



Non-Executive Directorship in Hong Kong 2020 Review

Foreword

This is the sixth edition of the Non-Executive Directorship in Hong Kong report that focuses the data of the Board structure and fee levels.

It was an extraordinary year of challenges in 2020 led by the COVID-19 pandemic. Company Boards and NEDs continue to face pressures as competition and the risk of disruption are more intense than ever. Despite these challenges it may therefore be surprising that few of the numbers reported have shifted in the past year.

One particular number that has still not grown extensively over the years is female representation. The Stock Exchange's proposal in their recent consultation paper to have at least one female independent NED will be challenging for many Boards. We look forward to having a further discussion with you to see how PwC could help.

Hope you find the report interesting and useful.

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Scope

This review provides a statistical analysis of information on non-executive directors (NEDs) and independent non-executive directors (INEDs) in companies listed on the Hong Kong Stock Exchange. Data was extracted from the annual reports of the top 300 companies listed on the Main Board and top 100 companies listed on the GEM Board (based on their market capitalisation as of 31 December 2020). A total of 2,384 board seats was included in the analysis.

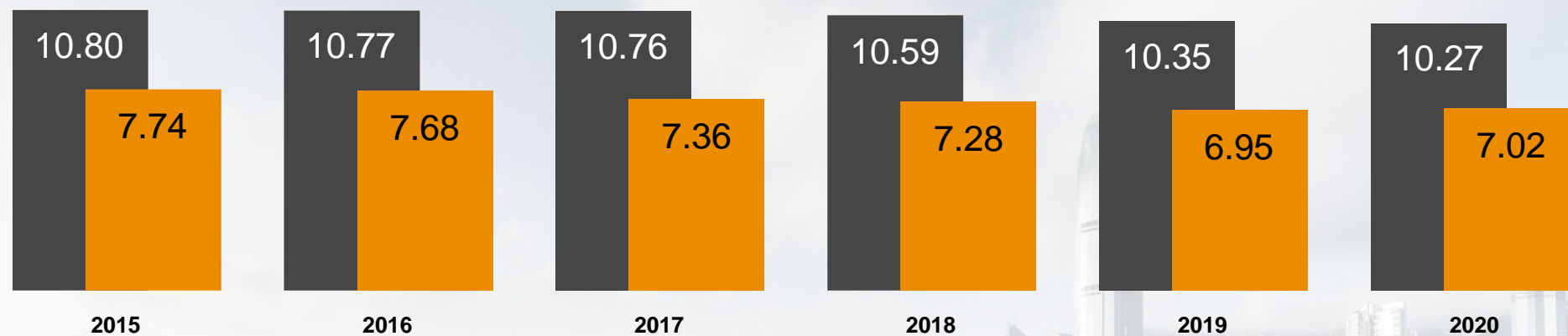
Fees are converted into Hong Kong dollars based on the exchange rate as of 31 December 2020. (Source: S&P Capital IQ)



Average board size

Including Executive Director (ED), NED and INED (no. of members)

