of conflict of interest.

Sample Anti-Bribery and Anti-Collusion Clauses in Tender Documents

Annex 5

Sample Probity Clauses for Inclusion in Service Agreements

Annex 4

## 1.5.4 Code of Conduct

The OC should:

- ✓ lay down the probity requirements for the **MC members and staff** in a Code of Conduct (including restriction on acceptance of advantage and requirement for declaration of conflict of interest); and

Sample Code of Conduct for MC members and OC staff

Annex 6

- ✓ require the **Manager and service providers** to issue probity guidelines, approved by the MC, to their employees, specifying restriction on acceptance of advantage and the requirement for declaration of conflict of interest when performing duties under the service agreement with the OC.

## 1.5.5 Conflict of Interest

**What is Conflict of Interest?**

A conflict of interest situation arises when the financial or personal interests of an MC member, staff or the Manager (including its directors and staff) who acts on behalf of the OC in carrying out any business relating to the building competes with or is in conflict, whether actual or perceived, with the interest of the OC. Any failure to avoid or declare conflict of interest could lead to allegation of corruption and breach of the Code of Practice on Procurement of Supplies, Goods and Services and the Code of Practice on Building Management and Safety (Revised Version) issued by the Secretary for Home Affairs.



## How to Manage Conflict of Interest?

To establish a mechanism to manage conflict of interest, the MC and Manager should:

- draw up a standard form to facilitate declaration of conflict of interest;
- assign the Secretary (in the case of the MC) or designate a staff member at a senior level (in the case of the Manager) as the contact person to handle all declarations of conflict of interest;
- authorize the Chairman or a Committee (in the case of the MC), or designate a senior staff member (in the case of the Manager) to determine the action to take upon receiving a declaration, such as requiring the MC member or staff concerned to abstain from the discussion and decision making process of the matter, if the conflict of interest is considered serious;
- document the conflicts declared and the actions taken; and
- open up the records for inspection by owners if necessary.

## Examples of Conflict of Interest

- a** The MC member takes part in the selection of a supplier and one of the bidders is his family member, relative or close personal friend.
- b** The MC Chairman leases a storeroom owned by the OC to a company in which himself, his family member, relative or close personal friend are holding shares.
- c** The Manager has a financial interest in the business of a supplier or service provider who is tendering for the OC's contracts.
- d** The Manager is providing advisory services to one of the suppliers or service providers who is tendering for the OC's contracts.

The ICAC provides tailor-made advice and assistance on integrity management in strict confidence, including drawing up integrity guidelines and the Code of Conduct.

Corruption Prevention Advisory Service

Annex 7

# CHAPTER 2

## Owners' Corporation and Management Committee

### Chapter Objectives

- Know the roles and functions of Owners' Corporation and Management Committee
- Know the importance of proxies in the decision making of the Owners' Corporation
- Put in place control measures for handling of proxies



## Section 2.1

# Owners' Rights and Obligations in Building Management

The owners have the **rights** to take part in the management of their building by attending the OC meetings for purpose of:

- electing MC members;
- appointing the Manager;
- discussing major issues and passing resolutions;
- monitoring the proper management of the building and the OC's financial situation; and
- safeguarding their own interests in any matter of substantial financial implications (e.g. planning of building maintenance projects).

All owners are members of the OC. They collectively own the common parts of the building and have the **obligations** to:








- exercise due diligence to keep their building and the common parts in a safe and clean condition;
- collectively comply with all statutory requirements relating to the management and maintenance of their building;
- comply with the terms and conditions of the DMC;
- comply with the building management rules adopted by the OC;
- comply with the resolutions passed at the OC meetings;
- fully co-operate with the MC in the management of the building;
- actively take part in the management of their buildings by attending the OC meetings, and casting votes on resolutions when required;
- be vigilant of any improper act by those owners who run for the election of MC members and report such acts at the OC meeting for appointing MC members;
- if they themselves run for the election, refrain from canvassing votes or obtaining proxies through improper means (e.g. offering advantages such as meals or entertainment to owners, or using coercion); and
- understand the duties and powers of the OC and MC (**Sub-sections 2.2.3 and 2.2.4 below**) with a view to monitoring their work.

## **Section 2.2**

# ***Building Management and Owners' Corporation***

### ***2.2.1 Key Legal Requirements***

The following summarizes the major legal requirements related to OC's operations in building management. The OCs should refer to the original text of the BMO for the full version if necessary.

-  Owners may, in accordance with Sections 3, 3A, 4 or 40C of the BMO, convene a meeting of owners to appoint an MC and form an OC. Unless the DMC otherwise provides, an owner shall have one vote in respect of each undivided share he owns.
-  When an OC has been formed, the rights, powers, privileges and duties of the owners in relation to the common parts of the building shall be exercised and performed by the OC. The liabilities of the owners in relation to the common parts of the building shall also be enforceable against the OC.
-  The OC shall properly manage and maintain the common parts of the building, and do all things reasonably necessary for the enforcement of the obligations contained in the DMC for the control, management and administration of the building.
-  The OC may decide whether or not to engage any paid staff, a PMC or other professional personnel to assist in carrying out its duties or powers.
-  The OC may also decide on any matters related to the common parts of the building, e.g. building maintenance programme.
-  At an OC meeting, the OC may pass a resolution regarding the control, management and administration of the common parts of the building, and the renovation, improvement or decoration of these common parts. The resolution is binding on the MC and all owners.
-  The powers and duties conferred or imposed by the BMO are exercised and performed on behalf of the OC by the MC.

## 2.2.2 Formation of Owners' Corporation and Management Committee

To facilitate effective management of the building, owners should consider forming an OC and appointing an MC to deal with the management of the common parts of the building in the interest of all owners and to manage the resources of the building (such as collection of management fees) and expenditure.

For buildings with a DMC:



The owners could determine whether to form an OC according to the BMO or to form an owners committee according to the DMC.

An OC is given powers under the BMO as a legal entity to monitor the work of the Manager and is in a better position to steer the work of the Manager in the interests of the owners.

An owners committee (howsoever named) is formed under the DMC as an advisory body to the Manager on major building management issues. The Manager is entrusted with the building management powers by the DMC.

The BMO provides for the formation of OCs and MCs.

- ▶ refer to the guidelines on formation of OC and appointment of MC members in the publications “A Guide on Building Management Ordinance” and “How to Form an Owners' Corporation” issued by HAD.



## 2.2.3 Duties and Powers of Owners' Corporation

The BMO provides the OC with the authority to manage the building and collect contributions from owners to pay for the necessary building management expenses. The OC has the **duties** to:

- maintain the building and common parts in a safe and clean condition;
  - enforce the terms and conditions of the DMC;
  - comply with any statutory requirements in respect of the management of the building;
  - take insurance policies (e.g. third party risks insurance) for the building;
  - establish an accounting system and keep accounting records for the management of the building; and
- ▶ refer to the Building Financial Management Toolkit**
- report regularly the financial status of the OC to the owners.

The OC has the **powers** to:

- collect money from owners for payment of building management expenses;
  - pay the expenses incurred in the management of building;
  - employ staff or appoint a Manager or service providers for the management of the building;
  - procure goods and services for the management of building;
  - enter into contracts relating to building management on behalf of the owners; and
  - initiate and oversee building maintenance and renovation works.
- ▶ refer to the Building Maintenance Toolkit**

## 2.2.4 Executive Role of Management Committee

As the executive arm of the OC, the MC has the fiduciary responsibility to the owners and is in a position to influence their decisions on major issues (e.g. approving annual budgets and appointing consultants and contractors for maintenance and renovation projects). It also has the **powers** to:

- use the building funds and manage the bank accounts;
- make decisions for the day-to-day management of the building (e.g. procuring goods and services);
- draw up management and operational guidelines and work procedures; and
- steer and monitor the work of the Manager and service providers.

In the management of building, the MC has the **duties** to:

- convene OC annual general meetings and other ad hoc OC meetings (extraordinary general meetings) as and when necessary;
- hold regular MC meetings (at least once every three months) to discuss and decide on building management issues;
- keep minutes of the meetings of the OC and the MC in a proper manner for at least six years;
- display the minutes of meetings for owners' information;
- implement the resolutions passed at the OC meetings;
- determine the amount of management fees and maintenance funds to be contributed by owners based on a reasonable budget;
- monitor the work and performance of the Manager, staff and service providers;
- keep owners informed of any legal proceedings relating to the OC;
- draw owners' attention to any works projects under planning with substantial financial implications as early as possible;
- compile timely the OC accounts and financial statements and keep in an orderly manner the supporting documents and records for audit;
- prepare and display for owners' information the budget, income and expenditure accounts, and balance sheet at suitable intervals; and
- arrange audit of the OC accounts annually.

The **MC members** are appointed by the resolution of the OC meeting. They are obliged to:

- submit within 21 days after appointment a statement on no bankruptcy and no conviction of criminal offence (exceeding three months' imprisonment) within the previous five years to the Secretary of the MC for filing with the Land Registrar within 28 days after appointment;
- cease to be MC members if they fail to comply with the statement requirements;
- if there is a change in any matters in the statement made at the time of appointment, submit within 21 days of the change a statement stating the particulars of the change to the Secretary of the MC for filing with the Land Registrar within 28 days after submission;
- contribute voluntarily reasonable time and effort for the management of the building;
- resolve problems and balance the interests and expectations of different owners in the management of the building; and
- proactively seek owners' feedback on the management of the building and encourage the owners to actively participate in the OC and MC meetings.

The **Secretary** and **Treasurer** of the MC can be an owner or any person (e.g. a PMC staff) appointed by the OC. If the Secretary and the Treasurer are not owners, they cannot be MC members. For the Secretary and Treasurer who are not MC members:

- the MC should require them to abide by the ethical standards required of the MC members and monitor compliance;
- they should not be authorized to sign cheques between themselves on behalf of the OC, instead should sign cheques jointly with one or more MC members, depending on the specified financial limits;
- they should be required to strictly follow the MC's instructions on the management of the building; and
- the MC should closely monitor the work processes and accounting records to monitor the Secretary's and the Treasurer's compliance with the instructions.

## Section 2.3

# Integrity Management










► refer to Sub-section 1.5.1 of Chapter 1 for the probity standards required of the MC members.

## Section 2.4

# Owners' Corporation Meetings

### 2.4.1 Key Legal Requirements

The following summarizes the major legal requirements related to OC's meetings. The OCs should refer to the original text of the BMO for the full version if necessary.

-  The MC shall convene an OC meeting annually and as and when necessary.
-  The MC Chairman shall convene an OC meeting at the request of not less than 5% of the owners (in terms of the number of owners but not the undivided shares) within 14 days of receiving such a request and hold the meeting within 45 days of receiving such a request.
-  The MC Secretary shall give notice of the OC meeting to each owner and the tenants' representative, if any, and display the notice in a prominent place in the building at least 14 days before the day of the meeting.
-  The notice shall specify the date, time and place of the meeting and the resolutions to be proposed and other matters to be discussed at the meeting.
-  The quorum of an OC meeting is 10% of the owners (in terms of the number of owners but not the undivided shares) and 20% in case of dissolving the MC.
-  For the purpose of enumeration of the percentage of owners:
  - one flat with more than one co-owner is counted as one owner; and
  - one owner owning more than one flat is counted as one owner.
-  For the purpose of determination of voting rights:
  - if one person holds proxies from more than one owner, the voting rights of the person is equal to the number of valid proxies held and his own vote if he is also an owner.
-  An owner shall, unless the DMC provides otherwise, have one vote in respect of each undivided share he owns.
-  The person presiding over the meeting in accordance with the provision of the BMO should have, in addition to a deliberative vote, a casting vote if there is an equal number of votes (this provision does not apply to resolutions for the appointment of MC members, Chairman, Vice-chairman, Secretary and Treasurer).

## 2.4.2 Meeting Procedures

An OC meeting may be convened to:

- inform the owners about the current situation of the OC;
- obtain owners' feedback on building management issues; and
- discuss major issues and pass resolutions.

**Guidelines on OC meeting procedures are available from the publication, "A Guide on Building Management Ordinance", issued by HAD.**

To facilitate the conduct of an OC meeting:

- the OC should pass a resolution on the meeting procedures to be adopted in compliance with the BMO requirements.

In conducting an OC meeting, the Chairman should:

- ensure that all statutory requirements have been complied with for convening the meeting (e.g. serving and displaying meeting notice);
- have reviewed all the instruments of proxy and determined whether they are valid;
- explain to the owners the background, facts and impacts of the issues and resolutions to be discussed;
- be neutral and give all owners equal time to speak, whether they are for or against an issue;
- encourage owners to express their views and remind them to avoid confrontation and the use of emotional statements;
- conduct and maintain the meeting in an orderly manner; and
- consolidate the views expressed by the owners after the discussion.



The **Secretary** should:










- check the identity of the owners present at the meeting and the number of undivided shares they hold;
- ensure the quorum is met before starting the meeting;
- take meeting minutes;
- keep a record of owners coming in or leaving the meeting venue, in particular those holding proxies to ensure the quorum is met before putting up a resolution for voting;
- advise the Chairman to adjourn the meeting if the quorum is not met;
- display the minutes in a prominent location of the building; and
- make the minutes of meeting available to owners on request.

# Section 2.5

## Proxy



### 2.5.1 Key Legal Requirements

The following summarizes the major legal requirements related to the appointment of proxy. The OCs should refer to the original text of the BMO for the full version if necessary.

-  An owner may cast a vote personally or by proxy at an OC meeting.
-  A proxy (e.g. another owner, an MC member or any other person not being an owner) appointed by an owner shall be treated as being the owner present at the meeting.
-  The instrument appointing a proxy shall be in the statutory form set out in the BMO.
-  The instrument of proxy shall be lodged with the MC Secretary at least 48 hours before the time of the meeting.
-  The MC Secretary shall issue a receipt to all the owners who have lodged the instruments of proxy to acknowledge receipt of the instrument before the time of the meeting.
-  The MC Secretary shall prepare a list setting out the information of all the flats with instruments of proxy lodged and display the list in a prominent location of the meeting place before and up to the conclusion of the meeting.
-  The MC Chairman shall determine the validity of the instrument of proxy received.
-  The MC shall keep all instruments of proxy for at least 12 months after the meeting.
-  All matters arising at an OC meeting shall be decided by a majority of votes of the owners voting either personally or by proxy.

### 2.5.2 Importance of Proxy

The BMO has laid down the OC meeting protocols and quorum requirement to:

-  ensure any resolutions passed at the meeting are supported by the majority votes of the owners voting; and
-  provide for owners to appoint proxies to represent them in OC meetings to meet the quorum requirement and vote on resolutions.

While the proxy serves a very practical purpose as mentioned above, the owners should exercise extreme care in appointing proxies. Before giving away an instrument of proxy, the owners should note the following **important points**:

- The voting right is an important right derived from the ownership of their property.
- Voting is an important decision making tool that will affect the outcome of crucial matters in the management of the building. Major building management decisions with significant financial implications requiring commitment of the owners (such as maintenance and renovation works for the building and securing loans on owners' behalf) are resolved based on the voting result.
- Through voting, the owners can elect or remove any MC member and decide on the appointment or termination of the Manager.
- The owners' failure to vote in person may result in the passing of biased resolutions by a small group of unscrupulous voters attending the OC meeting with a large number of instruments of proxy (e.g. rigging the selection of consultants or contractors for building maintenance projects). The rigged resolution may bring upon the owners unnecessary and unreasonable financial commitment.
- Proxies can vote on a resolution according to their own choice.

### 2.5.3 Appointment of Proxy

To protect the interest of owners who appoint a proxy to attend and vote on their behalf at the OC meetings, the **MC** should adopt the following measures:

- Owners should be encouraged to attend OC meetings in person.
- Owners who cannot attend the meeting in person should be reminded to only appoint persons they trust to be their proxies.
- The MC should issue to the owners on request a standard instrument of proxy in the format according to the BMO with a statement of purposes in respect of collection of personal data attached.  

**Instruments of Proxy Set Out under the BMO** >>> **Annex 8**
- The MC should attach a list of explanatory notes to the instrument of proxy to remind the owners the importance of their voting right.  

**Explanatory Notes on Appointment of Proxy** >>> **Annex 9**
- The explanatory notes should contain a list of the proposed resolutions to be voted at the meeting and draw the owners' attention to any items which have significant financial implications.

- The financial implications should include any substantial use of the building funds (cost of maintenance and renovation works), any additional funds to be raised from the owners, any loans of money to be arranged on behalf of the owners, and any litigation.
- The explanatory notes should inform owners that although not a statutory requirement under the BMO, they may give voting instructions to their proxies as a means to exercise the owners' right in voting, or leave the voting decision to the proxies.
- Owners should be asked to fill in all the required information, particularly the name of the proxy and the alternate proxy (or cross out the space for the alternate proxy if they do not want to appoint one), in the instruments when appointing the proxy, and avoid giving away a blank instrument which may be passed to and used by a third person not properly authorized by the owner.
- Owners should be reminded that the OC, the MC and the Manager (if one is employed for building management) would not be able to check or enforce any voting instruction given by the owners as the proxies have the final voting decision.
- Owners should be reminded to personally lodge the instruments duly completed with the Secretary direct or deposit them in the ways (e.g. to a collection box) as instructed by the Secretary at least 48 hours before the time for holding of the meeting or if they give the instruments directly to the proxies they assign, should remind their proxies to do the same and avoid giving the instruments to a third party.
- The MC should use a locked box for the deposit and safe keeping of instruments of proxy (the box should be double-locked, if necessary, with the keys to be separately held by two persons to enhance checks and balances).

## 2.5.4 Handling of Instruments of Proxy

When handling the instruments of proxy, the **Chairman of the OC meeting** should:

- determine the validity of the instruments of proxy by checking the owner's identity against the register of owners prior to the meeting.

The **Secretary** should:

- ensure the instruments of proxy used are in the format according to the BMO and have been duly signed by the owners;
- receive the instruments of proxy at least 48 hours before the meeting;
- send an acknowledgement of the instruments of proxy as confirmation to the owners who have appointed the proxies;
- display the information on the flats, for which the owners have appointed a proxy, at a prominent location of the meeting venue (e.g. a notice board at the entrance) before the meeting and until its conclusion;
- remind owners to watch the displayed information whether there is a proxy appointed under their flat number but without their authorization; and
- confirm the undivided shares under each of the validated instruments of proxy for the purpose of vote counting.

## 2.5.5 Monitoring of Voting and Vote Counting

The **Chairman of the OC meeting** should:

(for OCs of **buildings with a very small number of units**)

- follow the OC adopted practice of conducting the voting (e.g. use of voting forms or show of hands) and monitoring the vote counting (e.g. by inviting an owner at the meeting to witness the vote-counting);
- keep the proxy instruments and vote counting records as described below for buildings with a large number of units;



(for OCs of **buildings with a large number of units**)

- invite the owners present at the meeting to elect representatives to help witness and monitor the voting and the vote-counting process, and record the names of the elected persons;
- issue votes (mark the undivided shares clearly on the votes or use different colour papers to represent the number of undivided shares owned by the owners of a particular flat size if necessary) to the owners and proxies to facilitate vote counting;

**Sample Voting Forms**

**Annex 10**

- incorporate security features such as stamping with the OC's chop, bar coding, etc. to prevent bogus votes and other malpractice;
- record the flat numbers in respect of which votes are issued;
- allow reasonable and sufficient time for persons with large number of proxies to complete the voting forms according to the voting instructions given by the owners;
- remind owners present at the meeting to keep good custody of the votes issued to them;
- remind owners leaving the meeting early to return the votes to the Secretary for cancellation if they have decided not to vote on a resolution;
- count the votes immediately after the voting for each resolution and record the results (number of votes and corresponding number of shares) of each resolution clearly in the vote counting record;

**Sample Vote Counting Records**

**Annex 11**

- check the number of votes cast with the number of votes issued to ensure the number of votes cast is less than or equal to the number of owners and proxies present at the meeting, and report any irregularities to the OC for an instruction and record the actions taken;
- pass the votes for random checks by the voting process monitoring persons who should report any irregularities to the Chairman and OC for an instruction and record the actions taken; and
- keep the instruments of proxy and votes cast for twelve months.



## ***Section 2.6***

# ***Dissolution of Management Committee***

### ***2.6.1 Key Legal Requirements***

The following summarizes the major legal requirements related to the dissolution of MC. The OCs should refer to the original text of the BMO for the full version if necessary.

The MC may be dissolved<sup>#</sup> by:

-  a resolution passed by the owners at an OC meeting, certified by the Chairman of the meeting and filed with the Land Registrar within 14 days after the date of the meeting; or
-  the ruling of the Lands Tribunal on an application made to it by an owner, a registered mortgagee, an administrator or the Secretary for Home Affairs.

# In dissolving the MC, an administrator must be appointed by a resolution of the OC meeting or the Land Tribunal as appropriate to take over the duties and responsibilities of the MC and the administrator must be appointed before the resolution of dissolution of the MC.




## ***Section 2.7***

# ***Winding Up of Owners' Corporation***

### ***2.7.1 Key Legal Requirements***

The following summarizes the major legal requirements related to the winding up of OC. The OCs should refer to the original text of the BMO for the full version if necessary.

The winding up of an OC is governed by the statutory requirements under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) as if it is an unregistered company. In the event of winding up of the OC, the owners:

-  are liable to pay all the debts of the OC;
-  should share the amount of debts according to their respective undivided shares; and
-  should convene an OC meeting, if practicable, and seek legal advice on how to discharge their legal liabilities.

# CHAPTER 3

## Manager

### Chapter Objectives

- Know the role and duties of the Manager
- Know how to monitor the service and performance of the Manager



## Section 3.1

### The Manager

An OC may appoint a Manager (usually a property management company) by way of a contract to undertake the day-to-day building management duties. In some buildings, the Manager may also be appointed under the DMC (DMC Manager). The **Manager** could:

- deploy his staff or directly appoint service providers to provide the building management services (e.g. cleaning and security services); or
- be entrusted with the duty to select service providers (e.g. cleaning and security contractors) and monitor their performance on behalf of the OC.

#### 3.1.1 Role of the Manager

The **Manager** should:

- act in the interest of the OC;
- provide professional advice on building management to the OC and MC;
- follow the provisions stipulated in the BMO in performing the building management duties, in particular procurement, accounting and arrangement of OC meetings; and
- be conversant with the terms and conditions of the DMC of the building and advise the OC on the proper ways to enforce and comply with the DMC requirements (e.g. to manage and maintain properly the common parts and facilities).

## Section 3.2

### Integrity Management

► refer to Section 1.5.2 of Chapter 1 for the probity standards required of the Manager.

## Section 3.3

# Procurement of Goods and Services

In procuring goods and services on behalf of the OC, the **Manager** should:

- comply with the BMO requirements and follow the Code of Practice on Procurement of Supplies, Goods and Services (Revised Version) issued by the Secretary for Home Affairs for purchases of different values;

**Code of Practice on Procurement of Supplies,  
Goods and Services (Revised Version)**

**Annex 12**

- ensure the procurement process is competitive, fair and accountable;
- build in the procurement system suitable control measures as recommended in Chapter 4 of this Toolkit;
- involve the MC members in the key stages of high value purchases (e.g. sourcing and invitation of suppliers / service providers, tender opening, evaluation of bids, and acceptance of offer);
- require his staff and any MC members involved in the procurement exercises to declare conflict of interest arising from any financial (e.g. investments) or personal (e.g. family members or relatives) relationship with the suppliers or service providers bidding for contracts with the OC;
- maintain and make available all procurement documents (e.g. quotations, tenders, evaluation records, invoices, goods receipt records, etc.) for inspection by MC members and owners on request;
- prohibit his staff members to split high value purchases into small amount of purchases to circumvent the approval by the appropriate approving authority;
- review regularly purchase orders and management reports, if available, on purchases made to detect any suspicious purchase pattern (e.g. purchase of the same or similar items within a short period from the same supplier); and
- report to the MC the prices of the goods and services purchased in large quantity.

## Section 3.4

# Management of the Building Management Funds

The **Manager** should:

- establish an effective accounting system to manage the building management funds of the OC in compliance with the BMO requirements;
- open and maintain an interest-bearing bank account for the building management funds used exclusively for each of the building under his management;
- build in suitable control measures in the accounting system;
  - ▶ refer to the **Building Financial Management Toolkit**
- invite the authorized MC members to counter-sign the cheques for payments exceeding the specified amount;
- seek the MC's approval for the annual budget and display the approved budget at a prominent location of the building for owners' information;
- prepare a summary of income and expenditure and balance sheet at least every three months and display them for owners' information;
- conduct a mid-year review to compare the actual incomes and expenditures with the approved budget; and
- table the annual audited financial statements at the OC's annual general meeting and display them for owners' information.



## ***Section 3.5***

### ***Monitoring of Service Providers***

The **Manager** should:

- oversee the performance of the service providers appointed on behalf of the OC, particularly the provision of manpower and other resources (e.g. materials) as stipulated in the contract;
- report any sub-standard performance and default in the pledged service by the service providers and the actions taken to the MC;
- make known to the owners the channel for complaints or enquiries (e.g. a hotline) about the service providers' service;
- report serious complaints at the MC meetings; and
- obtain owners' feedback on service provided before renewing the contract of the service providers.

## ***Section 3.6***

### ***Monitoring of the Manager's Performance***

The **MC** should:

- check the Manager's compliance with the requirements on procurement, accounting and monitoring of the service providers;
- check randomly the prices of goods and services procured by the Manager against the market prices;
- compare the income and expenditure accounts with the approved budget at reasonable intervals and require the Manager to explain any significant variance; and
- adopt a system to appraise the Manager's performance at the end of the contract.







▶ refer to **Section 6.6 of Chapter 6**

## Section 3.7

# Termination of the Manager's Appointment

### Key Legal Requirements

The following summarizes the major legal requirements related to the termination of the Manager's appointment. The OCs should refer to the original text of the BMO for the full version if necessary.

-  The DMC Manager may either resign himself, or have his appointment terminated by the OC through passing a resolution at an OC meeting with the support by the owners of not less than 50% of the shares in aggregate who are entitled to vote.
-  The termination notice by either party must be in writing and should not be less than three months.
-  The termination notice by the OC should be accompanied by the copy of the resolution of owners and given to the DMC Manager within 14 days after the OC meeting.
-  The resignation of the non-DMC Manager or the termination of the appointment of the Manager should comply with the terms and conditions of the contract made between the two parties.
-  If there is no contract signed with the non-DMC Manager, the procedures applicable to the DMC Manager should be followed.
-  The outgoing Manager should be required to:
  - deliver to the MC or the newly appointed Manager within 14 days after the last date of appointment, all the OC's movable property and, within two months, all accounting books and records in his possession; and
  - prepare within two months after the last date of appointment the income and expenditure account and the balance sheet for the period from the beginning of that financial year to the last date of appointment, and arrange these financial statements to be audited by an accountant; and to deliver the same and other relevant documents and records to the MC.

# CHAPTER 4

## Procurement of Goods

### Chapter Objectives


- Put in place an effective procurement system
- Know the procurement process
- Know the control measures in procurement procedures



## Section 4.1





### Key Legal Requirements

The following summarizes the major legal requirements related to OC's procurement of supplies, goods and services. The OCs should refer to the original text of the BMO for the full version if necessary.

-  The procurement of supplies, goods and services for the management of a building by an OC should comply with the Code of Practice on Procurement of Supplies, Goods and Services (Revised Version) issued by the Secretary for Home Affairs.

**Code of Practice on Procurement of Supplies, Goods and Services (Revised Version)**

**Annex 12**

-  Any supplies, goods or services exceeding, or is likely to exceed, \$200,000 or 20% of the OC's annual budget (whichever is the less), shall be procured by invitation to tender; and if the value exceeds 20% of the OC's annual budget, acceptance of a tender should be by a resolution of owners at a general meeting.
-  The OC may decide by a resolution of owners at an OC meeting to renew the contract of an existing supplier or service provider on such terms and conditions specified in the resolution without tendering, provided that there is no change to the type of goods or services procured.
-  Any person who enters into a procurement contract not in compliance with the BMO requirements may be personally liable to claims arising from the contract.
-  The OC shall keep all documents of procurement (the tender documents, contracts, accounts, invoices, and other related documents) for at least 6 years.

## ***Section 4.2***

### ***Integrity Management***

All parties involved in the procurement exercises (e.g. members of MC, the Manager and his staff) should:

- not accept advantage or hospitality which would impair their impartiality offered by the bidding and serving suppliers / service providers; and
- declare any actual or perceived conflict of interest (e.g. investment in the business of a supplier who is bidding for the supply of goods to the OC) and, in accordance with the resolution of the MC, continue / restrict his work in the tender under consideration (e.g. withdraw from the MC meeting during the discussion concerned).

