

**Submitted via Qualtrics**

**Meitu, Inc.**

**Company/Organisation view**

**Listed Company**

**Question 1**

**Do you agree with our proposal to introduce a new Code Provision (CP) under the Corporate Governance Code (CG Code) requiring issuers without an independent board chair to designate one independent non-executive director (INED) as a Lead INED to enhance engagement with investors and shareholders?**

Yes

**Please provide reasons for your views.**

**Question 2(a)**

**Regarding continuous professional development for directors, do you agree with our proposal to make continuous professional development mandatory for all existing directors, without specifying a minimum number of training hours?**

No

**Please provide reasons for your views.**

Directors come from diverse backgrounds with varying levels of experience and expertise that add value to a listed issuer by way of their diversity in skill set. Imposing a blanket requirement for mandatory training reduces the flexibility for directors to tailor their professional development to their specific needs and circumstances. Directors should have the autonomy to determine the most relevant directors' training suitable for their roles, instead of being subject to a one-size-fits-all mandate. Moreover, certain directors may already be members of industry associations and bodies that have rigorous annual CPD requirements. These existing mechanisms already ensured that they stay updated with relevant knowledge and skills within their industry. Imposing additional mandatory training requirements on a director level could lead to increased burdensome and redundancy or unnecessary duplication of effort.

Listed issuers already have a nomination committee whose role is to recommend the most suitable and qualified members for its board. Where a director falls short of any professional standards required of him/her in terms of carrying out his/her duties as a

director, the nomination committee may at any time recommend the board to change directors. We therefore find that the existing rules in place are already sufficient for ensuring professionalism among the directors and mandating specific director's training requirements may simply lead to superficial compliance with little or no meaningful value.

### **Question 2(b)**

**Regarding continuous professional development for directors, do you agree with our proposal to require First-time Directors to complete a minimum of 24 hours of training within 18 months following their appointment?**

No

**Please provide reasons for your views.**

Not applicable for the reasons given in Question 2(a) since we disagreed with the need for CPD requirements.

### **Question 2(c)**

**Regarding continuous professional development for directors, do you agree with our proposal to define "First-time Directors" to mean directors who (i) are appointed as a director of an issuer listed on the Exchange for the first time; or (ii) have not served as a director of an issuer listed on the Exchange for a period of three years or more prior to their appointment?**

No

**Please provide reasons for your views.**

Not applicable for the reasons given in Question 2(a) since we disagreed with the need for CPD requirements.

### **Question 2(d)**

**Regarding continuous professional development for directors, do you agree with our proposal to specify the specific topics that must be covered under the continuous professional development requirement?**

No

**Please provide reasons for your views.**

Not applicable for the reasons given in Question 2(a) since we disagreed with the need for CPD requirements.

### **Question 3**

**Do you agree with the proposed consequential changes to Principle C.1 and CP C.1.1 of the CG Code?**

No

**Please provide reasons for your views.**

Not applicable for the reasons given in Question 2(a) since we disagreed with the need for CPD requirements.

**Question 4**

**Do you agree with our proposal to upgrade the current Recommended Best Practice (RBP) in the CG Code to a CP requiring issuers to conduct regular board performance reviews at least every two years and make disclosure as set out in CP B.1.4?**

No

**Please provide reasons for your views.**

The existing framework already mandates the nomination committee to evaluate the structure and composition of the board and issuers to ensure that independent views and input are available to the board and to disclose the effectiveness of such mechanism(s) in its Corporate Governance Report. We are of the view that the existing framework is already sufficient to ensure the board's effectiveness in alignment with organizational needs. The performance of the board is not something that could be easily evaluated, quantifiable nor uniformly measurable across different companies and industries. Instituting a rigid biannual review requirement might not effectively add any value and does not help address the nuanced and dynamic challenges that the board faces across different companies and industries.

There is also insufficient empirical evidence to support the notion that biannual board performance reviews could enhance board effectiveness and shareholder value compared to the existing framework. Before mandating such a requirement, it is crucial to have robust data demonstrating its benefits.

