

## **CHAPTER 5**

**Home and Youth Affairs Bureau  
Home Affairs Department  
Property Management Services Authority**

**Property Management Services Authority**

**Audit Commission  
Hong Kong  
5 November 2025**

*This audit review was carried out under a set of guidelines tabled in the Provisional Legislative Council by the Chairman of the Public Accounts Committee on 11 February 1998. The guidelines were agreed between the Public Accounts Committee and the Director of Audit and accepted by the Government of the Hong Kong Special Administrative Region.*

Report No. 85 of the Director of Audit contains 8 Chapters which are available on our website (<https://www.aud.gov.hk>).



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# PROPERTY MANAGEMENT SERVICES AUTHORITY

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# PROPERTY MANAGEMENT SERVICES AUTHORITY

## Executive Summary

1. Property management companies (PMCs) and property management practitioners (PMPs) play an important role in helping property owners to maintain proper management of their buildings. The Property Management Services Ordinance (PMSO — Cap. 626) provides for the establishment of the Property Management Services Authority (PMSA) and a licensing regime of PMCs and PMPs. Established in December 2016, the principal functions of PMSA are to regulate and control the provision of property management (PM) services by the licensing of PMCs and PMPs, to promote the integrity, competence and professionalism of the profession of PM services, and to maintain and enhance the status of the profession of PM services.

2. According to PMSO, PMSA consists of members including the Chairperson, the Vice-chairperson and not more than 18 ordinary members (hereinafter referred to as PMSA's members). The PMSA Executive Office, led by the Chief Executive Officer, assists and supports PMSA in discharging its PM regulatory duties and performing day-to-day work of various aspects. The Home Affairs Department (HAD), being the executive arm of the Home and Youth Affairs Bureau, is responsible for, among other duties, improving building management and serving as the policy interface with PMSA.

3. The provisions for the licensing regime under PMSO commenced on 1 August 2020, and it has been fully implemented since 1 August 2023 following a three-year transitional period. PMCs providing more than one category of the seven prescribed PM services to properties (subject to deed of mutual covenant and containing any number of flats comprising two or more levels) must hold licences. Only those PMPs who assume a managerial or supervisory role in a licensed PMC in relation to PM services provided by the PMC are subject to licensing. PMSA operates on a self-financing model, with income generated from levies and licence fees. In 2024-25, PMSA's income and expenditure amounted to \$49.5 million and \$38.8 million respectively. As at 30 April 2025, the Executive Office had 40 staff. The Audit Commission (Audit) has recently conducted a review of PMSA.

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### Licensing services and professional development

4. *Scope for improving timeliness in processing licence applications.* According to PMSO, PMSA must not issue a licence unless it is satisfied that the applicant is a suitable person to hold the licence, meets all the prescribed criteria for holding the licence and has paid the prescribed fees. According to PMSA guidelines, under normal circumstances, the approval for a PMC licence application and a PMP licence application will be completed within 25 and 15 working days respectively from the next working day after the receipt of all necessary information and fees (see also para. 7). Audit noted that, as of August 2025, the dates of receiving all necessary information and fees were maintained in individual case files and such information was not readily available in a consolidated format. According to PMSA, if the applicant fails to provide all necessary information, PMSA will notify the applicant. If PMSA has issued the notification for the third time and the applicant still fails to provide the information before the specified time, PMSA will consider terminating the processing of the application. Audit noted that, as of August 2025, the timeframes for following up outstanding information were not specified in PMSA guidelines. Audit examined the records of 10 licence applications completed in 2024 and 2025 (up to April), and noted the following issues:

- (a) *Need to improve timeliness in following up outstanding information with licence applicants.* For the 10 applications, Audit noted that the time lapse between each follow-up (total 82 follow-ups) ranged from 1 to 325 working days (averaging about 46 working days); and
  - (b) *Need to improve timeliness in issuing notification letters for considering termination of application processing.* Of the 10 applications, 6 (60%) applications involved four or more follow-up actions taken by PMSA. For 4 applications, the number of follow-ups before issuing the notification letters for considering termination of application processing ranged from 4 to 17 per application (averaging about 8 follow-ups). For 2 applications, while the number of follow-ups were 7 and 11, PMSA did not issue such notification letters (paras. 2.3 to 2.5, 2.8 and 2.10).
5. *Need to enhance monitoring of compliance with requirements for licence renewal applications.* According to PMSO, an application for licence renewal must be made to PMSA within 6 to 9 months before the expiry of PMC licence, or within 3 to 6 months before the expiry of PMP licence. If an application is made after the specified period but before the expiry of the licence, PMSA may accept the application

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if it considers that there is a good reason for doing so. Audit noted the following issues:

- (a) ***Need to enhance monitoring of compliance with statutory timeframes for licence renewal.*** Among the 228 applications for renewal of PMC licences made between August 2020 and April 2025, 101 (44%) applications were made in less than 6 months before the expiry of the licences (i.e. after the specified period). Among the 4,518 applications for renewal of PMP licences made during the same period, 1,536 (34%) applications were made in less than 3 months before the expiry of the licences (i.e. after the specified period), and 67 (1%) applications were made about 1 day to 15 months (averaging about 2 months) after the expiry of the licences. Audit examined the records for 10 renewal applications made after the specified period but before the licence expiry as well as 5 PMP licence renewal applications made after the expiry of the licences, and noted that the reasons for approving all the renewal applications were not documented. As of August 2025, the approval authorities for accepting such applications were not specified in PMSA guidelines; and
  
  - (b) ***Notices not issued to owners for late submission of renewal applications for PMC licence.*** According to PMSO, if a licensed PMC does not apply for the renewal of its licence within the specified period, PMSA must, by notice in writing given to the owners or owners' organisations of the property for which the PMC provides PM services, inform the owners or organisations of the fact. Audit examined the records of 5 PMC licence renewal applications which were not made within the specified period, and noted that notices were not issued to the owners or owners' organisations concerned, contrary to the statutory requirement. According to PMSA, if it had assessed that the PMC could complete the renewal before licence expiry, it might not be necessary to issue notice which otherwise might cause public alarm. However, Audit noted that, as of August 2025, PMSA had not specified the circumstances under which notices would not be issued in its guidelines (paras. 2.11 to 2.16).
6. ***Need to timely include clauses on safeguarding national security in licensing conditions and Code of Conduct.*** The Law of the People's Republic of China on Safeguarding National Security in the Hong Kong Special Administrative Region was implemented on 30 June 2020 and the Safeguarding National Security Ordinance took effect on 23 March 2024. Upon enquiry, PMSA informed Audit

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in October 2025 that the arrangement for including clauses on safeguarding national security as prescribed conditions for new issue and renewal of licences for PMCs and PMPs and in the relevant Code of Conduct was being deliberated and would be put in place as soon as practicable (paras. 2.24 and 2.25).

7. ***Scope for enhancing performance measurement and reporting.*** Audit noted that, as of August 2025, while the licensing regime under PMSO had been fully implemented for about two years, apart from the performance pledge related to the timeframes for processing licence applications, the Executive Office had not formulated other performance pledges for discussion and endorsement by PMSA's members. Besides, PMSA had not published the achievement of the performance pledge for processing licence applications on its website. For 2024-25, the Executive Office reported to PMSA's members that the achievement of the performance pledge for processing licence applications was 100%. However, Audit noted that the related breakdown for the achievement was not readily available (para. 2.30).

8. ***Scope for improvement in detecting unlicensed activities.*** According to PMSO, a person commits an offence if the person, without a PMC licence or a PMP licence, acts as a PMC or a PMP or claims to be a licensed PMC or PMP. PMSA maintains a list of licensed PMCs with information on properties managed and number of flats of the properties. On the other hand, HAD maintains a database of all private buildings in Hong Kong (i.e. Building Management Information System (BMIS)) with information including name of buildings, number of storeys and units, and information on management organisations of the buildings. Audit noted the following issues:

- (a) ***Building information between records in PMSA and BMIS not readily matched.*** Audit examined the records in PMSA and BMIS as of April 2025 and noted that there were no common unique reference numbers for PMCs and buildings between the two records, and therefore information kept in both databases could not be readily matched for ascertaining the number of buildings managed by licensed PMCs. Besides, Audit compared the names of PMCs for 10 buildings in PMSA records against BMIS records and noted that for 5 (50%) buildings, the names of PMCs listed in PMSA records were different from those in BMIS records; and
- (b) ***Need to leverage BMIS records to detect suspected unlicensed PMCs.*** In mid-July 2023 (prior to the end of the three-year transitional period), based on the information from different sources (including BMIS records as of

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September 2022), PMSA had compiled a list of PMCs requiring licences and those not requiring licences. Audit noted that 3 PMCs identified as not requiring licences in 2023 were identified by PMSA as suspected unlicensed PMCs as of June 2025, of which 1 PMC was subsequently concluded as an unlicensed PMC and, as of August 2025, the cases of 2 PMCs were under processing. Besides, Audit compared BMIS records as of September 2022 and April 2025, and noted that there were 7 new PMCs, of which 5 (71%) PMCs had not obtained valid licences as of April 2025. As of August 2025, no documentation was available showing that PMSA had investigated whether the 5 new PMCs were required to obtain licences. PMSA investigated the 5 PMCs after Audit's enquiry and found that they were not required to be licensed under PMSO (paras. 2.33 to 2.36).

9. *Scope for improving timeliness in recognition of training activities/courses.* Since 1 August 2023, PMSA has implemented the Continuing Professional Development (CPD) Scheme on a mandatory basis in stages. PMP licensees may participate in training activities/courses which meet specified criteria, including those pre-recognised by CPD Scheme (e.g. recognised through application). According to PMSA, in general, the processing of applications for training activities/courses organised by recognised professional bodies (RPBs) is completed in 14 working days. However, such timeframe was not specified in PMSA guidelines, nor was there a timeframe set for applications from other organisations/institutions. For applications received from RPBs, as of August 2025, the processing completion dates for recognition were not maintained by CPD System and hence, the processing time of the applications could not be ascertained readily. For 83 applications (involving 402 activities/courses) received from other organisations/institutions in 2024 and 2025 (up to June), the processing of 3 (4%) applications (involving 38 activities/courses) was completed in more than 14 working days and up to 23 working days (averaging about 20 working days) from receipt of the applications (paras. 2.47, 2.49 and 2.53).

### **Monitoring of property management companies and property management practitioners**

10. *Need to enhance monitoring of compliance with notification requirement and lay down related guidelines.* According to PMSO and the Property Management Services (Licensing and Related Matters) Regulation (Cap. 626B), licensees must notify PMSA within 31 days after any change of the prescribed matters. On

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10 September 2024, PMSA's members endorsed a classification mechanism for non-compliant cases, under which changes of prescribed matters were classified into three categories (i.e. very minor, minor or major changes) with different follow-up actions for delayed notifications. For example, for delay in notifications of minor changes, administrative advisory letters or acknowledgement letters (if PMCs can provide reasonable justifications for the delay) will be issued to the licensees. However, PMSA had not laid down guidelines for handling notification of changes (e.g. the timeframes for issuing administrative advisory letters or acknowledgement letters). Audit also noted the following issues:

- (a) ***Need to take timely follow-up actions on non-compliances.*** Audit examined 51 notifications of changes submitted by 20 licensees between 11 September 2024 and 30 April 2025, and noted that there were delays in submission of 15 (29%) notifications (ranging from 3 to 196 days). While the 15 notifications involved minor changes, no administrative advisory letters or acknowledgement letters had been issued as required to the licensees for 12 (80%) notifications that had been submitted to PMSA for 2 days to about 7.1 months (averaging about 3.8 months) as of April 2025; and
- (b) ***Need to strengthen checking on notifications of changes submissions by relevant licensed PMCs.*** Audit examined the records of 10 licensed PMPs (previously employed by 9 licensed PMCs) that had submitted notifications of changes in October 2024 involving cessation of employment. As of April 2025, 6 (67%) of the 9 PMCs had not submitted the corresponding notifications of changes and there was no documentation available to show the follow-up actions taken by PMSA regarding the non-compliances (paras. 3.2, 3.3, 3.5, 3.6 and 3.9).

11. ***Scope for improving compliance inspections.*** Since August 2023, PMSA has conducted compliance inspections on the properties managed by licensed PMCs. In March 2024, the Executive Office informed PMSA's members that it planned to cover all licensed PMCs in compliance inspections by July 2024. From August 2023 to April 2025, PMSA conducted 1,098 compliance inspections. Audit noted the following issues:

- (a) ***Not all PMCs covered in compliance inspections.*** Of the 815 licensed PMCs as of April 2025, compliance inspections had not been conducted on properties managed by 154 (19%) PMCs. According to PMSA, 137 PMCs meeting specified criteria had been excluded from inspections and only

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17 PMCs were identified as requiring compliance inspections as of June 2025. However, Audit noted that there were four exclusion criteria, and the specific criterion met by each of the 137 PMCs was not readily available as of August 2025. Besides, the criteria for excluding PMCs from compliance inspections had not been specified in PMSA guidelines; and

- (b) ***Selection criteria for properties to undergo compliance inspections and required inspection frequency not specified in guidelines.*** Among the 661 PMCs with inspections conducted on properties under their management, the number of property inspections per PMC ranged from 1 to 55 times (averaging about 2 times). Of the 1,098 inspections conducted, 29 and 1,040 properties were inspected twice and once respectively, and the number of inspections conducted each month ranged from 9 to 245 (averaging about 52) inspections. As of August 2025, PMSA had not specified the selection criteria for properties and PMCs to undergo inspections and the required frequency of inspections in its guidelines (paras. 3.12, 3.13, 3.15 to 3.19).

12. ***Need to enhance monitoring of manning ratios of PMCs.*** A licensed PMC must engage a certain number of licensed PMPs that meets the minimum manning ratios specified by PMSA. Audit noted the following issues:

- (a) ***Need to take timely actions against PMCs not meeting required manning ratios.*** Based on the Licensing System records as at 30 June 2025, 14 PMCs did not meet the required manning ratios. In 7 cases, the time lapse between identification of the non-compliances by PMSA and 30 June 2025 ranged from about 1.1 months to about 1.2 years (averaging about 7.9 months), and the time lapse between each follow-up action (total 16 actions as of August 2025) ranged from the same day to about 1.2 years (averaging about 3.8 months). In 4 cases, no documentation was available to show that follow-up actions had been taken by PMSA as at 30 June 2025, and the time lapse between identification of the non-compliances by PMSA and 30 June 2025 ranged from 9 days to about 1 year (averaging about 5.4 months). For the remaining 3 cases, according to PMSA, the PMC complied with the required manning ratios as at 30 June 2025, either after taking into account a reduction in the number of properties under management or after rectifying input errors in the system. Audit also noted that PMSA had not specified in its guidelines the procedures for handling non-compliant cases related to manning ratios of licensed PMCs; and

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- (b) ***Need to improve accuracy and timeliness of licensee information updates.*** Based on the Licensing System records as at 30 June 2025, 45 licensed PMPs were recorded as working full time in two licensed PMCs concurrently, and no documentation was available to show that PMSA had followed up on the duplication as of August 2025. According to PMSA, the duplication was due to several reasons including error in data input and simultaneous updates by different PMSA staff. Besides, the notification requirement was not always complied with by the licensed PMCs (see para. 10(b)), which might affect the compliance status of the PMCs' manning ratios (paras. 3.21 to 3.25).
13. ***Room for improvement in recording complaint information and timeliness in handling complaints.*** PMSA records information about complaints in Complaints and Enforcement Case Management System (CEM System). Audit noted the following issues:
- (a) ***Need to improve complaint classification.*** In the 2024-25 PMSA annual report, PMSA reported that it received 1,107 complaints in 2024-25. Audit examined the CEM System records and found that PMSA received 657 complaints from the public during the period. Regarding the difference of 450 cases, 109 cases were recorded as "enquiry" in CEM System and 341 cases were PMSA self-identified non-compliant cases concerning contravention of licensing conditions and referrals from other government departments or law enforcement agencies, and the timeframes for handling complaints (see (b) below) were not applicable to these cases. According to PMSA, the figure reported in PMSA annual report referred to the number of complaints and suspected non-compliant cases received and handled by PMSA. However, Audit noted that the breakdown of the complaint figure (e.g. by public complaints and internally identified cases) was not provided in the annual report, and the definition of complaints was not specified in PMSA guidelines; and
- (b) ***Room for improving timeliness of complaint handling.*** According to PMSA, once sufficient information has been obtained for a complaint case, the case is generally handled and completed within 6 months. Audit noted that, as of August 2025, the dates of obtaining sufficient information for complaints were not readily available. According to CEM System records, PMSA received 2,667 public complaints between August 2020 and April 2025. Audit also noted that, as at 30 April 2025, the time lapse

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between the receipt of the complaints and completion of handling the complaints for 237 (11%) of 2,206 completed complaints ranged from over 6 months to about 2.4 years (averaging about 10.5 months). Besides, 230 (50%) of 461 complaints under processing had been received more than 6 months ago, with durations ranging up to about 3.8 years (averaging about 1 year) (paras. 3.37, 3.39 to 3.44).

14. ***Scope for improvement in review of Codes of Conduct and their coverage in compliance inspections.*** PMSA may issue Codes of Conduct containing any practical guidance that it considers appropriate in determining whether a licensee commits misconduct or neglect in a professional respect. As of August 2025, PMSA issued 24 Codes of Conduct. Of the 23 Codes of Conduct that had been issued for more than 1 year and up to about 5 years, 7 (31%) had been updated, and 1 (4%) would be reviewed and updated in the third quarter of 2025. No documentation was available to show that the remaining 15 (65%) had been reviewed. Besides, PMSA had only covered 2 (8%) of the 24 Codes of Conduct in its compliance inspections, and there was no documentation available to explain the rationale for inclusion of only selected Codes in compliance inspections (paras. 3.49 to 3.52).

### Other related issues

15. ***Room for improvement in administration of Anti-epidemic Support Scheme for Property Management Sector (ASPM).*** HAD commissioned PMSA to implement two rounds of ASPM under the Anti-epidemic Fund of the Government in 2020 and 2022 to provide financial support to eligible properties and their frontline PM workers. PMSA received a total of about \$3,206.5 million from the Government for implementing ASPM. In February 2023, HAD sent an email to PMSA mentioning that the outstanding balance for ASPM would continue to be used as disbursement to frontline PM workers (if still required) and administration fee to PMCs/owners' organisations. Audit noted that a fund balance of \$123.3 million for ASPM was shown in PMSA's audited accounts for 2023-24, which were submitted to PMSA's members (including HAD) in July 2024. Following Audit's enquiry on the fund balance on 15 May 2025, HAD issued demand notes to PMSA, which subsequently returned \$123.7 million (including interest) to HAD in June 2025. Audit noted that no documentation was available showing that HAD and PMSA had discussed the arrangement of the residue balance of ASPM after February 2023 and prior to Audit's enquiry on 15 May 2025 (paras. 4.2 to 4.4 and 4.6).

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16. ***Room for improvement in procurement of stores and services.*** Audit examined the records of 20 procurement cases with value at \$100,000 or above in the period from 2023-24 to 2025-26 (up to June), and noted the following issues:

- (a) ***Need to obtain written procurement approval from designated level of authority.*** According to PMSA's procurement guidelines, if there is an insufficient number of written quotations obtained, approval from a higher-level authority should be obtained. Audit noted that in one case, while there was an insufficient number of quotations obtained, the procurement was not approved by a higher-level authority as required. In another case, the procurement value triggered the requirements for tendering and approval by PMSA's members. Of the 12 PMSA's members giving approval for the procurement, 6 members responded by emails and the other 6 members only by telephone; and
- (b) ***Need to include General Conditions of Contract in contracts.*** Since 2024, PMSA has incorporated specific clauses on safeguarding national security in its General Conditions of Contract. Of the 20 procurement cases, 17 were conducted in the period from 2024 to 2025 (up to June). For 9 (53%) of the 17 cases, there was no evidence to show that PMSA had provided the General Conditions of Contract, including the specific clauses on safeguarding national security, to the suppliers for their attention and compliance. According to PMSA, it had implemented a standard practice with effect from 1 May 2025 whereby the General Conditions of Contract were provided to all suppliers for contracts valued at \$50,000 or above. However, as of August 2025, such requirement was not specified in PMSA guidelines (paras. 4.10, 4.12 and 4.14).

17. ***Need to enhance declaration of interest process for PMSA's members.*** According to PMSO, a member of PMSA must disclose to PMSA any interest that the member has which is of a class or description determined by PMSA on the member's first appointment to PMSA and at the beginning of each calendar year after the member's appointment. PMSA had 20 members appointed for a three-year term, from 1 December 2022 to 30 November 2025. The Secretariat (i.e. the Executive Office) had set deadlines for submission of declaration of interest by the members. For 18 members, 14 (78%) submitted their declarations late on 1 to 3 occasions each, with the delays ranging from 1 to 111 days (averaging about 27 days). The remaining 2 members were government officials. The declarations of interest for the first appointment of two government officials as members in

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February 2025 were submitted 3 and 111 days after their appointments. The declarations of interest for previous government officials appointed as members were not available. Besides, according to PMSO, PMSA must keep a register relating to any disclosure made, and make the register available for inspection at the offices of PMSA and through the Internet. As of August 2025, while the declarations of interest for 18 members were available on PMSA's website, those for the 2 government officials appointed in 2025 were not (paras. 4.24 and 4.26).

