

ACCOUNTING FOR THE FUTURE

Panel 1

Governance Matters: Enhancing Trust and Business Resilience in Capital Markets



Governance serves as a cornerstone for building trust, transparency, and accountability in financial markets. Strong governance frameworks uphold the integrity of financial reporting and audit processes, while reinforcing effective risk management, ethical conduct, and long-term sustainability.

At the corporate level, governance ensures that decision-making aligns with stakeholder interests, regulatory expectations, and broader societal values. Audit committees serve a pivotal role as the link between corporate boards and external auditors, safeguarding both the integrity of financial reporting and the quality of audits.

For audit firms, robust governance structures foster cultures where ethical standards are rigorously applied, professional excellence is continuously pursued, and public confidence in the profession is strengthened.

Panel 2

Engaging Stakeholders in Sustainability Disclosures

Sustainability has evolved into a core driver of long-term value creation for businesses and societies, shifting from a niche concern into a business imperative. It goes beyond environmental targets, requiring integration into strategy, operations, and investment decisions.

Achieving meaningful progress requires alignment across key stakeholders: regulators setting clear and balanced standards, companies integrating sustainability into their strategic goals, and investors driving measurable impact through stewardship. The foundation of this alignment is high-quality sustainability information that is accurate, consistent, and comparable, fostering the transparency, accountability, and trust essential for informed decision-making and meaningful outcomes.



Panel 3

Addressing Audit Quality Challenges for Long-Term Sustainability



Audit quality is a critical pillar supporting investor confidence and the overall integrity of financial markets. Regulators work to uphold and improve quality standards through stringent registration processes, comprehensive inspections, and robust enforcement measures. Despite these efforts, persistent market pressures—such as the ongoing pressure to reduce audit fees and the frequent rotation of auditors—have introduced significant challenges.

While healthy competition among auditors can lead to higher audit standards and innovation, undue fee pressure and frequent auditor changes may impact the quality of audits and introduce risks into the financial reporting ecosystem as evidenced by a marked increase in disclaimers of opinion in audit reports, and a persistent trend of lack of sufficient audit scepticism, as noted by the AFRC.

Panel 4

Accounting and Auditing in the AI Revolution

The integration of artificial intelligence (AI) into accounting and auditing is no longer a question of if, but of how. AI is beginning to be integrated into the profession's core practices, with the focus on responsible and strategic implementation. With the ongoing surge of technological advancements, AI and related innovations will continue to fundamentally transform how assurance is defined, delivered, and relied upon—reshaping traditional frameworks while raising new possibilities for value and trust.

At the heart of these changes is the move toward smarter, data-driven analysis where AI works alongside humans, replacing traditional, sample-based methods. AI can help to deliver faster and more accurate results by spotting patterns and providing clear explanations. Professionals are expected to become skilled at handling data and understanding how AI models work, using their judgment to guide and question machine results. Rules and standards are adapting to make sure AI processes are transparent, fair, and reliable, helping maintain trust as technology makes assurance more immediate.

For auditors, the rise of AI is more than a technological shift; it is an opportunity to redefine how the profession works. By embedding AI into financial reporting and audit practices, firms can streamline processes, enhance audit quality, and strengthen confidence in Hong Kong's capital markets.

