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Value-Up Initiatives as a Strategy for Corporate Governance and Capital Market Development: Lessons from Asia

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Abstract

Over the past several years, a new form of corporate governance and capital market intervention has spread across Asia. Beginning with Malaysia and gaining international prominence following the Tokyo Stock Exchange's 2023 initiative, several Asian jurisdictions, including Korea, Taiwan, Mainland China, Thailand and Singapore have adopted what this article broadly refers to as "value-up initiatives." We provide a comparative assessment of these initiatives, emphasising their potential and limitations as a strategy for corporate governance and capital market development. The article starts by explaining why value-up initiatives have emerged so prominently in Asia and how they have been designed differently across the region. By encouraging boards to confront questions of capital allocation and valuation while improving the information available to investors, we argue that value-up initiatives can serve as a valuable corporate governance tool. Their effectiveness, however, depends on the institutional and market environment in which they operate, and they should be understood as complements, rather than substitutes, for effective legal and enforcement mechanisms for protecting investors. The article concludes by explaining how the Asian experience with value-up initiatives can offer valuable lessons for jurisdictions seeking to strengthen corporate governance while contributing to the development of capital markets.

Keywords: corporate governance, capital markets, value creation, controlling shareholders, Asia, value-up initiative

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Value-Up Initiatives as a Strategy for Corporate Governance and Capital Market Development: Lessons from Asia

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Abstract

Over the past several years, a new form of corporate governance and capital market intervention has spread across Asia. Beginning with Malaysia and gaining international prominence following the Tokyo Stock Exchange's 2023 initiative, several Asian jurisdictions, including Korea, Taiwan, Mainland China, Thailand and Singapore have adopted what this article broadly refers to as "value-up initiatives." We provide a comparative assessment of these initiatives, emphasising their potential and limitations as a strategy for corporate governance and capital market development. The article starts by explaining why value-up initiatives have emerged so prominently in Asia and how they have been designed differently across the region. By encouraging boards to confront questions of capital allocation and valuation while improving the information available to investors, we argue that value-up initiatives can serve as a valuable corporate governance tool. Their effectiveness, however, depends on the institutional and market environment in which they operate, and they should be understood as complements, rather than substitutes, for effective legal and enforcement mechanisms for protecting investors. The article concludes by explaining how the Asian experience with value-up initiatives can offer valuable lessons for jurisdictions seeking to strengthen corporate governance while contributing to the development of capital markets.

1. Introduction

Asia has become a major force in the world economy and global capital markets. The region accounted for approximately 31% of global GDP and 56% of the world's listed companies in 2025.[1] Yet its equity capital markets still leave significant room for improvement. Despite the growing number of listed companies, Asia accounts for only 29% of global public-equity market capitalisation and nearly 40% of Asian listed companies trade below book value.[2] In some Asian countries, such as Korea, concerns about persistently low market values have been sufficiently pronounced that the term "Korea discount" has become widely used to describe the valuation gap between Korean listed companies and comparable companies elsewhere.[3]

The reasons behind these low valuations vary across jurisdictions, and Asian equity markets differ substantially from one another. Nonetheless, several characteristics recur across the region. Corporate ownership is often concentrated in families, corporations or the state, while dividend payouts tend to be comparatively modest and cash holdings relatively high.[4] Institutional investors also play a smaller role than they do globally, and some markets continue to face constraints affecting liquidity, foreign participation and price discovery.[5] These characteristics do not necessarily cause low valuations, and some may generate benefits as well as costs. Yet there appears to be an association between some of them and the prevalence of companies trading below book value.[6]

Other features of the legal, market and institutional environment in Asia can reinforce these effects. For instance, various Asian jurisdictions, including India, Japan and China, have long incorporated stakeholder-oriented elements into their corporate laws.[7] Therefore, corporate directors do not necessarily operate under a mandate to maximise shareholder value. Additionally, mechanisms that subject managers and controllers to external scrutiny, including shareholder activism, analyst

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[1] OECD, *Asia Capital Markets Report 2026* (OECD Publishing 2026) 17.
[2] OECD (n 1) 11, 17.
[3] Financial Services Commission, 'Active Support to Be Provided to Promote Voluntary Efforts of Listed Companies in Enhancing Their Value' (26 February 2024); OECD (n 1) 54.
[4] See Stijn Claessens, Simeon Djankov and Larry HP Lang, 'The Separation of Ownership and Control in East Asian Corporations' (2000) 58 J Fin Econ 81; OECD (n 1) 48–52, 68.
[5] OECD (n 1) 68.
[6] OECD (n 1) 48–51.
[7] Dan W Puchniak, 'No Need for Asia to be Woke: Contextualizing Anglo-America's "Discovery" of Corporate Purpose' (2022) 4 RED 14.

coverage, private enforcement and takeover pressure, remain relatively limited in Asia compared with jurisdictions such as the United States.[8] Taken together, these features of Asian capital markets may put less pressure on corporate boards to maximise firm value.

Against this background, a remarkable policy experiment has been unfolding across Asia. Beginning with Bursa Malaysia's Public Listed Companies Transformation Programme in 2022 and gaining substantial international attention after the Tokyo Stock Exchange (TSE)'s 2023 request that listed companies implement "management that is conscious of cost of capital and stock price," a growing number of Asian jurisdictions have adopted programmes designed to improve corporate valuations.[9] The TSE's initiative asked boards to analyse their cost of capital and profitability, develop improvement plans, disclose their policies, and engage with investors.[10] Korea followed in 2024 with its Corporate Value-Up Programme and Taiwan developed its own corporate-value-enhancement strategy. China introduced increasingly prescriptive market-value-management requirements, Thailand launched JUMP+ and a parallel Corporate Value-Up Programme in 2025 and Singapore introduced its Value Unlock Programme later that year. More recently, Malaysia supplemented its earlier transformation programme with MY Value Up.[11]

At first sight, value-up initiatives may appear to be little more than government- or exchange-sponsored attempts to increase stock prices. That characterisation, however, misses their broader significance. The most sophisticated initiatives do not simply tell companies that their shares should trade at higher multiples. They encourage boards to identify the causes of weak valuations, assess returns relative to the cost of capital, reconsider the deployment of excess cash, evaluate growth investments, improve disclosure, communicate strategic objectives, engage with investors, and subject corporate performance to greater external scrutiny.[12] They consequently operate at the intersection of corporate governance, securities regulation, and capital market development.