18. *Need to enhance management information for monitoring regulatory and administrative work.* Audit noted that some management information (e.g. highlights or summaries) for monitoring PMSA's licensing and regulatory work was not readily available or regularly compiled, such as compliance with the specified timeframes for submission of licence renewal applications and notifications of changes by licensees. Besides, while the achievement of the performance pledges for processing licence applications was reported to PMSA's members, the related breakdown for the achievement was not readily available (para. 4.48).

### Audit recommendations

19. **Audit recommendations are made in the respective sections of this Audit Report. Only the key ones are highlighted in this Executive Summary. Audit has recommended that the Chief Executive Officer of Property Management Services Authority should:**

#### *Licensing services and professional development*

- (a) **enhance guidelines to specify the timeframes for following up outstanding information with applicants for PMC and PMP licences, the approval authorities for accepting licence renewal applications made after the statutory period, and the circumstances under which notices will not be issued to the owners or owners' organisations of the properties managed by PMCs that failed to submit licence renewal applications within the specified period (para. 2.31(a));**
- (b) **enhance monitoring of compliance with the statutory timeframes for the submission of PMC and PMP licence renewal applications (para. 2.31(b));**

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- (c) take measures to ensure that clauses on safeguarding national security are included as prescribed conditions on licences for PMCs and PMPs and in the relevant Code of Conduct as soon as practicable (para. 2.31(e));
- (d) formulate performance pledges for PMSA's licensing services for discussion and endorsement by PMSA's members as soon as practicable (para. 2.31(g));
- (e) enhance monitoring of the achievement of performance pledges, including maintaining documentation to support reported achievements, and publish those achievements (para. 2.31(h));
- (f) strengthen detection of suspected unlicensed activities, including considering to revisit the PMCs identified as not requiring licences in 2023 (para. 2.44(a));
- (g) lay down guidelines for the timeframe for processing applications for the recognition of training activities/courses under CPD Scheme, and enhance monitoring of timeliness in processing these applications (para. 2.60(b) and (c));

### *Monitoring of PMCs and PMPs*

- (h) enhance monitoring of compliance with the statutory timeframe for submission of notifications of changes by licensed PMCs and PMPs, take timely follow-up actions on non-compliances in accordance with the classification mechanism, and lay down guidelines for handling the notifications (para. 3.10(a), (b) and (d));
- (i) enhance guidelines for conducting compliance inspections to incorporate selection criteria for properties and PMCs and the frequency of inspections, and take measures to ensure compliance (para. 3.35(a));
- (j) strengthen measures to ensure that all licensed PMCs are covered by compliance inspections, and where exclusions occur, justifications should be documented (para. 3.35(b));

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- (k) lay down guidelines for the procedures for handling non-compliant cases related to manning ratios of licensed PMCs and take measures to improve the timeliness of follow-up actions on non-compliant cases (para. 3.35(d));
- (l) take measures to improve accuracy and timeliness of licensee information updates in the Licensing System (para. 3.35(e));
- (m) provide a breakdown of the complaint figures in the PMSA annual report to enhance transparency (para. 3.47(a));
- (n) clearly define complaints in guidelines and enhance measures to ensure that complaint cases are correctly classified and recorded in CEM System (para. 3.47(b));
- (o) enhance monitoring of compliance with specified timeframes for handling complaints (para. 3.47(d));
- (p) lay down requirements for review of issued Codes of Conduct for PM industry in guidelines, and review the coverage of Codes of Conduct for PM industry in compliance inspections (para. 3.54(a) and (b));

### *Other related issues*

- (q) review the procurement guidelines to specify the requirement for providing the General Conditions of Contract to all suppliers for contracts of a specified value (para. 4.20(b));
- (r) take measures to ensure that written procurement approvals are obtained from a designated level of authority (para. 4.20(c));
- (s) step up measures to facilitate all PMSA's members to make declarations of interest for their first appointment and annual declarations in a timely manner, and publish all related declarations in accordance with PMSO (para. 4.38(a)); and

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- (t) regularly compile management information to facilitate monitoring of the discharge of PMSA's functions (para. 4.51(a)).
20. Audit has also *recommended* that the Director of Home Affairs and the Chief Executive Officer of Property Management Services Authority should:
- (a) take measures to facilitate matching of PMC and building information in BMIS and PMSA records with a view to enhancing accuracy of related information in both databases for monitoring, and explore the use of common unique reference numbers for PMCs and buildings for sharing of the related information (para. 2.43(a)); and
  - (b) consider establishing a mechanism for sharing PMC and building information (e.g. new PMCs) to facilitate PMSA in identifying suspected unlicensed PM activities (para. 2.43(b)).
21. Audit has also *recommended* that the Director of Home Affairs should enhance monitoring of the return of unspent government funds in cases where an implementation agent is engaged to implement similar funding schemes in future (para. 4.19).

### **Response from the Government and the Property Management Services Authority**

22. The Director of Home Affairs and the Chief Executive Officer of Property Management Services Authority agree with the audit recommendations.

## **PART 1: INTRODUCTION**

1.1 This PART describes the background to the audit and outlines the audit objectives and scope.

### ***Background***

1.2 Property management companies (PMCs) and property management practitioners (PMPs) play an important role in helping property owners to maintain proper management of their buildings. Unethical acts or malpractice of the PMCs or PMPs would adversely affect the safety and hygiene standards of the buildings. The Government considers that a mandatory licensing regime which sets a minimum qualification requirement for PMCs and PMPs will raise professional standards, increase public awareness of the importance of engaging a qualified PMC, and promote the concept of maintaining building safety and value through continuous effective building management.

1.3 The Property Management Services Ordinance (PMSO — Cap. 626) was enacted by the Legislative Council (LegCo) in May 2016. The PMSO provides for the establishment of the Property Management Services Authority (PMSA) and a licensing regime of PMCs and PMPs. Established in December 2016, the principal functions of PMSA are:

- (a) to regulate and control the provision of property management (PM) services by the licensing of PMCs and PMPs;
- (b) to promote the integrity, competence and professionalism of the profession of PM services; and
- (c) to maintain and enhance the status of the profession of PM services.

According to PMSO, PMSA may do anything it considers appropriate for it to do for, or in relation to, the performance of its functions.

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1.4 According to PMSA, its vision is to promote the professionalism and quality of PM industry to make Hong Kong a better place for living. To enhance the industry's professional standards and status, PMSA adopts a three-pronged approach (see Figure 1).

**Figure 1**

**PMSA's three-pronged approach**



*Source: PMSA records*

### ***Governance and organisation structure***

1.5 **PMSA.** According to PMSO, PMSA consists of members including the Chairperson, the Vice-chairperson and not more than 18 ordinary members (hereinafter referred to as PMSA's members). PMSA's members are appointed by the Chief Executive of the Hong Kong Special Administrative Region of the People's Republic of China from the following three categories of individuals:

- (a) individuals who are engaged in PM services (Category I persons);
- (b) individuals who have experience in the relevant fields related to PM, general administration or consumer affairs (Category II persons); and

- (c) other individuals who appear to the Chief Executive to be suitable to be appointed as members (Category III persons).

As at 30 April 2025, PMSA had 20 members (Note 1).

1.6 **Committees.** PMSA has established five committees, namely the Disciplinary Committee, the Finance and Strategic Development Committee, the Licensing Committee, the Practice and Assessment Committee and the Professional Development Committee, to assist in discharging its functions.

1.7 **Executive Office.** The PMSA Executive Office assists and supports PMSA in discharging its PM regulatory duties, promoting industry edges, boosting the development of professionalism in the industry as well as performing day-to-day work of various aspects. It is led by the Chief Executive Officer, who is underpinned by two General Managers responsible for the “Regulatory” and “Operation and Service” branches respectively. As at 30 April 2025, the Executive Office had 40 staff. An extract of the organisation chart of PMSA (as at 30 April 2025) is at Appendix A.

1.8 **Role of the Government.** The Home and Youth Affairs Bureau (HYAB) is responsible for, among other duties, formulating and developing policy in respect of district governance and building management. The Home Affairs Department (HAD), being the executive arm of HYAB, is responsible for, among other duties, improving building management and serving as the policy interface with PMSA.

### ***Licensing regime***

1.9 The Property Management Services (Licensing and Related Matters) Regulation (Cap. 626B) was gazetted in May 2020. The Regulation provides for the matters relating to the control and regulation of PM services and the licensing of PMCs and PMPs. The provisions for the licensing regime under PMSO commenced

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**Note 1:** *The 20 members, appointed for a three-year period from 1 December 2022 to 30 November 2025, comprised the Chairperson, the Vice-chairperson, 5 Category I persons, 4 Category II persons and 9 Category III persons (including the Director of Home Affairs or his/her representative and the Director of Housing or his/her representative).*

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on 1 August 2020 and there was a three-year transitional period for PMCs and PMPs to apply for the respective licences. PMSO provides for:

- (a) a single-tier licensing regime for PMCs (see para. 1.11), which are business entities that carry on the business of providing PM services; and
- (b) a two-tier licensing regime for PMPs (i.e. PMP (Tier 1) licence and PMP (Tier 2) licence) (see para. 1.12). Only those PMPs who assume a managerial or supervisory role in a licensed PMC in relation to PM services provided by the PMC are subject to licensing.

The licensing regime under PMSO has been fully implemented since 1 August 2023, and since then it is an offence for PMCs and related PMPs to provide PM services without licences (Note 2).

1.10 ***PM services.*** Under PMSO, there are seven categories of prescribed PM services, namely general management services, management of the environment, repair, maintenance and improvement, finance and asset management, facility management, human resources management and legal services.

1.11 ***PMC licences.*** PMCs providing more than one category of prescribed PM services to properties (subject to deed of mutual covenant (DMC) and containing any number of flats (Note 3) comprising two or more levels) must hold licences in accordance with PMSO. If an owner or owners' organisation "self-manages" 1,500 or more flats and provides more than one category of prescribed PM services going beyond the duties and obligations performed by an owner or owners' organisation pursuant to the Building Management Ordinance (Cap. 344), that owner

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**Note 2:** *The person who commits the offence is liable, on conviction on indictment to a fine of \$500,000 and to imprisonment for 2 years, or on summary conviction to a fine at level 6 (i.e. \$100,000) and to imprisonment for 6 months.*

**Note 3:** *A flat means any premises in a building which are referred to in a DMC whether described therein as a flat or by any other name and whether used as a dwelling, shop, factory, office or for any other purpose, of which the owner, as between himself and owners or occupiers of other parts of the same building, is entitled to the exclusive possession.*

or owners' organisation is required to hold a licence. The criteria for holding a PMC licence are as follows:

- (a) the PMC must engage at least one licensed PMP (Tier 1) (whether part-time or full-time) who has effective control of the provision of PM services by the PMC; and
- (b) the PMC must engage a number of full-time licensed PMPs that meets the following minimum manning ratios specified by PMSA:
  - (i) at least one licensed PMP (Tier 1) for every 3,000 flats or below; and
  - (ii) at least one licensed PMP (Tier 2) for every 1,500 flats or below.

As of April 2025, there were 815 PMC licences (all held by PMCs (and nil by owners' organisation) which managed about 9,000 private properties).

1.12 ***PMP licences.*** PMPs serving managerial or supervisory roles in licensed PMCs to provide PM services must hold licences in accordance with PMSO. PMP licences are divided into two tiers:

- (a) ***PMP (Tier 1) licence.*** Besides possessing bachelor degree (or above) or equivalent academic qualification and relevant PM work experience, licensees must also hold professional qualification (i.e. being a member of a designated class, category, group or professional field of a PMSA recognised professional body (RPB)); and
- (b) ***PMP (Tier 2) licence.*** Licensees must possess associate degree, diploma (or above) or equivalent academic qualification and relevant PM work experience.

1.13 During the three-year transitional period (see para. 1.9), a PMP possessing the specified work experience in assuming a managerial or supervisory role in the provision of PM services for properties but failing to meet the requirements of academic and/or professional qualifications might apply for and be issued a provisional PMP licence with a validity period of up to three years. Upon

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completion of a course specified by PMSA within the validity period of the provisional licence, the PMP might apply for a formal licence without having to comply with the requirements of academic and/or professional qualifications. As of April 2025, there were 8,154 PMP (Tier 1) licences (including 1,000 provisional licences) and 8,096 PMP (Tier 2) licences (including 659 provisional licences).

1.14 ***Licence fees.*** PMSA collects licence fees from PMCs and PMPs in accordance with the Property Management Services (Licensing and Related Matters) Regulation since August 2020, as follows:

- (a) ***PMC licence.*** The application fee (same for new and renewal application) is \$500 and the licence fee (for 36 months) is \$18,000; and
- (b) ***PMP licence.*** The application fee (same for new and renewal application) is \$100, and the licence fees (for 36 months) for PMP (Tier 1) licence and PMP (Tier 2) licence are \$3,600 and \$1,200 respectively.

### ***Professional development***

1.15 In early 2022, PMSA launched the Continuing Professional Development (CPD) Scheme setting the criteria and requirements for PMP licensees' participation in CPD activities/courses on a voluntary basis. CPD Scheme aims to encourage licensees to participate in activities/courses organised or recognised by PMSA in order to acquire new knowledge and skills to handle daily PM work.

1.16 After the PM industry licensing regime transitional period (i.e. from 1 August 2023), PMSA has started implementing CPD Scheme on a mandatory basis in stages. PMP (Tier 1) licensees and PMP (Tier 2) licensees have to participate in CPD Scheme from 1 January 2024 and 1 January 2025 respectively. In the two immediate CPD years (i.e. full calendar years from 1 January to 31 December) before the expiry year of the licensees' newly issued or renewed licences (3-year validity), the licensees are required to fulfil CPD participation requirements for each year (i.e. attaining at least 12 CPD hours for PMP (Tier 1) licensees and 6 CPD hours for PMP (Tier 2) licensees).

**Regulatory framework**

1.17 **Codes of Conduct.** According to PMSA, it actively formulates Codes of Conduct and Best Practice Guides (Note 4) for PM industry to provide practical guidance on various PM functions and a set of service standards which propels the industry to raise its professional service level, at the same time increasing the transparency of work standards of the industry and the public’s understanding of the industry, thereby reducing conflict and complaints regarding PM services. Under PMSO, a licensee does not incur a civil or criminal liability only because of contravening a provision of the Codes of Conduct. However, if the concerned provision is relevant to determining a matter that is in issue in any proceedings (whether disciplinary, civil or criminal), the Codes of Conduct are admissible in evidence in the proceedings, and proof that the licensee contravened or did not contravene the provision may be relied on as tending to establish or negate that matter. As of April 2025, PMSA issued 24 Codes of Conduct (see Figure 2 for examples) and related Best Practice Guides.

**Figure 2**

**Codes of Conduct**



Source: PMSA records

**Note 4:** For the purpose of enabling licensees to comply more effectively and professionally with the Codes of Conduct, PMSA provides relevant guidelines in the Best Practice Guides. While licensees are encouraged to use their best endeavours to follow the Best Practice Guides, failure to comply with the guides will not be regarded as a disciplinary offence.

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1.18 ***Disciplinary offences.*** Under PMSO, disciplinary offences include committing misconduct or neglect in a professional respect, contravening a condition imposed on the licensee's licence, contravening a requirement in PMSO that is applicable to the licensee (e.g. the licensee fails to notify PMSA of changes of prescribed matters), contravening a requirement in the Building Management Ordinance or a DMC that is applicable to the licensee as determined by the court, and being convicted in Hong Kong or elsewhere of a criminal offence that may bring the professional of PM services into disrepute and is punishable with imprisonment (whether or not the licensee was sentenced to imprisonment).

1.19 ***Disciplinary actions.*** According to PMSO, PMSA may conduct an investigation if it has reasonable cause to suspect that a licensee has committed a disciplinary offence or the licensee no longer meets any of the prescribed criteria for holding the licence. If, at the conclusion of an investigation, PMSA is satisfied that there is evidence that tends to establish the matter concerned, PMSA may decide that a hearing be conducted. If, at the conclusion of a hearing, PMSA is satisfied that the matter is established, it may make disciplinary orders against the licensee (including verbal warning or written reprimand, imposing penalty, imposing/varying a condition on the licence, and suspending/revoking the licence). In 2024-25, disciplinary hearings for 8 cases were held.

1.20 ***Appeal.*** According to PMSO, a person who is aggrieved by decisions of PMSA (e.g. a decision not to issue or renew a licence, a finding made at a disciplinary hearing and a disciplinary order made) and wishes to appeal against the matter may lodge a notice in writing with the Secretary for Home and Youth Affairs. The appeal will be heard by an appeal tribunal composed of members of the Appeal Panel which is appointed by the Secretary for Home and Youth Affairs. An appeal tribunal may confirm, vary or reverse any decision, finding or order to which the appeal relates. In 2024-25, there was no appeal case.

### ***Complaint handling***

1.21 According to PMSA, complaints may be lodged against a licensee who is suspected to have committed a disciplinary offence or no longer meets any of the prescribed criteria for holding the licence. PMSA will conduct a preliminary assessment in respect of the information provided by the complainant. If the subject of complaint is not a licensee, while PMSA may not conduct investigation under PMSO, it will strive to provide assistance to the complainant (e.g. making enquiries

with the relevant PMC or PMP, relaying the concern to them and encouraging them to follow up on the relevant matters).

### ***Financial arrangement***

1.22 ***Loan from the Government.*** In November 2017, LegCo Finance Committee approved a commitment of \$22 million from the Loan Fund as a one-off loan to PMSA to meet its set-up costs and initial operating expenses. The loan is being repaid by PMSA in 5 equal annual instalments starting from April 2023. As of June 2025, the outstanding loan balance was \$8.8 million.

1.23 ***Funding arrangement.*** PMSA operates on a self-financing model. Its income is generated from levies and licence fees. Levies have been collected in accordance with PMSO and the Property Management Services (Levy) Regulation (Cap. 626A) in respect of conveyance on sales of immovable properties chargeable with stamp duty (\$350 for each leviable instrument) since July 2018. Licence fees have been collected from PMCs and PMPs in accordance with the Property Management Services (Licensing and Related Matters) Regulation since August 2020 (see para. 1.14). In 2024-25, PMSA's income and expenditure amounted to \$49.5 million (Note 5) and \$38.8 million (Note 6) respectively.

1.24 ***Monitoring by the Government.*** According to PMSO, PMSA is required to furnish to the Secretary for Home and Youth Affairs annually its statement of accounts, auditor's report and annual report. The Secretary will arrange for the documents received to be tabled in LegCo.

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**Note 5:** *The income included levies (\$27.7 million), licence fees (\$18.3 million) and other income (e.g. interest income) (\$3.5 million).*

**Note 6:** *The expenditure included staff costs (\$26.7 million), depreciation (\$5.3 million), office accommodation and related expenses (\$1.9 million), corporate communications and promotion (\$1.8 million) and other expenditure (e.g. information technology expenses) (\$3.1 million).*

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### *Information systems*

1.25 PMSA has developed three major information systems to support its regulatory and administrative functions, as follows:

- (a) ***Licensing System.*** The Licensing System is a web-based system for managing new and renewal licence applications. The system consists of sub-systems accessible by the public (e.g. e-application submission), only by the registered licensees (e.g. submission of licence renewal applications), or only by PMSA staff (e.g. managing overall workflow of licencing);
- (b) ***CPD System.*** The CPD System is a web-based system for managing CPD workflow. The system consists of functions accessible by the public (e.g. enrolment of courses organised by PMSA), only by the registered licensees (e.g. updating CPD records and hours attained (i.e. e-Recording System)) or only by PMSA staff (e.g. managing overall CPD course workflow); and
- (c) ***Complaints and Enforcement Case Management System (CEM System).*** The CEM System is a web-based system for managing the processing of complaints and enforcement cases. It is used solely by PMSA staff.

1.26 According to PMSA, a system revamp project to redesign the Licensing System and CPD System into one integrated system has commenced in June 2025. The project is estimated to be completed by phases in 20 months.

### **Audit review**

1.27 In May 2025, the Audit Commission (Audit) commenced a review to examine PMSA. The audit review has focused on the following areas:

- (a) licensing services and professional development (PART 2);
- (b) monitoring of PMCs and PMPs (PART 3); and

- (c) other related issues (PART 4).

Audit has found room for improvement in the above areas and has made a number of recommendations to address the issues.

## **Acknowledgement**

1.28 Audit would like to acknowledge with gratitude the full cooperation of the staff of HAD and PMSA during the course of the audit review.

## **PART 2: LICENSING SERVICES AND PROFESSIONAL DEVELOPMENT**

2.1 This PART examines issues relating to licensing services and professional development, focusing on the following areas:

- (a) licensing services (paras. 2.2 to 2.32);
- (b) monitoring of unlicensed activities (paras. 2.33 to 2.46); and
- (c) professional development (paras. 2.47 to 2.61).

### **Licensing services**

2.2 PMSA is responsible for implementing the licensing regime under PMSO, which has been fully implemented since August 2023, following the end of the transitional period.

2.3 According to PMSO, PMSA must not issue a licence unless:

- (a) PMSA is satisfied that the applicant:
  - (i) is a suitable person (Note 7) to hold the licence; and
  - (ii) meets all the prescribed criteria for holding the licence (see paras. 1.11 and 1.12); and
- (b) the applicant has paid the prescribed fee (see para. 1.14) for the issue of the licence.

