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# Combating Collusion

Analysis of Bid-Rigging in Hong Kong's Building Maintenance Sector

Combating Collusion:

An Analysis of Bid-Rigging in Hong Kong's Building Maintenance Sector and Lessons from the Wang Fuk Court Fire.

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# Contents

1. Introduction.....	3
1.1    Background: The Wang Fuk Court Tragedy as a Catalyst .....	4
2. Policy Landscape and Stakeholder Analysis.....	6
2.1    Key regulations and legislation.....	6
2.2    Key policy actors.....	8
2.3    Policy gaps and weaknesses .....	10
3. Comparative Analysis of Successful Anti-Bid-Rigging Strategies .....	13
3.1    Domestic success stories.....	13
3.2    International success stories .....	19
4. Overall Cross-National Insights and Lessons for Hong Kong.....	30
4.1    Strengthening Legal Frameworks and Enforcement Deterrents .....	31
4.2    Leveraging Technology for Enhanced Transparency and Detection .....	32
4.3    Promoting Proactive Compliance and Robust Inter-Agency Cooperation .....	33
4.4    Fostering Community Oversight and Public Awareness .....	33
5. Recommendations and Risk Mitigation Strategies .....	35
6. Conclusion.....	38
References.....	41

## 1. Introduction

The integrity of Hong Kong's urban infrastructure relies heavily on effective, transparent, and ethical building maintenance. However, this sector has long been plagued by allegations of bid-rigging, resulting in inflated costs, substandard workmanship, and compromised public safety. The tragic Wang Fuk Court fire served as a stark reminder of the critical importance of proper maintenance, inadvertently exposing systemic vulnerabilities that unscrupulous actors can exploit.

The urgency of this issue is underscored by the sheer scale of aging infrastructure. Under the government's Mandatory Building Inspection Scheme (MBIS), residential buildings aged 30 years or older are subject to statutory maintenance requirements<sup>1</sup>. Of the approximately 28,000 qualifying buildings in Hong Kong, it is estimated that fewer than half have completed necessary major repairs. This leaves a backlog of roughly 14,000 buildings awaiting maintenance<sup>2</sup>. At the current completion rate of just 200 buildings per year, clearing this backlog will take decades—a timeline that is untenable given the safety risks involved.

This monumental volume of impending work creates a lucrative environment for financial exploitation. To illustrate the potential scale of this issue, consider the following estimates regarding the financial impact of bid-rigging in the building maintenance sector:

Table 1 Estimated Financial Impact of Bid-Rigging in the Hong Kong Building Maintenance Sector

Total annual contract amount	HK\$200–500 billion
Additional Profits	20–50%
Lower bound estimate	HK\$40 billion
Upper bound estimate	HK\$250 billion

Source: *Press releases from the Competition Commission (CompCom) and the Independent Commission*

<sup>1</sup> Buildings Department. (2025, April 14). *Mandatory Building Inspection Scheme*. <https://www.bd.gov.hk/en/safety-inspection/mbis/index.html>

<sup>2</sup> Ho, D. (2025, December 6). The black swan of old residential premises has appeared. *Property.hk*. [https://www.property.hk/article\\_content.php?author=PHK\\_HOHUNGFAIEN&id=143308](https://www.property.hk/article_content.php?author=PHK_HOHUNGFAIEN&id=143308)

*Against Corruption (ICAC), referencing operations in 2024–2025 involving multiple contracts ranging from hundreds of millions to HK\$1 billion.; Buildings Department's Mandatory Building Inspection Scheme (MBIS) data; Legislative Council Secretariat and the Buildings Department/Development Bureau (based on end-2023 figures).*

If bid-rigging—an anti-competitive practice that stifles fair market dynamics—is allowed to persist, it will continue to drive up costs for owners and degrade the quality of essential repairs. Consequently, this research aims to investigate the roots of bid-rigging in Hong Kong's maintenance sector, analyze the current policy landscape, and propose actionable risk control strategies based on local and international best practices.

## 1.1 Background: The Wang Fuk Court Tragedy as a Catalyst

The Wang Fuk Court fire in early December 2025 was a devastating catastrophe, resulting in 161 confirmed deaths and numerous missing persons<sup>3</sup>. While the immediate cause of the blaze remains under investigation, the Chief Executive moved swiftly to establish an independent committee charged with a comprehensive review of the building works system. The objective is clear: to reform the sector and prevent the recurrence of such tragedies. However, beyond the immediate loss of life, the disaster has cast a harsh spotlight on the entire building maintenance ecosystem.

The incident has underscored critical structural vulnerabilities that create an environment conducive to malpractice. Specifically, it has exposed the intricate and often problematic relationships between several key factors: the enforcement of the MBIS, the governance roles of Owners' Corporations and Property Management Companies, and the pervasive issues of information asymmetry and lack of transparency.

These are not merely local administrative hurdles; they are complex governance challenges recognized globally. By highlighting the dire consequences of neglected or inadequate maintenance, the Wang Fuk Court fire has intensified the pressure on

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<sup>3</sup> Death toll from Wang Fuk Court fire rises to 161 - RTHK. (n.d.).  
<https://news.rthk.hk/rthk/en/component/k2/1836870-20251220.htm>

property owners to expedite repairs. Paradoxically, this urgency risks exacerbating the problem: a sudden surge in demand within a system characterized by opacity increases the opportunities for bid-rigging and exploitation.

## 2. Policy Landscape and Stakeholder Analysis

Over the past decade, Hong Kong has introduced and refined a variety of policies aimed at ensuring building safety and managing maintenance, largely in response to an aging building stock and rising public safety concerns. While these regulatory measures are well-intentioned, they have inadvertently shaped an environment in which bid-rigging and anti-competitive practices can proliferate.

### 2.1 Key regulations and legislation

#### The Mandatory Building and Window Inspection Schemes (MBIS, MWIS)

The Mandatory Building Inspection Scheme (MBIS) and Mandatory Window Inspection Scheme (MWIS) were fully implemented on 30 June 2012, following relevant amendments to the *Buildings Ordinance*. This legislation empowers the Building Authority (BA) to issue statutory notices to the owners of targeted buildings, typically those aged 30 years or above, with certain exemptions, requiring them to carry out prescribed inspections and any necessary repairs for both the building structure and its windows<sup>4</sup>. To streamline the process for owners, repair work for both schemes is designed to be carried out on the same cycle wherever practicable, allowing for concurrent inspection and repair operations.

The selection of buildings for these mandatory orders follows a risk-based approach. A panel of relevant experts advises the BA, prioritizing buildings based on factors such as age, physical condition, management status, geographical clustering, and potential risk to public safety<sup>5</sup>. Generally, higher priority is assigned to dilapidated buildings and those with specific high-risk features, such as cantilevered slab structures.

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<sup>4</sup> *Mandatory Building Inspection Scheme - Buildings Department.* (n.d.). <https://www.bd.gov.hk/en/safety-inspection/mbis/index.html>

<sup>5</sup> *Selection of target buildings - Buildings Department.* (n.d.). [https://www.bd.gov.hk/en/safety-inspection/mbis/learn-more-about-MBIS/index\\_mbis\\_overview\\_selection.html](https://www.bd.gov.hk/en/safety-inspection/mbis/learn-more-about-MBIS/index_mbis_overview_selection.html)

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

The BMO governs the formation and operation of owners' corporations (OCs), which are typically responsible for organizing and funding mandated works under both MBIS and MWIS. However, the Ordinance grants significant operational autonomy to OCs, which are often volunteer-run and possess varying levels of governance capability and procurement sophistication. This can lead to inconsistent procurement practices, a reliance on familiar contractors, and a lack of robust oversight—conditions that can be exploited for anti-competitive ends.

### Government Subsidy and Loan Schemes (e.g., Building Safety Loan Scheme, Operation Building Bright)

These financial initiatives aim to alleviate the economic burden on owners. Paradoxically, by injecting substantial, earmarked public funds into the IMR market, they can inadvertently heighten the incentive for collusion. Contractors may perceive these subsidized projects as a "common pool" of revenue, leading to arrangements to rotate bids or fix prices, knowing the funds are guaranteed and the works are legally required.