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[8] See generally Umakanth Varottil and Wai Yee Wan, 'Hostile Takeover Regimes in Asia: A Comparative Approach' (2019) 15 Berkeley Bus LJ 267; Dan W Puchniak, 'The Derivative Action in Asia: A Complex Reality' (2012) 9 Berkeley Bus LJ 1; OECD (n 1) 87.
[9] OECD (n 1) 53–55.
[10] Tokyo Stock Exchange, *Action to Implement Management that Is Conscious of Cost of Capital and Stock Price* (31 March 2023).
[11] OECD (n 1) 54–55.
[12] OECD (n 1) 53–56.

This article makes three principal contributions. First, it seeks to identify the institutional setting in which value-up initiatives have emerged. Many Asian markets combine concentrated ownership with comparatively weak external monitoring, lower institutional investor participation, limited shareholder activism, stakeholder-oriented provisions and conservative capital allocation. We show how those characteristics can contribute to valuation discounts by reducing the pressure that corporate boards have to maximise shareholder value.

Second, we explain why value-up initiatives should be understood as a distinctive corporate governance strategy operating alongside conventional legal and market mechanisms. For many listed companies in Asia and elsewhere, corporate governance is often associated with a set of regulatory requirements that they need to comply with as a condition to go public or remain listed on a stock exchange. Yet corporate governance performs a deeper economic function. Regardless of whether that function is effectively achieved or could be achieved in a more cost-effective manner, the economic rationale for corporate governance lies in its potential to strengthen investor confidence by reducing agency problems and information asymmetries and, by doing so, enhance access to finance and firm value.[13] We show how value-up initiatives perform those functions and therefore serve as a corporate governance tool.

Third, we examine the potential of value-up initiatives beyond Asian markets. Many of the characteristics found in Asian markets, such as the predominance of companies with controlling shareholders, a shallow institutional-investor base and the low levels of derivative litigation and shareholder activism, are not unique to Asia. In fact, they are common features in many regions, such as Latin America, Africa and, to a lesser extent, Europe.[14] Therefore, the Asian experience with value-up initiatives can provide valuable lessons for other jurisdictions.

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[13] See generally Michael C Jensen and William H Meckling, 'Theory of the Firm: Managerial Behavior, Agency Costs and Ownership Structure' (1976) 3 J Fin Econ 305; Andrei Shleifer and Robert W Vishny, 'A Survey of Corporate Governance' (1997) 52 J Fin 737; Rafael La Porta, Florencio Lopez-de-Silanes, Andrei Shleifer and Robert W Vishny, 'Law and Finance' (1998) 106 J Polit Econ 1113; Rafael La Porta, Florencio Lopez-de-Silanes, Andrei Shleifer and Robert W Vishny, 'Investor Protection and Corporate Governance' (2000) 58 J Fin Econ 3; Rafael La Porta, Florencio Lopez-de-Silanes, Andrei Shleifer and Robert W Vishny, 'Investor Protection and Corporate Valuation' (2002) 57 J Fin 1147; Paul Gompers, Joy Ishii and Andrew Metrick, 'Corporate Governance and Equity Prices' (2003) 118 Q J Econ 107; Lucian A Bebchuk, Alma Cohen and Allen Ferrell, 'What Matters in Corporate Governance?' (2009) 22 Rev Fin Stud 783. See also OECD, *G20/OECD Principles of Corporate Governance 2023* (OECD Publishing 2023) 9–14.

[14] See, eg, Rafael La Porta, Florencio Lopez-de-Silanes and Andrei Shleifer, 'Corporate Ownership Around the World' (1999) 54 J Fin 471; Marco Becht and Colin Mayer, 'Corporate Control in Europe' in Fabrizio Barca and Marco Becht (eds), *The Control of Corporate Europe* (OUP 2001); Mara Faccio and Larry HP Lang, 'The Ultimate Ownership of

Despite their potential as a strategy for corporate governance and capital market development, we argue that they are subject to limitations. Ultimately, higher stock prices following the implementation of a value-up programme do not necessarily demonstrate improvements in corporate fundamentals, and initiatives to promote disclosure and investor communication cannot replace legal and institutional mechanisms for protecting investors. The early evidence from the Asian experience with value-up programmes reinforces this hypothesis by showing that equity indices have performed strongly in several jurisdictions following the introduction of value-up programmes, but improvements in company valuations have been much less consistent.[15] Thus, value-up initiatives are best understood as complements rather than substitutes for other internal and external mechanisms for strengthening corporate governance.

2. Strategies for the Development of Capital Markets and the Rise of Value-Up Initiatives in Asia

The development of capital markets generally requires a combination of legal, market and institutional reforms.[16] The classic law and finance literature emphasised the importance of legal protection for outside investors, linking stronger investor protection with broader and deeper capital markets.[17] Subsequent scholarship has refined that account by showing how other legal and institutional factors may affect investor protection and the development of capital markets.[18]

Western European Corporations' (2002) 65 J Fin Econ 365; Martin Gelter, 'Why Do Shareholder Derivative Suits Remain Rare in Continental Europe?' (2012) 37 Brook J Intl L 843; Fernando Lefort, 'Ownership Structure and Corporate Governance in Latin America' (2005) 8 *Abante* 55; Alberto Chong and Florencio López-de-Silanes (eds), *Investor Protection and Corporate Governance: Firm-Level Evidence across Latin America* (Stanford University Press and World Bank 2007); OECD, *Public Enforcement of Corporate Governance-Related Rules in Latin America: A Comparison of Argentina, Brazil, Chile, Colombia, Mexico and Peru* (OECD Publishing 2020) 6; OECD, *Private Enforcement of Shareholder Rights: A Comparison of Selected Jurisdictions and Policy Alternatives for Brazil* (OECD Publishing 2020) 23–66; OECD, *OECD Corporate Governance Factbook 2025* (OECD Publishing 2025); OECD, *Africa Capital Markets Report 2025* (OECD Publishing 2025).

[15] OECD (n 1) 57–58.

[16] Ana Fiorella Carvajal, Ricardo N Bebczuk, Anderson Caputo Silva and Alfonso Garcia Mora, *Capital Markets Development: Causes, Effects, and Sequencing* (World Bank 2019); Aurelio Gurrea-Martínez, 'Strengthening the International Competitiveness of Capital Markets: Global Insights and Local Strategies' (2026) U Chi Bus L Rev (forthcoming).

[17] Rafael La Porta, Florencio Lopez-de-Silanes, Andrei Shleifer and Robert W Vishny, 'Legal Determinants of External Finance' (1997) 52 J Fin 1131; Rafael La Porta, Florencio Lopez-de-Silanes, Andrei Shleifer and Robert W Vishny, 'Law and Finance' (1998) 106 J Polit Econ 1113; Rafael La Porta, Florencio Lopez-de-Silanes, Andrei Shleifer and Robert W Vishny, 'Investor Protection and Corporate Governance' (2000) 58 J Fin Econ 3; Andrei Shleifer and Daniel Wolfenzon, 'Investor Protection and Equity Markets' (2002) 66 J Fin Econ 3.

