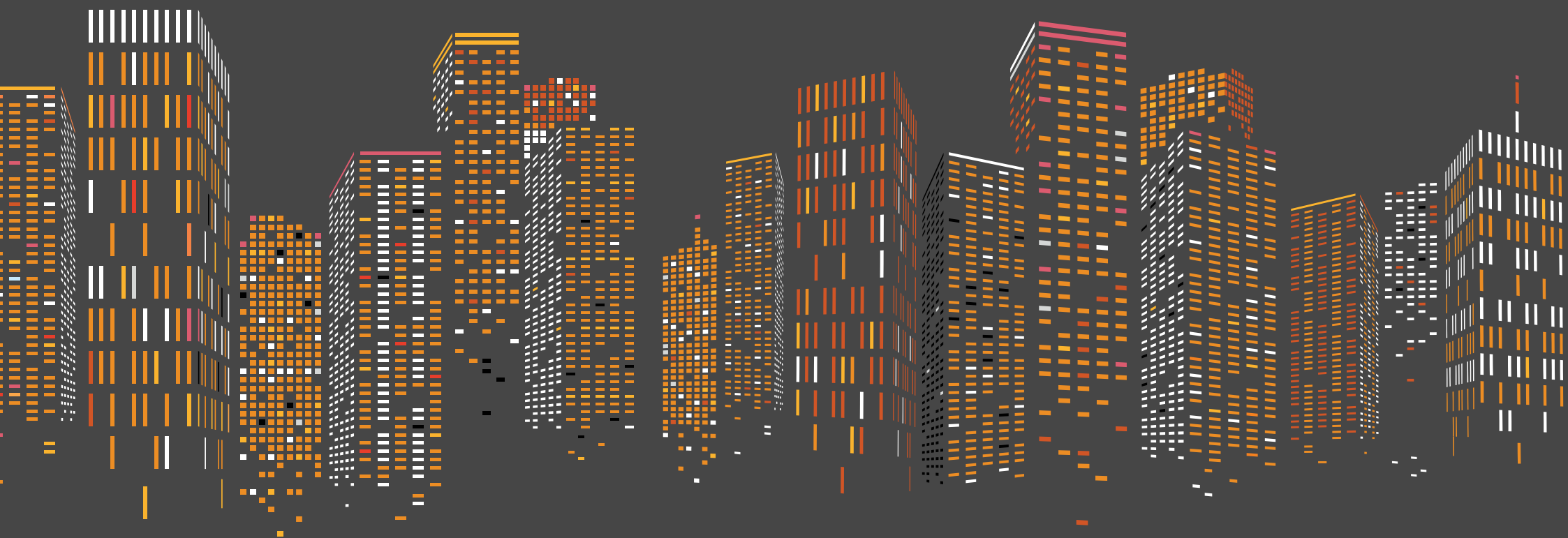


Non-Executive Directorship in Hong Kong 2023 Review



Background

The first half of 2024 continued to present both challenges and opportunities as Hong Kong strategically repositioned itself for economic recovery. Company Boards and Non-Executive Directors (NEDs) are navigating an increasingly complex landscape characterised by lingering inflation, trade tensions, and tightening regulatory requirements. These factors have created a dynamic environment that demands strategic foresight and robust governance.

Our annual review of Non-Executive Directorship in Hong Kong provides timely insights into Board structure data and fee levels. We also examine trends in board composition, diversity, and remuneration practices. We trust that these findings will facilitate meaningful dialogue in the boardroom.

We look forward to further discussions on how PwC can assist you in navigating these challenges.

Colin Shaftesley

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PwC Hong Kong Non-Executive Director Programme

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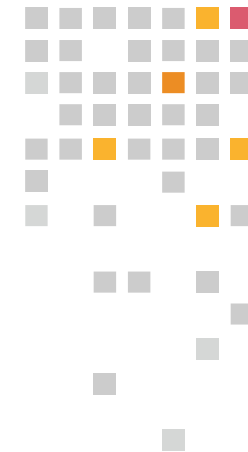


Scope of study

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 2023). A total of 2,406 board seats were included in our analysis.

