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AFRC Chairman Dr David Sun's opening remarks at 2025 HKICPA X IFAC SMP Conference

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HKIPCA President Edward Au, Financial Secretary The Honorable Paul Chan, Chair of IFAC's SMP Advisory Group Ms Monica Foerster, Margaret, distinguished guests, fellow members, ladies and gentlemen. Good morning!

It's a real pleasure to be here at the HKICPA x IFAC SMP Conference. With a theme like "Empowering SMPs: Innovate, Sustain, and Succeed," I have to ask myself — am I here to inspire, or to be inspired? Either way, I'm thrilled to be part of this conversation.

We gather at a pivotal moment for our profession. Small and medium practices — SMPs — are navigating a landscape of rapid change: new technologies, rising expectations, evolving regulations, business models that barely existed a few years ago. Some might call this daunting. I call it opportunity knocking at the door!

SMPs make up 98% of Hong Kong's 4,600 practice units. You play a vital role in supporting Hong Kong's economy, especially the SMEs that form our city's commercial heartbeat. If the accounting profession were a fleet, SMPs would be the speedboats — agile, adaptive, ready to pivot before the larger ships can even turn.

Lessons from My Early Years

When I transferred from Arthur Young Chicago to Hong Kong some 40 years ago, I joined an office of just a little over 60 people — roughly one-tenth the size of the Chicago office. Could I have imagined how formative those early years would be? Absolutely not.

Over the years, I've seen my firm grow in size, capacity, and competency — yet the lessons from those early days have stayed with me. I like to think of them as the **Three Beauties of Being Small** — qualities that make SMPs uniquely resilient and powerful.

The First Beauty—Being Nimble

I found that in a small office, things move fast. Decisions are made quickly. Teams adapt easily. Opportunities are seized swiftly. This agility allows SMPs to serve clients with precision and creativity.

The Second Beauty—Building Deeper Relationships

In a small firm, relationships matter. You don't just work alongside clients and colleagues; you grow with them.

Many of my clients and colleagues from those early years are still close friends today, grounded in mutual trust and respect.

I was also fortunate enough to be mentored by senior partners who took a genuine interest in nurturing young professionals — their guidance shaped how I've led and learned ever since.

The Third Beauty—Becoming All-Rounded

In a resource-limited environment, I learned to wear multiple hats — and that is a strength. One day auditing, the next day advising on tax, the day after managing client expectations.

It builds breadth, curiosity, and adaptability, qualities that serve a professional for a lifetime.

Together, these three beauties — nimbleness, deep relationships, and all-roundedness — continue to guide me and remain just as relevant for SMPs today.

These Beauties Still Matter Today, and Here's Why

SMPs' strength lies in their agility — the ability to respond swiftly, tailor bespoke services, and cultivate deep, trusted relationships.

This combination allows SMPs to thrive, attract talent, and seize new opportunities.

And here's something exciting — SMPs that embrace these beauties are magnetic to young Gen Zs.

They look at success differently, and value purpose, flexibility, connection, and continuous learning — exactly what small firms can offer.

Thriving

I realize that times have changed over the years. The challenges today are more complex; but still I believe that SMPs can thrive. May I offer 3 suggestions: innovate, collaborate, and differentiate.

1. To truly thrive, SMPs must innovate.

Standards are evolving. Clients expect more. Technology is transforming how we deliver assurance and advice and how we train people. Innovation doesn't always mean inventing something new. Sometimes it means redefining and refining what we do best, making smarter choices, and finding new ways to serve clients.

This is where digital transformation and AI come in. These tools could help us automate routine tasks, perform smarter risk assessments, focus on analysis and insights, provide strategic advice, and shorten time-to-market. As we often say, "AI won't replace accountants — but accountants who use AI will replace those who don't."

SMPs that leverage AI effectively can compete shoulder to shoulder with firms many times their size.

2. To truly thrive, SMPs must collaborate.

No one knows everything. It's important to know what you don't know and collaborate with peers and friends who know, be they in Hong Kong or Greater Bay Area, or with the HKICPA, IFAC, or AFRC. Enlarge your network for sharing best practices and leveraging each other's strengths. Learn from each other. Partner with one another.

As Hong Kong continues to play a bridging role for the Greater Bay Area and the Chinese Mainland, SMPs are uniquely positioned to help many Chinese and foreign SMEs navigate cross-border issues and succeed. Do this well, it will not only strengthen your firm but the entire accounting profession.

3. To truly thrive, SMPs must differentiate.

In a world that tempts us to conform and accept the lowest denominators, those who differentiate and stand firm will stand out and stand tall. Low fees, low pay, long hours should never define who we are.

Instead, let us be different and differentiate. Charge higher fees if we can. Hold our heads high as you must.

Yes, accounting and auditing is a noble profession. Differentiate by the quality of what we do. Differentiate by how we solve problems. Differentiate by being fair and caring to our staff, and making them great!

Let these be the compasses that guide us.

Closing

As we gather today — with sessions on digital innovation and transformation, quality assurance, tax, and standards updates — let's take this opportunity to inspire one another, and to imagine what's possible!

Thank you, and I wish you all a productive, energizing, and forward-looking conference!