

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

# **Code of Practice on Procurement of Supplies, Goods and Services**

**(Revised Version)  
Effective from 13 July, 2025**



**Home Affairs Department**

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

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## **1.0 INTRODUCTION**

- 1.1 This Code of Practice on Procurement of Supplies, Goods and Services (Code of Practice) is issued by the Secretary for Home and Youth 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 provisions relevant to the procurement of supplies, goods and services in the BMO, including sections 2D, 2E, Division 5 of Part IV, Schedule 6A, Schedule 6B, Schedule 6C and Part 2 of Schedule 7<sup>1</sup> of the BMO.
- 1.2 All owners' corporations (OCs) and management committees (MCs) shall comply with this Code of Practice.
- 1.3 Irrespective of whether a building has an OC or not, the person responsible for procurement<sup>2</sup> (including the DMC manager or any other person for the time being 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 Code of Practice.
- 1.4 Apart from complying with the provisions of the BMO and the Code of Practice, the concerned persons are also required to comply with the relevant laws of the Hong Kong Special Administrative Region (HKSAR), including the Law of the People's Republic of China on Safeguarding National Security in the HKSAR, Safeguarding National Security Ordinance and Prevention of Bribery Ordinance (Cap. 201) etc., when carrying out the procurement.

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<sup>1</sup> 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.

<sup>2</sup> For the definitions of manager and responsible person, please refer to section 2(1) of the BMO.

## **2.0 CODE OF CONDUCT**

- 2.1 The MC and responsible person 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 and responsible person shall not solicit or accept any advantage from any supplier or contractor in relation to the tender.
- 2.3 A member of the MC and responsible person shall not solicit or accept any advantage arising from the performance of his duties.
- 2.4 A member of the MC and responsible person shall take measures 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.

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

- 3.1 The MC and responsible person shall, as far as practicable, having regard to the nature of the procurement, adopt open tender or other means of open advertisement, such as putting advertisements on local newspapers or websites to publicise the tender, to enhance tender competition and minimise the risks of tender collusion. Nevertheless, for type 1 high-value procurement, type 2 high-value procurement or large-scale maintenance procurement, even if the MC and the responsible person adopt open tendering, they shall still comply with paragraph 5 of Schedule 6A and paragraph 20 of Schedule 7 to the BMO in relation to the issuance of invitations to tender to a specified number of potential suppliers:
  - (a) for the procurement of supplies, goods and services of a value more than \$10,000 but not exceeding \$200,000, the

- tender invitation must be issued to at least 3 potential suppliers; or
- (b) for the procurement of supplies, goods and services of a value more than \$200,000, the tender invitation must be issued to at least 5 potential suppliers.
- 3.2 The MC and responsible person 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 Division 5 of Part IV of the BMO.
- 3.3 The MC and responsible person are advised to build in probity and anti-collusion clauses in the related tender documents. The MC and responsible person may refer to the Building Management Toolkit<sup>3</sup> issued by the ICAC for the sample probity and anti-collusion clauses.
- 3.4 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),

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<sup>3</sup> The Building Management Toolkit can be accessed via the following link:  
[https://bm.icac.hk/Building\\_Maintenance\\_Toolkit.html?lang=en](https://bm.icac.hk/Building_Maintenance_Toolkit.html?lang=en)

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

#### **4.0 COLLECTION AND OPENING OF TENDERS**

- 4.1 If a tender is to be received in physical form, it shall be required to 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.
- 4.2 Where it is impracticable or difficult to comply with the requirement under paragraph 4.1 above, the MC and the responsible person may accept tenders handed in or sent by post to the registered office of the OC or to a specific venue as resolved by a corporation resolution or an owners resolution<sup>4</sup>. The tenders shall be properly acknowledged and kept safely.
- 4.3 All tenders shall be opened at the same time in the presence of at least three members of the MC or the owners’ committee who shall countersign and date each of the tenders.
- 4.4 Notwithstanding the requirements of collection and opening of tenders set out in this section, where any procurement of supplies, goods and services by the MC or the responsible person is conducted under any Rehabilitation Schemes operated by the Urban Renewal Authority (URA)<sup>5</sup> (including the “Smart Tender” Building Rehabilitation Facilitating Services), the MC or the responsible person should comply with all rules, guidelines and/or requirements relevant to the conduct of the tender exercise adopted in such service/scheme instead.

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<sup>4</sup> For the definitions of corporation resolution and owners resolution, please refer to section 2(1) of the BMO.

<sup>5</sup> The Rehabilitation Schemes operated by the URA may be referred to via the following link: <https://www.ura.org.hk/>

## **5.0 CONSIDERATION AND DECISION ON ACCEPTANCE OF TENDERS<sup>6</sup>**

- 5.1 For type 1 high-value procurement<sup>7</sup>, all tenders received shall be submitted to the MC or the owners' committee for decision on acceptance.
- 5.2 For type 2 high-value procurement or large-scale maintenance procurement<sup>8</sup>, it shall be ensured that for all tenders received, whether to accept the tenders are to be decided by a corporation resolution or an owners resolution.
- 5.3 A tender which requires approval by a corporation resolution or an owners' resolution 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 owners' meeting 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 owners' meeting 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 owners' meeting 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;

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<sup>6</sup> Please also comply with Division 5 of Part IV of the BMO and Part 2 of Schedule 7 to the BMO.

<sup>7</sup> For the definition of type 1 high-value procurement, please refer to section 2D.

<sup>8</sup> For the definition of type 2 high-value procurement, please refer to section 2D; for the definition of large-scale maintenance procurement, please refer to section 2E.

- (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.

5.4 If the procurement is the large-scale maintenance procurement, it must be ensured that the meeting procedures comply with the requirements of Schedule 6C and Division 4 of Part 3 of Schedule 7, including the voting-in-person threshold, i.e. at least 5% of the owners or 100 owners (whichever is the lesser) must vote personally on the resolution.

5.5 The MC and responsible person are advised to refer to the “Corruption Prevention Guide for Property Management Companies” issued by the ICAC<sup>9</sup> to understand the common corruption risks, corruption prevention alerts and precautionary measures for conducting owners’ meetings (including the handling of proxy instruments).

5.6 After approving the award of consultancy agreement/works contract, the MC or responsible person is advised to notify all tenderers, property owners and occupants in writing of the tender result.

## **6.0 SIGNING OF CONTRACTS**

6.1 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, if such procurement is a type-2 high value procurement or large-scale maintenance procurement, the MC or responsible person should consider, having regard to the circumstances, signing the contract with suppliers/contractors at least one month after the passing of

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<sup>9</sup> The “Corruption Prevention Guide for Property Management Companies” issued by the ICAC can be found at the following link: [https://cpas.icac.hk/EN/Info/Lib\\_List?cate\\_id=3&id=2816](https://cpas.icac.hk/EN/Info/Lib_List?cate_id=3&id=2816)



the relevant resolution at the owners' meeting.

- 6.2 The MC and responsible person for the procurement are advised to include ethical commitment clauses in the contract. The MC and responsible person may refer to the sample ethical commitment clauses in contracts in Appendix 10 of the "Corruption Prevention Guide for Property Management Companies" issued by the ICAC.



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