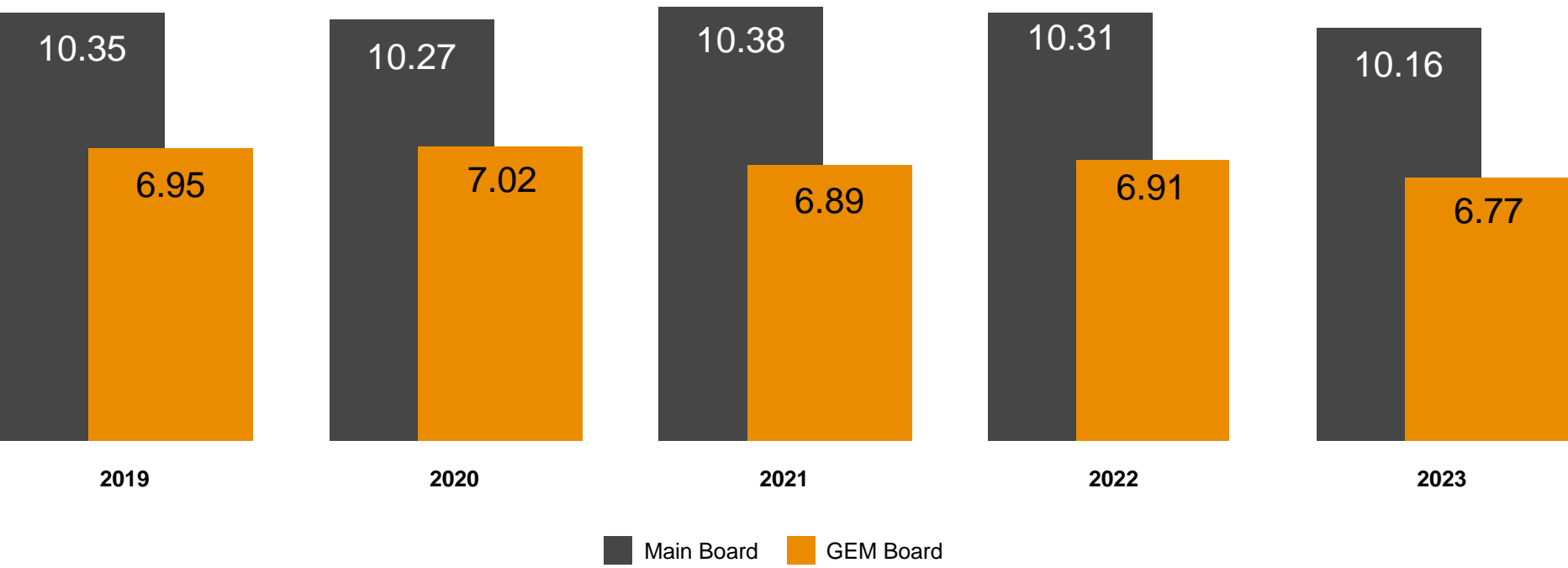
Director fees are converted into Hong Kong dollars based on the exchange rate as of 31 December 2023.
(Source: S&P Capital IQ)





Board size of Main Board and GEM Board companies remain consistent throughout the years

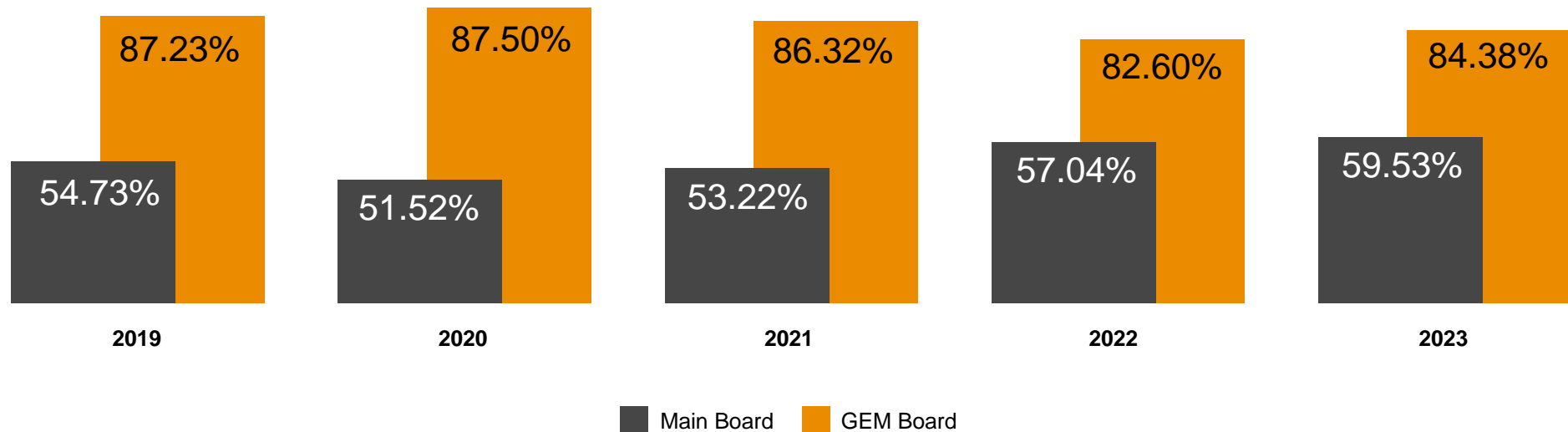
Average board size of Hong Kong-listed companies