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**Note 7:** *For both PMC and PMP, in determining whether a PMC or PMP is suitable to hold a licence, PMSA will consider all relevant factors, for example, whether the company or individual has been convicted of a criminal offence and/or a disciplinary offence.*

### *Scope for improving timeliness in processing licence applications*

2.4 An applicant for a PMC or PMP licence is required to complete an application form and submit supporting documents (Note 8) to PMSA. According to PMSO, an application for the renewal of a licence must be made to PMSA within 6 to 9 months before the expiry of PMC licence, or within 3 to 6 months before the expiry of PMP licence. According to PMSA guidelines, upon receipt of a new or renewal application for a PMC or PMP licence, PMSA staff will examine the application form and documents submitted by the applicant. Under normal circumstances, the approval for a PMC licence application and a PMP licence application will be completed within 25 and 15 working days respectively from the next working day after the receipt of the licence application form (for both new and renewal applications), the required fees and all necessary information and required documents.

2.5 Audit noted that, as of August 2025, the dates of receiving all necessary information and fees for licence applications were maintained in individual case files and such information was not readily available in a consolidated format. In 2024 and 2025 (up to April), PMSA completed processing (i.e. approved or rejected) 60 new and 96 renewal applications for PMC licence and 4,055 new and 3,165 renewal applications for PMP licence. Audit examined the time lapse between the application dates (i.e. counted from the next working day after receipt of the applications) and the processing completion dates (i.e. approval or rejection dates) and noted that:

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**Note 8:** *The applicant is required to provide information and documents including:*

- (a) for PMC licence: licensed PMPs engaged, properties managed and information for determining whether the applicant is a suitable person to hold a licence;*
- (b) for PMP licence: academic qualification, professional qualification (for PMP (Tier 1) licence), work experience and information for determining whether the applicant is a suitable person to hold a licence; and*
- (c) supporting documents for information provided (e.g. copies of DMC of the properties managed by the PMC, and proof of academic qualification, professional qualification and work experience of the PMP).*

*For a renewal application, apart from information for determining whether the applicant is a suitable person to hold a licence, information and supporting documents are generally only required for changes since the applicant's last application or notification to PMSA.*

## **Licensing services and professional development**

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- (a) for PMC licence applications, the processing of 6 (10%) of the 60 new applications and 61 (64%) of the 96 renewal applications were completed in more than 25 working days and up to 329 working days (averaging about 75 working days); and
- (b) for PMP licence applications, the processing of 2,037 (50%) of the 4,055 new applications and 218 (7%) of the 3,165 renewal applications were completed in more than 15 working days and up to 666 working days (averaging about 75 working days).

2.6 As at 30 April 2025, 3 new and 112 renewal applications for PMC licence and 216 new and 234 renewal applications for PMP licence were under processing. Audit examined the time lapse between the application dates (i.e. counted from the next working day after receipt of the applications) and 30 April 2025 and noted that:

- (a) for PMC licence applications, 1 (33%) of the 3 new applications and 59 (53%) of the 112 renewal applications had been received for more than 25 working days and up to 229 working days (averaging about 78 working days); and
- (b) for PMP licence applications, 122 (56%) of the 216 new applications and 95 (41%) of the 234 renewal applications had been received for more than 15 working days and up to 754 working days (averaging about 57 working days).

2.7 Upon enquiry, PMSA informed Audit in September and October 2025 that:

- (a) in actual circumstances, when an applicant submitted an application for licence, it did not necessarily mean that the applicant had met all the licensing criteria and had provided all necessary information for the application to be processed, and for the licence to be issued right away;
- (b) in the case of PMC, it might not have engaged sufficient licensed PMPs or might have engaged a practitioner holding only a provisional licence at the time of application, and it would take time for the PMC to carry out recruitment or for the practitioner holding a provisional licence to study specified course and then apply for a formal licence before the PMC could

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meet the licensing criteria and PMSA could complete processing the application. If the director of the PMC had past criminal record, the case had to be examined by the Licensing Committee as to whether the applicant was a suitable person for holding the licence before completion of the application process;

- (c) in the case of PMP, an applicant could be a student studying a PM course and until the student obtained the necessary academic qualification, PMSA could not complete processing the application. For some applicants, their academic qualification, work experiences or past criminal record might have to be examined by the Licensing Committee before their applications could be processed. In some cases, applicants submitted their applications online and approval-in-principle had been given for issuing licences but the actual licences could only be approved for issue when they physically visited PMSA's office for verification of their supporting documents;
- (d) for licence renewal cases, an application must be made to PMSA within the specified period (see para. 2.4), and hence applications could actually be made long before licence expiry. However, applications submitted first might not necessarily be dealt with earlier if they still had long licence validity as priority might be accorded to deal first with applications with licence validity close to expiry even though such applications might have been submitted comparatively at a later stage. The aim was to ensure renewal before licence expiry. Under such scenario, it might take longer time to deal with those cases which were submitted earlier and this accounted for the purported longer processing time;
- (e) specifically, for the:
  - (i) PMC licence application with processing completed in 329 working days (see para. 2.5(a)), the PMC concerned had to wait for the effective controller to complete the specified course for Tier 1 licensees and obtain PMP (Tier 1) licence before the application could be processed;
  - (ii) PMP licence application with processing completed in 666 working days (see para. 2.5(b)), the applicant had taken long time to respond to PMSA's request for additional information as well as licence collection request;

## **Licensing services and professional development**

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- (iii) PMC licence applications under processing (see para. 2.6(a)), the new application involved a company providing a single category of PM services (not required to be licensed under the law) which had not submitted all the required documents and had been out of contact for an extended period (the last attempt of contact was in July 2025 but PMSA was still unable to reach the company, and the application was terminated by PMSA on 10 October 2025). The application received for 229 working days was the licence renewal application of a PMC and the application was only approved after the completion of Disciplinary Committee and Licensing Committee procedures; and
- (iv) PMP licence applications under processing (see para. 2.6(b)), the application received for 754 working days had its processing suspended as the applicant was suspected to have submitted a forged academic qualification. The case had been referred to the law enforcement agency for investigation, and the application was scheduled to be formally rejected by the Licensing Committee in October 2025; and
- (f) PMSA could not issue a licence under the law if the applicant had not fulfilled all the licensing criteria, provided all the required documents and paid the fee. PMSA was dutifully fulfilling its statutory obligations under the law (see para. 2.3).

2.8 While noting PMSA's explanations, Audit noted that there was room for improvement in following up the outstanding information with licence applicants. According to PMSA, if the applicant fails to provide all necessary information and/or documents, PMSA will notify the applicant by email/telephone. If PMSA has issued the notification for the third time and if the applicant still fails to provide all necessary information and/or documents before the specified time, PMSA will consider terminating the processing of the application. These procedures are published on PMSA website but not specified in PMSA guidelines. Audit examined the records of 10 completed licence applications (including 5 PMC (2 new and 3 renewal) licence applications and 5 PMP (new) licence applications with the longest processing time — see para. 2.5(a) and (b)) and noted the following:

## Licensing services and professional development

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- (a) ***Need to improve timeliness in following up outstanding information with licence applicants.*** For the 10 applications, Audit noted that the time lapse between each follow-up (total 82 follow-ups) ranged from 1 to 325 working days (averaging about 46 working days), and no documentation was available showing the actions taken by PMSA during the time lapse. In the case where follow-up action was taken 325 working days after the last follow-up, PMSA requested the applicant to provide supporting documents for professional qualification during the period concerned. Upon enquiry, PMSA informed Audit in October 2025 that the professional qualification was a key criterion for the issue of licence, and the applicant had taken 10 months to apply for the respective qualification; and
- (b) ***Need to improve timeliness in issuing notification letters for considering termination of application processing.*** Of the 10 applications, 6 (60%) involved four or more follow-up actions taken by PMSA. Audit noted that:
- (i) for 4 applications, each with a notification letter issued for considering termination of application processing (hereinafter referred to as last notification letter), the number of follow-ups before issuing the letters ranged from 4 to 17 per application (averaging about 8 follow-ups). The time lapse between the last follow-ups and the dates of issuing the last notification letters ranged from 7 to 246 working days (averaging about 77 working days), and no documentation was available showing the actions taken by PMSA during the time lapse. In the case where the last notification letter was issued 246 working days after the last follow-up, PMSA requested the applicant to provide supporting documents for work experience during the period concerned, which was a key criterion for issuing a licence; and
- (ii) for 2 applications, while the number of follow-ups were 7 and 11, PMSA did not issue any last notification letters.
- 2.9 Upon enquiry, PMSA informed Audit in September 2025 that:
- (a) it was PMSA policy to encourage licensing for the healthy and sustainable development of the industry. And it was the responsibility of the applicant to submit all necessary information and documents to PMSA for processing; and

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- (b) it had adopted a lenient and accommodative approach to deal with all applications as far as possible instead of terminating the applications lightly, and the notification arrangement was thus applied with a certain degree of flexibility, and also having regard to caseload and other work priorities.

2.10 However, Audit noted that, as of August 2025, the timeframes for following up outstanding information with applicants for PMC and PMP licences (including those for each follow-up, issuing last notification letter and terminating application processing) were not specified in PMSA guidelines.

### ***Need to enhance monitoring of compliance with requirements for licence renewal applications***

2.11 According to PMSO:

- (a) an application for the renewal of a licence must be made to PMSA within 6 to 9 months before the expiry of PMC licence, or within 3 to 6 months before the expiry of PMP licence;
- (b) if an application for the renewal of a licence is made after the specified period but before the expiry of the licence, PMSA may accept the application if it considers that there is a good reason for doing so and may extend the validity of the licence for a period not exceeding 6 months; and
- (c) if a licensed PMC does not apply for the renewal of its licence within the specified period, PMSA must, by notice in writing given to the owners or owners' organisations of the property for which the PMC provides PM services, inform the owners or organisations of the fact.

2.12 Audit noted that, as of August 2025, management information for monitoring the compliance with the specified timeframes and requirements for submission of licence renewal applications were not available (see also para. 4.48(a)(i)). According to PMSA records, 228 applications and 4,518 applications for renewal of PMC and PMP licences respectively were made to PMSA between August 2020 (i.e. commencement of the licensing regime — see para. 1.9) and April 2025. Audit noted that:

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- (a) among the 228 applications for renewal of PMC licences, 101 (44%) applications were made in less than 6 months before the expiry of the licences (i.e. after the specified period — see para. 2.11(a)); and
- (b) among the 4,518 applications for renewal of PMP licences, 1,536 (34%) applications were made in less than 3 months before the expiry of the licences (i.e. after the specified period), and 67 (1%) applications were made about 1 day to 15 months (averaging about 2 months) after the expiry of the licences (Note 9).

2.13 *Need to enhance monitoring of compliance with statutory timeframes for licence renewal.* Audit examined the records for 10 renewal applications (including 5 for PMC licences and 5 for PMP licences) made closest to the licence expiry dates and before licence expiry, and 5 PMP licence renewal applications made after the longest elapsed time since licence expiry (see para. 2.12(a) and (b)), and noted the following:

- (a) *Licence renewal applications made after specified period but before expiry of licences.* Audit noted that the reasons for approving all the 10 renewal applications made after the specified period but before the licence expiry (see para. 2.11(b)) were not documented. Upon enquiry, PMSA informed Audit in September and October 2025 that it was PMSA policy to encourage licensing for the healthy and sustainable development of the industry, provided that the applicant met the licensing requirements. There was no good reason to reject a renewal application just because it was not technically submitted within the statutory period which was specified to ensure that there was sufficient time to process the application. PMSO also provided that such application might be processed if there was a good reason. PMSA considered it a good reason to embrace the licensing regime and to accept and approve as many licensees as possible. As this approach aligned with the legislative intent and was considered self-explanatory,

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**Note 9:** *According to PMSA, among the 67 renewal applications: (a) 40 (60%) were made in less than 1 month after licence expiry, 14 (21%) were made between 1 month and less than 3 months after licence expiry, 7 (10%) were made between 3 and 8 months after licence expiry, and the remaining 6 (9%) were made between 10 and 15 months after licence expiry; and (b) the licences were subsequently renewed in accordance with sections 7(1)(c)-(d) and 8(1)(c) of the Property Management Services (Licensing and Related Matters) Regulation (see para. 2.13(b)).*

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PMSA did not record and document the specific justifications in each individual case; and

- (b) *Licence renewal applications made after expiry of licences.* Audit reviewed the records for the 5 PMP licence renewal applications made after the expiry of the licences, and noted that the reasons for approving them as licence renewals were not documented. Upon enquiry, PMSA informed Audit in September and October 2025 that the prescribed criteria for holding PMP (Tier 1)/(Tier 2) licences under sections 7(1)(c)-(d) and 8(1)(c) of the Property Management Services (Licensing and Related Matters) Regulation included that the licensee had, within the 3 years immediately before the date of licence application, held a PMP (Tier 1)/(Tier 2) licence. In accordance with these sections, which applied to section 10(2)(a)(ii) of PMSO on application for renewal of licence, the 5 cases were regarded as renewal applications under the law. As the legislative intent was to treat such applications as renewals provided the applicants met the statutory criteria, PMSA did not consider it necessary to record and document the specific justification in these instances.

2.14 However, Audit noted that, as of August 2025, the approval authorities for accepting licence renewal applications made after the specified period and PMSA's rationale for accepting such applications (see para. 2.13) were not specified in PMSA guidelines.

2.15 *Notices not issued to owners for late submission of renewal applications for PMC licence.* Audit examined the records of the 5 PMC licence renewal applications which were not made within the specified period (see para. 2.13) (i.e. on average about 5.4 months after the specified period), and noted that notices were not issued to the owners or owners' organisations of the property for which the PMC provided PM services, contrary to the statutory requirement (see para. 2.11(c)). Upon enquiry, PMSA informed Audit in September 2025 that:

- (a) it considered that the statutory requirement should be flexibly and not rigidly applied. Technically, if an application was made one day later than the specified period, PMSA would have to issue notices to the concerned owners or owners' organisations which was likely to cause alarm and might be contrary to public interest. If PMSA had assessed that the PMC could

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complete the renewal before licence expiry, it might not be necessary to issue notice which otherwise might cause public alarm; and

- (b) it proposed that the statutory requirement should be flexibly applied having regard to actual circumstances and public interest.

2.16 However, Audit noted that, as of August 2025, PMSA had not specified the circumstances under which notices would not be issued to the owners or owners' organisations of the properties managed by PMCs that failed to submit licence renewal applications within the specified period in its guidelines.

2.17 *Need to issue reminders to licensees according to specified frequencies.* According to PMSA, it is the licensees' responsibility to comply with the statutory requirement by submitting their licence renewal applications in a timely manner, and it is also beyond its control to ensure the licensees' continuous licensing with PMSA. Nevertheless, reminders are sent to licensees for renewal of their licences before the expiry of the licences according to specified frequencies (Note 10). Audit examined the records of the 10 renewal applications made before expiry of the licences (see para. 2.13) and noted that for all 10 applications, reminders were not sent according to the specified frequencies. Upon enquiry, PMSA informed Audit in September 2025 that the omissions were due to a system bug in the Licensing System which would be addressed.

2.18 *Need to enhance monitoring of licence validity period.* According to PMSO, a new/renewed licence remains in force until the end of the period specified in it, which must not be longer than 36 months. PMSA may extend the validity of the licence for a period not exceeding 6 months (see para. 2.11(b)). Audit noted that:

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**Note 10:** *According to PMSA:*

- (a) *for PMC licences, starting from 9 months before licence expiry, reminders are sent every month from the 9th to 2nd month and then every week in the last 2 months until renewal applications are submitted or expiry of licences; and*
- (b) *for PMP licences, starting from 6 months before licence expiry, reminders are sent every month from the 6th to 1st month and then every week in the last month until renewal applications are submitted or expiry of licences.*

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- (a) ***Information on extension of licence validity period not readily available.***  
Audit noted that information on whether the validity period of a PMC/PMP licence had been extended was neither maintained in the Licensing System nor readily available in a consolidated format. Between August 2020 and April 2025, the validity period of 8 PMC licences exceeded the normal period of 36 months and was extended up to about 42 months (i.e. extended for up to 6 months after licence expiry). Upon enquiry, PMSA informed Audit in September and October 2025 that these cases involved disciplinary proceedings and there was a need to extend the licence validity for a short period so as to complete the disciplinary process before PMSA further considered whether the licence should be renewed. While the reasons for these extensions were not separately documented in the Licensing System, the relevant information was available in individual case files and committee papers. PMSA was a relatively small organisation with about 40 staff, and the licensing regime was still in its early stage of implementation. The current information technology system was primarily designed to serve immediate operational needs; and
- (b) ***Start dates of some renewed licences earlier than approval dates.***  
According to PMSA, a licence takes effect on the day of approval of the application. Of the 1,536 applications for renewal of PMP licences which were made in less than 3 months before the expiry of the licences (see para. 2.12(b)), 15 (1%) applications were approved after expiry of the licences, ranging from 2 to 281 days (averaging about 60 days). However, for 7 licences, the start dates of the renewed licences preceded their approval dates by 1 to 18 days (averaging about 6 days) and immediately followed the expiry dates of the previous licences. Upon enquiry, PMSA informed Audit in September 2025 that there was data input error in respect of the “validity start date” for each of the 7 cases in the computerised working spreadsheet. Hence, the licence validity start dates were inadvertently brought forward for a few days in these cases.

2.19 While noting PMSA’s explanations, Audit considers that PMSA needs to enhance monitoring of validity period of PMC and PMP licences, including maintaining management information (e.g. highlights or summaries) on whether licence validity periods have been extended and reasons for the extension, and taking measures to ensure that start dates of licences will not be earlier than approval dates.

### *Scope for improvement in checking of criminal conviction records*

2.20 According to PMSO, before a licence is issued to an applicant, PMSA must be satisfied that the applicant is a suitable person to hold the licence (see para. 2.3(a)(i)). In determining whether the applicant is a suitable person to hold the licence, PMSA must have regard to, among others, whether the applicant has been convicted of a criminal offence. In the licence application form, the applicant needs to declare whether there is any conviction of criminal offence in Hong Kong or elsewhere and provide relevant documents. According to PMSA, it is the responsibilities of the applicants under the law to make declarations on criminal conviction records to PMSA and to report any changes to PMSA after the licence is issued (see para. 3.2). Nevertheless, PMSA may contact relevant third parties to verify the documents or information provided by the applicants (Note 11), and for criminal conviction records:

- (a) PMSA will, if appropriate, verify the declarations of criminal conviction records on the application forms provided by applicants for PMP licences with the Hong Kong Police Force (HKPF); and
- (b) prior to 1 May 2025, information of applicants meeting specified criteria was sent for criminal record checks in the order of the approval dates (hereinafter referred to as previous procedure). Since 1 May 2025, information of applicants meeting revised specified criteria has been sent for criminal record checks in the order of the application dates (hereinafter referred to as new procedure).

2.21 For PMP licence applications received between August 2020 and April 2025 and approved as at 22 May 2025, Audit examined the records of applicants provided to HKPF for criminal record checks up to 13 June 2025 and noted that:

- (a) ***Information of some applicants meeting specified criteria not yet sent for criminal record checks.*** Among the 104 applicants meeting the specified criteria and issued with licences, PMSA had not yet sent their information for criminal record checks as at 13 June 2025, including:

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**Note 11:** *According to PMSO, a person commits an offence if the person, in connection with an application for a licence or the renewal of a licence, provides any information or document to PMSA that is false or misleading in a material particular.*

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- (i) 64 (62%) applicants had their applications submitted and approved prior to 1 May 2025 (i.e. under the previous procedure). As at 13 June 2025, their applications had been approved for 1 month to 3.5 years (averaging about 3 months); and
  - (ii) 40 (38%) applicants had their applications submitted prior to 1 May 2025 and approved on or after 1 May 2025 (up to 22 May 2025) (i.e. fell between the previous and new procedures); and
- (b) ***Need to specify scope of criminal record checks.*** The same applicant may submit more than one new PMP licence application (e.g. one for a provisional licence followed by another one for a full licence, or one for a PMP (Tier 2) licence followed by another one for a PMP (Tier 1) licence). For 457 applicants meeting the specified criteria and with 2 to 4 applications submitted and approved, criminal record checks had not been conducted again for their latest applications. For 242 (53%) of the 457 applications, the time lapse between the request dates of the latest criminal record checks and the application dates of the latest applications was more than 1 year and up to about 3.1 years (averaging about 1.8 years).

2.22 Upon enquiry, PMSA informed Audit in September and October 2025 that:

- (a) some of the 104 PMP applications (see para. 2.21(a)) potentially fell between the previous and new procedures, and it would forward these applications to HKPF for checking; and
- (b) of the 64 applications mentioned in paragraph 2.21(a)(i), 2 were exceptional as one involved an applicant who was very sick, and the other involved an applicant in an on-going complaint case. Excluding these 2 exceptional cases, as at 13 June 2025, the remaining 62 applications had been approved for about 1.5 months to 3.5 months (averaging about 1.8 months).

2.23 However, Audit noted that, as of August 2025, the details of criminal record checks including the scope of licence applications subject to checking (e.g. whether and when checking should be conducted for exceptional cases or for all applications from the same applicant meeting the specified criteria) were not specified in PMSA guidelines.

### *Need to timely include clauses on safeguarding national security in licensing conditions and Code of Conduct*

2.24 The Law of the People's Republic of China on Safeguarding National Security in the Hong Kong Special Administrative Region was implemented on 30 June 2020. The Law stipulates that it is the constitutional duty of the Hong Kong Special Administrative Region to safeguard national security. Besides, the Safeguarding National Security Ordinance took effect on 23 March 2024. It is stated in section 8(3) of the Ordinance that if the law of the Hong Kong Special Administrative Region confers any function on a person, the function is to be read as including a duty to safeguard national security, and accordingly, any person, in making any decision in the performance of the function, must regard national security as the most important factor, and give appropriate consideration to it accordingly.