**Question 5**

**Do you agree with our proposal to introduce a new CP requiring issuers to maintain a board skills matrix and make disclosure set out in CP B.1.5?**

No

**Please give reasons for your views.**

Issuers already provide detailed information about directors' qualifications and skills in the annual report and at the time of their appointment. The skills required for the board may also change with the evolving needs of the organization. Mandating a separate skills matrix could result in redundant disclosures without offering meaningful additional insights.

Focusing on a formalized skills matrix might overemphasize quantifiable qualifications and certifications, potentially undervaluing the practical experience and intangible qualities directors bring to the board. Effective board governance requires a balance of formal skills and practical experience, which a rigid skills matrix may not adequately capture.

Allowing issuers to determine their own methods for ensuring board effectiveness and alignment with strategic goals would be more practical and effective.

**Question 6(a)**

**In relation to our proposal to introduce a “hard cap” of six listed issuer directorships that INEDs may hold, do you agree with the hard cap to ensure that INEDs are able to devote sufficient time to carry out the work of the listed issuers?**

Yes

**Please provide reasons for your views.**

**Question 6(b)**

**In relation to our proposal to introduce a “hard cap” of six listed issuer directorships that INEDs may hold, do you agree with the proposed three-year transition period to implement the hard cap?**

Yes

**Please provide reasons for your views.**

**Question 7**

**Do you agree with the proposal to introduce a new Mandatory Disclosure Requirement (MDR) in the CG Code to require the nomination committee to**

**annually assess and disclose its assessment of each director’s time commitment and contribution to the board?**

No

**Please provide reasons for your views.**

Mandating the nomination committee to annually assess and disclose each director’s time commitment and contribution to the board, overlooks the complexity and qualitative nature of board contributions. Time commitment, though important, is only one facet of what directors bring to their roles. Effective governance requires not just time but strategic insight, industry expertise, and the ability to provide oversight and guidance. These qualitative aspects are often challenging to measure and standardize, and the proposed requirement might not fully capture the diverse and critical contributions that directors make.

Furthermore, the focus on quantifying time commitment and contributions could inadvertently shift attention away from more substantive evaluation metrics that better reflect a director’s impact on the board’s effectiveness and the company’s overall success. This could also lead to potential misalignment where the emphasis on fulfilling specific disclosure requirements overshadows the broader goal of enhancing board functionality and strategic oversight.

**Question 8(a)**

**In relation to our proposal to introduce a “hard cap” of nine years on the tenure of INEDs, beyond which an INED will no longer be considered to be independent, do you agree with the proposed hard cap to strengthen board independence?**

No

**Please give reasons for your views.**

Independence should be assessed based on behavior, contributions, and the director’s ability to provide objective oversight, not merely the passage of time. Implementing a hard cap of nine years on the tenure of INEDs could significantly undermine the stability and continuity of the board and risks conflating independence with duration of service, which are not inherently correlated. Long-serving INEDs bring a wealth of experience and deep knowledge of the company’s operations, industry dynamics, and strategic direction, which are invaluable for effective governance. These directors develop a nuanced understanding and insight that cannot be quickly replaced. Arbitrarily limiting their tenure overlooks the substantial benefits of their accumulated expertise, which contributes to more informed decision-making and robust oversight. Furthermore, the

forced turnover could lead to a loss of institutional memory and disrupt the board's effectiveness. New directors will require time to reach a similar level of familiarity and understanding, potentially leading to a period of reduced board performance and increased vulnerability during the transition.

It is more practical and beneficial to assess INEDs' independence through ongoing evaluations of their actions and influence on the board, ensuring they remain free from conflicts of interest and maintain an objective perspective, rather than imposing a universal tenure limit.

**Question 8(b)**

**In relation to our proposal to introduce a “hard cap” of nine years on the tenure of INEDs, beyond which an INED will no longer be considered to be independent, do you agree that a person can be re-considered as an INED of the same issuer after a two-year cooling-off period?**

No

**Please provide reasons for your views.**

Not applicable for the reasons given in Question 8(a) since we disagreed to introduce a “hard cap” on the tenure of INEDs.