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

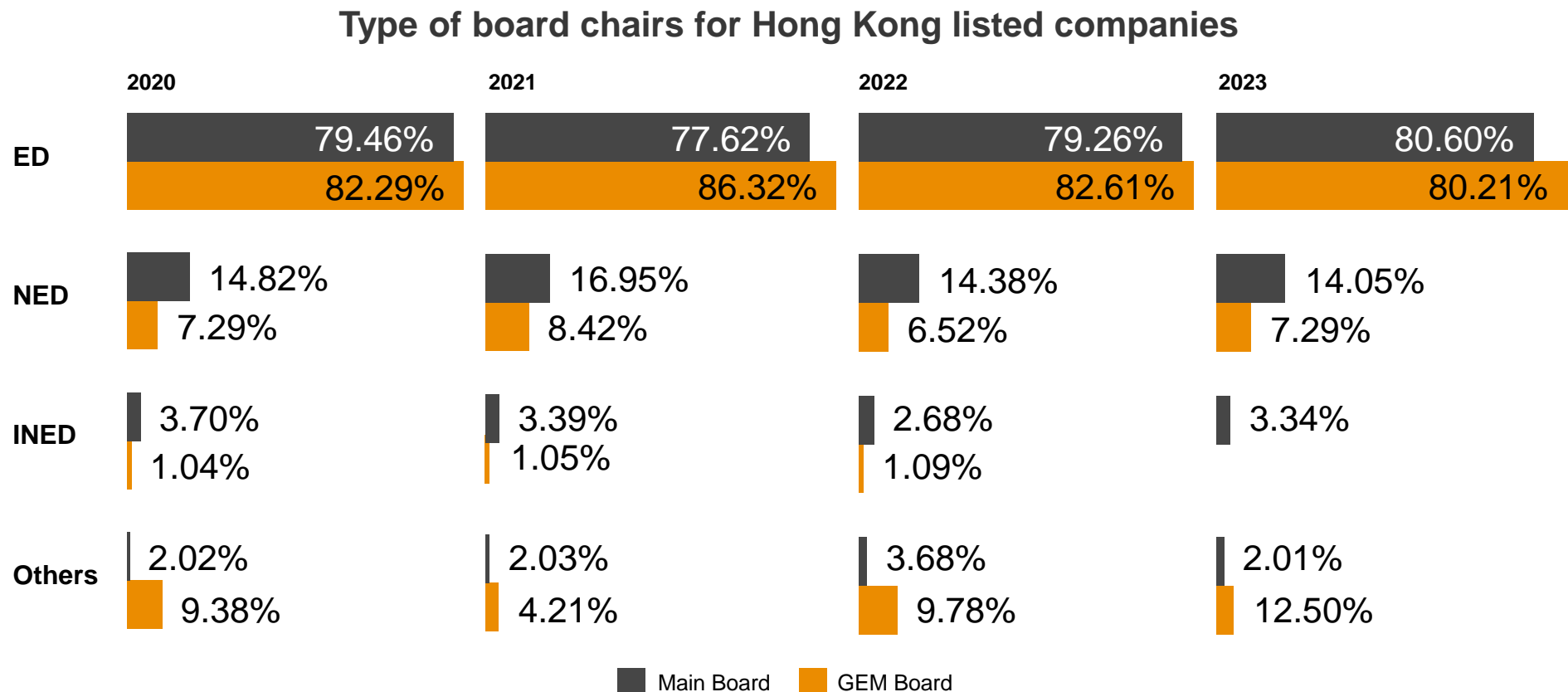
The proportion of share-based awards in the GEM Board has been uptrending since 2020 indicating a change in incentive schemes

Share of Hong Kong-listed companies with share-based awards



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.

