Accounting and Financial Reporting Council
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AFRC Chairman Dr David Sun's welcome and opening remarks at AFRC Regional Regulatory Forum 2025 "Accounting for the Future"

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尊敬的財政司陳茂波司長 (HKSAR Financial Secretary the honourable Mr Paul Chan), 尊敬的財政部郭婷婷副部長 (Vice Minister of the Ministry of Finance, the honourable Ms Guo Tingting), 尊敬的中聯辦王松苗秘書長 (Secretary-General of the Liaison Office of the Central People's Government in the Hong Kong Special Administrative Region, the honourable Mr Wang Songmiao), distinguished guests, fellow regulators, ladies and gentlemen,

Good morning. Welcome to the AFRC Regional Regulatory Forum 2025, "Accounting for the Future." It is my privilege to open today's proceedings.

We are honoured to have the Financial Secretary of Hong Kong SAR, the Vice Minister of Finance of the People's Republic of China, and the Secretary General of the Liaison Office of the Central People's Government in the Hong Kong SAR as our Guests of Honour.

Among the 400 participants today are leaders from government and regulatory bodies, global accounting firms and the profession, our international counterparts, business community, and academia. Your presence is a vote of confidence in the work we share.

This year, we add regulatory representatives from the United Kingdom, the United States, and India, alongside the steadfast support from the Chinese Mainland, Europe, Japan, Malaysia, Singapore, and Thailand. A regional initiative has become a global conversation. In our markets, risks and opportunities do not stop at borders—and collaboration shouldn't either.

That is why we convene, as dialogue creates understanding; understanding fosters alignment; alignment accelerates progress.

Financial markets flourish when we act in concert:

- detecting and deterring misconduct,
- lifting quality and resilience,
- strengthening transparency, trust, and accountability—while recognising and managing risks.

These are not slogans; they are disciplines—the daily practices by which capital is trusted, growth is funded, and opportunity is created.

As host, the AFRC serves as a connector for the profession we regulate and develop—promoting quality, attracting talent, and bridging the Chinese Mainland, our region, and the world.

Let me offer a simple analogy. Like many of us, I learned to use chopsticks as a child: two humble sticks, held in unison and balance—one firm, the other flexible—forming a single, versatile instrument: steady enough to lift a dumpling, precise enough to pick up a grain of rice, and swift enough to catch a runaway marble. Two sticks, one instrument.

Similarly at the AFRC, we have two roles —**regulation and development**. When held together and kept in balance, we don't merely keep the profession strong; we move it forward: quality with confidence, innovation with care. We have but one mission: Protect Public Interest.

To that end, we are pleased to report that we are deepening dialogues and technical exchanges with the Ministry of Finance to align supervision, data standards, and quality assurance.

Peter Drucker reminds us: "The best way to predict the future is to create one." In a world of accelerating change, we must create our own future—on purpose. Our strategy rests on four pillars.

Our First Pillar: Regulation

We license and regulate over 4,600 practice units and around 2,400 CPAs practicing within these practice units. Our duty is high-quality reporting and auditing in the public interest—clear standards, consistent

enforcement, proportionate responses, and decisive actions when trust is breached or at risk.
Quality is built—by design and determination—through rigorous systems, capable people, reliable data, and a speak-up culture. We will continue to use AQIs, root-cause analysis, targeted thematic reviews, and sanctions so that lessons are learned and shared, not repeated.

Our Second Pillar: Governance

Markets are strongest when boards, audit committees, and management in listed companies and financial institutions own their reporting quality. We must remember: Reputation is slow to earn and quick to lose.

We will work with directors to strengthen auditor selection and oversight, transparent engagement with regulators, and prompt remediation.

Governance is leadership—not a checklist—that protects minority interests and aligns management incentives with long-term value.

Our Third Pillar: Development

We share responsibility for the profession's development and renewal—in sustainability assurance, digital transformation, and talent. In partnership with the Hong Kong Institute of CPAs, we are strengthening training pathways, professional development, and global inter-operability so our 47,000 CPAs remain competent and confident to meet emerging needs.

Our Fourth Pillar: Organisational Effectiveness

At the AFRC, we will also walk our talk: data-informed, efficient, outcome-focused. That means streamlined processes, smart technology, clear and timely communication so that our expectations, timelines, and rationales are understood.

Effective institutions are predictable in process and principled in outcome.

These four pillars are our roadmap. They protect public trust and market integrity while enabling sustainable growth—the “chopsticks principle” in practice: oversight and development working together so the system is coordinated, capable, and crisis-ready.

Looking ahead, three imperatives stand out.

#1 AI Innovation - We must harness AI creatively and responsibly

AI is reshaping evidence-gathering, anomaly analysis, and risk assessment. It can elevate quality and efficiency — if and only if models are governed, privacy protected, bias addressed, and professional scepticism remains the center. Our stance is clear: adopt with guardrails — with clear accountability, explainability where it matters, and continuous human oversight.

Innovation must never outpace integrity.

#2: Sustainability Validation - We must frame sustainability assurance credibly

Stakeholders now ask: not only what is reported, but what stands behind the report.

High-quality assurance over climate and broader sustainability information requires robust standards, specialised competence, independence, and expanded capacity so firms of all sizes may participate with competence and confidence.

#3: Cross-border Collaboration - We must serve cross-border needs jointly

Hong Kong thrives as a super-connector to global capital. Cross-border listings, group audits, and digital-asset demand clear lines of responsibility, secure data, and effective regulatory cooperation. We will deepen information exchange and supervisory cooperation with Chinese Mainland authorities and strengthen ties with peer regulators so quality is seamless across jurisdictions and technologies.

Underpinning all three is talent. To uphold quality, the profession must attract, develop, and retain people who are technically excellent, digitally fluent, ethically grounded, and globally minded. Hire them for integrity, train them for capability, and inspire them for purpose. That is how we pass the torch.

"Accounting for the Future" also means collaboration across the ecosystem. Regulators cannot do it alone—nor can firms, boards, academics, or investors. So, a brief call to action:

- **To firms and practitioners**: Invest in technology that measurably improves audit quality and coverage; build cultures that reward doing the right thing the first time; share good practices so that the whole market improves.
- **To boards and audit committees:** Set a tone that values candour over comfort; appoint auditors for quality, independence, and capability—not convenience; insist on transparent disclosure and accountable remediation of any management issues.
- **To educators and professional bodies:** Align curricula and standards with market needs—data literacy, sustainability, risk, ethics—so that our universities' 5,000+ accounting students and the Institute's 12,000 student members can contribute a soon as they become CPAs.
- **To our regulatory counterparts:** Continue the dialogue, peer learning, and coordinated action that make cross-border quality seamless. When we align on principles and cooperate in practice, everyone benefits.

Throughout today's programme, you will hear perspectives from across this ecosystem. Ask the practical questions:

- What can we standardise?
- What can we digitise?
- Where can we streamline while keeping safeguards strong?
- Which training yields the highest ROI in quality and trust?
- How might we measure progress?

Let me end where I began: with balance and purpose. The AFRC's mission is to protect the public interest while making accountancy great again—two roles, one instrument. Held in unison, we don't merely preserve standards; we elevate them. We don't merely manage risks; we open opportunities. We don't merely anticipate the future; together, we can create the future.

As we engage in today's discussions, let us focus (and imagine) what we can do together to reinforce trust, elevate quality, and create opportunity, ensuring the profession (in Asia) continues to meet the evolving needs of the global markets. Thank you.