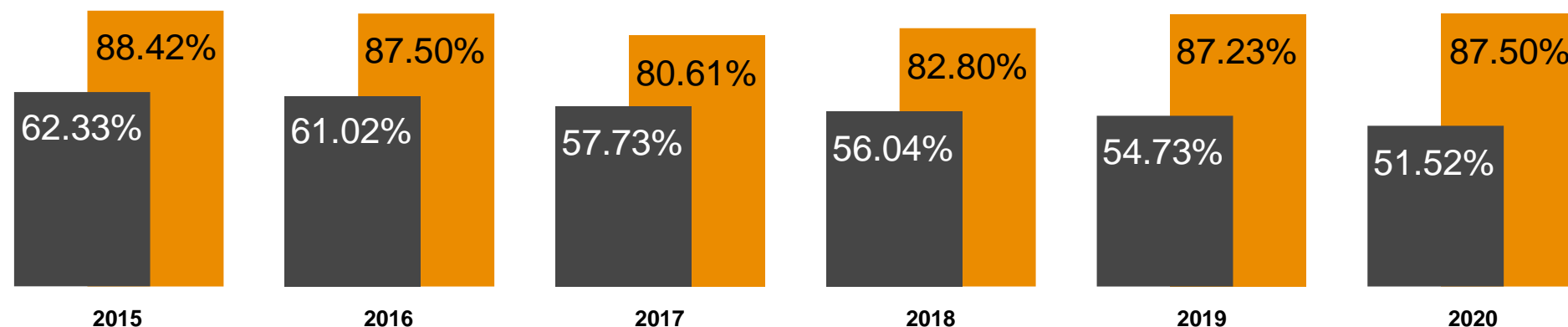
■ Main Board ■ GEM Board



Share-based award

Companies with share-based award

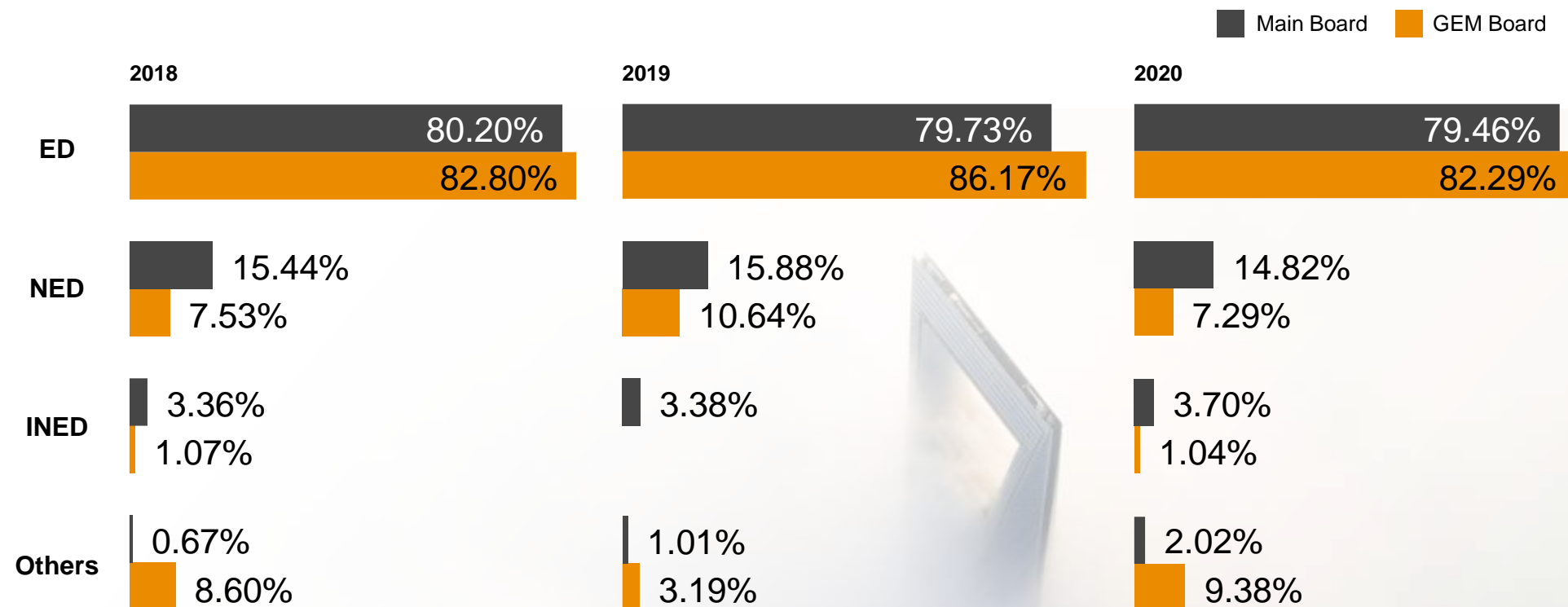
■ Main Board ■ GEM Board



The figures only show the percentage of companies providing the option of share-based awards, but do not necessarily imply that the company has granted any during the year. Among the companies offering the option of share-based award, 9.80% (Main Board) and 7.14% (GEM Board) have granted share-based award to INED in 2020.



