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Business As Usual?
-An Analysis of the Role of Independent Directors in Mainland China, Hong Kong, and Taiwan

林廷機　　陳俊仁

逢甲大學財經法律研究所

摘要

在全球化的浪潮下，隨著各國國內資本市場的蓬勃發展，資本市場呈現出全球化的趨勢，企業籌措營運所需資金的管道也日趨多元。企業不再僅僅依賴金融市場，以傳統銀行借貸的方式，來貸得企業營運所需的資金。資本市場提供了企業募集資金的另一個主要選擇。為了吸引投資者的目光，除了企業的獲利能力與營運前景之外，健全的公司治理制度的建立，不僅可使公司經營更完善，營運更有效率，也可以使企業在全球化的資本市場更具有競爭力，獲得企業營運所需的資金。因此，在近年來，無論是政府、學術界和實務界皆對公司治理制度的強化，投注了相當多的心力。身處於大中華經濟圈之中的中國大陸、香港和台灣也不例外。

在公司治理過去十年的發展中，值的特別注意的是中國大陸、香港和台灣陸續採納了美國獨立董事的制度，有鑒於大中華經濟圈的獨特性與企業文化，美國獨立董事的制度在這些地方是否可行，則不無疑慮，值得進一步的探討。本篇論文的寫作目的也在於此。

本文首先概述了中國大陸、香港和台灣對於採納美國外部董事的規範內容，接著闡述美國獨立董事制度產生的原因和背景，接著再討論這個制度在中國大陸、香港和台灣運作的合適性與否。

本文討論了中國大陸在一九九三年制訂的公司法中，有關公司利益和國家利益相衝突時所發生的問題，並討論主要股東對公司操控的問題及對董事兼任其他公司董事所衍生的問題。最後基於這些討論得出結論，認為獨立董事制度並不適合大中華經濟圈的特殊企業文化與結構。

關鍵字：公司治理、獨立董事、中國大陸、香港、台灣

1. Introduction

As the growth of a global economy, the corporate governance debate initiated by and pervasive among American legal and economic academia has now been on top of agendas of law makers, practitioners, economists, and law scholars around the world. Likewise, corporate governance is no stranger to Chinese business circles. As early as November 1993, the Stock Exchange of Hong Kong Limited[1] promulgated a provision in its Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited Listing (*hereinafter* "Listing Rules") requiring listed companies to include independent directors on their board of directors.[2] As a result, every Hong Kong listed company has at least two independent directors.[3]

On January 7, 2001, the China Securities Regulatory Commission (*hereinafter* CSRC) and State Economic and Trade Commission jointly promulgated the Code of Corporate Governance for Listed Companies in China (*hereinafter* "Code of Corporate Governance") requiring every listed company to introduce independent directors to its board of directors.[4] Six month later, on August 16, 2001, the CSRC promulgated Guidelines for Introducing Independent Directors to the Board of Directors of Listed Companies (*hereinafter* "Guidelines for Independent Directors") requiring every listed company to elect at least one independent director who has to be an accounting professional (refers to personnel with senior professional title or certified public accountants).[5] Moreover, the Guidelines for Independent Directors set forth time tables for the increase of independent directors in every listed company. According to the Guidelines for Independent Directors, at least two members of the board of directors in every listed company have to be independent directors by June 30, 2002[6]; at least one third of

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[1] The only recognized stock exchange in Hong Kong. *See* Securities Ordinance (Cap 33), §20(1); Stock Exchange Unification Ordinance (Cap 360), §§27(1), (4).
[2] Listing Rules, Rule 3.10.
[3] *Id.*
[4] Code of Corporate Governance, Ch.3(5), §49. ("A listed company shall introduce independent directors to its board of directors in accordance with relevant regulations. Independent directors shall be independent from the listed company that employs them and the company's major shareholders. An independent director may not hold any other position apart from independent director in the listed company.")
[5] Guidelines for Independent Directors, Ch.1, §3. ("All domestically listed companies shall make necessary amendments to the articles of association in accordance with the requirements set in the Guidelines for Independent Directors and appoint qualified persons to be independent directors. At least on of the independent directors should be an accounting professional…").
[6] *Id*. ("By June 30th, 2002, at least two members of the board of directors shall be independent directors…).