**Question 8(c)**

**In relation to our proposal to introduce a “hard cap” of nine years on the tenure of INEDs, beyond which an INED will no longer be considered to be independent, do you agree with the proposed three-year transition period in respect of the implementation of the hard cap?**

No

**Please provide reasons for your views.**

Not applicable for the reasons given in Question 8(a) since we disagreed to introduce a “hard cap” on the tenure of INEDs.

**Question 9**

**Do you agree with the proposal to require all issuers to disclose the length of tenure of each director in the CG Report?**

Yes

**Please provide reasons for your views.**

**Question 10**

**Do you agree with our proposal to introduce a CP requiring issuers to have at least one director of a different gender on the nomination committee?**

No

**Please provide reasons for your views.**

The nomination committee plays a crucial role in a listed issuer, and its members should be chosen with careful consideration. The primary focus should remain on the merits and the ability of directors to contribute effectively to the committee's objectives. Mandating that issuers have at least one director of a different gender on the nomination committee could inadvertently compromise the committee's effectiveness by prioritizing gender over expertise, experience, and overall suitability for the role. Diversity should be encouraged organically, focusing on the best candidates for the committee who can contribute meaningfully to its functions. Imposing a hard and fast rule on gender requirement might result in tokenism, where the presence of a gender-diverse member is seen as fulfilling a formal checkbox requirement rather than genuinely enhancing the committee's capabilities. This could undermine the committee's credibility and the quality of its decisions.

It is also worthy to note that the CG Code already mandates a listed issuer on how and when gender diversity will be achieved in respect of its board of directors and therefore we do not believe it is necessary for the Exchange to take this one step further, especially when such requirement was only introduced recently.

**Question 11**

**Do you agree with our proposal to introduce a Listing Rule to require issuers to have and disclose a diversity policy for their workforce (including senior management)?**

No

**Please provide reasons for your views.**

Mandating issuers to have and disclose a diversity policy specifically for their workforce, including senior management, introduces a potentially restrictive framework that might overshadow the importance of merit-based selection processes. Each company operates within unique industry contexts and cultural environments, and a one-size-fits-all mandate might not be suitable. The primary criteria for recruitment and promotion

should remain centered on merit, skills, and qualifications. Emphasizing a diversity policy in such a directive manner risks prioritizing demographic characteristics over professional competencies, which could inadvertently compromise the effectiveness and efficiency of organizational operations.

Furthermore, diversity extends beyond gender and includes a variety of dimensions such as cultural, educational, and experiential differences. Companies should be encouraged to embrace diversity in a holistic manner that aligns with their strategic objectives and operational contexts, rather than adhering to prescriptive mandates that may not reflect the nuances of different industries and corporate cultures. Encouraging companies to voluntarily develop and implement comprehensive diversity policies that suit their unique needs is likely to be more effective and sustainable than imposing a one-size-fits-all regulatory requirement.

### **Question 12**

**Do you agree with our proposal to upgrade from a CP to a MDR the requirement on the annual review of the implementation of an issuer's board diversity policy?**

No

**Please provide reasons for your views.**

The timing and frequency of such reviews should be determined by the board itself, allowing flexibility to address changes in the company's needs and strategic direction as they arise. This flexibility ensures that reviews are meaningful and aligned with the actual dynamics of the board and the company, rather than being constrained to a rigid annual schedule.

The board is also in the best position to determine when a review of their diversity policies is necessary. This could be more or less frequent than annually, depending on the pace of change within the company and its industry. Mandating a fixed schedule may lead to superficial compliance exercises that do not genuinely contribute to the enhancement of board effectiveness or diversity.

### **Question 13**

**Do you agree with our proposal to require as a revised MDR separate disclosure of the gender ratio of: (i) senior management; and (ii) the workforce (excluding senior management) in the CG Report?**

No



**Please provide reasons for your views.**

Requiring separate disclosure of the gender ratio of senior management and the workforce (excluding senior management) could lead to an overemphasis on gender metrics at the expense of other important aspects of diversity, such as educational backgrounds, ethnicity, age, and skills. While transparency is important, focusing excessively on gender ratios might oversimplify the complexities of achieving meaningful diversity and the broader objective of creating inclusive workplaces that benefit from a variety of perspectives and experiences.