## ***Section 4.3***

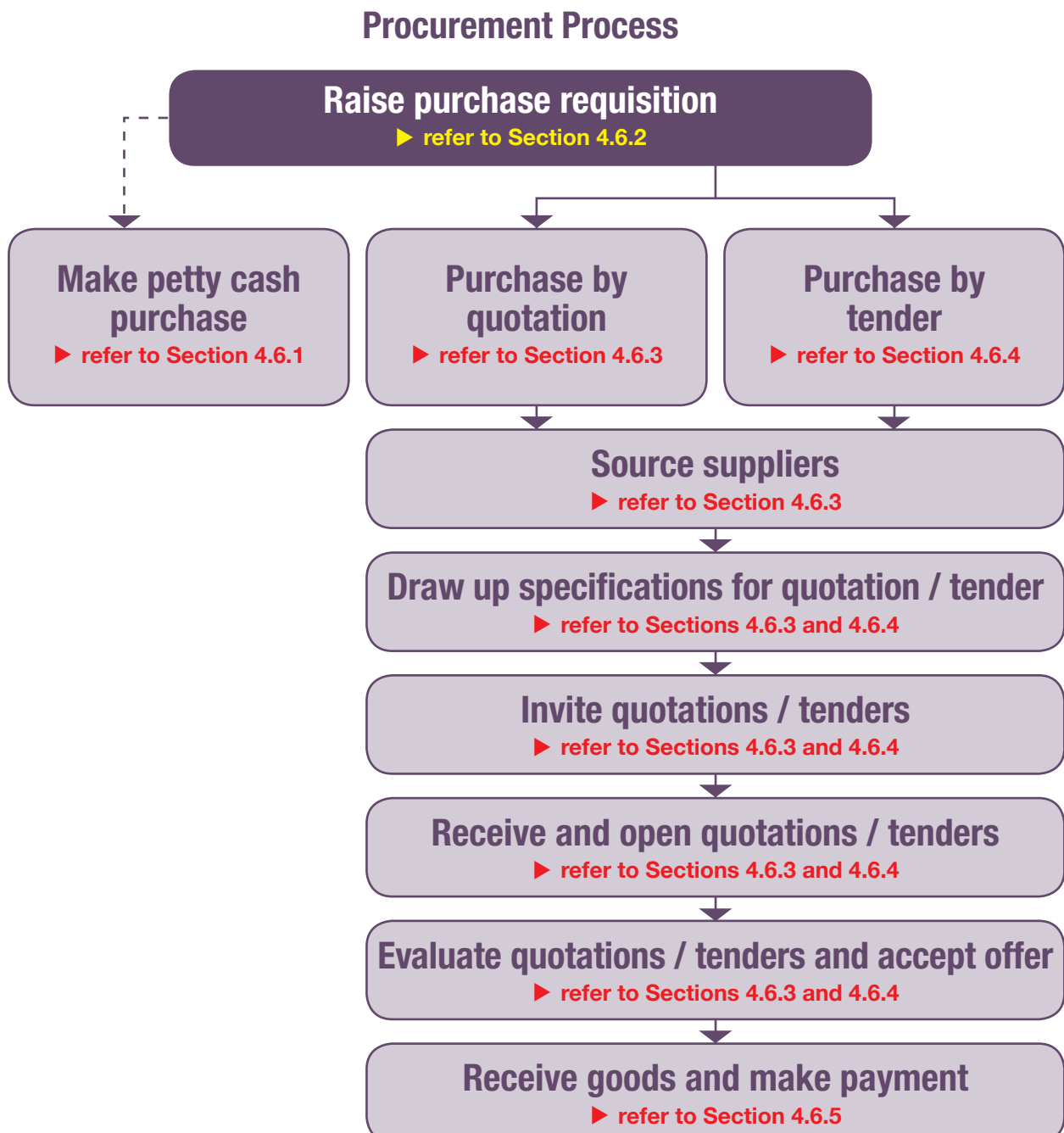
### ***Commonly Procured Goods***

The goods commonly procured for the management of a building may include:

- equipment, goods and supplies – e.g. computer equipment, furniture, and office supplies; and
- miscellaneous purchases – e.g. cleaning equipment and materials, staff uniform and laundries.

## Section 4.4 Procurement Process

- ✓ The MCs are recommended to adopt the procedures described in this Chapter for the procurement of goods for the management of their buildings. If a Manager is appointed to manage the building on behalf of the OC, the Manager should adapt and adopt the control measures recommended in this Chapter.
- ✓ The following flow chart outlines the key procurement process:



■ Figure 3



## Section 4.5

# Procurement Methods and Guidelines

The OC should:

- adopt competitive bidding methods to obtain the best value for money;
- adopt the following procurement methods for purchases of different values:
  - minor purchases (e.g. stationery) by petty cash;
  - low value purchases by quotation (e.g. below \$10,000);
  - high value purchases by tender (e.g. above \$10,000); and
- specify the authorities for approving purchases of different values.

The table below shows an example of delegated procurement authorities.

Expenditures	Purchase Methods	Minimum Numbers of Tenders/ Suppliers to be Invited	Approving Authorities (written explanation is required if the lowest offer is not accepted)
\$500 and below	petty cash purchase	At least one verbal or written quotation	A designated MC member or staff member or the Manager (if one is employed for building management)
\$501 - \$2,000	Quotation	At least two verbal or written quotations	A designated MC member or supervisory staff member or the Manager (if one is employed for building management)
\$2,001 - \$10,000	Quotation	At least three written quotations	Any two designated MC members or the Manager (if one is employed for building management)
\$10,001 - \$200,000	Tender*	At least three tenders	MC

Above \$200,000 and not exceeding 20% of the annual budget of the OC	Tender*	At least five tenders	MC
Exceeding 20% of the annual budget of the OC	Tender*	At least five tenders	Resolution passed at an OC meeting

\* In line with the requirements of the BMO and Code of Practice on Procurement of Supplies, Goods and Services (Revised Version).

To comply with the procurement requirements, the MC should:

- ensure all MC members, staff members and the Manager (if one is employed for building management) understand and comply with the procurement requirements;
- enhance checks and balances by assigning different MC members, staff members or the Manager (if one is employed for building management) to take charge of different processes, such as initiating purchase requests, drafting specifications, sourcing suppliers, receiving tenders and quotations bids, and approving purchases, as far as possible;
- prohibit MC members, staff members or the Manager (if one is employed for building management) to split high value purchases into small amount of purchases to circumvent the approval by the appropriate approving authority;
- review regularly purchase orders and management reports, if available, on purchases made to detect any suspicious purchase pattern (e.g. purchase of the same or similar items within a short period from the same supplier); and
- keep all procurement records (e.g. Purchase Requisition Forms, tender and quotation documents, orders issued, etc.) for audit or checking as necessary.

## Section 4.6

# Procurement Procedures

### 4.6.1 Petty Cash Purchase

► refer to the **Building Financial Management Toolkit Chapter 3 Sub-section 3.4.3 (2)** for guidelines on setting up a petty cash system

The following safeguards are recommended for adoption:

- designate the MC treasurer or a staff member or the Manager (if one is employed for building management) to be the petty cash holder;
- set a time limit for petty cash claims after purchase (e.g. claims should be submitted within seven days of the purchase);
- MC to determine the maximum amount of petty cash to be held by the designated holder (e.g. just enough for a month's petty cash expenses);
- use a sequentially numbered petty cash voucher for drawing and claiming petty cash;

Sample Petty Cash Voucher

Annex 13

- use a petty cash replenishment form for requesting refill of petty cash;
- require the production of receipts or invoices to support claims of petty cash or require the staff concerned to sign on the claim form if it is not practical to obtain a receipt or invoice; and
- stamp "Paid" on the invoice or claim form to certify payment is made.

Sample Petty Cash Replenishment Form

Annex 14

### 4.6.2 Purchase Requisition

- Use a Purchase Requisition Form for initiating a procurement request.
- Assign a sequential number to the Purchase Requisition Form for control purpose.
- State the quantity and description of the goods required on the Purchase Requisition Form for approval by the appropriate approval authority.

Sample Purchase Requisition Form

Annex 15

### 4.6.3 Procurement by Quotation

#### Source suppliers

- The MC or the Manager (if one is employed for building management) should source suppliers (e.g. seeking references from other OCs or the yellow page / website) for quotation, taking into account the size of the suppliers' company and the goods they provide as appropriate.
- In no way should the suppliers sourced for quotation include only those nominated by a single MC member or the Manager (if one is employed for building management).

#### Invite and accept quotation

- Provide the suppliers with a detailed description of the goods required in an invitation to be issued in the name of the OC.

**Sample Quotation Invitation Document**

**Annex 16**

- Advise the suppliers of the deadline for submission of quotations.
- For verbal quotations, keep a record of the date of receiving the quotation, the supplier, the offered price, and the name of the responsible MC member or the staff member or the Manager (if one is employed for building management) on the Purchase Requisition Form.
- Use a designated fax machine kept in a secure place or an email account with password control for receiving quotations to prevent manipulation of quotations (e.g. leakage of information before the closing time or tampering with the quotations received).
- Designate an MC member or a staff member or the Manager (if one is employed for building management) to receive and securely keep the quotations which should not be opened until after the deadline.
- Take precautions to prevent leakage of quotation information (e.g. requesting the suppliers to notify the receiving person before sending in their quotations by fax or to submit quotations in a sealed envelope).
- Keep a record of the suppliers invited, the date of receipt of the quotations and copies, together with the Purchase Requisition Form for future checking or audit.
- Accept the lowest quotation that meets the specified requirements, and record justifications if the lowest offer is not accepted.

## 4.6.4 Procurement by Tender



### Declare conflict of interest

- All parties involved in the tender exercises (e.g. members of the MC, the Manager and his staff) should each declare in writing whether he has any conflict of interest in the tender under consideration; and undertake to declare so as soon as he becomes aware of such a conflict.

**Sample Form for Declaration of Conflict of Interest  
(for use in tender)**

**Annex 12A**



### Invite tenders (for high value purchases or engagement of term suppliers)

- Source suppliers following the steps for purchase by quotation as described in Sub-section 4.6.3 above.
- To enhance competitiveness for high value purchase by tender, more suppliers in excess of the number specified in the Code of Practice on Procurement of Supplies, Goods and Service (Revised Version) could be sourced.
- Consider inviting tenders through newspaper advertisements for high value purchases over a specified amount. The advertisements should be issued in the OC's or the Manager's (if one is employed for building management) name and should not contain the names of other parties.

**Sample Press Advertisement for Invitation of Tenders**

**Annex 17**

- Display the copy of invitation to tender in a prominent place in the building.
- Include in the tender invitation the following information / requirements:

**Sample Tender Invitation Letter**

**Annex 18**

- a clear description or specification of the goods required (e.g. performance, quality standards, quantity, delivery schedule, payment terms, and any after-sale service required);
  - the eligibility criteria of the tenderers (e.g. size of company);
  - a declaration from the tenderers that they have not colluded with other bidders in tendering and a clause prohibiting offer of bribes in connection with the tender exercise; and
- Sample Anti-Bribery and Anti-Collusion Clauses in Tender Documents**
- Annex 5**
- the deadline for submission of tenders and the submission method (e.g. tenders in duplicate to be put in a sealed envelope).
  - Ensure all bidders receive the same tender information (i.e. full specification of the goods required), and any additional information essential for the preparation of tenders should be made known to all invited bidders.



### Receive and open tenders

- Require the bidders to submit tenders before the closing time and inform them that submissions after the deadline would not be considered.
- Do not require the bidders to pay any unreasonable amount of administration fees for bidding as a general rule in order not to discourage potential bidders to tender.

- Take measures to ensure the security of the tenders received, e.g. use a tender box secured by double locks, marked “Tender-Box” with the two keys separately kept by two MC members or staff members, and keep the box locked up in a prominent place in the building until the opening time.
- Ensure the tender box only bear the OC’s or the Manager’s (if one is employed for building management) name and not that of other parties.
- Assign an opening team (comprising at least three MC members) to open the tenders received immediately after the closing time at the same time who should countersign and date each of the tenders, and the MC should keep the duplicate copies of the tenders for checking in the future if necessary.
- Keep a record of the tenders received if duplicate copies are not available.

**Sample Tender Opening Record**

**Annex 19**

- Late tenders received after the tender closing time should not be considered and should be stamped as “Late Tender (disqualified)”



#### Evaluate tenders

- Pre-determine the criteria for evaluating the tenders (e.g. the lowest bid that meets the specified requirements).
- Appoint a panel (comprising at least two MC members and the Manager (if one is employed for building management)) to evaluate the tenders based on the pre-determined criteria and recommend the best tender for the approval authority’s acceptance.
- Require the panel members to declare any conflict of interest.
- Require the panel members to record their deliberations and any dissenting views to enhance accountability.
- Require the panel to recommend the lowest tender that meets the specified requirements, and provide justification if the lowest offer is not recommended.
- Require the panel to submit a tender evaluation report for consideration by the approving authority.

**Sample Tender Evaluation Report**

**Annex 20**



#### Award contract

- Inform the owners by a notice if the purchase involves the award of a contract or it is of high value above a specified amount.

**Sample Notification of Award of Contract**

**Annex 21**

- Notify the selected supplier and inform the unsuccessful tenderers.

**Sample Letter to Successful and Unsuccessful Tenderers**

**Annex 22**



#### Issue purchase orders

- Issue a sequentially-numbered Purchase Order.

**Sample Purchase Order**

**Annex 23**

- Keep all Purchase Requisition Forms, Purchase Orders, quotation and tender documents, and tender reports for audit.



## 4.6.5 Receipt of Goods and Making Payment



### Receive goods

- Assign an MC member or a staff member or the Manager (if one is employed for building management) preferably not the person placing the purchase order, to receive and inspect the goods delivered against the specifications and quantity shown in the Purchase Order to ensure there is no short delivery or substandard goods.
- Arrange testing of goods (e.g. equipment) by competent persons before acceptance.
- Follow up immediately with the supplier for any short delivery or defective goods.



### Make payments

- Require the assigned MC member to certify acceptance of goods and arrange payment within a specified time limit upon receipt of the goods.

## 4.6.6 Monitoring of Performance



Keep records of any complaints against the supplier's performance (e.g. about quality of goods and after-sale service).



Determine the action to be taken against the supplier for the unsatisfactory performance including:

- issuing a verbal or written warning to the supplier and keep record of the warnings and the response and actions taken by the supplier;

**Sample Warning Letter to Supplier and Service Provider**

**Annex 24**

- suspending the supplier from further invitation to bid for a specified period; and
- removing the supplier with persistently adverse performance from the approved suppliers list of the OC, if one is maintained.

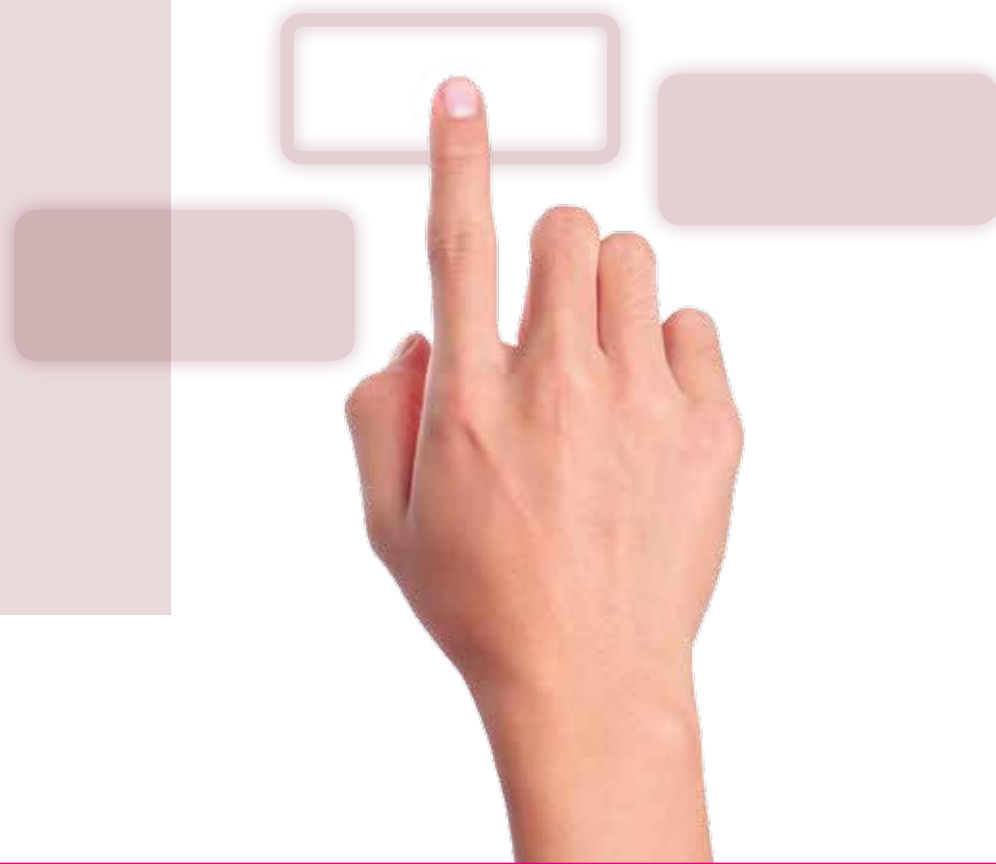


Inform all MC members, staff and the Manager (if one is employed for building management) any adverse performance records of the supplier.

# Selection of Service Providers

## Chapter Objectives

- Put in place an effective system for the selection of service providers
- Know the selection process
- Know the control measures in selection procedures
- Know the requirements for purchase of insurance



## Section 5.1

### Key Legal Requirements

 Procurement of services

- ▶ refer to Section 4.1 of Chapter 4 for the key legal requirements for procurement of supplies, goods and services.

## Section 5.2

### Integrity Management

All parties involved in the procurement exercises (e.g. members of MC, the Manager and his staff) should:

- not accept advantage or hospitality which would impair their impartiality offered by the bidding and serving suppliers / service providers; and
- declare any actual or perceived conflict of interest (e.g. investment in the business of a supplier who is bidding for the supply of goods to the OC) and, in accordance with the resolution of the MC, continue / restrict his work in the tender under consideration (e.g. withdraw from the MC meeting during the discussion concerned).

## Section 5.3

### Commonly Procured Services

The services commonly procured for the management of a building include:

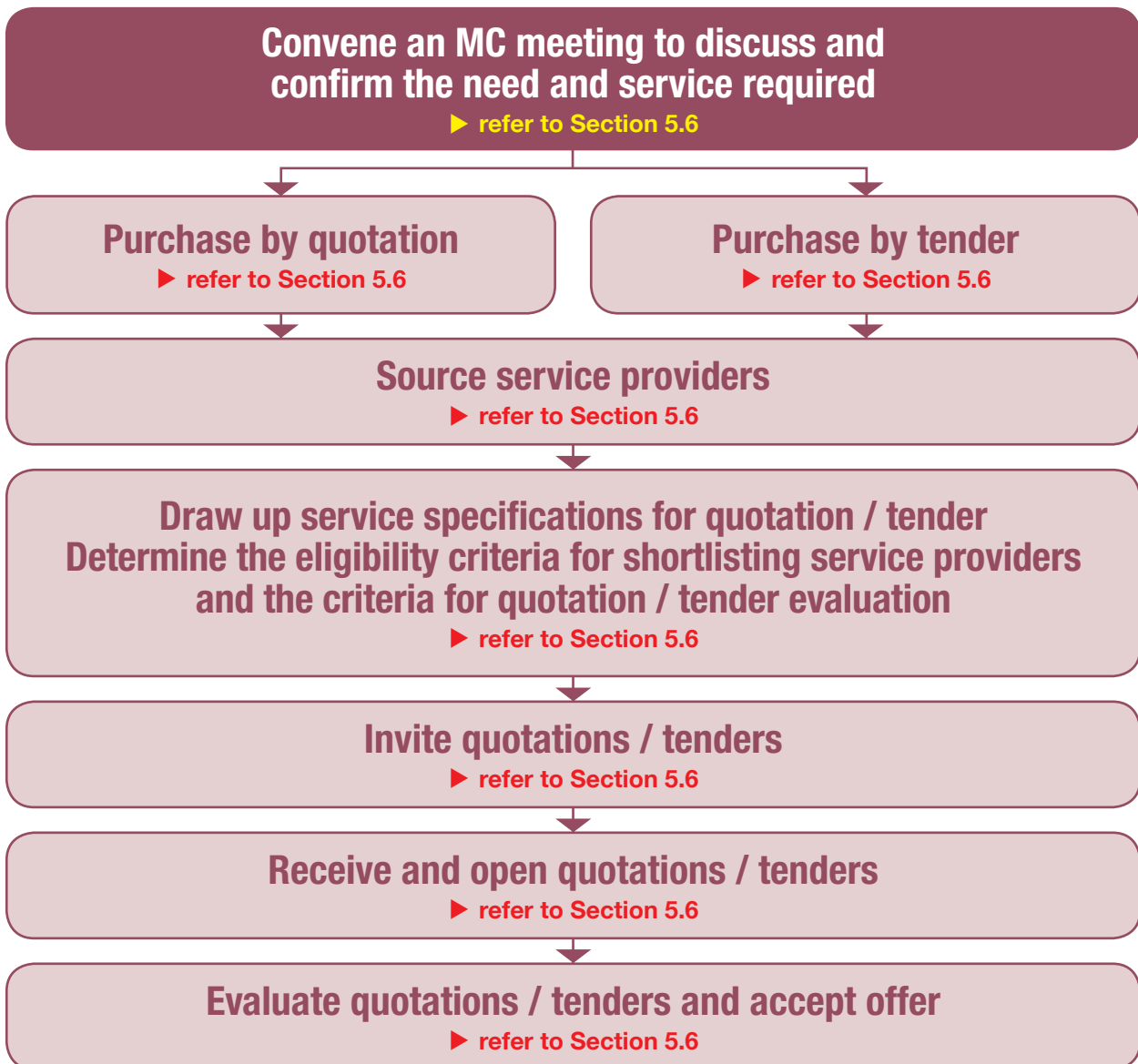
- Property management and related services – e.g. cleaning and security services.
- Building maintenance services – e.g. maintenance of lifts, fire service installation, security monitoring system, electrical installation, plumbing and drainage system, and building maintenance and repair.
  - ▶ refer to the **Building Maintenance Toolkit**
- Utility services – e.g. electricity, gas, water supply and telephone lines.
- Insurance – e.g. third party risks insurance and employees' compensation insurance.
- Other professional services – e.g. accounting, audit and legal services.

## Section 5.4

# Process for Selection of Service Providers

- ✓ The MCs are recommended to adopt the procedures described in this Chapter for the selection of service providers for the management of their building. If a Manager is appointed to manage the building on behalf of the OC, the Manager should adapt and adopt the control measures recommended in this Chapter.
- ✓ The following flow chart outlines the key process for the selection of service providers:

### Process for Selection of Service Providers



■ Figure 4

## Section 5.5

### Procurement Methods and Guidelines

- ✓ Adopt the procurement methods and guidelines described in **Section 4.5 of Chapter 4** for the procurement of goods which are also applicable to the selection of service providers.

## Section 5.6

### Selection Procedures

- ✓ Adopt the quotation or tender procedures recommended in **Sub-sections 4.6.3 and 4.6.4 of Chapter 4** for the procurement of goods which are also applicable to the selection of service providers, with the following modifications.
- ✓ Convene an MC meeting to identify the need for service and define the scope of the service required.
- ✓ Source and shortlist service providers:
  - The MC or the Manager (if one is employed for building management) should source and shortlist an adequate number of service providers for quotation / tender (e.g. at least five for service contracts costing over a specified amount) by seeking references from other OCs, relevant professional bodies or government departments (e.g. the list of authorized insurers issued by the Commissioner of Insurance).
  - The MC or Manager (if one is employed for building management) should pre-determine the criteria for shortlisting of service providers, such as the size of the company, expertise, and experience as appropriate.
  - In no way should all shortlisted service providers be nominated just by a single MC member or just by the Manager (if one is employed for building management).
  - For major service contracts of high value, a pre-qualification exercise (although not an essential procedure) may be conducted as necessary to shortlist suitable tenderers by inviting an expression of interest through an open invitation.

Sample Invitation for Expression of Interest

Annex 25

Pre-qualification is a screening exercise conducted before tender. A designated panel (comprising at least two MC members) is tasked to shortlist the service providers based on the pre-determined criteria and recommend them for the decision of the MC.

#### Sample Pre-qualification Evaluation Form

Annex 26

The pre-qualification criteria may include size of company, professional qualifications (e.g. certified accountants), past experience, and job reference. The exercise may also include checks with the referees (with the service providers' consent) and interviews with the interested service providers if necessary.

- Draw up the scope and requirements of service as agreed by the MC, seeking professional or legal advice in the process as necessary.
- Include the following essential items in the quotation / tender invitation:
  - The information required for shortlisting, such as company size, expertise, experience, etc.
  - A detailed description of the scope of service and requirements, such as the standard of service, deliverables, manpower requirements (e.g. number of minimum staff and hours of service required).

#### Sample Cleaning Service Schedule

Annex 27

- The contract terms and conditions (e.g. contract period, payment arrangements, liquidated damages, and contract termination provisions).
  - ▶ **refer to Chapters 6 & 7 for more contract terms and conditions for cleaning and security contracts**
- A condition requiring the invited service providers to declare that they have not colluded with other service providers in bidding and a clause prohibiting offer of bribes in connection with the quotation / tender exercise.

#### Sample Anti-Bribery and Anti-Collusion Clauses in Tender Documents

Annex 5

- A payment schedule for the service provided (e.g. interim and final payments as appropriate) and a price schedule for service items (to be proposed by the service providers, including the price for additional or variation of service).
- The deadline for submission of quotations / tenders and the method of submission (e.g. in a sealed envelope).





#### Invite tenders:

- Sometimes, the hiring of service providers has to be made with the assistance of an appointed consultant, as in the case of engagement of works contractors for building maintenance projects. The advertisement for invitation to tender should only show the name of the OC, but not the name of the appointed consultant. This is particularly important in the hiring of works contractors because disclosure of the consultant's name in any form in the advertisement may be exploited by unscrupulous consultants as a means to invite their colluding contractors to bid for the job while discouraging other unconnected contractors to bid.
- The interested service providers should be required to submit tenders directly to the address of the OC or the Manager (if one is employed for building management).
- A tender box, as far as practicable, only bearing the OC's name placed at the OC's office in the building should be used for receipt of tenders. The Manager (if one is employed for building management) receiving the tenders should adopt similar practices.



#### Evaluate quotations / tenders:

- The MC or Manager (if one is employed for building management) should pre-determine the criteria for the evaluation of bids before opening the quotations / tenders (e.g. whether the lowest bid that meets the specified requirements should be selected or whether the proposed service standard should be taken into consideration).
- There should be an evaluation panel comprising at least two MC members or staff members of the Manager (if one is employed for building management) to conduct evaluation based on the pre-determined criteria and to make a recommendation to the approving authority.
- If price is not the only consideration, the panel members should be required to conduct the evaluation independently and record their assessment, before the panel compares the individual merits of the quotations / tenders.
- The panel should be required to record the deliberations of quotations / tenders, including all dissenting views.
- If a bidding service provider is allowed to make a presentation before the panel, ensure the opportunity is made available to all to avoid allegation of unfairness.
- The panel should recommend the lowest offer that meets the specified requirements. If not, justifications should be given in a report for consideration by the approving authority.

Sample Tender Evaluation Report

Annex 20

## Section 5.7

# Renewal of Service Contracts

Renew contracts after reviewing the continuous need for the service and the scope of the service provided.

Review performance before renewal of contract:

- Conduct a survey to obtain owners' feedback on the service provider's performance (e.g. cleansing, security) as appropriate.

**Sample Survey Form on Service Provider's Performance**

**Annex 28**

- Take into consideration any adverse performance records (e.g. undue delay in making deliverables and poor quality of work) or complaints against the service providers from the owners.

Make preparation for contract renewal:

- Check if the service provider is interested in renewing the contract.
- Compare the market price and terms and conditions with that offered by the incumbent service providers and make reference to the Customer Price Index or the inflation / deflation rate.
- Agree or, if necessary, negotiate with the service provider the terms and conditions and the price for the renewed contract.

Approve contract renewal:

- Approve the price, terms and conditions of the contract by the OC, MC or MC members delegated with the approving authority.
- Convene an OC meeting to pass a resolution to approve the renewal of the contract (including the price, terms and conditions) without recourse to tender if the contract sum exceeds \$200,000 or 20% of the OC's annual budget, whichever is the less.







Notify owners of the renewed contract with the service provider.

# Section 5.8

## Insurance

### 5.8.1 Key Legal Requirements

The following summarizes the major legal requirements related to the taking out of insurance by the OCs in respect of the management of the building. The OCs should refer to the original text of the BMO, the Building Management (Third Party Risks Insurance) Regulation and the Employees' Compensation Ordinance (Cap. 282) for the full version if necessary.

-  With effect from 1.1.2011, the OC shall take out and keep valid a policy of third party risks insurance (i.e. public liability insurance) in relation to the common parts of the building and the property of the OC in respect of bodily injury or death of a third party.
-  The minimum insured amount is \$10 million per event.
-  The MC should make available the insurance policy and the premium receipt for inspection by owners and other persons stipulated in the BMO, and provide a copy of the insurance policy and premium receipt to the persons on request with payment of the copying charge.
-  The OC should display the notice of insurance issued by the insurance company at a prominent place in the building as long as the policy is in effect.
-  The MC Secretary should, within 28 days after procuring the insurance policy, give notice about the policy to the Land Registry.
-  Employees' Compensation Ordinance
  - All employers including contractors and sub-contractors are required to take out insurance policies to cover their liabilities for any injuries sustained by their employees at work, irrespective of the length of employment contract or working hours, full time or part-time, permanent or temporary employment.

## 5.8.2 Taking Out of Insurance Policies



### Mandatory insurance

- Take out a third party risks insurance policy with an insured amount not less than \$10 million per event to cover liabilities and legal costs incurred by the OC in relation to the common parts of the building and any property of the OC in respect of the death of or any bodily injury to a person.
- Take out an employees compensation insurance policy to provide compensation to the employees of the OC who are injured or killed when carrying out duties for the management of the building.



### Non-mandatory additional insurance

- Take out an insurance policy to cover any loss or damage to the common parts of the building or any property of the OC due to fire or other risks (e.g. storm and flood).



### Information for taking out insurance policies

- Prepare the information required for taking out the third party risks insurance policy.

#### Checklist of Third Party Risks Insurance

Annex 29

- Ensure the information provided to the insurance company is true and correct as false information may render the insurance policy void.
- Require the insurance company to explain clearly the terms and conditions stated in the insurance policy (e.g. risks not covered by the policy) and the actions that the OC should take to comply with the requirements in the policy.



### Selection of insurance company

- Obtain quotations or tenders as appropriate in accordance with the tables of delegated procurement authorities listed in **Sections 4.5 of Chapter 4** from insurance companies, following the procedures described in **Sections 5.4 to 5.6**.
- Convene an OC meeting to accept the offer if the insurance premium exceeds 20% of the OC's annual budget.

# Monitoring of Cleaning Service

## Chapter Objectives

- Know the key contract conditions for cleaning service
- Know how to monitor the service standard and performance of the cleaning contractor



## Section 6.1 Introduction

The MCs are recommended to adopt the procedures described in this Chapter for the monitoring of the performance of the cleaning contractor directly engaged by the OC. If a Manager is appointed to manage the building on behalf of the OC, the Manager should adapt and adopt the control measures recommended in this Chapter.

## Section 6.2 Major Contract Terms

To effectively monitor the services provided by the cleaning contractor, objective service standards and adequate control measures should be clearly stated in the contract terms to facilitate enforcement.