Board chair

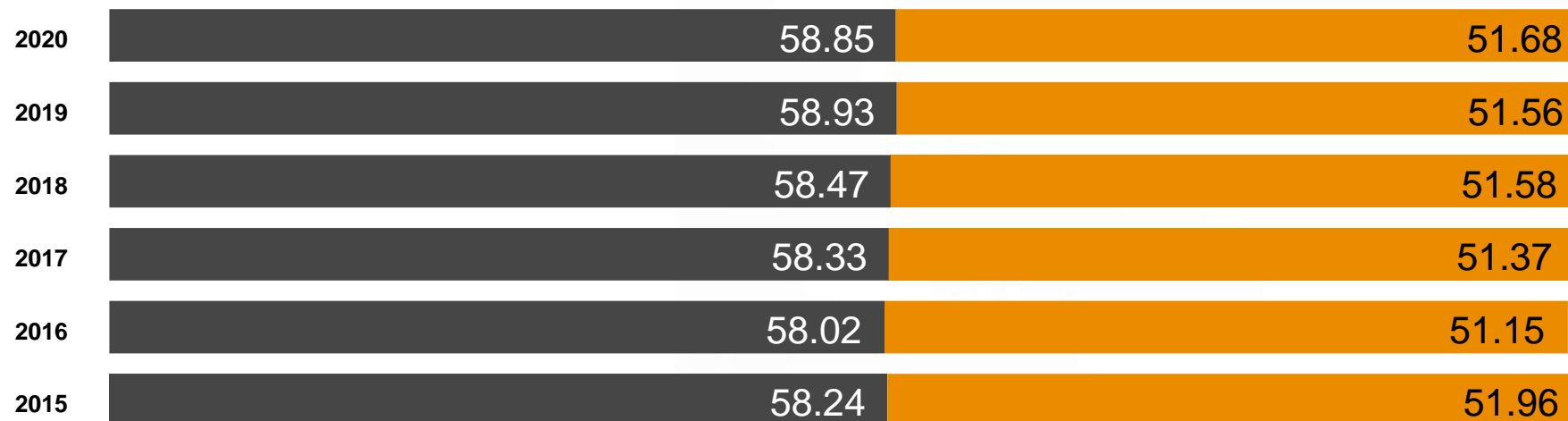


Others include co-chairs by Executive Director and Non-Executive Director, or lack of chairman where its functions have been performed by all directors collectively.

Average age

Including NED / INED (years old)

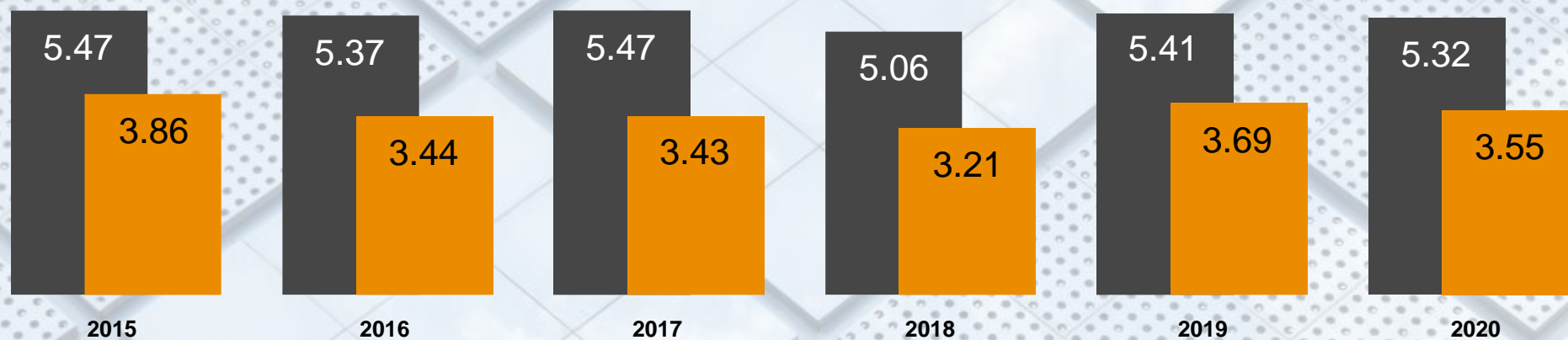
■ Main Board ■ GEM Board



Average board tenure

Including NED / INED (years)