board members in every listed company have to be independent directors by June 30, 2003.[7] Shortly after the CSRC promulgated the Code of Corporate Governance and the Guidelines for Independent Directors, similar mandatory rules are introduced by Taiwanese regulatory bodies to require the adoption of independent directors. On October 4, 2002, the Taiwan Stock Exchange (*also known as* Taiwan Stock Exchange Corporation, TSEC) and the Taiwan Over-the-Counter Securities Market (*also known as GreTai* Securities Market, GTSM) jointly promulgated Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies (*hereinafter* "Best-Practice Principles"). The Best-Practice Principles contain seven chapters and sixty-five articles, ranging from the protection of shareholders' rights and interest,[8] to enhancing the function of the board of directors,[9] to empowering the supervisors,[10] to respecting stakeholder's right[11], and to improving corporate information transparency.[12] Of all these principles, Article 25 is pertinent to our present discussion. Article 25 requires every listed company to retain at least two independent directors to serve on its board of directors.[13]

From the foregoing, it is obvious that, although the means employed may very, the result is the same. Namely, although different approaches are adopted by Hong Kong, and Taiwan, i.e., by exchange rules, and China, i.e., by direct regulations, these approaches all lead to the same goal, the adoption of a new institution on domestic publicly-held corporations, independent directors. Once this new institution is adopted, one nature question follows: Is it appropriate to adopt such a new institution? This Article attempts to respond to the question.

This Article contains four parts. Part Ⅰ briefly outlines the recent development of independent directors in the Chinese business world, and raises the question of whether the adoption of independent directors is appropriate in the "Great China Economic Sphere"[14].

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7 *Id*. ("[B]y June 30th, 2003, at least one third of board shall be independent directors.)
8 *See* the Best-Practice Principles Ch.Ⅱ, Articles 5-20.
9 *Id*., at Ch.Ⅲ, Articles 21-43.
10 *Id*., at Ch.Ⅳ, Articles 44-54.
11 *Id*., at Ch.Ⅴ, Articles 55-58.
12 *Id*., at Ch.Ⅵ, Articles 59-64.
13 *Id*., at Ch.Ⅲ, Article 25. ("It is advisable that a TSEC/GTSM listed company stipulate an appropriate number of independent directors to be elected from those natural persons recommended by shareholders who fulfill the qualifications set forth by the TSEC or GTSM after directors and election in the shareholder meeting. If a TSEC/GTSM listed company has managing directors, there shall be no less than one independent director among them. ***)
14 The terms "Great China Economic Sphere" refer to the economic sphere of Mainland China, Hong Kong, Macao, and Taiwan. For more discussion, *see* National Institute for Research Advancement (NIRA), *The Present Situation of South China's Economy and Tasks for the Twenty-First Century*, NIRA Policy Research Vol. 11, No. 12, December, 1998 available at http://www.nira.go.jp/publ/seiken/ev12n12.html (last visited on 9/30/2003).

Part II discusses the American origin of the concept of independent directors. Part III examines the appropriateness of the adoption the institution of independent directors. Part IV is the conclusion.

2. Independent Directors' American Origin

1.1 Agency Costs

In close, often family-owned corporations, the relationships among corporate management, shareholders, and employees are relatively simple. They are usually related or have close personal ties. Very often shareholders are either members of the corporate board or corporate employees, or both. In other words, a close corporation is to some extent like a family. Its shareholders are usually active in corporate management and have personal connections with one another. However, once a close corporation grows and becomes a public corporation, the relationships between corporate management and shareholders change. The change of relationships occurs in both directions. On the corporate management side, as the company grows bigger, the original shareholder-managers may not have the ability or expertise to run the corporation well. They often retain professional managers to manage the corporation and change their roles from active participants to passive ones. Thus, shareholders' roles change. Not only shareholders' roles change, but their composition changes as well. When a corporation transforms from a close one to a public one and its shares are traded in stock market, the composition of corporate shareholders changes because those who purchas corporate shares are anonymous and often have no intention to actively participate in day-to day management. The change leads to a phenomenon that the control of public corporations lodges in the corporate management made up with professional managers rather than in the equity holders, i.e., the widely dispersed, essentially passive shareholders. Management enjoys *de facto* control over the corporation while the original shareholder-owners are relegated to a condition of powerlessness. This is what Professor Berle and Professor Means identified in their influential work, *The Modern Corporation and Private Property*[15] - the separation of ownership and control.