[18] Rafael La Porta, Florencio Lopez-de-Silanes and Andrei Shleifer, 'What Works in Securities Laws?' (2006) 61 J Fin 1; Howell E Jackson and Mark J Roe, 'Public and Private Enforcement of Securities Laws: Resource-Based Evidence' (2009) 93 J Fin Econ 207; John Armour, Bernard S Black, Brian R Cheffins and Richard Nolan, 'Private Enforcement

Recent reforms across Asia show how many countries are approaching this issue in their attempt to strengthen their equity capital markets. Rather than relying on a single intervention, governments, regulators and stock exchanges have sought to strengthen different parts of their equity markets by attracting issuers and investors, improving market access and liquidity, developing institutional-investor bases, expanding research coverage, modernising trading infrastructure and strengthening corporate governance. Value-up initiatives have emerged within this wider reform agenda for the development of capital markets.[19]

For instance, in Singapore, concerns about the competitiveness of its domestic equity market led the Monetary Authority of Singapore to establish the Equities Market Review Group in 2024.[20] The measures that followed seek to address both demand for and supply of Singapore-listed securities. On the demand side, MAS established the Equity Market Development Programme to allocate public capital to asset managers investing substantially in Singapore equities, with the intention of attracting additional private capital and improving investor participation and liquidity. Initially established at S$5 billion, the programme was subsequently expanded to S$6.5 billion.[21] MAS also committed S$50 million to strengthen equity research and support listed products, addressing the difficulty that smaller companies in particular may face in attracting investors when analyst coverage and market visibility are limited.[22]

The reforms adopted in Singapore have included listing incentives and changes concerning market making, post-trade custody and board-lot sizes, as well as a new SGX-Nasdaq dual-listing bridge that seeks to allow qualifying companies to reach investors in Singapore and the United States through a more streamlined framework.[23] Together, these reforms operate at different stages of the public-market process, from attracting companies to the exchange and increasing the capital

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of Corporate Law: An Empirical Comparison of the United Kingdom and the United States' (2009) 6 J Empir Legal Stud 687.

[19] OECD (n 1) 53–61.

[20] Monetary Authority of Singapore, 'MAS Sets Up Review Group to Strengthen Equities Market Development' (2 August 2024) <https://www.mas.gov.sg/news/media-releases/2024/mas-sets-up-review-group-to-strengthen-equities-market-development> accessed 29 September 2026.

[21] Monetary Authority of Singapore, 'MAS Announces Expansion of Equity Market Development Programme' (12 February 2026).

[22] Monetary Authority of Singapore, 'MAS Appoints First Batch of EQDP Asset Managers; Commits S$50 Million to Boost Equity Research and Product Listings; and Outlines Proposals to Enhance Investor Recourse' (21 July 2025).

[23] Monetary Authority of Singapore, 'Review Group Completes Equities Market Review, Unveils SGX-Nasdaq Dual Listing Bridge, S$30 Million "Value Unlock" Package, and Second Batch of EQDP Asset Managers' (19 November 2025).

available to invest in them to improving the information and infrastructure through which their securities are priced and traded. The Singapore Value Unlock programme adds another component by helping companies already listed on SGX strengthen strategy, capital allocation, investor relations and communication.[24] By doing so, the programme may help increase the attractiveness of SGX for both issuers and investors.

Korea has also pursued value-up initiatives as one pillar of a wider agenda for the development of its local capital markets. Alongside the Corporate Value-Up Programme, the Korean authorities have sought to make local capital markets more accessible to international investors by abolishing the foreign-investor registration requirement, expanding English-language disclosure and facilitating the use of omnibus accounts.[25] Changes to dividend procedures allow investors to know the amount of a dividend before deciding whether to invest, while reforms to short selling and enforcement against unfair trading seek to strengthen confidence in the fairness of the market.[26] Korea has also introduced competition in equity trading through Nextrade, an alternative trading system operating alongside the Korea Exchange, and pursued reforms to listing and delisting arrangements.[27] The Korean Corporate Value-Up Programme complements these reforms by encouraging companies listed on the Korean Exchange to assess capital efficiency and valuation, develop plans for improvement and communicate those plans to the market.[28]

Japan provides another example of the same broader pattern. Its 2023 value-up initiative followed reforms to stewardship, corporate governance, institutional investment and the structure of the equity market.[29] The Stewardship Code introduced in 2014 encouraged greater engagement by institutional investors, while the Corporate Governance Code introduced in 2015 raised expectations concerning boards, disclosure and shareholder engagement. The TSE subsequently

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[24] Monetary Authority of Singapore, 'Review Group Completes Equities Market Review' (n 23); OECD (n 1) 55–56.
[25] Financial Services Commission, 'FSC Announces Measures to Improve Foreign Investors' Access to Korean Capital Markets' (25 January 2023) <https://www.fsc.go.kr/eng/pr010101/79346> accessed 29 September 2026; Financial Services Commission, 'Investing in Domestic Capital Markets Made Easier for Foreign Investors' (13 December 2023) <https://www.fsc.go.kr/eng/pr010101/81237> accessed 29 September 2026.
[26] Financial Services Commission, 'FSC Vice Chairman Holds Investor Relations in Singapore and Introduces the Corporate Value-up Program' (27 February 2024).
[27] Financial Services Commission, 'Short Sale Reform Measures' (1 August 2024); Financial Services Commission, 'Vice Chairman's Keynote Address at Capital Market Advancement Seminar' (8 May 2025).
[28] Financial Services Commission, 'Corporate Value-up Plan' (1 August 2024).
[29] Financial Services Agency, Principles for Responsible Institutional Investors: Japan's Stewardship Code (7 April 2014) <https://www.fsa.go.jp/en/refer/councils/stewardship/index.html> accessed 29 September 2026; Japan Exchange Group, Corporate Governance Code (June 2015) <https://www.jpx.co.jp/english/equities/listing/cg/> accessed 29 September 2026.

restructured its equity market in April 2022 by replacing the previous segments with the Prime, Standard and Growth Markets.[30] The new structure sought to clarify the function of each segment and create stronger incentives for listed companies to pursue sustainable growth and medium- to long-term corporate value.[31] The 2023 request that companies implement management conscious of the cost of capital and stock price emerged from the follow-up to that restructuring, while TSE has continued to revise continued-listing standards and other aspects of the market framework.[32] Japan's experience accordingly places value-up within a longer reform process to its local capital markets.