Specify the scope of cleaning work:

- the premises and facilities of the building covered under the contract; and
- service level requirements such as the types of cleaning work and rubbish to be removed, work schedules (e.g. frequency of rubbish collection, cleaning of lift compartments, lift lobby, common areas, and staircases, etc.), and response time to service requests.

Sample Cleaning Service Schedule

Annex 27



Specify the manpower and equipment requirements:

- the number of supervisors and cleaning workers required, their experience and service hours;
- the requirement for the cleaning contractor to replace any staff or workers at the request of the MC;
- the need for the cleaning contractor to pay the committed wages to the staff and cleaning workers; and
- the provision of uniform to the cleaning workers, if necessary, cleaning equipment and materials by the cleaning contractor.



Specify the need for a supervision plan:

- a supervision plan proposed by the cleaning contractor on how he supervises the work and conduct of his staff and cleaning workers deployed to work under the contract; and
- the requirement for the cleaning workers to wear uniform while at work to facilitate owners' monitoring of their service.

- Specify the contract period (i.e. dates of contract commencement and expiry) and avoid any terms enabling the automatic renewal of the contract upon the expiry of the contract.
- Specify the reporting requirements:
  - require the cleaning contractor to keep and submit daily returns on the workers' attendance record and work record.
- Specify the arrangement of variation or addition of service:
  - the MC or the Manager (if one is employed for building management) should have the right to direct the cleaning contractor to vary or add any required service; and
  - the contract should specify the rates for variation or addition of different items of work.
- Specify the sanctions against sub-standard performance:
  - the MC or the Manager (if one is employed for building management) should have the right to issue verbal or written warnings to the cleaning contractor in case of any sub-standard service (such adverse records should be taken into account in contract renewal); and
  - there should be provisions for deduction of payment in case of staff shortage or any short delivery of the service pledged.
- Require the cleaning contractor to take out insurance policy for the staff and workers working under the contract.
- Include probity clauses in the contract covering:
  - prohibition of offering advantages to the MC members, the Manager (if one is employed for building management) or staff when conducting business under the contract;
  - prohibition of solicitation or acceptance of advantage by the staff of the cleaning contractor or its sub-contractors when conducting business under the contract;
  - declaration of conflict of interest by the staff of the cleaning contractor to their supervisors or employers when conducting business under the contract and the same requirement be cascaded down to the sub-contractors if applicable; and
  - prohibition of solicitation or acceptance of charges for cleaning work required by individual owners, unless with the prior approval of the MC or the Manager (if one is employed for building management).

Sample Probity Clauses for Inclusion in Service Agreements

Annex 4



- Specify the contractual payment arrangements (e.g. monthly payments) and the supporting documents required (e.g. records of staff attendance / absence).
- Specify a termination clause by either party of the contract.

## ***Section 6.3***

### ***Integrity Management***

► refer to **Section 1.5.3 of Chapter 1** for the probity standards required of the service providers, including the cleaning contractors.

## ***Section 6.4***

### ***Monitoring of Deliverables and Service Standards***

- Appoint an MC member or a staff member or the Manager (if one is employed for building management) to monitor the manpower resources deployed by the cleaning contractor as pledged to undertake the cleaning work required and the standard of service.
- Keep a copy of the cleaning staff's identity cards for security control purpose.
- Display the cleaning schedules at a conspicuous place of the building for owners' information, and provide a hotline for complaints.
- Require the cleaning contractor to certify and keep record of the work done by his cleaners.

- Carry out spot checks on site to take head counts and ensure the cleaning schedules are properly implemented and the services delivered have met the prescribed standards.

Sample Cleaning Service Inspection Form

Annex 30

- Increase the number of spot checks and head counts if there are signs of irregularities (e.g. increasing complaints from owners).

- Keep a log book recording all ad hoc cleaning instructions and job orders issued to the cleaning contractor and the actions taken.

Sample Cleaning Service Log Sheet

Annex 31

- Take photographs as evidence to support observations or complaints of substandard service.

## ***Section 6.5***

### ***Processing of Payments***

The MC member or staff member or the Manager (if one is employed for building management) should adopt the following procedures and control measures when making payments to the cleaning contractor:


- Require the cleaning contractor to submit an invoice, together with the staff payroll record for verifying claims of contract payment.
- Require the Treasurer or the Manager (if one is employed for building management) to conduct random checks of the cleaning contractor's work record to support payment.
- Check the log book to confirm whether the cleaning contractor has been issued with additional job orders and if the jobs have been completed to satisfaction.
- Check any notice of deduction of payment served to the cleaning contractor.
- Ensure the payment are processed and completed within the time limit specified in the contract.

## Section 6.6

# Performance Monitoring and Disciplinary Actions

The MC or the Manager (if one is employed for building management) should establish a system to record the cleaning contractor's adverse performance for disciplinary action and for record which should be taken into account in the renewal of contracts. Designated MC members or the Manager (if one is employed for building management) should:

- ✓ Hold regular meetings with the cleaning contractor to review his performance, highlighting any shortfalls in deliverables or complaints against the service provided.
- ✓ Record any adverse performance observed or reported, and require the cleaning contractor to acknowledge such records.
- ✓ In case of substandard performance under a high value service contract, set up a panel (e.g. comprising two MC members and the Manager (if one is employed for building management)) to recommend the actions to be taken by the OC/MC/ Manager, which include:
  - issuing a verbal or written warning and keeping records of such warnings and the remedial actions taken by the cleaning contractor;  

**Sample Warning Letter to Supplier and Service Provider**  **Annex 24**
  - serving a notice for the deduction of payment in the event of serious breaches of the contract conditions (e.g. insufficient number of staff) or repeated substandard performance (e.g. non-compliance with the cleaning schedule); and
  - suspending the cleaning contractor from further invitation to bid in the next quotation / tender exercise.
- ✓ Inform all MC members and the Manager (if one is employed for building management) when adverse performance of the cleaning contractor is recorded.
- ✓ Obtain and consider owners' feedback on the cleaning contractor's performance before renewal of contract.
  - ▶ refer to **Section 5.7 of Chapter 5**
- ✓ Report any disciplinary action taken against the cleaning contractor as a result of adverse performance at the OC's general meeting.

# CHAPTER 7



## Monitoring of Security Service

### Chapter Objectives

- Know the key contract conditions for security service
- Know how to monitor the service standard and performance of the security contractor

## Section 7.1 Introduction

The MCs are recommended to adopt the procedures described in this Chapter for the monitoring the performance of the security contractor directly engaged by the OC. If a Manager is appointed to manage the building on behalf of the OC, the Manager should adapt and adopt the control measures recommended in this Chapter.

## Section 7.2 Major Contract Terms

To effectively monitor the services provided by the security contractor, objective service requirements and adequate control measures should be clearly stated in the contract terms to facilitate monitoring of service standard:

- Specify the scope of security service:
  - the building premises and facilities to be covered by the service; and
  - service level requirements, such as security guard posts, patrol duties, and crowd control, etc., hours of service, and response time to service requests.
- Specify the manpower and equipment requirements:
  - the number of security supervisors and security guards, their qualifications (e.g. holder of a valid security personnel permit, minimum education, language skills), and working experience;
  - the requirement that the security contractor should ensure all security supervisors and security guards deployed are holders of a security personnel permit issued under the Security and Guarding Services Ordinance (Cap. 460);
  - a provision for the security contractor to replace any staff at the request of the MC;
  - the requirement that the security contractor should pay the committed wages to the security staff; and
  - the requirement that the security contractor should provide uniform and equipment (e.g. electronic probe system for monitoring of patrol duties) for the provision of security service.

- Specify a work plan
  - a work plan (i.e. the deployment of security staff at strategic locations of the building, frequency of patrol, handling of complaints, etc.); and
  - deployment of additional manpower at short notice to handle emergencies.
- Specify the need for a supervision plan:
  - the security contractor should be required to submit a plan for the supervision of security guards and monitoring of their performance (e.g. checking of guard posts);
  - the security contractor staff should be required to maintain an occurrence book for recording all incidents and activities, including taking over of shifts and temporary absence from guard posts;
  - the security contractor should be responsible for the conduct of its staff at work; and
  - the security guards should be required to wear uniform, name badge at work to facilitate identification and monitoring by owners.
- Specify the contract period (i.e. dates of commencement and expiry) and avoid any terms enabling the automatic renewal of the contract upon the expiry of the contract.
- Specify the arrangement of variation or addition of service:
  - the MC or the Manager (if one is employed for building management) should have the right to direct the security contractor to vary or add any required service; and
  - the contract should specify the rates for variation or addition of different items of work.
- Specify the need for the security contractor to keep and submit daily returns on attendance and deployment of security guards.
- Specify the right of the MC or the Manager (if one is employed for building management) to request replacement of any security guards of poor performance.
- Make provisions for sanctions of substandard performance, such as:
  - issue of verbal or written warnings; and
  - deduction of payments for staff shortage or default in service.
- Require the security contractor to take out insurance policy for its security staff and guards working under the contract.

- Require the security contractor to abide by probity requirements, including:
  - prohibition of offering advantage to the MC members, the Manager (if one is employed for building management) or staff when conducting business under the contract;
  - prohibition of solicitation or acceptance of advantage by the staff and guards of the security contractor or its sub-contractors when conducting business under the contract; and
  - declaration of conflict of interest by the staff and guards of the security contractor to their supervisors or employers when conducting business under the contract and the same requirement be cascaded down to the sub-contractors if applicable.

Sample Probity Clauses for Inclusion in Service Agreements

Annex 4

- Specify the contractual payment arrangements (e.g. monthly payments) and the supporting documents required (e.g. records of staff attendance / absence).
- Specify a termination clause by either parties of the contract.

## ***Section 7.3***

### ***Integrity Management***

- ▶ refer to Section 1.5.3 of Chapter 1 for the probity standards required of the service providers, including the security contractor.



## **Section 7.4**

### **Monitoring of Service Standards**

- Appoint an MC member, the Manager (if one is employed for building management) or staff to monitor the security contractor's service level.
- Keep a copy of the identity cards of the security guards for record and security control purposes.
- Check and ensure security guards wear uniform with the company logo, and staff badge for the purpose of performance monitoring.
- Check the display of the names of the duty security guards at their work place.
- Check randomly the security guards' logged-in and the time of patrol at specified spots of the building, by screening records of the electronic device or log books maintained by the security contractor, as necessary.
- Check randomly the records of the Closed Circuit Television if the system is installed (usually at the building entrance, lift compartment, and car park) and the security contractor should keep the tapes for a specified period as necessary.
- Check on a surprise basis the attendance and inspection records of the security guards and conduct head counts if necessary.
- Check randomly the records of incidents in the occurrence book (e.g. power failure or broken fire exit door) and the action taken by the security contractor.
- Take photographs to show the site situation as proof of the incidents handled (or the photographs taken by the security guards as required of them).
- Increase the number of surprise site checks and head counts if there are signs of irregularities (e.g. increasing complaints from the owners).
- Require security supervisors to certify the attendance records of the security guards for payment verification purpose as appropriate.

## ***Section 7.5***

### ***Processing of Payments***

▶ refer to Section 6.5 of Chapter 6 for the payment procedures.

## ***Section 7.6***

### ***Performance Monitoring and Disciplinary Actions***

▶ refer to Section 6.6 of Chapter 6 for monitoring and disciplinary procedures.

# CHAPTER 8

## Staff Administration

### Chapter Objectives

- Know the staff administration system
- Put in place control measures in staff management



## Section 8.1

### Key Legal Requirements

The following summarizes the major legal requirements related to staff employment under the relevant ordinances. The OCs should refer to the original text of these ordinances for the full version if necessary.

#### Employment Ordinance (Cap. 57)

- An employer should pay wages to an employee as soon as practicable but in any case not later than seven days after the end of the wage period.
- An employee is entitled to annual leave with pay after serving every period of 12 months under a continuous contract.
- An employee is entitled to not less than one rest day in every period of seven days and statutory holidays.

#### Employees' Compensation Ordinance (Cap. 282)

- All employers including contractors and sub-contractors are required to take out insurance policies to cover their liabilities for any injuries sustained by their employees at work, irrespective of the length of employment contract or working hours, full time or part-time, permanent or temporary employment.

#### Mandatory Provident Fund Schemes Ordinance (Cap. 485)

- Every employer must take all practical steps to ensure that the employee becomes a member of a registered mandatory provident fund scheme and make contributions to the scheme for each contribution period.

#### Occupational Safety and Health Ordinance (Cap. 509)

- All employers have the responsibility to provide and maintain a safe and healthy work environment for their employees.

#### Immigration Ordinance (Cap. 115)

- Any person who employs a person who is not lawfully employable commits an offence.
- A person is lawfully employable only if he is the holder of an identity card, an official passport, or any other document of a type approved by the Hong Kong Government, and there is no condition attached to his / her condition of stay restricting or prohibiting his / her employment.

## Section 8.2

# Integrity Management

► refer to Section 1.5.1 of Chapter 1 for the probity standards required of the staff

## Section 8.3

# Recruitment of Staff

The OCs which have to employ direct building management staff (e.g. building supervisors, accounting clerks, security guards and cleaning staff, etc.) should adopt open and transparent procedures for staff recruitment. The following describes the procedures and recommended control measures.

### Making Preparation for Job Advertisement

- Designate a panel comprising at least two **MC members** to oversee or handle staff recruitment matters.
- Require all **MC members** and **staff** involved in the recruitment process to declare conflict of interest (e.g. an MC member refers a close personal friend or a relative to fill the vacancy) and, if a conflict is declared, abstain from the recruitment process.

Sample Form for Declaration of Conflict of Interest

Annex 3

- Draw up the eligibility criteria (e.g. the skills and working experience required) for the MC's endorsement before inviting applications.
- Arrange job advertisement in the newspapers and / or other channels (e.g. the Jobs Vacancy Processing Centre of the Labour Department).
- Include in the advertisement the post title, job description, qualifications, skills and working experience required, application deadline, address of the OC, a contact telephone number, etc.

### Receipt and Shortlisting of Applications

- Record and file all applications received.
- Assign an **MC member** or **staff** to screen the applications against the eligibility criteria.
- Shortlist all applicants meeting the eligibility criteria for consideration.

- Consider additional short-listing criteria (again to be endorsed by the MC) (e.g. years of working experience) only if there are too many applications.
- Invite all screened-in applicants for an interview.
- Assign an **MC member** not involved in the recruitment exercise to check at random both the screened-in and screened-out applications to ensure the shortlisting criteria are complied with.
- Keep the applications for a specified period (say one year) to facilitate audit if necessary.

### Selection of applicants

- Form a panel comprising two or more **MC members** or **staff** to interview the applicants.
- Require the panel members to check the originals of the applicant's identity card, supporting documents (e.g. certificates of academic or professional qualifications or security guard pass) and testimonials from previous employers, if any.
- Require the panel members to record their assessment (including both positive and negative comments) on a standard interview form and recommend the most suitable applicant for appointment by the OC.

**Sample Interview Assessment Form for Appointment of Staff**

**Annex 32**

- Determine the remuneration package to be offered, such as salary points, fringe benefits, and any performance bonus for approval by the MC.
- Require the panel members to provide justifications if the selected applicant is offered a higher remuneration package.

### Approval and Offer of Appointment

- Submit the panel's recommendation to the MC for approval.
- Issue an appointment letter stating clearly the terms of employment (e.g. remuneration, fringe benefits, annual leave, mandatory provident fund contributions, etc.).
- Make known to owners the appointment by posting a notice at a conspicuous location of the building.

## Section 8.4

# Staff Attendance and Supervision

Building management staff (e.g. the security guards and cleaning staff) are usually required to work in shifts outside the normal working hours. The OCs which hire direct staff for building management duties should adopt suitable measures to monitor staff attendance and supervise their work. More than one **MC member** or a **supervisor** engaged by the OC should be assigned to handle staff attendance and supervision matters.



### Allocate Work

- ensure a fair allocation of shift duties (e.g. by rotation) and jobs;
- issue a duty roster showing the staff assigned to each shift and their duties;
- require the staff concerned to seek the **MC member's** or **supervisor's** approval for swapping of shifts or duties; and
- comply with statutory requirements regarding the deployment of staff for security work.



### Monitor Staff Attendance and Performance

- require the staff to display their name plates on the counter and wear uniform and name badges while on duty for easy identification purpose;
- display the names and duties of the staff on duty at a prominent location of the building for owners' information;
- require the staff to sign in and sign out in an attendance register (or use a clocking machine or other electronic devices);
- require the **supervisor** to spot check the staff signing in and out;
- keep the attendance records for a specified period (say, one year) for audit if necessary; and
- take head counts and check performance randomly, in particular during the night shifts.



### Control Paid Overtime Work

- lay down the criteria and conditions for approval of overtime work by staff particularly in respect of security work which is governed by Security and Guarding Services Ordinance (Cap. 460);
- lay down the policy for compensation for overtime work (e.g. by time off in lieu or rates per hour);



- require the designated **MC member** or **supervisor** to approve overtime work applications based on reasons to be recorded on file;
- require the staff to obtain prior approval before starting to work overtime; and
- ensure a fair share of the overtime work among staff.



#### Supervise Overtime Work

- conduct surprise checks on the overtime work;
- review the performance and the work done to ascertain if the overtime work meets the intended purpose;
- require the staff to sign and record the starting and finishing hours of their overtime work;
- compile a monthly summary report on overtime work for the MC to check compliance with the overtime policy; and
- report to the OC the expenditure on overtime payment in the financial statements for owners' information.

## Section 8.5 Administration of Payroll



Designate an **MC member** or the **supervisor** to handle payroll matters.



Require the **Treasurer** to prepare the monthly payrolls for staff and payroll reports for the MC's information.



Require the designated **MC member** or the **supervisor** to check the payroll statements against the attendance and overtime records.



Require the designated **MC member** or the **supervisor** to review and approve any adjustment of salary payments and non-standard payments.



Use autopay through bank transfer or issue cheques marked payable to the payees only for effecting payment and avoid cash payment.



Set a time limit for processing of salary payment to staff.



Keep all payment records for audit.

## Section 8.6

### Appraisal of Staff Performance

- Lay down the performance standards or attributes for each post and seek the MC's endorsement.
- Make the standards known to the staff.
- Use a standard form for performance appraisals.

Sample Staff Performance Appraisal Form

Annex 33

- Require the designated **MC member** or the **supervisor** in consultation with other MC members to complete the staff performance appraisal at regular intervals (e.g. yearly).
- Report to the MC any staff with adverse performance appraisal reports for consideration of management action as appropriate (e.g. issue of warning or termination).
- Require the designated **MC member** or the **supervisor** to recommend salary increases, bonus payments, if any, having regard to the performance appraisal reports for the MC's endorsement.
- Protect the confidentiality of all personal data and performance appraisal reports by keeping them in a secure place (e.g. a locked cabinet with restricted access).

## Section 8.7

### Termination of Staff Appointment

- Lay down the criteria for considering termination of staff appointment, for example, when a staff member:
  - willfully disobeys a lawful and reasonable order;
  - misconducts himself;
  - is convicted of fraud or dishonesty (e.g. corruption); or
  - is habitually neglectful in his duties.

# Handling of Complaints

## Chapter Objectives

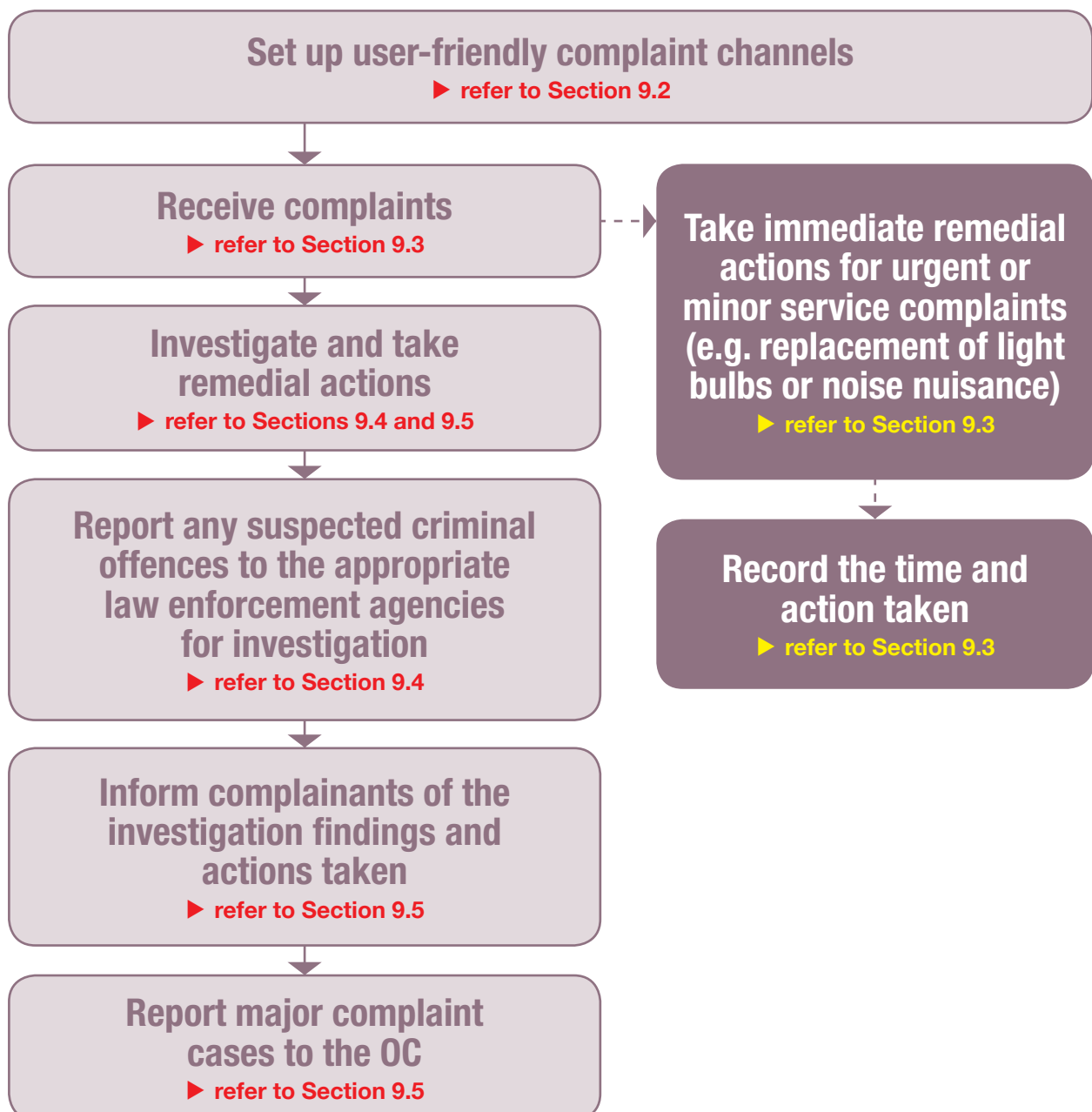
- Put in place a complaint handling system
- Know the key procedures for handling complaints
- Know the ways for resolving disputes



## Section 9.1

### Complaints Handling System

- The MCs are recommended to adopt the procedures described in this Chapter for handling complaints from owners. If a Manager is appointed to manage the building on behalf of the OC, the Manager should adapt and adopt the control measures recommended in this Chapter.
- The following flow chart shows the workflow and key features of a sample complaint handling system:



■ Figure 5

## Section 9.2

### Setting up of Complaints Channels

- Set up user-friendly complaint channels, e.g. a secure box for collection of suggestions and complaints, an email account or a hotline (e.g. the telephone number of the management office) with voice recording facilities (the caller should be informed of such recording) and publicize its manning hours.
- Publicize the complaint channels by putting up a notice in a prominent location of the building.
- Require the MC members or staff receiving the complaint to handle the matter and take action promptly and report serious cases and the actions taken to the OC.
- Require the Manager (if one is employed for building management) to pledge a response time to complaints and report the cases and the actions taken to the OC.

## Section 9.3

### Receipt and Handling of Complaints

- Record the complaints in a register (or a computer system if one is available), showing the date and time of complaint, the complainant (i.e. owner or resident), the subject of complaint, and the name of the person receiving the complaint.
- Refer urgent complaints (e.g. the lift is out-of-order) or minor building services (e.g. urgent replacement of light bulb in the common area) to the staff and contractors concerned for immediate actions and require them to record the time of inspection and completion of remedial action in a register.

**Sample Complaints and Follow up Actions Record**

**Annex 34**

- Handle personal data in strict confidence and take action to protect data privacy.

## Section 9.4

### Investigation of Complaints

- Review the causes, facts and concerns raised by the complainant.
- Refer any suspected criminal cases to the appropriate law enforcement agency for investigation immediately (e.g. corruption complaints to the ICAC or suspected criminal offences to the Police).
- Identify the issue and the parties involved in the complaint.
- Make enquiries with the party or parties who are the subject of complaint.
- Mediate between the parties with a view to resolving the matter if possible.
  - ▶ refer to Section 9.6
- Record the findings and inform the complainant accordingly.
- Report the cases at the MC's meetings.

## Section 9.5

### Taking of Follow up Actions

- Inform the parties concerned the result of enquiries and the remedial actions taken.
- Convene an OC meeting to inform the owners if the case has significant impact on the OC or owners (e.g. a fraud case leading to financial loss of the OC or a case entailing legal action).
- Take disciplinary actions against the staff if the case involves any non-compliance of the laid down procedures or negligence of duty.
- Take prompt action, including legal action, to recover any financial loss to the OC (e.g. a fallen window frame causing damage to the common areas of the building).
- Respect owners' right of making enquiry on the handling of complaints and reply to such enquiry promptly.

## ***Section 9.6***

### ***Resolving of Disputes***

- Identify and analyse the issues under dispute.
- Make reference to the relevant provisions in the DMC, BMO and other relevant legislation to ascertain the rights and obligations of the parties concerned.
- Arrange meetings for the parties concerned to sort out the issues and engage the parties in continuous dialogue as far as possible until the matter is resolved.
- Suggest feasible options or alternative ways for a settlement as far as possible.
- Seek legal advice if necessary.
- Advise the parties in dispute to contact the Building Management Mediation Coordinator's Office of the Judiciary for enquiry concerning mediation on building management issues if they mutually agree to mediate.

#### **Contact Information of Building Management Mediation Coordinator's Office**

**Address:** Room 206 – 208,  
2/F., Lands Tribunal Building,  
38 Gascoigne Road,  
Kowloon

**Telephone:** 2170 3858

**Fax:** 2782 5780

# CHAPTER 10



## Assistance and Enquiry

### Chapter Objective

- Know where to seek advice or assistance regarding building management





## ***Section 10.1 Independent Commission Against Corruption***

### ***10.1.1 Corruption Prevention and Integrity Management Services***

To help OCs and other building management bodies to prevent corruption and adopt ethical practices in building management, the Independent Commission Against Corruption (ICAC) provides the following free services:

- confidential and practical consultation service on corruption and fraud prevention for OCs, PMCs, suppliers and service providers, e.g. recommending best practices and procedural safeguards to enhance internal controls;
- drawing up probity guidelines and a code of conduct for OCs, PMCs, suppliers and service providers in estate management; and
- briefing or training for MC members and building management personnel to promulgate ethical practices in building management.

### ***10.1.2 Corruption Reporting and Enquiries***

Any party may lodge a corruption report with the ICAC and information provided will be kept strictly confidential.

**Corruption Report Hotline: 2526 6366**

Any party may also contact the ICAC for enquiries concerning this Toolkit and related ICAC services.

**Integrity Building Management Enquiry Hotline: 2929 4555**

Get more details from :

<http://www.bm.icac.hk>

Contacts of ICAC

Annex 35

### ***10.1.3 Corruption Prevention Advisory Service***

The Corruption Prevention Advisory Service (CPAS) of the ICAC provides free and confidential advice to OCs, PMCs, suppliers and service providers on the ways to prevent corruption through enhancing checks and balances.

Corruption Prevention Advisory Service

Annex 7

## Section 10.2

# Home Affairs Department



### 10.2.1 Advice and Support

The Home Affairs Department (HAD) has set up a Building Management Division to coordinate building management matters. At the district level, District Building Management Liaison Teams (DBMLTs) comprising properly trained Liaison Officers, have been set up in the 18 District Offices to provide outreach support service to owners and OCs, assist owners to form OCs, attend OCs' meetings and give advice to owners on building management problems.



DBMLTs will also assist law enforcement departments in enforcing building maintenance and fire safety improvement works, help resolve disputes between owners or between owners and OCs, and arrange the provision of voluntary professional mediation service, if there is a need.

### 10.2.2 Educational and Publicity Activities

HAD and its 18 District Offices organize various educational activities, such as seminars, training courses, talks, visits, exhibitions and fire drills etc., for owners in order to help them in discharging their responsibility for managing and maintaining their properties.

Get more details from:

<http://www.buildingmgt.gov.hk>

Contacts of Home Affairs Department

Annex 36

## Section 10.3

# Hong Kong Housing Society



### 10.3.1 Building Management and Maintenance Scheme (BMMS)

The Hong Kong Housing Society (HKHS) provides one-stop service and professional advice to building owners with a view to promoting and encouraging proper building management and maintenance of their buildings.

Under BMMS, two incentive schemes are implemented:

The Building Management Incentive Scheme – aims to encourage owners to form an OC.

Each OC successfully formed under the Scheme will be granted a maximum of \$3,000, and a subsidy of 50% of the insurance premium for third party risks insurance for the common areas of the building subject to a ceiling of \$6,000 per annum and for not more than 3 years.

The Building Maintenance Incentive Scheme – subsidizes eligible buildings to carry out repair and maintenance works. Incentive amount is 20% of the total repair cost or not more than \$3,000 per residential unit. Buildings with less than 50 units will be granted a subsidy not exceeding 20% to 30% of the total repair cost or subject to a ceiling of \$150,000 for each development (whichever is the lower). In addition, a subsidy amounting to 50% of the Authorized Person or professional consultant fees subject to a ceiling of \$20,000, will be granted. Upon completion of the maintenance works, a further subsidy of 50% of the insurance premium for third party risks insurance for the common areas of the building will be granted, subject to a ceiling of \$6,000 per annum and for not more than 3 years.

Meanwhile, the Home Renovation Loan Scheme under BMMS offers interest-free loans up to \$50,000 for owners to carry out repair and maintenance works in relation to safety and hygiene in their flats.