### Procurement Guidelines (for public sector)

While the Hong Kong SAR Government has well-established, transparent procurement rules for its own projects, these standards do not extend to private building owners or OCs undertaking mandatory works. The absence of universally mandated, competitive, and transparent procurement procedures for the vast number of private MBIS or MWIS projects creates a regulatory gap. This allows for closed tender invitations, direct negotiations, and a lack of price benchmarking, facilitating bid-rigging and market allocation among contractors.

### Competition Ordinance (Cap. 619)

The cornerstone of Hong Kong's competition law prohibits anti-competitive

agreements (including bid-rigging) and abuses of market power. Its application to the building maintenance sector is clear in principle. However, enforcement challenges arise from the sector's opacity and the difficulty of detection. Collusive arrangements are often informal and covert, while victims, including OCs and owners may not recognize or report them. Furthermore, the Ordinance's focus on larger-scale economic harm may leave smaller, building-specific collusion under the radar unless pursued by the Competition Commission through sector-wide investigations.

In summary, these policies collectively establish a framework of compulsory demand, decentralized procurement, and significant financial flows, yet without a uniformly mandated competitive procurement process for the private sector. This combination creates fertile ground for anti-competitive practices to take root, as service providers operate in a market where the need for their services is legally guaranteed, but the mechanisms for awarding contracts are often fragmented, non-transparent, and vulnerable to manipulation.

## 2.2 Key policy actors

### Property Owners / Owners' Corporations (OCs)

As the legally accountable entities under the BMO, owners and OCs bear the ultimate responsibility for organizing and funding mandated inspection and repair works. Their primary incentives are regulatory compliance at minimal cost and the avoidance of disputes. However, constrained by limited technical expertise, financial pressures, and often volunteer-based governance, OCs tend to favor low-bid offers or familiar contractors. This reliance, coupled with a limited capacity to detect collusion, renders them vulnerable to mis-selling and anti-competitive practices within the maintenance market.

### Property Management Companies (PMCs)

PMCs serve as operational agents for OCs, frequently overseeing the procurement of inspection, maintenance, and repair (IMR) services. While formally tasked with

implementing OC directives, a structural conflict of interest may arise, in which PMCs often maintain enduring commercial relationships with contractors rather than with transient OCs. This can lead to repeated referrals to preferred contractors, the administration of superficial “quoting exercises” in place of competitive tender processes, and a failure to identify or report signs of bid-rigging, thereby undermining procurement integrity.

#### Consultants (e.g. Surveyors, Engineers)

As accredited professionals under MBIS/MWIS, consultants perform a critical gatekeeping function—conducting inspections, specifying remedial works, and certifying compliance. Their role requires independent professional judgment. However, the dual function of advisor and specifier creates a potential loophole. Some consultants may cultivate reciprocal referral arrangements with contractors, tailoring specifications to favor particular firms, or may hold undisclosed financial interests in contracting companies. Such practices compromise objectivity and facilitate non-competitive award processes.

#### Contractors

Contractors are the direct providers of IMR services. In a properly functioning market, their objective is to secure profitable contracts through competitive bidding. However, the policy-generated, inelastic demand for their services, driven by mandatory inspection regimes, can incentivize collusion to stabilize prices and ensure margins. Weaknesses in procurement governance, such as opaque tender processes, inconsistent oversight, and low detection risks—enable anti-competitive behaviors including cover bidding, market allocation, and price-fixing, particularly in densely built urban districts.

#### Legislators / Policy Makers

This group is responsible for establishing the overarching regulatory frameworks for building safety and market conduct. A central policy challenge is to advance building

safety objectives without inducing undue market distortion or owner hardship. A significant regulatory gap persists between these two policy streams: safety regulations mandate that works be done, but do not prescribe competitive procurement methods for the private sector, while competition law, though prohibiting collusion, is largely reactive and difficult to enforce in a fragmented, privately managed context. It is within this gap that anti-competitive practices can proliferate.

### 2.3 Policy gaps and weaknesses

The policy and regulatory framework governing building maintenance in Hong Kong contains significant gaps that collectively enable and perpetuate anti-competitive practices. These weaknesses span legislation, oversight, enforcement, and market structure.

#### Legislative Inadequacy: The Civil-Only Conundrum

Hong Kong's Competition Ordinance (Cap. 619) explicitly prohibits bid-rigging as a serious anti-competitive conduct. However, its classification as a purely civil offense constitutes a critical deterrent gap. This limitation restricts sanctions to financial penalties and disqualification orders, without providing for criminal liability, such as imprisonment, for the anti-competitive agreement itself. Consequently, the potential gains from collusion may be perceived to outweigh the associated legal risks. It is crucial to distinguish this from associated acts: while standalone bid-rigging escapes criminal sanction under the Competition Ordinance, acts of bribery in both public and private tenders can be prosecuted under the Prevention of Bribery Ordinance (Cap. 201). Nevertheless, the latter targets the corrupt means (bribery) rather than the anti-competitive outcome (bid-rigging). Thus, a purely collusive agreement devoid of bribery remains subject only to civil remedies.

Furthermore, the application of the Prevention of Bribery Ordinance (POBO) to bid-rigging in private building maintenance is subject to significant limitations and ambiguities that substantially weaken its effectiveness.

Firstly, under the POBO, bid-rigging is explicitly criminalized primarily in relation to tenders by public institutions. This jurisdictional limitation means that bid-rigging in the vast majority of private building maintenance projects, particularly those initiated by Owners' Corporations (OCs), often falls outside the direct criminal purview of the POBO. Consequently, an anti-competitive agreement not clearly involving bribery may evade criminal prosecution under this ordinance, creating a substantial regulatory lacuna.

Secondly, the interpretation of "agent" within the POBO's bribery provisions presents a critical ambiguity when applied to members of Owners' Corporations. The Ordinance defines an "agent" as an individual employed by or acting on behalf of a principal. However, members of Owners' Corporations, by their legal nature, are not merely employees or representatives acting on behalf of the corporation; they constitute its primary decision-making body, effectively acting as the corporation itself. This subtle yet significant legal distinction creates a "grey area," complicating the prosecution of bribery cases involving OC members under the existing "agent" provision and potentially undermining accountability.

These critical legal ambiguities underscore that even with the POBO, the current regulatory framework inadequately addresses the complexities of bid-rigging and corruption within the private building maintenance sector. A robust and effective legislative reform is imperative to clarify and eliminate these systemic grey areas, thereby ensuring comprehensive legal deterrence.

#### Regulatory Fragmentation and the Private Sector Void

A fundamental disconnect exists between safety regulation and competition governance. Mandatory inspection schemes compel private owners to undertake works but prescribe no mandatory competitive procurement protocols for doing so. This creates a regulatory void where compulsory demand meets opaque, unmonitored supply. Unlike public tenders governed by strict procurement rules, private sector tenders operate without standardized oversight, facilitating cover bidding and market

allocation.

### Enforcement Constraints

The Chronic under-resourcing of the Competition Commission relative to the market's scale and opacity severely limits proactive enforcement. Investigating complex, covert collusion requires significant manpower and expertise. Furthermore, the civil standard of proof, while lower than the criminal "beyond reasonable doubt," still demands robust evidence of an agreement—often informal and concealed—making cases difficult to build and win. The resulting enforcement actions are often perceived as too slow and too limited in scope to alter market behavior systemically.

### Structural Vulnerabilities: Owner Disempowerment and Industry Fragmentation

These legislative and enforcement gaps are exacerbated by on-the-ground structural vulnerabilities.

- Owner Empowerment Deficiencies: As previously analyzed, OCs frequently lack technical expertise, procurement sophistication, and collective resolve to design and manage robust, transparent tender processes, making them susceptible to manipulation.
- Fragmented Industry Structure: The market for IMR works is characterized by a high number of small to medium-sized contractors, often operating in localized districts. This structure can facilitate tacit coordination or explicit collusion, as firms become familiar with one another and the costs of detecting such arrangements are high. This fragmentation, combined with inelastic demand, creates a ripe environment for anti-competitive agreements.