[15] Adolf A. Berle & Gardiner C. Means, THE MODERN CORPORATION AND PRIVATE PROPERTY (1933) (reprinted in 1982).

Because of their powerlessness, shareholders are in needs of seeking alternative means to control corporate management. The expense in designing alternative means and the loss in efficiency due to the delegation are often referred as "agency costs."[16] The term "agency costs" rest on the hypothesis that if both parties to a principal-agent relationship are utility maximizers, there are good reasons to believe that the agent will not always act in the best interests of the principal.[17]

As Professor Fischel stated, agents are "in general less dedicated to the goal of wealth maximization than they would be if they were not simply agents."[18] The incurrence of agency costs is an inevitable consequence of every agency relationships.[19]

1.2 Means Taken to Reduce Agency Costs

Although agency costs are unavoidable, they can be reduced. The traditional approach is to impose fiduciary duties on agents to constrain their discretion. In the context of corporations, the courts have traditionally imposed fiduciary obligations on corporate managers for almost two hundred years.[20] The other approach is to monitor agents. Who are the most appropriate monitors? Many scholars contend that independent directors are suitable to serve as an effective monitoring mechanism to monitor managers.[21] They assert that independent directors, independent of management, will monitor management activities and limit managerial discretion to conform managerial conduct to the interests of the firm's shareholders.[22] Independent directors stand for members of a corporate board of directors who are not employees or company officers and do not participate in the corporation's day-to-day management. Independent directors, however, "may include investment bankers, attorneys, or other who provide advice or services to incumbent management and thus have financial ties

[16] *See* Melvin A Eisenberg, *The Modernization of Corporate Law: An Essay for Bill Cary,* S7 U. Miami L. Rev. 178 (1983).
[17] Michael C. Jensen & William H. Meckling, *The Theory of the Firm: Managerial Behavior, Agency Costs and Ownership Structure*, 3 J. of Fin. Econ. 305 (1976).
[18] *See* Daniel R. Fischel, *The Corporate Governance Movement,* 35 Vand. L. Rev. 1259, 1262 (1982).
[19] *Id.*, at 1266.
[20] Since the early 1800s, the courts have "treated shareholders as the primary beneficiaries of director action and often referred to corporations as trusts, with the directors as trustees and the shareholders as the *cestuts que* trust." D. Gordon Smith, *The Shareholder Primacy Norm*, 23 J. Corp. L. 277, 306 (1998).
[21] *See* e.g., Martin Lipton & Jay W. Lorsch, *A Modest Proposal for Improved Corporate Governance*, 48 Bus. Law. 59 (1992); Stephen M. Bainbridge, *Independent Directors and ALI Corporate Governance Project*, 61 Geo. Wash. L. Re. 1034 (1993).
[22] *Id. See also* Neil Minow & Kit Bingham, *The Ideal Board*, 18 Corp. Board 11 (1993).

with management."[23] In the wake of the famous footnote 7 of the *Weinberger* case,[24] the boards of directors of most publicly-held corporations rapidly equipped themselves with boards consisted of independent directors.

3. Disparities between the Institution and Business Reality

As discussed above, the impetus of the adoption of the institution of independent directors in Hong Kong, Mainland China, and Taiwan is the American influence. They did so not only because the institution functions well in corporate America, but also because the adoption of the institution will attract foreign investors, especially foreign institutional investors. In a global economy, it is essential for corporation, domestic or international, to obtain inexpensive needed capitals to boost their operation and future development. Leverage is the traditional and the major approach to corporations in Great China Economic Sphere. Due to governmental restraints and restrictions and underdevelopment capital markets, the only source Chinese entrepreneurs can turn to is the banks. Bank financing is of course expensive. High interest rates, endless paper work, time-consumption, tedious negotiation are characteristics generally associated with corporate bank financing. These are not all. Before granting corporations needed capitals, it is not uncommon for Chinese banks to require entrepreneurs personally guarantee company debts. Namely, Chinese entrepreneurs are jointly and severally liable for outstanding company debts if they want to borrow from banks. In despite of recognizing the expensiveness of bank financing, because of the lack of alternatives, corporations in the Great China Economic Sphere traditionally rely mainly, if not solely, on banks to fund their needed capitals.

