



# **Building Management Ordinance (Cap. 344)**

June 2025 Version

# Building Management Ordinance (Cap. 344)

The Building Management Ordinance (Cap. 344) (BMO) was enacted to provide a legal framework for the formation of Owners' Corporations (OCs) to facilitate effective building management. It also sets out the powers and duties of an OC and its meeting procedures so as to facilitate the day-to-day operation of the OC and compliance by owners.

# Building Management (Amendment) Ordinance 2024

- The Building Management (Amendment) Ordinance 2024 (“Amendment Ordinance”) was published in the gazette on 12 July 2024 and **will come into operation on 13 July 2025.**
- **Major Amendments include:**
  - **Procurement**: Impose requirements on large-scale building maintenance procurement and high-value procurement, including the stipulation of 3 procurement categories and new procurement requirements.
  - **Financial Accounts and Meeting Procedures**: Impose and adjust certain requirements on financial statements, other accounting documents, and meeting procedures.
  - **Criminal Sanction**: Criminalise the failure to keep certain documents concerning building management

# BMO, Code of Practice on Procurement of Supplies, Goods and Services and Administrative Guidelines

BMO

- Statutory requirements must be complied with
- Relevant provisions in relation to the procurement of supplies, goods and services under the BMO including sections 2D, 2E, Division 5 of Part IV (*replace section 20A of the pre-amended ordinance*), Schedules 6A, 6B, 6C and Parts 2 and 3 of Schedule 7

Focus of today's presentation

CoP

- Issued by the Authority, i.e. Secretary for Home and Youth Affairs, under section 44(1)(a) of the BMO
- To give guidance and directions

Administrative  
Guidelines

- As best practices, all relevant parties are recommended to comply with the administrative guidelines.

# Procurement Requirements under BMO – 3 Types of High-value Procurement

Type 1 High-value Procurement (section 2D(1)(a))	Type 2 High-value Procurement (section 2D(1)(b))	Large-scale Maintenance Procurement (section 2E(1))
<p>■ Similar to section 20A(2)(a) of the pre-amended Ordinance</p> <p><u>General definition</u></p> <ul style="list-style-type: none"> <li>procurement value over \$200,000 but not exceeding 20% of the “<b>reference amount</b>” (the average annual expenditure for the last 3 financial years) ; and</li> <li>procurement not classified as large-scale maintenance procurement</li> </ul>	<p>■ Similar to section 20A(2)(b) of the pre-amended Ordinance</p> <p><u>General definition</u></p> <ul style="list-style-type: none"> <li>procurement value over 20% of the “<b>reference amount</b>” (the average annual expenditure for last 3 financial years) ; and</li> <li>procurement not classified as large-scale maintenance procurement</li> </ul>	<p>■ New Requirement</p> <p><u>General definition</u></p> <ul style="list-style-type: none"> <li>procurement value exceeding the total number of flats of a building multiplied by \$30,000 (excluding garages, carparks or carports);</li> <li>for repairing, replacing, maintaining or improving the common parts of a building; and</li> <li>does not include the procurement of any cleaning or security services for a building, or any building management services provided by the manager of a building</li> </ul>

# Procurement Requirements under BMO – Illustrative Examples

## The “Reference Amount” - Calculation and Examples:

Before the initiation date for the procurement–

- (a) whether the building concerned has incurred more than 1 sum of “specified annual expenditure” for the last 3 financial years? If so, the average amount of all such expenditure will be the “reference amount” for the procurement.
- ◆ Assuming that there are **3 separate sums of** specified annual expenditure in the last 3 financial years, the average of the 3 separate sums will be adopted as the “reference amount” (see Example 1).
- ◆ If there are only **2 separate sums of** specified annual expenditure, the average of the 2 separate sums will be adopted (see Example 2).

