



# Chapter 1

## Introduction

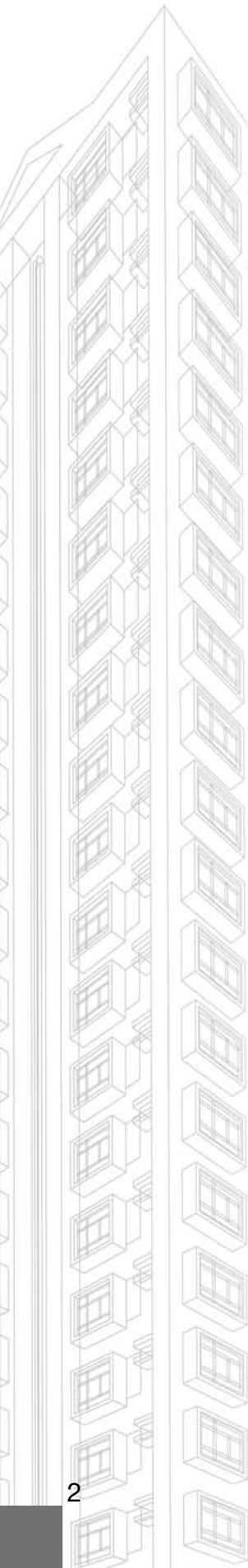
- 1.1 Management of private properties is the responsibility of the owners. It has always been the Government's policy to encourage and assist owners to form owners' corporations (OCs) for effective building management. This booklet provides general guidelines to owners on the formation of an OC.

## Building Management Ordinance

- 1.2 The Building Management Ordinance (Cap.344) (BMO) was enacted to provide a legal framework for the formation and operation of an OC. It aims to facilitate the incorporation of private property owners for better building management.

## Objectives of forming an Owners' Corporation


- 1.3 Hong Kong is a small place with a large population. Most people live in private multi-storey buildings or private residential estates with individual blocks of buildings. These buildings and estates may comprise several hundreds to a few thousands residential units. It is the responsibility of property owners to jointly manage and maintain their buildings or estates. They may also be held jointly and severally liable for the liabilities arising from any accidents caused by the improper management or lack of maintenance of the common parts of their buildings or estates.



1.4 Managing and maintaining a building is no simple task. It involves a myriad of matters, ranging from the cleansing, refuse clearing and security of the common parts of the buildings to non-recurring tasks such as the appointment of property management companies and commission of maintenance works. Subject to the terms of the deed of mutual covenant (DMC) of the building, unanimous agreement of all owners may be required for every management and maintenance matter if the owners were not incorporated. For a building or residential estate with several hundreds or thousands of units, it is not only inefficient but also highly impractical.

1.5 Effective building management helps provide a pleasant and comfortable living environment for the owners, and ensure that the value of their assets will not be unduly affected as a result of lack of proper management and maintenance. To manage a building through an OC may not be the only way, but is by far the best practical way. An OC is an independent body corporate set up under the BMO. It acts legally on behalf of all owners in managing the common parts of the building, and exercises and performs the rights, powers, privileges and duties of the owners under the BMO. It is also empowered to appoint property management companies, terminate their appointment and monitor their work.

1.6 Under the BMO, any resolution may be passed at a general meeting of an OC with respect to the control, management and administration of the common parts of the building and the renovation, improvement or decoration of those parts and any such resolution shall be binding on the management committee (MC) and all the owners (*section 14(1) of the BMO*).



1.7 The duties and powers of an OC are clearly set out in the BMO. An OC has legal obligations to properly manage and maintain the common parts of its building and do all things reasonably necessary for the enforcement of the obligations contained in the DMC of the building for the management of the common parts of the building. OC may decide whether to engage any paid staff member, property management company or other professional trade or person to assist the OC or to carry out the duties and powers of the OC under the BMO or the DMC of the building on behalf of the OC. In the performance of its duties and the exercise of its powers under section 18 of the BMO, an OC shall be guided by the Codes of Practice issued by the Secretary for Home Affairs under section 44(1) of the BMO (*sections 18(1), 18(2) and 18(2A) of the BMO*).