2.25 Upon enquiry, PMSA informed Audit in October 2025 that the arrangement for including clauses on safeguarding national security as prescribed conditions for new issue and renewal of licences for PMCs and PMPs and in the relevant Code of Conduct was being deliberated and would be put in place as soon as practicable.

### *Scope for improvement in updating registers of licensees*

2.26 According to PMSO, PMSA must:

- (a) keep a PMC register, a PMP (Tier 1) register and a PMP (Tier 2) register. The registers must contain specified information (e.g. names of licensees, licence numbers, the periods for which their licences are issued, and the conviction records in relation to disciplinary or criminal offences); and
- (b) make the registers of licensees available for inspection free of charge at its offices during ordinary business hours and through the Internet.

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2.27 According to PMSA:

- (a) the registers are updated weekly (Note 12) for new PMP licences and on the effective dates for renewal of PMP licences and new/renewal of PMC licences; and
- (b) the information of disciplinary orders is updated in the registers after expiry of the appeal period (i.e. 21 days after notice of the orders were received by the licensees).

2.28 As of August 2025, the timeframes for updating the registers of licensees were not specified in PMSA guidelines. Audit examined the records relating to update of the registers and noted that:

- (a) ***Registers of licensees not timely updated.*** Audit examined the records for 10 cases involving the issue or renewal of licences pertaining to the period from 2024 to 2025 (up to April), as well as all 8 cases in which disciplinary orders were imposed on licensees and noted that:
  - (i) ***Issue or renewal of licences.*** For 5 (50%) of the 10 cases, based on PMSA's timeframes (see para. 2.27(a)), there were delays in updating the registers, ranging from 1 to 6 days (averaging about 2.6 days); and
  - (ii) ***Disciplinary orders imposed on licensees.*** For the 8 cases, based on PMSA's timeframe (see para. 2.27(b)), there were delays in updating the registers, ranging from 6 to 24 days (averaging about 16.3 days); and
- (b) ***Timeframes for updating registers of licensees for some changes not specified.*** Audit noted that for the changes of other information of the licensees, for example, names of licensees and registered addresses of licensed PMCs, there was no specified timeframe for updating the registers of licensees. Audit examined the records for 5 cases for changes of names of licensees or registered addresses of licensed PMCs pertaining to the

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**Note 12:** *According to PMSA, the registers are updated every Wednesday, reflecting the status as of last Friday.*

period from 2024 to 2025 (up to April), and noted that the registers of licensees were updated 6 to 13 days (averaging about 10.8 days) after the receipt of the information from the licensees.

### *Scope for enhancing performance measurement and reporting*

2.29 In June 2020, the Executive Office submitted a discussion paper to PMSA's members recommending the introduction of a number of performance pledges. According to the paper:

- (a) six performance pledges were discussed and passed at the Licensing Committee (Note 13). After implementation of the licensing regime, and the licence application procedures had been in operation for a period of time with sufficient operational experience and data accumulated, the Executive Office would further formulate a set of practical performance pledges for the licensing regime for discussion by the Licensing Committee; and
- (b) if PMSA's members passed a resolution on the proposal for licence application process and performance pledges, the Executive Office would formulate internal guidelines for processing licence applications and carry out other supporting work (e.g. publishing the related information on PMSA website).

Upon enquiry, PMSA informed Audit in September 2025 that in the meeting held in June 2020, only the performance pledge for processing applications of PMP and PMC licences (see para. 2.4) was discussed and eventually adopted. The other performance pledges had not been discussed at all and no resolution on them had been passed.

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**Note 13:** *The six performance pledges included those for processing licence applications (see para. 2.4), updating registers of licensees (e.g. within 1 working day for issue of new licences or renewal of licences and within 10 working days for disciplinary orders imposed on licensees), publishing the updated list of licensees in Gazette (on a quarterly basis), replacing licence certificate (within 10 working days), providing a copy of register of licensees (within 5 working days) and replying written enquiry (within 10 working days).*

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2.30 Audit noted that as of August 2025:

- (a) while the licensing regime under PMSO had been fully implemented for about two years, apart from the performance pledge related to the timeframes for processing licence applications, the Executive Office had not formulated other performance pledges for discussion and endorsement by the Licensing Committee and PMSA's members;
- (b) PMSA had not published the achievement of the performance pledge for processing licence applications on its website; and
- (c) the Executive Office reported the achievement of the performance pledge for processing licence applications to PMSA's members on a monthly basis. For 2024-25, the reported achievement rate was 100%. However, Audit noted that the related breakdown for the achievement was not readily available.

## **Audit recommendations**

2.31 **Audit has *recommended* that the Chief Executive Officer of Property Management Services Authority should:**

- (a) **enhance guidelines to specify:**
  - (i) **the timeframes for following up outstanding information with applicants for PMC and PMP licences (including those for each follow-up, issuing notification letter for considering termination of application processing and terminating application processing), and take measures to ensure compliance;**
  - (ii) **the approval authorities for accepting PMC and PMP licence renewal applications made after the statutory period, and ensure that all such approvals are supported by proper documentation;**
  - (iii) **the rationale for accepting PMC and PMP licence renewal applications made after the statutory period;**

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- (iv) **the circumstances under which notices will not be issued to the owners or owners' organisations of the properties managed by PMCs that failed to submit licence renewal applications within the specified period, and take measures to ensure compliance; and**
- (v) **the details of criminal record checks including the scope of licence applications subject to checking, and take measures to ensure compliance;**
- (b) **enhance monitoring of compliance with the statutory timeframes for the submission of PMC and PMP licence renewal applications;**
- (c) **issue timely reminders to licensees for the renewal of their PMC or PMP licences according to the specified frequencies;**
- (d) **enhance monitoring of validity period of PMC and PMP licences, including maintaining management information on whether licence validity periods have been extended and reasons for the extension, and taking measures to ensure that start dates of licences will not be earlier than approval dates;**
- (e) **take measures to ensure that clauses on safeguarding national security are included as prescribed conditions on licences for PMCs and PMPs and in the relevant Code of Conduct as soon as practicable;**
- (f) **lay down guidelines for the timeframes for updating all specified information in the registers of licensees, and take measures to ensure compliance;**
- (g) **formulate performance pledges for PMSA's licensing services for discussion and endorsement by the Licensing Committee and PMSA's members as soon as practicable; and**
- (h) **enhance monitoring of the achievement of performance pledges, including maintaining documentation to support reported achievements to facilitate monitoring and verification, and publish those achievements.**

### Response from the Property Management Services Authority

2.32 The Chief Executive Officer of Property Management Services Authority agrees with the audit recommendations.

### Monitoring of unlicensed activities

2.33 According to PMSO, a person commits an offence if the person, without a PMC licence or a PMP licence, acts as a PMC or a PMP or claims to be a licensed PMC or PMP (see para. 1.9). After identification of suspected unlicensed cases, the Executive Office will investigate and assess if there is a reasonable cause to suspect that unlicensed activities have occurred, and propose course of actions (e.g. issuing warning letters or instituting prosecution actions) to PMSA's members for endorsement. PMSA will also seek legal advice on the proposed course of actions.

### *Scope for improvement in detecting unlicensed activities*

2.34 *Building information between records in PMSA and Building Management Information System (BMIS) not readily matched.* PMSA maintains a list of licensed PMCs with information on properties managed (i.e. name of properties and number of flats of the properties). On the other hand, HAD maintains a database of all private buildings in Hong Kong (i.e. BMIS) (Note 14) with information including name of buildings, number of storeys and units, and information on management organisations of the buildings (e.g. name of PMC (if any)). Audit examined the records in PMSA and BMIS as of April 2025 and noted that:

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**Note 14:** *In July and December 2010, in discussing the regulation of PM industry, HAD informed the then Panel on Home Affairs of LegCo that of 40,000 private buildings, around 24,000 buildings were managed by some 800 PMCs, 9,000 buildings were managed by owners' corporations or other forms of resident organisations, and the remaining 7,000 buildings were old tenement buildings which did not have PMC, owners' corporation or any form of resident organisation.*

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- (a) according to PMSA records, there were 815 licensed PMCs managing 8,592 private properties (which might consist of more than one building). According to BMIS records, there were 1,533 PMCs managing 28,347 private buildings. In the absence of:
  - (i) common unique reference numbers for PMCs and buildings between the records in PMSA and BMIS, the PMC and building information kept in both databases could not be readily matched, and hence the number of buildings managed by licensed PMCs could not be ascertained readily; and
  - (ii) information on whether the buildings were subject to DMC and the number of PM services provided by PMCs for each building in BMIS records, which PMCs should be subject to the licensing regime could not be ascertained readily; and
- (b) of the 8,592 private properties managed by 815 licensed PMCs (see (a) above), Audit compared the names of PMCs for 10 buildings in PMSA records against BMIS records and noted that for 5 (50%) buildings, the names of PMCs listed in PMSA records were different from those in BMIS records.

### **2.35 *Need to leverage BMIS records to detect suspected unlicensed PMCs.***

According to PMSA, in mid-July 2023 (prior to the end of the three-year transitional period (see para. 1.9)), based on the information from different sources (including BMIS records), it had compiled a list of PMCs requiring licences and those not requiring licences. Audit noted that:

- (a) according to the list in 2023, 591 PMCs were identified as not requiring licences. On the other hand, as of June 2025, PMSA identified 16 suspected unlicensed PMC cases (see para. 2.40). Audit noted that of the 16 cases, 3 (19%) PMCs were identified as not requiring licences in 2023. For 1 of the 3 PMCs, while it was identified as not requiring a licence because it was not a business entity engaged in the business of provision of PM services in 2023, it was subsequently identified (through enquiry by the PMC) and concluded as an unlicensed PMC (requiring a licence from 1 August 2023). The remaining 2 PMCs were subsequently identified as suspected unlicensed PMCs through media reports and

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complaints received. As of August 2025, the cases were under processing; and

- (b) the identification of PMCs requiring licences in 2023 was based on BMIS records as of September 2022. Audit compared BMIS records as of September 2022 and April 2025, and noted that there were 7 new PMCs, of which 5 (71%) PMCs had not obtained valid licences as of April 2025. As of August 2025, no documentation was available showing that PMSA had investigated whether the 5 new PMCs were required to obtain licences.

2.36 Upon enquiry, PMSA informed Audit in September 2025 that:

- (a) initially in 2023, PMSA on the basis of information provided by PMCs, maintained a record that the 3 PMCs were not required to obtain licences (see para. 2.35(a)). There was new information available to PMSA after the transitional period which showed that the trio were indeed required to be licensed under PMSO. The situation was rectified in one case and criminal investigation was under progress for the other two cases; and
- (b) for the 5 PMCs identified in BMIS as managing properties but not holding PMC licences (see para. 2.35(b)), PMSA had taken actions to investigate these PMCs after Audit's enquiry. Of the 5 PMCs, 3 PMCs did not exist in the records of the Companies Registry, 1 PMC was managing property without DMC, and the remaining PMC was only providing a single category of prescribed PM services in buildings that were subject to DMC. These PMCs were not required to be licensed under PMSO.

2.37 In Audit's view, HAD and PMSA need to take measures to facilitate matching of PMC and building information in BMIS and PMSA records (e.g. names of PMCs and buildings) with a view to enhancing accuracy of related information in both databases for monitoring, and explore the use of common unique reference numbers for PMCs and buildings for sharing of the related information. HAD and PMSA also need to consider establishing a mechanism for sharing PMC and building information (e.g. new PMCs) to facilitate PMSA in identifying suspected unlicensed PM activities. Besides, PMSA needs to strengthen detection of suspected unlicensed activities, including considering to revisit the PMCs identified as not requiring licences in 2023.

2.38 *Need to specify procedures for follow-up actions required during the lapse period between licence expiry and renewal.* Audit examined PMP licence applications received between August 2020 and April 2025, and noted that 15 applications were made in less than 3 months before the expiry of the licences and were approved after the expiry of the licences (see para. 2.18(b)). For 8 (53%) of the 15 applications, the time lapse between the expiry dates of the previous licences and the start dates of the renewed licences (i.e. period without valid licences) ranged from 2 to 281 days (averaging about 106 days). Audit noted that PMSA had neither confirmed with the PMPs or the licensed PMCs employing the PMPs whether they had assumed managerial or supervisory roles during the unlicensed period, nor extended the validity period of their previous licences (see para. 2.18). Upon enquiry, PMSA informed Audit in October 2025 that of the 8 applications:

- (a) for 4 applications, the PMPs submitted renewal applications on Friday, which was just in 1 or 2 days before their licences were due to expire (i.e. would be expired during the weekend). PMSA completed the application processing as soon as practicable in the next working days (i.e. Monday and Tuesday), and the licence lapse period was only 2 to 3 days;
- (b) for the remaining 4 applications, the PMPs concerned involved disciplinary proceedings (including the case requiring 281 days for processing) and their licences were renewed as soon as practicable after the disciplinary matters had been dealt with. PMSA had issued letters to the PMPs (3 cases) or the licensed PMC employing the PMP (1 case) to remind them not to assume managerial or supervisory roles in licensed PMCs during the licence lapse period (ranged from 39 to 281 days, averaging about 209 days). Audit noted that, in 2 cases, the reminders were only sent on 4 and 36 days after the expiry of the PMP licences; and
- (c) it was the responsibility of the PMP or PMC concerned to ensure that they were in compliance with the law.

2.39 Audit also noted that, as of September 2025, the procedures for follow-up actions required during the lapse period between licence expiry and renewal (e.g. the circumstances and timeframes for issuing reminder letters, and for confirming that managerial or supervisory roles were not assumed by PMPs concerned in licensed PMCs) were not specified in PMSA guidelines.

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### ***Need to ensure timely handling of suspected unlicensed cases***

2.40 According to PMSA, it identifies unlicensed PMC or PMP mainly through handling enquiries, complaints, media reports and licence applications. As of June 2025, PMSA identified 16 suspected unlicensed PMC cases, of which 11 cases were concluded with warning letters issued after obtaining legal advice and the remaining 5 cases were under processing. Audit examined the records for the 16 cases and noted that:

- (a) for the 11 concluded cases, the time lapse between identification of the suspected offences and initiation of the process to seek legal advice on the proposed course of actions varied, ranging from about 1.5 months to about 1.7 years (averaging about 6 months); and
- (b) for the 5 cases under processing, as of June 2025, they had not yet been referred for legal advice, and the suspected offences had been identified for about 1.7 to 8.2 months (averaging about 5 months).

2.41 Upon enquiry, PMSA informed Audit in September and October 2025 that:

- (a) the PM licensing regime was newly implemented and the cases in question were the first batch of unlicensed PMC cases which PMSA had dealt with after the end of the transitional period. PMSA dealt with these cases carefully and seriously in consultation with the Department of Justice. It was eventually concluded that warning letters would be issued and no prosecution was brought for these cases; and
- (b) of the 11 concluded cases (see para. 2.40(a)), 2 were complicated cases. One involved restructuring of the business practice and transferring of assets of the PMC concerned so as to wind up the business, while the other concerned resolving legal issues related to interpretation and application of PMSO. Excluding these 2 cases, PMSA took an average of about 3.5 months to seek legal advice for the remaining 9 cases.

2.42 Audit noted that, as of August 2025, PMSA had not specified timeframes for handling suspected unlicensed cases in its guidelines. In Audit's view, PMSA needs to lay down such guidelines, and take measures to ensure compliance.

## Audit recommendations

2.43 **Audit has *recommended* that the Director of Home Affairs and the Chief Executive Officer of Property Management Services Authority should:**

- (a) **take measures to facilitate matching of PMC and building information in BMIS and PMSA records (e.g. names of PMCs and buildings) with a view to enhancing accuracy of related information in both databases for monitoring, and explore the use of common unique reference numbers for PMCs and buildings for sharing of the related information; and**
- (b) **consider establishing a mechanism for sharing PMC and building information (e.g. new PMCs) to facilitate PMSA in identifying suspected unlicensed PM activities.**

2.44 **Audit has also *recommended* that the Chief Executive Officer of Property Management Services Authority should:**

- (a) **strengthen detection of suspected unlicensed activities, including considering to revisit the PMCs identified as not requiring licences in 2023; and**
- (b) **lay down guidelines for:**
  - (i) **procedures for follow-up actions required during the lapse period between licence expiry and renewal (e.g. the circumstances and timeframes for issuing reminder letters, and for confirming that managerial or supervisory roles are not assumed by PMPs concerned in licensed PMCs), and take measures to ensure compliance; and**
  - (ii) **timeframes for handling suspected unlicensed cases, and take measures to ensure compliance.**

### Response from the Government and the Property Management Services Authority

2.45 The Director of Home Affairs and the Chief Executive Officer of Property Management Services Authority agree with the audit recommendations in paragraph 2.43. They have said that:

- (a) HAD and PMSA have commenced a project on the reconciliation of the information in BMIS and PMSA records by using Common Spatial Unit ID with a view to enhancing accuracy of related information in both databases; and
- (b) HAD will continue to maintain close liaison with PMSA for sharing of PMC and building information in facilitating PMSA to identify suspected unlicensed PM activities.

2.46 The Chief Executive Officer of Property Management Services Authority agrees with the audit recommendations in paragraph 2.44.

### Professional development

2.47 Since 1 August 2023, PMSA has implemented CPD Scheme on a mandatory basis in stages. PMP (Tier 1) and PMP (Tier 2) licensees have to participate in CPD Scheme from 1 January 2024 and 1 January 2025 respectively. PMP (Tier 1) and PMP (Tier 2) licensees are required to attain at least 12 and 6 CPD hours respectively in each CPD year (see para. 1.16). Licensees may participate in training activities/courses in the market which meet specified criteria (Note 15), including those:

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**Note 15:** *Under CPD Scheme, training activities/courses in the market are classified and recognised based on two criteria, namely the “Content” (classified as “Core” (e.g. related to law and regulations) or “Non-core” (e.g. related to skill development)) and “Learning Models” (classified as “Official” (e.g. with certificate issued by organising bodies) or “Unofficial” (e.g. without attendance records)) of these activities/courses.*

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- (a) pre-recognised by CPD Scheme, including those automatically recognised (e.g. organised by PMSA, the Government and public bodies) and those recognised through application (e.g. organised by RPBs and other organisations/institutions); and
- (b) meeting specified criteria but have not applied for recognition by CPD Scheme.

PMP licensees are required to record CPD hours attained in the e-Recording System (see para. 1.25(b)).

2.48 According to PMSA, for CPD year 2024, there were 1,155 PMP (Tier 1) licensees subject to the mandatory CPD Scheme. As of 30 June 2025, 1,072 (93%) licensees fulfilled the CPD participation requirements and 83 (7%) licensees did not declare CPD hours or fulfil the requirements. According to PMSA, those who had not fulfilled the CPD participation requirements might affect their licence renewal.

### ***Scope for improving timeliness in recognition of training activities/courses***

2.49 According to PMSA, organisations/institutions may submit applications for recognition of their activities/courses. Successfully recognised activities/courses organised by RPBs will be added to the list of recognised activities/courses in the e-Recording System, enabling licensees to record the CPD hours attained. In 2024 and 2025 (up to June), PMSA received 279 applications (involving 279 activities/courses) from RPBs and 83 applications (involving 402 activities/courses) from other organisations/institutions for the recognition of training activities/courses.

2.50 ***Need to encourage timely submission of applications for recognition of training activities/courses.*** According to PMSA, in general, for training activities/courses organised by RPBs, applications may be submitted at least one month prior to the scheduled commencement date. However, such timeframe was not specified in PMSA guidelines or published, and was not set for applications from other organisations/institutions. Audit noted that, of the applications received from RPBs and other organisations/institutions for 681 activities/courses, the

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applications for 221 (32%) activities/courses were submitted less than 30 days before the scheduled commencement dates, and the applications for 84 (12%) activities/courses were submitted between 1 day and about 10.7 months (averaging about 3.8 months) after the scheduled commencement dates.

2.51 Upon enquiry, PMSA informed Audit in September 2025 that:

- (a) it was not a mandatory requirement for RPBs to seek PMSA's recognition for their training activities/courses organised. RPBs were only encouraged to apply for recognition. PMSA had suggested that such application should be submitted at least one month prior to the scheduled commencement date, which was an administrative arrangement to help RPBs manage their submissions of applications in a more orderly manner. For other organisations/institutions, they were free to make such application to PMSA and PMSA had not specified any submission timeline; and
- (b) as CPD Scheme only became mandatory in 2024, PMSA had adopted a flexible and accommodative approach to encourage more recognised CPD activities/courses in the market. This supported the development of a continuing learning culture which was the objective of CPD Scheme.

2.52 Audit noted that the suggested submission timeframe was an administrative arrangement to help RPBs manage their submissions of applications in a more orderly manner (see para. 2.51(a)). While it was not a mandatory requirement for RPBs and other organisations/institutions to seek PMSA's recognition for their training activities/courses organised, the pre-recognition could facilitate PMP licensees in choosing the activities/courses to attend. In Audit's view, PMSA needs to take measures to encourage timely submission of applications for recognition of training activities/courses under CPD Scheme (e.g. publishing the related timeframe requirement on PMSA website).