Similar strategies to promote the development of capital markets can be observed across many other Asian markets. For instance, China has combined market-value-management measures with stricter listing and delisting rules, stronger dividend discipline and enforcement against securities misconduct.[33] Taiwan has linked corporate-value enhancement to its existing corporate-governance architecture and measures intended to improve disclosure and investor communication.[34] Thailand combines value-creation programmes with issuer support and measures intended to increase corporate visibility, while Malaysia's programmes form part of broader efforts to improve governance, research coverage and the attractiveness of its listed-company sector.[35] While other Asian jurisdictions, such as Indonesia, the Philippines and Vietnam, have not implemented value-up programmes, they have also implemented other capital market reforms, sometimes more focused on strengthening market depth, liquidity and institutional frameworks.[36]

While the goals of many of the reforms adopted across Asian markets vary in scope, purpose and design, many of those measures reinforce one another and ultimately seek to promote the

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[30] Japan Exchange Group, 'Review of TSE Cash Equity Market Structure' <https://www.jpx.co.jp/english/equities/improvements/market-structure/> accessed 29 September 2026.
[31] Japan Exchange Group, 'Overview of Market Restructuring' <https://www.jpx.co.jp/english/equities/improvements/market-structure/01.html> accessed 29 September 2026.
[32] Tokyo Stock Exchange, *Action to Implement Management* (n 10); OECD (n 1) 53–61.
[33] State Council of the People's Republic of China, 'Opinions on Strengthening Regulation, Preventing Risks and Promoting the High-Quality Development of the Capital Market' (12 April 2024); China Securities Regulatory Commission, 'Opinions on Strictly Implementing the Delisting System' (12 April 2024).
[34] Taiwan Stock Exchange, 'Introduction to the Enterprise Value Enhancement Programs of Japan and South Korea, and Taiwan's Market Value Strengthening Strategy' (2024) <https://www.twse.com.tw/market_insights/en/detail/8a8216d6913637e40191d4af667a0349> accessed 29 September 2026.
[35] OECD (n 1) 54–56.
[36] OECD (n 1) 55.

development of capital markets. In this broader effort, value-up initiatives have emerged as a promising strategy and one that remains largely unique to Asia.

3. Drivers of Value-Up Initiatives in Asia

3.1. Persistent Valuation Discounts

The most immediate driver behind the rise of value-up initiatives is the persistence of low valuations of listed companies in many Asian markets. Compared with the global average, many listed companies in Asia trade below book value.[37] Low price-to-book ratios do not, by themselves, establish that a company is undervalued. They may reflect weak expected profitability, business risk or other fundamentals.[38] Yet the pattern is harder to explain solely on those grounds because a meaningful number of companies with low price-to-book ratios also display comparatively strong operating performance.[39] In Korea, Hong Kong and Japan in particular, the group of companies trading below book value includes firms with profitability and shareholder distributions above their respective market medians.[40]

Low valuations become more relevant to value-up policy when they may reflect not only weak fundamentals but also governance problems, inefficient capital allocation, poor communication or limited investor attention. Regulators cannot determine a company's correct market value. The case for value-up rests instead on the possibility that identifiable frictions prevent information, capital and managerial decisions from being reflected efficiently in market prices.[41]

3.2. Ownership Concentration and Corporate Groups

A second feature of many Asian markets is the prevalence of controlling shareholders and corporate groups. The classic Berle-Means corporation, in which ownership is widely dispersed and managers exercise control without a dominant shareholder, is rarely found in much of Asia.[42] In Asian markets, the three largest shareholders generally hold more than half of the equity in

[37] OECD (n 1) 42.
[38] OECD (n 1) 42–47.
[39] OECD (n 1) 44–47.
[40] OECD (n 1) 47.
[41] OECD (n 1) 47–52.
[42] Adolf A Berle Jr and Gardiner C Means, *The Modern Corporation and Private Property* (Macmillan 1932); Rafael La Porta, Florencio Lopez-de-Silanes and Andrei Shleifer, 'Corporate Ownership Around the World' (1999) 54 J Fin 471; Claessens, Djankov and Lang (n 4); OECD (n 1) 48, 68.

approximately 52% of listed companies, compared with 44% globally.[43] Family-controlled firms, corporate groups and state-owned enterprises are common, often accompanied by pyramidal structures, cross-holdings or differences between voting and cash-flow rights.[44]

Concentrated ownership changes the corporate-governance problem rather than simply making it better or worse. A large shareholder has stronger incentives to monitor managers and can reduce the agency costs associated with dispersed ownership.[45] At the same time, it can intensify conflicts among shareholders, especially through related-party transactions that may transfer value away from minority shareholders.[46] The empirical literature on corporate governance has associated these tunnelling practices and other forms of private benefits of control with weaker minority-shareholder protections and lower valuations.[47] This relationship, however, should not be overstated, since low valuations can have many causes and not all countries with controlling shareholders exhibit weak minority shareholder protections and high private benefits of control.[48] Still, the prevalence of controlling shareholders changes the mechanisms through which outside investors obtain confidence and, in the absence of effective legal and institutional mechanisms for preventing tunnelling, it may negatively affect corporate valuations and firms' access to finance.[49]

Value-up initiatives do not seek to dismantle concentrated ownership, nor could disclosure eliminate conflicts between controllers and minority shareholders. Their contribution is more modest. By making investment, financing and distribution policies more visible, they can expose managerial actions to greater scrutiny and increase the reputational cost of decisions that are difficult to justify to outside investors. This role is especially relevant where control is stable and the threat of a change in control supplies little discipline.

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[43] OECD (n 1) 48.
[44] Claessens, Djankov and Lang (n 4).
[45] Anat R Admati, Paul Pfleiderer and Josef Zechner, 'Large Shareholder Activism, Risk Sharing, and Financial Market Equilibrium' (1994) 102 J Polit Econ 1097.
[46] Simeon Djankov, Rafael La Porta, Florencio Lopez-de-Silanes and Andrei Shleifer, 'The Law and Economics of Self-Dealing' (2008) 88 J Fin Econ 430; Ronald J Gilson and Jeffrey N Gordon, 'Controlling Controlling Shareholders' (2003) 152 U Pa L Rev 785.
[47] La Porta and others, 'Investor Protection and Corporate Valuation' (n 13); Alexander Dyck and Luigi Zingales, 'Private Benefits of Control: An International Comparison' (2004) 59 The J Fin 537.
[48] Dyck and Zingales (n 47); Djankov and others (n 46); Claessens, Djankov and Lang (n 4).
[49] La Porta and others, 'Investor Protection and Corporate Valuation' (n 13); Stijn Claessens, Simeon Djankov, Joseph PH Fan and Larry HP Lang, 'Disentangling the Incentive and Entrenchment Effects of Large Shareholdings' (2002) 57 J Fin 2741.

