

## Press Release

22 May 2025

### **AFRRT confirms AFRC's decisions to suspend Chiang Sham Lam Anthony and Anthony S. L. Chiang & Co. for serious violations of fundamental auditor independence requirements**

The Accounting and Financial Reporting Council (**AFRC**) has suspended Mr Chiang Sham Lam Anthony (**Chiang**)<sup>1</sup> and Anthony S. L. Chiang & Co. (**ASLC & Co**)<sup>2</sup> (together, **Regulatees**) for three years from 22 May 2025 to 21 May 2028, and imposed pecuniary penalties totalling HK\$500,000. In its determination of the Regulatees' review application, the Accounting and Financial Reporting Review Tribunal's (**AFRRT**) has confirmed and upheld the AFRC's decisions against the Regulatees for (i) breaching fundamental independence requirements when performing audits (**Audits**) for five private companies (**Companies**) over 22 years and (ii) failing to establish and maintain an effective quality control system to ensure independence.

The AFRC found that from 1999 to 2021, Chiang and ASLC & Co audited the Companies' financial statements whilst Chiang held various roles, including director and company secretary, and had direct financial interests, in the Companies over various periods. The appointment of ASLC & Co as the Companies' auditor was inconsistent with company law requirements.<sup>3</sup> Further, Chiang's wife and mother were also directors and had direct financial interests in the Companies over various periods.

Separately, the Regulatees failed to establish and maintain a system of quality control and policies and procedures to provide ASLC & Co with reasonable assurance that it and its personnel maintain independence. This includes only requiring their staff to complete an independence checklist upon joining the firm, in breach of the requirement that they shall obtain written confirmation on independence from all firm personnel at least annually.

Given the Regulatees' breaches of the fundamental ethical principle of independence spanning over 20 years, covering almost the entirety of Chiang's professional career

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<sup>1</sup> Chiang was a member of the Hong Kong Institute of Certified Public Accountants (**HKICPA**) (membership number: F04002) and practising certificate holder (practising certificate number: P03085). He was first registered as a member of the HKICPA in 1996 and first issued with a practising certificate in 1997. He was registered as a fellow member of the HKICPA in 2003.

<sup>2</sup> ASLC & Co was registered as a CPA firm in Hong Kong in 1997 (firm registration number: 1335). Chiang was at all material times the sole practitioner of ASLC & Co.

<sup>3</sup> Section 393 of the Companies Ordinance (Cap. 622) (**Companies Ordinance**) prohibits an officer (i.e. a director, manager or company secretary) of a company from being appointed as an auditor of that company.

and ASLC & Co's operation, the AFRC also found the Regulatees guilty of professional misconduct.

In light of the above, the Regulatees have committed professional irregularities under the Accounting and Financial Reporting Council Ordinance (Cap. 588) (**AFRCO**),<sup>4</sup> and are guilty of CPA misconduct. The AFRC has imposed the following sanctions:<sup>5</sup>

*Against Chiang*

(i) public reprimand; (ii) pecuniary penalty of HK\$250,000; (iii) suspension of his registration for three (3) years; (iv) cancellation of his practising certificate; (v) non-issuance of practising certificate for three (3) years; and (vi) order for investigation costs and expenses.

*Against ASLC & Co*

(i) public reprimand; (ii) pecuniary penalty of HK\$250,000; (iii) suspension of its registration for three (3) years; and (iv) order for investigation costs and expenses.

In deciding the sanctions against the Regulatees, the AFRC has considered all relevant circumstances, including the nature, seriousness, frequency, duration and impact of the misconduct, to ensure proportionate sanctioning that achieves our regulatory objectives.

The AFRRT affirmed the AFRC's decisions. In the AFRRT's determination, the Chairman, Mr Jonathan Chang SC, said, "in order to maintain the fundamental principle of independence which underlies the accountancy profession, a firm message needs to be sent out both to the practitioners and the general public that compromises of independence will not be tolerated and will be visited with serious sanctions."

Ms Hester Leung, Head of Discipline, said, "The requirement of auditor independence is of fundamental importance and lies at the heart of every audit. Upholding auditor's independence is essential to maintaining public trust in audits and the reliability of financial reporting. Firms must have effective quality control systems in place to safeguard independence and uphold the integrity of their audits. We welcome the AFRRT's determination which reinforces this message."

Please see the AFRRT's determination for AFRRT Application No. 3 of 2024 on its [website](#).

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<sup>4</sup> Sections 3B(1)(c) and 3B(1)(h) of the AFRCO.

<sup>5</sup> Under section 37CA(2)(b) of the AFRCO, the maximum pecuniary penalty for a CPA misconduct is HK\$500,000.

## About the Accounting and Financial Reporting Council

The Accounting and Financial Reporting Council (**AFRC**) is an independent body established under the Accounting and Financial Reporting Council Ordinance. As an independent regulator, the AFRC spearheads and leads the accounting profession to constantly raise the level of quality of professional accountants, and thus protects the public interest and promotes the healthy development of the accounting profession.

For more information about the statutory functions of the AFRC, please visit [www.afrc.org.hk](http://www.afrc.org.hk).

For media enquiries:

**Joyce Mak**

Manager, Corporate and Public Affairs

Tel: +852 3586 7889

Email: [joycemak@afrc.org.hk](mailto:joycemak@afrc.org.hk)

**Chelsy Chan**

Senior Officer, Corporate and Public Affairs

Tel: +852 2236 6066

Email: [chelsychan@afrc.org.hk](mailto:chelsychan@afrc.org.hk)