The scenarios change dramatically in recent years. As the Hong Kong and Taiwan governments lift their restrictions on stock markets and China's beginning of its Western-style

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[23] Henry C. Black, *et al*., BLACK'S LAW DICTIONARY 102 (6th ed. 1990).

[24] *Weinberger v. UOP, Inc*., 457 A.2d 701, 709 (1983). The court stated that, "Although perfection is not possible, or expected, the result here could have been entirely different if UOP had appointed an independent negotiating committee of its outside directors to deal with Signal at arm's length. *** Since fairness in this context can be equated to conduce by a theoretical, wholly independent, board of directors acting upon the matter before them, it is unfortunate that this course apparently was neither considered nor pursued."

on reforms, including the newly-created Shanghai and Shenzhen exchanges[25] and the enactments of the Company Law of 1993[26] and the Securities Law of 1998[27]take place, capital markets become another major sources for Chinese corporations to obtain needed funds. Since Chinese entrepreneurs lean more and more on capital markets to fund corporations, in order to attract investors, both domestic investors and foreign investors, besides improving their earning-per-share ratios, sound corporate governance structures are indispensable if they want to compete with their foreign counterparts in international capital markets. The adoption of the institution of independent directors becomes a feasible and easiest way to improve their corporate governance structures. It is the very reason why Hong Kong, Mainland China, and Taiwan adopted the institution subsequently in the past decade.

Since the adoption of the institution, two immediate questions follow. One is whether or not the institution is an effective corporate governance mechanism. The other is whether or not the institution, initiated and formulated in the United States, is suitable in the unique Chinese business environment. The former leads to a series of important topics for law review articles and we plan to work on them in another day. At present, we try to answer the latter below.

2.3 Inherent Conflicts in China's Company Law

Under the leadership of Deng Xiaoping, Mainland China began its economic reform by utilizing market mechanisms and foreign resources to build up a modified free-market economy in 1978.[28] As William Friedman stated," The Communist Party ("Party") took control of China following the country's 1949 Revolution. This new government implemented a centrally controlled system, by way of abolishing free market and nationalizing

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[25] For more discussion, *see* Yabo Lin, *New Forms and Organizational Structures of Foreign Investment in China under the Company Law of the PRC*, 7 Transnat'l Law 327 (1994); Jay Zhe Zhang, *Securities Markets and Securities Regulation in China*, 22 N. C. J. Int'L & Com. Reg. 557 (1997); Wallace Wen-Yen Wang & James Ting- Yeh Yang, *Financial Institutions in Taiwan: An analysis of Regulation Scheme*, 4 J. Chinese L.3 (1990).

[26] Company Law of the People's Republic of China (promulgated in December 1993 and effective in July 1994) available at http://www.china-laws-online.com/china-law/company-law (last visited on 9/30/03).

[27] Securities Law of the People's Republic of China (promulgated on December 29,1999 and effective on July 1, 1999), available at http://www.csrc.gov.cn/CSRCSite/eng/elaws.htm (last visited on 9/30/03).

[28] *See* C. Lan Cao, *Chinese Privatization: Between Plan and Market*, 63 Law & Contemp. Probs. 13, 13-44 (2000). *See also* Andrew X. Qian, *Riding two Horses: Corporatizing Enterprises and the Emerging Securities Regulatory Regime in China*, 12 UCLA Pac. Basin L. J. 62, 65 (1993).

the nation’s private companies into state-owned enterprises. The Chinese Marxists theorized that this type of planned economy would result in maximum productivity and efficiency, since the entire population would be employed for the good of the country. However, contrary to these Marxist beliefs, this state-run economy produced few incentives for its people to pursue operational efficiency, and no accountability for the profits or losses of their business. As a result, the Chinese economy generated massive waste and losses. While the state sector was ailing, the private sector was doing very well, as it generated a large influx of profits and savings. Hence, an overwhelming majority of the capital in China was in the hands of the populations. The government viewed the disparity in wealth between the state-owned sector and the private sector as politically threatening. Similar to that of the Soviet Union’s communist government in the 1980’s, China was starting to feel the pains of its ailing economy, as its state-owned enterprises were on the brink of dissolution and bankruptcy, and therefore in serious need of capital. Thus, in 1998, the [China] adopted an ‘open door’ policy * * *.”[29](Citations omitted.) Friedman provides an excellent discussion of the background and the reasons for China’s economic reforms. However, without going into the discussing of the conflict between communist politics and capital markets which Freidman did, we try to identify the inherent conflict within the most important piece of legislation since China’s 1978 reform, the Company Law.

