

# Non-Executive Directorship in Hong Kong 2021 Review



# Background

2021 continued to be a year of challenges led by the COVID-19 pandemic and its economic impacts. Company Boards and non-executive directors (NEDs) are expected to face a more complex environment marked by rising inflation, economic recovery, as well as tightening regulatory requirements.

Our annual review of Non-Executive Directorship in Hong Kong focuses on the Board structure data and fee levels. We hope the findings will help you facilitate a meaningful dialogue in the boardroom.

We look forward to engaging further discussions with you to see how PwC could help.

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# Scope

This review provides a statistical analysis of information on non-executive directors (NEDs) and independent non-executive directors (INEDs) of 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 2021). A total of 2,388 board seats were included in our analysis.

Director fees are converted into Hong Kong dollars based on the exchange rate as of 31 December 2021.

(Source: S&P Capital IQ)

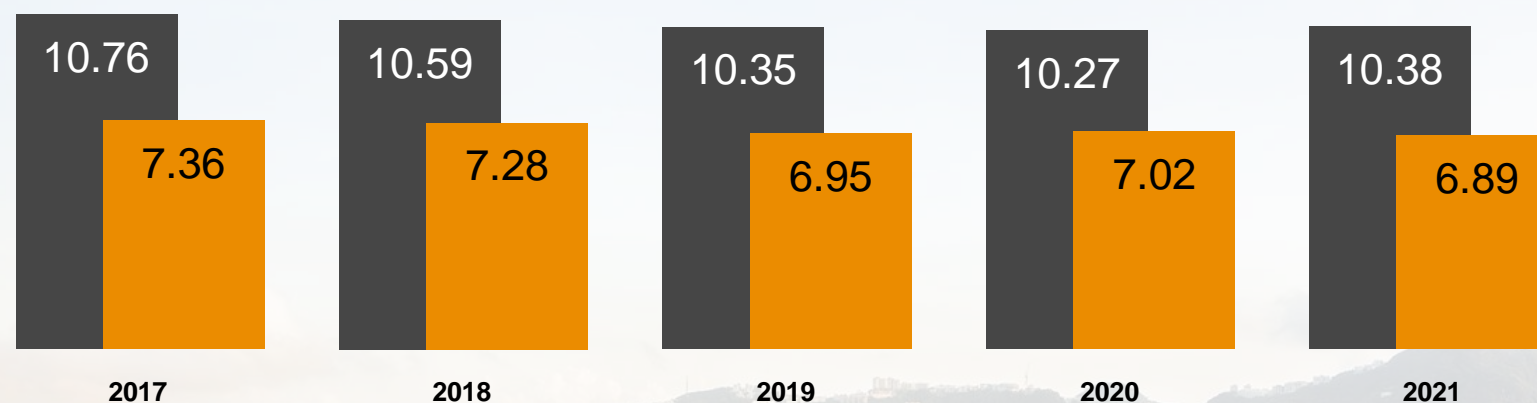




# Average board size

Including executive directors (EDs), NEDs and INEDs (no. of members)

