

AFRC Regional Regulatory Forum 2025: ACCOUNTING FOR THE FUTURE

More than 400 local and international attendees—including regulators, law enforcement officials, leaders from international firms, professional organisations, practitioners, investors, and senior business executives—gathered for the Regional Regulatory Forum (RRF) 2025, which took place in Hong Kong on 10 November 2025.

The RRF 2025 fostered high-level discussions on global issues affecting financial reporting and auditing—such as governance, audit quality, sustainability disclosures and assurance, and AI transformation. The Forum highlighted the need for the accounting profession to stay progressive, vigilant, and ethical, reinforcing its vital role in supporting resilient and trustworthy capital markets in Hong Kong and internationally.

The opening ceremony was presided over by Dr David Sun, Chairman of the AFRC, who provided the opening remarks, followed by Mr Paul Chan, Financial Secretary of the Hong Kong SAR Government, who gave the keynote speech, Ms Guo Tingting, Vice Minister of Ministry of Finance of the People's Republic of China, Mr Wang Songmiao, the Secretary-General of the Liaison Office of the Central People's Government in the Hong Kong Special Administrative Region, Ms Salina Yan, Permanent Secretary for Financial Services and the Treasury (Financial Services), and Ms Janey Lai, CEO of the AFRC.

Mr. Andrew Sheng, Distinguished Fellow of the Asia Global Institute, The University of Hong Kong, delivered the keynote during lunch. Renowned for his illustrious career in central banking and financial regulation, his speech, titled “Accounting for the Future: Preparing for the Age of Asia”, focused on the next phase of growth and reminded the audience that timely, true and fair accounts are the foundations of financial reporting.

Sir David Tweedie, Distinguished Honorary Advisor of the AFRC and First Chairman of the International Accounting Standards Board, delivered a video address stressing the role of valuation standards in promoting consistency. He emphasised ethics, integrity, and described auditing as a “noble profession.”

Highlights of the four panel discussions:

Panel 1 Governance Matters: Enhancing Trust and Business Resilience in Capital Markets

Speakers:

- Dr David Sun, GBS, JP, Chairman, AFRC
- Mr Carlson Tong, GBS, JP, Chairman, HKEX
- Mr Channa Wijesinghe, Vice Chair, IESBA
- Mr Mohamed Kande, Global Chair, PwC
- Prof. Yuen Teen Mak, Professor (Practice) of Accounting, National University of Singapore

The opening panel highlighted the importance of robust governance in the midst of geo-political and economic uncertainties. Panel Chair Dr David Sun emphasised that governance is not a box-ticking exercise; it is a strategic necessity.

Mr Carlson Tong highlighted a number of key challenges to governance: board composition, risk management and control, and delineation of clear roles between the board and management. During uncertain times, boards need to be agile. At the same time, as Mr Mohamed Kande emphasised, audit quality cannot be compromised.

Mr Channa Wijesinghe emphasised the importance of setting the right tone at the top. A culture of speaking up, listening, and learning is part of good governance. The panel discussed the issue of auditor rotation, with Prof. Yuen Teen Mak noting that it is a blunt instrument for safeguarding auditor independence and needs to be complemented by other measures to improve trust and audit quality.



Panel 2 Engaging Stakeholders in Sustainability Disclosures

Speakers:

- Mrs Betty Yuen, JP, Chairman, CLP Power & NED, CLP Holdings
- Mr Gabriel Wilson-Otto, Head of Sustainable Investing Strategy, Fidelity International
- Ms Gill Meller, Legal and Governance Director, MTR Corporation Limited
- Mr Harsha Basnayake, Global Managing Partner, Business Administration & Risk, Ernst & Young
- Ms Miranda Kwan, Director of Business Assurance, SGS Hong Kong Limited

The panel emphasised that sustainability has evolved into a fundamental driver of long-term value creation for both businesses and society. This transformation requires its integration into strategy and operations, and necessitates alignment among key stakeholders that goes beyond meeting environmental targets.