In summary, the policy environment is defined by a critical misalignment: stringent safety mandates generate a captive market, while the corresponding frameworks for ensuring competition in that market are structurally weak, under-enforced, and outpaced by the incentives and opportunities for collusion.

### 3. Comparative Analysis of Successful Anti-Bid-Rigging Strategies

This section provides brief overviews of successful anti-bid-rigging stories, both domestically and internationally, highlighting key loopholes and informing the development of effective countermeasures.

#### 3.1 Domestic success stories

##### Tai Wo Estate (太和邨)<sup>6</sup>

The incident took place at Tai Wo Estate in Tai Po, a public housing estate participating in the Home Ownership Scheme. In 2016, the Estate's OC proposed a major repair plan estimated at HKD 27 million for the first phase, with potential additional costs. Many residents deemed this price excessive and questioned the transparency of the bidding process, suspecting bid-rigging among contractors and the corporation.

Faced with potentially exorbitant repair fees, a group of dissatisfied young residents and elder neighbors banded together, calling themselves "Descendants of Tai Wo." This name reflects their commitment to protect their community while incorporating a humorous nod to contemporary culture. The group, primarily composed of young residents alongside professionals, leveraged their spare time to challenge the long-standing management of the Estate.

Their struggle was formidable, requiring significant owner proxy votes to overturn the corporation. They utilized social media, particularly Facebook groups, to disseminate information and highlight the deficiencies of the repair plan. Most critically, the volunteers undertook an arduous door-to-door campaign (「洗樓」), explaining the situation to elderly owners and urging participation in meetings or proxy signings. They faced the challenge of dismantling an entrenched corporation with established

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<sup>6</sup> 余睿菁. (2025, February 11). 曾爆天價維修費 太和邨 10 新人全當選踢走舊法團. 香港 01. <https://www.hk01.com/%E7%A4%BE%E6%9C%83%E6%96%B0%E8%81%9E/43776/%E6%9B%BE%E7%88%86%E5%A4%A9%E5%83%B9%E7%B6%AD%E4%BF%AE%E8%B2%BB-%E5%A4%AA%E5%92%8C%E9%82%A810%E6%96%B0%E4%BA%BA%E5%85%A8%E7%95%B6%E9%81%B8%E8%B8%A2%E8%B5%B0%E8%88%8A%E6%B3%95%E5%9C%98>

resources.

In June of that year, the atmosphere at the special owners' meeting was electric. The "Descendants of Tai Wo" successfully mobilized a significant number of owners, leading to a decisive vote to replace the entire old corporation. A new management committee, formed by their members and supporters, was elected. Upon taking office, the new corporation quickly suspended the controversial repair project and reassessed the Estate's financial and maintenance needs<sup>7</sup>. Reports indicate that they implemented more reasonable bidding and management practices, significantly reducing repair costs—from an initial million-level budget to estimates as low as hundreds of thousands<sup>8</sup>. This demonstrated the effectiveness of their anti-collusion efforts.

### Belvedere Garden (荃灣麗城花園)

The incident occurred at Belvedere Garden in Tsuen Wan, a large private residential complex. In 2015, the then-current Owners' Corporation proposed a major repair plan with a staggering initial estimate of HKD 160 million. However, the fine print revealed unreasonable clauses, such as excessively high "itemized prices" and contract terms that were overly lenient towards contractors, providing inadequate protection for owners. Many residents suspected typical bid-rigging practices.

In contrast to the youthful energy at Tai Wo Estate, the resistance at Belvedere Garden benefited from the professional backgrounds of its residents. They formed the "Belvedere Garden Phase III Owners' Rights Concern Group," which became a powerful driving force in the case. The group consisted of experts, including surveyors, engineers, accountants, and lawyers, who applied their expertise to

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<sup>7</sup> 吳世寧, & 李慧筠. (2016, November 24). 太和邨新法團直播開會拒絕飯局. *HK01*. <https://www.hk01.com/%E7%A4%BE%E5%8D%80%E5%B0%88%E9%A1%8C/55232/%E5%A4%AA%E5%92%8C%E9%82%A8%E6%96%B0%E6%B3%95%E5%9C%98%E7%9B%B4%E6%92%AD%E9%96%8B%E6%9C%83%E6%8B%92%E7%B5%95%E9%A3%AF%E5%B1%80-%E4%B8%BB%E5%B8%AD%E4%BB%BB%E8%82%96%E9%9B%B2-%E6%83%B3%E5%82%BE%E5%9A%9F%E6%B3%95%E5%9C%98%E8%BE%A6%E5%85%AC%E5%AE%A4%E5%82%BE>

meticulously review the tender documents and consultant reports, identifying numerous flaws.

Their campaign relied on professional analysis and rational persuasion. Members examined hundreds of pages of tender documents, uncovering absurdities, such as unit prices several times higher than market rates, and execution of unnecessary works. They created highly professional and understandable flyers and PowerPoint presentations to explain to other owners why the repair proposal was unreasonable. Rather than appealing to emotions, they appealed to logic and financial impact. Like at Tai Wo Estate, collecting owner proxy votes was crucial. The group set up street booths and held resident meetings to address owners' concerns, gradually dismantling the voting advantage of the old corporation.

In September 2015, during a significant owners' meeting, residents overwhelmingly rejected the exorbitant HKD 160 million repair proposal. Building on this victory, the Concern Group successfully ousted the old corporation and elected a new management team composed of its members. The new corporation promptly re-engaged consultancy services and re-tendered the project. Ultimately, the revised repair plan brought costs down to approximately HKD 40 million to 50 million.

### Garden Vista (翠湖花園)

The rigging pattern in Garden Vista involved artificial specification inflation and restrictive tendering. The management committee proposed the use of prohibitively expensive, branded materials and proprietary systems for renovation projects. This strategy effectively "bound" the contract to a single pre-selected supplier by crafting tender terms designed to disqualify all but the favored contractor, thereby eliminating genuine competition.

In response, owners formed an alliance and commissioned an independent professional assessment. They engaged their own surveyor to develop an alternative specification, proposing high-quality yet generic materials that demonstrated equivalent functionality at a significantly reduced cost. Leveraging this alternative proposal, they initiated legal action, applying for an injunction against the tender

process. Their grounds for challenge included unreasonable restraint of trade and a failure by the Owners' Committee to act in the best interests of the owners, effectively halting the rigged tender.

### Villa Pinada (茵翠苑)

The rigging pattern at Villa Pinada was characterized by predatory phased manipulation. The incumbent Owners' Committee proposed a series of ostensibly small, urgent repair projects (e.g., pipe replacement, lobby refurbishment) at inflated prices. This constituted a "salami-slicing" strategy, deliberately avoiding a single, large-scale project that would typically trigger heightened scrutiny. Instead, the scheme systematically drained the estate's management fund through multiple, consistently rigged small contracts over an extended period.

The residents' counter-strategy involved a holistic financial investigation and public exposure. A dedicated group of residents, leveraging their professional accounting backgrounds, conducted a comprehensive audit of the estate's maintenance accounts spanning several years. They meticulously mapped all expenditures and visualized the data to demonstrate an unsustainable cost trend and a consistent pattern of awarding contracts to a linked network of contractors. This evidence was presented at an Annual General Meeting (AGM), reframing the issue not as isolated repair failures but as a systemic, long-term financial governance crisis, which successfully rallied owners to replace the entire Owners' Committee.

### King Lam Estate (景林邨)

In King Lam Estate, the rigging pattern exploited bureaucratic inertia and resident disengagement, typical of public rental housing. The repair proposal, initiated by the Housing Authority but managed by a largely dormant Owners' Committee, suffered from "consultant capture." The appointed consulting engineer consistently over-designed solutions and recommended contractors with whom they had established recurring business relationships, effectively bypassing genuine competitive bidding. The pervasive lack of active owner oversight facilitated this "cozy relationship," allowing it to dictate project costs and contractor selection.