2.53 *Need to improve monitoring of timeliness in processing applications for recognition of training activities/courses.* According to PMSA, in general, the processing of applications for training activities/courses organised by RPBs is completed in 14 working days. However, such timeframe was not specified in PMSA guidelines, nor was there a timeframe set for applications from other organisations/institutions. Audit noted that:

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- (a) for applications received from RPBs, according to the records from CPD System (see para. 1.25(b)) as of mid-July 2025, of the 279 activities/courses, 253 (91%) were approved, 2 (1%) were rejected and 24 (8%) were withdrawn. Audit noted that, as of August 2025, the processing completion dates for recognition were not maintained by CPD System and hence, the processing time of the applications could not be ascertained readily; and
  
- (b) for applications received from other organisations/institutions, the processing information was recorded in a computerised spreadsheet. Of the 83 applications (involving 402 activities/courses), the processing of 3 (4%) applications (involving 38 activities/courses) was completed in more than 14 working days and up to 23 working days (averaging about 20 working days) from receipt of the applications. Besides, 51 applications included 97 activities/courses with the submission of the applications 1 to 30 days prior to the scheduled commencement dates, of which 4 (8%) applications were only approved between 2 and 20 working days (averaging about 13 working days) after the scheduled commencement dates of the 12 activities/courses.

2.54 Upon enquiry, PMSA informed Audit in September 2025 that it aimed to complete the processing of applications within 14 working days, which was a generally intended target and not a formal service pledge. The processing time might vary depending on different factors, including the complexity of the application (e.g. the nature and structure of an individual training activity/course), the number of activities/courses submitted for approval within a single application, and the completeness of the information provided in the application as more time would be required if applicants provide insufficient information.

2.55 In Audit's view, PMSA needs to lay down guidelines for the timeframe for processing applications for the recognition of training activities/courses under CPD Scheme. PMSA also needs to enhance monitoring of timeliness in processing applications for recognition of training activities/courses under CPD Scheme. Besides, PMSA needs to explore the use of CPD System in recording information related to applications for recognition of training activities/courses received from organisations/institutions other than RPBs to enhance efficiency.

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### ***Scope for improvement in conducting random audits***

2.56 According to PMSA, it will accept, in good faith, all information provided by PMP licensees concerning their participation in training activities/courses and the corresponding recognised CPD hours attained under CPD Scheme. PMSA will, however, conduct random audits to verify if licensees have actually attended these activities/courses and attained the recognised CPD hours claimed. In December 2024, the Executive Office informed the Professional Development Committee and PMSA's members that a specified percentage of licensees subject to the mandatory CPD Scheme in 2024 would be selected for audits in the second half of 2025. In July 2025, the Executive Office informed the Professional Development Committee that for the random audits:

- (a) a specified percentage of the licensees subject to the mandatory CPD Scheme would be selected for checking;
- (b) additional cases would be selected separately under special circumstances, such as in licensees' declaration of participation in activities/courses, most of which were not pre-recognised under CPD Scheme; and
- (c) the licensees selected would be required to submit proof of attendance for all the declared CPD activities/courses in August 2025 and it would take about 3 months to complete the random audits (i.e. by around December 2025).

2.57 On 14 July 2025, PMSA selected 60 licensees subject to the mandatory CPD Scheme for conducting random audits. On 22 August 2025, PMSA selected 22 additional licensees for random audits under special circumstances (see para. 2.56(b)), and informed Audit that for licensees with more than a specified percentage of their training activities/courses attended which were not pre-recognised under CPD Scheme, a certain percentage of these licensees was selected. Audit examined the relevant records and noted that:

- (a) for 10 (45%) of the 22 additional licensees selected, the percentage of training activities/courses attended that were not pre-recognised under CPD Scheme was below PMSA's specified percentage by 1 to 66 (averaging about 29) percentage points (i.e. not meeting PMSA's selection criteria); and

- (b) in counting the number of activities/courses, PMSA incorrectly classified some pre-recognised activities/courses (e.g. organised by the Government or public bodies) as not pre-recognised.

2.58 Upon enquiry, PMSA informed Audit in September 2025 that certain activities/courses that should have been automatically recognised under CPD Scheme (e.g. those organised by the Government or public bodies) were mistakenly classified as unrecognised due to system bugs. PMSA had made rectification already, resulting in a reduction in the number of licensees meeting the criteria of special circumstances for the selection of additional licensees for random audits. After discounting the 10 out of the 22 additional licensees (see para. 2.57(a)) whose selection was impacted by system misclassification, PMSA was still able to fulfil the sampling requirement with the remaining 12 licensees.

2.59 While noting PMSA's explanations, Audit noted that, as of August 2025, the criteria for selecting licensees for random audits related to compliance with the CPD participation requirements (including the detailed criteria for selecting additional cases) were not specified in PMSA guidelines.

### **Audit recommendations**

2.60 **Audit has *recommended* that the Chief Executive Officer of Property Management Services Authority should:**

- (a) **take measures to encourage timely submission of applications for recognition of training activities/courses under CPD Scheme (e.g. publishing the related timeframe requirement on PMSA website);**
- (b) **lay down guidelines for:**
  - (i) **the timeframe for processing applications for the recognition of training activities/courses under CPD Scheme; and**
  - (ii) **the criteria for selecting licensees for conducting random audits for CPD Scheme and take measures to ensure that licensees are selected in accordance with the criteria;**

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- (c) **enhance monitoring of timeliness in processing applications for recognition of training activities/courses under CPD Scheme, such as maintaining information on completion dates of processing applications from RPBs in CPD System; and**
- (d) **explore the use of CPD System in recording information related to applications for recognition of training activities/courses received from organisations/institutions other than RPBs to enhance efficiency.**

### **Response from the Property Management Services Authority**

2.61 The Chief Executive Officer of Property Management Services Authority agrees with the audit recommendations. He has said that PMSA:

- (a) supports measures to encourage timely submission of applications for recognition of training activities/courses;
- (b) supports laying down guidelines for the timeframe for processing applications and the respective criteria for selecting licensees for conducting random audits for CPD Scheme. The new CPD System (currently under development) will ensure licensees are selected strictly in accordance with the prescribed criteria;
- (c) will enhance monitoring of timeliness in processing applications as the new CPD System will include a function to record the completion dates of processing applications from RPBs and other organisations/institutions; and
- (d) will include a digital form for other organisations/institutions to submit their applications for recognising training activities/courses in the new CPD System.

## **PART 3: MONITORING OF PROPERTY MANAGEMENT COMPANIES AND PROPERTY MANAGEMENT PRACTITIONERS**

3.1 This PART examines issues relating to the monitoring of PMCs and PMPs, focusing on the following areas:

- (a) monitoring of notification of changes (paras. 3.2 to 3.11);
- (b) compliance monitoring and disciplinary actions (paras. 3.12 to 3.36);
- (c) complaint handling (paras. 3.37 to 3.48); and
- (d) setting professional standards (paras. 3.49 to 3.55).

### **Monitoring of notification of changes**

3.2 According to PMSO and the Property Management Services (Licensing and Related Matters) Regulation, licensees must, within 31 days after any change of the prescribed matters (Note 16) takes place, notify PMSA in writing of the change. A licensee commits a disciplinary offence if, without reasonable excuse, the licensee fails to notify PMSA of changes of any prescribed matters.

3.3 On 10 September 2024, PMSA's members endorsed a discussion paper on a classification mechanism for non-compliant cases involving the notification requirement. Under the mechanism, changes of prescribed matters are classified into three categories, and the corresponding follow-up actions for delayed notifications are as follows:

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**Note 16:** *According to the Property Management Services (Licensing and Related Matters) Regulation, the prescribed matters are the particulars provided in a licence application form (e.g. address of PMCs and PMPs) and the information relating to the compliance with the criteria for holding a licence and conditions imposed on a licence (e.g. particulars of PMPs for licensed PMCs).*

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- (a) *Very minor changes.* The changes do not affect the licensing conditions and no follow-up actions are required;
- (b) *Minor changes.* Examples of minor changes include increase in the number of properties managed and change of PMPs (if the minimum manning ratio could still be met after the change) for licensed PMCs. Administrative advisory letters will be issued to the licensed PMCs/PMPs for reminding them to strictly comply with the notification requirement. Since 10 December 2024, if the licensed PMCs can provide reasonable justifications for the delay in notification, acknowledgement letters instead of administrative advisory letters will be issued to the PMCs. In cases of repeated non-compliance with the notification requirement for minor changes (i.e. occurring more than a specified number of times), the case will be submitted to the Disciplinary Committee (Note 17) to determine whether a disciplinary hearing is required; and
- (c) *Major changes.* Examples of major changes include increase in the number of properties managed and change of PMPs (if the minimum manning ratio could not be met after the change) for licensed PMCs. In cases of non-compliance with the notification requirement, the case will be submitted to the Disciplinary Committee to determine whether a disciplinary hearing is required.

### ***Need to enhance monitoring of compliance with notification requirement***

3.4 According to PMSA, upon receipt of a notification of changes submitted by the licensee, it will check the compliance with the notification requirement and update the changes in the Licensing System.

3.5 *Need to enhance monitoring of compliance with statutory timeframe for submission of notifications of changes and take timely follow-up actions on non-compliances.* Between 11 September 2024 (i.e. after the endorsement on the classification mechanism — see para. 3.3) and 30 April 2025, PMSA received

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**Note 17:** *PMSA's members have delegated the power to the Disciplinary Committee for conducting disciplinary hearings that it may think fit, exercising such powers and making such orders as it considers appropriate.*

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1,309 notifications of changes (involving 963 and 346 from PMCs and PMPs respectively). Audit examined the notifications of changes submitted by 20 licensees (involving 15 PMCs and 5 PMPs) and noted that for the 51 notifications submitted during the period:

- (a) ***Need to take timely follow-up actions on non-compliances.*** Of the 51 notifications, 15 (29%) were submitted 34 to 227 days after the effective dates of the changes (i.e. exceeding the statutory timeframe of 31 days by 3 to 196 days). While the 15 notifications involved minor changes, no administrative advisory letters or acknowledgement letters had been issued to the licensees for 12 (80%) notifications as required (see para. 3.3(b)). The 12 notifications had been submitted to PMSA for durations ranging from 2 days to about 7.1 months (averaging about 3.8 months) as of April 2025. Upon enquiry, PMSA informed Audit in September 2025 that follow-up actions on minor changes would be prioritised if PMC's licence was approaching expiry or for cases involving failure to meet the licensing criteria;
- (b) ***Effective dates of changes not available.*** According to PMSA, the notification of change form has been updated to include an "effective date" field for the changes since January 2024, and its staff will verify the effective dates with the PMC concerned either by telephone or in writing if a change is submitted using the old form. For 4 (8%) notifications (including 2 submitted in old form and 2 in new form), the effective dates of the changes were not indicated in the submitted forms and no documentation was available showing that PMSA staff had verified the effective dates with the PMCs concerned. Hence, whether the licensees had complied with the statutory timeframe for submitting the notifications could not be ascertained; and
- (c) ***Management information on monitoring compliance with statutory timeframe for submission of notifications not readily available.*** According to PMSA, it has maintained a working file as a registry of change forms, which also serves to indicate cases where the changes submitted to PMSA have exceeded the statutory timeframe. However, as of August 2025, Audit noted that management information (e.g. highlights and summaries) on monitoring compliance with the statutory timeframe for submission of the notifications was not readily available (see also para. 4.48(a)(iii)).

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3.6 *Need to strengthen checking on notifications of changes submissions by relevant licensed PMCs.* Audit examined the records of 10 licensed PMPs that had submitted notifications of changes in October 2024 involving cessation of employment. The 10 PMPs were previously employed by 9 licensed PMCs before the changes. Accordingly, the licensed PMCs concerned should have submitted corresponding notifications of changes within 31 days after the changes. However, Audit noted that, as of April 2025, 6 (67%) of the 9 PMCs had not submitted the corresponding notifications of changes to PMSA, and there was no documentation available to show the follow-up actions taken by PMSA regarding the non-compliances.

3.7 Upon enquiry, PMSA informed Audit in September 2025 that change of employment of PMP was regarded as very minor change (see para. 3.3(a)) in respect of the PMP. As for the corresponding PMC, it was the responsibility and a statutory requirement of the licensee to report any changes to PMSA and it would take follow-up actions when subsequent notices were made to PMSA. However, Audit noted that while the reduction in the number of PMPs might affect the compliance status of the PMC's manning ratios, PMSA had not followed up with the PMCs proactively for timely submission of the notifications upon receipt of notifications on cessation of employment from the PMPs.

3.8 *Need to explore use of computer system for submission and recording of notifications of changes.* According to PMSA, notifications of changes are submitted by licensees in paper forms and the changes are entered into the Licensing System by PMSA staff. Once updated, the previous version of the licensee information is overridden, and no log is maintained to indicate what changes were made or when the changes were updated by PMSA staff. In this regard, PMSA has compiled a list of notifications of changes submitted by licensees in a computerised spreadsheet, with details including receipt dates, licensee information (e.g. name and licence number) and classification of the changes of prescribed matters. Audit noted that, as of August 2025, the effective dates of the changes were recorded only in individual hardcopy forms and were not maintained in the spreadsheet.

### ***Need to lay down guidelines for handling notification of changes***

3.9 Apart from the discussion paper (see para. 3.3), Audit noted that PMSA had not laid down guidelines for handling notification of changes. According to the Executive Office, the non-compliant cases of notification requirement involving minor

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changes were reported to PMSA's members on a bi-monthly basis. Between September 2024 and April 2025, it was reported that 35 administrative advisory letters had been issued for the non-compliant cases (involving 28 PMCs and 7 PMPs). Audit examined the related records and noted the following:

- (a) ***Need to specify timeframe for issuing administrative advisory letters.*** Audit examined the records of 10 administrative advisory letters (involving 26 notifications of changes) and noted that the time lapse between the receipt of the notifications of changes and the issue of the letters ranged from 7 days to about 2.8 years (averaging about 9.6 months). Upon enquiry, PMSA informed Audit in September 2025 that notifications of changes of licensees could be made to PMSA by various means (e.g. by post, fax or in person), and PMSA would deal with these administrative work manually, perform checking and verification against the parties concerned. The follow-up work would be prioritised if the PMC's licence was due to expire. However, Audit noted that the timeframes for issuing administrative advisory letters were not specified in PMSA guidelines; and
  
- (b) ***Scope for improvement in issuing acknowledgement letters.*** Upon enquiry, PMSA informed Audit in September 2025 that licensed PMCs had provided various "reasonable justifications" for delay in notification of changes (see para. 3.3(b)), and acknowledgement letters had been issued in some cases. However, Audit noted that PMSA had not specified in its guidelines the timeframe for issuing acknowledgement letters and what constituted "reasonable justifications" for delay in notification, and information on the number of acknowledgement letters issued was not available.

### **Audit recommendations**

**3.10 Audit has *recommended* that the Chief Executive Officer of Property Management Services Authority should:**

- (a) **enhance monitoring of compliance with the statutory timeframe for submission of notifications of changes by licensed PMCs and PMPs (e.g. maintaining information on the effective dates of the changes, and strengthening checking on submission of notifications by the relevant licensed PMCs/PMPs);**

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- (b) **take timely follow-up actions on non-compliances in the notification of changes submissions by licensed PMCs and PMPs in accordance with the classification mechanism;**
- (c) **explore the use of computer system for the submission and recording of notification of changes from licensed PMCs and PMPs to enhance efficiency and facilitate the monitoring of changes; and**
- (d) **lay down guidelines for handling notification of changes from licensed PMCs and PMPs, including the classification mechanism, the timeframes for issuing administrative advisory letters and acknowledgement letters, and what constitutes reasonable justifications for issuing acknowledgement letters, and take measures to ensure compliance.**

## **Response from the Property Management Services Authority**

3.11 The Chief Executive Officer of Property Management Services Authority agrees with the audit recommendations.

## **Compliance monitoring and disciplinary actions**

3.12 Since August 2023 (i.e. after the transitional period), PMSA has conducted compliance inspections on the properties which are managed by licensed PMCs. According to PMSA, the inspections basically cover PMCs' compliance with:

- (a) section 10 of the Property Management Services (Licensing and Related Matters) Regulation, titled "Prescribed conditions on PMC licences", including:
  - (i) displaying a copy of the licence in a prominent place in each property;
  - (ii) appointing a PMP (Tier 1) to manage each property and displaying the name and licence number of the said PMP (Tier 1) in a prominent place in each property;

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- (iii) stating the name and licence number of the licensee on letter, account, receipt and other documents issued by or on behalf of the licensee; and
  - (iv) not carrying on the business of providing PM services under a name other than the name of the licensee stated on the PMC licence; and
- (b) the Code of Conduct “Complaint handling mechanism of PMCs” related to the establishment of an effective complaint handling mechanism for the property, including displaying in a prominent place in the property:
- (i) the procedures for handling complaints; and
  - (ii) the contact information of the person responsible for supervising complaint handling.

### ***Scope for improving compliance inspections***

3.13 According to PMSA guidelines, target properties for compliance inspections are selected on a monthly basis. From August 2023 to April 2025, PMSA conducted 1,098 compliance inspections.

3.14 ***Changes in practices for conducting compliance inspections not reflected in guidelines.*** According to PMSA guidelines, there are two types of inspections, namely routine inspections, which are arranged with PMCs at least 3 working days in advance, and surprise inspections, which are conducted without advance notice. Upon enquiry, PMSA informed Audit in July and September 2025 that prior to March 2025, PMSA mainly conducted routine inspections while surprise inspections would only be conducted on an as-needed basis (i.e. complaint driven). Since March 2025, surprise inspections had become the standard practice, except for property involving swimming pool, or in cases where entry is not possible without advance notice. Besides, since August 2025, the advance notice for conducting inspection had been shortened to 1 working day (instead of at least 3 working days). However, Audit noted that, as of August 2025, the changes in practices for conducting compliance inspections had not yet been reflected in PMSA guidelines.

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3.15 *Not all PMCs covered in compliance inspections.* In March 2024, the Executive Office informed PMSA's members that it planned to cover all licensed PMCs in compliance inspections by July 2024. Audit examined the records for the 1,098 inspections conducted and noted that, of the 815 licensed PMCs as of April 2025, compliance inspections had been conducted on properties managed by 661 (81%) PMCs and not conducted on properties managed by the remaining 154 (19%) PMCs. Upon enquiry, PMSA informed Audit in September and October 2025 that:

- (a) PMCs providing only one category of PM service (e.g. security service), those only providing services to properties without DMC, those only managing individual flats within properties, or those DMC managers outsourcing the provision of PM services to other licensed PMCs had been excluded from inspections. These exclusion criteria had been reported to PMSA's members since June 2024; and
- (b) after applying the exclusion criteria (see (a) above) to the 154 PMCs with compliance inspections not conducted, 17 PMCs managing 7 to 5,017 flats (averaging 759 flats) were identified as requiring compliance inspections as of June 2025. Taking into account the inspections conducted in July and August 2025, 10 PMCs managing 7 to 5,017 flats (averaging 874 flats) were still pending inspection.

3.16 According to PMSA, 137 PMCs (i.e. 154 less 17 — see para. 3.15(b)) met the exclusion criteria and were not selected for compliance inspections, and the information could be readily derived from individual records if required. However, Audit noted that there were four exclusion criteria (see para. 3.15(a)), and the specific criterion met by each of the 137 PMCs was not readily available in a consolidated format as of August 2025. Audit also noted that the criteria for excluding PMCs from compliance inspections had not been specified in PMSA guidelines.

3.17 *Selection criteria for properties to undergo compliance inspections not specified in guidelines.* According to PMSA, the selection of target properties for compliance inspections is based on various factors such as location of properties, types of properties and whether any complaints are received in relation to the properties. Audit noted that:

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- (a) among the 661 PMCs with inspections conducted on properties under their management (see para. 3.15), the number of property inspections per PMC ranged from 1 to 55 times (averaging about 2 times); and
- (b) of the 1,098 inspections conducted, 29 properties were inspected twice and 1,040 properties were inspected once.

3.18 Upon enquiry, PMSA informed Audit in August 2025 that the PMCs being inspected more frequently were mainly due to greater number of properties under their management, and the properties being visited twice were mainly due to irregularities found during the first visit or to handle complaints. However, as of August 2025, PMSA had not specified the selection criteria in its guidelines.

3.19 ***Required frequency of compliance inspections not specified in guidelines.*** Of the 1,098 inspections conducted, the number of inspections conducted each month ranged from 9 to 245 (averaging about 52) inspections. Upon enquiry, PMSA informed Audit in August 2025 that compliance inspections were conducted depending on the availability of manpower resources, and a larger number of inspections were conducted in May and June 2024 in order to meet the target of covering all licensed PMCs in compliance inspections by July 2024 (see para. 3.15). As of August 2025, PMSA had not specified the required frequency of compliance inspections in its guidelines.

3.20 ***Management information on monitoring follow-up actions for non-compliances not readily available.*** Of the 1,098 inspections conducted, 148 (13%) found non-compliances by PMCs (e.g. not displaying a copy of the licence in a prominent place). As of April 2025, the issues from 8 of the inspections remained unresolved, which were mainly related to complaints received (e.g. suspected unlicensed PMC, and according to PMSA, the case would have to go through the due process under PMSO — see para. 2.33). Audit noted that, as of August 2025, the breakdown of the number of compliance inspections by routine inspections and complaint driven inspections was not readily available in a consolidated format. Besides, the types of non-compliances, follow-up actions taken and rectification dates were only recorded in individual compliance inspection records. As such, there was no readily available management information to monitor follow-up actions on non-compliances identified in compliance inspections.

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### ***Need to enhance monitoring of manning ratios of PMCs***

3.21 According to the Property Management Services (Licensing and Related Matters) Regulation, to hold a PMC licence, the PMC must engage at least one licensed PMP (Tier 1) who has effective control of the provision of PM services and engage a number of licensed PMPs that meets the minimum manning ratios that PMSA may from time to time specify. The minimum manning ratios specified by PMSA are at least one licensed PMP (Tier 1) for every 3,000 flats or below, and at least one licensed PMP (Tier 2) for every 1,500 flats or below (see para. 1.11).