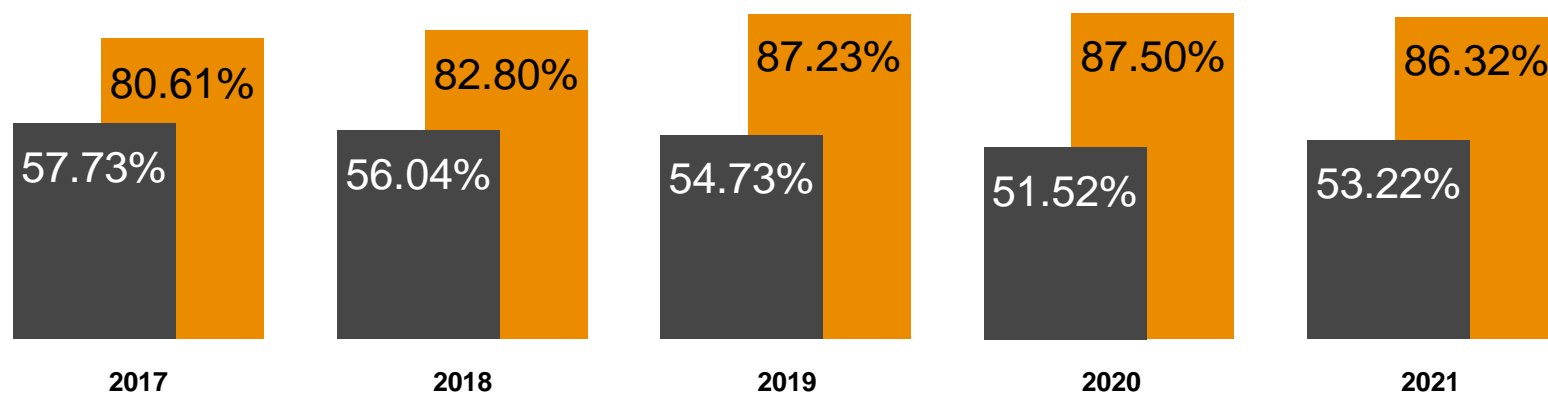
■ Main Board ■ GEM Board



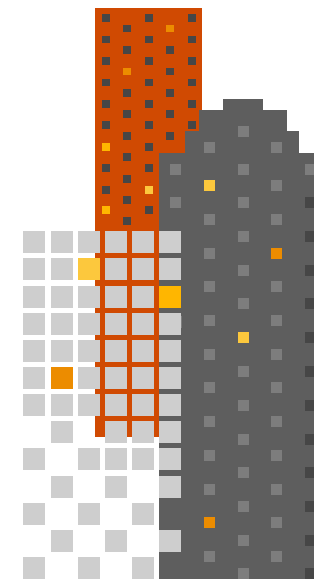
# Share-based award

Companies with share-based awards

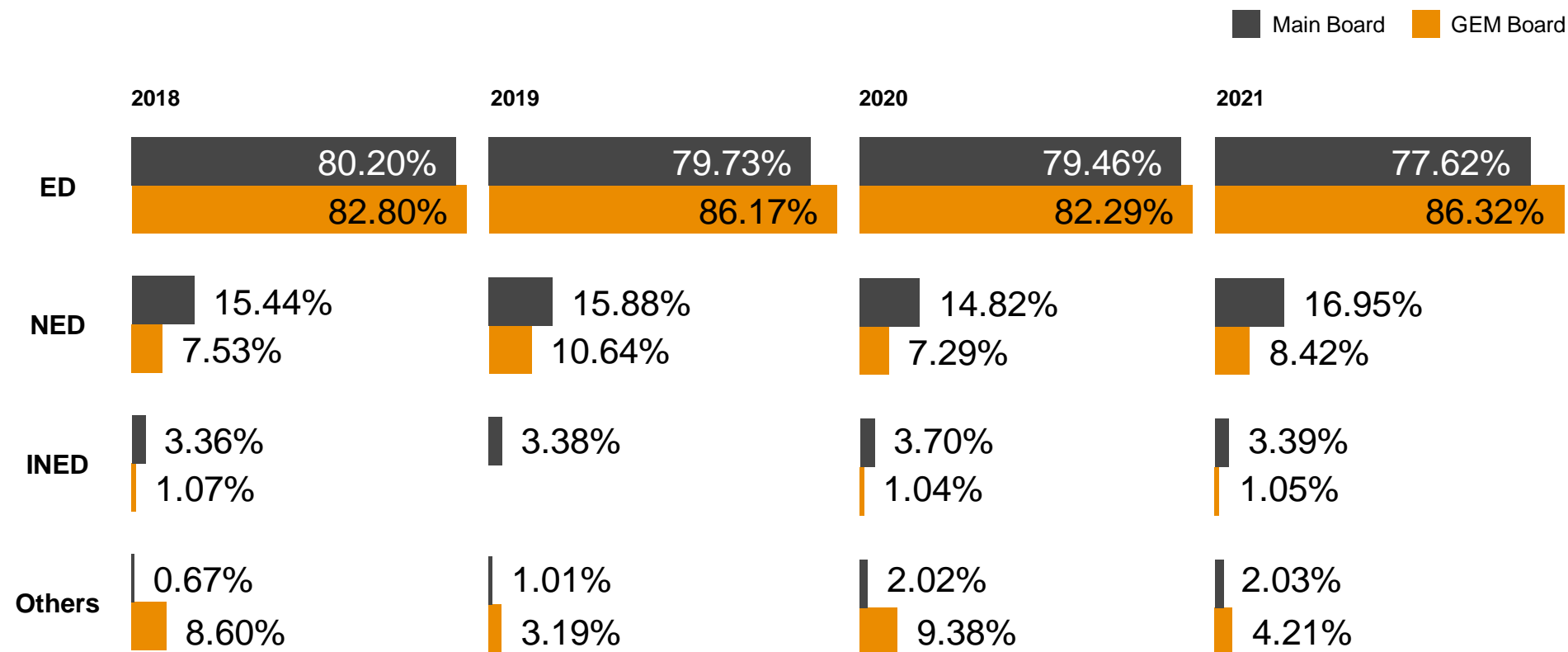
■ Main Board ■ GEM Board



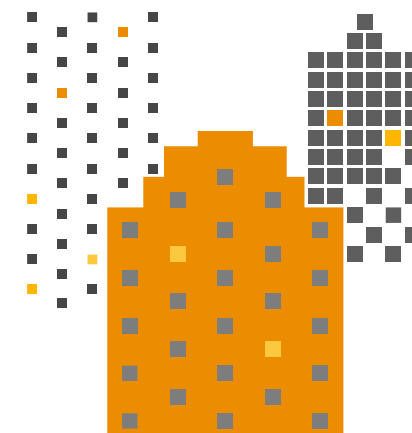
The figures only show the percentage of companies offering the option of share-based awards, but do not necessarily imply that the