# Procurement Requirements under BMO – Illustrative Examples

## The “Reference Amount” - Calculation and Examples:

### Example 1:

- Assuming that the financial year is from 1 January to 31 December every year, and a decision to conduct procurement is passed by a Management Committee (MC) resolution on 20 September 2025, the last 3 financial years used for calculating the “reference amount” are 2022, 2023 and 2024. The expenditures for these 3 years are \$1.20 million, \$1.26 million and \$1.32 million respectively. As the average annual expenditure in these financial years (i.e. 2022, 2023 and 2024) is \$1.26 million, the “reference amount” for the said procurement will be \$1.26 million.
- 20% of the “reference amount” = \$0.252 million
- If the value of the procurement is \$0.3 million, which **exceeds 20% of the “reference amount”**, such procurement falls within “Type 2 high-value procurement”.

# Procurement Requirements under BMO – Illustrative Examples

## The “Reference Amount” - Calculation and Examples:

### Example 2:

- During these 3 years, no expenditure was incurred in 2022, while the expenditures in 2023 and 2024 were \$1.20 million and \$1.26 million respectively. The average annual expenditure in 2023 and 2024, i.e. \$1.23 million, will be adopted as the “reference amount” for the procurement.



# Procurement Requirements under BMO – Illustrative Examples

## The “Reference Amount” - Calculation and Examples:

Before the initiation date for the procurement –

- b) If the building concerned has incurred only 1 sum of specified annual expenditure, or none at all, for the last 3 financial years, the amount of the proposed annual expenditure under the last budget before the initiation date will be adopted as the “reference amount” for the said procurement.

Remarks: An OC may decide its own financial year. For example, OC may adopt a 12-month period from the date of its formation as the financial year.

# Procurement Requirements under BMO – Illustrative Examples

## Large-scale Maintenance Procurement

### **Total Number of Flats in a Building:**

The number of flats does not include garages, car parks or carports.

### **Example:**

In a housing estate, there are 640 residential flats, 46 private car parking spaces, and 6 motorcycle parking spaces:

- To calculate the procurement value:  
Total number of flats = 640
- If the procurement value exceeds \$19.2 million (640 x \$30,000), and the procurement item is for the repairing, replacement, maintenance, or improvement of any of the common parts of a building, not cleaning or security services for a building, nor building management services provided by the manager of a building, it meets the definition of large-scale maintenance procurement.

# Procurement Requirements under BMO – Tendering Requirements

## Requirements for Invitation to Tender:

- The nature of the procurement must be clearly specified.
- A copy of the invitation to tender must be prominently displayed in the building.
- Tenders submitted after the deadline must not be accepted.
- A specific number of potential suppliers to be invited:
  - If the estimated procurement value exceeds \$200,000, an invitation to tender must be issued to at least 5 potential suppliers.
  - If the estimated procurement value exceeds \$10,000 but not more than \$200,000, an invitation to tender must be issued to at least 3 potential suppliers (exemption mechanism applies).

# Procurement Requirements under BMO – Declaration Requirements

## Requirements for Declaration:

- Pecuniary or personal interests related to the tender submitted.
- Connections with the tenderers.
- (For managers or responsible persons) Pecuniary or personal dealings or connections with any member of the MC or the owners' committee.
- The MC or manager must display a declaration notice for at least 7 consecutive days in a prominent place in the building within 7 days after the declaration is made.
- A copy of declaration must be open for inspection by any specified person (e.g. the Authority, an owner, or a registered mortgagee).

## Procurement Requirements under BMO - Additional Requirements for Large-scale Maintenance Procurement

1. In addition to the aforementioned interest declaration requirements, the following requirements of declaration of no interest must also be followed:
  - **No** pecuniary or personal interest related to the submitted tenders.
  - **No** connection with the bidders.
  - (For managers or responsible persons only) **No** pecuniary or personal dealing or connection with any member of the MC or owners' committee.