## 10.3.2 Advice and Support

HKHS has set up 10 Property Management Advisory Centers (PMACs) to help the OCs / owners in proper building management and maintenance:

- provide general guidance on the formation of an OC;
- provide sample documents required for the formation of an OC;
- assist in searching land registers and the registration of an OC in the Land Registry;
- attend the meeting of owners for the formation of an OC and give advice on the procedures for the appointment of an MC;
- four of the PMACs (at Eastern District, Central District, Yau Ysim Mong and Yuen Long) provide oath and declaration services by appointment, to assist MC members in making declarations as required under paragraph 4(3) of Schedule 2 of the BMO;
- provide general guidance on procurement of goods and services; and
- provide appointment service for interview with the representatives of professional bodies namely The Law Society of Hong Kong, The Hong Kong Institution of Engineers, The Hong Kong Institute of Surveyors and Hong Kong Mediation Centre for free professional advices.

**Enquiry: 2882 1717**

Get more details from:

<http://www.hkhs.com>

(With effect from 1 July 2015, all PMACs will not be opened to the public and solely for processing applications which have already been submitted on or before 30 June 2015.)

# **Section 10.4**

## **The Law Society of Hong Kong**



### **10.4.1 Legal Advice on Building Management**

For any queries on building management matters, owners and OCs should consider engaging the legal advice of solicitors. The Law Society of Hong Kong provides the following information in its official websites and the website of ChooseHKLawyer which it manages to assist the public in finding the appropriate solicitors or law firms on different areas of practice:

- (a) The Law Society of Hong Kong's official website - a Law List and a Directory of Law Firms and Solicitors are made available

[http://www.hklawsoc.org.hk/pub\\_e/default.asp](http://www.hklawsoc.org.hk/pub_e/default.asp)

- (b) ChooseHKLawyer – a website managed by the Law Society of Hong Kong which lists the solicitors' firms who have volunteered to provide not more than 45 minutes of free legal consultation in different areas of practice including building management.

<http://www.choosehklawyer.org/en/index.asp>

Get more details from:

[http://www.hklawsoc.org.hk/pub\\_e/default.asp](http://www.hklawsoc.org.hk/pub_e/default.asp)

## **Section 10.5**

# **The Hong Kong Institute of Surveyors**

### **10.5.1 Support to Property Manager and Owners' Corporation**

The Hong Kong Institute of Surveyors (HKIS) has published a guidebook namely "HKIS Guide to Good Property Management Practice" in year 2009 to assist property manager and owners' corporation in performing good property management practices in areas of management operation, security service, cleaning service, repair and maintenance, financial management, procurement and tendering, emergency procedures, DMC management and tenancy management. Soft copy of the guidebook can be downloaded from HKIS website:

<http://www.hkis.org.hk/ufiles/PMP-201008.pdf>

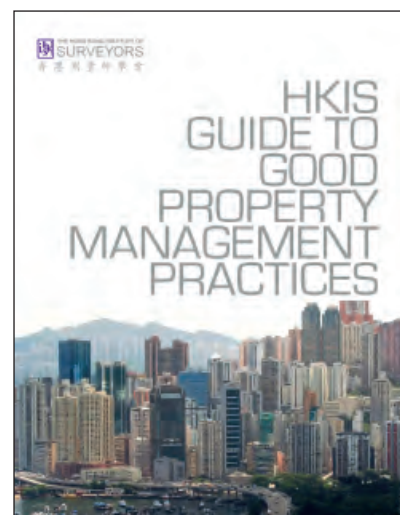
In order to let property manager and OC grasp the essential elements that constitute management expenses of residential property, a research report namely "Benchmarking of Management Fees for Residential Properties in Hong Kong" was also published and uploaded to HKIS website:

<http://www.hkis.org.hk/archive/materials/category/20160927161718.0.pdf>

### **10.5.2 Professional Advice**

HKIS organizes regular seminars and conferences, at its Surveyors Learning Centre, for professional property and facility management surveyors in order to help updating any new statutory requirements and professional practices so as to enable them to provide competent advice to their client including owners' corporation.

By making advance appointment, HKIS also provides free professional advice to property owners and OC through Property Management Advisory Center of the Hong Kong Housing Society.



Get more details from:

<http://www.hkis.org.hk>

## ***Section 10.6***

# ***The Hong Kong Institute of Housing***



The Hong Kong Institute of Housing is the professional body established under The Hong Kong Institute of Housing Ordinance (Cap.507), for those who are locally engaged in the co-ordination and execution of housing services including the design, provision, improvement, rehabilitation, management and administration of all types of housing. The Institute's 2,000 strong members are currently responsible for the management of 70% of the housing stock in Hong Kong. They enthusiastically advise government on housing management policies, promote the professionalism amongst housing practitioners and work to advance the profession.

The Hong Kong Institute of Housing is also actively serving the community and promoting quality and professional building management through organizing training and offering advices on building management to the public. In collaboration with the District Councils and Hong Kong Housing Society, the Institute organizes building management training courses in good number of districts for Management Committee members of OCs and flat owners.

Get more details from:

***Address: Units 2008-2010, Telford House, 16 Wang Hoi Road, Kowloon Bay, Kowloon***

***Phone Number: 2544 3111***

***Fax Number: 2544 3112***

***<http://www.housing.org.hk>***

***Email Address: [info@housing.org.hk](mailto:info@housing.org.hk)***

# ***Section 10.7***

## ***Housing Managers Registration Board***



The major function of the Board is to establish and maintain a register of registered professional housing managers and monitor the compliance of the code of professional conduct by registered managers. In addition, the Board will also give advice to the Government on registration matters.

Get more details from:

***Phone Number: 2544 3002***

***<http://www.hmregistration.org.hk>***

***Email Address: [board@hmregistration.org.hk](mailto:board@hmregistration.org.hk)***



## **Section 10.8**

# **Chartered Institute of Housing Asian Pacific Branch**



Chartered Institute of Housing  
Asian Pacific Branch  
英國特許房屋經理學會亞太分會

With headquarters in the United Kingdom, the Chartered Institute of Housing (CIH) is a professional body for housing managers. Throughout the years CIH actively advises governments on housing management policies, promotes the code of ethics amongst housing practitioners, educates and nurtures housing professionals, and works to advance the development of the profession. It serves as a common platform for members of its 13 branches to exchange views and to share experience on housing management with other housing organizations.

The Hong Kong Branch of the Institute was first constituted in Hong Kong under the Societies Ordinance in 1966. In 1988 it registered under the Companies Ordinance as an overseas representative office of CIH and was later renamed as Asian Pacific Branch in 2001 to reflect the wider spectrum of services it renders.

CIH has over 22,000 members worldwide, with over 2,000 from the Asian Pacific Branch. The Mission of CIH is “To maximize the contribution that housing professionals make to the well being of communities.” through the following means:

- Adapt to the ever-changing housing industry and share best practices amongst housing professionals;
- Provide training opportunities for acquisition and dissemination of technical information and professional knowledge for the purpose of upholding professional standards;
- Offer advice on public consultation papers on housing and ally with Hong Kong counterparts to maintain partnership;
- Organize conferences, forums, technical visits and symposia as discussion platforms for experts and industry leaders to gather and interact on topical housing issues; and
- Publish newsletters, books and publications to let members stay abreast of the latest development in housing management.

Get more details from:

***<http://www.cih.org.hk>***

***Phone Number: 2356 8680***

***Fax Number : 2356 7332***

***Email Address: [apb@cih.org.hk](mailto:apb@cih.org.hk)***

# ***Section 10.9***

## ***The Hong Kong Association of Property Management Companies Limited***



For matters relating to building management from the property management companies' perspective, please contact the Hong Kong Association of Property Management Companies.

Get more details from:

***Phone Number: 2186 6101***

***Email Address: [office@hkapmc.org.hk](mailto:office@hkapmc.org.hk)***

***<http://www.hkapmc.org.hk>***

# Annexes



The suggested terms and formats of the documents are for reference only.  
Users of this Toolkit should refer to the statement from  
the Editorial Board on the **Acknowledgement** page.

# ANNEXES

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# **Annex 1**

## **Extract of Relevant Building Management Ordinance Provisions**

### **Formation, Duties and Powers of Owners' Corporations (Chapter 2 – Section 2.2)**

#### **Section 3 - Appointment of management committee**

- (1) A meeting of the owners to appoint a management committee may be convened by -
  - (a) any person managing the building in accordance with the deed of mutual covenant (if any); or
  - (b) any other person authorized to convene such a meeting by the deed of mutual covenant (if any); or
  - (c) one owner appointed to convene such a meeting by the owners of not less than 5% of the shares in aggregate.
  
- (2) At a meeting of owners convened under this section, the owners may, by a resolution –
  - (a) passed by a majority of the votes of the owners voting either personally or by proxy; and
  - (b) supported by the owners of not less than 30% of the shares in aggregate, appoint a management committee.
  
- (3) The convenor shall, at least 14 days before the date of the meeting of owners, give notice of the meeting to each owner and –
  - (a) where the convenor is the person referred to in subsection (1)(a), to the person referred to in subsection (1)(b) (if any);
  - (b) where the convenor is the person referred to in subsection (1)(b), to the person referred to in subsection (1)(a) (if any); or
  - (c) where the convenor is the owner appointed under subsection (1)(c), to the person referred to in subsection (1)(a) or (b) (if any).
  
- (4) The notice of meeting shall specify –
  - (a) the date, time and place of the meeting; and
  - (b) the resolutions that are to be proposed at the meeting and are related only to the appointment of a management committee and the incorporation of the owners.

- (5) The notice of meeting may be given –
  - (a) in the case of an owner –
    - (i) by delivering it personally to the owner;
    - (ii) by sending it by post to the owner at his last known address; or
    - (iii) by leaving it at the owner’s flat or depositing it in the letter box for that flat; or
  - (b) in the case of a person referred to in subsection (1)(a) or (b) –
    - (i) by delivering it personally to the person; or
    - (ii) by sending it by post to the person at his last known address.
- (6) The convenor shall also, at least 14 days before the date of the meeting of owners, display the notice of meeting in a prominent place in the building.
- (7) The convenor shall preside at a meeting of owners convened under this section.
- (8) The quorum at a meeting of owners convened under this section shall be 10% of the owners.
- (9) At a meeting of owners convened under this section –
  - (a) an owner shall, unless the deed of mutual covenant (if any) otherwise provides, have one vote in respect of each share he owns;
  - (b) an owner may cast a vote personally or by proxy;
  - (c) where 2 or more persons are the co-owners of a share, the vote in respect of the share may be cast –
    - (i) by a proxy jointly appointed by the co-owners;
    - (ii) by a person appointed by the co-owners from amongst themselves; or
    - (iii) if no appointment is made under subparagraph (i) or (ii), either by one of the co-owners personally or by a proxy appointed by one of the co-owners; and
  - (d) where 2 or more persons are the co-owners of a share and more than one of the co-owners seeks to cast a vote in respect of the share, only the vote that is cast, whether personally or by proxy, by the co-owner whose name, in order of priority, stands highest in relation to that share in the register kept at the Land Registry shall be treated as valid.

- (10) For the purposes of subsection (9) –
- (a) the instrument appointing a proxy shall be in the form set out in Form 1 in Schedule 1A, and –
    - (i) shall be signed by the owner; or
    - (ii) if the owner is a body corporate, shall, notwithstanding anything to the contrary in its constitution, be impressed with the seal or chop of the body corporate and signed by a person authorized by the body corporate in that behalf;
  - (b) the instrument appointing a proxy shall be lodged with the convenor at least 48 hours before the time for the holding of the meeting;
  - (c) the instrument appointing a proxy is valid only if it is made and lodged in accordance with paragraphs (a) and (b);
  - (d) a proxy appointed by an owner to attend and vote on behalf of the owner shall, for the purposes of the meeting, be treated as being the owner present at the meeting; and
  - (e) where an instrument appointing a proxy is lodged with the convenor, the convenor shall –
    - (i) acknowledge receipt of the instrument by leaving a receipt at the flat of the owner who made the instrument, or depositing the receipt in the letter box for that flat, before the time for the holding of the meeting;
    - (ii) determine the validity of the instrument in accordance with paragraph (c); and
    - (iii) display information of the owner's flat in a prominent place in the place of the meeting before the time for the holding of the meeting, and cause the information to remain so displayed until the conclusion of the meeting.
- (11) Subject to subsection (12), the convenor shall keep all the instruments for the appointment of proxies that have been lodged with him for a period of at least 12 months after the conclusion of the meeting.
- (12) Where a management committee is appointed at a meeting of owners convened under this section –
- (a) the convenor shall deliver to the management committee immediately after the conclusion of the meeting all the instruments for the appointment of proxies that have been lodged with him; and
  - (b) the management committee shall keep the instruments for a period of at least 12 months after the conclusion of the meeting.
- (13) Subject to subsection (14), where a meeting of owners convened under this section is adjourned, subsections (3), (4), (5), (6), (7), (8), (9), (10), (11) and (12) shall apply to the adjourned meeting as they apply to the original meeting.



- (14) Where a meeting of owners convened under this section is adjourned, a valid instrument appointing a proxy made for the purposes of the original meeting shall remain valid for the purposes of the adjourned meeting unless –
- (a) contrary intention is shown on the instrument;
  - (b) the instrument is revoked; or
  - (c) the instrument is replaced by a new instrument appointing a proxy.

### *Section 3A - Appointment of management committee after application to the Authority*

- (1) The Authority may, upon application by the owners of not less than 20% of the shares in aggregate, order that a meeting of owners shall be convened, by such owner as the Authority may direct, to appoint a management committee.
- (2) Any person referred to in section 3(1)(a) or (b) shall be entitled to attend a meeting of owners convened under this section.
- (3) Subject to subsection (5), at a meeting of owners convened under this section, the owners may, by a resolution passed by a majority of the votes of the owners voting either personally or by proxy, appoint a management committee.
- (3A) The convenor shall, at least 14 days before the date of the meeting of owners, give notice of the meeting to each owner and the person referred to in section 3(1)(a) or (b) (if any).
- (3B) The notice of meeting shall specify –
- (a) the date, time and place of the meeting; and
  - (b) the resolutions that are to be proposed at the meeting and are related only to the appointment of a management committee and the incorporation of the owners.
- (3C) The notice of meeting may be given –
- (a) in the case of an owner –
    - (i) by delivering it personally to the owner;
    - (ii) by sending it by post to the owner at his last known address; or
    - (iii) by leaving it at the owner's flat or depositing it in the letter box for that flat; or
  - (b) in the case of a person referred to in section 3(1)(a) or (b) –
    - (i) by delivering it personally to the person; or
    - (ii) by sending it by post to the person at his last known address.
- (3D) The convenor shall also, at least 14 days before the date of the meeting of owners, display the notice of meeting in a prominent place in the building.

- (3E) The convenor shall preside at a meeting of owners convened under this section.
- (3F) The quorum at a meeting of owners convened under this section shall be 10% of the owners.
- (3G) At a meeting of owners convened under this section –
- (a) an owner shall, unless the deed of mutual covenant (if any) otherwise provides, have one vote in respect of each share he owns;
  - (b) an owner may cast a vote personally or by proxy;
  - (c) where 2 or more persons are the co-owners of a share, the vote in respect of the share may be cast –
    - (i) by a proxy jointly appointed by the co-owners;
    - (ii) by a person appointed by the co-owners from amongst themselves; or
    - (iii) if no appointment is made under subparagraph (i) or (ii), either by one of the co-owners personally or by a proxy appointed by one of the co-owners; and
  - (d) where 2 or more persons are the co-owners of a share and more than one of the co-owners seeks to cast a vote in respect of the share, only the vote that is cast, whether personally or by proxy, by the co-owner whose name, in order of priority, stands highest in relation to that share in the register kept at the Land Registry shall be treated as valid.
- (3H) For the purposes of subsection (3G) –
- (a) the instrument appointing a proxy shall be in the form set out in Form 1 in Schedule 1A, and –
    - (i) shall be signed by the owner; or
    - (ii) if the owner is a body corporate, shall, notwithstanding anything to the contrary in its constitution, be impressed with the seal or chop of the body corporate and signed by a person authorized by the body corporate in that behalf;
  - (b) the instrument appointing a proxy shall be lodged with the convenor at least 48 hours before the time for the holding of the meeting;
  - (c) the instrument appointing a proxy is valid only if it is made and lodged in accordance with paragraphs (a) and (b);
  - (d) a proxy appointed by an owner to attend and vote on behalf of the owner shall, for the purposes of the meeting, be treated as being the owner present at the meeting; and
  - (e) where an instrument appointing a proxy is lodged with the convenor, the convenor shall –
    - (i) acknowledge receipt of the instrument by leaving a receipt at the flat of the owner who made the instrument, or depositing the receipt in the letter box for that flat, before the time for the holding of the meeting;
    - (ii) determine the validity of the instrument in accordance with paragraph (c); and

- (iii) display information of the owner's flat in a prominent place in the place of the meeting before the time for the holding of the meeting, and cause the information to remain so displayed until the conclusion of the meeting.
- (3I) Subject to subsection (3J), the convenor shall keep all the instruments for the appointment of proxies that have been lodged with him for a period of at least 12 months after the conclusion of the meeting.
- (3J) Where a management committee is appointed at a meeting of owners convened under this section –
  - (a) the convenor shall deliver to the management committee immediately after the conclusion of the meeting all the instruments for the appointment of proxies that have been lodged with him; and
  - (b) the management committee shall keep the instruments for a period of at least 12 months after the conclusion of the meeting.
- (3K) Subject to subsection (3L), where a meeting of owners convened under this section is adjourned, subsections (3A), (3B), (3C), (3D), (3E), (3F), (3G), (3H), (3I) and (3J) shall apply to the adjourned meeting as they apply to the original meeting.
- (3L) Where a meeting of owners convened under this section is adjourned, a valid instrument appointing a proxy made for the purposes of the original meeting shall remain valid for the purposes of the adjourned meeting unless –
  - (a) contrary intention is shown on the instrument;
  - (b) the instrument is revoked; or
  - (c) the instrument is replaced by a new instrument appointing a proxy.
- (4) Any owner, or person referred to in section 3(1)(a) or (b), as the case may be, who wishes to oppose the appointment of a management committee may, by notice given to the Authority at least 7 days before the date of the meeting, object to the order convening the meeting of owners under this section.
- (5) If, under subsection (4), the Authority receives –
  - (a) notices of objection from the owners of not less than 20% of the shares in aggregate; or
  - (b) a notice of objection from a person referred to in section 3(1)(a) or (b) endorsed or otherwise supported by the owners of not less than 20% of the shares in aggregate,any order of the Authority under subsection (1) shall be of no effect and the Authority shall notify the convenor accordingly who shall, so far as practicable, bring the notification to the attention of each owner or other person to whom a notice has been given under subsection (3A).

- (6) Where any order of the Authority is of no effect by virtue of subsection (5) the Authority may advise the applicant to apply to the tribunal under section 4(1)(a) or the Authority or an authorized officer may apply to the tribunal under section 4(1)(b).

#### *Section 4 - Appointment of management committee after application to tribunal*

- (1) The tribunal may, upon application by –
- (a) the owners of not less than 10% of the shares in aggregate; or
  - (b) the Authority or an authorized officer,
- order that a meeting of owners shall be convened, by such owner as the tribunal may direct, to appoint a management committee.
- (2) Upon the making of an order under subsection (1) the tribunal may order that the costs of the application shall be paid by the applicant or by any person opposing the application.
- (3) If a corporation is established under Part III, the corporation shall refund to the applicant any costs paid by him in accordance with an order made under subsection (2).
- (4) At a meeting of owners convened under this section, the owners may, by a resolution passed by a majority of the votes of the owners voting either personally or by proxy, appoint a management committee.
- (5) The convenor shall, at least 14 days before the date of the meeting of owners, give notice of the meeting to each owner and the person referred to in section 3(1)(a) or (b) (if any).
- (6) The notice of meeting shall specify –
- (a) the date, time and place of the meeting; and
  - (b) the resolutions that are to be proposed at the meeting and are related only to the appointment of a management committee and the incorporation of the owners.
- (7) The notice of meeting may be given –
- (a) in the case of an owner –
    - (i) by delivering it personally to the owner;
    - (ii) by sending it by post to the owner at his last known address; or
    - (iii) by leaving it at the owner's flat or depositing it in the letter box for that flat; or
  - (b) in the case of a person referred to in section 3(1)(a) or (b) –
    - (i) by delivering it personally to the person; or
    - (ii) by sending it by post to the person at his last known address.

- (8) The convenor shall also, at least 14 days before the date of the meeting of owners, display the notice of meeting in a prominent place in the building.
- (9) The convenor shall preside at a meeting of owners convened under this section.
- (10) The quorum at a meeting of owners convened under this section shall be 10% of the owners.
- (11) At a meeting of owners convened under this section –
- (a) an owner shall, unless the deed of mutual covenant (if any) otherwise provides, have one vote in respect of each share he owns;
  - (b) an owner may cast a vote personally or by proxy;
  - (c) where 2 or more persons are the co-owners of a share, the vote in respect of the share may be cast –
    - (i) by a proxy jointly appointed by the co-owners;
    - (ii) by a person appointed by the co-owners from amongst themselves; or
    - (iii) if no appointment is made under subparagraph (i) or (ii), either by one of the co-owners personally or by a proxy appointed by one of the co-owners; and
  - (d) where 2 or more persons are the co-owners of a share and more than one of the co-owners seeks to cast a vote in respect of the share, only the vote that is cast, whether personally or by proxy, by the co-owner whose name, in order of priority, stands highest in relation to that share in the register kept at the Land Registry shall be treated as valid.
- (12) For the purposes of subsection (11) –
- (a) the instrument appointing a proxy shall be in the form set out in Form 1 in Schedule 1A, and –
    - (i) shall be signed by the owner; or
    - (ii) if the owner is a body corporate, shall, notwithstanding anything to the contrary in its constitution, be impressed with the seal or chop of the body corporate and signed by a person authorized by the body corporate in that behalf;
  - (b) the instrument appointing a proxy shall be lodged with the convenor at least 48 hours before the time for the holding of the meeting;
  - (c) the instrument appointing a proxy is valid only if it is made and lodged in accordance with paragraphs (a) and (b);
  - (d) a proxy appointed by an owner to attend and vote on behalf of the owner shall, for the purposes of the meeting, be treated as being the owner present at the meeting; and

- (e) where an instrument appointing a proxy is lodged with the convenor, the convenor shall –
  - (i) acknowledge receipt of the instrument by leaving a receipt at the flat of the owner who made the instrument, or depositing the receipt in the letter box for that flat, before the time for the holding of the meeting;
  - (ii) determine the validity of the instrument in accordance with paragraph (c); and
  - (iii) display information of the owner's flat in a prominent place in the place of the meeting before the time for the holding of the meeting, and cause the information to remain so displayed until the conclusion of the meeting.
  
- (13) Subject to subsection (14), the convenor shall keep all the instruments for the appointment of proxies that have been lodged with him for a period of at least 12 months after the conclusion of the meeting.
  
- (14) Where a management committee is appointed at a meeting of owners convened under this section –
  - (a) the convenor shall deliver to the management committee immediately after the conclusion of the meeting all the instruments for the appointment of proxies that have been lodged with him; and
  - (b) the management committee shall keep the instruments for a period of at least 12 months after the conclusion of the meeting.
  
- (15) Subject to subsection (16), where a meeting of owners convened under this section is adjourned, subsections (5), (6), (7), (8), (9), (10), (11), (12), (13) and (14) shall apply to the adjourned meeting as they apply to the original meeting.
  
- (16) Where a meeting of owners convened under this section is adjourned, a valid instrument appointing a proxy made for the purposes of the original meeting shall remain valid for the purposes of the adjourned meeting unless –
  - (a) contrary intention is shown on the instrument;
  - (b) the instrument is revoked; or
  - (c) the instrument is replaced by a new instrument appointing a proxy.

### *Section 5 - (Repealed 5 of 2007 s. 8)*

### *Section 7 - Application by management committee for registration of owners as a corporation*

- (1) A management committee appointed under section 3, 3A, 4 or 40C shall within 28 days of such appointment apply to the Land Registrar for the registration of the owners as a corporation under this Ordinance.
- (2) An application under subsection (1) shall be in such form as the Land Registrar may specify and shall include the following particulars –
  - (a) the name of the proposed corporation, which shall be in the form "The Incorporated Owners of ..... " (Description of building) ;
  - (b) the name (if any) and address of the building;
  - (c) the address of the proposed registered office of the corporation; and
  - (d) the name and address of the chairman and secretary of the management committee.
- 3) An application under subsection (1) shall be accompanied by the following documents –
  - (a) a copy of the deed of mutual covenant (if any) in respect of the building;
  - (aa) where an application has been made to the Authority under section 3A(1), a copy of the order of the Authority;
  - (b) where an application has been made to the tribunal under section 4(1) or 40C, a copy of the order of the tribunal;
  - (c) a copy of the resolution or other document evidencing the appointment of the management committee under section 3, 3A, 4 or 40C certified as correct by the chairman or secretary of the management committee or by the chairman of the meeting at which the resolution was passed;
  - (d) a statement by the chairman or secretary of the management committee, in such form as the Land Registrar may specify, that the provisions of section 3, 3A, 4 or 40C and relevant provisions in section 5B have been complied with; and
  - (e) a statement by each member of the management committee appointed under paragraph 2(1)(b) of Schedule 2, in such form as the Land Registrar may specify, that he does not fall within the description of paragraph 4(1)(a) or (b) of that Schedule.

### *Section 8 - Incorporation*

- (1) The Land Registrar shall, if satisfied that the provisions of section 3, 3A, 4 or 40C and section 7(2) and (3) have been complied with, issue a certificate of registration in such form as may be specified by the Authority from time to time.
- (1A) The Land Registrar shall not issue a certificate of registration to more than one corporation for a building in respect of which a deed of mutual covenant is in force.

- (2) With effect from the date of issue of the certificate of registration under subsection (1) –
  - (a) the owners for the time being shall be a body corporate with perpetual succession and shall in the name of the corporation specified in the certificate of registration be capable of suing and being sued and, subject to this Ordinance, of doing and suffering all such other acts and things as bodies corporate may lawfully do and suffer;
  - (aa) the corporation shall have, and be deemed always to have had, the power to hold an undivided share in the building, together with the right to the exclusive possession of any part of the building other than the common parts thereof; and
  - (b) the management committee appointed under section 3, 3A, 4 or 40C shall be deemed to be the first management committee of the corporation.
- (3) A corporation shall have a common seal, the affixing of which shall be authenticated by the signature of the chairman and secretary of the management committee.
- (4) A corporation shall have a registered office in Hong Kong.
- (5) Schedule 3 shall have effect with respect to the meetings and procedure of a corporation.

### ***Section 16 - Rights etc. of owners to be exercised etc. by corporation***

When the owners of a building have been incorporated under section 8, the rights, powers, privileges and duties of the owners in relation to the common parts of the building shall be exercised and performed by, and the liabilities of the owners in relation to the common parts of the building shall, subject to the provisions of this Ordinance, be enforceable against, the corporation to the exclusion of the owners, and accordingly –

- (a) any notice, order or other document which relates to any of the common parts of the building may be served upon the corporation at its registered office; and
- (b) any proceedings in the tribunal in respect of any of the common parts of the building may be brought and pursued by or against the corporation.

### ***Section 17 - Enforcement of judgments etc. against a corporation***

- (1) If a judgment is given or an order is made against a corporation, execution to enforce the judgment or order may issue –
  - (a) against any property of the corporation; or
  - (b) with leave of the tribunal, against any owner.
- (2) An application for leave under subsection (1)(b) shall be made by summons served personally upon the owner against whom execution is sought.



## *Section 18 - Duties and powers of corporation*

- (1) The corporation shall –
  - (a) maintain the common parts and the property of the corporation in a state of good and serviceable repair and clean condition;
  - (b) carry out such work as may be ordered or required in respect of the common parts by any public officer or public body in exercise of the powers conferred by any Ordinance;
  - (c) do all things reasonably necessary for the enforcement of the obligations contained in the deed of mutual covenant (if any) for the control, management and administration of the building.
  
- (2) A corporation may, in its discretion –
  - (a) engage and remunerate staff for any purpose relating to the powers or duties of the corporation under this Ordinance or the deed of mutual covenant (if any);
  - (aa) subject to such terms and conditions as to attendance at meetings of a management committee and its sub-committees as the management committee may determine, pay the chairman, vice-chairman (if any), secretary and treasurer of the management committee appointed under section 14(2) or paragraph 2(1), 5(2), 6 or 6A of Schedule 2 such allowances as may be approved by the corporation by resolution passed at a general meeting, in accordance with, but in aggregate not exceeding, the maximum allowances specified in Schedule 4;
  - (b) retain and remunerate accountants for the purposes of auditing the corporation's books of accounts and preparing the annual income and expenditure accounts and balance sheets;
  - (c) retain and remunerate a manager or other professional trade or business firm or person to carry out on behalf of the corporation any of the duties or powers of the corporation under this Ordinance or the deed of mutual covenant (if any);
  - (d) insure and keep insured the building or any part thereof to the reinstatement value thereof against fire and other risks;
  - (e) purchase, hire or otherwise acquire movable property for use by the owners in connection with their enjoyment of the common parts or to satisfy any requirement of a public officer or public body for the purpose of any Ordinance;
  - (f) establish and maintain lawns, gardens and playgrounds on the common parts;
  - (fa) carry out any renovation, improvement or decoration work, as the case may be, to the common parts;
  - (g) act on behalf of the owners in respect of any other matter in which the owners have a common interest.
  
- (2A) Without prejudice to the generality of subsections (1) and (2), the corporation in the performance of its duties and the exercise of its powers under this section shall have regard to and be guided by Codes of Practice issued from time to time under section 44(1).

- (3) For the avoidance of doubt, it is declared that a member of a management committee shall not be entitled to receive an allowance under subsection (2)(aa) in respect of more than one office held by him at the same time.
- (4) No provision in a deed of mutual covenant or other agreement shall operate to prevent a member of a management committee who is entitled to receive an allowance under subsection (2)(aa) from receiving that allowance and any such provision, including a provision purporting to substitute some lesser allowance (howsoever named) for that allowance, shall be void and of no effect.