company has granted any during the year. Among companies offering the option of a share-based award, 12.1% (Main Board) and 6.1% (GEM Board) have granted such to INEDs in 2021.



# Board chair



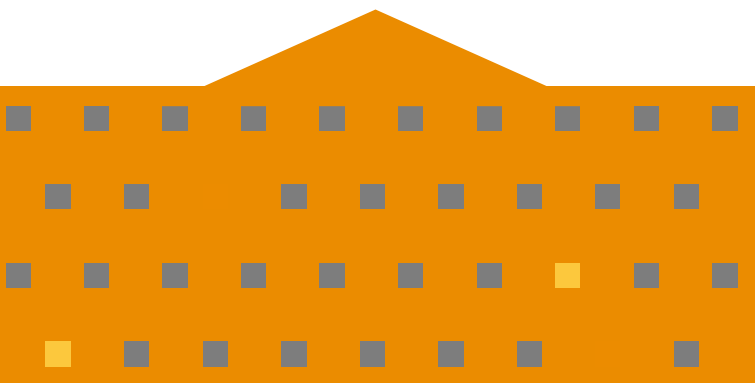
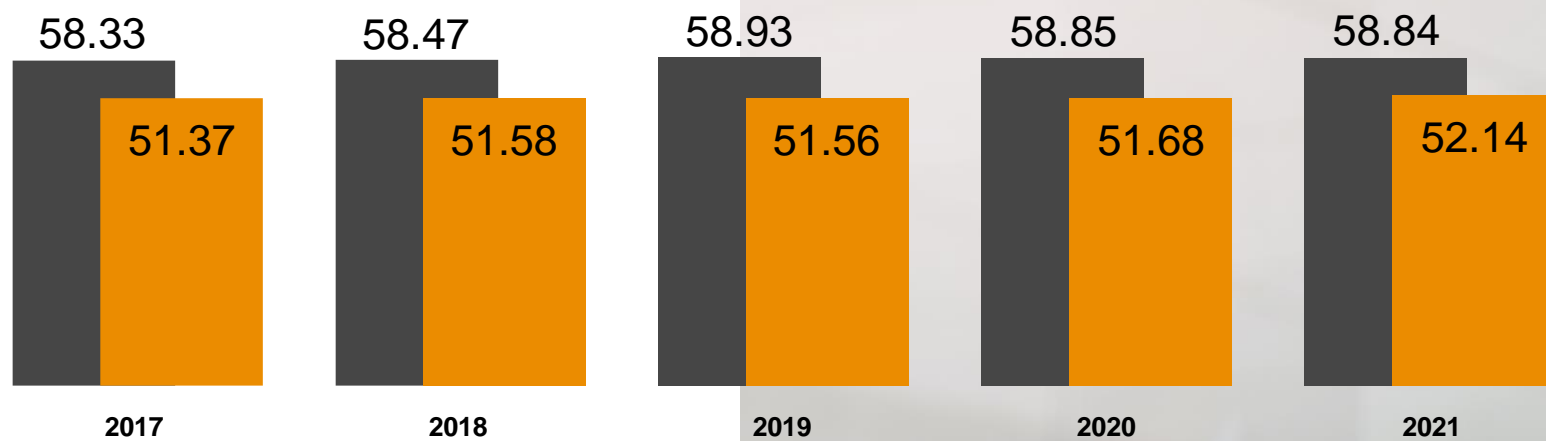
Others include ED and NED-co-chairs, the lack of a Chairman, where its functions are performed by all directors collectively.