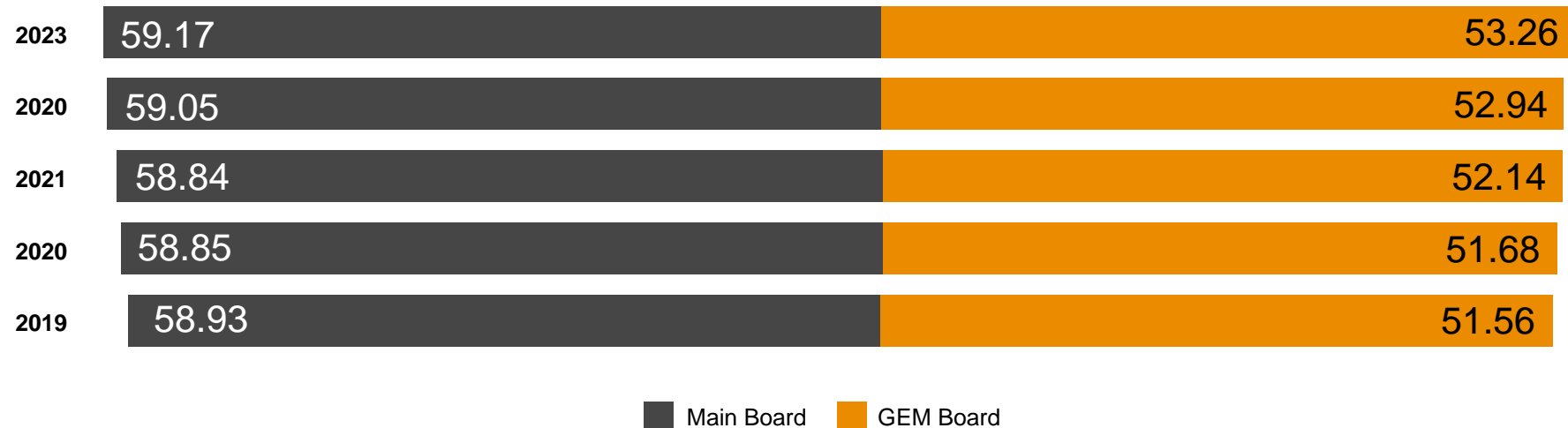
The board chairs in listed companies remain dominated by Executive Directors, marked by rising proportion in Main Board but diminishing in GEM Board



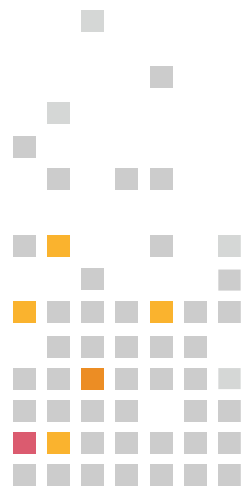
Others include ED and NED-co-chairs, the lack of a Chairman, where its functions are performed by all directors collectively.

Hong Kong directors remain among the youngest in the Asia Pacific region with their average age approaching 60 in 2023

Average director age in Hong Kong

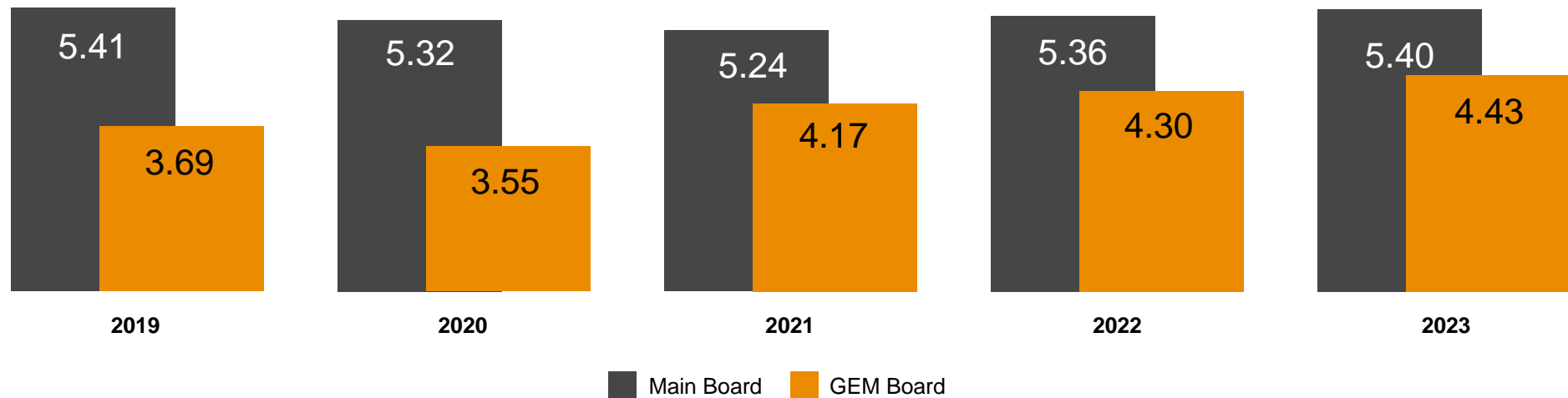


Including NEDs and INEDs



Hong Kong GEM Board directors are progressively getting more experienced as average tenure rises over recent years

