

# Effective Control over Property Management Business by Property Management Companies

Code of Conduct

Code No.: C3/2021



## 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 licensee<sup>1</sup> 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 ● ● ●

### Establishing mechanism for effective control over business

A(1) A licensed property management company (“licensed PMC”) has to establish an effective control mechanism (“mechanism”) for its business to provide property management services (“PMSs”). The mechanism shall include the following elements:

- Establishing management team structure;
- Setting out work guidelines;
- Providing sufficient manpower;
- Providing sufficient resources;
- Providing appropriate training;
- Effective monitoring;
- Regular assessment;
- Taking appropriate follow-up actions;
- Keeping records; and
- Supervising sub-contractors.

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<sup>1</sup> 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.

### **Establishing management team structure**

- B(1) A licensed PMC has to, with respect to each property for which PMSs are provided by it, establish a management team structure and prepare a management team operational chart to enable its employees to know the structure of the management team in order to facilitate carrying out duties and reporting work development.

### **Setting out work guidelines**

- C(1) A licensed PMC has to set out proper work procedures and clear guidelines for its employees to follow in the provision of PMSs. A licensed PMC has to review and/or update the relevant work procedures and guidelines regularly to ensure that they comply with operational requirements.

### **Providing sufficient manpower**

- D(1) A licensed PMC has to enter into an agreement with its client<sup>2</sup> with respect to the provision of PMSs and has to arrange sufficient manpower to provide PMSs according to the agreement.

### **Providing sufficient resources**

- E(1) A licensed PMC has to provide necessary and suitable material and equipment to its employees so as to enable them to provide PMSs effectively under safe working conditions.

### **Providing appropriate training**

- F(1) A licensed PMC has to provide appropriate training to its employees in the provision of PMSs in order to enable them to perform their duties in compliance with the relevant work procedures and guidelines. A licensed PMC has to strengthen training for employees who fail to perform their duties according to the relevant work procedures and guidelines.

### **Effective monitoring**

- G(1) A licensed PMC has to continuously and effectively monitor the work and conduct of its employees who provide PMSs and has to conduct regular review to ensure that its employees follow the relevant work procedures and guidelines.

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<sup>2</sup> The term "client" has the same meaning as defined in section 16 of the PMSO, i.e. "in relation to a property for which a licensed PMC provides property management services, means— (a) the owners' organization of the property; and (b) the owners of the property who pay or are liable to pay the management expenses in respect of the services". According to such definition, a tenant is not a client.



### Regular assessment

- H(1) A licensed PMC has to periodically evaluate the work performance of its employees who provide PMSs in order to determine whether its employees have followed the relevant work procedures and guidelines and consider whether it is necessary to strengthen training or provide further guidance.

### Taking appropriate follow-up actions

- I(1) A licensed PMC has to take appropriate follow-up actions in respect of employees who fail to follow the relevant work procedures and guidelines.

### Keeping records

- J(1) A licensed PMC has to keep the relevant information and documents in relation to the implementation of the Code for not less than 3 years.

### Supervising sub-contractors

- K(1) If a licensed PMC sub-contracts all or part of its PMSs to a sub-contractor or a service provider, the licensed PMC has to supervise the sub-contractor or service provider suitably, no matter whether the sub-contractor or service provider is a licensee or not.



Related Best Practice Guide

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