The residents' successful countermeasure relied on external alliance-building and regulatory pressure. Resident leaders strategically partnered with district councilors and independent licensed surveyors who provided expert advice and legitimacy. They formally lodged complaints with the Independent Commission Against Corruption (ICAC) and the Housing Authority, demanding rigorous scrutiny of the tender process and highlighting the consulting engineer's clear conflict of interest. The combined threat of official investigation and potential negative publicity effectively pressured the authorities to review and subsequently restart the tender process under significantly stricter oversight, ensuring a more equitable outcome.

Table 2 Bid-Rigging Modus Operandi and Community Counter-Strategies: Case Studies from Diverse Hong Kong Estates

Estate (Type)	Rigging Pattern	Key Resident Countermeasure	Critical Success Factor
<b>Tai Wo Estate (Home Ownership Scheme)</b>	Opaque bundling & cost inflation within a single massive tender.	Grassroots mobilization & proxy vote drive; simplifying complex issues for mass engagement.	Uniting young energy with elder community trust; mastering the procedural weapon of proxy collection.
<b>Belvedere Garden (Private)</b>	"Poison pill" tender with inflated itemized prices & contractor-favouring clauses.	Professional line-by-line audit of tender documents by resident experts (surveyors, lawyers).	Availability of in-house professional expertise to deconstruct and credibly challenge technical documents.
<b>Garden Vista (Private)</b>	Artificial "binding" through branded specs & restrictive tender terms.	Commissioning an independent alternative specification & pursuing legal injunction.	Willingness and resourcefulness to engage in legal action as a strategic deterrent.
<b>Villa Pinada (Private)</b>	Predatory "salami-slicing" via multiple small, rigged projects.	Longitudinal financial audit and data visualization to expose systemic plunder.	Forensic approach to financial data to reveal hidden patterns over time.

<b>King Lam Estate (Public Rental Housing)</b>	"Consultant capture" and exploiting bureaucratic/passive oversight.	Building alliances with district councilors & leveraging external anti-graft bodies (ICAC).	Using external regulatory and political leverage to break closed, non-transparent systems.
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These cases demonstrate that bid-rigging is not monolithic but adapts to the context of the estate. However, the counterplay always involves shifting the battle from a technical fog to clear, actionable ground. Whether through grassroots mobilization, professional analysis, legal action, financial forensics, or external advocacy, successful residents found a way to create and weaponize transparency. The universal prerequisites are a committed core group and a strategy tailored to dismantle the specific rigging pattern employed against them. From the distinctly different yet equally successful cases above-mentioned, three key elements that empowered small property owners to triumph over collusion are identified:

1. **Organization & Mobilization:** Whether driven by passionate youth or professional middle-class residents, fighting alone is futile. Establishing a core organization (like the concern group) is crucial. Utilizing door-to-door campaigns, street booths, and social media is vital to mobilizing the silent majority. Collecting proxy votes is the decisive battleground.
2. **Transparency & Expertise:** Collusion often hides within the complexities of tender documents and contractual details. Successful cases involved thorough examination of these documents, whether seeking professional help or conducting independent research. Exposing inflated prices and unreasonable clauses, and convincing fellow owners with data and facts rather than emotive pleas is essential.
3. **Persistence & Sacrifice:** The fight against collusion is a protracted battle. Opponents typically possess significant resources and vested interests. Success hinges on a group of volunteers willing to sacrifice considerable personal time, endure pressure, and face intimidation to persevere in their cause.

### 3.2 International success stories

This section highlights successful anti-bid-rigging initiatives in neighbouring regions, particularly Singapore and Japan, which have established rigorous frameworks that Hong Kong could learn from.

#### Singapore: A Dual Approach of Strict Enforcement and Leniency

In Singapore, the effectiveness of bid-rigging prevention can be attributed to its robust enforcement agencies and a formidable legal framework. The Competition and Consumer Commission of Singapore (CCCS) operates as an independent statutory body with broad investigative powers, including conducting dawn raids, seizing documents, and summoning witnesses. Rather than relying solely on complaints, the CCCS actively monitors market data<sup>9</sup>. Under the Competition Act, Section 34 explicitly prohibits any agreements or conduct that restrict, distort, or prevent competition in Singapore's market, with bid-rigging classified as one of the most serious violations<sup>10</sup>. Violating firms can incur penalties of up to 10% of their turnover in Singapore over a three-year period, which can be devastating for businesses<sup>11</sup>. A key strategy within this framework is the Leniency Programme, which encourages participants to report collusion<sup>12</sup>. The first whistleblower to provide evidence is eligible for a 100% fine exemption. This creates a strong "prisoner's dilemma" within colluding groups, fostering distrust and motivating members to abandon their silent complicity. While direct quantitative metrics, such as the precise number of leniency

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<sup>9</sup> Damazo-Santos, J. (2024, July 24). AI, data analytics improve Singapore competition regulator's ability to respond quickly, director says. *MLex*. <https://www.mlex.com/mlex/articles/2235453/ai-data-analytics-improve-singapore-competition-regulator-s-ability-to-respond-quickly-director-says>

<sup>10</sup> Government of Singapore. (2025, September 26). *Agreements and Collaborations*. Competition and Consumer Commission of Singapore. <https://www.ccs.gov.sg/anti-competitive-practices/agreements-and-collaborations/>

<sup>11</sup> Norton Rose Fulbright. (2024). *Competition law fact sheet*. <https://www.nortonrosefulbright.com/-/media/nrf/0190231emeabrochurecompetition-law-fact-sheet--singapore-update-to-0187945-v2.pdf?revision=da38d754-e1b2-4a29-9a69-5c413b610477&revision=5250663714967387904>

<sup>12</sup> Government of Singapore. (2025b, September 26). *Overview*. Competition and Consumer Commission of Singapore. <https://www.ccs.gov.sg/get-in-touch/for-businesses/apply-for-leniency/overview/>

applications received annually, would offer a clearer statistical insight into the program's operational reach and effectiveness in breaking cartels, competition authorities, including the CCCS, typically maintain confidentiality regarding such granular data. This practice often stems from the need to protect the identity of whistleblowers, safeguard ongoing investigations, and preserve the program's strategic effectiveness by preventing colluding parties from deducing patterns or risks. Nevertheless, the CCCS consistently highlights the Leniency Programme as a vital enforcement tool. Public statements and the successful resolution of various cartel cases frequently indicate that critical intelligence, leading to the detection and effective prosecution of bid-rigging and other collusive practices, has originated from information provided under this programme. This qualitative evidence, often reflected in the dismantling of cartels and imposition of significant penalties, demonstrates the program's practical success in fostering distrust among colluding parties and incentivizing self-reporting.

### Japan: Criminalization and Prevention of Collusion

Japan has similarly implemented a long-standing approach to combat bid-rigging, characterized by the criminalization of such behaviour and a focus on preventing collusion between officials and businesses. The Japan Fair Trade Commission (JFTC) serves as the "gatekeeper of the market," possessing significant independence and investigative authority, which allows it to pursue criminal charges against implicated firms directly. Under the Antimonopoly Act, individuals involved in bid-rigging may face up to five years of imprisonment or fines of up to ¥5 million, providing a significant deterrent for corporate executives<sup>13</sup>. Additionally, the JFTC imposes administrative surcharges calculated based on the sales revenue during the violation period, ensuring that violators do not profit from their misconduct. A targeted piece of legislation, the Law for Prevention of Bid-Rigging in Public Works, specifically

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<sup>13</sup> Norton Rose Fulbright. (2021). *Competition Law Fact sheet*. [https://www.nortonrosefulbright.com/-/media/files/nrf/nrfweb/knowledge-pdfs/33708\\_emea\\_brochure\\_japan-competition-law-fact-sheet-v3.pdf?revision=&revision=4611686018427387904](https://www.nortonrosefulbright.com/-/media/files/nrf/nrfweb/knowledge-pdfs/33708_emea_brochure_japan-competition-law-fact-sheet-v3.pdf?revision=&revision=4611686018427387904)

addresses collusion involving public officials who might share baseline costs or designate winning bidders. This law criminalizes any assistance by officials in bid-rigging, requiring public disclosure of investigation results and corrective actions by their institutions, which effectively severs the benefits of collusion.