In fact, the heavy emphasis on a particular gender could potentially lead to perceptions of gender bias or discrimination, as it might seem that achieving certain numerical gender targets is prioritized over other forms of diversity. This could detract from the broader goal of diversity, which is to enhance decision-making and improve company performance by reflecting a more comprehensive mix of experiences and perspectives.

It would be more advantageous to encourage companies to disclose a more holistic view of their diversity policies and outcomes, covering all aspects of diversity. This approach would better reflect the multifaceted nature of what true diversity entails and encourage a more inclusive and effective diversity strategy within organizations.

**Question 14**

**Do you agree with our proposal to codify the arrangements during temporary deviations from the requirement for issuers to have directors of different genders on the board as set out in draft Main Board Listing Rule 13.92(2) in Appendix I?**

Yes

**Please provide reasons for your views.**

**Question 15(a)**

**Do you agree with our proposal to emphasise in Principle D.2 the board's responsibility for the issuer's risk management and internal controls and for the (at least) annual reviews of the effectiveness of the risk management and internal control systems?**

No

**Please provide reasons for your views.**

Currently issuers are already required to report and disclose on the effectiveness of its RMIC systems in place pursuant to Part I Section E.(d) and H and Part II Section D.2 of the CG Code which we believe is sufficient in connection with addressing the issues raised by the Exchange and we are unable to see how a more stringent requirement could make any stark difference.

Each issuer operates within a unique context, characterized by specific industry dynamics and organizational structures. A more stringent, uniform requirement fails to acknowledge these differences, potentially leading to a one-size-fits-all approach that might not be optimal for all listed companies.

The proposal to make detailed disclosures mandatory could transform an inherently flexible and risk-based approach into a rigid compliance exercise. This shift might inadvertently prioritize procedural compliance over substantive risk management improvements. A more nuanced approach, allowing issuers to adapt the frequency and depth of their reviews to their particular circumstances, would support a more effective and genuinely informative RMIC systems evaluation process, tailored to the real needs and risks faced by each issuer.

#### **Question 15(b)**

**Do you agree with our proposal to upgrade the requirement to conduct (at least) annual reviews of the effectiveness of the issuer's risk management and internal control systems to mandatory and require the disclosures set out in MDR paragraph H?**

No

**Please provide reasons for your views.**

Not applicable for the reasons given in Question 15(a) since we disagreed for the need to further emphasise Principle D.2 and annual review requirements of the effectiveness of the RMIC systems.

#### **Question 16**

**Do you agree with our proposal to refine the existing CPs in section D.2 of the CG Code setting out the scope of the (at least) annual reviews of the risk management and internal control systems?**

No

**Please provide reasons for your views.**

Reviews should be conducted as and when necessary, which depending on the issuer's circumstances might warrant for a more or less frequent review than annually. Thus, we are of the view that mandating such annual reviews irrespective of the issuer's unique circumstances or the nature of the industry might not add significant value. Instead, the timing and extent of RMIC systems reviews should be determined by the board, based on the specific needs and risk profile of the company. This approach recognizes that the relevance and utility of such reviews can vary greatly depending on changes in the business environment, regulatory landscape, or operational scale.

A flexible, principle-based approach would allow boards to conduct these assessments as and when necessary, rather than adhering to a rigid annual schedule. This would enable a more meaningful and context-sensitive evaluation of the RMIC systems, ensuring that the reviews are both timely and reflective of the current challenges and risks faced by the company. Such flexibility ensures that the risk management framework remains dynamic and responsive, enhancing its effectiveness and relevance to the company's ongoing needs.