3.22 ***Need to take timely actions against PMCs not meeting required manning ratios.*** Based on the Licensing System records as at 30 June 2025, 1 licensed PMC did not engage at least one licensed PMP (Tier 1) who had effective control of the provision of PM services by the PMC, and 13 licensed PMCs did not comply with the minimum manning ratios. Audit examined the records for the 14 cases, and noted that PMSA was aware of the non-compliances in 12 (86%) cases prior to 30 June 2025 (see (a) and (b) below), and only upon Audit's enquiry in July 2025 in 2 (14%) cases (see (c) below):

- (a) of the 11 (79%) cases not meeting the required manning ratios as at 30 June 2025:
  - (i) in 7 cases, the time lapse between identification of the non-compliances by PMSA and 30 June 2025 ranged from about 1.1 months to about 1.2 years (averaging about 7.9 months). As of August 2025, a total of 16 follow-up actions (e.g. by telephone or letter) were taken with the respective PMCs, with the time lapse between each action ranged from the same day to about 1.2 years (averaging about 3.8 months). Upon enquiry, PMSA informed Audit in October 2025 that for the case with a time lapse of about 1.2 years, it had followed up with the PMC on the first day upon the manning ratio issue was discovered, and had taken 3 follow-up actions over the concerned period; and
  - (ii) in 4 cases, no documentation was available to show that follow-up actions had been taken by PMSA with the respective PMCs as at 30 June 2025. The time lapse between identification of the non-compliances by PMSA and 30 June 2025 ranged from 9 days to about 1 year (averaging about 5.4 months). Upon enquiry,

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PMSA informed Audit in October 2025 that this was mainly due to competing work priority;

- (b) in 1 (7%) case, according to PMSA, the PMC complied with the required manning ratios as at 30 June 2025 taking into account a reduction in the number of properties under its management since May 2025. PMSA had requested the PMC to submit the relevant notification of changes in May 2025 and the related records in the Licensing System would be updated upon receipt of the notification from the PMC; and
- (c) in 2 (14%) cases, upon enquiry, PMSA informed Audit in August 2025 that errors had occurred in inputting the number of PMPs for the PMCs in the Licensing System. The time lapse between the receipt of the notifications of changes and 30 June 2025 was 40 days and about 1.2 years. After rectifying these errors, the PMCs were found to be in compliance with the required manning ratios as at 30 June 2025.

3.23 Audit noted that PMSA had not specified in its guidelines the procedures for handling non-compliant cases related to manning ratios of licensed PMCs (e.g. timeframes for follow-up actions), and had not regularly compiled management information to monitor compliance with the required manning ratios (see also para. 4.48(a)(iv)). In Audit's view, PMSA needs to lay down guidelines for such procedures and take measures to improve the timeliness of follow-up actions on non-compliant cases. PMSA also needs to take measures to improve accuracy of licensee information updates in the Licensing System.

3.24 *Need to improve accuracy and timeliness of licensee information updates and incorporate functions in computer system to facilitate checking procedures.* According to PMSA, the compliance with the required manning ratios was checked during application of new licences and licence renewals, and when notifications of changes were received from PMCs/PMPs. However, Audit noted that:

- (a) based on the Licensing System records as at 30 June 2025, 45 licensed PMPs (including 24 PMPs (Tier 1) and 21 PMPs (Tier 2)) were recorded as working full time in two licensed PMCs concurrently. As of August 2025, no documentation was available to show that PMSA had followed up on the duplication;

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- (b) the notification requirement was not always complied with by the licensed PMCs (see para. 3.6), which might affect the compliance status of the PMCs' manning ratios; and
- (c) there was no checking control in the Licensing System to check whether a licensee was concurrently working full time in more than one licensed PMC, or whether notification of changes had been submitted by relevant licensed PMCs/PMPs when updating the related records in the system (see para. 3.6).

3.25 Upon enquiry, PMSA informed Audit in September and October 2025 that:

- (a) there were several reasons for a PMP appearing to be a full-time practitioner for two PMCs, including error in data input (i.e. part-time work was mistakenly input as full-time work in the system), different times in reporting changes to PMSA by two licensees for PMP movement between two licensed PMCs (leading to update being applied to only one PMC and not yet both), changes specified in the licence renewal application form by PMCs not yet reflected in the system (as the licence renewal process might still be in progress), and simultaneous updates by different PMSA staff (for updates in processing new and renewal PMC licence applications as well as notifications of changes made by PMCs);
- (b) for the purpose of maintaining correct and updated records, each year PMSA would ask PMC licensees to verify the accuracy of key information kept in PMSA by submitting declarations. For any non-compliance matters identified in the process, PMSA would address them dutifully, and as such, any non-compliance matters should eventually be detected. While the declaration was intended as an annual exercise, the timing of its implementation might vary depending on operational priorities. The request for the next annual declarations would be sent to licensed PMCs in November 2025; and
- (c) a system revamp project was initiated in early 2025 to redesign the Licensing System with the objective of addressing the issues identified in paragraph 3.24, which had already been recognised internally prior to the audit review. The enhanced system would feature strengthened checking controls to identify concurrent full-time engagements across multiple PMCs, a digital notification form to facilitate timely and accurate

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submissions by PMCs and upgraded functionalities to support monitoring of manning ratios.

3.26 Audit noted that licensed PMCs were first requested to submit declarations regarding any changes to the key information previously provided to PMSA (e.g. information relating to the properties managed and licensed PMPs employed by the PMCs) in April 2024, and the next request for the annual declarations would be sent to licensed PMCs in November 2025 (i.e. about 1.5 years later). In Audit's view, PMSA needs to timely request licensed PMCs to submit annual declarations of key information and take follow-up actions as appropriate. PMSA also needs to take measures to improve accuracy and timeliness of licensee information updates in the Licensing System, and take measures to ensure that functions are incorporated in the computer system to facilitate checking procedures.

3.27 *Need to require PMCs to report number and categories of PM services provided.* PMCs that provide more than one category of prescribed PM services to properties subject to DMC are required to hold licences in accordance with PMSO (see para. 1.11). According to PMSA, if a PMC manages multiple properties, the total number of flats in all properties (subject to DMC) under its management, regardless of whether they receive one or more categories of PM services, must be taken into account when calculating the minimum manning ratios (Note 18). As of August 2025, while licensed PMCs were required to report to PMSA the properties (subject to DMC) under their management (irrespective of the number of categories of PM services provided to such properties), they were not required to report the number and categories of PM services provided to each property.

### ***Scope for improvement in disciplinary process***

3.28 According to PMSO, PMSA may conduct an investigation if it has reasonable cause to suspect that a licensee has committed a disciplinary offence or the licensee no longer meets any of the prescribed criteria for holding the licence. If there

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**Note 18:** *For example, if a licensed PMC provides one category of PM services to a property (with 1,000 flats) and two categories of PM services to another property (with 1,200 flats), the PMC needs to take into account the numbers of flats in both properties (i.e. 2,200 flats) in calculating the minimum manning ratio. In this case, at least 1 licensed PMP (Tier 1) and 2 licensed PMPs (Tier 2) need to be engaged by the PMC (see para. 3.21).*

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is evidence that tends to establish the matter, the case will be submitted to the Disciplinary Committee for deciding whether a hearing should be conducted. At the conclusion of a hearing, the Disciplinary Committee may make disciplinary orders against the licensee (see para. 1.19). The licensee may appeal against a finding made at the hearing or a disciplinary order made within 21 days after the finding is made or after receiving notice of the order.

3.29 *Need to specify timeframes for conducting investigation.* From March 2023 (i.e. the conduct of first disciplinary hearing) to April 2025, 4 disciplinary hearings for 12 cases (involving 7 PMCs and 5 PMPs) were conducted. For the 12 cases, the time lapse between identification of the non-compliances by PMSA and dates of submitting the cases to the Disciplinary Committee ranged from about 3.2 months to about 2.3 years (averaging about 10.5 months). Audit examined the records for 5 cases with the longest investigation time and noted that:

- (a) a total of 12 follow-up actions (e.g. requesting licensees to provide information or documents) were taken with the respective licensees. The time lapse between each follow-up action ranged from 27 days to about 2 years (averaging about 6.4 months); and
- (b) no documentation was available showing the reasons for not taking follow-up actions during the intervals between each follow-up.

3.30 Upon enquiry, PMSA informed Audit in September and October 2025 that the investigation time of the cases varied due to multiple factors, including the complexity of the cases, the responsiveness and cooperation of the respondents involved, competing work priorities, and the need to collect evidence, verify documents and review the legal and procedural requirements. For the case with time lapse of about 2 years between two follow-up actions (see para. 3.29(a)), the non-compliance was revealed in March 2022 when the work priority then was to deal with licensing applications during the transitional period of the licensing regime. However, Audit noted that the timeframes for conducting investigation (e.g. those for each follow-up action) were not specified in PMSA guidelines.

3.31 *Need to specify timeframes for conducting disciplinary hearing.* According to PMSA, disciplinary hearing papers must be served to the respondent at least 21 days prior to the hearing. Besides, it took some time to conduct the first ever

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disciplinary hearing as legal advice had been sought to refine the procedures. Audit noted that, for the 11 cases scheduled in the remaining 3 disciplinary hearings conducted, the time lapse between the dates of Disciplinary Committee meetings (i.e. confirmed the need to conduct disciplinary hearings) and the serving of hearing papers to the respondents ranged from about 2.1 to 2.3 months (Note 19).

3.32 Upon enquiry, PMSA informed Audit in September 2025 that the time lapse was affected by multiple factors, including the number and complexity of cases scheduled for each hearing (ranging from 1 to 4 cases), the time required to collect additional information and evidence from respondents, and the meticulous process of drafting, reviewing, and approving hearing documents. However, Audit noted that the timeframes for conducting disciplinary hearing were not specified in PMSA guidelines.

3.33 *Need to specify timeframes for informing PMSA's members of decisions made in disciplinary hearings and publishing notice of disciplinary orders.* According to PMSO, PMSA must publish notice of the disciplinary orders against licensees in the Gazette. In March 2021, the Executive Office informed PMSA's members that it would immediately notify them of decisions made in disciplinary hearings by the Disciplinary Committee, and that members could discuss those decisions before publishing them. Audit noted that:

- (a) for the 4 disciplinary hearings conducted, the time lapse between the dates of disciplinary hearings and the notifications to PMSA's members ranged from 13 to 64 days (averaging 43 days);
- (b) for the 12 cases involved in the 4 disciplinary hearings, the publication of the notices of the disciplinary orders in the Gazette was 7 to 25 days (averaging about 16 days) after expiry of the appeal period; and
- (c) the timeframes for informing PMSA's members of decisions made in disciplinary hearings and publishing notice of disciplinary orders were not specified in PMSA guidelines.

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**Note 19:** *The time lapse for the case involved in the first disciplinary hearing was about 4.8 months.*

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3.34 *Need to set performance targets for conducting disciplinary hearing and to publish related targets and achievement as soon as practicable.* In October 2020, the Executive Office informed PMSA's members that performance targets for conducting disciplinary hearing would be set after accumulating experiences. Audit noted that, as of September 2025 (i.e. about 2.5 years after the first disciplinary hearing was conducted), no performance targets had been set for conducting disciplinary hearing. Upon enquiry, PMSA informed Audit in October 2025 that only five hearings were held so far and there was a need to accumulate more operational experience for setting performance targets. Audit considers that PMSA needs to take into account the operational experience, set performance targets for conducting disciplinary hearing and publish related targets and achievement as soon as practicable.

### **Audit recommendations**

3.35 **Audit has recommended that the Chief Executive Officer of Property Management Services Authority should:**

- (a) **enhance guidelines for conducting routine and surprise compliance inspections to incorporate changes in practices, selection criteria for properties and PMCs (including exclusion criteria) and the frequency of inspections, and take measures to ensure compliance;**
- (b) **strengthen measures to ensure that all licensed PMCs are covered by compliance inspections, and where exclusions occur, justifications should be documented;**
- (c) **compile management information on monitoring of the follow-up actions on non-compliances identified in compliance inspections, including maintaining information to facilitate identification of routine and complaint driven compliance inspections;**
- (d) **lay down guidelines for:**
  - (i) **the procedures for handling non-compliant cases related to manning ratios of licensed PMCs (e.g. timeframes for follow-up actions) and take measures to improve the timeliness of follow-up actions on non-compliant cases; and**

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- (ii) **the timeframes for disciplinary process (including conducting investigation and disciplinary hearings, informing PMSA's members of decisions made in disciplinary hearings and the publication of notice of disciplinary orders in the Gazette), and take measures to ensure compliance;**
- (e) **take measures to improve accuracy and timeliness of licensee information updates in the Licensing System;**
- (f) **timely request licensed PMCs to submit annual declarations of key information and take follow-up actions as appropriate;**
- (g) **take measures to ensure that functions are incorporated in the computer system to facilitate checking procedures, including checking whether licensed PMPs are concurrently working full time in more than one licensed PMC and whether notifications of change have been submitted by relevant licensed PMCs/PMPs when updating the related records in the system;**
- (h) **require PMCs to report the number and categories of PM services provided to each property for monitoring; and**
- (i) **take into account the operational experience, set performance targets for conducting disciplinary hearing and publish related targets and achievement as soon as practicable.**

### **Response from the Property Management Services Authority**

3.36 The Chief Executive Officer of Property Management Services Authority agrees with the audit recommendations.

### **Complaint handling**

3.37 According to PMSA, complaints may be lodged against licensed PMCs or licensed PMPs who are suspected to have committed disciplinary offences or who no

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longer meet the prescribed criteria for holding their licences. PMSA records the information about complaints in CEM System (see para. 1.25(c)).

### ***Room for improvement in recording complaint information***

3.38 ***Need to improve complaint classification.*** In September 2022, the Executive Office informed PMSA’s members that complaints involving licensees could be classified into three categories, including complaints received from the public, notifications from RPBs about cancellation of membership of licensees, and suspected non-compliant cases identified by the Executive Office through processing licence applications. In the meeting, PMSA members commented that the notifications from RPBs and the cases identified by the Executive Office should not be classified as complaints.

3.39 Audit noted that, in the 2024-25 PMSA annual report, PMSA reported that it received 1,107 complaints in 2024-25. Audit examined the CEM System records as at 15 July 2025 and found that PMSA received 657 complaints from the public during the period. Regarding the difference of 450 cases (i.e. 1,107 less 657):

- (a) 109 cases were recorded as “enquiry” in CEM System. According to PMSA, the 109 cases were enquiries from the public that eventually required PMSA’s actions to relay the concerns to the PMCs. However, no documentation was available to show why these cases were recorded as enquires instead of complaints in the system;
- (b) while 341 cases were recorded as “complaint” in CEM System, they were PMSA self-identified cases (e.g. internally identified non-compliant cases concerning contravention of licensing conditions such as failure to notify changes of prescribed matters within specified period) (340 cases) and referrals from other government departments or law enforcement agencies (1 case); and
- (c) the timeframes for handling complaints (see para. 3.43) were not applicable to these cases (see (a) and (b) above).

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3.40 Upon enquiry, PMSA informed Audit in September and October 2025 that:

- (a) since the discussion at the meeting of PMSA’s members in September 2022 (see para. 3.38), in the Executive Office’s report to PMSA’s members, the information for “handling complaints” had been changed to “handling suspected non-compliant cases” to give a comprehensive picture of the workload of cases received and handled by PMSA, and a breakdown of the number of suspected non-compliant cases by public complaints, referrals and self-identified cases was included; and
- (b) the figure of 1,107 complaints received in 2024-25, as reported in PMSA annual report (see para. 3.39), referred to the number of complaints and suspected non-compliant cases received and handled by PMSA, which could more accurately reflect the workload of PMSA in handling these cases.

3.41 However, Audit noted that in the 2024-25 PMSA annual report, PMSA had not mentioned that the complaint figure of 1,107 included self-identified non-compliant cases, and the breakdown of the complaint figure (e.g. by public complaints and internally identified cases) was also not provided. Audit also noted that the definition of complaints was not specified in PMSA guidelines.

3.42 *Need to improve accuracy and completeness of complaint information in system.* According to CEM System records as at 15 July 2025, PMSA received 2,667 public complaints between August 2020 (i.e. commencement of the licensing regime — see para. 1.9) and April 2025. Audit noted that:

- (a) ***Complaint information not recorded.*** Of the 2,667 complaints:
  - (i) 32 (1%) complaints had the “details” and “gists” data fields (used for recording a brief description of the complaints) left blank; and
  - (ii) 2,547 (96%) complaints were within PMSA’s jurisdiction (i.e. related to licensed PMCs or PMPs). For 88 (3%) of the 2,547 complaints, the data fields used for recording information of licensed PMCs and PMPs (i.e. name and licence number) were left blank; and

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- (b) *Inaccurate complaint information.* Audit noted that:
- (i) of the 2,667 complaints, 21 (1%) had closing dates earlier than their respective receipt dates, ranging from 1 day to about 2 years (averaging about 3.8 months); and
  - (ii) of the 5 complaints recorded as under processing and examined by Audit (see para. 3.46), 2 (40%) cases were inaccurately recorded in CEM System. As at 30 April 2025, their status should have been recorded as completed.

Upon enquiry, PMSA informed Audit in August 2025 that the errors were due to incorrect input of complaint receipt and/or closing dates, and the errors had been rectified in CEM System.

### ***Room for improving timeliness of complaint handling***

3.43 According to PMSA, once sufficient information has been obtained for a complaint case, the case is generally handled and completed within 6 months. PMSA will acknowledge the receipt of the complaint in 10 calendar days and thereafter inform the complainant of the progress in writing on a monthly basis. The timeframes are published on PMSA website but are not specified in PMSA guidelines.

3.44 Audit noted that, as of August 2025, the dates on which obtaining sufficient information for complaints were maintained in individual case files and such information was not readily available in a consolidated format. For the 2,667 public complaints received between August 2020 and April 2025 (see para. 3.42), Audit noted that, as at 30 April 2025:

- (a) the handling of 2,206 (83%) complaints had been completed. In 237 (11%) of these cases, the time lapse between the receipt of the complaints and the completion of handling the complaints ranged from over 6 months to about 2.4 years (averaging about 10.5 months); and
- (b) 461 (17%) complaints were under processing, of these, 230 (50%) complaints had been received more than 6 months ago, with durations ranging up to about 3.8 years (averaging about 1 year).

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3.45 Upon enquiry, PMSA informed Audit in August to October 2025 that:

- (a) the reasons for the complaints with handling time exceeding 6 months included complicated cases involving numerous allegations, complainants kept providing new information and were not satisfied with the handling of complaints, pending complainants to submit sufficient information, belated replies from PMCs, and internal work management;
- (b) for the complaints with handling completed (see para. 3.44(a)), the closing date of the case with a handling time of about 2.4 years was inaccurately recorded in CEM System, and the handling time was only about 6 months after rectifying the error. Excluding this case, the complaint with the longest handling time was about 1.9 years (which was a complicated case involving over 20 complainants with multiple allegations); and
- (c) for the complaints under processing as at 30 April 2025 (see para. 3.44(b)), the longest outstanding complaint (i.e. with duration of about 3.8 years) involved criminal proceedings and was being dealt with in the court. Excluding this complaint, the average duration was about 11.8 months.

3.46 While noting PMSA's explanations, Audit noted that management information (e.g. highlights or summaries) on monitoring compliance with specified timeframes for handling complaints was not readily available (see also para. 4.48(a)(v)). As of August 2025, the dates of acknowledging receipt of complaints and progress updates provided to complainants (see para. 3.43) were maintained in individual case files and such information was neither maintained in CEM System nor readily available in a consolidated format. Audit examined the records of 10 complaints (including 5 completed complaints with the longest processing time and 5 complaints under processing for the longest time — see para. 3.44(a) and (b)) and noted that:

- (a) ***Need to improve timeliness in acknowledging receipt of complaints.*** In 3 (30%) complaints, the acknowledgement of receipt of complaints did not meet the specified timeframe of 10 days, with delays ranging from 5 to 27 days (averaging 14 days); and

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- (b) *Scope for improvement in providing progress updates to complainants.* According to PMSA, the complainant in the longest outstanding complaint (see para. 3.45(c)) had opted not to receive monthly update from PMSA. Excluding this complaint, Audit noted that in 7 (78%) of the 9 complaints, some progress updates provided to complainants did not meet the specified timeframe for monthly updates. As of April 2025, a total of 36 progress updates had been provided to the complainants of the 7 complaints, of which:
- (i) 24 (67%) updates were provided at intervals exceeding one month and up to about 10.3 months (averaging about 2.3 months) (i.e. not meeting the specified timeframe for monthly update); and
  - (ii) 32 (89%) updates contained mainly standard wording (e.g. stating that PMSA was still handling the matter and would reply in accordance with the established mechanism).