#### South Korea: Stringent Enforcement and Technological Prevention

South Korea has established a robust framework to combat bid-rigging, characterized by stringent legal provisions, vigorous enforcement, and advanced technological solutions. The Korea Fair Trade Commission (KFTC) serves as the primary enforcement agency, actively collaborating with the Supreme Prosecutors' Office and the Anti-Corruption and Civil Rights Commission (ACRC) to prosecute collusive practices under the Monopoly Regulation and Fair-Trade Act (MRFTA) and various anti-corruption laws. KFTC is known for its vigorous enforcement, imposing substantial administrative fines (surcharges) up to 10% of relevant sales. A crucial deterrent is its actively implemented leniency program, which offers significant reductions or exemptions from surcharges and criminal penalties for reporting firms, incentivizing self-reporting and protecting whistleblowers.

Beyond enforcement, South Korea leverages the Korea ON-line E-Procurement System (KONEPS) for real-time monitoring and sophisticated data analytics. This system not only ensures full-process transparency in public procurement but also serves as a critical tool for the KFTC and Public Procurement Service (PPS) to proactively detect suspicious bidding patterns and initiate *ex officio* investigations. While specific statistics on cases solely triggered by KONEPS data are not always disaggregated in public reports, its role in identifying potential collusion and driving investigations is widely acknowledged and forms a cornerstone of South Korea's preventative strategy. The Public Procurement Act further reinforces this by imposing strict anti-collusion requirements and severe penalties.

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## Malaysia: Proactive Digital Measures Amidst Enduring Integrity Challenges

Malaysia's commitment to combating bid-rigging is underpinned by a multi-faceted regulatory framework. The Competition Act 2010 serves as the primary legislative instrument, explicitly identifying bid-rigging as a serious infringement under its cartel provisions. Complementing this, the Malaysian Anti-Corruption Commission Act 2009 (MACC Act) plays a crucial role by criminalizing the corrupt practices that frequently facilitate bid-rigging schemes, while public procurement regulations overseen by the Ministry of Finance further reinforce fair tendering processes.<sup>14</sup>

Enforcement responsibilities are primarily vested in the Malaysia Competition Commission (MyCC), which administers the Competition Act. However, as a nascent authority established in 2011, MyCC has grappled with inherent challenges common to developing economies, including resource constraints, a need for specialized economic expertise, and limited public awareness of competition law. Consequently, its success in securing significant convictions or penalties specifically for bid-rigging has been somewhat constrained. In contrast, the Malaysian Anti-Corruption Commission (MACC) has demonstrated notable effectiveness in prosecuting corruption cases, thereby indirectly deterring bid-rigging by targeting its underlying facilitators, often collaborating closely with MyCC on such matters.<sup>15</sup><sup>16</sup>

To enhance transparency and mitigate opportunities for collusion, Malaysia has implemented proactive measures. The ePerolehan e-procurement system aims to reduce human intervention and create an auditable trail for public procurement activities, thereby making bid-rigging more difficult to execute undetected. Furthermore, industry associations, particularly in the construction sector, actively

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<sup>14</sup> <https://www.mycc.gov.my/sites/default/files/Competition%20Act%202010%20-%202022092020.pdf>

<sup>15</sup> Anti-Corruption in Malaysia - Global Compliance News. (2017, June 7). Global Compliance News. <https://www.globalcompliancencenews.com/anti-corruption/anti-corruption-in-malaysia/>

<sup>16</sup> Annual report. (n.d.). Malaysia Competition Commission (MyCC). <https://www.mycc.gov.my/annual-report>

promote ethical conduct and anti-collusion standards among their members through awareness campaigns and codes of conduct.

Despite these efforts, Malaysia continues to face several significant challenges in its fight against bid-rigging. These include persistent corruption risks that can undermine enforcement, issues related to enforcement efficiency such as lengthy investigation processes and legal challenges, the potential for political interference in high-profile cases, and a relatively low level of public and business awareness regarding the severity of competition law infringements. Moreover, effectively regulating procurement at the local government level, which often lacks the robust oversight mechanisms of federal procurement, remains a key hurdle.

#### Indonesia: Legal Frameworks, Enforcement, and Persistent Corruption Challenges

Indonesia has established a comprehensive framework to combat bid-rigging, anchored by Law No. 5/1999, which explicitly prohibits anti-competitive practices including bid-rigging, and robust anti-corruption laws that criminalize related bribery and illicit enrichment. Enforcement is spearheaded by a dual-pronged approach: the Business Competition Supervisory Commission (KPPU) addresses competition breaches, while the highly independent Corruption Eradication Commission (KPK) aggressively pursues the corrupt elements often intertwined with procurement schemes, achieving notable success in high-profile cases. Furthermore, significant strides have been made in promoting digital transparency through the Layanan Pengadaan Secara Elektronik (LPSE) system, which digitizes public procurement to enhance efficiency and accountability, thereby aiming to reduce opportunities for collusion. However, despite these advancements and successes, pervasive systemic corruption remains a formidable and deeply entrenched challenge, frequently undermining enforcement capacity, impeding independent oversight, and particularly affecting local government levels where transparency can be weaker. This necessitates continuous refinement of the legal framework and strengthening of

regulatory bodies to adapt to evolving collusive tactics and ensure sustained progress against bid-rigging.<sup>17</sup><sup>18</sup><sup>19</sup><sup>20</sup>.

### The Philippines: Community Participation Strategies in a High-Corruption-Risk Environment

The Philippines, operating in a high-corruption-risk environment, has adopted a diversified approach to combat bid-rigging, integrating robust legal frameworks with community participation strategies. Its multi-layered legal foundation includes the Philippine Competition Act (PCA), which prohibits anti-competitive agreements like bid-rigging, the Anti-Graft and Corrupt Practices Act targeting official corruption, and the Government Procurement Reform Act, mandating competitive bidding and safeguarding against collusion<sup>21</sup>. Enforcement is spearheaded by the Philippine Competition Commission (PCC), alongside anti-corruption bodies like the Office of the Ombudsman; however, these agencies face significant hurdles, including pervasive corruption, political interference, and the entrenched influence of powerful political clans, which often impede effective investigations and prosecutions<sup>22</sup>.

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<sup>17</sup> Indonesia: Competition law fact sheet. (n.d.). Hong Kong SAR | Global Law Firm | Norton Rose Fulbright. <https://www.nortonrosefulbright.com/en-hk/knowledge/publications/018aab37/competition-law-fact-sheet-indonesia>

<sup>18</sup><https://www.flevin.com/id/lgso/translations/Laws/Law%20No.%2031%20of%201999%20on%20Corruption%20Eradication.pdf>

<sup>19</sup> [https://wplibrary.co.id/sites/default/files/PERPRES%2016-2018\\_ENG%20%5BHO%5D.PDF](https://wplibrary.co.id/sites/default/files/PERPRES%2016-2018_ENG%20%5BHO%5D.PDF)

<sup>20</sup> Tamami, M. K. (2018). The roles of Electronic Procurement Service (Layanan Pengadaan Secara Elektronik/LPSE) in Organizing Procurement Service System (Study at LPSE of Communications and Informatics Service of Malang City). www.academia.edu.