### ***Section 40C - Appointment of management committee or building management agent by order of tribunal***

- (1) Where upon the application of the Authority it appears to the tribunal in the case of any building that –
  - (a) a management committee has not been and is not likely to be appointed under section 3, 3A or 4, notwithstanding an order of the tribunal made under section 4;
  - (b) no person is, for the time being, managing that building; and
  - (c) the Authority is satisfied that by reason of the circumstances mentioned in paragraphs (a) and (b), there is a danger or risk of danger to the occupiers or owners of the building,

the tribunal may order that, within such reasonable period as shall be specified in the order, a meeting of owners must be convened by such owner as shall be named in the order to deal with the matters referred to in subsection (2) for the purposes of managing that building.

- (2) The matters referred to in subsection (1) are, consecutively –
  - (a) to consider and, if thought fit, to pass a resolution which appoints a management committee;
  - (b) where that resolution is not passed, to consider and, if thought fit, to pass a resolution which appoints a building management agent,

for the purposes of managing that building.

- (3) At a meeting of owners convened under this section, the owners may, by a resolution passed by a majority of the votes of the owners voting either personally or by proxy, appoint –
  - (a) a management committee; or
  - (b) (if no management committee is appointed) a building management agent.

(3A) If no management committee or building management agent is appointed at the meeting of owners, the convenor may appoint a building management agent directly.

- (4) The convenor shall, at least 14 days before the date of the meeting of owners, give notice of the meeting to each owner and the person referred to in section 3(1)(a) or (b) (if any).

- (5) The notice of meeting shall specify –
  - (a) the date, time and place of the meeting; and
  - (b) the resolutions that are to be proposed at the meeting and are related only to the appointment of a management committee, the incorporation of the owners and the appointment of a building management agent.
  
- (6) The notice of meeting may be given –
  - (a) in the case of an owner –
    - (i) by delivering it personally to the owner;
    - (ii) by sending it by post to the owner at his last known address; or
    - (iii) by leaving it at the owner’s flat or depositing it in the letter box for that flat; or
  - (b) in the case of a person referred to in section 3(1)(a) or (b) –
    - (i) by delivering it personally to the person; or
    - (ii) by sending it by post to the person at his last known address.
  
- (7) The convenor shall also, at least 14 days before the date of the meeting of owners, display the notice of meeting in a prominent place in the building.
  
- (8) The convenor shall preside at a meeting of owners convened under this section.
  
- (9) The quorum at a meeting of owners convened under this section shall be 10% of the owners.
  
- (10) At a meeting of owners convened under this section –
  - (a) each owner shall have one vote;
  - (b) an owner may cast a vote personally or by proxy;
  - (c) in the case of co-owners, the vote may be cast –
    - (i) by a proxy jointly appointed by the co-owners;
    - (ii) by a person appointed by the co-owners from amongst themselves; or
    - (iii) if no appointment is made under subparagraph (i) or (ii), either by one of the co-owners personally or by a proxy appointed by one of the co-owners; and
  - (d) where, in the case of co-owners, more than one of the co-owners seeks to cast a vote, only the vote that is cast, whether personally or by proxy, by the co-owner whose name, in order of priority, stands highest in the register kept at the Land Registry shall be treated as valid.

- (11) For the purposes of subsection (10) –
- (a) the instrument appointing a proxy shall be in the form set out in Form 1 in Schedule 1A, and—
    - (i) shall be signed by the owner; or
    - (ii) if the owner is a body corporate, shall, notwithstanding anything to the contrary in its constitution, be impressed with the seal or chop of the body corporate and signed by a person authorized by the body corporate in that behalf;
  - (b) the instrument appointing a proxy shall be lodged with the convenor at least 48 hours before the time for the holding of the meeting;
  - (c) the instrument appointing a proxy is valid only if it is made and lodged in accordance with paragraphs (a) and (b);
  - (d) a proxy appointed by an owner to attend and vote on behalf of the owner shall, for the purposes of the meeting, be treated as being the owner present at the meeting; and
  - (e) where an instrument appointing a proxy is lodged with the convenor, the convenor shall –
    - (i) acknowledge receipt of the instrument by leaving a receipt at the flat of the owner who made the instrument, or depositing the receipt in the letter box for that flat, before the time for the holding of the meeting;
    - (ii) determine the validity of the instrument in accordance with paragraph (c); and
    - (iii) display information of the owner's flat in a prominent place in the place of the meeting before the time for the holding of the meeting, and cause the information to remain so displayed until the conclusion of the meeting.
- (12) Subject to subsection (13), the convenor shall keep all the instruments for the appointment of proxies that have been lodged with him for a period of at least 12 months after the conclusion of the meeting.
- (13) Where a management committee or building management agent is appointed at a meeting of owners convened under this section –
- (a) the convenor shall deliver to the management committee or building management agent, as the case may be, immediately after the conclusion of the meeting all the instruments for the appointment of proxies that have been lodged with him; and
  - (b) the management committee or building management agent, as the case may be, shall keep the instruments for a period of at least 12 months after the conclusion of the meeting.
- (14) Subject to subsection (15), where a meeting of owners convened under this section is adjourned, subsections (4), (5), (6), (7), (8), (9), (10), (11), (12) and (13) shall apply to the adjourned meeting as they apply to the original meeting.

- (15) Where a meeting of owners convened under this section is adjourned, a valid instrument appointing a proxy made for the purposes of the original meeting shall remain valid for the purposes of the adjourned meeting unless –
- (a) contrary intention is shown on the instrument;
  - (b) the instrument is revoked; or
  - (c) the instrument is replaced by a new instrument appointing a proxy.

## Meetings and Procedures (Chapter 2 - Section 2.4)

### *Section 5B - Enumeration of owners*

Schedule 11 shall have effect with respect to the enumeration of the percentage of owners referred to in the provisions of the Ordinance specified in that Schedule in the case where, in those provisions as so specified, a reference to a percentage of the owners is –

- (a) to be construed as a reference to the total expressed percentage of the number of persons who are owners without regard to their ownership of any particular percentage of the total number of shares into which the building is divided; and
- (b) not to be construed as the owners of the total expressed percentage of the shares.

### *Section 8 - Incorporation*

- (1) The Land Registrar shall, if satisfied that the provisions of section 3, 3A, 4 or 40C and section 7(2) and (3) have been complied with, issue a certificate of registration in such form as may be specified by the Authority from time to time.
- (1A) The Land Registrar shall not issue a certificate of registration to more than one corporation for a building in respect of which a deed of mutual covenant is in force.
- (2) With effect from the date of issue of the certificate of registration under subsection (1) –
  - (a) the owners for the time being shall be a body corporate with perpetual succession and shall in the name of the corporation specified in the certificate of registration be capable of suing and being sued and, subject to this Ordinance, of doing and suffering all such other acts and things as bodies corporate may lawfully do and suffer;
  - (aa) the corporation shall have, and be deemed always to have had, the power to hold an undivided share in the building, together with the right to the exclusive possession of any part of the building other than the common parts thereof; and
  - (b) the management committee appointed under section 3, 3A, 4 or 40C shall be deemed to be the first management committee of the corporation.
- (3) A corporation shall have a common seal, the affixing of which shall be authenticated by the signature of the chairman and secretary of the management committee.
- (4) A corporation shall have a registered office in Hong Kong.
- (5) Schedule 3 shall have effect with respect to the meetings and procedure of a corporation.

### *Schedule 3 - Meetings and procedure of corporation*

1. (1) The management committee shall convene –
  - (a) the first annual general meeting of a corporation not later than 15 months after the date of the registration of the corporation;
  - (b) an annual general meeting not earlier than 12 months, and not later than 15 months, after the date of the first or previous annual general meeting;
  - (c) a general meeting of the corporation at any time for such purposes as the management committee thinks fit.
- (2) The chairman of the management committee shall convene a general meeting of the corporation at the request of not less than 5% of the owners for the purposes specified by such owners within 14 days of receiving such request, and hold the general meeting within 45 days of receiving such request.
2. (1) The secretary of the management committee shall, at least 14 days before the date of the meeting of the corporation, give notice of the meeting to each owner and the tenants' representative (if any).
  - (1AA) The notice of meeting shall specify –
    - (a) the date, time and place of the meeting; and
    - (b) the resolutions (if any) that are to be proposed at the meeting or other matters that are to be discussed at the meeting.
  - (1A) The notice of meeting may be given –
    - (a) by delivering it personally to the owner or tenants' representative (if any); or
    - (b) by sending it by post to the owner or tenants' representative (if any) at his last known address; or
    - (c) by leaving it at the flat of the owner or tenants' representative (if any) or depositing it in the letter box for that flat.
  - (2) The secretary shall also, at least 14 days before the date of the meeting of the corporation, display the notice of meeting in a prominent place in the building.
3. (1) A meeting of the corporation shall be presided over by –
  - (a) the chairman of the management committee;
  - (b) in the absence of the chairman of the management committee, the vice-chairman (if any) of the management committee; or
  - (c) in the absence of the chairman and the vice-chairman (if any) of the management committee, a person appointed by the owners present at the meeting from amongst themselves.
- (2) (Repealed 5 of 2007 s. 28)

- (3) Subject to section 10(1) and paragraphs 5(2), (2B) and (2C), 6(3)(a), (4)(a), (5)(a), (7) and (8) and 6A(2)(a) of Schedule 2, all matters arising at a meeting of the corporation at which a quorum is present shall be decided by a majority of the votes of the owners voting either personally or by proxy.
  - (4) If there is an equality of votes the person presiding over the meeting shall have, in addition to a deliberative vote, a casting vote.
  - (5)
    - (a) At any meeting of the corporation an owner shall, unless the deed of mutual covenant (if any) otherwise provides and subject to sub-paragraph (6), have one vote in respect of each share which he owns.
    - (b) Where 2 or more persons are the co-owners of a share, the vote in respect of the share may be cast –
      - (i) by a proxy jointly appointed by the co-owners;
      - (ii) by a person appointed by the co-owners from amongst themselves; or
      - (iii) if no appointment is made under sub-sub-subparagraph (i) or (ii), either by one of the co-owners personally or by a proxy appointed by one of the co-owners.
    - (c) Where 2 or more persons are the co-owners of a share and more than one of the co-owners seeks to cast a vote in respect of the share, only the vote that is cast, whether personally or by proxy, by the coowner whose name, in order of priority, stands highest in relation to that share in the register kept at the Land Registry shall be treated as valid.
  - (6) If a registered mortgagee is in possession of an owner's flat, such mortgagee shall, to the exclusion of the owner, be entitled to exercise the voting rights of such owner.
  - (7) No resolution passed at any meeting of the corporation shall have effect unless the same was set forth in the notice given in accordance with paragraph 2 or is ancillary or incidental to a resolution or other matter so set forth.
  - (8) Nothing in sub-paragraph (7) shall preclude the passing of a resolution as amended at a meeting of a corporation.
- 4.
- (1) At a meeting of the corporation, an owner may cast a vote personally or by proxy.
  - (2) The instrument appointing a proxy shall be in the form set out in Form 2 in Schedule 1A, and –
    - (a) shall be signed by the owner; or
    - (b) if the owner is a body corporate, shall, notwithstanding anything to the contrary in its constitution, be impressed with the seal or chop of the body corporate and signed by a person authorized by the body corporate in that behalf.
  - (3) The instrument appointing a proxy shall be lodged with the secretary of the management committee at least 48 hours before the time for the holding of the meeting.
  - (4) The instrument appointing a proxy is valid only if it is made and lodged in accordance with subparagraphs (2) and (3).



- (5) Where an instrument appointing a proxy is lodged with the secretary of the management committee -
    - (a) the secretary shall -
      - (i) acknowledge receipt of the instrument by leaving a receipt at the flat of the owner who made the instrument, or depositing the receipt in the letter box for that flat, before the time for the holding of the meeting; and
      - (ii) display information of the owner's flat in a prominent place in the place of the meeting before the time for the holding of the meeting, and cause the information to remain so displayed until the conclusion of the meeting; and
    - (b) the chairman of the management committee or, if he is absent, the person who presides at the meeting, shall determine the validity of the instrument in accordance with subparagraph (4).
  - (6) The management committee shall keep all the instruments for the appointment of proxies that have been lodged with the secretary of the management committee for a period of at least 12 months after the conclusion of the meeting.
5. (1) The quorum at a meeting of the corporation shall be –
- (a) 20% of the owners, in the case of a meeting at which a resolution for the dissolution of the management committee under section 30 is proposed; or
  - (b) 10% of the owners in any other case.
- (2) A proxy appointed by an owner to attend and vote on behalf of the owner at a meeting of the corporation shall, for the purposes of the meeting, be treated as being the owner present at the meeting.
- 5A. (1) Subject to subparagraph (2), where a meeting of the corporation convened under paragraph 1 is adjourned, paragraphs 2, 3, 4 and 5 shall apply to the adjourned meeting as they apply to the original meeting.
- (2) Where a meeting of the corporation convened under paragraph 1 is adjourned, a valid instrument appointing a proxy made for the purposes of the original meeting shall remain valid for the purposes of the adjourned meeting unless –
- (a) contrary intention is shown on the instrument;
  - (b) the instrument is revoked; or
  - (c) the instrument is replaced by a new instrument appointing a proxy.
6. (1) The secretary of the management committee shall keep minutes of the proceedings at every general meeting of the corporation.
- (2) The minutes referred to in subparagraph (1) shall be certified by the person presiding over the meeting as containing a true record of the proceedings of the general meeting to which they relate.

- (3) The secretary shall display the minutes certified in accordance with subparagraph (2) in a prominent place in the building within 28 days of the date of the general meeting to which the minutes relate, and cause the minutes to remain so displayed for at least 7 consecutive days.
- 6A. (1) The minutes certified in accordance with paragraph 6(2) shall be kept by the management committee for such period, being not less than 6 years, as the corporation may determine.
- (2) If the tenants' representative, an owner, a registered mortgagee or any person duly authorized in writing in that behalf by an owner or registered mortgagee requests in writing the corporation to supply him with copies of any minutes certified in accordance with paragraph 6(2), the secretary shall, on the payment of such reasonable copying charge as the management committee may determine, supply such copies to that person.
7. The procedure at a general meeting shall be as is determined by the corporation.
8. In the event of any inconsistency between this Schedule and the terms of a deed of mutual covenant or any other agreement, this Schedule shall prevail.
9. (Repealed 5 of 2007 s. 28)

### *Schedule 11 - Enumeration of owners*

For the purposes of section 5B –

- (a) sections 3(8), 3A(3F), 4(10) and 40C(9) and paragraphs 1(2) and 5 of Schedule 3, paragraph 1A of Schedule 6 and paragraph 11 of Schedule 8 are specified;
- (b) the enumeration of the percentage of owners mentioned in the provisions specified in paragraph (a) shall be computed as follows -

	<b>Form of ownership</b>	<b>Illustration</b>	<b>To be counted as</b>
1.	Multiple ownership of 1 flat	1 flat with 3 co-owners	1 owner
2.	1 owner owning more than 1 flat	1 owner owning 35 flats	1 owner
3.	1 person or more than 1 holding proxies from more than 1 owner	(a) 1 person holding proxies from 100 owners  (b) 35 persons holding proxies from 100 owners in aggregate	Voting rights equal to the number of valid proxies held. In the cases as illustrated, 100 owners.

## **Proxy (Chapter 2 - Section 2.5)**

*(See Section 3, 3A, 4 and Schedule 3)*

## **Dissolution of Management Committee (Chapter 2 - Section 2.6)**

### *Section 30 - Dissolution of management committee and appointment of administrator*

- (1) Subject to this section, the owners present at a meeting of the corporation convened under paragraph 1 of Schedule 3 may appoint an administrator and thereafter resolve that the management committee be dissolved.
- (2) A resolution under subsection (1) shall have no effect until a copy thereof, certified as correct by the chairman of the meeting at which the resolution was passed, is lodged with the Land Registrar within 14 days after the date of the meeting.
- 3) An administrator shall hold office from the date upon which a certified copy of the resolution referred to in subsection (1) is lodged with the Land Registrar until –
  - (a) the owners present at a meeting of the corporation convened under paragraph 1 of Schedule 3 appoint –
    - (i) another administrator; or
    - (ii) a new management committee; or
  - (b) the tribunal appoints an administrator under section 31.

### ***Section 31 - Appointment of administrator by the tribunal***

- (1) The tribunal may, upon application made to it by –
  - (a) an owner;
  - (b) a registered mortgagee (if any);
  - (c) an administrator; or
  - (d) the Authority or an authorized officer,dissolve the management committee and appoint an administrator, or remove and replace an administrator, as the case may be.
  
- (2) The tribunal may direct that an administrator appointed under subsection (1) shall hold office for an indefinite period or for a fixed period on such terms and conditions as to remuneration or otherwise as it thinks fit, and the remuneration and expenses of the administrator shall be deemed to be part of the expenses of management of the building under this Ordinance.

### ***Section 32 - Powers and duties of an administrator***

- (1) An administrator shall have all the powers and duties of a management committee and of the chairman, secretary and treasurer thereof.
  
- (2) An administrator shall, within 7 days of the date of his appointment or the termination of his appointment, give notice thereof to the Land Registrar in such form as the Land Registrar may specify.
  
- (3) Any person who contravenes subsection (2) shall be guilty of an offence and shall be liable on conviction to a fine of \$100 for each day during which the contravention continues.

## **Winding Up of Owners' Corporation (Chapter 2 - Section 2.7)**

### ***Section 33 - Winding up of corporations***

- (1) A corporation may be wound up under the provisions of Part X of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) as if it were an unregistered company within the meaning of that Ordinance and the provisions of that Ordinance relating to the winding up of an unregistered company shall, in so far as they are applicable, apply to the winding up of a corporation.
  
- (2) In applying the provisions of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) under subsection (1) –
  - (a) a reference to a director of a company shall be deemed to be a reference to a member of a management committee ; and
  - (b) a reference to a member of a company shall be deemed to be a reference to an owner.

### ***Section 34 - Liability of owners on winding up***

In the winding up of a corporation under section 33, the owners shall be liable, both jointly and severally, to contribute, according to their respective shares, to the assets of the corporation to an amount sufficient to discharge its debts and liabilities.

### ***Section 34A - Winding-up petitions and orders to be noted in register and records***

- (1) Where –
  - (a) a winding-up petition in respect of a corporation is presented to the tribunal by a petitioner; or
  - (b) a winding-up order in respect of a corporation is made by the tribunal,the petitioner shall, as soon as is reasonably practicable, deliver a copy of the winding-up petition or the winding-up order, as the case may be, to the Land Registry.
- (2) The Land Registrar shall, on receipt of the copy of the winding-up petition or winding-up order, as the case may be, referred to in subsection (1) –
  - (a) enter particulars of that petition or order in the register; and
  - (b) endorse particulars of that petition or order on any record at the Land Registry in respect of a relevant owner.
- (3) If the petitioner referred to in subsection (1) fails to comply with that subsection no action or proceeding under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) shall be commenced or proceeded with until such time as he complies with that subsection, and any action or proceeding which has been commenced in respect of the corporation shall be stayed by the tribunal or otherwise cease and be of no effect until such time as that petitioner complies with that subsection.

### ***Section 34B - Interpretation***

In this Part-

"commencement of the winding up" (清盤開始) means the time of the presentation of the petition to the tribunal for the winding up of the corporation;

"relevant owner" (有關業主) means -

- (a) a person who, at any time between the date of the commencement of the winding up and the date on which the Land Registrar enters particulars of the winding-up petition in the register under section 34A(2)(a) ("the relevant period" (有關期間) ), appears from the records at the Land Registry to be or to have been the owner of a share in a building maintained by a corporation the subject of that petition; and
- (b) a registered mortgagee in possession of that share during that relevant period.

## Termination of the Manager's Appointment (Chapter 3 - Section 3.7)

### Schedule 7 – Paragraph 7

7. Termination of manager's appointment by owners' corporation
  - (1) Subject to subparagraph (5A), at a general meeting convened for the purpose, a corporation may, by a resolution –
    - (a) passed by a majority of the votes of the owners voting either personally or by proxy; and
    - (b) supported by the owners of not less than 50% of the shares in aggregate, terminate by notice the DMC manager's appointment without compensation.
  - (2) A resolution under subparagraph (1) shall have effect only if –
    - (a) the notice of termination of appointment is in writing;
    - (b) provision is made in the resolution for a period of not less than 3 months notice or, in lieu of notice, provision is made for an agreement to be made with the DMC manager for the payment to him of a sum equal to the amount of remuneration which would have accrued to him during that period;
    - (c) the notice is accompanied by a copy of the resolution terminating the DMC manager's appointment; and
    - (d) the notice and the copy of the resolution is given to the DMC manager within 14 days after the date of the meeting.
  - (3) The notice and the copy of the resolution referred to in subparagraph (2)(d) may be given –
    - (a) by delivering them personally to the DMC manager; or
    - (b) by sending them by post to the DMC manager at his last known address.
    - (c) (Repealed 5 of 2007 s. 32)
  - (4)-(5) (Repealed 5 of 2007 s. 32)
  - (5A) For the purposes of subparagraph (1) –
    - (a) only the owners of shares who pay or who are liable to pay the management expenses relating to those shares shall be entitled to vote;
    - (b) the reference in subparagraph (1)(b) to "the owners of not less than 50% of the shares in aggregate" shall be construed as a reference to the owners of not less than 50% of the shares in aggregate who are entitled to vote.
  - (5B) If a contract for the appointment of a manager other than a DMC manager contains no provision for the termination of the manager's appointment, subparagraphs (1), (2), (3) and (5A) apply to the termination of the manager's appointment as they apply to the termination of a DMC manager's appointment.
  - (5C) Subparagraph (5B) operates without prejudice to any other power there may be in a contract for the appointment of a manager other than a DMC manager to terminate the appointment of the manager.

- (6) If a notice to terminate a manager's appointment is given under this paragraph –
  - (a) no appointment of a new manager shall take effect unless the appointment is approved by a resolution of the owners' committee (if any); and
  - (b) if no such appointment is approved under sub-subparagraph (a) by the time the notice expires, the corporation may appoint another manager and, if it does so, the corporation shall have exclusive power to appoint any subsequent manager.
- (7) If any person has given an undertaking in writing to, or has entered into an agreement with, the Government to manage or be responsible for the management of the building, and the corporation has appointed a manager under subparagraph (6)(b), the corporation shall be deemed to have given to that person an instrument of indemnity under which the corporation shall be liable to indemnify that person in respect of any act or omission by the manager appointed under that subparagraph that may otherwise render that person liable for a breach of that undertaking or agreement.
- (8) This paragraph is subject to any notice relating to the building that may be published by the Authority under section 34E(4) but does not apply to any single manager referred to in that section.

### *Schedule 7 – Paragraph 8*

8. Obligations after manager's appointment ends -
  - (1) Subject to subparagraph (2), if the manager's appointment ends for any reason, he shall, as soon as practicable after his appointment ends, and in any event within 14 days of the date his appointment ends, deliver to the owners' committee (if any) or the manager appointed in his place any movable property in respect of the control, management and administration of the building that is under his control or in his custody or possession, and that belongs to the corporation (if any) or the owners.
  - (2) If the manager's appointment ends for any reason, he shall within 2 months of the date his appointment ends –
    - (a) prepare –
      - (i) an income and expenditure account for the period beginning with the commencement of the financial year in which his appointment ends and ending on the date his appointment ended; and
      - (ii) a balance sheet as at the date his appointment ended, and shall arrange for that account and balance sheet to be audited by an accountant or by some other independent auditor specified in a resolution of the owners' committee (if any) or, in the absence of any such specification, by such accountant or other independent auditor as may be chosen by the manager; and
    - (b) deliver to the owners' committee (if any) or the manager appointed in his place any books or records of accounts, papers, documents and other records which are required for the purposes of sub-subparagraph (a) and have not been delivered under subparagraph (1).

## Procurement (Chapter 4 - Section 4.1)

### *Section 20A - Supplies, goods and services*

- (1) The procurement of all supplies, goods or services required by a corporation in the exercise of its powers and the performance of its duties under the deed of mutual covenant (if any) or this Ordinance shall comply with such standards and guidelines as may be specified in a Code of Practice relating to such procurement.
- (2) Subject to subsection (2A), any supplies, goods or services referred to in subsection (1) the value of which exceeds or is likely to exceed –
  - (a) the sum of \$200,000 or such other sum in substitution therefor as the Authority may specify by notice in the Gazette; or
  - (b) a sum which is equivalent to 20% of the annual budget of the corporation or such other percentage in substitution therefor as the Authority may specify by notice in the Gazette,whichever is the lesser, shall be procured by invitation to tender.
- (2A) Subsection (2) does not apply to any supplies, goods or services which but for this subsection would be required to be procured by a corporation by invitation to tender (referred to in this subsection as “relevant supplies, goods or services”) if –
  - (a) the relevant supplies, goods or services are of the same type as any supplies, goods or services which are for the time being supplied to the corporation by a supplier; and
  - (b) the corporation decides by a resolution of the owners passed at a general meeting of the corporation that the relevant supplies, goods or services shall be procured from that supplier on such terms and conditions as specified in the resolution, instead of by invitation to tender.
- (2B) Where any supplies, goods or services are required under subsection (2)(b) to be procured by invitation to tender, whether a tender submitted for the purpose is accepted or not shall be decided by a resolution of the owners passed at a general meeting of the corporation.
- (3) (Repealed 5 of 2007 s. 16)
- (4) All tender documents, copies of contracts, accounts and invoices and any other documents in the possession of a corporation and relating to the procurement of supplies, goods and services shall be kept by the corporation for such period, being not less than 6 years, as the corporation may determine.
- (5) A contract for the procurement of any supplies, goods or services shall not be void by reason only that it does not comply with subsection (1).



- (6) Where any supplies, goods or services are required under subsection (2) to be procured by invitation to tender, a contract for the procurement of the supplies, goods or services which does not comply with subsection (2) or (2B) –
- (a) subject to any resolution passed by the corporation under paragraph (b) or any order made by the court under subsection (7), shall not be void by reason only that it does not comply with subsection (2) or (2B);
  - (b) subject to any order made by the court under subsection (7), may be avoided by the corporation by a resolution of the owners passed at a general meeting of the corporation but only for the reason that it does not comply with subsection (2) or (2B).
- (7) any legal proceedings in relation to a contract for the procurement of any supplies, goods or services to which subsection (2) or (2B) applies, the court may make such orders (including whether the contract is void or voidable) and give such directions in respect of the rights and obligations of the contractual parties as the court thinks fit having regard to all the circumstances of the case, including (but not limited to) the following factors –
- (a) whether the supplies, goods or services have been procured by invitation to tender;
  - (b) whether a general meeting of the corporation has been convened to consider the procurement of the supplies, goods or services;
  - (c) whether the Code of Practice referred to in subsection (1) has been complied with;
  - (d) whether the contract has been split, for the sole purpose of avoiding the compliance of the requirements in subsection (2) or (2B), from a contract which should have been made for the procurement of supplies, goods or services of greater value;
  - (e) whether the supplies, goods or services were urgently required;
  - (f) the progress of any activities or works in relation to the supplies, goods or services;
  - (g) whether the owners have benefited from the contract;
  - (h) whether the owners have incurred any financial loss due to the contract and the extent thereof;
  - (i) whether the supplier of the supplies, goods or services under the contract has acted in good faith;
  - (j) whether the supplier of the supplies, goods or services under the contract has benefited from the contract; and
  - (k) whether the supplier of the supplies, goods or services under the contract has incurred any financial loss due to the contract and the extent thereof.
- (8) For the purposes of subsection (7), where the court makes an order that the contract is voidable at the instance of the corporation, it shall also make an order that a general meeting of the corporation be convened and held in such manner as the court thinks fit, so as to decide whether the contract is to be avoided.

- (9) For the avoidance of doubt, subject to section 29A, any person who enters into a contract for the procurement of any supplies, goods or services otherwise than in compliance with subsection (2) or, if applicable, subsection (2B) may be personally liable for any claims arising from the contract.

### *Schedule 6 - Accounts*

1. All bills, invoices, vouchers, receipts and other documents referred to in the books or records of account and other records maintained under section 27(1) shall be kept by the management committee for such period, being not less than 6 years, as the corporation may determine.
  - 1A. The management committee shall –
    - (a) at the request of not less than 5% of the owners, permit those owners or any person appointed by those owners to inspect any bills, invoices, vouchers, receipts or other documents referred to in paragraph 1 at any reasonable time; and
    - (b) permit any person authorized by the court to inspect any bills, invoices, vouchers, receipts or other documents referred to in paragraph 1 at any reasonable time.
  - 1B. For the purposes of paragraph 1A(b), an owner may apply to the court for an order authorizing the owner, or any other person named in the application, to inspect any bills, invoices, vouchers, receipts or other documents referred to in paragraph 1.
  - 1C. The court may make an order under paragraph 1B only if it is satisfied that –
    - (a) the application is made in good faith; and
    - (b) the inspection applied for is for a proper purpose.
2. Within 1 month after each consecutive period of 3 months, or such shorter period as the management committee may select, the treasurer shall prepare a summary of the income and expenditure of the corporation in respect of that period, display a copy of the summary in a prominent place in the building, and cause it to remain so displayed for at least 7 consecutive days.
3. If the tenants' representative, an owner, a registered mortgagee or any person duly authorized in writing in that behalf by an owner or registered mortgagee requests in writing the corporation to supply him with copies of –
  - (a) the financial statements and, if applicable, the accountant's report prepared under section 27; or
  - (b) a summary of the income and expenditure of the corporation prepared under paragraph 2,the treasurer shall, on the payment of such reasonable copying charge as the management committee may determine, supply such copies to that person.

4. The treasurer shall, if requested by the Authority or an authorized officer and without raising any charge, supply the copies referred to in paragraph 3 to the Authority or that officer.

