

**Code of Practice on
Procurement of Supplies,
Goods & Services**

This Code of Practice on Procurement of Supplies, Goods and Services 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.

1. All owners' corporations (OC) shall comply with this Code of Practice.
2. All OCs shall comply with section 20A of the BMO in relation to the procurement of supplies, goods and services.
3. A management committee (MC) shall conduct a tender exercise in an open and fair manner.
4. A member of the MC shall not solicit or accept any advantage from any supplier or contractor in relation to the tender.
5. Any agent or employee of the OC is prohibited from soliciting or accepting any advantage in connection with his duty unless with the permission of the OC. An agent or employee shall also declare any conflict of interest relating to his duties.
6. 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.
7. 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.
8. Where it is impracticable or difficult to comply with the requirement under paragraph 7 above, the OC may, by a resolution passed at a general meeting of the corporation, accept tenders handed in or sent by post to the registered office of the OC. The tenders shall be properly acknowledged and kept safely.
9. 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.
10. The closing date and time for acceptance of tenders shall be clearly stated in the invitation to tender. Late submissions shall not be accepted.
 11. Where the number of valid tenders obtained is fewer than the number of tenders stipulated in paragraph 9, the MC shall pass a resolution to accept or reject the tender exercise.
 12. 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.
 13. A tender whose value does not exceed the sum stipulated in section 20A(2)(b) of the BMO shall be submitted to the MC which may accept or reject it.
 14. An MC shall not split a contract of procurement from a contract which should have been made for the procurement of greater value for the sole purpose of avoiding the compliance of requirements in section 20A of the BMO.
 15. A tender which requires approval from a general meeting of the corporation 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 corporation 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 corporation 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 corporation 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.
16. A member of the MC shall disclose in writing to the MC any personal or pecuniary interest that he may have in any of the tenders to be considered by the MC or the corporation. An MC member who has indicated a personal or pecuniary interest in the tender shall abstain from voting in the selection of such tender at an MC meeting. The building manager (if any) shall also be required to disclose in writing to the MC any personal or pecuniary interest that he may have in any of the tenders to be considered by the MC or the corporation.
 17. The MC shall maintain and keep in safe custody for such period, being not less than six years, as the OC may determine, 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.
 18. The MC shall permit the Authority, the tenants' representative, an owner, a registered mortgagee or any other person authorized in writing by an owner or a registered mortgagee to inspect the documents referred to in paragraph 17 at any reasonable time.
 19. The documents referred to in paragraph 17 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.