

# Lorenz & Partners

Legal, Tax and Business Consultants

Office Information No.: 61 (EN)

## **Hong Kong Board of Directors and Company Secretaries: Functions and Liabilities**

April 2018

# Table of Contents

<b>1. INTRODUCTION.....</b>	<b>3</b>
<b>2. STRUCTURE OF A LIMITED COMPANY .....</b>	<b>3</b>
<b>3. FUNCTIONS OF THE BOARD OF DIRECTORS .....</b>	<b>3</b>
3.1 THE BOARD'S GENERAL DUTIES .....	3
3.2 MEMBERS OF THE BOARD.....	4
3.3 POWERS OF A DIRECTOR .....	5
3.3.1 <i>General powers</i> .....	5
3.3.2 <i>Decision-making</i> .....	5
3.3.3 <i>Resolution and minutes</i> .....	6
3.4 DUTIES OF A DIRECTOR.....	7
3.4.1 <i>Basic duties</i> .....	7
3.4.2 <i>Standard of care and skill</i> .....	8
3.4.3 <i>Directors Report</i> .....	9
<b>4. THE BOD'S AND DIRECTOR'S LIABILITY .....</b>	<b>9</b>
4.1 INTERNAL LIABILITY .....	10
4.2 EXTERNAL LIABILITY.....	10
<b>5. INSURANCE COVERAGE.....</b>	<b>11</b>
<b>6. APPOINTMENT/REMOVAL OF A DIRECTOR.....</b>	<b>11</b>
6.1 APPOINTMENT.....	11
6.2 REMOVAL .....	11
6.3 RESIGNATION .....	12
6.4 DISQUALIFICATION.....	12
6.5 ALTERNATE/RESERVE DIRECTOR .....	13
6.6 MANAGING DIRECTORS.....	13
6.6.1 <i>Introduction</i> .....	13
6.6.2 <i>Appointment</i> .....	14
6.6.3 <i>Powers and Duties</i> .....	14
6.6.4 <i>Resignation</i> .....	14
6.6.5 <i>Consequences for poor representation from Managing Director.</i> .....	14
6.7 RESIGNATION OR DEATH OF ALL DIRECTORS.....	15
<b>7. CONSEQUENCES OF REMOVAL OR RESIGNATION.....</b>	<b>15</b>
<b>8. COMPANY SECRETARY .....</b>	<b>16</b>
8.1 POWERS AND DUTIES OF THE COMPANY SECRETARY .....	16
8.2 APPOINTMENT AND RESIGNATION OF THE COMPANY SECRETARY .....	17

Dear Reader,

Keeping brochures up to date involves a lot of effort and considerable cost.

The complete version of this brochure is therefore complimentary for our clients, associations and public organisations only. To all other users we charge a cost contribution of 50 EUR. Thank you for your understanding.

If this brochure is interesting to you, please contact us by sending an e-mail to: [info@lorenz-partners.com](mailto:info@lorenz-partners.com) naming the brochure(s) you would like to obtain.

Thank you.

Best regards,  
Lorenz & Partners