## **Insurance (Chapter 5 - Section 5.8)**

### ***Section 28 - Matters regarding insurance (with effect from 1.1.2011)***

- (1) A corporation shall procure and keep in force in relation to the common parts of the building and the property of the corporation, such policy of insurance with an insurance company in respect of third party risks as complies with any requirement prescribed for the purposes of this section.
- (2) In the event of a contravention of subsection (1), every member of the management committee shall be guilty of an offence and shall be liable on conviction to a fine at level 5 unless he proves –
  - (a) that the offence was committed without his consent or connivance; and
  - (b) that he exercised all such due diligence to prevent the commission of the offence as he ought to have exercised in the circumstances.
- (3) A corporation may insure and keep insured with an insurance company the common parts of the building and the property of the corporation to the reinstatement value thereof against fire and other risks.
- (4) Where a corporation has effected any policy of insurance with an insurance company by virtue of this section the management committee shall permit the Authority, an authorized officer, the tenants' representative, an occupier, an owner, a registered mortgagee or any person duly authorized in writing in that behalf by an occupier, an owner or registered mortgagee, to inspect the policy of insurance and any receipt for the premium in respect thereof at any reasonable time.
- (5) Where any person (other than the Authority or an authorized officer) referred to in subsection (4) requests the corporation to supply him with copies of the policy of insurance and any receipt for the premium in respect of that policy, the treasurer of the management committee shall, on the payment of such reasonable copying charge as the management committee may determine, supply such copies to that person.
- (6) The treasurer of the management committee shall, if requested by the Authority or an authorized officer and without raising any charge, supply the copies referred to in subsection (5) to the Authority or that officer.
- (6A) The secretary of the management committee shall, within 28 days after the corporation has effected a policy of insurance under subsection (1), give notice of the name and address

of the insurance company and the period covered by the policy of insurance to the Land Registrar in such form as the Land Registrar may specify.

- (7) In this section and in section 41, "insurance company" (保險公司) -
- (a) means an insurer authorized under section 8 of the Insurance Companies Ordinance (Cap. 41) or deemed under section 61(1) or (2) of that Ordinance to be so authorized, to carry on insurance business;
  - (b) means the society of underwriters known in the United Kingdom as Lloyd's; and
  - (c) means an association of underwriters approved by the Insurance Authority.

## ***Annex 2***

### ***Extract of the Prevention of Bribery Ordinance***

#### **Section 9 - Corrupt Transactions with Agents**

- (1) Any agent who, without lawful authority or reasonable excuse, solicits or accepts any advantage as an inducement to or reward for or otherwise on account of his-
  - (a) doing or forbearing to do, or having done or forborne to do, any act in relation to his principal's affairs or business; or
  - (b) showing or forbearing to show, or having shown or forborne to show, favour or disfavour to any person in relation to his principal's affairs or business,shall be guilty of an offence.
  
- (2) Any person who, without lawful authority or reasonable excuse, offers any advantage to any agent as an inducement to or reward for or otherwise on account of the agent's-
  - (a) doing or forbearing to do, or having done or forborne to do, any act in relation to his principal's affairs or business; or
  - (b) showing or forbearing to show, or having shown or forborne to show, favour or disfavour to any person in relation to his principal's affairs or business,shall be guilty of an offence.
  
- (3) Any agent who, with intent to deceive his principal, uses any receipt, account or other document-
  - (a) in respect of which the principal is interested; and
  - (b) which contains any statement which is false or erroneous or defective in any material particular; and
  - (c) which to his knowledge is intended to mislead the principal,shall be guilty of an offence.
  
- (4) If an agent solicits or accepts an advantage with the permission of his principal, being permission which complies with subsection (5), neither he nor the person who offered the advantage shall be guilty of an offence under subsection (1) or (2).

- (5) For the purposes of subsection (4) permission shall-
- (a) be given before the advantage is offered, solicited or accepted; or
  - (b) in any case where an advantage has been offered or accepted without prior permission, be applied for and given as soon as reasonably possible after such offer or acceptance,

and for such permission to be effective for the purposes of subsection (4), the principal shall, before giving such permission, have regard to the circumstances in which it is sought.

## Section 2 - Interpretation

**“Advantage”** means-

- (a) any gift, loan, fee, reward or commission consisting of money or of any valuable security or of other property or interest in property of any description;
- (b) any office, employment or contract;
- (c) any payment, release, discharge or liquidation of any loan, obligation or other liability, whether in whole or in part;
- (d) any other service, or favour (other than entertainment), including protection from any penalty or disability incurred or apprehended or from any action or proceedings of a disciplinary, civil or criminal nature, whether or not already instituted;
- (e) the exercise or forbearance from the exercise of any right or any power or duty; and
- (f) any offer, undertaking or promise, whether conditional or unconditional, of any advantage within the meaning of any of the preceding paragraphs (a), (b), (c), (d) and (e),

but does not include an election donation within the meaning of the Elections (Corrupt and Illegal Conduct) Ordinance (Cap 554), particulars of which are included in an election return in accordance with that Ordinance.

## Annex 3

# Sample Form for Declaration of Conflict of Interest

### Part A – Declaration of Conflict of Interest

To : \* Chairman / Secretary of the Management Committee

#### Declaration of Conflict of Interest

I understand that if I, my family members and close relatives and personal friends have any direct or indirect interest in any company which has business dealings with the Owners' Corporation (OC), I shall make a declaration to the Management Committee.

I would like to declare the following existing / potential conflict of interest situation arising from the discharge of my duties concerning the operation of the OC or as members of the Management Committee:

- a) Persons / companies with whom / which I have official dealings  
\_\_\_\_\_
- b) My relationship with the persons / companies (e.g. relative)  
\_\_\_\_\_
- c) Relationship of the persons / companies with the OC (e.g. supplier)  
\_\_\_\_\_
- d) Brief description of my duties which involved the persons / companies (e.g. handling of tender exercise)  
\_\_\_\_\_

Position and Name: \_\_\_\_\_

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

(\* For a declaration made by the Chairman of the MC, it should be addressed to the Secretary of the MC.)

### Part B – Record of Resolution of the Management Committee

#### Record of Resolution of the Management Committee

With respect to the above declaration, the Management Committee passed the following resolution:

- (*name of the person making the declaration*) should refrain from performing or getting involved in performing the work / duty, as described in Part A, which may give rise to a conflict.
- (*name of the person making the declaration*) may continue to handle the work / duty as described in Part A, provided that there is no change in the information declared above.
- Others (please specify) \_\_\_\_\_

Secretary: \_\_\_\_\_ Chairman: \_\_\_\_\_

Signature: \_\_\_\_\_ Signature: \_\_\_\_\_

Date of Meeting: \_\_\_\_\_

## **Annex 4**

# **Sample Probity Clauses for Inclusion in Service Agreements**

### **Ethical Commitment**

#### **Prevention of Bribery (for use in service agreements with Managers)**

- (A) The Contractor shall not, and shall procure that his directors, employees, agents and sub-contractors who are involved in this Contract shall not, except with permission of the **[name of the Owners' Corporation]** (hereafter referred to as the Corporation), solicit or accept any advantage as defined in the Prevention of Bribery Ordinance (Cap 201) in relation to the business of the Corporation (e.g. prohibiting acceptance of commission or free service from suppliers and service providers serving the Corporation). The Contractor shall also caution his directors, employees, agents and sub-contractors against soliciting or accepting any hospitality, entertainment or inducements which would impair their impartiality in relation to the business of the Corporation. The Contractor shall take all necessary measures (including by way of internal guidelines or contractual provisions where appropriate) to ensure that his directors, employees, agents and sub-contractors are aware of the aforesaid prohibition and will not solicit or accept any advantage, hospitality which would impair their impartiality, etc. in relation to the business of the Corporation.
- (B) The Contractor shall not, and shall procure that his directors, employees, agents and sub-contractors who are involved in this Contract shall not, offer any advantage to any member of the Management Committee or staff in relation to the business of the Corporation.

#### **Prevention of Bribery (for use in service agreements with cleaning and security contractors, or other service providers)**

- (C) The Contractor shall not, and shall procure that his directors, employees, agents and sub-contractors who are involved in this Contract shall not, except with permission of **[name of the Owners' Corporation]** (hereafter referred to as the Corporation) solicit or accept any advantage as defined in the Prevention of Bribery Ordinance (Cap 201) in relation to the business of the Corporation. The Contractor shall also caution his directors, employees, agents and sub-contractors against soliciting or accepting any excessive hospitality, entertainment or inducements which would impair their impartiality in relation to the business of the Corporation. The Contractor shall take all necessary measures (including by way of internal guidelines or contractual provisions where appropriate) to ensure that his directors, employees, agents and sub-contractors are aware of the aforesaid prohibition and will not solicit or accept any advantage, hospitality which would impair their impartiality, etc. in relation to the business of the Corporation.
- (D) The Contractor shall not, and shall procure that his directors, employees, agents and sub-contractors who are involved in this Contract shall not, solicit or accept extra charges for additional services (e.g. in the case of the cleaning contractor, additional cleaning work and in the case of the security contractor, escorting people to inspect flats for letting) in connection with this Contract required by individual owners, unless with the prior approval of the Management Committee or the Manager (if one is employed for building management).
- (E) The Contractor shall not, and shall procure that his directors, employees, agents and sub-contractors who are involved in this Contract shall not, offer any advantage to any member or any of his/her family members or relatives of the Management Committee, the Manager (if one is employed for building management) or staff in relation to the business of the Corporation.



**The following sample probity clauses should be used in service agreements with Managers and all service providers.**

### *Declaration of Conflict of Interest*

(F) The Contractor shall declare to the Corporation in writing and require his directors and employees to declare in writing to the Contractor any conflict or potential conflict between their personal / financial interests and their duties in connection with this Contract, *\*including any personal relationship with the suppliers and service providers serving the Corporation*. In the event that such conflict or potential conflict is disclosed in a declaration, the Contractor shall forthwith take such reasonable measures as are necessary to mitigate as far as possible or remove the conflict or potential conflict so disclosed. The Contractor shall require his agents and sub-contractors to impose similar restriction on their directors and employees by way of a contractual provision.

*(\*delete when used in service agreements with cleaning and security contractors, or other service providers)*

(G) The Contractor shall prohibit his directors and employees who are involved in this Contract from engaging in any work or employment other than in the performance of this Contract, with or without remuneration, which could create or potentially give rise to a conflict between their personal / financial interests and their duties in connection with this Contract. The Contractor shall require his agents and sub-contractors to impose similar restriction on their directors and employees by way of a contractual provision.

(H) The Contractor shall take all necessary measures (including by way of internal guidelines or contractual provisions where appropriate) to ensure that his directors, employees, agents and sub-contractors who are involved in this Contract are aware of the provisions under the aforesaid sub-clauses (A) to (G).

### *Handling of Confidential Information*

(I) The Contractor shall not use or divulge, except for the purpose of this Contract, any information provided by the Corporation in the Contract or in any subsequent correspondence or documentation, or any information (e.g. owners' and residents' data) obtained when conducting business under this Contract. Any disclosure to any person or agent or sub-contractor for the purpose of the Contract shall be in strict confidence and shall be on a "need to know" basis and extend only so far as may be necessary for the purpose of this Contract. The Contractor shall take all necessary measures (by way of internal guidelines or contractual provisions where appropriate) to ensure that information is not divulged for purposes other than that of this Contract by such person, agent or sub-contractor. The Contractor shall indemnify and keep indemnify the Corporation against all loss, liabilities, damages, costs, legal costs, professional and other expenses of any nature whatsoever the Corporation may suffer, sustain or incur, whether direct or consequential, arising out of or in connection with any breach of the aforesaid non-disclosure provision by the Contractor or his directors, employees, agents or sub-contractors.

### *Declaration of Ethical Commitment*

- (J) The Contractor shall submit a signed declaration in a form (*see Appendix*) prescribed or approved by the Corporation to confirm compliance with the provisions in aforesaid sub-clauses (A), (B), (C), (D), (E), (F), (G) and (I) on prevention of bribery, declaration of conflict of interest and confidentiality. If the Contractor fails to submit the declaration as required, the Corporation shall be entitled to withhold payment until such declaration is submitted and the Contractor shall not be entitled to interest in that period. To demonstrate compliance with the aforesaid sub-clauses (A), (B), (C), (D), (E), (F), (G) and (I) on prevention of bribery, declaration of conflict of interest and handling of confidential information, the Contractor and the sub-contractors employed for the performance of duties under this Contract are required to deposit with the Corporation a copy of the internal guidelines issued to their staff.

Annex 4 - Appendix

**Declaration Form by Service Providers  
on their Compliance with the Ethical Commitment Requirements**

To: Owners' Corporation

Contract No.: .....

Title: .....

In accordance with the Ethical Commitment clauses in the Contract:

- (1) We confirm that we have complied with the following provisions and have ensured that our directors, employees, agents and sub-contractors are aware of the following provisions:
  - (a) prohibiting our directors, employees, agents and sub-contractors who are involved in this Contract from offering, soliciting or accepting any advantage as defined in section 2 of the Prevention of Bribery Ordinance (Cap 201) in relation to the business of the Owners' Corporation except with the permission of the Owners' Corporation;
  - (b) requiring our directors, employees, agents and sub-contractors who are involved in this Contract to declare in writing to their respective company management any conflict or potential conflict between their personal / financial interests and their duties in connection with this Contract, and in the event that a conflict or potential conflict is disclosed, take such reasonable measures as are necessary to mitigate as far as possible or remove the conflict or potential conflict so disclosed;
  - (c) prohibiting our directors and employees who are involved in this Contract from engaging in any work or employment (other than in the performance of this Contract), with or without remuneration, which could create or potentially give rise to a conflict between their personal / financial interests and their duties in connection with this Contract and requiring our agents and sub-contractors to do the same; and
  - (d) taking all measures as necessary to protect any confidential / privileged information or data entrusted to us by or on behalf of the Owners' Corporation from being divulged to a third party other than those allowed in this Contract.

Signature .....

(Name of the Service Provider) .....

(Name of the Signatory) .....

(Position of the Signatory) .....

(Date) .....

## **Annex 5**

# **Sample Anti-Bribery and Anti-Collusion Clauses in Tender Documents**

### **Offering Gratuities**

- (1) The tenderer shall not, and shall procure that his employees, agents and sub-contractors shall not, offer, solicit or accept an advantage as defined in the Prevention of Bribery Ordinance (Cap 201) in connection with the tendering and execution of this contract.
- (2) Failure to so procure or any act of offering, soliciting or accepting advantage referred to in (1) above committed by the tenderer or by an employee, agent or sub-contractor of the tenderer shall, without affecting the tenderer's liability for such failure and act, result in his tender being invalidated.

### **Anti-Collusion**

- (3) The tenderer shall not communicate to any person other than the [***name of the Owners' Corporation***] (hereafter referred to as the Corporation) the amount of any tender, adjust the amount of any tender by arrangement with any other person, make any arrangement with any other person about whether or not he or that other person should or should not tender, or otherwise collude with any other person in any manner whatsoever in the tendering process until the tenderer is notified by the Corporation of the outcome of the tender exercise. Any breach of or non-compliance with this sub-clause by the tenderer shall, without affecting the tenderer's liability for such breach or non-compliance, invalidate his tender.
- (4) Sub-clause (3) of this Clause shall have no application to the tenderer's communications in strict confidence with his own insurers or brokers to obtain an insurance quotation for computation of tender price and communications in strict confidence with his consultants / sub-contractors to solicit their assistance in preparation of tender submission.
- (5) The tenderer shall submit to the Corporation a duly signed letter in the form set out in Appendix [*see Annex 5 - Appendix*]. The letter shall be signed by a person authorised to sign the contract on the tenderer's behalf.

## Annex 5 - Appendix – Confirmation Letter

To: [Name of the Owners' Corporation]

Dear Sir / Madam,

### Confirmation Letter for Contract No. [ ]

[I / We]<sup>1</sup>, [(Name of the tenderer) of (Address of the tenderer)]<sup>2</sup> refer to [my / our]<sup>1</sup> tender for the above Contract.

[I / We]<sup>1</sup> confirm that as at the time of submission of this letter and other than the Excepted Communications referred to in the last paragraph of this letter, [I / We]<sup>1</sup> had not communicated to any person other than the **[Name of the Owners' Corporation]** (hereafter referred to as the Corporation) the amount of any tender, adjusted the amount of any tender by arrangement with any other person, made any arrangement with any other person about whether or not [I / we]<sup>1</sup> or that other person should tender, or otherwise colluded with any other person in any manner whatsoever, and undertake that at any time thereafter in the tendering process for the above Contract until the tenderer is notified by the Corporation of the outcome of the tender exercise and other than the Excepted Communications referred to in the last paragraph of this letter, [I / we]<sup>1</sup> will not communicate to any person other than the Corporation the amount of any tender, adjust the amount of any tender by arrangement with any other person, make any arrangement with any other person about whether or not [I / we]<sup>1</sup> or that other person should tender, or otherwise collude with any other person in any manner whatsoever.

In this letter, the expression "Excepted Communications" means [my / our]<sup>1</sup> communications in strict confidence with [my / our]<sup>1</sup> own insurers or brokers to obtain an insurance quotation for computation of tender price and communications in strict confidence with [my / our]<sup>1</sup> consultants or sub-contractors to solicit their assistance in preparation of tender submission.

(Signed for and on behalf of the tenderer)<sup>3</sup>

1. Delete as appropriate.
2. Where the tenderer comprises two or more persons or companies acting in partnership, joint venture or otherwise, this part in square brackets should be expanded to include the respective names and addresses of such persons or as the case may be companies.
3. Where the tenderer comprises two or more persons or companies acting in partnership, joint venture or otherwise, all such persons or as the case may be companies must sign. The signatory for each of such persons or companies shall be a person authorized to sign the contract on behalf of that person or as the case may be company.

# **Annex 6**

## **Sample Code of Conduct for Management Committee Members and Owners' Corporation Staff**

### **Introduction**

- (1) The Management Committee (MC), of the Owners' Corporation (OC), is committed to manage the building with integrity, honesty and fairness. The OC has thus passed a resolution that all its agents including members of the MC and the sub-committees and employees should observe this Code when conducting business for the OC.

### **Prevention of Bribery Ordinance**

- (2) Any agent of the OC soliciting or accepting an advantage in connection with his work for the OC without the permission of the OC will commit an offence under Section 9(1) and the offeror of the advantage will commit an offence under Section 9(2) of the Prevention of Bribery Ordinance (POBO) (Cap 201). The term "advantage", as defined in the Ordinance includes money, gift, loan, fee, reward, employment, contract, service and favour but does not include entertainment which is the provision of food or drink for consumption on the occasion.
- (3) Any agent of the OC using any false documents, records, accounts or receipts with the intent to deceive the OC will commit an offence under Section 9(3) of the POBO.

### **Acceptance of Advantage**

- (4) The OC has passed a resolution that agents of the OC are not allowed to solicit or accept any advantage in relation to the business of the OC, unless with the prior permission of the OC in writing. Examples include MC members not to accept gifts from contractors and caretakers not to solicit tips from owners and tenants.

### **Entertainment**

- (5) Although entertainment is not an advantage and is an acceptable form of social and business activity, agents of the OC should avoid accepting lavish or frequent entertainment from business associates of the OC (e.g. contractors or sub-contractors) so as not to put themselves in a position of obligation or affect their judgement. Excessive gambling and loans should also be avoided.

## Conflict of Interest

- (6) A conflict of interest arises when the private interest of an agent of the OC competes or conflicts with the interest of the OC. Private interest includes both the financial and personal interest of the agent and those of his connections. Connections include his family members, relatives and close personal friends.
- (7) Agents of the OC should avoid any situation which may lead to an actual or perceived conflict of interest and make a declaration to the MC or the OC when such a situation arises. Examples include an MC member holding the shares of a contractor bidding for the OC's contract, and a caretaker being a relative of his supervisor. Failing to declare or avoid conflict of interest may give rise to criticism of favouritism, abuse of authority or even allegation of corruption.

## Handling Confidential Information and Accounts

- (8) Agents of the OC should not disclose any confidential information (e.g. tender price, personal data etc.) of the OC without authorization and should take the necessary measures to protect such information from being abused or misused.
- (9) Agents should ensure the documents, accounts and receipts submitted to the OC are true and accurate.

## Compliance with Code of Conduct

- (10) It is the responsibility of the agents of the OC to understand and comply with this Code. The OC will ensure agents fully understand and observe the requirements and standards laid down in the Code.
- (11) Agents of the OC who is in breach of the code of conduct may be dismissed or removed from office by resolution of the OC. In case of suspected corruption or other criminal offences, a report will be made to the ICAC or the appropriate authorities.
- (12) Any enquiries or complaints on possible breaches of this Code should be directed to the Chairman or the MC of the OC.

## **Annex 7**

### **Corruption Prevention Advisory Service**

The **Corruption Prevention Advisory Service (CPAS)** of the Corruption Prevention Department, ICAC provides consultancy service to private organizations, e.g. owners' corporations, property management companies, consultants and contractors, assisting them in improving management systems, adopting best practices and control measures, and drawing up a code of conduct to prevent abuse and corruption.

Every year, CPAS provides tailor-made advice to over 300 private organizations on a wide spectrum of systems, such as procurement, store management, sales and accounting, staff administration, works related contract letting and management, etc.

- Our service is :
  - Free of charge
  - Tailor-made to suit the organization's needs
- All information is handled with strict confidence
- We pledge to respond to your request within two working days.

**To seek our service, please contact:**

Hotline:	2526 6363
Fax:	2522 0505
Email:	<a href="mailto:cpas@cpd.icac.org.hk">cpas@cpd.icac.org.hk</a>
Website:	<a href="https://cpas.icac.hk">https://cpas.icac.hk</a>



# **Annex 8**

## ***Instruments of Proxy Set Out under the Building Management Ordinance***

### FORM 1

#### INSTRUMENT OF PROXY FOR MEETINGS OF OWNERS

Meeting of the owners of .....  
(description of building)

I / We, ..... (name(s) of owner(s)), being  
the owner(s) of ..... (unit and address of  
building), hereby appoint ..... (name of proxy) \*[or failing  
him ..... (name of alternative proxy)], as my / our proxy to attend and vote  
on my / our behalf at the meeting of the owners of the building described above, to be held on the  
..... day of ..... \*[and at any adjournment thereof].

Dated this day of .

(Signature of owner(s))

\*Delete where inapplicable.

FORM 2

INSTRUMENT OF PROXY FOR MEETINGS OF CORPORATION

The Incorporated Owners of .....  
(description of building)

I / We, ..... (name(s) of owner(s)), being the owner(s)

of ..... (unit and address of

building), hereby appoint ..... (name of proxy) \*[or failing

him ..... (name of alternative proxy)], as my / our

proxy to attend and vote on my / our behalf at the [\*general meeting / annual general meeting]

of The Incorporated Owners of ..... (description of

building), to be held on the ..... day of .....

\*[and at any adjournment thereof].

Dated this day of .

(Signature of owner(s))

\*Delete where inapplicable.

# Annex 9

## Explanatory Notes on Appointment of Proxy

Owners' Corporation of XXX Building  
Explanatory Notes on Appointment of Proxy  
(Attach to the Instrument of Proxy)

Date, time and venue of the Owners' Corporation (OC)'s meeting: \_\_\_\_\_

### Important Notes to Owners on Appointment of Proxy

- (a) The voting right is an important right derived from your ownership of the property.
- (b) Your vote will determine
  - the appointment or removal of the Management Committee (MC) members and the Manager who are the key persons in the management of the building; and / or
  - the actions on important building management matters some of which may have significant financial implications and commitment to the owners.
- (c) You are strongly encouraged to **attend the meeting in person** and vote on the resolutions.
- (d) If you cannot attend the meeting, you should only appoint the **person you trust** as your proxy to attend the meeting and vote on your behalf.
- (e) When appointing your proxy, you should immediately fill in the names of the proxy and the alternate proxy (*Note: If you have no alternate proxy, you should cross out the space for alternate proxy*) and the meeting date on the proxy instrument, and **DO NOT give out any blank proxy instrument with your signature on it.**
- (f) You should as far as possible personally lodge the instrument of proxy with the MC Secretary at least 48 hours before the time of the meeting and if you give the instrument to your proxy, remind him / her to do the same. **Avoid giving the instrument of proxy to a third party.**
- (g) Although not a statutory requirement under the Building Management Ordinance, you may consider instructing your proxy on the vote to be cast on each resolution to be passed at the meeting. (Please note this is only an agreement between you and your proxy. The vote actually cast is determined by the proxy and becomes irrevocable once cast and the voting result will stand even if your proxy has not cast the vote according to your instruction. The OC, MC or Manager has no obligation and rights to check or enforce your voting instructions on your behalf). Your voting instructions can be given in a separate sheet as follows:

Resolutions	For	Against	Abstain	Proxy to decide
*Item 1. xxxxx (to be filled in by the MC)	<input type="checkbox"/> **	<input type="checkbox"/> **	<input type="checkbox"/> **	<input type="checkbox"/> **
*Item 2. xxxxx (to be filled in by the MC)	<input type="checkbox"/> **	<input type="checkbox"/> **	<input type="checkbox"/> **	<input type="checkbox"/> **

\*You may wish to note the financial implications on the implementation of the following resolutions:

Item 1: \$ (estimated financial commitment, if any, to be filled in by the MC)

Item 2: \$ (estimated financial commitment, if any, to be filled in by the MC)

\*\*You should clearly indicate your voting instructions by ticking the appropriate boxes.

- (h) You should always watch out for any appointment of proxy under your flat number but without your authorization by checking the list of proxies to be displayed at a prominent location of the meeting place.

# Annex 10

## Sample Voting Forms

### (A) – Sample Voting Form for the Election of Management Committee Members

Voting Share under the DMC (if any) ; \_\_\_\_\_ <sup>1</sup>

Undivided Share: \_\_\_\_\_ <sup>1</sup>

\_\_\_\_\_

**[Name of Owners' Corporation]**

Owners' Corporation Meeting on \_\_\_\_\_ [date]  
Election of Members of  
the Management Committee for \_\_\_\_\_ [year]

Please insert a ✓ inside the  to indicate your choice.

Candidate <sup>2</sup>	Vote	Candidate <sup>2</sup>	Vote
_____	<input type="checkbox"/>	_____	<input type="checkbox"/>
_____	<input type="checkbox"/>	_____	<input type="checkbox"/>
_____	<input type="checkbox"/>	_____	<input type="checkbox"/>
_____	<input type="checkbox"/>	_____	<input type="checkbox"/>
_____	<input type="checkbox"/>	_____	<input type="checkbox"/>
_____	<input type="checkbox"/>	_____	<input type="checkbox"/>
_____	<input type="checkbox"/>	_____	<input type="checkbox"/>
_____	<input type="checkbox"/>	_____	<input type="checkbox"/>
_____	<input type="checkbox"/>	_____	<input type="checkbox"/>
_____	<input type="checkbox"/>	_____	<input type="checkbox"/>

Number of MC members to be elected<sup>3</sup> : \_\_\_\_\_

Note:

A voting form will be treated as invalid if no choice or the number of choices is more than the number of MC members to be elected.

Notes on using the Sample Voting Form for the Election of Management Committee Members

1. The MC should use different colour voting forms for different types of units and fill in the number of voting shares under the DMC (if any) or undivided shares of each type of units.
2. The MC should fill in the name of the candidate, if known.
3. The MC should fill in the number of MC members to be elected.
4. The voting form should incorporate **security features** such as stamping with the OC's chop, bar coding, etc.

## (B) – Sample Voting Form for the Election of Office Bearers of Management Committee

Voting Share under the DMC (if any) ; \_\_\_\_\_<sup>1</sup>

Undivided Share: \_\_\_\_\_<sup>1</sup>

\_\_\_\_\_

**[Name of Owners' Corporation]**

Owners' Corporation Meeting on \_\_\_\_\_ [date]  
Election of Chairman / Secretary / Treasurer<sup>2</sup> of the  
Management Committee for \_\_\_\_\_ [year]

Please insert a √ inside the  to indicate your choice.

Candidate <sup>3</sup>	Vote	Candidate <sup>3</sup>	Vote
_____	<input type="checkbox"/>	_____	<input type="checkbox"/>
_____	<input type="checkbox"/>	_____	<input type="checkbox"/>
_____	<input type="checkbox"/>	_____	<input type="checkbox"/>
_____	<input type="checkbox"/>	_____	<input type="checkbox"/>
_____	<input type="checkbox"/>	_____	<input type="checkbox"/>

**Note:**

A voting form will be treated as invalid if no choice or more than one choice is selected.

Notes on using the Sample Voting Form for the Election of Office Bearers of Management Committee

1. The MC should use different colour voting forms for different types of units and fill in the number of voting shares under the DMC (if any) or undivided shares of each type of units.
2. Delete as appropriate - one voting form is used for each election of the Chairman, the Secretary and the Treasurer.
3. The MC should fill in the name of the candidate, if known.
4. The voting form should incorporate **security features** such as stamping with the OC's chop, bar coding, etc.

## (C) – Sample Voting Form for Selection of Contractor

Voting Share under the DMC (if any) ; \_\_\_\_\_ 1

Undivided Share: \_\_\_\_\_ 1

\_\_\_\_\_

**[Name of Owners' Corporation]**

Owners' Corporation Meeting on \_\_\_\_\_ [date]  
 Selection of Contractor for the Provision of  
 \_\_\_\_\_ [type of goods / service]

Please insert a ✓ inside the  to indicate your choice.

No.	Tenderer <sup>2</sup>	
1		<input type="checkbox"/>
2		<input type="checkbox"/>
3		<input type="checkbox"/>
4		<input type="checkbox"/>

**Note:**

A voting form will be treated as invalid if no choice or more than one choice is selected.

### Notes on using the Sample Voting Form for Selection of Contractor

1. The MC should use different colour voting forms for different types of units and fill in the number of voting shares under the DMC (if any) or undivided shares of each type of units.
2. The MC should fill in the name of the tenderer.
3. The voting form should incorporate **security features** such as stamping with the OC's chop, bar coding, etc.

## (D) – Sample Voting Form for Individual Agenda Item

Voting Share under the DMC (if any) ; _____	1
Undivided Share: _____	1

\_\_\_\_\_  
**[Name of Owners' Corporation]**

Owners' Corporation Meeting on \_\_\_\_\_ [date]  
Voting Form

Agenda Item \_\_\_\_\_ - \_\_\_\_\_  
[Description of Motion]

Please insert a √ inside the  to indicate your choice.

Choice	
For the motion	<input type="checkbox"/>
Against the motion	<input type="checkbox"/>

Note:

A voting form will be treated as invalid if no choice or more than one choice is selected.