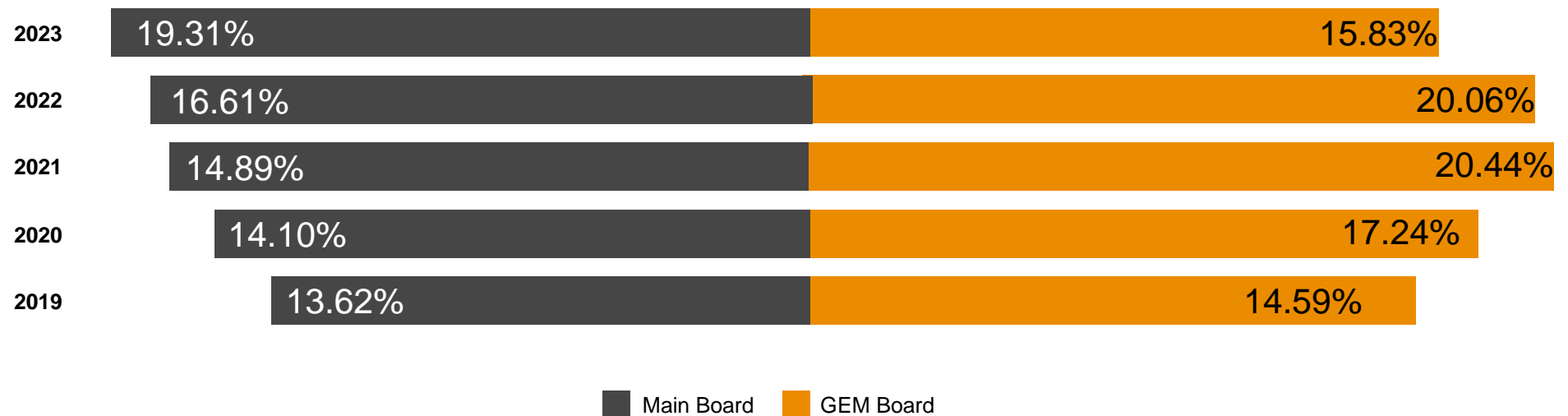
Average director tenure in Hong Kong



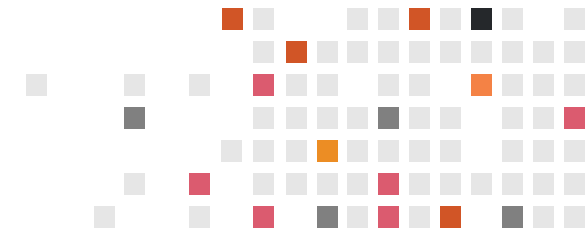
Including NEDs and INEDs

Steady progress seen in female representation in directorship following the fading-out of single gender boards on a mandatory basis