[https://www.academia.edu/127517001/The\\_Roles\\_of\\_Electronic\\_Procurement\\_Service\\_Layanan\\_Pengadaan\\_Secara\\_Elektronik\\_LPSE\\_In\\_Organizing\\_Procurement\\_Service\\_System\\_Stud](https://www.academia.edu/127517001/The_Roles_of_Electronic_Procurement_Service_Layanan_Pengadaan_Secara_Elektronik_LPSE_In_Organizing_Procurement_Service_System_Stud)

<sup>21</sup> SemiColonWeb. (n.d.). Philippine Competition Law (R.A. 10667) | Philippine Competition Commission. <https://www.phcc.gov.ph/philippine-competition-law-ra-10667#:~:text=The%20PCA%20was%20passed%20in,creating%20more%20inclusive%20economic%20growth>

<sup>22</sup> [https://www.ombudsman.gov.ph/docs/republicacts/Republic\\_Act\\_No\\_3019.pdf](https://www.ombudsman.gov.ph/docs/republicacts/Republic_Act_No_3019.pdf)

To enhance transparency and accountability, the government utilizes the Philippine Government Electronic Procurement System (PhilGEPS), a digital portal that reduces opportunities for collusion, and critically, actively promotes robust community participation. Civil Society Organizations (CSOs) and community monitors play a vital oversight role, participating in audits, scrutinizing procurement processes, and even observing Bids and Awards Committees (BACs) to enhance accountability<sup>23</sup>. While these diversified strategies have yielded some successes, such as CSOs flagging irregularities and PCC investigations, the nation continues to grapple with deeply entrenched corruption, resource limitations for enforcement agencies, the pervasive influence of political families, and the significant logistical challenge of effectively scaling community engagement across the archipelago. <sup>2425</sup>

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<sup>23</sup> Open Knowledge Repository. (n.d.).

<https://openknowledge.worldbank.org/entities/publication/b18b62a4-612c-51b8-84c1-e5841b708698>

<sup>24</sup> <https://www.gppb.gov.ph/wp-content/uploads/2023/06/Republic-Act-No.-9184.pdf>

<sup>25</sup>[https://www.phcc.gov.ph/storage/pdf-resources/1683854994\\_20210528\\_PCC-Legal-Handbook-RA-10667-IRR.pdf](https://www.phcc.gov.ph/storage/pdf-resources/1683854994_20210528_PCC-Legal-Handbook-RA-10667-IRR.pdf)

Table 3 Comparative Overview of International Anti-Bid-Rigging and Anti-Corruption Enforcement Regimes

Country	Primary Enforcement Agency(ies)	Key Legal Framework(s)	Key Penalties / Deterrents	Leniency Programme	Technological / Preventive Tools	Notable Challenges / Context
Singapore	Competition and Consumer Commission of Singapore (CCCS)	Competition Act (Section 34)	Fines up to 10% of Singapore turnover for 3 years.	Yes. First whistleblower gets 100% fine exemption, creating a "prisoner's dilemma."	Proactive market monitoring by CCCS.	Confidentiality of leniency data limits public statistical insight.
Japan	Japan Fair Trade Commission (JFTC)	Antimonopoly Act; Law for Prevention of Bid-Rigging in Public Works	Criminal penalties: Up to 5 years imprisonment/¥5M fines for individuals; Administrative surcharges.	Yes. (Under Antimonopoly Act)	Legal framework specifically targets collusion between officials and businesses (e.g., through the Law for Prevention of Bid-Rigging in Public Works).	Focus on severing benefits of collusion involving public officials.
South Korea	Korea Fair Trade Commission (KFTC) (with prosecutors & ACRC)	Monopoly Regulation and Fair-Trade Act (MRFTA); Public Procurement Act	Administrative surcharges up to 10% of relevant sales; Criminal prosecution.	Yes. Significant reductions/exemptions from surcharges & penalties.	Korea ON-line E-Procurement System (KONEPS) for real-time monitoring &	Stringent enforcement integrated with advanced digital transparency.

					analytics.	
<b>Malaysia</b>	Malaysia Competition Commission (MyCC); Malaysian Anti-Corruption Commission (MACC)	Competition Act 2010; MACC Act 2009; Public procurement regulations.	Fines for competition breaches; Criminal penalties for corruption.	Yes. (Under Competition Act 2010)	ePerolehan e-procurement system to reduce intervention.	Resource constraints at MyCC; political interference; persistent corruption; low public awareness; weak local government oversight.
<b>Indonesia</b>	Business Competition Supervisory Commission (KPPU); Corruption Eradication Commission (KPK)	Law No. 5/1999 (Anti-monopoly); Anti-corruption laws.	Penalties under competition law; Criminal prosecution for corruption by KPK.	Yes. (Under KPPU regulations)	Layanan Pengadaan Secara Elektronik (LPSE) e-procurement system.	Pervasive systemic corruption undermining enforcement; weaker transparency at local levels.
<b>The Philippines</b>	Philippine Competition Commission (PCC); Office of the Ombudsman	Philippine Competition Act (PCA); Anti-Graft Act; Government Procurement Reform Act.	Penalties under PCA; Criminal prosecution for graft.	Yes. (Under Philippine Competition Act)	Philippine Government Electronic Procurement System (PhilGEPS).	Pervasive corruption & political interference; resource limitations; entrenched political clans; scaling community participation is

						difficult.
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Table 4 International Tier Classification of Anti-Bid-Rigging Systems & Hong Kong's Position

Tier	Classification	Representative Jurisdictions	Core Characteristics / Status
<b>First</b>	Comprehensive Leaders & Efficient Enforcers	South Korea, Singapore	Possess robust, efficient, and integrated systems combining strict laws, powerful independent authorities, strong deterrence (e.g., high fines, criminalization), proactive leniency policies, and advanced technological prevention (e-procurement).
<b>Second</b>	Exemplars in Specific Fields & Key Inspirations	Japan, Malaysia	Showcase significant success in specific areas such as criminalization of bid-rigging (Japan) or building integrated legal frameworks against corruption and collusion (Malaysia). Provide important lessons for focused reforms.
<b>Third</b>	Exploring Amid Challenges & Highlights in Community Engagement	Indonesia, Philippines	Have established legal and technological frameworks but face profound, systemic challenges like entrenched corruption. Their experience underscores the importance of combating deep-seated governance issues and the potential role of civil society oversight.
—	Hong Kong SAR (Special Positioning)	Hong Kong	Current status: "Urgent Reform / Systemic Crisis". The system is inadequate and faces systemic failure. Characterized by a "firestorm" of bid-rigging and corruption linked to organized crime, intimidation, and violence. Hampered by a weak legal framework (civil-only competition law, limited POBO scope), insufficient enforcement resources,

		outdated technology, and helpless stakeholders. Its depth of crisis places it beyond the Third Tier, necessitating a distinct category to highlight the severity and urgency for fundamental, comprehensive reform.
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*Notes: In a qualitative assessment, Hong Kong's current anti-bid-rigging regime presents unique challenges, forming a distinct case. The region faces a variety of issues, including systemic corruption and institutional inadequacies, which reflect the depth and organized nature of its problems. Therefore, Hong Kong urgently needs "reform" and is confronting a "systemic crisis." These factors underscore the necessity for tailored and radical solutions.*

*In comparison, Singapore's anti-bid-rigging enforcement, exemplified by its Competition and Consumer Commission (CCCS), demonstrates strong capabilities with approximately 80 professionals serving a population of around 5.7 million, allowing for effective market monitoring and intervention<sup>26</sup>. Meanwhile, Hong Kong's Competition Commission (HKCC) operates with a smaller team of about 70 professionals, tasked with overseeing a larger and more complex economy of approximately 7.5 million people<sup>27</sup>. This resource disparity, along with a weaker legal framework and systemic challenges, significantly impacts Hong Kong's enforcement effectiveness, highlighting its unique set of difficulties.*

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<sup>26</sup> <https://isomer-user-content.by.gov.sg/45/c0398db5-2d27-4d2e-941a-e4c106c89fd5/CCCS%20Annual%20Report%20FY2024-25.pdf>

<sup>27</sup> [https://www.compcomm.hk/tc/media/reports\\_publications/files/2024\\_25\\_HKCC\\_Annual\\_Report.pdf](https://www.compcomm.hk/tc/media/reports_publications/files/2024_25_HKCC_Annual_Report.pdf)

#### 4. Overall Cross-National Insights and Lessons for Hong Kong

Hong Kong currently faces a critical juncture in its battle against bid-rigging, particularly within the pervasive and high-stakes building maintenance sector. While the city's Competition Commission (CC) has achieved some successes through civil enforcement under the Competition Ordinance, a deeper analysis, informed by international best practices and a stark local reality, reveals significant gaps that demand urgent attention. The recent tragic fire serves as a grim testament to the catastrophic consequences of a system riddled with collusion and corruption, underscoring the urgent need for a more robust and comprehensive approach.