3.3. Capital Allocation, Dividends and Cash

Capital allocation provides a third part of the explanation. Asian listed companies have often maintained comparatively conservative payout policies and substantial cash balances. In 2024, the median dividend payout ratio in Asia was approximately 37%, compared with 41% globally, while cash represented about 16% of assets, compared with 14% globally and 10% in Europe.[50] Those comparisons should not be read as evidence that Asian companies necessarily hold too much cash or distribute too little. In fact, cash can provide resilience, preserve financial flexibility and finance investments that create more value than an immediate distribution to shareholders. The relevant question is whether higher levels of cash or retained earnings are generating an opportunity cost that may affect a firm's value and profitability.

When attractive projects are available, retaining earnings may be entirely consistent with shareholder value. When a company repeatedly earns less on additional capital than investors require, continued retention becomes harder to justify and may reflect familiar agency problems associated with free cash flow.[51] Value-up initiatives should not then become a policy of indiscriminate dividends and share repurchases. They should instead serve as a mechanism to encourage boards to compare returns with the cost of capital and to explain how retained resources will be deployed. Growth investment, acquisitions, research and development, debt reduction, dividends and buybacks can all be defensible responses depending on the circumstances of the company. The governance question is whether the board has made that choice deliberately and can explain why it is expected to create value.

3.4. Composition of Investor Base and Monitoring Ecosystem

The ability of markets to discipline investment and financing decisions also depends on who owns and monitors listed companies. Institutional investors hold approximately 21% of Asian listed equity, compared with 47% globally, although the position differs considerably across individual markets.[52] Domestic institutional-investor bases are also particularly limited in many economies in Asia.[53] Sophisticated investors may have both the resources and the incentives to analyse

[50] OECD (n 1) 51.
[51] Michael C Jensen, 'Agency Costs of Free Cash Flow, Corporate Finance, and Takeovers' (1986) 76 Am Econ Rev 323.
[52] OECD (n 1) 68.
[53] OECD (n 1) 68–70.

corporate strategy, engage with boards and coordinate with other shareholders when they believe capital is being misallocated.[54]

Institutional ownership, however, does not necessarily translate into active monitoring. Index funds face their own incentive problems, active institutions may remain passive, and concentrated ownership can limit the influence of outside shareholders even when institutions hold meaningful stakes.[55] The rise of passive investment thus makes this qualification increasingly important.[56] At the same time, institutional investors and activist shareholders can create a division of labour in which activists identify problems and propose changes while larger institutional investors determine whether those proposals receive sufficient support.[57] That governance infrastructure is less developed in many Asian markets, where shareholder activism remains comparatively limited.[58] Value-up initiatives can partly reduce the information costs of monitoring by producing more standardised disclosure, supporting research coverage and investor engagement and making companies' responses publicly observable. They cannot create an active shareholder base where one does not exist, but they can make the monitoring that does occur easier and less costly.

Another distinctive feature of the investor base in Asian capital markets is the significant presence of retail investors. For example, in Korea, individual investors accounted for 64% of equity-market turnover in 2023, and domestic individuals represented 54% of daily turnover in Taiwan in 2024.[59] Retail investors present a different set of considerations. They have traditionally faced stronger incentives to remain passive because the costs of acquiring and processing company-specific information can be high relative to the expected benefits from doing so. Digital trading platforms and online communication have nevertheless begun to change the environment in which they operate.[60] Gramitto Ricci and Sautter describe the emergence of "wireless investors" who use technology and online communication to obtain and circulate information and coordinate with other investors, potentially reducing some of the collective-action problems traditionally

[54] OECD (n 1) 80.
[55] Ronald J Gilson and Jeffrey N Gordon, 'The Agency Costs of Agency Capitalism: Activist Investors and the Revaluation of Governance Rights' (2013) 113 Colum L Rev 863.
[56] OECD (n 1) 72.
[57] Gilson and Gordon, 'Agency Costs of Agency Capitalism' (n 55).
[58] OECD (n 1) 87–88.
[59] OECD (n 1) 67–72.
[60] Sergio Alberto Gramitto Ricci and Christina M Sautter, 'Wireless Investors & Apathy Obsolescence' (2023) 100 Wash U L Rev 1653.

associated with dispersed retail ownership.[61] In countries where retail investors are prevalent, as happens in many Asian markets, the implementation of value-up initiatives can then become particularly valuable. Clearer and more accessible corporate communication can give retail investors information around which attention and engagement can develop, potentially increasing interest in companies that previously received little investor attention. Of course, greater access to information does not necessarily overcome the limited incentives, expertise and resources of retail investors to monitor corporate management. Nevertheless, value-up initiatives may help reduce some of the informational barriers that have traditionally limited their participation in corporate governance.

3.5. Weaker "Sticks" and "Carrots"

Corporate governance ultimately seeks to strengthen confidence and increase firm value by using a variety of strategies that reward managers for good performance ("carrots") while punishing them if they do not act as expected ("sticks"). The United States provides an unusually strong combination of both mechanisms. Equity-based compensation can give managers substantial financial exposure to changes in shareholder value.[62] Therefore, it can serve as a powerful carrot.[63] At the same time, shareholder litigation, shareholder activism and the fear of being subject to hostile takeovers may serve as sticks that encourage managers to maximise shareholder value.[64] These sources of discipline form part of an interconnected system of law, markets, institutions and culture that Lund and Pollman have described as the "corporate governance machine."[65] In the United States, this machine places significant pressure on corporate boards to maximise shareholder value.

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[61] Gramitto Ricci and Sautter (n 60).

[62] Lucian A Bebchuk and Jesse M Fried, *Pay Without Performance: The Unfulfilled Promise of Executive Compensation* (Harvard University Press 2004).

[63] See Michael C Jensen and Kevin J Murphy, 'Performance Pay and Top-Management Incentives' (1990) 98 J Polit Econ 225; Carola Frydman and Raven E Saks, 'Executive Compensation: A New View from a Long-Term Perspective, 1936–2005' (2010) 23 Rev Fin Stud 2099.

[64] See Alan D Crane and Andrew Koch, 'Shareholder Litigation and Ownership Structure: Evidence from a Natural Experiment' (2018) 64 Manage Sci 5; Alon Brav, Wei Jiang, Frank Partnoy and Randall Thomas, 'Hedge Fund Activism, Corporate Governance, and Firm Performance' (2008) 63 J Fin 1729; Henry G Manne, 'Mergers and the Market for Corporate Control' (1965) 73 J Polit Econ 110; Michael C Jensen and Richard S Ruback, 'The Market for Corporate Control: The Scientific Evidence' (1983) 11 J Fin Econ 5.