Share of women among NEDs and INEDs in Hong Kong listed companies

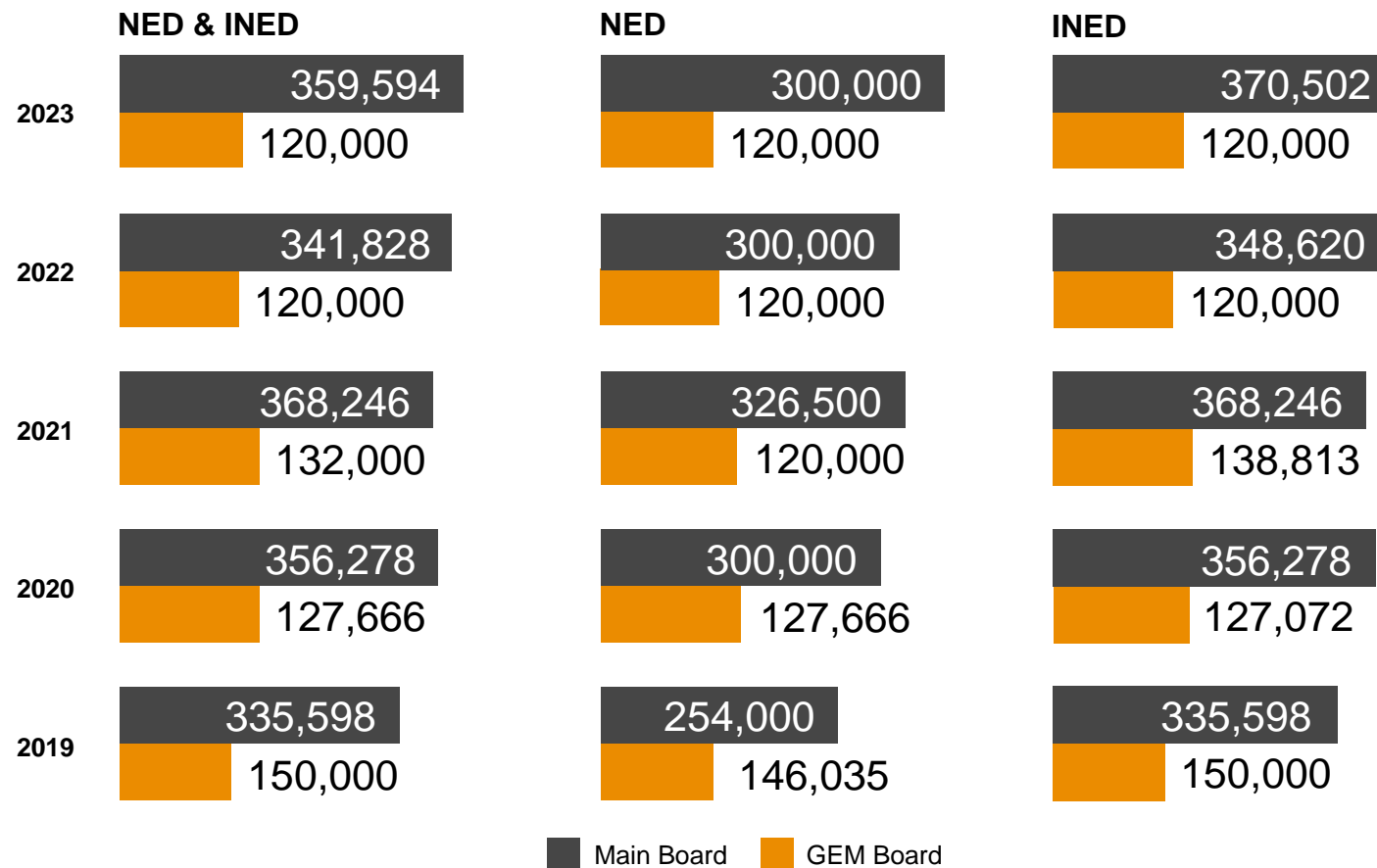


Including NEDs and INEDs



Median annual director's fees have fluctuated over the years and remain below the 2021 high

Median annual director's fee in Hong Kong (HKD)



NED

68.28% and 44.29% of NEDs in the Main Board and GEM Board did not receive a fee in 2023, respectively.

