

## THE COMPANY DIRECTOR

Among all stakeholders in a company, the director is the most important one as he/she is the person responsible for managing the affairs of the company and providing it with directions. As a result, much care should be taken in the selection of a director.

A key requirement for the registration of a company in Singapore is to have at least one resident director (“residential director”). The Accounting and Corporate Regulatory Authority (“ACRA”) of Singapore says that being “ordinarily resident” means the director’s usual place of residence is in Singapore. This means that the person has to be a citizen, or a Singapore permanent resident or Employment Pass holder.

### *Directors’ Duties*

A director must act honestly and in good faith in the best interest of the company, avoid conflicts of interest (his personal interests conflicting with those of the company), act with due care, skill and diligence, and must not misuse his powers and information as a director of the company.

In the event a breach of duty has been committed, the company can sue the directors for damages or for the return of specific property or secret profits they have made while conducting their illegal actions. In addition, a director who is guilty of an offence of failing to act honestly and use reasonable diligence or making improper use of information shall be liable on conviction to a fine not exceeding \$5,000 or to imprisonment for a term not exceeding one year.

### *Resignation*

The manner in which a director may resign from his office is normally provided in the Articles of Association of a company. A director is allowed to resign only on the condition that there is remaining in the company, at least one Singapore residential director. This works on a first come first serve basis and essentially whoever gets his resignation into the company first, leaves first.

However, because of the requirement to have at least one residential director, the last residential director or sole director may not resign without a replacement. He/she must ask the shareholders to appoint another person to replace him/her before he/she may resign. Any resignation done so before a replacement is appointed will be invalid. If, however, the shareholders do not wish to continue with business, then the director could apply to strike off the company, or commence liquidation proceedings.

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