

## **AFRC Chairman Dr David Sun's Opening Remarks at The Hong Kong Independent Non-Executive Director Association Annual Conference 2025**

### **“Opportunities and Challenges for INEDs in Dual Listing Wave, Digital Asset Era, and Web3 & AI-Driven Risk”**

6 December 2025

President Rex (Mr Rex Yeung, President of HKiNEDA), Chairman Kelvin (Dr Kelvin Wong, Chairman of SFC), esteemed guests, ladies and gentlemen,

Good morning! It's a pleasure to join you at the HKiNEDA Annual Conference 2025, and to be with so many corporate governance leaders this morning.

This year's theme—“Opportunities and Challenges for INEDs in Dual Listing Wave, Digital Asset Era, and Web3 & AI-Driven Risk”—is exactly where Hong Kong is focusing today. We are deepening our role as Asia's financial innovation hub, and INEDs stand at the crossroads of that transformation.

When markets move fast, one thing matters more than ever:  
**Independent, informed, and courageous oversight in the boardroom.**

With new dual primary listings and a surge of tech and biotech companies, expectations on INEDs have never been clearer—or heavier.

### **Stewards of trust**

At the heart of the INED's role are three core responsibilities:

- Ensuring management produces **truthful, accurate, transparent financial reports;**

- Ensuring auditors deliver **rigorous, high-quality, independent audits**;
- Through audit and risk committees, providing **sharp, consistent oversight of internal controls and risk management**.

These are not box-ticking exercises. They are the foundations of market confidence.

If they fail, everything else—valuation, strategy, reputation—can fall with them.

The audit committee is where financial reporting and audit quality are tested. It is where INEDs challenge assumptions, scrutinise judgments, and engage with auditors using professional scepticism, not just asking polite questions.

The risk committee scans the risk horizon, such as cyber and data threats, digital asset exposure, conduct issues, geopolitical and national security risks.

Together, audit and risk committees turn a paper framework into a living governance organism and help the board move from a compliance mindset to a culture of proactive risk management, where issues are raised early instead of explained away later.

## **AI, Digital Assets, and Governance**

In Hong Kong, AI, digital assets, and dual listings are already reshaping corporate oversight and audit practices. They present new opportunities and new challenges.

The Government's initiatives, including new AI teams and seeding HK\$1 billion in a new AI R&D Institute, underline Hong Kong's commitment to an innovation-driven future.

But as AI adoption accelerates, so do the governance questions:

- Are our algorithms fair?
- Is our data secure?

- Does automation enhance or erode professional judgment?
- And when something goes wrong, who is accountable?

These are not technical questions for IT alone.

They are governance questions, and they belong to boards, executive committees, audit committees, risk committees – and especially to INEDs.

At the same time, we must remember why AI matters at all. Its potential can be summed up in three ways:

1. **Improving lives** – like earlier disease detection, better public services, greater accessibility for all.
2. **Enhancing work** – personalising learning, upgrading skills, and freeing people from routine tasks to focus on critical thinking and judgment.
3. **Strengthening governance** – like richer data to detect fraud, manage risk, and allocate resources more fairly.

If we get the governance right, AI will not replace human judgment; it will amplify it.

And INEDs are ideally positioned to make that happen by using analytics for deeper insight, applying AI to sharpen risk assessment, and steering organisations towards strategic, value-creating decisions.

The message is clear: **AI should be used for good – to enhance lives, uphold trust, and promote excellence.**

## **Ethics, Judgment and AFRC's Support**

As technology accelerates, the INED's compass must remain steady: to match cutting-edge tools with strong ethics and sound professional judgment.

In that sense, today's INED is a modern lighthouse keeper. Management may steer the ship every day. But through the audit and risk committees, it is the INEDs who keep the ship on course—through fog, storms, and sudden changes in the market.

The AFRC stands firmly with you.

We work with INEDs, audit firms, fellow regulators and academics to support responsible, well-governed innovation.

Through guidance, thematic reviews and targeted training, we help the accounting profession and the market maintain high standards in a fast-changing world.

We also want deeper dialogue with audit and risk committee chairs, sharing what we see in inspections and investigations, and helping boards strengthen their oversight of financial reporting and audit quality.

## **Closing**

Let me close with three brief thoughts:

First, embrace this era of transformation with courage and optimism.

Second, champion innovation boldly—in AI, in digital assets, in new listings—but insist on strong governance around it.

Third, hold fast to the principles that define Hong Kong's markets: trusted, transparent, liquid, and anchored in sound governance and the rule of law.

This conference is more than an annual event. It is a partnership for progress—between HKINEDA and business leaders.

Together, you can lead Hong Kong into a new era of AI-enhanced financial governance, and build a platform defined by both innovation and trust.

I wish you all a productive and inspiring conference. Thank you.

One final point—if I may remind you to vote on the LegCo Election tomorrow. Please Vote — and encourage your family and friends to do the same.