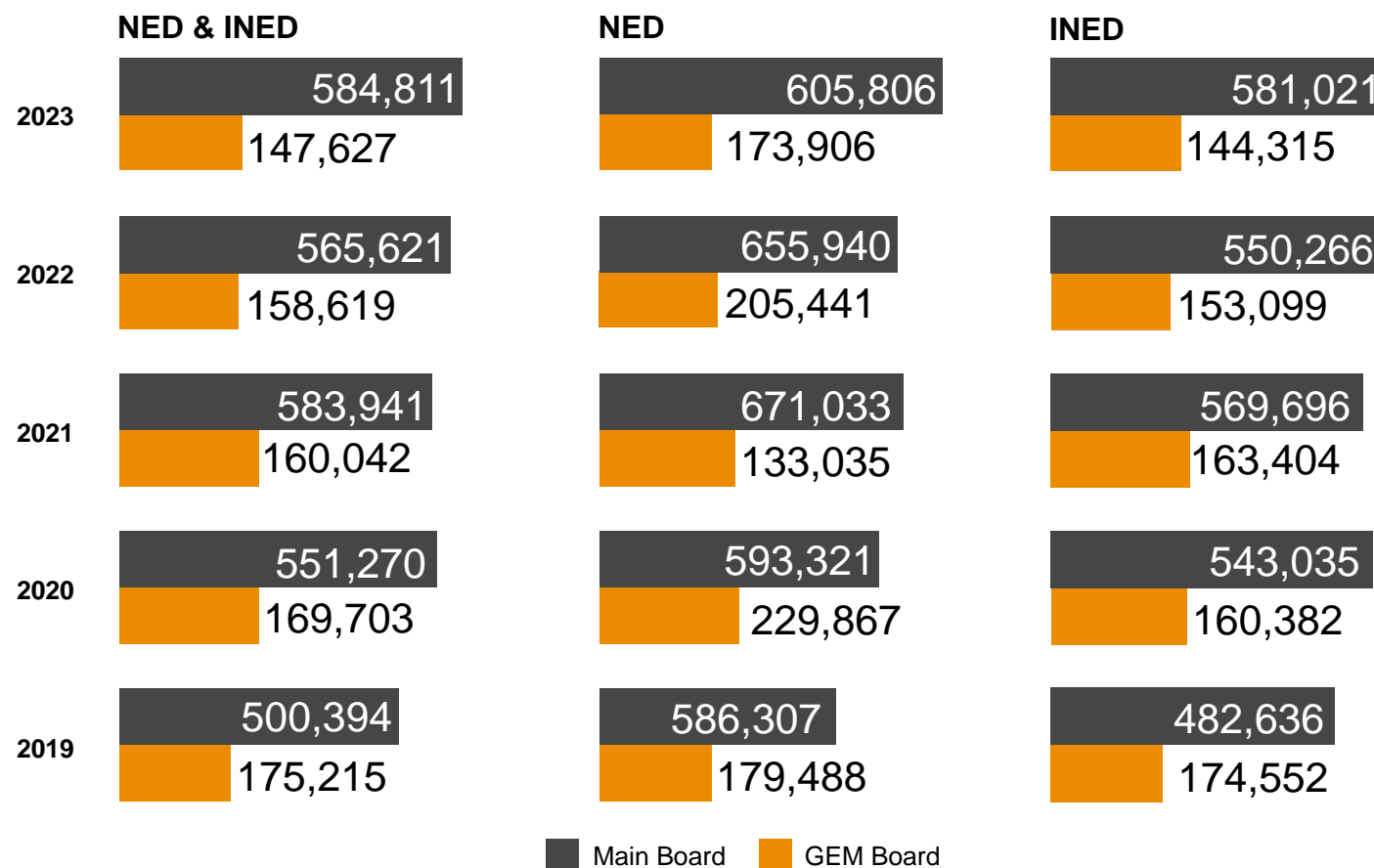
INED

3.76% and 4.48% of INEDs in the Main Board and GEM Board did not receive a fee in 2023, respectively.

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

The pay gap between Main and GEM Board remuneration is notably widening

Average annual director's fee in Hong Kong (HKD)



NED

The largest NED annual fee in the Main Board was 14,908,995 HKD while the lowest was 390 HKD in 2023. In the GEM Board, the highest NED annual fee was 600,000 HKD and the lowest was 6,577 HKD in 2023.

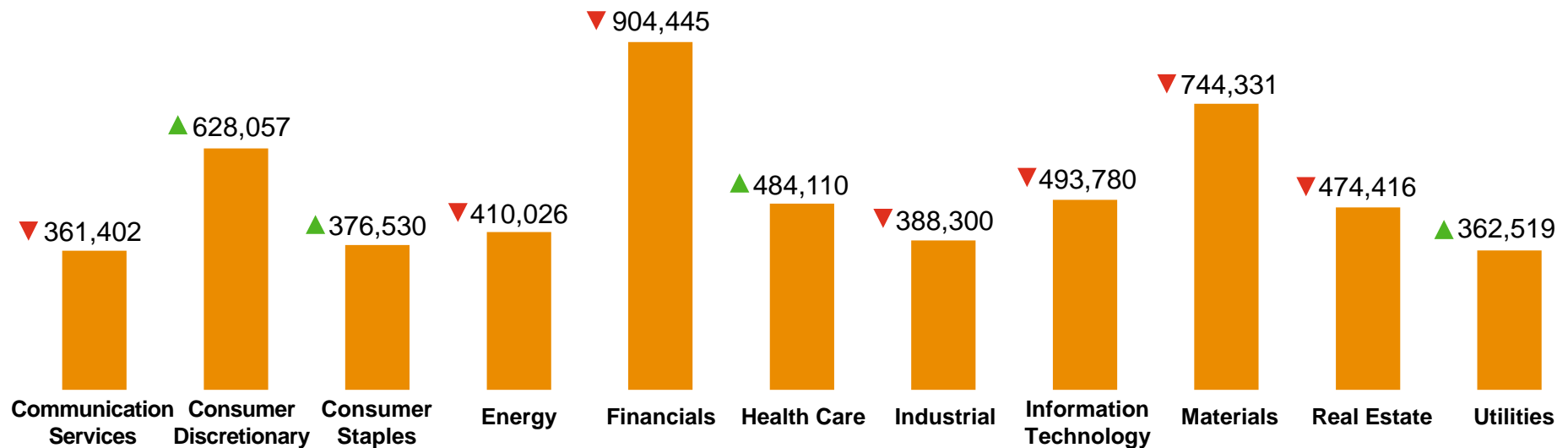
INED

The largest INED annual fee in the Main Board was 13,047,040 HKD while the lowest was 390 HKD in 2023. In the GEM Board, the highest INED annual fee was 427,000 HKD and the lowest was 10,961 HKD in 2023.

