

Summary

The government in Taiwan has individually modified the law of corporation in November 2001 and the Securities and Exchange Law in February 2002. The government has allowed the private equity to help the public-released companies raise the fund.

The government has allowed the private equity for more than seven years, but most literatures only recorded the outside information that was gathered easily to understand the nature of private equity and the change of its performance.

The goals of this study are as follows.

The first step is to understand all kinds of characteristics of private equity and then to understand the company performances, the board agendas, the organizations and characteristics before and after using private equity more deeply.

The second step is to understand the elements of the influence of the private equity on the board agendas.

Last but not least, we can examine if the improvement of the performance of the company has been made by the examining board agendas, the organization and the characteristics of the board.

The study shows the following results.

(I) The nature of the private equity: In Taiwan, most companies that use private equity are listed company at over-the-counter market, and the industry is mostly electronic industry because that the company can get fund soon is the main reason. The private equity averages 150 days in the process. The main objects are the insiders and the exteriors with fund

as their strength. Besides, the private equity is released with discounts. The average discount is mostly from 10% to 20%.

(II)The impact of private equity on the board agenda: After private equity, the proportion of the stockholding of the board supervisors will only keep the U-shaped nonlinear relationship with the important agendas about the supervising and management of the companies. The less the proportion of the stockholding of the board supervisors is, the more the agendas about the corporate governance will be held. After private equity, all of the variables lower their influence on board agenda.

(III)After private equity, the board agendas affect the performance of companies:

Because of the counter-balance of the private equity, the total volume and types of the board agenda will not affect the ROA and the rise of unusual reward. But it will affect the proportion of the insiders' stockholding to rise and the proportion of board supervisors' stockholding to decrease. Also, the proportion of the insiders' stockholding rises and the proportion of board supervisors' stockholding decreases after the private equity, this will increase the unusual reward of the companies.

(IV) After private equity, the organization and characteristics of the board lay no influence on the performance of the companies:

In the early phase, the debt ratio has influence on the ROA of the companies whether it is before or after the private equity. However, the declining rate after the private equity is not as much as the declining rate before it. Private equity has inverse correlation with the proportion of the board supervisors' stockholding, the scale of the board, and the unusual

reward of the companies. Most of the organizations and characteristics of the board have no obvious influence on the performance of the companies.