To address the rising expectations of investors and other stakeholders, Panel Chair Mrs Betty Yuen stressed the importance of aligning sustainability objectives across all organisational levels, from the boardroom to senior management and various departments. She firmly asserted that the Board must take the lead in this initiative. Panel speakers acknowledged the interconnected nature of sustainability, highlighting that it is crucial to focus on material topics.

On the issue of greenwashing, Mr Gabriel Wilson-Otto remarked that in most cases such allegations are differences of opinion. He also said that adjusting sustainability targets does not “make one a liar”; instead, it may represent a necessary recalibration for reliability.

In discussing current challenges, Mr Harsha Basnayake cited an EY study revealing that 65% of companies with net-zero targets lack actionable transition plans. This implementation gap was contrasted by the long-term perspective urged by Ms Gill Meller, who emphasised its importance when evaluating returns from sustainability initiatives. Looking ahead, Ms Miranda Kwan expressed optimism about potential cost reductions as international standards enhance alignment in reporting and assurance practices.



Panel 3 Addressing Audit Quality Challenges for Long-Term Sustainability

Speakers:

- Ms. Janey Lai, CEO, Accounting and Financial Reporting Council
- Mr Charles Lip, INED & Chairman of Audit Committee, Bank of China, Hong Kong
- Dr Kelvin Wong SBS, JP, Chairman, Securities and Futures Commission
- Mr Len Jui, Global Head of Regulatory Affairs, Audit, KPMG
- Mr Mark Babington, Executive Director of Regulatory Standards, The Financial Reporting Council

The panel highlighted that audit quality is a collective effort and a shared responsibility of stakeholders in the financial reporting and auditing ecosystem. Ms Janey Lai shared that the true value of an audit lies in its professional, independent opinion, while reaffirming that the primary responsibility for financial reporting rests squarely on company boards and management.

Dr Kelvin Wong stressed that high-quality audits are driven by an auditor's intrinsic motivation—“you have to sincerely love it”—rather than external motivations like monetary rewards. Mr Charles Lip added that additional value auditors bring include communicating uncomfortable messages and providing actionable insights on governance, internal controls, and emerging risks.

Consistency was another key theme, with Mr Len Jui explaining how globally consistent quality monitoring and compliance programmes, such as Audit Quality Performance Reviews, are used to assess engagement quality and drive improvements.

On audit fees and quality, Mr Mark Babington drew a powerful analogy: just as no patient would ask a surgeon to cut costs on an emergency open-heart surgery, audit fees should be market-driven and appropriate to ensure companies and investors only engage high-quality auditors.



Panel 4 Accounting and Auditing in the AI Revolution

Speakers:

- Prof. Kar Yan Tam, Vice President for Administration and Business and Chair Professor, School of Business and Management, The Hong Kong University of Science and Technology (HKUST)
- Ms Helen Brand OBE, Chief Executive, The Association of Chartered Certified Accountants (ACCA)
- Mr Jean-Marc Mickeler, Audit & Assurance Business Leader, Deloitte Global
- Mr Leo Liu, General Manager, Microsoft Hong Kong and Macau
- Mr Panos Prodromides, Chair, Committee of European Auditing Oversight Bodies (CEAOB)

The panel highlighted two key messages: AI adoption is inevitable, and the human role remains irreplaceable. Prof. Kar Yan Tam noted the exponential growth of AI across industries, emphasising its contribution to greater efficiency, productivity, and employee experience in accounting firms. Mr Leo Liu observed that AI agents will soon become integral to daily workflows, encouraging firms to “start small but start now” despite early adoption challenges. Mr Jean-Marc Mickeler stressed that consistent AI integration drives scalability, a cornerstone of audit quality and innovation.

Ms Helen Brand affirmed that AI transforms how accountants work but not why they work, calling for a human-centric, continuously learning profession. Mr Panos Prodromides proposed a regulatory framework anchored on five pillars: governance and accountability, data governance, model risk management, explainability and documentation, and quality and ethical oversight.

The discussion agreed that innovation must advance in tandem with transparency, human oversight, and education to sustain trust in the profession's digital future.