■ Main Board ■ GEM Board

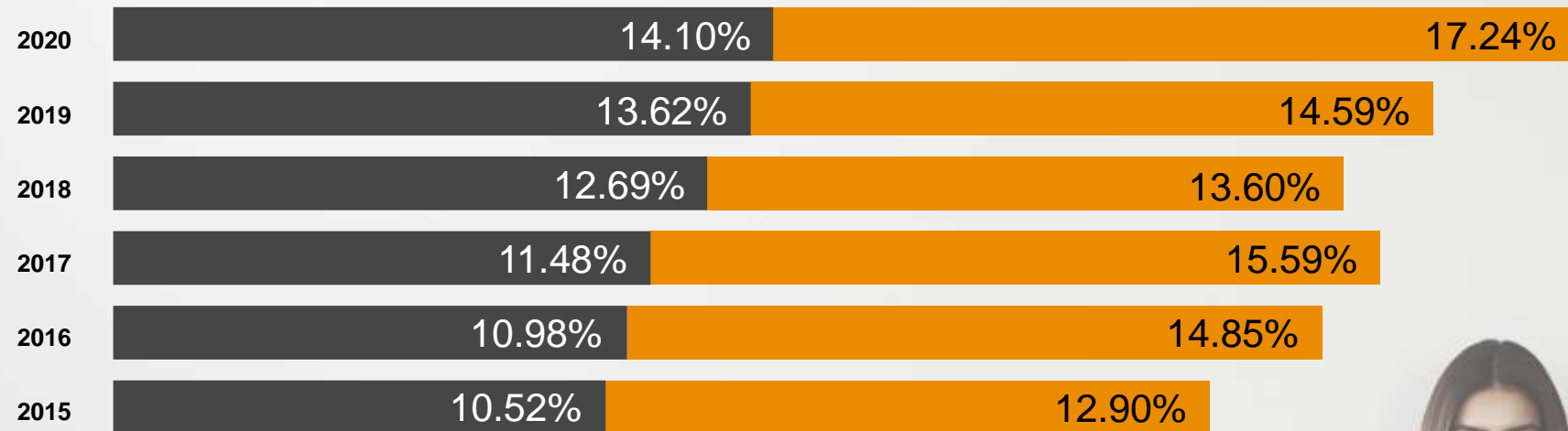




Female representation

Including NED / INED

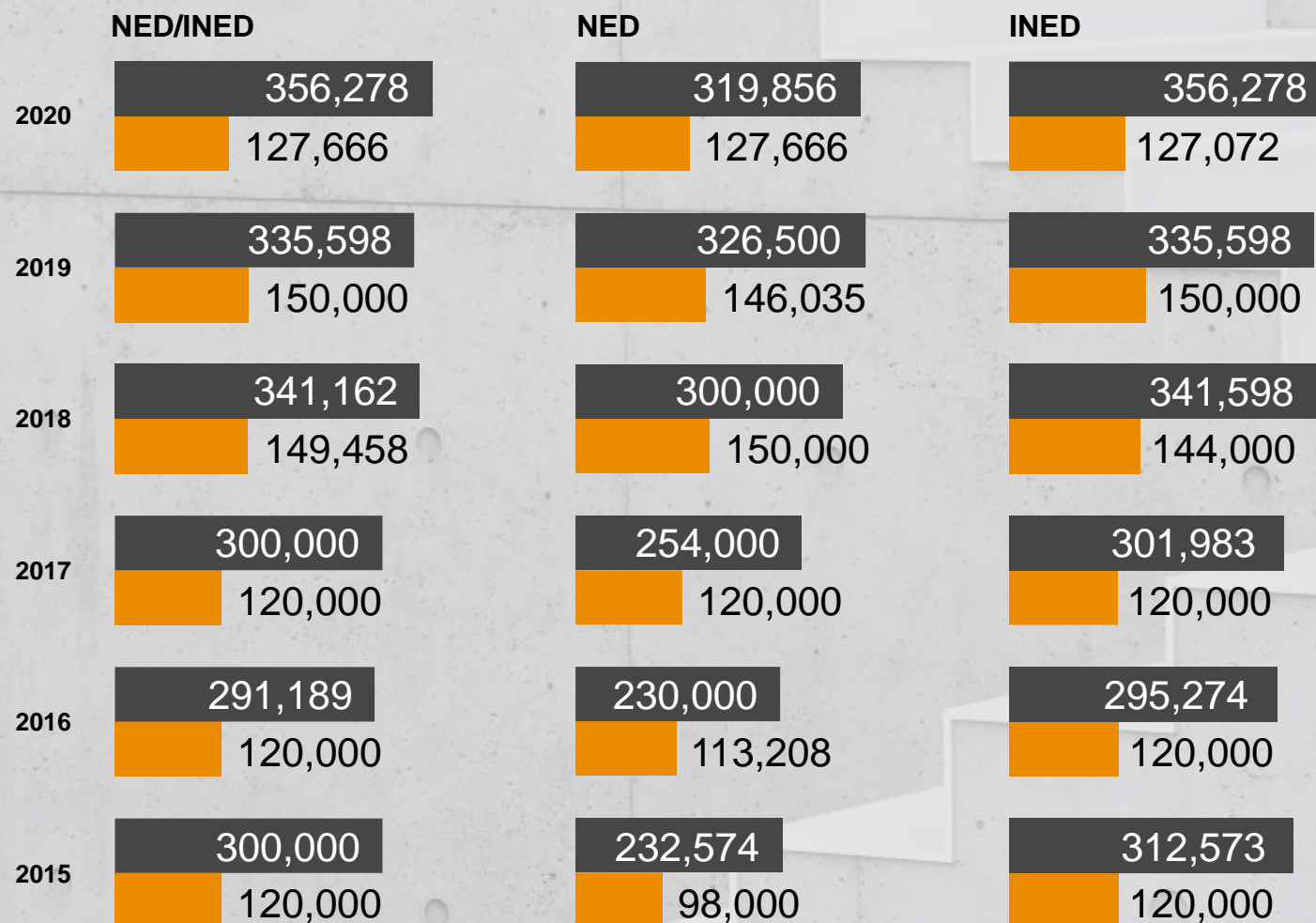
■ Main Board ■ GEM Board



Director's fee - median

Excluding those with tenure less than a year or received zero fee (HKD)

■ Main Board ■ GEM Board



NED

66.10% (Main Board) and 45% (GEM Board) of the samples received zero fee in 2020.