According to Mainland China’s governmental statement, the major goal of the enactment of the Company Law is to set up a modern corporate system for state-owned enterprises.[30] At first glance, the Company Law appears similar to its Western counterparts. The Company Law requires corporations to form three statutory organs, the shareholders[31], the board of directors[32], and the board of supervisors.[33] The shareholders, acting as a body at the general meeting, are provided the decision-making powers to make decisions regarding corporate policies and plans[34], to elect and replace directors and determine their compensations[35], to elect

[29] William I. Freidman, *One Country, Two Systems: The Inherent Conflict between China’s Communist Politics and Capitalist Securities Market*, 27 Brook. J. Int’l L. 477, 477-78 (2002).
[30] *Decision on State-owned Enterprises Reform*, 15th CPC Central Committee (September 22, 1999) available at http://www.china.com.cn/focus/cpcdecision/text2.html. (last visited on 9/30/03).
[31] The Company Law of 1993, §§37-44,102-110.
[32] *Id.*, at §§45-49, 51, 68, 112-18.
[33] *Id.*, at §§52-54.
[34] *Id.*, at §§38,103.
[35] *Id.*

and replace shareholder supervisors and determine their compensation[36], to examine and approve reports of the board of directors and the board of supervisors[37], to examine and approve financial statement[38], to examine and approve profit distribution and plans to make up corporate losses[39], to approve the change of the registered capital[40], to approve the issuance of corporate bonds[41], to approve on mergers, divisions, dissolution, and liquidation[42], and to amend the articles of incorporation.[43] The powers of shareholders are broader than those of their American Counterparts. In the United States, the powers such as the power to approve plans for corporate profits distribution and the power to determine director's compensation are reserved to the board of directors rather than to the share holders.[44] The reason why the Company Law grants shareholders more power than does American corporate law is because the shareholders are deemed as "the ultimate source of authority".[45] Thus, since the shareholders enjoy the ultimate source of authority, the board of directors should be accountable solely and only to the shareholders. The allocation of power and responsibility looks sound and reasonable from Western point of view. However, it is not the case.

Section 102 of the Company Law of 1993 provides that shareholders "shall be the organ of authority of the company".[46] However, in the same statute, section 14 states that corporations shall * * * strengthen the establishment of a socialist spiritual civilization and accept the supervision of the government and the public".[47] Section 14, of course, as Michael Irl Nikkel stated, "retains the spirit of the original model of communism in China that commentators refer to as the 'Chinese characteristics'".[48] The apparent conflict between the languages of Section 14 and Section 102 give rise to an interesting question: how directors reconcile the interests of shareholders and those of the state? Shareholders' interests are not

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36 *Id.*
37 *Id.*
38 *Id.*
39 *Id.*
40 *Id.*
41 *Id.*
42 *Id.*
43 *Id.*
44 *See* Cindy A. Schipani & Junhai Liu, *Corporate Governance in China: Then and Now*, 2002 Colum. Bus. L. Rev. 1, 34 (2002).
45 *Id.*
46 The Company Law of 1993, §102.
47 *Id.*, at §14.
48 Michael I. Nikkel, *"Chinese Characteristics" in Corporate Clothing: Questions of Fiduciary Duty in China's Company Law*, 80 Minn. L. Rev. 503, 523 (1995).

always consistent with state's interest. Can the board of directors decide to shut down the unprofitable factory and lay off thousand of workers? Can a bus company terminate an unprofitable bus route despite knowing that it is the only public transportation available in rural villages? Those two are good examples ready illustrating the apparent and inherent conflicts. How to solve these conflicts? Because the Company Law is less than ten years old, it is not clear how the courts or the government will reconcile the inherent conflict between Section 14 and Section 102 of the Company Law. However, as Nikkel stated, "Although [Section 14 of the Company Law] is probably closer to Maoist hyperbole than to enforceable law, it continues a Party-centered dynamic under China's court system and administrative agencies will likely operate –and a risk of which investors should be aware."[49] The same dilemma rests on independent directors. Mainland China's adoption of the institution of independent directors not only does not resolve the inherent conflict, but raises up another conflict which further amplifies the inappropriateness of such an adoption. As discussed above, independent directors are expected to monitor other directors and officers because of their independence. However, independent directors are themselves directors and have the same obligations under Section 14 of the Company Law to foster state's interest. How independent directors reconcile the conflict between the monitoring role and state's interest? The adoption of the institution makes the complicated inherent conflict even more complicated.