### **Question 17**

**Do you agree with our proposal to introduce a new MDR requiring specific disclosure of the issuer's policy on payment of dividends and the board's dividend decisions during the reporting period?**

No

**Please provide reasons for your views.**

Introducing a new MDR for detailed dividend policy and decision disclosures may not adequately reflect the rapidly changing business environments in which many listed issuers operate, particularly in the tech industry. Tech companies, for example, often experience significant fluctuations in performance and strategic focus from one year to the next. One year might see robust profits driven by and focusing on the sale of conventional technology devices, while the next could pivot towards the sale of and intensive investment in emerging technologies like AI generative products, each requiring different levels and extent of capital reinvestment. It is therefore extremely difficult and not realistic to have in place a concrete and certain dividend policy given the dynamic circumstances.

Conversely, mandating a fixed dividend policy disclosure could constrain an issuer's flexibility to adapt its financial strategies to current operational needs and future growth opportunities. For tech companies and similar industries, the concept of a consistent

dividend policy may not align with their business models, which prioritize reinvestment in innovation and expansion over immediate shareholder returns. This could mislead investors who might expect more stable dividend payouts that are not realistic given the company's need to fund growth and adapt to technological advancements.

Therefore, it would be more prudent to allow the board to decide whether disclosing a dividend policy is appropriate based on the specific circumstances and strategic direction of the company, and to declare dividends only as and when it is desirable to do so. This approach would avoid setting unrealistic expectations for shareholders and better reflect the financial management strategies that are necessary for long-term growth and sustainability in rapidly evolving markets.

#### **Question 18**

**Do you agree with our proposal to introduce a Listing Rule requirement for issuers to set a record date to determine the identity of security holders eligible to attend and vote at a general meeting or to receive entitlements?**

Yes

**Please provide reasons for your views.**

#### **Question 19**

**Do you agree with our proposal to codify our recommended disclosures in respect of issuers' modified auditors' opinions into the Listing Rules?**

Yes

**Please provide reasons for your views.**

#### **Question 20**

**Do you agree with our proposal to clarify our expectation of the provision of monthly updates in CP D.1.2 and the note thereto?**

Yes

**Please provide reasons for your views.**

#### **Question 21**

**Do you agree with our proposal to align requirements for the nomination committee, the audit committee and the remuneration committee on establishing written terms of reference for the committee and the arrangements during temporary deviations from requirements as set out in draft Main Board Listing Rules 3.23, 3.27, 3.27B, 3.27C and 8A.28A in Appendix I?**

No

**Please provide reasons for your views.**

Aligning the requirements for the nomination committee, the audit committee, and the remuneration committee under a uniform set of written terms of reference and arrangements for deviations does not appropriately reflect the inherently different functions these committees perform. Each committee has distinct roles within the company: the nomination committee focuses on board composition and succession planning, the audit committee oversees financial accuracy and compliance, and the remuneration committee handles compensation strategies. These varying responsibilities require tailored approaches and expertise and should not be compared apple-to-apple.

Imposing a one-size-fits-all framework could lead to a rigid structure that does not effectively support the unique objectives of each committee. Furthermore, the current mechanisms for each committee have been functioning without significant issues, suggesting that a uniform alignment is unnecessary and could potentially disrupt well-established processes that are already aligned with the specific needs and goals of each committee.

A more flexible approach, allowing each committee to develop and refine its terms of reference based on its specific duties and the strategic needs of the company, would better serve the goal of maintaining high governance standards while also ensuring that committees can effectively fulfill their diverse roles. This approach would preserve the necessary differentiation in committee functions and maintain the effectiveness of their governance contributions.

### **Question 22**

**Do you agree with the proposed implementation date of financial years commencing on or after 1 January 2025, with transitional arrangements as set out in paragraphs 182 to 183 of the Consultation Paper?**

No

**Please provide reasons for your views.**

Given all the fundamental changes proposed to be made throughout this consultation, the proposed implementation date of financial years commencing on or after 1 January 2025, imposes an overly ambitious timeline that fails to consider the practical challenges issuers face in adapting to significant governance changes. We believe that an implementation date of financial years commencing on or after 1 January 2026 would give issuers more reasonable time to adapt to the proposed changes.