[65] Dorothy S Lund and Elizabeth Pollman, 'The Corporate Governance Machine' (2021) 121 Colum L Rev 2563.

Many Asian markets possess some or all of these mechanisms, but the mix and intensity differ. Stable controlling shareholders can weaken takeover pressure, private shareholder litigation is generally less prominent, shareholder activism is more limited, and institutional investors have less leverage over controllers.[66] Additionally, analyst coverage is generally thinner outside the largest issuers and differences in corporate purpose form part of this broader legal environment. Indeed, stakeholder-oriented provisions in corporate governance are prevalent in various Asian markets.[67] However, they are neither uniform across the region nor a sufficient explanation for low valuations. Singapore, for example, formally embraces a shareholder-oriented model and still presents persistent valuation concerns.

This comparison with the United States is functional rather than normative. The U.S. system is far from perfect, and some of the mechanisms it uses to incentivise managers to maximise shareholder value may create its own problems. For instance, excessive reliance on equity-based compensation may encourage short-term behaviour and even lead to new sources of agency problems.[68] Shareholder litigation can be expensive and may be brought for reasons not always aligned with maximising firm value.[69] Activist investors and shareholder engagement can often create what Goshen and Squire describe as "principal costs," just as controlling shareholders and managers can create agency costs.[70] Stakeholder-oriented rules may protect interests that market prices do not fully capture and specific local factors may justify them.[71] Therefore, our argument should not be interpreted in the sense that the U.S. model is necessarily superior. Instead, we seek to provide a better understanding of the institutional conditions that may justify the emergence and adoption of value-up initiatives. In that sense, countries may place different amounts and types of pressure on corporate boards to maximise shareholder value. Where the conventional sticks and carrots are weaker, as happens in many Asian markets, value-up initiatives may serve as a valuable mechanism to complement the corporate governance toolkit available in a country.

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[66] Puchniak, 'The Derivative Action in Asia' (n 8); Varottil & Wan (n 8); OECD (n 1) 87.
[67] Puchniak, 'No Need for Asia to be Woke' (n 7). See also Mariana Pargendler, 'Corporate Law in the Global South: Heterodox Stakeholderism' (2024) 47 Seattle U L Rev 535.
[68] Bebchuk and Fried (n 62); Michael C Jensen, 'Agency Costs of Overvalued Equity' (2005) 34 Financ Manage 5.
[69] Armour and others (n 18).
[70] Zohar Goshen and Richard Squire, 'Principal Costs: A New Theory for Corporate Law and Governance' (2017) 117 Colum L Rev 767.
[71] Pargendler (n 67).

4. Implementation of Value-Up Initiatives: Country Case Studies

4.1. Japan

Japan's value-up initiative is often treated as the region's leading model, but the 2023 TSE request was the product of more than a decade of earlier reforms. It built on changes to investment policy, stewardship, corporate governance and the structure of the exchange that had already altered the environment in which Japanese listed companies operated. The starting point is generally dated to late 2012, when Prime Minister Shinzo Abe's cabinet began pursuing the mutually reinforcing 'three arrows' of bold monetary policy, flexible fiscal policy and a growth strategy encouraging private-sector investment.[72] The BOJ began purchasing ETFs tracking the TOPIX and Nikkei 225 in December 2010 and added ETFs tracking the newly created JPX-Nikkei Index 400 in November 2014.[73] The BOJ's investment in an index that emphasised capital efficiency, governance, and disclosure indirectly supported Japan's corporate governance reform agenda.[74] In addition, the Government Pension Investment Fund ("GPIF"), the world's largest public pension fund, revised its policy asset mix with effect from 31 October 2014. The revision reduced the target allocation to domestic bonds from approximately 60% to 35% and increased the target allocation to domestic equities from 12% to 25%.[75]

As part of the corporate governance component of the third arrow, the Ministry of Economy, Trade and Industry commissioned Professor Kunio Ito to examine the competitiveness of Japanese companies. His "Ito Review of Competitiveness and Incentives for Sustainable Growth," published in August 2014, found that Japanese listed companies' average return on equity (ROE) over 2000–2010 (5.3%) trailed the United States (22.6%) and Europe (15.0%) by a wide margin, attributable chiefly to low profit margins rather than asset turnover or leverage, and recommended that Japanese companies commit to a minimum ROE of 8% while improving governance and

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[72] Cabinet Secretariat, *Japan Revitalization Strategy: Japan Is Back* (14 June 2013) <https://www.cas.go.jp/jp/seisaku/seicho/pdf/en_saikou_jpn_hon.pdf>.

[73] Mitsuru Katagiri, Junnosuke Shino and Koji Takahashi, 'Bank of Japan's ETF Purchase Program and Equity Risk Premium: A CAPM Interpretation' (BIS Working Papers No 1029, July 2022) <https://www.bis.org/publ/work1029.pdf>.

[74] Katagiri, Shino and Takahashi (n 73).

[75] Government Pension Investment Fund, *Adoption of New Policy Asset Mix* (31 October 2014) <https://www.gpif.go.jp/en/performance/pdf/adoption_of_new_policy_asset_mix.pdf>.

strengthening shareholder communication.[76] The Ito Review prompted two complementary soft-law codes, addressing investors and issuers respectively. Japan's Stewardship Code, finalised by the Financial Services Agency in February 2014, sets comply-or-explain principles under which institutional investors are expected to engage constructively with investee companies to promote their sustainable growth.[77] Japan's Corporate Governance Code, compiled by the TSE in June 2015, similarly sets comply-or-explain principles to raise listed companies' transparency and boards' accountability to shareholders.[78] Both codes were subsequently revised several times. The Stewardship Code was amended in 2017, 2020, and 2025, while the Corporate Governance Code was amended in 2018 and 2021. These revisions progressively strengthened requirements concerning board independence and diversity, expanded ESG disclosure, and extended the Stewardship Code beyond asset owners and asset managers to cover proxy advisers and other service providers.