2.3 The Dominance of Controlling Shareholders

Except those conflicts due to China's unique communist government, public corporations in Mainland China, Hong Kong, and Taiwan all share the same character, which is that they are generally controlled by identifiable controlling shareholders. For most public corporations listed on the Shanghai and Shenzhen Stick Exchanges, the State acts as the majority shareholder.[50] In Hong Kong, it is common knowledge that Hong Kong public companies are "controlled by a coterie of entrepreneurial owners".[51] In Taiwan, public corporations are usually controlled by well known families.[52] Because most public corporations in the

[49] *Id*.
[50] *See* Schipani &Liu *supra* note 44, at 56.
[51] Betty M. Ho, *Restructuring the Boards of Directors of Public Companies in Hong Kong: Banking up the Wrong Tree*, 1 Sing. J. Int'l & Comp. L. 507, 525 (1997).
[52] Securities and Future Institute, CORPORATE GOVERNANCE IN TAIWAN 3 (2002).

Mainland China, Hong Kong, and Taiwan are controlled by identifiable controlling shareholders, it is not surprising that controlling shareholders also dominate the company boards. In China, the boards of most public corporations consist of local governmental officials and/or the members of the Communist Party.[53] Although the Company Law requires directors to be accountable to shareholders, they are to some extent obeying the requirement because the State is the majority shareholder. In Hong Kong, according to one study, fifty-four percent of the stock market capitalization is controlled by ten families.[54] More than fifty percent of directors in all listed companies in Hong Kong are "related as family as well as related to the majority shareholders."[55] In Taiwan, most of directors in Taiwan's listed companies are also related as family.[56] The dominance of the boards of public-held corporations in Mainland China, Hong Kong, and Taiwan in essence renders the adoption of the institution of independent directors impracticable. It is not difficult for controlling shareholders to handpick their own slates of independent directors who are technically independent yet obedient to the controlling shareholders because of their nominating and voting powers.

Accordingly, once a publicly-held corporation is controlled by identifiable controlling shareholders, the availability of the institution of independent directors is meaningless. Since most public corporations in Mainland China, Hong Kong, and Taiwan are controlled by identifiable majority shareholders, it is fair to say that the adoption of the institution of independent directors is inappropriate.

2.3 Interlocking Directors

Moreover, there is one more character also amplifying the inappropriateness of the adoption of the institution, which is the interlocking directorship. It is common in Hong Kong and Taiwan that directors of one publicly-held corporation serve as other publicly-held

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[53] *See* Schipani & Lin *supra* note 48, at 57.
[54] S. Gordon Redding, THE SPIRIT OF CHINESE CAPITALISM 151-153(1993).
[55] Ho *supra* note 51, at 525.
[56] *See* Lawrence L. Lee, *Corporate Governance Is More Than Independence Directors*, National Policy Foundation Commentary 091-110 (2002) available at http://www.npf.org.tw/PUBLICATION/FM/091/FM-C-091-110.htm (last visited on 09/30/03).

corporation's directors simultaneously.[57] When a director serves more than one board, it is hard to require him to actively monitor corporate management. The problem of interlocking directorship, coupled with the board dominance of controlling shareholders, further diminishes the monitoring function of independent directors. Therefore, since the independent directors can not play monitoring roles in Mainland China, Hong Kong, and Taiwan as originally expected, its appropriateness of the adoption of such an institution is questionable.

4. Conclusion

From comparative law's point of view, the fact that an institution functions well in our jurisdiction does not necessarily means that it will do the same in another jurisdiction. Different cultures, different social structures, and different legal systems may alter the effectiveness of the transference. Even if the transference occurs between two jurisdictions with the similar cultures, social structures, and legal systems, it at times may produce different or surprising results. The institution of independent directors is a good example. Because of the Communist theory, the dominance of controlling shareholders, and the interlocking directorship, the appropriateness of the adoption of independent directors in mainland China, Hong Kong, and Taiwan is called in question.

[57] *See, e.g.,* Ho *supra* note 51, at 526 ("Each director of a Big-35 company hold 1.32 directorships in Big-35 companies and 3.13 directorships in general.")