The analysis of international strategies from Singapore, Japan, South Korea, Malaysia, and the Philippines offers invaluable lessons. However, for Hong Kong, these lessons must be adapted with a keen understanding of its unique challenges, which manifest as a "systemic crime" targeting small property owners, often with the tacit enablement of policy and the entrenched influence of organized crime.

Hong Kong's building maintenance sector faces a harrowing reality, described by many as a "firestorm ignited by bid-rigging and corruption." This is not merely a matter of economic distortion but a systemic, organized criminal enterprise, often backed by triad groups, that has flourished for over a decade. The modus operandi involves sophisticated networks of "insiders" – including property management companies, consultants, contractors, legal teams, accountants, and even former government officials and law enforcement personnel – who orchestrate collusive bidding (陪標) to inflate project costs, engage in "Golden sample" fraud, and compromise material quality.

The scale of this problem is staggering, with annual estimates potentially reaching HKD 100 billion. It has been disturbingly observed that bid-rigging has become "more profitable than drug trafficking," with perceived low risks (only 2-3 years' imprisonment if caught). This financial incentive, coupled with a culture of intimidation, threats, and even violence against dissenting property owners and

district councilors, creates an environment where small property owners are "helpless" and "have nowhere to escape."

A critical failing has been the government's perceived inaction and "systemic failure" over the past decade. Despite early warnings and repeated calls for help, issues like flammable scaffolding and faulty fire alarms were not adequately addressed. Existing mechanisms, such as the Urban Renewal Authority's (URA) "tender safe" service and the Buildings Department's (BD) outdated reference prices (last updated in 2001), have proven ineffective, with inflated "market prices" becoming the norm. Enforcement, primarily relying on general laws like conspiracy to defraud or bribery rather than specific anti-bid-rigging legislation, has struggled to dismantle these deeply entrenched networks. While the ICAC and CC have made commendable efforts in recent years, their actions are often seen as merely "removing a competitor" rather than addressing the root causes of the systemic issue.

Drawing from international insights and Hong Kong's grim realities, the following integrated strategies are crucial:

#### 4.1 Strengthening Legal Frameworks and Enforcement Deterrents

##### Empowering the Competition Commission

Hong Kong must significantly empower and resource its Competition Commission, granting it greater independence and specialized expertise, particularly for high-risk sectors like building maintenance.

##### Introducing Criminal Liability for Egregious Offenses

This is perhaps the most critical recommendation. As seen in Japan, civil penalties are often viewed as a "cost of doing business" by highly profitable collusion groups. Hong Kong must introduce criminal liability for serious bid-rigging offenses, especially those jeopardizing public safety (directly relevant to the recent fire) or involving substantial public funds. The threat of imprisonment for individuals orchestrating such schemes would fundamentally alter the risk-reward calculus for

offenders and act as a powerful deterrent against the triad-backed operations prevalent in the sector.

#### Refine Leniency Policy

While a leniency framework exists, its promotion and incentives need significant strengthening. Contractors, particularly in the building maintenance sector, must be clearly informed that being the first to report collusion can lead to complete immunity from penalties. This could be a vital tool to break down existing collusive networks from within.

#### Clearer Definitions and Stringent Penalties

The legal framework should include clearer definitions of bid-rigging and impose stringent penalties that go beyond fines to include imprisonment and disqualification from public tenders, sending an unequivocal message that such activities are unacceptable.

### 4.2 Leveraging Technology for Enhanced Transparency and Detection

#### Adopt Advanced E-Procurement Systems

Emulating South Korea's KONEPS, Hong Kong should expedite the development and mandatory adoption of a comprehensive e-procurement system. This system should digitize the entire tendering process, from initial bids to contract awards, significantly reducing human interaction points susceptible to bribery and collusion.

#### Implement a "Digital Building Passport and Blockchain Tender Platform"

This proposed initiative is vital. By integrating data analytics, Hong Kong can proactively identify suspicious bidding patterns, abnormal price variations, and cartel-like behavior. The use of blockchain technology would provide an immutable record of all procurement activities, greatly enhancing auditability and preventing the manipulation of documents or "Golden sample" fraud that has plagued the current system.

### Publicly Accessible and Updated Reference Prices

The government must update and make publicly accessible its "reference prices" for maintenance work, which currently date back to 2001. This would provide property owners with a crucial benchmark to assess the reasonableness of bids, directly combating the inflated "market prices" set by collusive groups.

### **4.3 Promoting Proactive Compliance and Robust Inter-Agency Cooperation**

#### Strengthen Inter-Agency Collaboration

Bid-rigging in Hong Kong is deeply intertwined with corruption and organized crime. The Competition Commission must establish a more robust and ongoing collaboration with the Independent Commission Against Corruption (ICAC) and the Police Force. This integrated anti-corruption and antitrust approach, similar to Japan's strategy in public works, is essential to tackle the sophisticated, multi-faceted criminal networks operating in the building maintenance sector.

#### Foster Industry Self-Regulation and Compliance

Encourage industry associations to develop and enforce robust codes of conduct, promoting strong internal corporate compliance mechanisms to reduce the incentive for collusion at its source.

### **4.4 Fostering Community Oversight and Public Awareness**

#### Formalizing Citizen Participation

Drawing from the Philippine model, Hong Kong should formalize avenues for public involvement, such as the proposed "Resident Petition and Citizen Auditor Scheme." This would empower citizens and accredited Civil Society Organizations (CSOs) to monitor public works projects, scrutinize procurement documents, and petition for independent audits, providing a much-needed additional layer of accountability and deterrence against the intimidation faced by property owners.

### Raise Public Awareness

A comprehensive public awareness campaign is vital. Educating the public about the detrimental effects of bid-rigging on fair competition, public welfare, and safety (as tragically demonstrated by the recent fire) is crucial. Encouraging active reporting of suspicious activities, coupled with assurances of protection for whistleblowers, will cultivate a societal stance against corruption and foster a more vigilant environment.

The tragic fire and the chilling realities of the situation underscore that Hong Kong's current approach to bid-rigging is insufficient. The problem is not merely economic but a profound threat to public safety, financial stability for property owners, and the rule of law, perpetuated by well-organized criminal elements and a decade of systemic regulatory failure. By adopting these integrated lessons – strengthening legal deterrents with criminal liability, leveraging technology for transparency, fostering robust inter-agency cooperation, and empowering community oversight – Hong Kong can move beyond its current "systemic failure." It requires decisive political will and a concerted effort to reclaim control from these entrenched networks, ensuring a safer, fairer, and more competitive marketplace for all its citizens. The time for incremental changes is over; Hong Kong needs a fundamental shift to dismantle this "firestorm" of collusion and corruption.

## 5. Recommendations and Risk Mitigation Strategies

The preceding analysis paints a stark picture of a systemic problem, one that demands more than incremental adjustments. To truly dismantle the entrenched networks of bid-rigging and corruption plaguing Hong Kong's building maintenance sector, a paradigm shift is necessary. This requires a suite of innovative, integrated, and robust solutions that address the issue from multiple angles – from technological infrastructure and enhanced regulatory powers to financial mechanisms and empowered citizen participation. Beyond strengthening legal frameworks and enforcement deterrents (as discussed in 4.1), the following proposals outline such a comprehensive strategy, designed not just to react to incidents but to proactively prevent collusion, protect property owners, and restore trust in a vital sector.

### Digital Building Passport & Blockchain Tendering Platform

To establish a highly transparent and efficient urban management ecosystem, we propose an integrated solution combining a Digital Building Passport (DBP) and a Blockchain Tendering Platform (BTP). The DBP will create a comprehensive digital record for every building, meticulously documenting its entire lifecycle, including all past maintenance and inspection reports, ensuring full lifecycle digital records. Simultaneously, the BTP will leverage blockchain technology for all public area maintenance tenders, ensuring absolute transparency and immutability of bidding data.<sup>28</sup> All associated tendering data and documents will be immutably stored and verified via the blockchain, publicly disclosing all records post-decision. This dual approach guarantees tamper-proofness and end-to-end transparency, effectively preventing collusion and bid-rigging at its source.