# Average age

Including NEDs and INEDs

■ Main Board ■ GEM Board

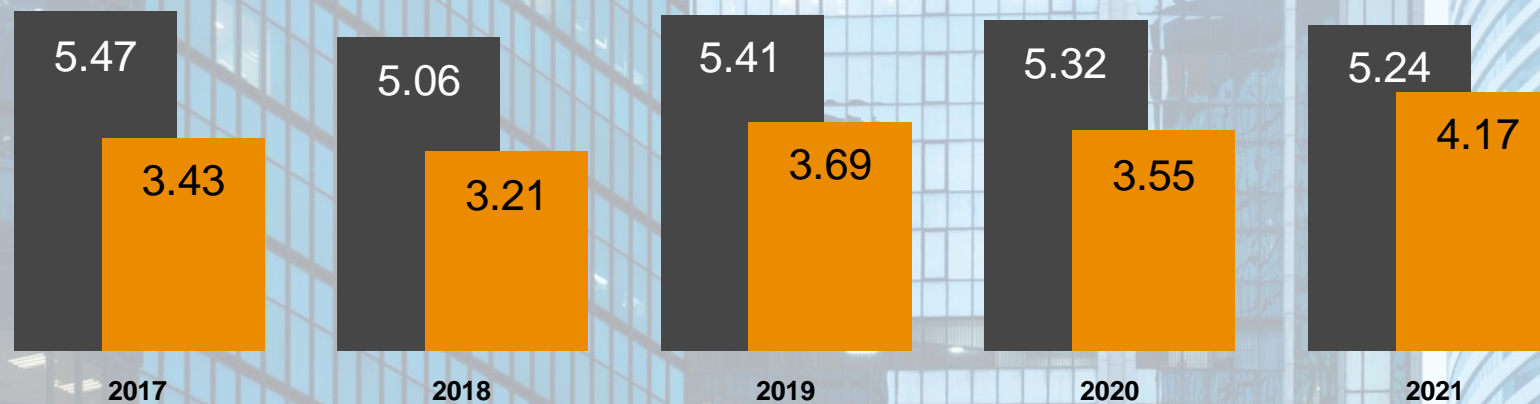




## Average board tenure (years)

Including NEDs and INEDs

■ Main Board ■ GEM Board

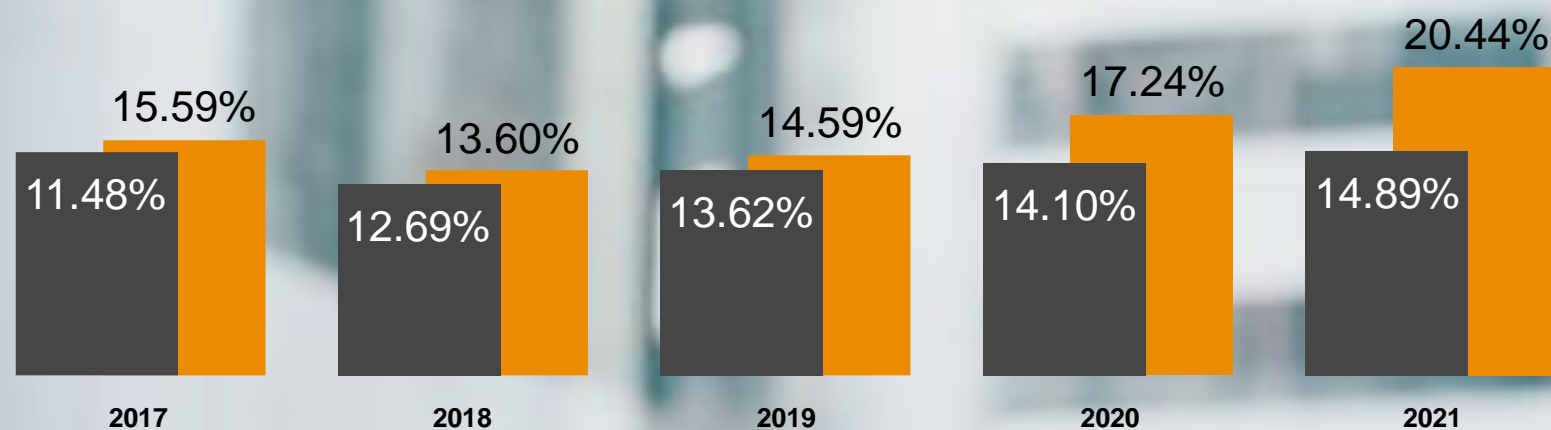