## Procurement Requirements under BMO- Additional Requirements for Large-scale Maintenance Procurement

2. The meeting procedures specified in Schedule 6C include the voting-in-person threshold.
  - The Notice of Meeting that specifies the estimated amount to be contributed from each building management fund and the estimated apportioned amount that each of the owners needs to contribute for the procurement must be titled **“Important Reminder”** in English and **“重要提示”** in Chinese.
  - At least 5% of the owners or 100 owners (whichever the lesser) **must vote in person in order to pass the resolution.**

## Procurement Requirements under BMO - Additional Requirements for Large-scale Maintenance Procurement

- Corporate flat owners may authorise a natural person to attend general meetings of the OCs/owners' meetings on their behalf, and to vote for them personally, such that corporate owners will be regarded as having voted in person.
  - Minutes of meeting must contain a clear record of the total number of votes cast personally and the total number of votes cast by proxy.
3. Each owner must be provided with a copy of the certified minutes for the meeting by the MC/manager within 28 days after the date of the meeting.

## Procurement Requirements under BMO – Restrictions on Declarant after Declaration of Interests

1. If the Declarant is a participant of the MC, he/she
  - must not preside over or otherwise attend the session of the MC meeting that concerns the relevant procurement (exemption may be granted by way of a resolution).
  - **must, even if exempted, neither be present at the meeting when the proposed resolution concerning the procurement is being voted on nor cast a vote (no exemption allowed).**
  - **must not participate in any assessment of tenders or any negotiation or other activities relating to the procurement (no exemption allowed).**
2. If the Declarant is a responsible person/ manager, he/she
  - must not participate in any assessment of tenders or any negotiation or other activities (exemption may be granted by way of a resolution).



# Reference Flowchart – Type 1 High-value Procurement

## 1. Initiation Decision

After an initiation decision (i.e. a decision to conduct the procurement, including approaching potential suppliers for the procurement) ([Section 2\(1\)](#)), by making reference to the procurement price, if the procurement value exceeds \$200,000 but does not exceeds 20% of the "referenced amount" and is not classified as a large-scale maintenance procurement, it is **Type 1 High-value procurement**.

## 2. Procurement and Tendering

- Comply with the Code of Practice on Procurement of Supplies, Goods and Services ([Section 28A / Schedule 7 paragraph 12\(1\)\(a\)](#) ).
- Conduct the procurement by an **invitation to tender** and comply with new tender requirements ([Schedule 6A / Schedule 7 Part 2 Division 3](#)) :
  - Invite a specific number of potential suppliers to tender
  - Set a deadline for tender submission
  - Display a copy of the invitation to tender in a prominent place in the building
  - No acceptance of tenders submitted after the deadline
- Comply with declaration of interests or connections requirements ([Schedule 6B Part 1 / Schedule 7 Part 2 Division 4 Subdivision 1](#)).

## 3. After Entering into a Contract

- Keep procurement documents during the period of 6 years after the date on which the contract is entered into ([Section 28B/ Schedule 7 paragraph 10](#)).
- Permit inspection of procurement documents ([Section 28C / Schedule 7 paragraph 11](#)).
- Permit specified persons to inspect declarations ([Schedule 6B paragraph 6 / Schedule 7 paragraph 28](#)).

# Reference Flowchart – Type 2 High-value Procurement

## 1. Initiation Decision

After an initiation decision to conduct the procurement, by making reference to the procurement price, if the procurement value exceeds 20% of the "referenced amount" and is not classified as a large-scale maintenance procurement, it is **Type 2 High-value procurement**.

## 2. Procurement and Tendering

- Comply with the Code of Practice on Procurement of Supplies, Goods and Services (Section 28A / Schedule 7 paragraph 13(1)(a)).
- Conduct the procurement by an **invitation to tender** and comply with new tender requirements (Schedule 6A / Schedule 7 Part 2 Division 3):
  - Invite a specific number of potential suppliers to tender
  - Set a deadline for tender submission
  - Display a copy of the invitation to tender in a prominent place in the building
  - No acceptance of tenders submitted after the deadline
- Comply with declaration of interests or connections requirements (Schedule 6B Part 1 / Schedule 7 Part 2 Division 4 Subdivision 1).

## 3. General Meeting of the Corporation / Owners' Meeting

- **Accept the tender by a corporation resolution or owners resolution** (Section 28E(2)(c) / Schedule 7 Paragraph 13(1)(c)).