Another major step followed in April 2022, when TSE reorganised its market segments into the Prime, Standard and Growth Markets, each defined by distinct liquidity, governance and financial-performance criteria.[79] Prime Market listing requires, among other conditions, at least 800 shareholders, a tradable-share market capitalisation of at least JPY 10 billion, a tradable-share ratio of at least 35%, and either cumulative profit of at least JPY 2.5 billion over the preceding two years or sales of at least JPY 10 billion combined with a market capitalisation of at least JPY 100 billion. Compliance with the 2021-revised Corporate Governance Code is itself both a listing and a continued-listing condition.[80] TSE has separately tightened continued-listing standards for the Growth Market, reflecting a concern that continued listing had become an end in itself for some newly listed issuers rather than a stage toward sustained value creation.[81] It was against this

[76] Ministry of Economy, Trade and Industry, *Ito Review of Competitiveness and Incentives for Sustainable Growth* (August 2014) <https://www.meti.go.jp/policy/economy/keiei_innovation/kigyoukaikei/ito_review__released_august2014_en.pdf>.
[77] Financial Services Agency, *Principles for Responsible Institutional Investors: Japan's Stewardship Code* (7 April 2014) <https://www.fsa.go.jp/en/refer/councils/stewardship/index.html>.
[78] Japan Exchange Group, *Corporate Governance Code* (June 2015) <https://www.jpx.co.jp/english/equities/listing/cg/>.
[79] Japan Exchange Group, 'Overview of Market Restructuring' <https://www.jpx.co.jp/english/equities/improvements/market-structure/01.html> accessed 20 September 2026.
[80] Japan Exchange Group, 'Initial Listing Criteria: Prime Market' <https://www.jpx.co.jp/english/equities/listing/criteria/listing/index.html>.
[81] Tokyo Stock Exchange, *2026 Policies and Initiatives* (14 January 2026) <https://www.jpx.co.jp/english/equities/follow-up/b5b4pj000004yqcc-att/vk0khi000000ld19.pdf>.

decade-long accumulation of reform that TSE issued its central, explicitly valuation-focused request in March 2023.

TSE issued "Action to Implement Management that is Conscious of Cost of Capital and Stock Price" on 31 March 2023, applying it to all companies listed on the Prime and Standard Markets.[82] The request applies irrespective of a company's existing price-to-book ratio, although TSE noted at the outset that more than half of Prime Market companies and a majority of Standard Market companies had a price-to-book ratio below 1.0 and an ROE below TSE's estimate of the average cost of equity, roughly 8%, which is the same benchmark the Ito Review had proposed nine years earlier.[83] TSE's request proceeds through three connected stages. Companies are first asked to analyse their cost of capital, capital efficiency and market valuation, both company-wide and by business segment. They are then expected to formulate and disclose a policy and concrete plan for improvement, using indicators such as ROE and return on invested capital benchmarked against the cost of equity or the weighted average cost of capital. TSE is explicit that dividend increases or buybacks alone are insufficient and expects companies to pursue profitability above the cost of capital on a sustained basis. The process continues through ongoing dialogue with investors and refinement of disclosures over time. TSE has periodically elaborated on the content it expects. In an update published in draft form in April 2026, marking the request's third anniversary, TSE organised its expectations around four questions: (i) whether the company's medium- to long-term management policy is clearly presented; (ii) whether its capital-allocation policy is clearly explained; (iii) whether the assets it holds, including cross-shareholdings and intangible assets, are in an optimal state for value creation; and (iv) whether the board, including independent directors, discusses and oversees the first three points on an ongoing basis.[84]

Two further mechanisms reinforce the request. First, TSE and Nikkei Inc. jointly launched the JPX Prime 150 Index on 3 July 2023 to highlight companies considered capable of creating value and attract investment to them. The index selects 150 constituents from the 500 largest Prime Market companies, with 75 selected according to their equity spread, defined as ROE less the cost of

[82] Tokyo Stock Exchange, *Action to Implement Management* (n 10).
[83] Tokyo Stock Exchange, *Action to Implement Management* (n 10).
[84] Tokyo Stock Exchange, *Initiatives for Fourth Year of Management That Is Conscious of Cost of Capital and Stock Price* (2026).

equity, and 75 selected according to their PBR.[85] In addition, TSE has separately required Prime Market companies, from disclosures made on or after 1 April 2025, to disclose financial results and other timely information simultaneously in Japanese and English.[86]

Since 15 January 2024, TSE has published and periodically updated a running list of companies that have disclosed information in response to the request.[87] This mechanism converts compliance into a matter of public record. As of the end of February 2026, 93% of Prime Market companies (1,472 of 1,590) and 51% of Standard Market companies (807 of 1,570) had disclosed, up from 49% and 19% respectively at the end of 2023. Between July 2022 and March 2026, the share of Prime Market companies with a PBR below 1.0 fell from roughly 50% to 27%, and the equivalent Standard Market share fell from 64% to 49%. The share of companies with an ROE below 8% fell from 47% to 43% in the Prime Market and from 63% to 60% in the Standard Market.[88]

4.2. Korea

Korea launched its Corporate Value-up Programme on 26 February 2024 as part of a broader capital-market reform agenda. The Financial Services Commission and Korea Exchange presented three connected pillars: (i) support for listed companies to prepare, implement and communicate value-up plans; (ii) information and market products that allow investors to identify companies with high or improving value; and (iii) a dedicated support system at KRX. The authorities explicitly rejected immediate mandatory disclosure, reasoning that compulsion could produce perfunctory filings and that credible participation required plans tailored to the circumstances of each company.[89]

The guidelines unveiled in May 2024 translate that policy into a structured disclosure. They identify five features—voluntariness, future orientation, comprehensiveness, selectivity and board responsibility—and organise a plan into six components comprising company overview, current-

[85] Japan Exchange Group, 'Outline of the JPX Prime 150 Index, a New Index Focusing on Value Creation' (30 March 2023) <https://www.jpx.co.jp/english/corporate/news/news-releases/0060/20230330-01.html>.
[86] Japan Exchange Group, 'Results of the English Disclosure Implementation Status Survey as of the End of December 2024' (22 January 2025) <https://www.jpx.co.jp/english/corporate/news/news-releases/0060/20250122-01.html>.
[87] Japan Exchange Group, 'Tokyo Stock Exchange, Inc. (TSE) Has Published a List of Companies That Have Disclosed Information Regarding "Action to Implement Management That Is Conscious of Cost of Capital and Stock Price"' (15 January 2024) <https://www.jpx.co.jp/english/news/1020/20240115-01.html>.
[88] Tokyo Stock Exchange, Initiatives for Fourth Year (n 84).
[89] Financial Services Commission, 'Active Support to be Provided to Promote Voluntary Efforts of Listed Companies in Enhancing Their Value' (26 February 2024) <https://www.fsc.go.kr/eng/pr010101/81778>.

status analysis, target setting, planning, implementation evaluation and communication. The architecture is more prescriptive in form than Japan's open-ended request, even though participation remains voluntary. It gives issuers a common grammar and enables investors to distinguish diagnosis, objective, action and subsequent evaluation.[90]

