

PROPERTY MANAGEMENT SERVICES AUTHORITY

Code of Conduct

Obligations of Property Management Companies regarding the Ending of their Appointment

Code No.: C5/2021

Effective Date: 7 May 2021

Preamble

The following code of conduct (“Code”) is issued by the Property Management Services Authority pursuant to section 5 of the Property Management Services Ordinance (“PMSO”) and contains practical guidance for the purposes of section 4 of the PMSO (disciplinary offences). Although a licensee¹ does not incur a legal liability only because the licensee has contravened a provision of the Code, the Code is admissible in evidence in disciplinary hearings, and proof that a licensee contravened or did not contravene the relevant provision of the Code may be relied on as tending to establish or negate a matter that is in issue in the hearings.

Code

Handover obligations

A(1) A licensed property management company (“licensed PMC”) has to fulfill its handover obligations when its appointment for providing property management services at a property ends.

Arrangements before handover

B(1) A licensed PMC has to, before the specified time mentioned in paragraph B(2), hold a meeting with the relevant owners’ organization² or, with the written consent of the owners’ organization, the succeeding property management company (“successor”) to discuss the handover arrangements. To facilitate discussion and confirmation of the movable properties to be handed over, the licensed PMC has to provide a draft movable property checklist (“checklist”) to the owners’ organization or the successor at least three days³ before the

¹ The term “licensee” means the holder of the following licence: a PMC licence; a PMP (Tier 1) licence; a PMP (Tier 2) licence; a provisional PMP (Tier 1) licence; or a provisional PMP (Tier 2) licence.

² The term “owners’ organization” has the same meaning as defined by section 2 of the PMSO, i.e. “*in relation to a property, means an organization (whether or not formed under the Building Management Ordinance or a deed of mutual covenant) that is authorized to act on behalf of all the owners of the property*”.

³ A “day” in this Code means calendar day.

meeting.

- B(2) “Before the specified time” mentioned in paragraph B(1) of the Code means—
- (a) eight weeks before the ending of the appointment of the licensed PMC (if the licensed PMC is a manager⁴); or
 - (b) two weeks before the ending of the appointment of the licensed PMC (if the licensed PMC is not a manager).
- B(3) Having obtained the consent of and subject to arrangement made by the relevant owners’ organization, the successor has to contact the outgoing licensed PMC in order to make appropriate arrangements for the handover of the management work and relevant documents / information.
- B(4) If there are any movable properties that are not under the possession of the outgoing licensed PMC, the outgoing licensed PMC has to, to the best of its knowledge, disclose the party which possesses the relevant movable properties for the relevant owners’ organization or the successor to take follow-up actions.
- B(5) Within seven days³ after the meeting mentioned in paragraph B(1) of the Code, the outgoing licensed PMC has to provide a revised (if any) checklist to the relevant owners’ organization or the successor.

Arrangements for delivering movable properties

- C(1) Subject to paragraph C(2) of the Code, a licensed PMC has to, as soon as practicable, but not later than 14 days³ after the date of ending of its appointment, deliver the movable properties to the relevant owners’ organization or the successor.
- C(2) If a licensed PMC needs to keep any books, records of account, papers, documents and other records (“relevant documents”) required for the preparation of the relevant income and expenditure account and balance sheet, it has to deliver to the relevant owners’ organization or the successor —
- (a) within 14 days³ after the date of ending of its appointment a copy of the relevant documents; and
 - (b) within two months after the date of ending of its appointment the relevant documents.

⁴ In this Code, the term “manager” has the same meaning as that defined by section 34D of the Building Management Ordinance.

Arrangements for handover of movable properties in the capacity of a secretary or treasurer of an owners' organization

D(1) If a licensed PMC serves as a secretary or treasurer for an owners' organization during its appointment, it has to, within 14 days³ after vacating the post, deliver the movable properties in respect of the performance of its duties to the owners' organization.

Preparing income and expenditure account, balance sheet and arranging for audit

E(1) Unless otherwise agreed⁵ with the relevant owners' organization or subject to paragraph E(2) of the Code, a licensed PMC has to, within two months after the date of the ending of its appointment —

- (a) prepare an income and expenditure account and a balance sheet; and
- (b) arrange for the account and balance sheet to be audited by an accountant or by some other independent auditor specified by the relevant owners' organization⁶.

E(2) In respect of paragraph E(1)(b), if the relevant owners' organization has not specified an accountant or some other independent auditor before the ending of the appointment of the licensed PMC, the licensed PMC has to arrange for the account and balance sheet to be audited by an accountant or some other independent auditor specified by the licensed PMC.

— END —

If there is any inconsistency between the Chinese version and the English version of this Code, the Chinese version shall prevail.
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⁵ If the scope of work agreed by the licensed PMC and the owners' organization does not include the preparation of income and expenditure account and balance sheet, paragraphs E(1) and E(2) of the Code shall not apply.

⁶ If the owner's organization decides not to audit the account and balance sheet (e.g. the property contains not more than 50 units as referred to in section 27(1A) of the Building Management Ordinance), paragraph E(1)(b) of the Code shall not apply.