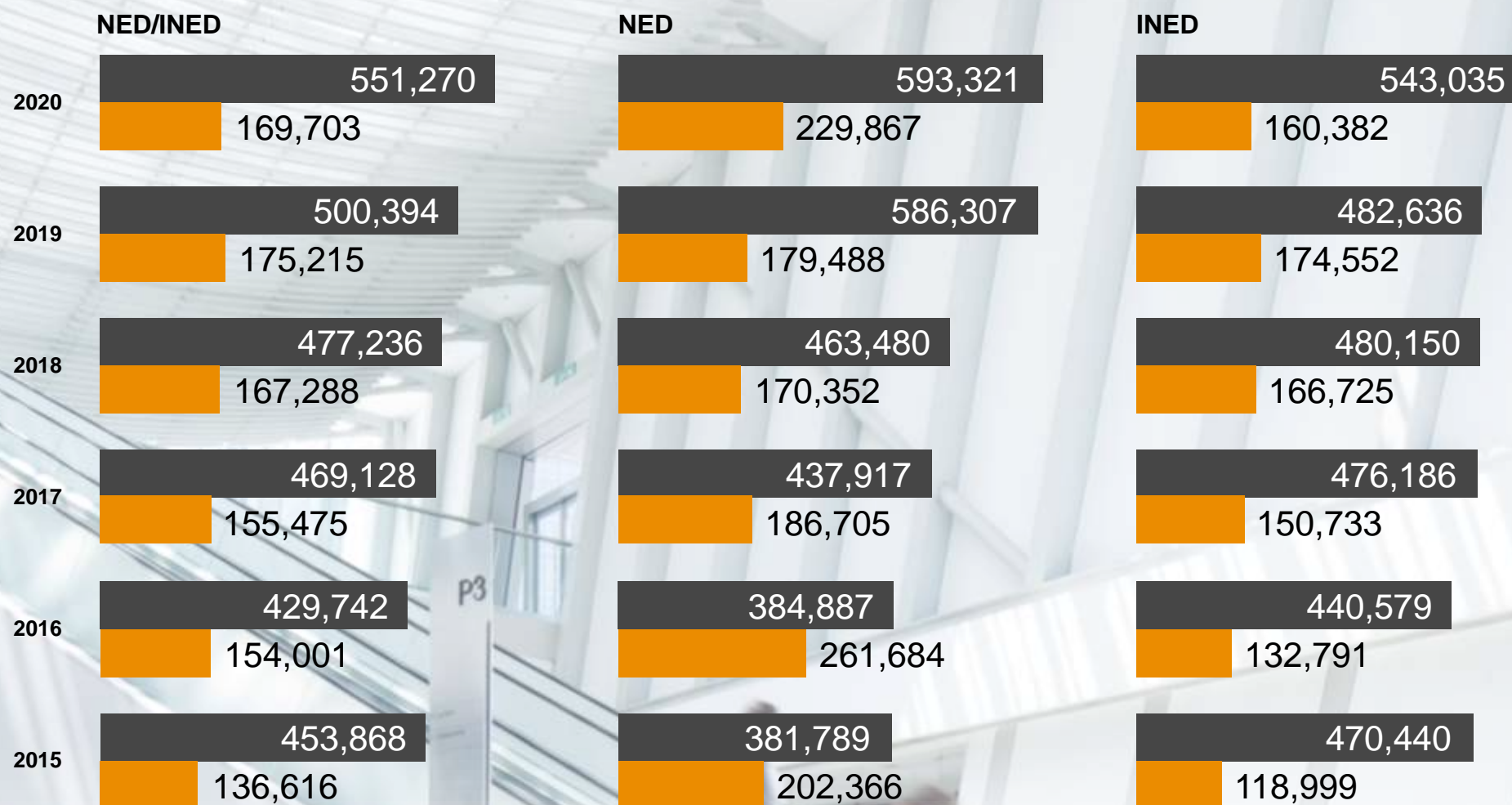
INED

5.69% (Main Board) and 13.06% (GEM Board) of the samples received zero fee in 2020.

Director's fee - average

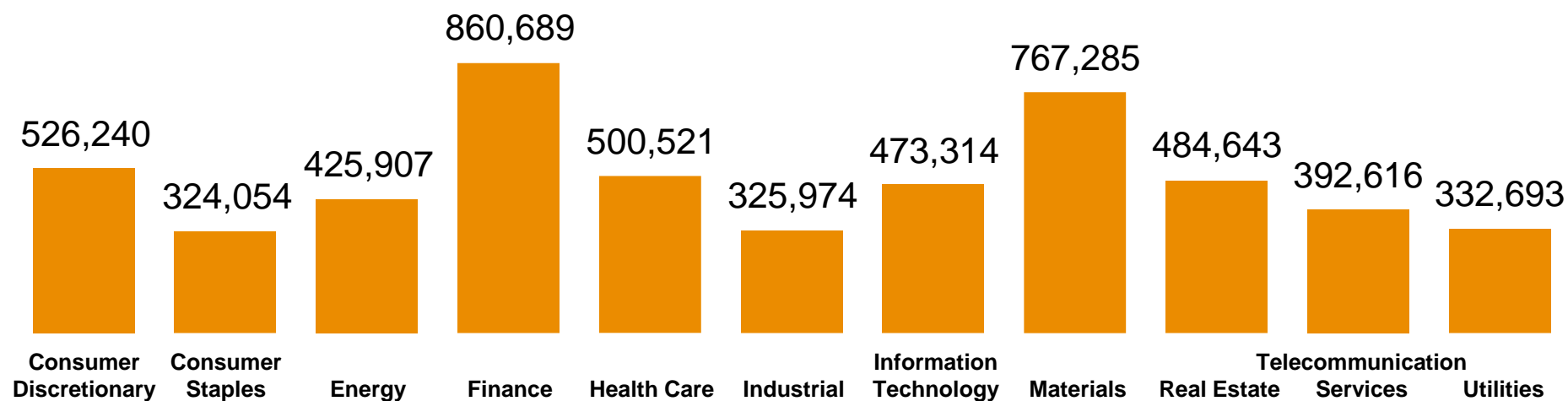
Excluding those with tenure less than a year or received zero fee (HKD)

■ Main Board ■ GEM Board



Average director fee by sector (Main Board)

Average fee for NED / INED (HKD)



The industry sectors are taken from the Global Industry Classification Standard. The financial services industry is significantly taking the lead in the directors fee.



About us

Non-Executive Director Programme

The role of Non-Executive Directors has evolved significantly in recent years. Increased regulatory scrutiny and heightened media attention have placed a heavier burden of responsibility and higher reputational risks to Board directors. Demands on, and expectations of, the Non-Executive Director continue to increase and Boardroom professional development is seen as essential.

All directors, including Non-Executive Directors, should regularly update and refresh their skills and knowledge. Since 2008, PwC Hong Kong Non-Executive Director Programme introduced a series of briefings to help address this need. The Programme also aims to meet Board members' growing need for peer-to-peer networking and the exchange of information with experts.

Contacts

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