### **Audit recommendations**

3.47 **Audit has recommended that the Chief Executive Officer of Property Management Services Authority should:**

- (a) **provide a breakdown of the complaint figures (e.g. by public complaints and internally identified cases) in the PMSA annual report to enhance transparency;**
- (b) **clearly define complaints in guidelines and enhance measures to ensure that complaint cases are correctly classified and recorded in CEM System;**
- (c) **improve accuracy and completeness of complaint information in CEM System;**
- (d) **enhance monitoring of compliance with specified timeframes for handling complaints, including maintaining key dates in the complaint handling process (e.g. dates of obtaining sufficient information);**

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- (e) **lay down guidelines for handling complaints and take measures to ensure compliance; and**
- (f) **provide more specific and case-related progress updates to complainants as far as possible.**

### **Response from the Property Management Services Authority**

3.48 The Chief Executive Officer of Property Management Services Authority agrees with the audit recommendations. He has said that, in particular, PMSA has implemented enhancements to CEM System functions since August 2025. The upgraded System now includes new features such as logging of dates for acknowledging receipt of complaints, issuing progress updates to complainants, obtaining sufficient information for complaints, and a timer feature to facilitate monitoring of the 6-month complaint handling timeframe.

### **Setting professional standards**

3.49 According to PMSO, a licensee commits a disciplinary offence if the licensee commits misconduct or neglect in a professional respect, and PMSA may issue Codes of Conduct containing any practical guidance that it considers appropriate in determining whether misconduct or neglect is committed. PMSA is required to publish the Codes of Conduct, and the amendments made to them, in the Gazette.

3.50 According to PMSA, it actively formulates Codes of Conduct and Best Practice Guides for PM industry to provide practical guidance on various PM functions (see para. 1.17). The Codes and Guides have been formulated with reference to relevant legislations, and in consultation with PM industry, RPBs, owners' organisations, and relevant government departments. As of August 2025, PMSA issued 24 Codes of Conduct and related Best Practice Guides.

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### ***Scope for improvement in review of Codes of Conduct***

3.51 According to PMSA, it will review the Codes of Conduct and Best Practice Guides on a continuous basis to reflect legislative changes, address new developments, or enhance PM operation. In March 2022, PMSA’s members recommended the Executive Office to formulate a timetable for reviewing and updating the Codes of Conduct and Best Practice Guides. In February 2025, the Executive Office informed the Practice and Assessment Committee that the 24 Codes of Conduct had covered the main areas of PM services, and it was exploring to update and revise the Codes of Conduct based on the actual operational needs in order to better meet the operational needs of PM industry. Audit noted that, as of August 2025:

- (a) of the 23 Codes of Conduct that had been issued for more than 1 year and up to about 5 years, 7 (31%) had been updated, and 1 (4%) would be reviewed and updated in the third quarter of 2025. No documentation was available to show that the remaining 15 (65%) had been reviewed; and
- (b) a timetable for reviewing and updating the Codes of Conduct was not available.

### ***Scope for reviewing coverage of Codes of Conduct in compliance inspections***

3.52 As of August 2025, PMSA had only covered 2 (8%) Codes of Conduct (Note 20) in its compliance inspections. Of the 22 Codes of Conduct not covered, Audit noted that 13 (59%) Codes had stipulated the requirements for licensed PMCs to establish effective mechanisms for addressing specified PM areas (e.g. handling emergencies), and 12 (55%) Codes had stipulated the requirements to display specific information in a prominent place in the properties under certain circumstances. These requirements were similar to those in the Code of Conduct “Complaint handling mechanism of PMCs”, which were covered in compliance inspections (see also para. 3.12(b)). However, as of August 2025, there was no documentation available to explain the rationale for inclusion of only selected Codes in compliance inspections.

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**Note 20:** *The 2 Codes of Conduct were “Prescribed conditions on licences” (including the requirements under the Property Management Services (Licensing and Related Matters) Regulation) and “Complaint handling mechanism of PMCs”.*

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3.53 Upon enquiry, PMSA informed Audit in September 2025 that complaint handling mechanism had been covered in compliance inspection as it was closely related to the direct provision of PM services to the public who would have to rely on such mechanism to make complaints to the PMCs. However, Audit noted that such rationale was not documented as of August 2025.

### **Audit recommendations**

3.54 **Audit has *recommended* that the Chief Executive Officer of Property Management Services Authority should:**

- (a) **lay down requirements (e.g. frequency) for review of issued Codes of Conduct for PM industry in guidelines; and**
- (b) **review the coverage of Codes of Conduct for PM industry in compliance inspections and take follow-up actions as appropriate.**

### **Response from the Property Management Services Authority**

3.55 The Chief Executive Officer of Property Management Services Authority agrees with the audit recommendations.

## **PART 4: OTHER RELATED ISSUES**

4.1 This PART examines other issues related to PMSA, focusing on the following areas:

- (a) administrative issues (paras. 4.2 to 4.22);
- (b) corporate governance (paras. 4.23 to 4.39);
- (c) publicity and promotion work (paras. 4.40 to 4.47); and
- (d) management information and guidelines for monitoring licensing and regulatory work (paras. 4.48 to 4.52).

### **Administrative issues**

#### ***Room for improvement in administration of Anti-epidemic Support Scheme for Property Management Sector (ASPM)***

4.2 With a view to providing financial support to eligible properties and their frontline PM workers (including cleansing and security workers) to jointly fight the coronavirus disease (COVID-19), HAD commissioned PMSA to implement two rounds of ASPM under the Anti-epidemic Fund (AEF) of the Government in 2020 and 2022. HAD is the controlling officer of the account of ASPM and is responsible for its overall monitoring, while PMSA is responsible for the administration of ASPM (e.g. processing applications and disbursing fund to eligible applicants) and is required to submit reports to HAD.

4.3 PMSA received a total of about \$3,206.5 million from the Government for implementing the two rounds of ASPM. As of May 2025, after the payment of a total fixed administration fee of about \$26.5 million to PMSA, disbursing subsidies of about \$2,923.6 million to the applicants and returning unspent funds of about \$133.9 million to the Government, the residue balance was about \$122.5 million.

4.4 *Need to enhance monitoring of return of unspent government funds.* PMSA submitted the final reports on the two rounds of ASPM to HAD in January 2022 and November 2022 respectively. In February 2023, HAD sent an email to PMSA mentioning that the outstanding balance for ASPM would continue to be used as disbursement to frontline PM workers (if still required) and administration fee to PMCs/owners' organisations. Audit noted that a fund balance of \$123.3 million (including interest) for ASPM was shown in PMSA's audited accounts for 2023-24, which were submitted to PMSA's members (including HAD) in July 2024. Following Audit's enquiry on the fund balance on 15 May 2025 (i.e. more than 2 years after HAD's last follow-up email), HAD issued demand notes to PMSA on 16 May and 5 June 2025, which subsequently returned \$123.7 million (including interest of about \$1.2 million) to HAD on 4 and 12 June 2025.

4.5 Upon enquiry, PMSA informed Audit in September 2025 that:

- (a) for ASPM in 2020, a residual balance of about \$83.6 million was returned to HAD between November 2020 and August 2021. For ASPM in 2022, a residual balance of \$50 million was returned to HAD in March 2023; and
- (b) as of March 2023, PMSA was still in the process of settling administration fees with applicants, including PMCs, owners' organisations, and DMC managers. At the same time, ongoing repayments from applicants were being received due to the return of subsidies originally disbursed to frontline PM workers. Notably, repayments continued beyond January 2025, with the latest repayment received on 22 September 2025. These returns typically occurred where initial disbursements were unsuccessful (e.g. cheques not cashed before expiry), and adjustments to the corresponding administration fees were processed accordingly. Given the ongoing nature of these transactions, the funds were not returned to HAD earlier in order to avoid initiating multiple rounds of fund recovery, which would have required repeated administrative coordination with HAD.

4.6 However, Audit noted that no documentation was available showing that HAD and PMSA had discussed the arrangement of the residue balance of ASPM after February 2023 and prior to Audit's enquiry on 15 May 2025 (see para. 4.4). Besides, after the return of the unspent funds of \$123.7 million to HAD in June 2025, subsequent transactions under ASPM were recorded (e.g. the latest repayment of

## **Other related issues**

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\$10,500 was received from an applicant on 22 September 2025 — see para. 4.5(b)). These indicated that further settlement with HAD might be necessitated. In Audit's view, HAD needs to enhance monitoring of the return of unspent government funds in cases where an implementation agent is engaged to implement similar funding schemes in future (e.g. taking measures to ensure early return of unspent funds by the implementation agent once the schemes have been substantially completed).

4.7 *Need to continue to monitor progress of investigation into suspected fraud case and timely report the case in accordance with the requirements.* In July 2024, the Secretariat (i.e. the Executive Office) reported to PMSA's members (including HAD) that there was a suspected fraud case (involving \$74,000 subsidy disbursed to a PMC) under the second round of ASPM, and it had filed a claim in the court and won the case in May 2024. PMSA reported the case to the law enforcement agency in July 2024. For the closing of the accounts for AEF for 2024-25, bureaux/departments were required to file a return to the Trustee of AEF (i.e. the Financial Secretary Incorporated, which had appointed the Director of Accounting Services to keep accounts and records of all transactions in respect of AEF), including whether there were any fraud or suspected fraud cases under the purview of the bureaux/departments. Despite the suspected fraud case reported by PMSA, Audit noted that HAD filed a nil return on fraud or suspected fraud cases for ASPM to the Trustee of AEF in June 2025.

4.8 Upon enquiry, HAD and PMSA informed Audit in September 2025 that only one suspected fraud case involving the issuance of a dishonoured cheque remained under investigation by the law enforcement agency from the two rounds of ASPM. PMSA would continue to monitor the progress of the investigation and ensure that any updates were reported in a timely manner in accordance with applicable requirements. In Audit's view, HAD needs to timely report the suspected fraud case identified under ASPM in accordance with the relevant requirements.

### ***Room for improvement in procurement of stores and services***

4.9 PMSA has issued procurement guidelines setting out, among others, the tendering procedures and approval authorities for procurements.

4.10 *Need to enhance documentation of reasons for not inviting quotations.* According to PMSA's procurement guidelines, for purchase value over \$50,000 and up to \$300,000, no less than three written quotations should be obtained. PMSA has maintained supplier lists for procuring different types of stores and services. In the period from 2023-24 to 2025-26 (up to June), PMSA made a total of 626 procurements. Audit examined the records of 20 procurement cases with value at \$100,000 or above and noted that:

- (a) in 2 (10%) cases (with purchase values of about \$170,000 and \$210,000), PMSA renewed the contracts with the incumbent suppliers for the services without inviting quotations. The justifications included the incumbent suppliers provided quality and stable services. In this regard, Audit noted that there were 2 and 4 suppliers (including the incumbent suppliers) on the supplier lists for providing the same types of services for the two procurements, but there was no documentation to show that the other listed suppliers were evaluated or ruled out based on performance; and
- (b) the approval authorities for the 2 cases in (a) above were those designated to approve procurement in which an insufficient number of written quotations had been obtained (see para. 4.12). However, PMSA had not specified in its guidelines the criteria and approval authorities for direct engagement of suppliers without recourse to quotation or tendering procedures (see also para. 4.15(a)).

4.11 Upon enquiry, PMSA informed Audit in September 2025 that one of the two cases involved the renewal of a maintenance service contract for PMSA's internet protocol phone system and alternative quotations were not feasible. The other case involved the procurement of media monitoring services, and the market was predominantly dominated by a single service provider from 2020 to 2023. As such, the two service providers had been the sole viable option during the period. However, Audit noted that the reasons for not inviting quotations from other listed suppliers were not documented.

4.12 *Need to obtain written procurement approval from designated level of authority.* According to PMSA's procurement guidelines, if there is an insufficient number of written quotations obtained, approval from a higher-level authority should be obtained. For the 20 procurement cases (see para. 4.10), excluding the 2 cases without inviting quotations (see para. 4.10(a)), Audit noted that:

## Other related issues

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- (a) in one case, while there was an insufficient number of quotations obtained, the procurement was not approved by a higher-level authority as required under the procurement guidelines; and
- (b) in another case, the procurement value triggered the requirements for tendering and approval by PMSA's members in accordance with the procurement guidelines. The Secretariat informed PMSA's members of the assessment results for the tender via email and prepared a summary sheet listing the members contacted for approval of the procurement. Audit noted that:
  - (i) although the Secretariat had informed PMSA's members of the tendering results via email, the need for approval was not explicitly mentioned in the email; and
  - (ii) as recorded in the summary sheet, 12 PMSA's members gave approval before PMSA staff confirmed the procurement with the supplier, of which 6 members responded by emails and the other 6 members only by telephone.

4.13 *Need to facilitate procurement staff to declare conflict of interest.* According to PMSA's procurement guidelines, if staff of the Executive Office responsible for procurement and supplies become aware that they or their family members have or will have close connections with the suppliers, they are required to make written declarations for conflict of interest as soon as possible. Audit examined the records of the 20 procurement cases (see para. 4.10) and noted that:

- (a) the purchase requisition form included a field for the approving officer to declare any conflict of interest, but not for the countersigning officer (mainly in cases where an insufficient number of quotations was obtained). Of the 20 cases, the approving officers in 3 (15%) cases did not complete the field and none of the countersigning officers (for 12 cases) declared whether there was a conflict of interest; and
- (b) in 12 cases, 27 staff were involved in conducting the supplier assessments, of which 7 (26%) declared that there was no conflict of interest with the suppliers, while 20 (74%) did not make any declarations.

4.14 ***Need to include General Conditions of Contract and appropriate clauses on safeguarding national security in contracts.*** In general, in confirming the purchase of stores and services, PMSA and the supplier will enter into a contract incorporating PMSA's General Conditions of Contract (including the responsibilities of the supplier and the rights of PMSA). Since 2024, PMSA has incorporated specific clauses on safeguarding national security in its General Conditions of Contract. Of the 20 procurement cases (see para. 4.10), 17 were conducted in the period from 2024 to 2025 (up to June). Audit examined the records of the 17 cases and noted that:

- (a) ***General Conditions of Contract not provided to suppliers in some purchase cases.*** In 9 (53%) cases, PMSA confirmed the purchase of stores and services by signing the contracts provided by the suppliers. However, there was no evidence to show that PMSA had provided the General Conditions of Contract, including the specific clauses on safeguarding national security, to the suppliers for their attention and compliance. Upon enquiry, PMSA informed Audit in September 2025 that it had implemented a standard practice with effect from 1 May 2025 whereby the General Conditions of Contract were provided to all suppliers for contracts valued at \$50,000 or above. However, Audit noted that, as of August 2025, such requirement was not specified in PMSA guidelines (see also para. 4.15(b)); and
  
- (b) ***Need to include appropriate clauses on safeguarding national security in contracts.*** According to PMSA's procurement guidelines, clauses on safeguarding national security are designated for different stages of the procurement process. One clause is intended for inclusion in invitations to quotation or tender and gives PMSA the right to disqualify suppliers based on national security concerns. The other clause is meant for contracts and provides PMSA with the right to terminate the contract if national security requirements are violated. In 6 (35%) cases, while the General Conditions of Contract had been incorporated in the contracts, PMSA mistakenly included the clause meant for quotations or tenders in the contracts.

4.15 ***Scope for reviewing procurement guidelines.*** PMSA's procurement guidelines were discussed and approved at the Finance and Strategic Development Committee in June 2017. According to PMSA, the guidelines were compiled with reference to the Government's Stores and Procurement Regulations. Audit noted that:

## Other related issues

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- (a) PMSA guidelines had not specified the criteria and approval authorities for direct engagement of suppliers without recourse to quotation or tendering procedures (see para. 4.10(b));
- (b) the standard practice for providing the General Conditions of Contract to all suppliers for contracts valued at \$50,000 or above was not specified in PMSA guidelines (see para. 4.14(a)); and
- (c) between June 2017 and August 2025, there had been 7 revisions to Government's Stores and Procurement Regulations (e.g. revising the threshold for procurement requiring tendering). As of August 2025, except for incorporating the requirements relating to safeguarding national security in the procurement guidelines (see para. 4.14(b)), no documentation was available showing that PMSA had reviewed its procurement guidelines since its first issue in June 2017.

### ***Need to monitor effectiveness of measures to address staff shortage and turnover***

4.16 As at 31 March 2025, the staff establishment and strength for PMSA's Executive Office were 44 and 36 respectively. Audit analysed the staff vacancy and turnover rates in PMSA for the period from 2022-23 to 2024-25 and noted that:

- (a) the overall staff vacancy rates (Note 21) were 12%, 9% and 18% as at year end of 2022-23, 2023-24 and 2024-25 respectively;
- (b) the overall staff turnover rates (Note 22) were 49%, 37% and 47% in 2022-23, 2023-24 and 2024-25 respectively; and
- (c) the staff turnover rates for some ranks were consistently on the high side. For example, from 2022-23 to 2024-25, the turnover rates for the rank of senior officer ranged from 50% to 78%, and that for officer ranged from 43% to 71%.

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**Note 21:** *The staff vacancy rate is calculated by dividing the number of vacancy by the number of staff establishment as at year end.*

**Note 22:** *The staff turnover rate is calculated by dividing the number of staff leaving PMSA during the year by the average number of staff at the start and end of the year.*

4.17 Upon enquiry, PMSA informed Audit in August and September 2025 that:

- (a) the relatively high turnover rates for the ranks of senior officer and officer were primarily concentrated in the Complaints and Enforcement as well as Licensing Divisions. There was high demand for officers with such skills and experience in the market, and the competition was keen especially amongst various public bodies and agencies which carried out work of a similar nature though in different fields;
- (b) with a view to coping with the operational challenges and talent constraints in the market, PMSA had adopted a pragmatic and feasible approach by temporarily recruiting its existing staff at lower ranks to fill vacancies at upper ranks if suitable candidates were identified; and
- (c) various measures had been taken to address the staff vacancy and turnover issues, including engaging short-term contract staff to meet immediate operational needs, restructuring staff positions to better align staffing with workload demands, and conducting periodic review of salary and fringe benefits with a view to enhancing the competitiveness in attracting and retaining manpower.

4.18 In Audit's view, PMSA needs to monitor the effectiveness of measures to address staff shortage and turnover, and take follow-up actions as appropriate.

## **Audit recommendations**

4.19 **Audit has recommended that the Director of Home Affairs should enhance monitoring of the return of unspent government funds in cases where an implementation agent is engaged to implement similar funding schemes in future and timely report the suspected fraud case identified under ASPM in accordance with the relevant requirements.**

4.20 **Audit has also recommended that the Chief Executive Officer of Property Management Services Authority should:**

## **Other related issues**

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- (a) **continue to monitor the progress of investigation into the suspected fraud case identified under ASPM and regularly report updates to HAD;**
- (b) **review the procurement guidelines to:**
  - (i) **specify the criteria and approval authorities for direct engagement of suppliers without recourse to quotation or tendering procedures, and enhance documentation of reasons for not inviting quotations;**
  - (ii) **specify the requirement for providing the General Conditions of Contract to all suppliers for contracts of a specified value; and**
  - (iii) **incorporate new developments (e.g. making reference to revisions in the government procurement regulations);**
- (c) **take measures to ensure that written procurement approvals are obtained from a designated level of authority;**
- (d) **take measures to facilitate procurement staff to declare conflict of interest (e.g. adding a field for countersigning officers to declare any conflict of interest in purchase requisition form);**
- (e) **take measures to include the appropriate clauses on safeguarding national security in procurement contracts; and**
- (f) **monitor the effectiveness of measures to address staff shortage and turnover, and take follow-up actions as appropriate.**

## **Response from the Government and the Property Management Services Authority**

4.21 The Director of Home Affairs agrees with the audit recommendation in paragraph 4.19. She has said that:

- (a) the PM sector is an industry with a high turnover rate. This is particularly the case for frontline PM workers (i.e. cleansing and security workers) who are beneficiaries under ASPM. Regarding the unspent funds:
  - (i) after resumption of normalcy in 2023, some PMCs which had applied for subsidies under ASPM found out that due to staff turnover, they needed to return to PMSA a certain amount of subsidies originally disbursed to frontline workers and the related administrative costs. The PMCs involved, of which some were small to medium size, needed time to go through their internal administrative and finance procedures to return the amount to PMSA; and
  - (ii) through regular liaison with PMSA, HAD had kept track of the ongoing work taken by PMSA in settling those outstanding subsidies and administrative fees with applicants under ASPM. As detailed in paragraph 4.5(b), given that such transactions had not been completed, the unspent funds were not returned to HAD earlier in order to avoid multiple rounds of fund recovery which would have required repeated administrative cost on HAD.

Should there be similar funding schemes to be implemented in future, HAD should put in place more proper documentation so as to enhance the monitoring of return of unspent government funds; and

- (b) as regards the report of the suspected fraud case as mentioned in paragraph 4.7, the omission of report in the return to the Trustee of AEF arose as it was misconceived that the return only covered those fraudulent disbursement cases made directly by the bureaux/departments but not those by third parties including statutory bodies. HAD agrees that there is scope for improvement in ensuring that any suspected fraud cases identified will be reported in a timelier manner.

4.22 The Chief Executive Officer of Property Management Services Authority agrees with the audit recommendations in paragraph 4.20. He has said that PMSA:

- (a) will continue to monitor the investigation progress of the suspected fraud case under ASPM and report any updates to HAD in a timely manner;

## **Other related issues**

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- (b) will update PMSA's procurement guidelines to include specification of the criteria and approval authorities for direct engagement of suppliers without recourse to quotation or tendering procedures, specification of requirement for providing the General Conditions of Contract to suppliers and new developments by making reference to revisions in the government procurement regulations;
- (c) will continue to ensure that written procurement approvals are obtained from a designated level of authority;
- (d) has added a field in purchase requisition form for countersigning officers to declare conflict of interest in June 2025;
- (e) has included the appropriate clauses on safeguarding national security in procurement contracts in September 2025; and
- (f) will continue to monitor the effectiveness of measures implemented to address staff shortage and turnover, and will take follow-up actions as appropriate.