## 4. After Entering into a Contract

- Keep procurement documents during the period of 6 years after the date on which the contract is entered into (Section 28B / Schedule 7 paragraph 10).
- Permit inspection of procurement documents (Section 28C / Schedule 7 paragraph 11).
- Permit specified persons to inspect declarations (Schedule 6B paragraph 6 / Schedule 7 paragraph 28).
- **The contract must not be varied or terminated other than in accordance with a corporation resolution or owners resolution** (Section 28E(2)(d) / Schedule 7 paragraph 13(4)).

# Reference Flowchart – Large-scale Maintenance Procurement

## 1. Initiation Decision

After an initiation decision to conduct the procurement, by making reference to the procurement price, if the procurement value exceeds the total number of flats in a building multiplied by \$30,000 (not including garages, car parks or carports), and the procurement is mainly for repairing, replacing, maintaining or improving the common parts of a building but not for any cleaning or security services for a building, or any building management services provided by the manager of a building, it is **large-scale maintenance procurement**.

## 2. Conduct Procurement and Tendering

- Comply with the Code of Practice on Procurement of Supplies, Goods and Services (Section 28A / Schedule 7 Paragraph 14(1)(a)).
- Conduct the procurement by an **invitation to tender** and comply with new tender requirements (Schedule 6A / Schedule 7 Part 2 Division 3) :
  - Invite a specific number of potential suppliers to tender
  - Set a deadline for tender submission
  - Display a copy of the invitation to tender in a prominent place in the building
  - No acceptance of tenders submitted after the deadline.
- Comply with declaration of interests or connections requirements (Schedule 6B Part 1 / Schedule 7 Part 2 Division 4 Subdivision 1).
- **Comply with declaration of no interest or no connection for large-scale maintenance procurement** (Schedule 6B Part 2 / Schedule 7 Part 2 Division 4 Subdivision 2).
- **Provide copies of minutes of the MC /owners’ meeting on the discussion of large-scale maintenance procurement** (Schedule 2 paragraph 10B/ Schedule 7 Part 3 Division 4 Subdivision 2).

## 3. General Meeting of the Corporation / Owners’ Meeting

- Accept the tender by a corporation resolution or owners resolution (section 28F(2)(c) / Schedule 7 paragraph 14(1)(c)).
- **Comply with meeting procedures related to large-scale maintenance procurement, including :**
  - **Notice of the meeting that specifies the estimated amount to be contributed from each building management fund and the estimated apportioned amount that each of the owners needs to contribute for the procurement shall be titled “Important Reminder” in English and “重要提示 in Chinese**
  - **The resolution shall meet the voting-in-person threshold**
  - **The minutes of meetings shall separately record votes cast personally and by proxy**
  - **Provide copies of the minutes of meetings ( Schedule 6C / Schedule 7 Part 3 Division 4)**