# Female representation

Including NEDs and INEDs

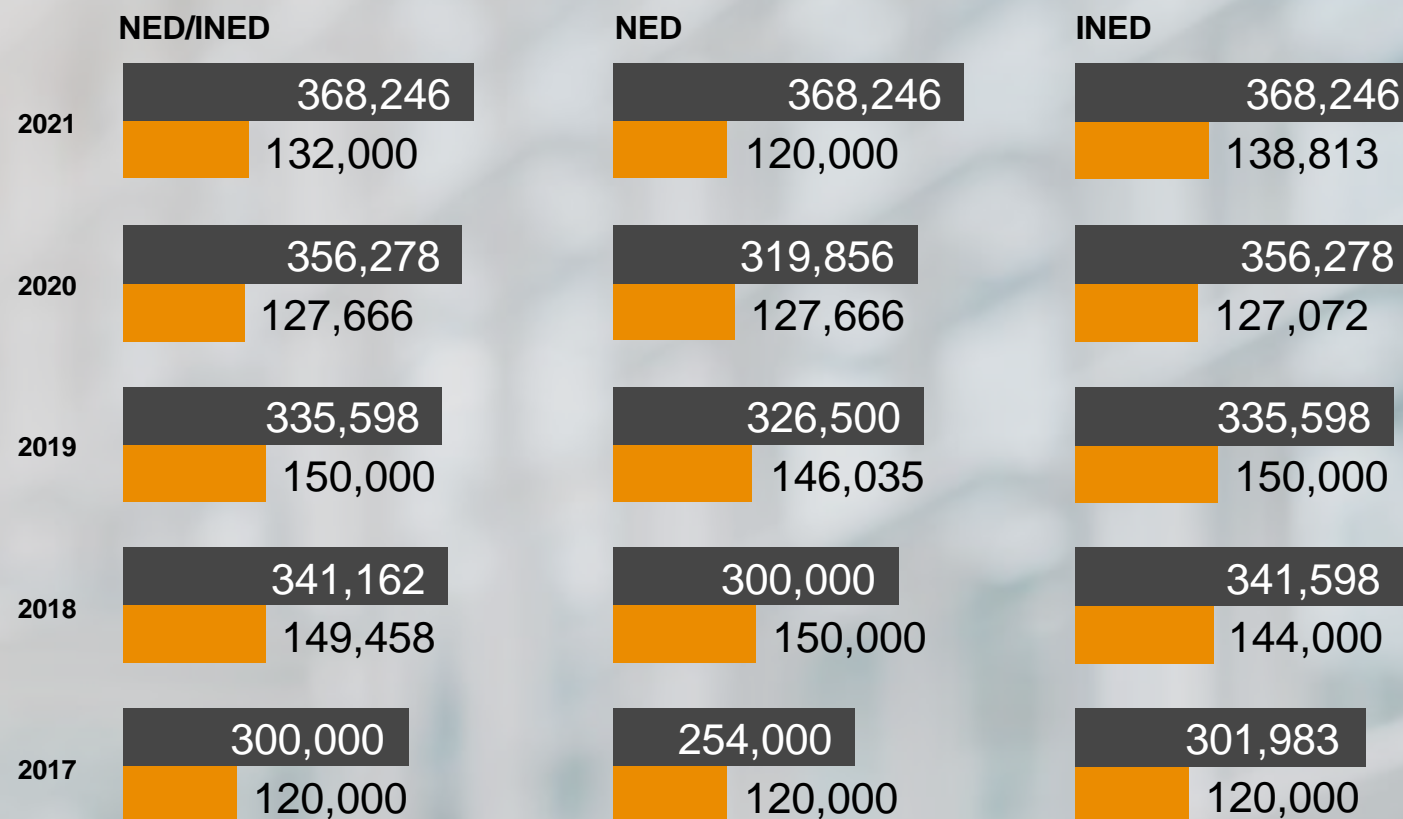
■ Main Board ■ GEM Board



# Director's fee – median (HKD)

Excluding those with tenure of less than a year and those that did not receive a fee

■ Main Board ■ GEM Board