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

Director's fees in the financial sector remain highest among all sectors despite a year-on-year fall while the consumer products, health care, and utilities sectors are seeing fee increases

Average annual director's fee by sector – Main Board 2023 (HKD)



Average annual fee for NEDs and INEDs, excluding those with tenure of less than a year and those that did not receive a fee.
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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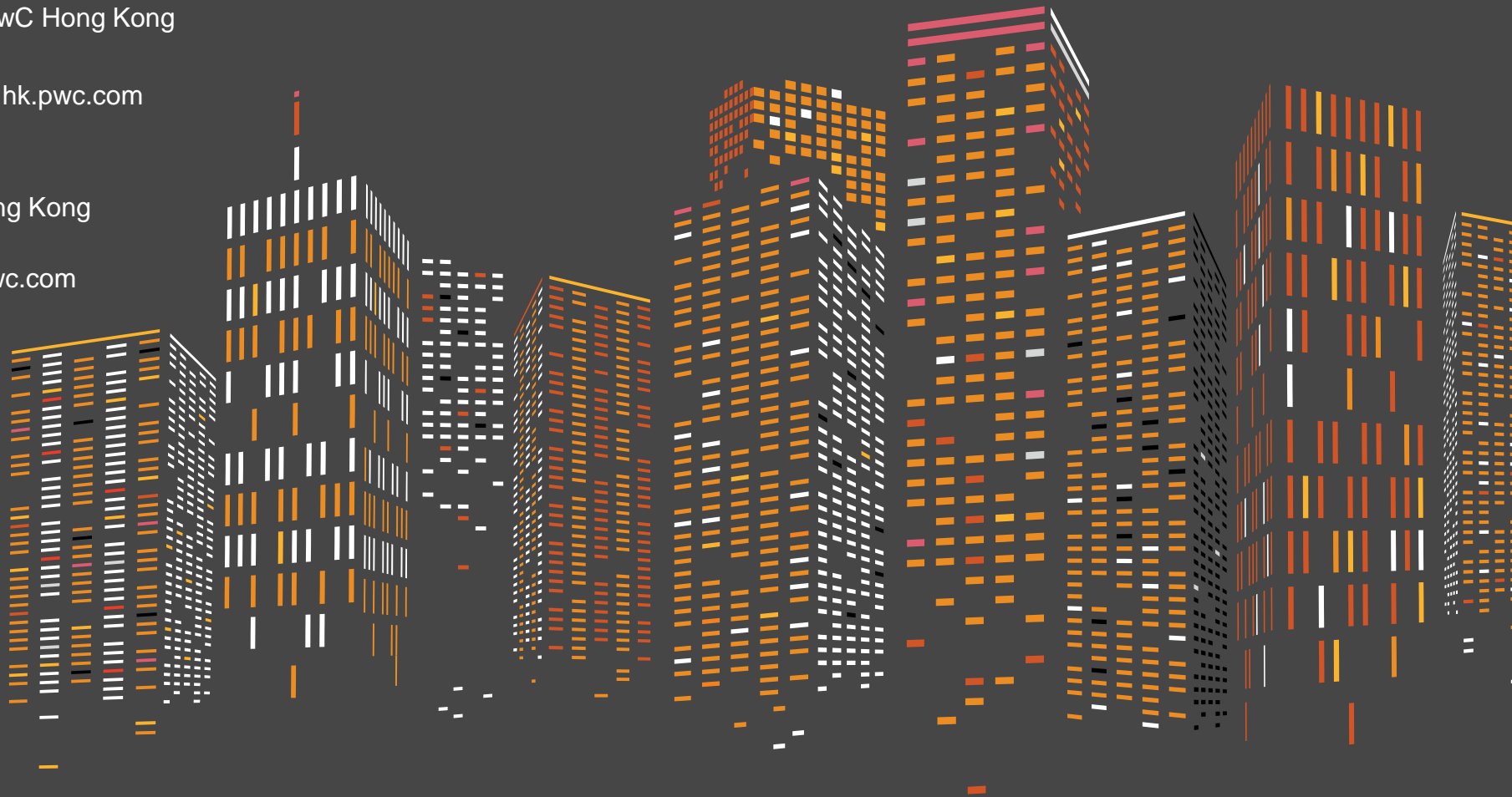
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