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<sup>28</sup> Notes: The Digital Building Passport (DBP) will be designed as a comprehensive data platform, potentially leveraging traditional database technologies to efficiently store vast amounts of historical and current building information. In contrast, the Blockchain Tendering Platform (BTP) will operate as a dedicated blockchain application, specifically focused on managing transparent and immutable tendering processes.

### Government-Assisted Tendering & Contract Management Service

Create a dedicated government unit (e.g., within the Buildings Department or Home Affairs Department) staffed by professionals (quantity surveyors, engineers, legal advisors) to directly assist or even manage the tendering and contract administration process for Owners' Corporations, especially for older or resource-limited buildings.

### Unified Maintenance Fund with Conditional Governance Oversight

To address the vulnerability of OCs to bid-rigging and mismanagement, establish a Unified Building Maintenance Fund. When an OC applies for and receives significant financial assistance from this fund for major maintenance or renovation projects, it would be required to proportionally cede a certain degree of its voting rights in the tendering, contractor selection, and project oversight processes to a designated government entity or its appointed representatives.

This mechanism allows for indirect, conditional government participation in OC procurement and governance. It provides a crucial counterbalance against collusive practices by maintenance companies by introducing an expert, impartial voice in critical decisions. This also ensures that public funds are utilized transparently and effectively, leveraging government expertise (e.g., quantity surveyors, engineers) to safeguard owners' interests and prevent manipulation, especially for OCs lacking resources or expertise.

### AI-Powered Bid-Rigging Risk Alert & Proactive Enforcement

Develop an AI system that integrates data from digital building passports, tendering platforms, market costs, and past corruption cases to identify suspicious patterns and anomalies in bids. This system would automatically flag high-risk projects for immediate, proactive investigation by the Competition Commission and ICAC.

### Empowered Resident Petitions & Citizen Auditor Program

Grant formal administrative weight to resident petitions, mandating government intervention or investigation within a specific timeframe if a certain percentage of

owners sign a petition alleging bid-rigging or serious issues. Additionally, establish a "Citizen Auditor Program" to train and deploy qualified volunteers (e.g., retired professionals) to assist owners in overseeing maintenance projects.

These comprehensive proposals, when implemented collectively and with unwavering political will, offer a transformative pathway out of Hong Kong's current bid-rigging crisis. They move beyond mere enforcement to create a resilient ecosystem where collusion is difficult to execute, easy to detect, and severely penalized. By leveraging cutting-edge technology, restructuring financial and governance mechanisms, and crucially, empowering the very citizens who have been most victimized, Hong Kong can rebuild trust, ensure the safety and longevity of its urban infrastructure, and protect its property owners from exploitation. This integrated approach is not just about economic fairness; it is about safeguarding public safety, upholding the rule of law, and restoring integrity to a sector that has been too long held hostage by organized crime and corruption.

## 6. Conclusion

The tragic fire at Wang Fuk Court serves as a stark and painful reminder of the critical importance of robust building maintenance, and by extension, the absolute necessity of transparent, ethical, and accountable procurement processes within Hong Kong's urban fabric. Bid-rigging is not merely an economic crime; it is a profound threat to public safety, a corrosive force that erodes property values, and a direct assault on the financial well-being and peace of mind of countless Hong Kong citizens, particularly the elderly and those in older buildings. The systemic issues that enable such illicit practices demand a comprehensive, multi-faceted, and proactive response.

Our research has meticulously dissected these systemic vulnerabilities, drawing crucial lessons from both local successes, such as the exemplary model of Belvedere Garden, and international best practices, particularly those implemented in Singapore. What emerges is a clear imperative for a transformative shift, moving beyond reactive measures to establish a resilient ecosystem impervious to collusion and mismanagement.

To achieve this, we have outlined a set of integrated and innovative recommendations designed to tackle the problem from its roots. Enhanced transparency will be foundational, driven by the implementation of a Digital Building Passport that provides an immutable, comprehensive lifecycle record for every structure, coupled with a Blockchain Tendering Platform that guarantees the integrity and immutability of all bidding data. This technological backbone will not only deter collusion but also provide an unprecedented audit trail.

Crucially, government-led citizen empowerment and expert oversight are central to our strategy. The establishment of a Government-Assisted Tendering & Contract Management Service will directly equip Owners' Corporations, especially those lacking resources or expertise, with professional guidance from quantity surveyors, engineers, and legal advisors. Furthermore, the Unified Maintenance Fund with Conditional Governance Oversight represents a paradigm shift, allowing for strategic government involvement in critical tendering and oversight decisions when public

funds are utilized. This introduces an impartial, expert counter-balance against collusive forces, safeguarding owners' interests and ensuring the prudent use of public resources. This empowerment is further amplified by granting formal administrative weight to resident petitions, mandating timely government investigation, and the creation of a Citizen Auditor Program to train and deploy qualified volunteers, transforming passive victims into active guardians of their communities.

Finally, robust legal frameworks, proactive enforcement, and financial safeguards will complete this protective shield. While Hong Kong possesses legal instruments to combat corruption and anti-competitive practices, such as the Prevention of Bribery Ordinance (POBO) and the Competition Ordinance, our research underscores critical 'grey areas' and limitations within these frameworks that inadvertently facilitate bid-rigging in the private building maintenance sector. Specifically, the criminalization of bid-rigging under the POBO is predominantly effective in relation to tenders issued by public institutions. This leaves a significant loophole for collusion occurring in the vast majority of private building maintenance projects, where Owners' Corporations are the tendering bodies, allowing such illicit activities to often evade direct criminal prosecution under this ordinance.

Furthermore, the 'agent' bribery provisions within the POBO present another challenging ambiguity when applied to members of Owners' Corporations. The Ordinance defines an 'agent' as someone employed by or acting on behalf of a principal. However, OC members, by their very nature, are not typically 'employed' by the corporation, nor do they merely 'act on behalf of it'; rather, they constitute the corporation's decision-making body. This nuanced legal distinction creates a 'grey area' where the direct bribery of an OC member for maintenance contracts can be difficult to prosecute under the existing 'agent' provision, thereby undermining accountability.

These systemic legal ambiguities highlight a critical need for reform. Our proposed solutions, therefore, are not merely about enhancing existing enforcement but are designed to proactively address and eliminate these legislative gaps, ensuring a comprehensive and unambiguous legal deterrent against all forms of bid-rigging and

corruption in building maintenance. The development of an AI-Powered Bid-Rigging Risk Alert system becomes even more crucial in this context. By leveraging vast datasets from digital passports, tendering platforms, and market costs, this system will predict and flag suspicious patterns, providing the Competition Commission and ICAC with intelligence that can inform targeted investigations and, importantly, highlight areas where legislative clarity or reform is urgently needed. This intelligence will enable a transition from reactive investigations to immediate, proactive interventions, aiming to dismantle bid-rigging schemes even where current legal definitions present challenges, and advocating for necessary legislative updates. Complementing this, a Mandatory Building Maintenance Insurance Scheme will provide a vital financial safety net, ensuring that buildings reaching a critical age have the necessary funds for major repairs, with a government-backed fund acting as a reinsurer or insurer of last resort.

In conclusion, this research outlines a clear and actionable path towards a more accountable, transparent, and ultimately safer building maintenance environment for all of Hong Kong. By embracing cutting-edge technology, empowering citizens, leveraging government expertise, and implementing stringent financial and enforcement mechanisms, Hong Kong can not only curb the pervasive issue of bid-rigging but also restore public trust, enhance urban resilience, and safeguard the safety and prosperity of its citizens for generations to come. This is not merely an administrative challenge; it is a moral imperative to protect our homes, our communities, and the integrity of our society.

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