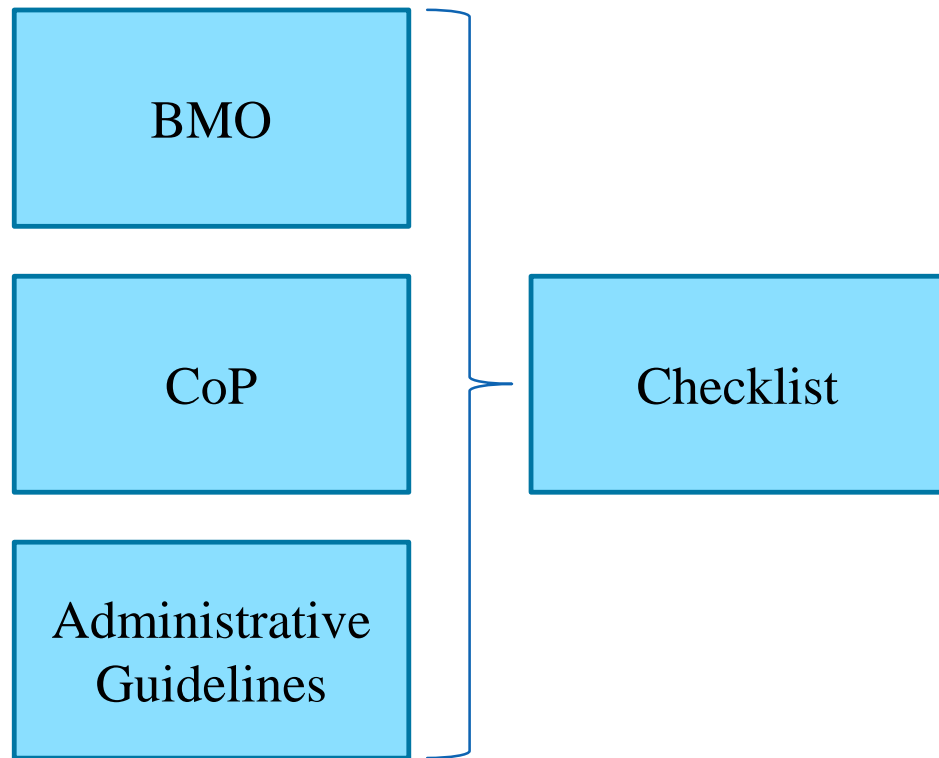
## 4. After Entering into a Contract

- Keep procurement documents during the period of 6 years after the date on which the contract is entered into (Section 28B / Schedule 7 paragraph 10).
- Permit inspection of procurement documents (Section 28C / Schedule 7 paragraph 11).
- Permit specified persons to inspect declarations (Schedule 6B paragraph 6 and 15 / Schedule 7 paragraph 28 and 36).
- The contract must not be varied or terminated other than in accordance with a corporation or owners resolution (Section 28F(2)(d) / Schedule 7 paragraph 14(3)).

# Code of Practice on Procurement of Supplies, Goods and Services (CoP)

- CoP is issued by the Authority (Secretary for Home and Youth Affairs) under section 44(1)(a) of the BMO.
- All OCs shall comply with the CoP.
- Irrespective of whether a building has an OC or not, the person responsible for procurement (including the Deed of Mutual Covenant (DMC) manager or any other person who for the time being is managing the building for the purpose of enforcing the DMC, and a person who is accustomed or obliged to act in accordance with the directions or instructions of the manager in connection with substantive matters in respect of the procurement) is required to comply with the CoP.
- The CoP provides guidance and instructions on the following 5 aspects:
  - 1) Code of conduct
  - 2) Preparation of invitation to tender
  - 3) Collection and opening of tenders
  - 4) Consideration and decision on acceptance of tenders
  - 5) Signing of contracts

# Checklist on Procedural Propriety on Building Management ("Checklist")



- Set out the requirements/administrative guidelines under the BMO, the CoP and the Best Practices on Building Management
- If the best practices set out in the Checklist cannot be complied with, the MC Chairman or the manager should state the reasons on the Checklist to increase transparency and accountability
- The MC Chairman and the manager are encouraged to use this Checklist

# Procurement Requirements – Transitional arrangements

- According to section 44B of the BMO, new requirements relating to procurement shall not apply to the procurement in progress.
- However, if no contract for the procurement has been made **by the end of the grace period (i.e. 3 years after the commencement of the Amendment Ordinance)**, the new requirements concerning procurement shall prevail.
- Examples:
  - (1) If the initiation date for the procurement is 3 April 2025, which is before 13 July 2025, the procurement provisions under the **pre-amended** BMO will still apply.
  - (2) If a contract for the said procurement cannot be made within the grace period (i.e., by 12 July 2028), the initiation decision made on 3 April 2025 will be deemed void as if it had never been made, and the new procurement requirements will apply to the said procurement starting from 13 July 2028.

## Reference materials

- Pamphlet of Major Amendments to the Building Management (Amendment) Ordinance 2024
- A Guide on Building Management Ordinance (Cap. 344)
- Frequently Asked Questions on the Building Management Ordinance (Cap. 344)
- Code of Practice on Procurement of Supplies, Goods and Services and Code of Practice on Building Management and Safety
- Best Practices on Building Management
- Checklist on Procedural Propriety on Building Management

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**Thank you!**