## NED

70.80% and 46.43% of the respective samples in the Main Board and GEM Board did not receive a fee in 2021.

## INED

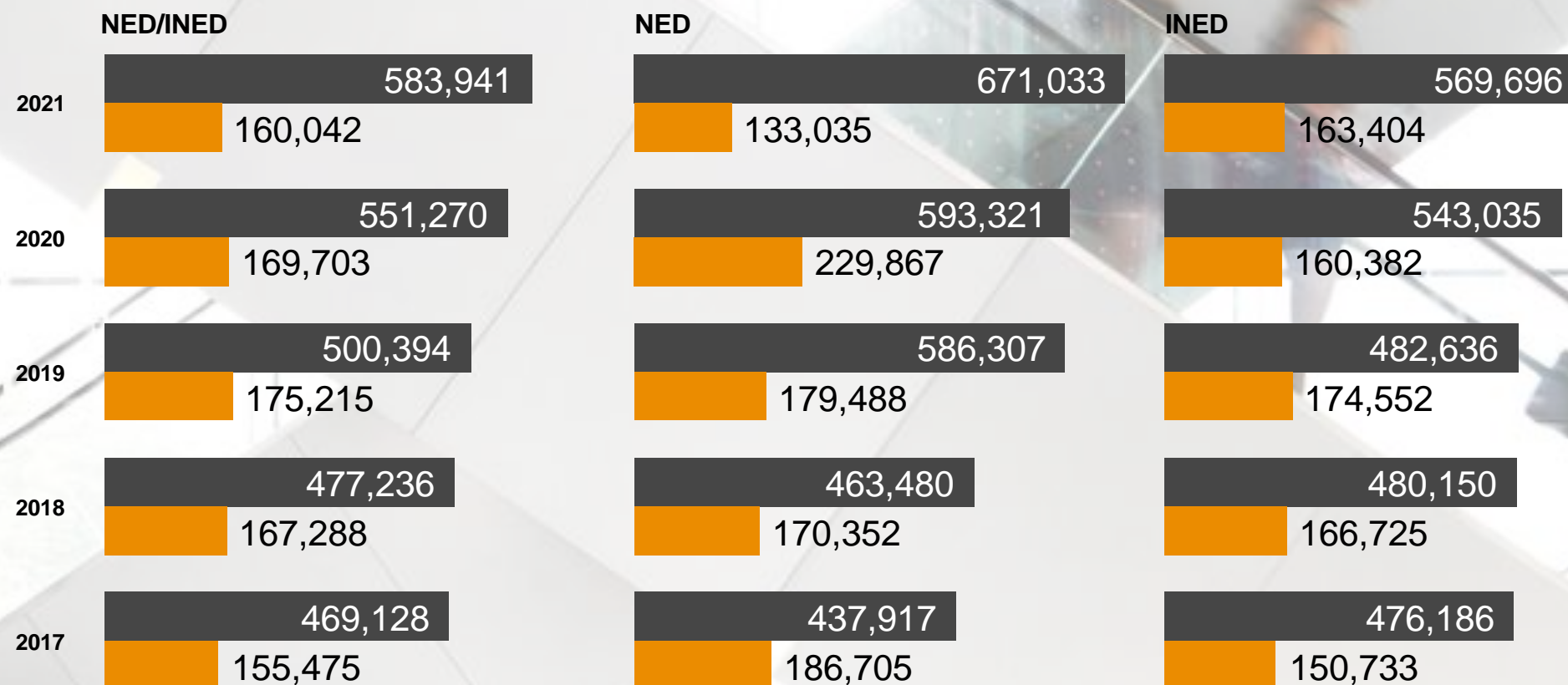
4.42% and 4.74% of the respective samples in the Main Board and GEM Board did not receive a fee in 2021.