### Notes on using the Sample Voting Form for Individual Agenda Item

1. The MC should use different colour voting forms for different types of units and fill in the number of voting shares under the DMC (if any) or undivided shares of each type of units.
2. The voting form should incorporate **security features** such as stamping with the OC's chop, bar coding, etc.



## Annex 11 – Sample Vote Counting Records

- (a) Sample Vote Counting Record for the Election of Chairman / Secretary / Treasurer of the Management Committee

\_\_\_\_\_ [Name of Owners' Corporation]

Owners' Corporation Meeting on \_\_\_\_\_ [date]

Election of Chairman / Secretary / Treasurer\*  
of the Management Committee for \_\_\_\_\_ [year]

### Vote Counting Record

Candidates	Votes obtained (i.e. number of voting shares)
	.....(A)
	.....(B)
	.....(C)
	.....(D)
	.....(E)
Total: (A)+(B)+(C)+(D)+(E)	.....(F)

Types of units of the building	I	II	III	IV	V	VI	
Number of voting shares allocated to each type of units.....(a)							Total
Number of voting forms issued.....(b)							
Number of voting shares carried by voting forms issued .....(c) = (a) x (b)							Note 1
Number of valid voting forms received .....(d)							
Number of voting shares carried by the valid voting forms received.....(e) = (a) x (d)							Note 2

Number of invalid voting forms received							
---	--	--	--	--	--	--	--

Note 1: The total number of voting shares obtained by all candidates (F) has been checked and found to be not exceeding the total number of voting shares carried by the voting forms issued (c).

Note 2: The total number of voting shares obtained by all candidates (F) has been checked and found to be matching the total number of voting shares carried by valid voting forms received (e).

Note 3: The number of voting shares shall be in the manner provided in the DMC, and if there is no such provision, the number of undivided shares.

The above records and checks are certified as true and correct by:

\_\_\_\_\_  
( )  
Chairman / Convener  
Date: \_\_\_\_\_

\_\_\_\_\_  
( Witness )  
Date: \_\_\_\_\_

\_\_\_\_\_  
( Witness )  
Date: \_\_\_\_\_

\* Delete as appropriate. Use a separate form for the election of Chairman, Secretary or Treasurer.

b) Sample Vote Counting Record for the Election of Management Committee Members  
 \_\_\_\_\_ [Name of Owners' Corporation]

Owners' Corporation Meeting on \_\_\_\_\_ [date]

Election of Members of the Management Committee for \_\_\_\_\_ [[year]

**Vote Counting Record**

Candidates	Votes obtained (i.e. number of voting shares)	Candidates	Votes obtained (i.e. number of voting shares)
	.....(A)		.....(K)
	.....(B)		.....(L)
	.....(C)		.....(M)
	.....(D)		.....(N)
	.....(E)		.....(O)
	.....(F)		.....(P)
	.....(G)		.....(Q)
	.....(H)		.....(R)
	.....(I)		.....(S)
	.....(J)		.....(T)

Total voting shares obtained by all candidates [Total of (A) to (T)]: \_\_\_\_\_.....(U)

Types of units of the building	I	II	III	IV	V	VI	
Number of voting shares allocated to each type of units.....(a)							Total
Number of voting forms issued.....(b)							
Number of voting shares carried by voting forms issued .....(c) = (a) x (b)							....(d)

Number of members to be elected: \_\_\_\_\_.....(e)

Maximum voting shares carried by voting forms issued [(f) = (d) x (e)] : \_\_\_\_\_ <sup>Note 1</sup>

Number of valid voting forms received: \_\_\_\_\_

Number of invalid voting forms received: \_\_\_\_\_

Note 1: The total number of voting shares obtained by all candidates (U) has been checked and found to be not exceeding the maximum voting shares carried by the voting forms issued (f).

Note 2: The number of voting shares shall be in the manner provided in the DMC, and if there is no such provision, the number of undivided shares.

The above records and checks are certified as true and correct by:

\_\_\_\_\_  
 ( )  
 Chairman / Convener  
 Date: \_\_\_\_\_

\_\_\_\_\_  
 ( )  
 Witness  
 Date: \_\_\_\_\_

\_\_\_\_\_  
 ( )  
 Witness  
 Date: \_\_\_\_\_

(c) Sample Vote Counting Record for the Selection of Contractor

\_\_\_\_\_ [Name of Owners' Corporation]

Owners' Corporation Meeting on \_\_\_\_\_ [date]

Selection of Contractor for the Provision of \_\_\_\_\_  
[type of goods / service]

**Vote Counting Record**

Tenderers	Votes obtained (i.e. number of voting shares)
	.....(A)
	.....(B)
	.....(C)
Total: (A)+(B)+(C)	.....(D)

Types of units of the building	I	II	III	IV	V	VI	
Number of voting shares allocated to each type of units.....(a)							Total
Number of voting forms issued.....(b)							
Number of voting shares carried by voting forms issued .....(c) = (a) x (b)							Note 1
Number of valid voting forms received .....(d)							
Number of voting shares carried by the valid voting forms received.....(e) = (a) x (d)							Note 2

Number of invalid voting forms received							
---	--	--	--	--	--	--	--

Note 1: The total number of voting shares obtained by all tenderers (D) has been checked and found to be not exceeding the total number of voting shares carried by the voting forms issued (c).

Note 2: The total number of voting shares obtained by all tenderers (D) has been checked and found to be matching the total number of voting shares carried by valid voting forms received (e).

Note 3: The number of voting shares shall be in the manner provided in the DMC, and if there is no such provision, the number of undivided shares.

The above records and checks are certified as true and correct by:

\_\_\_\_\_  
( )  
Chairman / Convener  
Date: \_\_\_\_\_

\_\_\_\_\_  
( Witness )  
Date: \_\_\_\_\_

\_\_\_\_\_  
( Witness )  
Date: \_\_\_\_\_

(d) Sample Vote Counting Record for Individual Agenda Item

\_\_\_\_\_ [Name of Owners' Corporation]

Owners' Corporation Meeting on \_\_\_\_\_ [date]

Agenda Item \_\_\_\_\_ - \_\_\_\_\_ [motion]

**Vote Counting Record**

_____ [motion]	Votes obtained (i.e. number of voting shares)
For the motion	.....(A)
Against the motion	.....(B)
Total [(C) = (A) +(B)]	.....(C)

Types of units of the building	I	II	III	IV	V	VI	
Number of voting shares allocated to each type of units.....(a)							Total
Number of voting forms issued.....(b)							
Number of voting shares carried by voting forms issued .....(c) = (a) x (b)							Note 1
Number of valid voting forms received .....(d)							
Number of voting shares carried by the valid voting forms received.....(e) = (a) x (d)							Note 2

Number of invalid voting forms received							
---	--	--	--	--	--	--	--

Note 1: The total number of voting shares (C) has been checked and found to be not exceeding the total number of voting shares carried by the voting forms issued (c).

Note 2: The total number of voting shares (C) has been checked and found to be matching the total number of voting shares carried by valid voting forms received (e).

Note 3: The number of voting shares shall be in the manner provided in the DMC, and if there is no such provision, the number of undivided shares.

The above records and checks are certified as true and correct by:

\_\_\_\_\_  
( )  
Chairman / Convener  
Date: \_\_\_\_\_

\_\_\_\_\_  
( Witness )  
Date: \_\_\_\_\_

\_\_\_\_\_  
( Witness )  
Date: \_\_\_\_\_

# **Annex 12**

## **Code of Practice on Procurement of Supplies, Goods and Services (Revised Version)**

### **1.0 INTRODUCTION**

- 1.1 This Code of Practice on Procurement of Supplies, Goods & Services (Code of Practice) is issued by the Secretary for Home Affairs, as the Authority under the Building Management Ordinance (Cap. 344) (BMO), under section 44(1)(a) of the Ordinance. This Code of Practice shall be read in conjunction with the relevant provisions in the BMO.
- 1.2 All owners' corporations (OCs) shall comply with this Code of Practice.
- 1.3 For buildings without an OC, pursuant to section 34E of the BMO, the provisions in Schedule 7 shall be impliedly incorporated into every Deed of Mutual Covenant (DMC) made before, on or after the material date as provided under section 34D of the BMO. The DMC manager or any other person who for the time being is, for the purposes of the DMC, managing the building, shall comply with Schedule 7 to the BMO and this Code of Practice in relation to the procurement of supplies, goods and services.
- 1.4 All OCs shall comply with section 20A of the BMO in relation to the procurement of supplies, goods and services. For the avoidance of doubt, all OCs shall comply with the requirements related to tendering in this Code of Practice if invitation to tender is required for the procurement of the supplies, goods or services under section 20A of and paragraph 5 of Schedule 7 to the BMO.

### **2.0 CODE OF CONDUCT**

- 2.1 A Management Committee (MC) shall conduct a tender exercise in an open and fair manner.
- 2.2 In the exercise of his powers and the performance of his duties under the BMO, a member of the MC shall not solicit or accept any advantage from any supplier or contractor in relation to the tender.
- 2.3 An agent<sup>1</sup> (including its employees) or employee of an OC is prohibited from soliciting or accepting any advantage arising from the performance of his duties. An agent or employee of an OC shall declare in writing any actual or potential conflict of interest arising from the performance of his duties in accordance with the guidelines issued by the Independent Commission Against Corruption (ICAC)<sup>2</sup>.

1 For the purposes of this section, a manager or other professional trade or business firm or person retained and remunerated by the corporation and to carry out any of the duties or powers of the corporation under the BMO or the DMC (if any) pursuant to section 18(2)(c) of the BMO would be regarded as an agent.

2 The guidelines in the Building Management Toolkit issued by the ICAC are accessible via the following link: [http://www.bm.icac.hk/en/education\\_and\\_publicity\\_materials/education\\_and\\_publicity\\_materials.aspx](http://www.bm.icac.hk/en/education_and_publicity_materials/education_and_publicity_materials.aspx)

- 2.4 An agent (including its employees) or employee of an OC should declare in writing whether he has any actual, potential or perceived conflict of interest at the start of preparation or deliberation of tender documents or as soon as he becomes aware of a potential conflict.
- 2.5 An agent (including its employees) or employee of an OC should take steps to avoid any conflict of interest with any prospective tenderer or tenderer by not putting himself in a position of obligation towards any of them, for example, by not accepting any favour or lavish or excessive entertainment, and not over-socialising with any of them.
- 2.6 A member of the MC shall disclose in writing to the MC any personal, business or pecuniary interest or any other relationship that he may have with the DMC Manager, Property Management Company, consultants or professional service providers for the OC, or in any of the tenders to be considered by the MC or the OC. An MC member who has indicated a personal, business or pecuniary interest in the tender shall withdraw from the meeting during the discussion concerned and abstain from voting on the selection of such tender at an MC meeting.
- 2.7 The DMC Manager or the Property Management Company (if any) and its employees shall be required to disclose in writing to the MC any personal, business or pecuniary interest that he may have with any MC member, consultants or professional service providers for the OC, or in any of the tenders to be considered by the MC or the OC. The DMC Manager or the Property Management Company (if any) and its employees who have indicated a personal, business or pecuniary interest in the tender shall refrain from participating in any tender assessment or negotiation.
- 2.8 Any declaration by a member of an MC/an agent (including its employees) or employee of an OC should be recorded in the minutes of relevant MC meetings or as part of the tender documents and should be kept for at least six years.

### **3.0 PREPARATION OF INVITATION TO TENDER**

- 3.1 The MC shall prepare an invitation to tender setting out the types of supplies, goods or services required, the respective estimated costs, the period open for tender and other terms and conditions of the relevant contract. A copy of the invitation to tender shall be displayed in a prominent place in the building.
- 3.2 MCs are advised to as far as practicable, having regard to the nature of the procurement, adopt open tendering, such as putting advertisements on newspapers, to enhance tender competition and minimise the risks of tender collusion.
- 3.3 The MC shall prepare an invitation to tender setting out the types of supplies, goods or services required, the respective estimated costs, the period open for tender and other terms and conditions of the relevant contract. A copy of the invitation to tender shall be displayed in a prominent place in the building.
- 3.4 The closing date and time for acceptance of tenders shall be clearly stated in the invitation to tender. Late submissions shall not be accepted.
- 3.5 MCs are advised to build in probity and anti-collusion clauses in the related tender documents. MCs may refer to the Building Management Toolkit<sup>3</sup> issued by the ICAC for the sample probity and anti-collusion clauses.

<sup>3</sup> The Building Management Toolkit can be accessed via the following link:  
[http://www.bm.icac.hk/en/education\\_and\\_publicity\\_materials/education\\_and\\_publicity\\_materials.aspx](http://www.bm.icac.hk/en/education_and_publicity_materials/education_and_publicity_materials.aspx)

3.6 If the tendering exercises involve mandatory works as stipulated in relevant statutory notice(s), order(s) or direction(s) issued by relevant government department(s) or authority(ies) (collectively referred to as government repair orders), such information should be made available to the owners –

(a) before the invitation to tender is prepared (e.g. posting the government repair orders in a conspicuous place of the building when received; making available a copy of the government repair orders at the management office for inspection by the owners); and

(b) before the resolution concerned is put to vote (e.g. attaching a copy of the government repair orders to the notice of meeting at which the tender is to be approved),

so as to facilitate the MC members / owners in understanding and making a well informed decision on the scope of the procurement.

#### **4.0 NUMBER OF TENDERS TO BE INVITED**

4.1 Where tender is required pursuant to section 20A of or paragraph 5 of Schedule 7 to the BMO, the minimum number of tenders to be invited shall be as follows –

(a) three in the case of a contract for the procurement of supplies, goods or services the value of which exceeds \$10,000 but does not exceed \$200,000; or

(b) five in the case of a contract for the procurement of supplies, goods or services the value of which exceeds \$200,000.

4.2 Where the number of valid tenders obtained is fewer than the number of tenders stipulated above, the MC shall pass a resolution to accept or reject the tender exercise.

#### **5.0 COLLECTION AND OPENING OF TENDERS**

5.1 A tender shall be in writing and be sealed and deposited in a strong double locked box marked “Tender-Box (投標箱)” provided for that purpose only and such box shall be securely located in a prominent place in the building. The two keys of the tender-box are to be separately kept by the chairman, secretary or treasurer.

5.2 Where it is impracticable or difficult to comply with the requirement under paragraph 5.1 above, the OC may, by a resolution passed at a general meeting of the OC, accept tenders handed in or sent by post to the registered office of the OC or to a specific venue as resolved at a general meeting. The tenders shall be properly acknowledged and kept safely.

5.3 All tenders shall be opened at the same time in the presence of at least three members of the MC who shall countersign and date each of the tenders.

5.4 Notwithstanding the requirements set out in this section, where any procurement of supplies, goods and services by an OC is conducted under any Rehabilitation Schemes operated by the Urban Renewal Authority (URA)<sup>4</sup> the OC should comply with all relevant rules, guidelines and/or requirements relating to the conduct of the tender exercise adopted in such service/scheme instead.

<sup>4</sup> The Rehabilitation Schemes operated by the URA may be referred to via the following link: <https://www.ura.org.hk/>

## 6.0 CONSIDERATION AND DECISION ON ACCEPTANCE OF TENDERS<sup>5</sup>

- 6.1 For procurement of supplies, goods and services whose value does not exceed the sum stipulated in section 20A(2)(b) of the BMO, all tenders received shall be submitted to the MC for decision on acceptance at a meeting of the MC.
- 6.2 A tender which requires approval from a general meeting of the OC must be passed by majority votes. Where there are more than two alternatives and no option receives majority votes in the first round of voting, the general meeting of the OC will have to conduct a second round of voting in order to comply with the majority requirement. Some plausible methods of voting are –
- (a) Progressive elimination – After the first round of voting, the general meeting of the OC may eliminate the option with the least number of votes and then carry out the second round of voting. If there is no option which receives majority votes, another round of voting will be carried out, with one more option being eliminated. If this goes on, only two options will be left in the final round of voting. Either one of the options will receive majority votes;
  - (b) Short-listing – After the first round of voting, the general meeting of the OC may short-list the two options which gain the greatest number of votes for a second round of voting. This also means that the ultimate choice fulfils the majority requirement;
  - (c) Confirmation – A second round of voting could be carried out to confirm the option which has attained the greatest number of votes in the first round. This also ensures that majority votes are achieved.
- 6.3 After approving the award of consultancy agreement/works contract, MCs are advised to notify all tenderers, property owners and occupants in writing of the tender result.

## 7.0 KEEPING AND INSPECTION OF DOCUMENTS RELATING TO THE TENDER PROCESS<sup>6</sup>

- 7.1 The MC shall permit the Authority, the tenants' representative, an owner, a registered mortgagee or any other person authorised in writing by an owner or a registered mortgagee to inspect all tender documents, copies of contracts, accounts and invoices and any other documents in the possession of the OC and relating to the procurement of supplies, goods and services at any reasonable time. The MC shall on the payment of a reasonable charge, supply copies of the relevant documents.
- 7.2 The documents referred to in paragraph 7.1 shall contain sufficient information to enable the person doing inspection to calculate the financial liability (including any future financial liability) of the OC at the time of inspection.

<sup>5</sup> Please also refer to section 20A of and paragraph 5 of Schedule 7 to the BMO.

<sup>6</sup> Please also refer to section 20A of the BMO.



## 8.0 TIMING OF SIGNING CONTRACTS

- 8.1 To reduce possible disputes arising from the signing of contracts between OCs and suppliers/contractors within a very short period of time after the passing of resolutions on certain major projects, for tenders whose value exceeds 20% of the annual budget of the OC, the OC concerned should consider, having regard to the circumstances of the case, signing the contract with suppliers/contractors at least one month after the passing of the relevant resolution at a general meeting of the OC.

# Annex 12A

## Sample Form for Declaration of Conflict of Interest (for use in tender)

### Part A – Declaration of Conflict of Interest

To: Chairman / Secretary of the Management Committee\* (MC) #

I / we, (name of the person / body corporate making the declaration)<sup>Note 1</sup>, with the following responsibilities / duties in the tender:

\_\_\_\_\_ *(brief description of my / our work)*

- confirm that I / we do not have conflict of interest, whether actual, potential or perceived one, in the tender under consideration; and undertake to declare so as soon as I / we become aware of such a conflict.
- would like to declare the following conflict of interest situation (e.g. a MC member engages a bidder of the tender to renovate his flat, a bidder of the tender is a subsidiary of the Property Manager Company<sup>Note 2</sup>):

(a) Persons / companies with whom / which I have official dealings

\_\_\_\_\_

(b) My relationship with the persons / companies (e.g. relative)

\_\_\_\_\_

(c) Relationship of the persons / companies with the OC (e.g. supplier)

\_\_\_\_\_

Signature: \_\_\_\_\_

Position and Name: \_\_\_\_\_

Company Name (if applicable): \_\_\_\_\_

Date: \_\_\_\_\_

(\* For a declaration made by the Chairman of the MC, it should be addressed to the Secretary of the MC.)

## Part B – Record of Resolution of the MC

With respect to the above declaration, the MC passed the following resolution: #

- (name of the person / body corporate making the declaration)* may continue to handle the work as described in Part A, provided that there is no change in the information declared above.
- (name of the person / body corporate making the declaration)* should be restricted in the work as described in Part A, details as follows (*more than one option could be selected*):
- withdraw from the MC meeting during the discussion concerned
  - abstain from voting on the selection of such tender
  - refrain from participating in any tender assessment or negotiation
  - others (please specify) \_\_\_\_\_

The justification(s) for the resolution above is / are:

\_\_\_\_\_

\_\_\_\_\_

Secretary: \_\_\_\_\_ Chairman: \_\_\_\_\_

Signature: \_\_\_\_\_ Signature: \_\_\_\_\_

Date of Meeting: \_\_\_\_\_

*(# Tick as appropriate)*

*Note 1: This form should be completed by the members of the MC and the agents / employees of the Owners' Corporation (e.g. the Deed of Mutual Covenant Manager / the Property Management Company and its employees)*

*Note 2: More examples of conflict of interest situation could be found in section 1.5.5 of the Building Management Toolkit; section 1.4 of the Building Financial Management Toolkit; and section 1.5.2 of the Building Maintenance Toolkit*

# Annex 13

## Sample Petty Cash Voucher

The petty cash holder uses a Petty Cash Voucher to record checking and payment of petty cash expenditures.

The Petty Cash Voucher is in a set of two copies :

- the original copy attached to the Petty Cash Replenishment Form with supporting documents
- a copy filed in sequential order by the petty cash holder

<b>PETTY CASH VOUCHER</b>		
The Owners' Corporation of XXX Building		
		No. _____
		Date : _____
<b>Particulars</b>	<b>Account Code</b>	<b>Amount HK\$</b>
	<b>TOTAL</b>	

Received the sum of \_\_\_\_\_  
 Dollars HK\$ \_\_\_\_\_  
 For \_\_\_\_\_  
 \_\_\_\_\_

Approved by  
(name and signature)
Received By  
(name and signature)





# Annex 16

## Sample Quotation Invitation Document (for goods)

The Owners' Corporation of XXX Building

To: {Name of Supplier, Address and Fax Number}

Quotation Ref.: \_\_\_\_\_

Quotation Issue Date: \_\_\_\_\_

Quotation Closing Date: \_\_\_\_\_

Description of Goods and Quantity Required: \_\_\_\_\_

Notes to Suppliers (If any): \_\_\_\_\_

### Terms of Quotation

1. Suppliers are invited to fill in the attached quotation form and submit it in a sealed envelope marked with the quotation reference to {please fill in the address of the Owners' Corporation (OC)} or send it by fax to fax no. \_\_\_\_\_ for the attention of {please fill in the name of Management Committee (MC) member / staff responsible for the purchase}.
2. Quotations must be submitted or faxed in on or before the quotation closing date as shown above. Quotations received after the closing date will not be considered.
3. Any amendments to the rates offered or description given must be signed by the person who signed the quotation.
4. The suppliers or their staff shall not offer any advantage as defined in the Prevention of Bribery Ordinance to any MC members, OC staff or the Manager (if one is employed by the OC for building management) in connection with this quotation exercise or the supply of goods in question. If the suppliers or their staff are found to have offered any advantage to any MC members, OC staff or the Manager (if one is employed by the OC for building management), or committed an offence under the Prevention of Bribery Ordinance in connection with this quotation exercise, the OC may, without affecting the suppliers' liability for such act, invalidate the suppliers' quotations, or terminate the contract concerned without entitling the suppliers to any compensation.

---

Signature, Name and Post of MC member or Staff\*  
Owners' Corporation of XXX Building

\*Delete as appropriate

# Sample Quotation Form (for goods)

## I. Supplier's Information

Company Name: \_\_\_\_\_

Address: \_\_\_\_\_

Contact Person: \_\_\_\_\_ Tel. No. \_\_\_\_\_

## II. Quotation Details

Description of Goods	
Quantity	
Manufacturer / Origin	
Unit Cost	
Total Cost including Delivery	
Delivery Schedule	
Payment Terms	
Warranty and After-sale Service	
Other Terms and Conditions	

I / We, the undersigned, hereby agree to supply all or any portion of the goods at the price and under the terms and conditions shown above, subject to and in accordance with the Terms of Quotation shown in this Invitation Document.

\_\_\_\_\_  
Authorized Signature, Name, Post and Company Chop



## Sample Quotation Invitation Document (for services)

The Owners' Corporation of XXX Building

To: {Name of Service Provider, Address and Fax Number}

Quotation Ref.: \_\_\_\_\_

Quotation Issue Date: \_\_\_\_\_

Quotation Closing Date: \_\_\_\_\_

Description of Service Requirements, e.g.

- (a) schedule of service
- (b) quality and standard of service required
- (c) manpower required
- (d) materials to be provided by the service provider for carrying out the service
- (e) other requirements
- (f) period of service required

Notes to Bidders (If any): \_\_\_\_\_

## Terms of Quotation

1. Service providers are invited to fill in the attached quotation form and submit it in a sealed envelope marked with the quotation reference to *{please fill in the address of the OC}* or send it by fax to fax no. \_\_\_\_\_ for the attention of *{please fill in the name of MC member / staff responsible for the purchase}*.
2. Quotations must be submitted or faxed in on or before the quotation closing date as shown above. Quotations received after the closing date will not be considered.
3. Any amendments to the rates offered or description given must be signed by the person who signed the quotation.
4. The service provider or their staff shall not offer any advantage as defined in the Prevention of Bribery Ordinance to any MC members, OC staff or the Manager (if one is employed by the OC for building management) in connection with this quotation exercise or the provision of services in question. If the service providers or their staff are found to have offered any advantage to any MC members, OC staff or the Manager (if one is employed by the OC for building management), or committed an offence under the Prevention of Bribery Ordinance in connection with this quotation exercise, the OC may, without affecting the service providers' liability for such act, invalidate the service providers' quotations, or terminate the contract concerned without entitling the service providers to any compensation.

---

Signature, Name and Post of MC member or Staff\*  
Owners' Corporation of XXX Building

\*Delete as appropriate

## Sample Quotation Form (for services)

### I. Service Provider's Information

Company Name: \_\_\_\_\_

Address: \_\_\_\_\_

Contact Person: \_\_\_\_\_ Tel. No. \_\_\_\_\_

### II. Quotation Details

(a) Schedule of service	
(b) Quality and standard of service to be provided	
(c) Manpower to be provided	
(d) Materials to be provided for carrying out the service	
(e) Other services	
(f) Period of service	
Unit Price	
Total Price	
Payment Terms	
Warranty of service	
Others Terms and Conditions	

I / We, the undersigned, hereby agree to provide all or any portion of the service at the price and under the terms and conditions shown above, subject to and in accordance with the Terms of Quotation shown in this Invitation Document.

\_\_\_\_\_  
Authorized Signature, Name, Post and Company Chop

# Annex 17

## Sample Press Advertisement for Invitation of Tenders

### Tender Notice for the Supply of [Type of goods / services]

Tenders are invited for provision of \_\_\_\_\_ [Type of goods / services] for \_\_\_\_\_ [Name and Address of Building]. Companies meeting the eligibility requirements below can contact \_\_\_\_\_ [Name & telephone number of the appointed Management Committee member or Owners' Corporation staff] from \_\_\_\_\_ (Date) to \_\_\_\_\_ (Date) (Working hours: \_\_\_\_\_ [Time]) for collection of the tender documents at \_\_\_\_\_ [Address].

Tenders should be sent and deposited into the Tender Box at \_\_\_\_\_ [Address] on or before \_\_\_\_\_ [Date & time].

### Eligibility Requirements

To be eligible for consideration of its tender, a tenderer should meet the following requirements:  
[list of requirements such as size of the company, past experience, job and client reference, etc.]

Owners' Corporation of [Name and Address of Building]

\_\_\_\_\_ [Date]

Important Note to Owners' Corporation:  
The press advertisement should not contain the name of the Manager or any other parties.

# Annex 18

## Sample Tender Invitation Letter

By Fax & By Post (Fax No.: \_\_\_\_\_ )

[Name and Address of Supplier / Service Provider]

[Date]

Our ref.:

Dear Sirs / Madams,

**Re: Invitation for Tender for the Provision of**

\_\_\_\_\_ [Type of Goods / Services] at  
\_\_\_\_\_ [Name and Address of Building]

We write on behalf of \_\_\_\_\_ [Name of the  
Owners' Corporation] (hereafter referred to as the Corporation) to invite you to submit a tender  
in relation to provision of \_\_\_\_\_ [Type of Goods / Services] for the subject  
building.

### **Goods / Services to be Provided**

The vendor is required to provide the following goods / services<sup>1</sup>. Please refer to Appendix 1<sup>2</sup> for the detailed specifications / schedule of services<sup>1</sup> of the goods / services<sup>1</sup>

Item	Description
1.	_____
2.	_____

### **Validity of Tender**

The tender shall be valid for at least 6 months from the date of the tender.

### *Eligibility Requirements<sup>1</sup> (for Services only)*

To be eligible for consideration of its tender, a tenderer should meet and submit proof of the requirements and documents as detailed at Appendix 2<sup>3</sup>:

### *Anti-Bribery and Anti-Collusion*

The tenderer shall abide by the probity requirements at Appendix 3<sup>4</sup>.

### *Submission of Tender*

Please submit the duly completed and signed Form of Tender (*Appendix 4*) and Declaration Form<sup>4</sup> (*attachment of Appendix 3*) in a sealed envelope marked conspicuously “Confidential – Tender Document for Provision of \_\_\_\_\_ [*Type of goods / services*] at \_\_\_\_\_ [*Name of Building*]” and send to the tender box at \_\_\_\_\_ [*Address of the Corporation for Return of Tender*] on or before \_\_\_\_\_ [*Time and Date for Return of Tender*]. **LATE**

**SUBMISSION WILL NOT BE CONSIDERED.**

Please note that it is the responsibility of the tenderer to study the specification and requirements before submitting the tender.

### *Site Visit<sup>1</sup> (for Services only)*

Should you require a site visit, please contact \_\_\_\_\_ [*Name*] at \_\_\_\_\_ [*Telephone Number*]. For any queries, please contact \_\_\_\_\_ [*Name*] at \_\_\_\_\_ [*Telephone Number*].

Yours faithfully,

For and on behalf of \_\_\_\_\_ [*Name of the Corporation*]

---

Chairman  
Owners' Corporation of XXX Building

Notes on use of the Sample Invitation Letter

1. Delete as appropriate.
2. Attach the specifications / schedule of services and as Appendix 1 to this letter.
3. Attach the list of documents and information required as Appendix 2 to this letter.
4. Attach the sample anti-bribery and anti-collusion clauses and declaration form (see Annex 5) as Appendix 3 to this letter.
5. Attach the Form of Tender (for Goods) or Form of Tender (for Services) as Appendix 4 to this letter.

## Sample List of Requirements and Documents to be Submitted (for Services) (Appendix 2 to the letter)

### *Mandatory Requirements*

1. A minimum number of \_\_\_\_\_ years experience providing the required service.
2. \_\_\_\_\_ [Other mandatory requirements deemed necessary by the Owners' Corporation]

### *Information on Company Organization and Documents to be Provided for Evaluation*

3. A chart showing the management structure of the company.
4. Directors and key management staff profile and curriculum vitae.
5. Number of professional staff (e.g. Hong Kong Institute of Housing, Hong Kong Institute of Surveyors for the appointment of a professional Manager of the building) and other technical and supporting staff.
6. List of associate firms / subsidiaries.
7. Audited company accounts (for the last two years).
8. Job and client reference for similar service for the last three years.
9. Copies of company registration documents, including Business Registration Certificate.
10. Quality assurance certification (e.g. ISO 9001) (if any).
11. Company Code of Conduct for Staff (if any).
12. Complaints handling procedures (if any) (for provision of cleaning service, security service, etc.).
13. Declaration of no litigation for the past five years issued by solicitor.