## **Corporate governance**

4.23 PMSA has established five Committees (see para. 1.6). Each Committee may set up dedicated Working Groups to address specific issues. As of June 2025, under the Finance and Strategic Development Committee, two dedicated Working Groups (i.e. Publicity Working Group and Human Resources Sub-committee) were set up.

### ***Need to enhance declaration of interest process for PMSA's members***

4.24 According to PMSO:

- (a) a member of PMSA must disclose to PMSA any interest that the member has which is of a class or description determined by PMSA on the member's first appointment to PMSA and at the beginning of each calendar year after the member's appointment;

- (b) PMSA must keep a register relating to any disclosure made under (a) above, and make the register available for inspection free of charge at the offices of PMSA during ordinary business hours and through the Internet or a similar electronic network; and
- (c) if a member of PMSA has a disclosable interest in any matter under discussion at a meeting of PMSA, the member must disclose the nature of the interest at the meeting, and the disclosure must be recorded in minutes.

### 4.25 According to PMSA's Rules of Procedure:

- (a) if a member has a disclosable interest in any agenda or meeting documents, the member is required to provide the declaration of interest to the Secretariat two net working days (Note 23) before the meeting; and
- (b) for discussion at the meeting, the arrangement for handling declaration of interest (e.g. not vote on a resolution or withdraw from the meeting) depends on the member's position (e.g. executive or non-executive position) within the relevant body. The disclosable interest and the decisions of the Chairperson must be recorded in minutes.

4.26 ***Room for improvement in submission of first appointment and annual declarations of interest and disclosure of interest.*** PMSA had 20 members appointed for a three-year term, from 1 December 2022 to 30 November 2025. The Secretariat had set deadlines for submission of declaration of interest for the members' first appointment to PMSA (i.e. by 9 December 2022) and annual declaration (i.e. by 31 January 2024 and 28 January 2025). Of the 20 members, Audit noted that:

- (a) 18 (90%) members submitted their declarations, with 14 (78%) doing so late on 1 to 3 occasions each. The delays ranged from 1 to 111 days (averaging about 27 days);
- (b) the remaining 2 (10%) members were government officials. For the two government officials appointed as members in February 2025, their

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**Note 23:** *Net working days exclude Saturday, Sunday, public holiday, the date of issuing notice of meeting and the date of meeting.*

## Other related issues

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declarations of interest for the first appointment were submitted 3 and 111 days after their appointments. The declarations of interest for previous government officials appointed as members were not available; and

- (c) as of August 2025, while the declarations of interest for 18 members (see (a) above) were available on PMSA's website (see para. 4.24(b)), those for the 2 government officials appointed in 2025 (see (b) above) were not.

4.27 Upon enquiry, PMSA informed Audit in September 2025 that:

- (a) government officials were already subject to Government's declaration requirement, and separate compliance procedures had been mandated by their respective departments; and
- (b) as a prudent measure to strengthen transparency and governance, the two incumbent members who were government officials had submitted the declarations of interest when they were newly appointed in 2025. PMSA would continue this practice and ensure that declarations of interest were made publicly available on its website as part of the ongoing commitment to accountability and good governance.

4.28 Under PMSO, PMSA's members must disclose any interests that the members had which was of a class or description determined by PMSA (see para. 4.24(a)). In addition, Audit noted that the requirements of PMSA's declaration of interest included disclosing interests related to PMSA (e.g. membership of organisations which were with focus of work related to PMSA) and making the register available for public inspection (see para. 4.24(b)), which were not required in internal declaration by the two government officials. Besides, the declaration of interest was required annually for PMSA's members while the declaration was only required biennially for the two government officials under Government's declaration requirement.

4.29 *Need to enhance process for declaring conflicts of interest for matters scheduled for discussion at meetings.* Audit examined the records for the 58 meetings (including those of PMSA's members, Committees and Working Groups) held between December 2022 and June 2025 and found that:

- (a) 60 declarations of interest had been made by the members. Of these, 12 (20%) and 48 (80%) declarations were made before and during the meetings respectively. For the 12 declarations made before the meetings, 7 (58%) declarations were submitted less than two net working days before the meeting (see para. 4.25(a));
- (b) before the meetings, the Secretariat informed the members about the details of the meeting via email, including the need to disclose their interest before or at the meeting. The deadline for submitting the declaration of interest before the meeting (i.e. two net working days before the meeting) was not mentioned in the email. Besides, while members might declare their interest at the meeting (i.e. the 48 declarations mentioned in (a) above) in accordance with PMSO, such practice did not align with the timeframe stipulated in PMSA's Rules of Procedure; and
- (c) for 12 (20%) of the 60 declarations of interest, the Chairperson's decisions regarding the handling of the declarations (see para. 4.25(b)) were not documented in the meeting minutes.

4.30 Upon enquiry, PMSA informed Audit in September 2025 that in the majority of the 12 cases cited (see para. 4.29(c)), the members' "declarations" were primarily made when making general remarks during the discussions, rather than as formal disclosures of interests that could give rise to actual or perceived conflicts. As such, these instances did not necessitate any specific handling or decisions by the Chairperson, and consequently, no formal documentation was made in the meeting minutes. However, Audit noted that, for these 12 cases, the meeting minutes recorded that the members had made "declarations", which was the same wording used in other instances of formal disclosures of interests, based on which Chairman's decisions had been made.

### ***Scope for improving attendance of some PMSA's members***

4.31 According to PMSO, the quorum for a meeting of PMSA is one-half of the members. A member who participates in the meeting by telephone, video conferencing or other electronic means is to be regarded as being present at the meeting provided that specific conditions are met.

## **Other related issues**

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4.32 Each of the five Committees consists of 10 or 11 members, and each of the two dedicated Working Groups consists of 7 members. From December 2022 to June 2025, a total of 58 meetings were held, including those of PMSA's members, Committees and Working Groups, each ranged from 3 to 12 meetings. Audit examined the attendance records of PMSA's members and noted that:

- (a) for 2 members, their meeting attendance was below 50%. For example, Member A was a PMSA's member and a member of three Committees (with a total of 30 meetings held), and only attended 6 (20%) meetings; and
- (b) for another 3 members, while their overall meeting attendance ranged from 50% to 84%, their attendance at individual Committee and/or Working Group meetings was below 50%.

In Audit's view, PMSA needs to formulate measures to further encourage and facilitate PMSA's members' attendance at meetings.

### ***Need to review requirements on issuance and approval of meeting materials to PMSA's members***

4.33 According to PMSA's Rules of Procedure, the Secretariat should, upon obtaining the approval of Chairperson, issue the approved agendas and related documents to all members 5 net working days before the meeting. The Chairperson may approve the issuing of agendas and related documents within 3 net working days of the meeting if he/she considers it appropriate.

4.34 From December 2022 to June 2025, the Secretariat issued agendas and related documents to PMSA's members by batches before the meetings. Audit examined the records and noted that:

- (a) of the 58 meetings convened during the period, the last batch of meeting materials for 40 (69%) meetings were only issued to members either on the working day before the meeting or 1 to 4 net working days in advance;
- (b) of the 40 meetings where meeting materials were issued late, written approval was obtained from the Chairperson in 1 (3%) case. According to PMSA, approval from the Chairpersons was obtained verbally in

17 (42%) cases. For the remaining 22 (55%) cases, approval was sought through emails/telephone messages for the issuance of meeting materials to members. However, Audit noted that in the 22 cases, the request for approval of the late issuance was not explicitly mentioned in the emails/telephone messages; and

- (c) whether approval from the Chairperson was required for issuing meeting materials in 4 net working days was not specified in the Rules of Procedure (see para. 4.33).

4.35 Upon enquiry, PMSA informed Audit in September 2025 that:

- (a) in all cases mentioned in paragraph 4.34(a), only the last one to two discussion papers were submitted close to the meeting date. This was primarily due to the intention to incorporate the most up-to-date information, figures, and developments, particularly those in relation to matters involving ongoing or evolving circumstances. In many instances, the content of these papers depended on the outcomes of committee or sub-committee meetings held shortly before the meetings; and
- (b) all PMSA papers were cleared by the respective Chairpersons before issue unless waived by the Chairpersons. In giving approval for the issue of a late paper, the approval covered not only that the paper could be issued, but implicitly also the late issue of the paper. As such, there was no specific request for explicit approval in the communication, especially when it was made through short exchanges through email/telephone. The Chairpersons were volunteers who devoted their precious private time to serve the community, and should be facilitated to carry out their work, and not to be loaded with administrative duties.

4.36 While noting PMSA's explanations, its current practice was not consistent with the Rules of Procedure. In Audit's view, PMSA needs to review the Rules of Procedure, taking into account the existing practice for issuing and approving meeting materials, and take measures to ensure compliance.

***Need to incorporate clauses on safeguarding national security in Code of Conduct for PMSA's members***

4.37 Audit noted that PMSA had incorporated specific clauses on safeguarding national security in the Code of Conduct for staff of the Executive Office since May 2025. As of August 2025, there were no specific clauses on safeguarding national security in the Code of Conduct for PMSA's members.

**Audit recommendations**

4.38 Audit has *recommended* that the Chief Executive Officer of Property Management Services Authority should:

- (a) **step up measures to facilitate all PMSA's members to make declarations of interest for their first appointment and annual declarations in a timely manner, and publish all related declarations in accordance with PMSO;**
- (b) **review the Rules of Procedure for:**
  - (i) **the timeframe for submission of the declarations of interest by PMSA's members for matters scheduled for discussion at meetings (e.g. whether submission should be made before the meeting rather than at the meeting), and take measures to ensure compliance; and**
  - (ii) **the procedures and timeframes for issuance and approval of meeting materials, taking into account the existing practice, and take measures to ensure compliance;**
- (c) **enhance documentation of meeting minutes to clearly specify declarations of interest requiring the Chairperson's decision, and to record the decision in the minutes;**
- (d) **formulate measures to further encourage and facilitate PMSA's members' attendance at meetings; and**

- (e) **incorporate specific clauses on safeguarding national security in the Code of Conduct for PMSA’s members.**

## **Response from the Property Management Services Authority**

4.39 The Chief Executive Officer of Property Management Services Authority agrees with the audit recommendations. He has said that PMSA:

- (a) will facilitate all members in making declarations of interest for their first appointment and annual declarations timely, and publish all related declarations in accordance with PMSO;
- (b) will review the Rules of Procedure to better reflect operational realities, enhance procedural clarity while maintaining efficiency and accountability;
- (c) will enhance documentation of meeting minutes to clearly specify declarations of interest requiring the Chairperson’s decision, and to record the decision in the minutes;
- (d) will continue to encourage and facilitate members’ attendance at meetings through timely scheduling, reminders, and other supportive arrangements; and
- (e) has incorporated specific clauses on safeguarding national security into the Code of Conduct for members in September 2025.

## **Publicity and promotion work**

4.40 PMSA’s publicity and promotion work is carried out through various channels, such as PMSA website, blogs, mobile application (mobile app), posts and promotion videos via social media.

## Other related issues

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### *Scope to strengthen efforts to promote use of innovative PM technologies*

4.41 According to PMSA, it encourages PM industry to widely adopt innovative technology (e.g. robotic technology — see Photograph 1 for an example) in its everyday work and implement smart systems in PM comprehensively so as to raise service standard. Between April 2022 and August 2025, PMSA promoted technological innovation through a multi-channel approach, including:

- (a) producing a video series under the theme “Smart PM” for showcase at the International PM and Procurement Expo on 31 August 2023, and the videos were then made publicly available on a social media platform alongside a blog article to further highlight the adoption of information technologies in PM sector; and
- (b) publishing 14 related blog articles, organising 8 concerned CPD seminars/webinars, and disseminating 20 related email messages to the PM industry.

**Photograph 1**

#### **Robotic technology: car park patrol robot**



*Source: PMSA records*

4.42 For the videos under the theme “Smart PM” (see para. 4.41(a)), Audit noted that, as of August 2025, PMSA had uploaded a total of 10 videos. However, of the 10 videos, 9 (90%) were uploaded in September 2023 (i.e. roll-out of the video series), with the number of views per video ranged from 177 to 944 (averaging about 472) as of May 2025, and the remaining 1 (10%) was uploaded in August 2025 (i.e. nearly two years later).

***Need to timely notify all licensees and stakeholders of planned termination of mobile app service***

4.43 The PMSA mobile app, launched in September 2022, was developed to migrate the existing website content into a user interface tailored to mobile users’ needs. Up to June 2025, the cumulative download of the app was 11,307. As of August 2025, the latest news posted on PMSA mobile app was dated 13 November 2023, whereas the latest news posted on PMSA website was dated 28 August 2025. During the 1.8-year period, 70 news items were published on the website but were not made available in the app.

4.44 Upon enquiry, PMSA informed Audit in September 2025 that:

- (a) the delay in updating content on the mobile app was primarily due to the cessation of operations by the original contractor responsible for its development at the end of 2022. This affected PMSA’s ability to maintain and update the app as originally intended. PMSA engaged a new contractor to provide basic server hosting and back-end maintenance services, but update capabilities were limited; and
- (b) over the past 2.5 years, PMSA had actively encouraged licensees to transition to the web-based platform on PMSA website, which was readily accessible via mobile phones. In July 2025, the Professional Development Committee endorsed the proposal to terminate the mobile app service, effective 31 March 2026. PMSA would eventually notify all licensees and stakeholders via the website and formal written communication three months prior to termination, and would arrange for the app to be removed from the app stores of mobile phones.

## **Other related issues**

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4.45 In Audit's view, PMSA needs to timely notify all licensees and stakeholders of the planned termination of its mobile app service and continue to encourage them to migrate to the web-based platform on its website.

## **Audit recommendations**

4.46 Audit has *recommended* that the Chief Executive Officer of Property Management Services Authority should:

- (a) **strengthen efforts to promote the use of innovative PM technologies; and**
- (b) **timely notify all licensees and stakeholders of the planned termination of PMSA mobile app service and continue to encourage them to migrate to the web-based platform on PMSA website.**

## **Response from the Property Management Services Authority**

4.47 The Chief Executive Officer of Property Management Services Authority agrees with the audit recommendations.

## **Management information and guidelines for monitoring licensing and regulatory work**

### ***Need to enhance management information for monitoring regulatory and administrative work***

4.48 In PARTs 2 and 3, Audit identified PMSA's need for enhancement in the delivery of licensing services and monitoring of PMCs and PMPs and noted that:

- (a) some management information (e.g. highlights or summaries) for monitoring PMSA's licensing and regulatory work was not readily available or regularly compiled, for example:

- (i) compliance with the specified timeframes for submission of licence renewal applications and requirements in issuing notices to owners or owners' organisations for renewal of PMC licences not made within the specified period (see paras. 2.12 and 2.15);
  - (ii) compliance with the specified timeframes for updating registers of licensees (see para. 2.28(a));
  - (iii) compliance with the statutory timeframe for submission of notifications of changes by licensees (see para. 3.5(c));
  - (iv) compliance with the required manning ratios by PMCs (see para. 3.23); and
  - (v) compliance with the specified timeframes for handling complaints (see para. 3.46); and
- (b) while the achievement of the performance pledges for processing licence applications was reported to PMSA's members, the related breakdown for the achievement was not readily available (see para. 2.30(c)).

4.49 PMSA uses three major computer systems (i.e. Licensing System, CPD System and CEM System) to support its regulatory and administrative functions, and the Licensing System and CPD System will be integrated into one system under a system revamp project that commenced in June 2025 (see paras. 1.25 and 1.26). In Audit's view, PMSA needs to regularly compile the relevant management information to facilitate its monitoring work. PMSA also needs to ensure that capabilities are incorporated in the system revamp project to address the issues relating to its licensing and regulatory work in this Audit Report as far as practicable.

***Need to lay down formal guidelines for monitoring licensing and regulatory work***

4.50 Audit examination revealed a lack of established guidelines for some key processes related to the licensing and regulatory work for PMCs and PMPs. According to the Executive Office, some procedures had been documented in discussion papers that were endorsed by PMSA's members or approved during

## **Other related issues**

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different meetings. However, the discussion papers did not include PMSA's members' comments, and some of the documented procedures were subsequently revised. For example:

- (a) procedures for conducting random audits related to compliance with CPD participation requirements (see para. 2.59);
- (b) classification mechanism for handling notification of changes from PMCs and PMPs (see para. 3.9); and
- (c) disciplinary actions and complaint handling procedures (see paras. 3.30, 3.32, 3.33(c) and 3.43).

## **Audit recommendations**

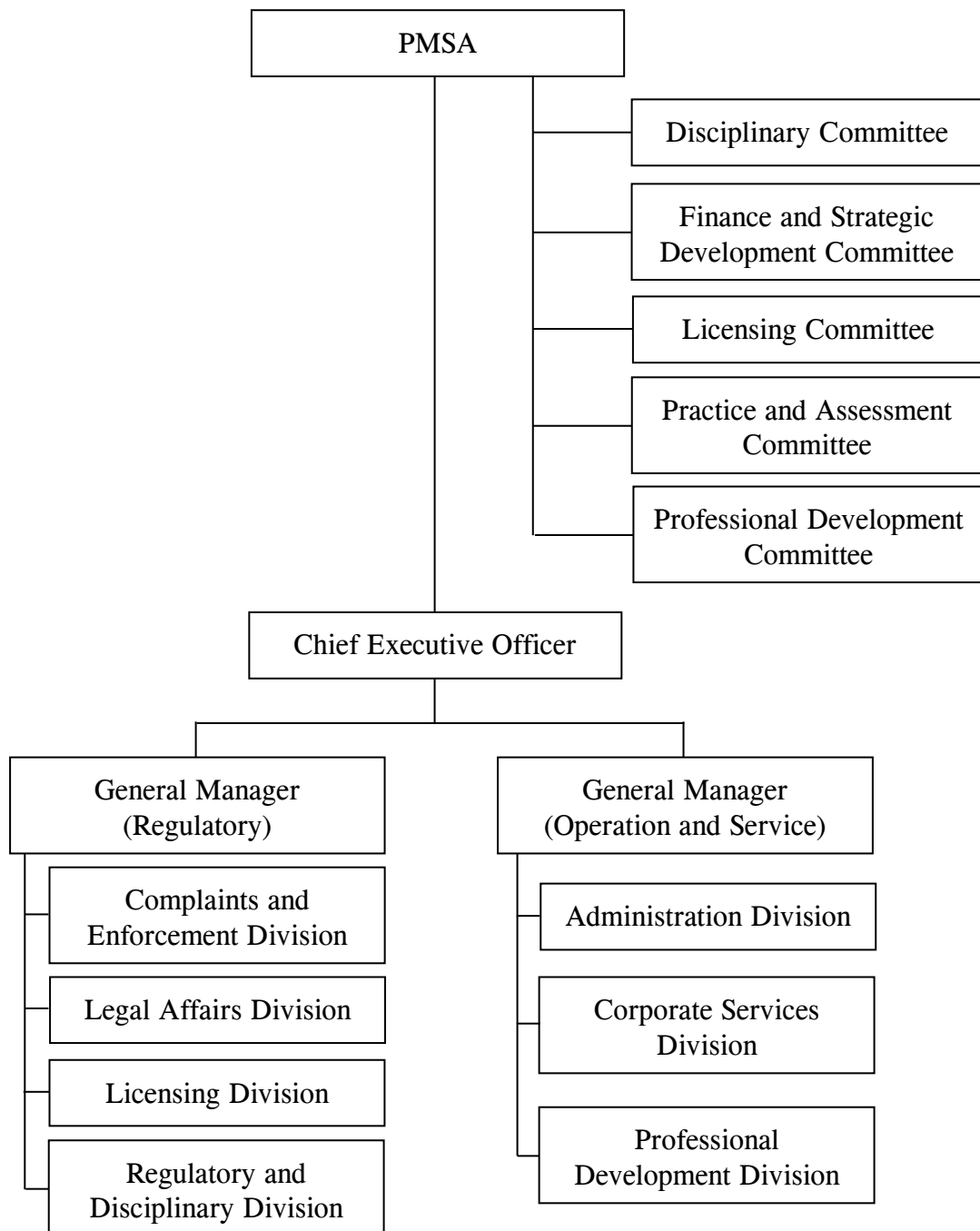
4.51 **Audit has *recommended* that the Chief Executive Officer of Property Management Services Authority should:**

- (a) **regularly compile management information to facilitate monitoring of the discharge of PMSA's functions;**
- (b) **ensure that capabilities are incorporated in the system revamp project to address the issues relating to PMSA's licensing and regulatory work in this Audit Report as far as practicable; and**
- (c) **take measures to ensure that key procedures governing PMSA's licensing and regulatory work are laid down in formal guidelines with a view to facilitating staff understanding of relevant requirements and compliance.**

## **Response from the Property Management Services Authority**

4.52 The Chief Executive Officer of Property Management Services Authority agrees with the audit recommendations.

**Property Management Services Authority:  
Organisation chart (extract)  
(30 April 2025)**



Source: PMSA records

**Acronyms and abbreviations**

AEF	Anti-epidemic Fund
ASPM	Anti-epidemic Support Scheme for Property Management Sector
Audit	Audit Commission
BMIS	Building Management Information System
CEM System	Complaints and Enforcement Case Management System
CPD	Continuing Professional Development
DMC	Deed of mutual covenant
HAD	Home Affairs Department
HKPF	Hong Kong Police Force
HYAB	Home and Youth Affairs Bureau
LegCo	Legislative Council
Mobile app	Mobile application
PM	Property management
PMC	Property management company
PMP	Property management practitioner
PMSA	Property Management Services Authority
PMSO	Property Management Services Ordinance
RPB	Recognised professional body