## Director's fee – average (HKD)

Excluding those with tenure of less than a year and those that did not receive a fee

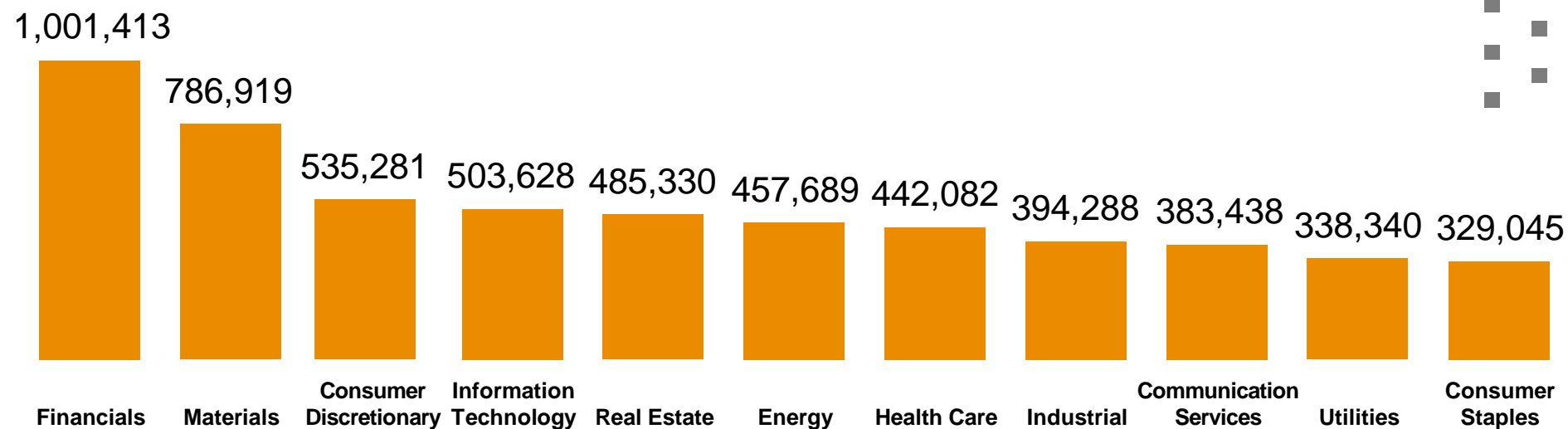
■ Main Board ■ GEM Board





## Average director fee by sector – Main Board (HKD)

Average fee for NEDs and INEDs



The industry sector classification is adopted from the Global Industry Classification Standard.



# About us

## Non-Executive Director (NED) Programme

The role of NEDs has evolved significantly in recent years. Increased regulatory scrutiny and heightened media attention have placed a heavier burden of responsibility on Board directors with higher reputational risks at stake. Demands on, and expectations of, the NED continue to increase and professional development for the Boardroom is considered essential.

All directors, including NEDs, should regularly update and refresh their skills and knowledge. Since 2008, PwC Hong Kong's NED Programme introduced a series of briefings to help address this need. The Programme aims to meet Board members' growing demand for networking and information exchange with industry and market experts.



# Contacts

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