**Form of Tender (for Goods)  
(Appendix 4 to the letter)**

For the supply of

\_\_\_\_\_ [Description of goods](the Goods) to be  
delivered to \_\_\_\_\_. [Name and address of building]

To: The Owners' Corporation of \_\_\_\_\_ [Name and address of building](the Employer)

1. Having examined the terms and conditions stipulated in the Tender Invitation Letter and the contract documents (available for inspection at the Employer's address), I / We hereby offer to supply all or any portion of the Goods in conformity with the tender offer details below and the aforesaid mentioned terms and conditions for the sum of Hong Kong Dollars \_\_\_\_\_ only (HK\$ \_\_\_\_\_).

Tender Offer Details

Description of Goods	
Quantity	
Manufacturer / Origin	
Unit Cost	
Total Cost including Delivery	
Delivery Schedule	
Payment Terms	
Warranty and After-sale Service	
Other Terms and Conditions	

Note: Any amendments to the rates offered or description given must be signed by the person who signed this Form.

2. I / We agree to abide by this Tender for a period of \_\_\_\_\_ days from the date of submission thereof and that it may be accepted at any time before the expiry of that period.



3. I / We understand that the Employer is not bound to accept the lowest or any tender he may receive.

4. I / We agree to abide by the anti-bribery and anti-collusion clauses attached at Appendix 3 to the Tender Invitation Letter.

Name and Signature \_\_\_\_\_

in the capacity of \_\_\_\_\_

duly authorized to sign tender for and on behalf of

(Company Name and Chop) \_\_\_\_\_

Registered Address of Firm \_\_\_\_\_

Date \_\_\_\_\_

Witness (signature) \_\_\_\_\_

Name \_\_\_\_\_

Address \_\_\_\_\_

**Form of Tender (for Services)  
(Appendix 4 to the letter)**

For the provision of

\_\_\_\_\_ [Description of services] (the Services) at  
\_\_\_\_\_. [Name and address of building]

To: The Owners' Corporation of \_\_\_\_\_ [Name and address of building](the Employer)

- Having examined the terms and conditions stipulated in the Tender Invitation Letter and the contract documents (available for inspection at the Employer's address), I / We hereby offer to provide all or any portion of the Services in conformity with the tender offer details below and the aforesaid mentioned terms and conditions for the sum of Hong Kong Dollars \_\_\_\_\_ only (HK\$ \_\_\_\_\_).

**Tender Offer Details**

Description of Services	
Company Background, Management Structure and Experience*	
No. & Ranks of Professional Staff to be Deployed*	
Frequency of Service*	
Deliverables / Delivery Schedule*	
Client Reference*	
Cost	
Payment Terms	
Other Terms and Conditions	

Note: Any amendments to the rates offered or description given must be signed by the person who signed this Form.  
(\* To be modified or deleted to suit the Owners' Corporation needs)

- I / We agree to abide by this Tender for a period of \_\_\_\_\_ days from the date of submission thereof and that it may be accepted at any time before the expiry of that period.

3. I / We understand that the Employer is not bound to accept the lowest or any tender he may receive.
  
4. I / We agree to abide by the anti-bribery and anti-collusion clauses attached at Appendix 3 to the Tender Invitation Letter.

Name and Signature \_\_\_\_\_

in the capacity of \_\_\_\_\_

duly authorized to sign tender for and on behalf of

(Company Name and Chop) \_\_\_\_\_

Registered Address of Firm \_\_\_\_\_

Date \_\_\_\_\_

Witness (signature) \_\_\_\_\_

Name \_\_\_\_\_

Address \_\_\_\_\_

# Annex 19

## Sample Tender Opening Record

### The Owners' Corporation of XXX Building

Tenders for \_\_\_\_\_ have been invited and those received before the submission deadline were opened on [date and time]. A total of \_\_\_\_\_ tenders in respect of the above-mentioned contract were received. The tenderers' names and their respective tender prices are listed below :

Name of Tenderer	Tender Price
1. _____	_____
2. _____	_____
3. _____	_____
4. _____	_____
5. _____	_____

### Signature of Witness

Name and Post	Signature
1. _____	_____
2. _____	_____
3. _____	_____

Date: \_\_\_\_\_

# Annex 20

## Sample Tender Evaluation Report

\_\_\_\_\_ [Name of Building]

Provision of \_\_\_\_\_ [Type of Goods / Services]

### Tender Evaluation Report

#### Brief Description of Contract

\_\_\_\_\_  
[Give a brief description of the goods / services required]

#### Details of Invitation

Tender invitation method: \*Open tender / \*Selective tender. Invitations issued to \_\_\_\_\_  
\*suppliers / \*service providers

Tender invitation date: \_\_\_\_\_

Tender closing date: \_\_\_\_\_

Tender validity period: \_\_\_\_\_ days from \_\_\_\_\_

#### Tenders Received

Number of tenders received: \_\_\_\_\_

Details of tenders received:

Tenderers	Tendered Sums (lowest first)

\*Name of non-returning tenderers:

Tenderers	Reasons, if known

**Compliance with Tender Specifications**

Tenderers (in order of tendered sum)	Compliance with tender specifications	Details of any non-compliance
	*Yes / *No	
	*Yes / *No	
	*Yes / *No	
	*Yes / *No	
	*Yes / *No	
	*Yes / No	
	*Yes / *No	

Evaluation of individual assessment panel members is at Appendix. [Attach the tender evaluation forms duly completed by each assessment panel member to this report.]

**\*Strengths and Weaknesses of Lowest Three Tenders (for use with service contracts only)**

	Name of Tenderers		
	[Tenderer A]	[Tenderer B]	[Tenderer C]
	Lowest Bid	2nd Lowest Bid	3rd Lowest Bid
(a) Strengths			
(b) Weaknesses			
(c) Recommendations of Assessment Panel			

**\*Tender Qualifications of Lowest Three Tenderers (if any)**

	Name of Tenderers		
	[Tenderer A]	[Tenderer B]	[Tenderer C]
	Lowest Bid	2nd Lowest Bid	3rd Lowest Bid
(a) Tender qualifications submitted			
(b) Recommendations of Assessment Panel			

Note: The Assessment Panel should require the tenderers to withdraw their tender qualifications, or seek legal advice, if in doubt. If the Assessment Panel recommends accepting the tender qualifications which would have material changes to the tender specifications, the Owners' Corporation may consider putting up the contract for re-tendering.

## Performance Records of Lowest Three Tenderers

	Name of Tenderers		
	[Tenderer A]	[Tenderer B]	[Tenderer C]
	Lowest Bid	2nd Lowest Bid	3rd Lowest Bid
(a) Previous dealings with the Owners' Corporation	*Yes / *No	*Yes / *No	*Yes / *No
*(b) Previous performance	*Satisfactory / *Unsatisfactory, details: _____	*Satisfactory / *Unsatisfactory, details: _____	*Satisfactory / *Unsatisfactory, details: _____
*(c) Recommendations of Assessment Panel	*Suitable / *Not suitable for contract award	*Suitable / *Not suitable for contract award	*Suitable / *Not suitable for contract award

### Recommendations

\* The lowest tender / \*The \_\_\_\_\_ lowest tender submitted by \_\_\_\_\_ [Tenderer Name] is recommended for contract award. Reasons: \_\_\_\_\_  
 \_\_\_\_\_ [Mandatory if the lowest tender is not recommended].

\* To negotiate with the tenderer submitting the lowest conforming tender for a better price with a view for tender award. Other items to be negotiated: \_\_\_\_\_.

\* Other recommendations and reasons: \_\_\_\_\_

### Avoiding Conflict of Interest

This is to confirm that persons involved in preparing the tender documents and assessing tenders \*have / \*have not declared conflict of interest. \*If not, the reasons are \_\_\_\_\_.

The persons involved will be required to declare any conflict of interest before contract award. The tender specifications and assessment results will be reviewed by the Management Committee to detect any favouritism to particular tenderers if any conflicts are declared.

\* No conflict is declared. / \*The conflicts declared are as follows: \_\_\_\_\_

\_\_\_\_\_.

\*The following actions have been taken to manage the conflicts declared: \*required the persons

\_\_\_\_\_ [Name] who have made a declaration to abstain from the

procurement process / \*other actions taken \_\_\_\_\_.

Signature:

\_\_\_\_\_

Name and Post of Assessment Panel Members:

\_\_\_\_\_

Date:

\_\_\_\_\_

(\* Delete as appropriate)



# **Annex 21**

## **Sample Notification of Award of Contract**

The Owners' Corporation of XXX Building

Date :

To: Owners / Occupants

### **Award of Supply of Goods / Services\* Contract**

A tender exercise has been held recently for *[description of the goods / services to be provided]* for our building. After careful consideration by the Management Committee / Owners' Meeting\*, it was resolved that the contract would be awarded to *[Name of the Company]*, for the following reason(s):

---

---

---

---

Stamp and Signature: \_\_\_\_\_

Name: \_\_\_\_\_

Chairman of  
Management Committee of the Owners' Corporation

(\*Delete as appropriate)

# **Annex 22**

## **Sample Letter to Successful and Unsuccessful Tenderers**

### **Sample Letter to the Successful Tenderer**

The Owners' Corporation of XXX Building

Date :

To: Tenderer

Tendering Result (For successful tenderer)

I refer to the tender submitted by your company for [description of the goods / services\* required].

I am pleased to inform you that the Owners' Corporation has, after prudent consideration of your tender, decided to award the contract to your company. Please contact \_\_\_\_\_

[Name / post] of the Owners' Corporation at \_\_\_\_\_ to discuss the subsequent arrangements.

Stamp and Signature: \_\_\_\_\_

Name: \_\_\_\_\_

Chairman of  
Management Committee of the Owners' Corporation

(\*Delete as appropriate)

## Sample Letter to Unsuccessful Tenderers

The Owners' Corporation of XXX Building

Date :

To: Tenderers

Tendering Result (For unsuccessful tenderers)

With reference to the tender submitted by your company for [*description of the goods / services\* required*], I regret to inform you that your company has not been selected for the provision of the goods / services\*. The selected company is \_\_\_\_\_.

If you have any queries, please contact \_\_\_\_\_ [*Name / post*] of the Owners' Corporation at \_\_\_\_\_.

Thank you for taking part in the tendering exercise.

Stamp and Signature: \_\_\_\_\_

Name: \_\_\_\_\_

Chairman of  
Management Committee of the Owners' Corporation

(\*Delete as appropriate)

# Annex 23

## Sample Purchase Order

The Management Committee issues a Purchase Order to confirm ordering of goods / services with the supplier / service provider.

<b>PURCHASE ORDER</b>				
The Owners' Corporation of XXX Building				
Address:	Tel No.:	Fax No.:	Email:	
			No. _____	
			Date : _____	
Supplier / Service Provider:				
Code of Supplier / Service Provider:				
Account Code	Particulars	Quantity	Unit Price HK\$	Total Price HK\$
			TOTAL	
Payment Instruction: _____				
Delivery Instruction: _____				
Time Required: _____				
Remarks: _____				
_____ (signature) Approved by (name and post)		_____ (signature) Approved By (name and post)		
Date: _____				
<small>The supplier / service provider shall not offer, solicit or accept any advantage as defined in the Prevention of Bribery Ordinance (Cap. 201) in connection with the supply of goods / services to the Owners' Corporation.</small>				

## **Annex 24**

# **Sample Warning Letter to Supplier and Service Provider**

Date

Manager  
XXX Cleaning Services Company  
Address

Dear Sirs/Madams,

### **Cleaning Services Contract for xxx Building**

We have identified non-conformance and/or unsatisfactory performance of your company in the following aspects:

- 1) *State the particulars of the non-conformance/unsatisfactory performance*
- 2)
- 3)

The non-performance/unsatisfactory performance is a breach of Clause No. xx of the contract and the cleaning schedule (i.e. Annex xx of the contract) which provides that \_\_\_\_\_ (set out the relevant part of the Clause).

Your company is required to rectify all the items stated above within \_\_\_ working days (i.e. by \_\_\_\_\_) and take all such necessary actions and steps to maintain the standard of service required under the contract terms and conditions. In the event that no satisfactory remedial action has been taken by the said date, we will invoke actions against your company in accordance with Clause No. xx of the contract. In the meantime, our rights are reserved.

---

Chairman  
Management Committee of  
Owners' Corporation of XXX Building

## **Annex 25**

### **Sample Invitation for Expression of Interest**

Date:

To: Contractor's name and address

**Re: Invitation for Expression of Interest and Request for Information**  
– Pre-qualification of Contractors for the Provision of \_\_\_\_\_ [Type  
of Service] at \_\_\_\_\_ [Name and Address of Building]

We are going to appoint a contractor for the provision of \_\_\_\_\_ [Type of  
Service] for our building. If your company is interested in undertaking the service, please submit  
the documents and information listed in the Appendix to the Owners' Corporation (OC) on or  
before \_\_\_\_\_ [Time & Date] at \_\_\_\_\_ [Address] for  
preliminary assessment.

In case of doubt, please contact \_\_\_\_\_ [Name and telephone number of the  
appointed Management Committee member or OC staff] directly.

Yours faithfully,

For and on behalf of [Name of OC]

---

Chairman  
Management Committee of  
Owners' Corporation of XXX Building

Encl. Appendix – List of Documents / Information Required

## Appendix to Annex 25

### List of Documents / Information Required

1. Background and organization of the company including:
  - number of years providing similar service in Hong Kong;
  - management structure;
  - number of professional staff (for bidding for Manager service);
  - number of staff;
  - curriculum vitae of the key management staff; and
  - list of associate firms / subsidiaries.
2. Audited accounts and documents on bank credit line (for the last two years).
3. Job and client reference for similar service for the last three years.
4. Copy of company registration documents, including
  - Business Registration Certificate; and
  - Third Party Insurance.
5. Quality assurance certification (e.g. ISO 9001) (if any).
6. Company Code of Conduct for Staff (if any).
7. Declaration of no litigation for the past five years issued by solicitor.

# Annex 26

## Sample Pre-qualification Evaluation Form

\_\_\_\_\_ [Name of Building]

Provision of \_\_\_\_\_ [Type of Service]

### Pre-qualification / Preliminary Assessment of Tenderers

Assessment Criteria <sup>1</sup>	Name of Tenderers						
	A	B	C	D	E	F	G
(a) Limited company	Yes / No	Yes / No	Yes / No	Yes / No	Yes / No	Yes / No	Yes / No
(b) Years of providing similar service							
(c) Management structure							
(d) No. of professional staff <sup>2</sup>							
(e) No. of staff							
(f) Financial capital							
(g) Number of similar projects undertaken							
(h) Quality Assurance Certification (e.g.: ISO 9001)	Yes / No	Yes / No	Yes / No	Yes / No	Yes / No	Yes / No	Yes / No
(i) Reference documents <sup>3</sup> :							
- Third party risks insurance	Yes / No	Yes / No	Yes / No	Yes / No	Yes / No	Yes / No	Yes / No
- Experience and clients' reference	Yes / No	Yes / No	Yes / No	Yes / No	Yes / No	Yes / No	Yes / No
- Business Registration Certificate	Yes / No	Yes / No	Yes / No	Yes / No	Yes / No	Yes / No	Yes / No
- Audited account	Yes / No	Yes / No	Yes / No	Yes / No	Yes / No	Yes / No	Yes / No
(j) Company code of conduct	Yes / No	Yes / No	Yes / No	Yes / No	Yes / No	Yes / No	Yes / No
(k) Litigations involved	Yes / No	Yes / No	Yes / No	Yes / No	Yes / No	Yes / No	Yes / No



## Recommendation

The following contractors are recommended for inclusion in the shortlist of tenderers:

{List of Contractors}

Signature:			
Name and Post of Assessment Panel Members :			
Date:			

### Notes:

1. The evaluation criteria should correspond to the required information as indicated in the invitation for expression of interest (i.e. pre-qualification of contractors).
2. For pre-qualifying tenderers for bidding the contract for Manager service.
3. Assessment Panel Members should give justifications for accepting proposals that do not include information to support the claims.

## Annex 27

### Sample Cleaning Service Schedule

#### The Owners' Corporation of XXX Building

##### Refuse Collection

Daily at 20:00 - 21:00

##### Normal Cleaning Service (e.g. sweep, wipe and mop as appropriate)

Venue	Frequency	Timing	No. of staff
G/F lift lobby	Twice a day	07:00-07:30 16:00-16:30	*
Staircase	Daily	*	*
Lift car (including door, floor, press buttons, etc)	Twice a day	10:00-10:30 16:30-17:00	*
Lift lobby on each floor and common area in the building	Daily	*	*
Doors, glass and signage	Daily	*	*
Office (including furniture and equipment)	Daily	*	*
Store rooms, service rooms and plant rooms	Weekly	*	*
Rooftop	Weekly	*	*
Lighting equipment	Bi-weekly	*	*
Fire service equipment	Bi-weekly	*	*
Others:			

##### Special Cleaning Service

Items	Frequency / Response time	Timing	No. of staff
Areas affected by renovation works	Twice a day	1) 12:00-13:00 2) Immediately after cessation of works	*
G/F lift lobby on rainy days	Hourly	N / A	*
Ad hoc cleaning request	30 minutes upon notification	N / A	*
Others:			

\* To be agreed with the cleaning contractor

# Annex 28

## Sample Survey Form on Service Provider's Performance

### Performance Survey

Please complete and return the questionnaire on or before \_\_\_\_\_ by placing it in the collection box at the management office.

Please "✓" the appropriate boxes <input type="checkbox"/>	Very Satisfactory ←————→ Very Unsatisfactory					N / A
	5	4	3	2	1	
A. Overall Satisfaction  Are you satisfied with _____ as your property management company?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>B. Degree of satisfaction in the following areas</b>						
<b>1. Management Staff</b>						
(a) Efficiency	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(b) Work Attitude	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(c) Professional Knowledge	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(d) Complaint Handling	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(e) Appearance and Courtesy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>2. Security Services</b>						
(a) Attendance	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(b) Appearance & Courtesy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(c) Responsibility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(d) Alertness & Adaptability	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(e) Communication with owners / residents	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>3. Cleaning Services</b>						
(a) Corridor, Staircase and Passageway	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(b) Lift lobby and Lift	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(c) Refuse Collection	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

<b>4. Repair &amp; Maintenance</b>						
(a) Lift	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(b) Water Supply System	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(c) Public Lighting System	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(d) CCTV / Security System	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(e) Other Facilities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>5. Display of Notice / Circular</b>						
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>6. Health and Safety Environment in Public Areas</b>						
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>7. Environmental Support / Promotion</b>						
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>8. 24-hour Service Hotline Service</b>						
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>C. Other comments or suggestions</b>						

Name: \_\_\_\_\_ Contact Telephone: \_\_\_\_\_

Building: \_\_\_\_\_ Unit: \_\_\_\_\_

## **Annex 29**

### **Checklist of Third Party Risks Insurance**

- 1) In procuring the third party risks insurance, the OC may be required to provide the following information about the building:
  - Year of completion;
  - Existing use;
  - Location;
  - Number of blocks / storeys / flats / lifts / car parking spaces;
  - Gross floor area;
  - Facilities provided (if any), e.g. carpark, clubhouse, swimming pool, sport facilities, etc.;
  - External structures (if any), e.g. advertisement signboards;
  - Unauthorized structures (if any), e.g. building structures or modifications contravening the Buildings Ordinance (Cap. 123), the BMO or other legal requirements;
  - Details of maintenance programme in place (if any);
  - Claims experience (if any) in the past 5 years: Is there any incident which is likely to give rise to claim? If the building is insured, has the OC reported any potential claim or lodged any claim to the insurer? Details about such incident and claim (if any) have to be provided;
  - Outstanding repair order (if any) issued by the Buildings Department.
  
- 2) Liabilities that are ordinarily not covered by third part risks insurance and need separate insurance arrangement:
  - Liability to employees → The OC should, in accordance with the Employees' Compensation Ordinance (Cap. 282), take out Employees' Compensation Insurance (also known as "Workmen's Compensation Insurance") for its building management staff so as to provide compensation for those injured or died in the course of their employment;
  - Liability relating to damage to common parts of the building → The OC should take out Property-All-Risks Insurance (also known as "Property Insurance") so that it can seek the insurance company or indemnity in respect of any loss or damage to the common properties of the building due to fire or other risks (e.g. storm, flood, malicious act, etc.) covered by the terms of the policy;
  - Any contractual liability.
  
- 3) If a third party makes a claim against an OC, in order not to prejudice OC's right of indemnity under its insurance policy, the OC should direct all communications to the insurance company unanswered.

**Information provided by the Hong Kong Federation of Insurers**

# Annex 30 Sample Cleaning Service Inspection Form

The Owners' Corporation of XXX Building

Building: \_\_\_\_\_

Cleaning Company: \_\_\_\_\_

Date and Time of Inspection: \_\_\_\_\_

Items:	Assessment:				
	Good	Satisfied	Dissatisfied	N / A	If dissatisfied, pls give reason
Staff Arrangement and Number	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
Staircases	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
Corridors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
Lift Lobbies	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
Lifts	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
Plant Rooms	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
Store Rooms					
Management Office	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
Podium	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
External Facade	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
Landscaping	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
Roof	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
Refuse Area	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
Overall Cleaning	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
Others:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____

Recommendations / Remarks: \_\_\_\_\_

Inspected by \_\_\_\_\_ Signature: \_\_\_\_\_

Date: \_\_\_\_\_

.....

Follow-up action (if any): \_\_\_\_\_

Taken by \_\_\_\_\_ Date: \_\_\_\_\_

# **Annex 31**

## **Sample Cleaning Service Log Sheet**

The Owners' Corporation of XXX Building

Ref. No.	Date and Time of Request	Job Order issued by:	Job Order	Time of job completion	Job done by	Reasons for Job Order

## Annex 32

# Sample Interview Assessment Form for Appointment of Staff

The Owners' Corporation of XXX Building

Name of candidate: \_\_\_\_\_

Date and time of interview: \_\_\_\_\_

Aspect and weighting of assessment <sup>1</sup>	Score
1. Work knowledge (30%)	
2. Relevant working experience (20%)	
3. Communication skills (30%)	
4. Supervisory ability and other job requirements, if applicable (20%)	
<b>Total score (100%):</b>	

### Additional Remarks:

### Recommendation:

- Suitable for appointment
- Not suitable for appointment

\_\_\_\_\_  
(Signatures & Names of Interview Panel Members)

<sup>1</sup> The assessment aspects and weightings listed in the table are for illustration purposes only. The interview panel should draw up the assessment aspects and weightings, based on the nature and requirement (e.g. accounting qualification for accounting clerk) of the vacancies, before conducting the interviews.



# Annex 33

## Sample Staff Performance Appraisal Form

The Owners' Corporation of XXX Building

### Part 1 Personal Particulars

Name of Appraisee	
Staff Number (if any)	
Post	
Section	
Date of Employment	/ / (dd / mm / yyyy)
Period under Review	From / /
	To / / (dd / mm / yyyy)

### Part 2 Record of Assessment / Review

	Appraisee	Management Committee (MC) Member or Supervisor of the appraisee
Name		
Signature		
Post		
Date (dd / mm / yyyy)		

### Part 3 Performance Assessment<sup>1</sup>

	Rating (✓) (refer to guidelines on page 3)				
Attendance	5( )	4( )	3( )	2( )	1( )
Job knowledge and skills	5( )	4( )	3( )	2( )	1( )
Quality of work	5( )	4( )	3( )	2( )	1( )
Initiative and motivation	5( )	4( )	3( )	2( )	1( )
Team work	5( )	4( )	3( )	2( )	1( )
General conduct	5( )	4( )	3( )	2( )	1( )
Discipline	5( )	4( )	3( )	2( )	1( )

### Overall Performance Rating

Substantially exceeds job requirements	Exceeds job requirements	Meets job requirements	Partially meets job requirements	Does not meet most job requirements
5( )	4( )	3( )	2( )	1( )

Special task taken up or commendation obtained by the appraisee during the appraisal period (to be filled by the MC member / Supervisor)

---



---



---

Overall comments on performance (to be filled by the MC member / Supervisor)

---



---



---

<sup>1</sup> The assessment aspects listed in the table are for illustration purposes only. The MC should draw up the assessment aspects, based on the nature and requirement of the post, before conducting the performance appraisal.

Assessment Areas	Rating Guidelines (for reference only, the MC should develop the ratings based on the staff performance requirements)
1. Attendance	5 = No late for work or absence record, willing to take urgent duty at short notice 4 = No late for work or absence record during the appraisal period 3 = Less than 3 times of late for work or absence record during the appraisal period 2 = 3 times of late for work or absence record during the appraisal period 1 = More than 3 times of late for work or absence record during the appraisal period
2. Job knowledge and skills	5 = Substantially exceeds job requirements
3. Quality of work	4 = Exceeds job requirements
4. Initiative and motivation	3 = Meets job requirements
5. Team work	2 = Partially meets job requirements
6. General conduct	1 = Does not meet most job requirements
7. Discipline	5 = No disciplinary record, always follow supervisor's and working instructions 4 = No disciplinary record 3 = Less than 3 times of disciplinary record 2 = 3 times of disciplinary record 1 = More than 3 times of disciplinary record

# Annex 34 Sample Complaints and Follow up Actions Record

The Owners' Corporation of XXX Building

No.	Details of Complaint			Received by		Follow-up Actions		Recorded by	Remark
	Date & Time	Particular of Complainant		Name	Date & Time	Follow-up Action	Name		
		Name / Flat No.	Phone					Particulars of Complaint	
1				e.g.T			e.g. The light bulb at 5 / F was replaced immediately		
2				e.g.I			e.g. Inspection was carried out at 3:00pm. The lift was not functioning. The lift maintenance contractor was informed accordingly.		e.g. The lift maintenance contractor completed the repair work at 3:20pm

(Footnotes)

<sup>1</sup> Telephone (T), Letter (L), Fax (F), In Person (I), or Others (O)

# ***Annex 35***

## ***Contacts of ICAC***

### **Corruption Reporting**

Any party may lodge a corruption report with the ICAC through the following Channels:

- By phone: 25 266 366 (24-hour hotline)
- By mail: G.P.O. Box 1000, Hong Kong
- In person: ICAC Report Centre (24-hour service)  
G/F, 303 Java Road, North Point, Hong Kong  
or  
Any ICAC Regional Offices  
(Opening Hours: Mon - Fri: 9:00am - 7:00pm  
Sat, Sun and Public Holidays: Closed)

### **Enquiries / Services**

Any party may also contact the ICAC Regional Offices for enquiries, corruption prevention and integrity management services.

### **ICAC Regional Offices:**

#### ***Hong Kong East***

- Address: Unit 3, G/F, East Town Building, 16 Fenwick Street, Wan Chai, Hong Kong
- Tel: 2519 6555
- Fax: 2824 9766

#### ***Hong Kong West / Islands***

- Address: G/F, Harbour Commercial Building, 124 Connaught Road Central, H.K.
- Tel: 2543 0000
- Fax: 2545 5036

#### ***Kowloon East / Sai Kung***

- Address: Shop No. 9, G/F, Chevalier Commercial Centre, 8 Wang Hoi Road, Kowloon Bay, Kowloon
- Tel: 2756 3300
- Fax: 2174 4129

### *Kowloon West*

Address: G/F, Nathan Commercial Building, 434-436 Nathan Road, Kowloon

Tel: 2780 8080

Fax: 2770 5158

### *New Territories East*

Address: G06-G13, G/F, Shatin Government Offices, 1 Sheung Wo Che Road, Shatin, New Territories

Tel: 2606 1144

Fax: 2601 6447

### *New Territories North West*

Address: G/F, Fu Hing Building, 230 Castle Peak Road, Yuen Long, New Territories

Tel: 2459 0459

Fax: 2146 4352

### *New Territories South West*

Address: Shop B1, G/F, Tsuen Kam Centre, 300-350 Castle Peak Road, Tsuen Wan, New Territories

Tel: 2493 7733

Fax: 2405 6360

## Annex 36

### Contacts of Home Affairs Department

Owners' Corporations (OCs) / owners may contact Home Affairs Department (HAD) for assistance and enquiry related to the operation of OC. Readers can also refer to the relevant website of HAD for the most updated details of the contacts.

<b>Home Affairs Department</b>		
Enquiries about : <ul style="list-style-type: none"> <li>• Building management matters</li> <li>• Formation of OC</li> <li>• Legal requirements under BMO about the operation of OCs</li> </ul>	31/F, Southorn Centre, 130 Hennessy Road, Wanchai, Hong Kong	
	Web Site	www.buildingmgt.gov.hk
	Email Address	bm_enq@had.gov.hk
	Facsimile	2147 0984
	District Building Management Liaison Teams of 18 District Offices :	
	Central and Western	2119 5010
	Eastern	2886 6569
	Southern	2814 5763
	Wanchai	2835 1999
	Kowloon City	2621 3406
	Kwun Tong	2171 7465
	Sham Shui Po	2150 8175
	Wong Tai Sin	2324 1871
Yau Tsim Mong	2399 2155	
Islands	2852 4318	
Kwai Tsing	2494 4543	
North	2675 1719	
Sai Kung	3740 5351	
Sha Tin	2158 5388	
Tai Po	2654 1262	
Tsuen Wan	3515 5654	
Tuen Mun	2451 3466	
Yuen Long	2470 1125	

## **Annex 37**

### **Contacts of Hong Kong Housing Society**

<b>Hong Kong Housing Society</b>		
Enquiries about : <ul style="list-style-type: none"> <li>• Financial assistance : Building Management and Maintenance Scheme;</li> <li>• Technical advice on building maintenance works</li> </ul>	Head Office : 29/F, World Trade Centre, 280 Gloucester Road, Causeway Bay, Hong Kong	
	Web Site	www.hkhs.com
	Email Address	enquiry@hkhs.com
	Head Office	2839 7888
	Information Hotline	2882 1717
	Facsimile	2882 2001