The diagnostic stage is deliberately multi-dimensional. Financial indicators may include, among others, price-to-book ratios, cost of equity, weighted average cost of capital (WACC), ROE, total shareholder return, dividend payout and treasury-share cancellation. Non-financial indicators include governance matters affecting ordinary shareholders, board responsibility and auditor independence. The guidelines specifically recognise parent-subsidiary listings and conflicts involving an unlisted company owned by a controlling shareholder as matters that may require explanation.[91] A distinctively Korean feature is that the disclosure framework does not treat the valuation discount solely as a problem of idle cash, but connects capital efficiency with the distribution of control and the protection of non-controlling shareholders.[92]

The planning stage likewise does not reduce value creation to dividends. Companies may address investment by business segment, R&D, business-portfolio restructuring, asset disposal, dividends and cancellation of treasury shares, and may connect executive compensation to the value-up plan. Annual disclosure is recommended, with qualitative evaluation of implementation and explanation of revisions. Because plans contain forecasts, the guidelines also explain the application of KRX disclosure rules to forward-looking information and permit corrective disclosure where the business environment changes. The board is expected to oversee preparation and implementation.[93]

Korea's approach differs from Japan's in that it offers incentives to companies that voluntarily disclose and implement value-up plans. From the outset, the FSC committed to a Korea Value-up Index, exchange-traded products, comparative publication of indicators, best-practice awards, consulting and English-translation support for smaller issuers. The index is intended to allow pension funds and other institutional investors to use value-up characteristics as a benchmark,

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[90] Financial Services Commission, 'Guidelines on Corporate Value-up Plan Unveiled to Support Listed Companies' Voluntary Efforts to Boost Corporate Value' (2 May 2024) <https://www.fsc.go.kr/eng/pr010101/82213>.
[91] Financial Services Commission, 'Guidelines on Corporate Value-up Plan' (n 90).
[92] Financial Services Commission, 'Guidelines on Corporate Value-up Plan' (n 90).
[93] Financial Services Commission, 'Corporate Value-up Plan' (1 August 2024) <https://www.fsc.go.kr/eng/po110101/82795>.

while exchange-traded funds make the theme accessible to retail investors. This architecture creates a "carrot" that does not depend on a statutory command. Instead, disclosure and performance can affect visibility, index eligibility and the possibility of passive or benchmark-related demand.[94]

Furthermore, tax incentives are provided to shareholders of firms that file corporate enhancement plans. Under legislation effective from 2026, individual shareholders receiving dividends from qualifying high dividend companies may benefit from preferential separate taxation, provided that the company discloses its eligibility through a corporate value enhancement plan filed with the Korea Exchange.[95] This regime not only encourages companies to increase dividends but also gives shareholders a clear incentive to press companies to publish value-up reports.

Korea's value-up debate has unfolded alongside reforms outside the FSC/KRX programme. The Korean Commercial Act was amended in July 2025 so that directors' duty of loyalty refers not only to the company but to the company "and its shareholders."[96] Therefore, directors' new mandate places greater emphasis on the interests of the shareholders and fair treatment among them.[97] Subsequent amendments strengthened other governance mechanisms, including rules concerning cumulative voting and audit-committee elections for large listed companies and mandatory cancellation of treasury shares.[98] These provisions address the conflict between controlling and non-controlling shareholders which has been regarded as an important cause of the Korea discount.

In July 2026, Korea adopted the first comprehensive revision of the Korean Stewardship Code since its introduction in 2016.[99] The revision expands stewardship beyond voting and engagement

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[94] Financial Services Commission, 'Active Support' (n 89).
[95] Financial Services Commission, 'Revised Rule to Require High Dividend Companies to Disclose Their Qualifications Through Corporate Value-up Plans' (24 February 2026) <https://www.fsc.go.kr/eng/pr010101/86320>.
[96] For a detailed explanation of the amendments to the Korean Commercial Act, see Joon Hyug Chung, 'How Corporate Scandals Reshaped Korean Corporate Law: Concentrated Ownership and Directors' Duty of Loyalty to Shareholders' in Ernest Lim, Luh Luh Lan and Joon Hyug Chung (eds), *Corporate Scandals in Asia* (Cambridge University Press forthcoming 2026).
[97] Chung (n 96).
[98] Ministry of Justice of the Republic of Korea, 'Cabinet Approves Commercial Act Amendment to Strengthen the Voice of General Shareholders' (2 September 2025); Financial Services Commission, 'Capital Market Rules Change Proposed to Strengthen Regulations on Disclosure of Treasury Share Holding Status' (30 March 2026) <https://fsc.go.kr/eng/pr010101/86577> accessed 29 September 2026.
[99] Korea Institute of Corporate Governance and Sustainability, 'Stewardship Code Development Committee Approves Amendments to the Korean Stewardship Code' (24 July 2026) <https://sc.cgs.or.kr/news/notice_view.jsp?idx=38&pp=6>.

in listed equities. It encourages institutional investors to examine major management matters, engage with portfolio companies, submit shareholder proposals, participate in litigation where appropriate, and reflect the results of these activities in investment and portfolio decisions. The reform strengthens the demand side of the Value-up Programme by enabling institutional investors to scrutinise companies' value enhancement plans, press for corrective action, and connect the credibility of those plans to investment and voting decisions.

By 2026, Korea had moved beyond purely positive incentives. Under a framework launched by the KRX in September 2026, a KOSPI company whose PBR falls within the bottom 25 percent of its industry for six consecutive semi-annual observations, or a KOSDAQ company within the bottom 10 percent, may be publicly identified as a persistently low-PBR company.[100] Filing a substantive value-up plan may provide a temporary one-year exemption, but not after twelve consecutive low-PBR observations. The framework, whose first list was scheduled for November 2026, thus changes the programme's regulatory intensity. Although it stops short of mandatory distributions or delisting, persistent inaction may now result in public identification rather than merely exclusion from positive recognition.[101]

4.3. Malaysia

Malaysia's experience began with Bursa Malaysia's Public Listed Companies Transformation ("PLCT") Programme, launched on 2 March 2022. Through five digital guidebooks developed during 2022, the programme asked public listed companies ("PLCs") to become purpose- and performance-driven organisations, build sustainable and ethical practices, strengthen stakeholder management and investor relations, become digitally enabled and contribute to nation building. Participation was voluntary, participating PLCs were tracked on a public digital dashboard through the end of 2025, and companies received support including data-access tools and champion-led webinars.[102] The programme anticipated several techniques later used by value-up initiatives, including voluntary participation, exchange-led guidance and greater attention to corporate performance and communication, although its substantive ambitions were considerably broader

[100] Financial Services Commission, 'FSC and KRX Introduce Draft Standards for Publishing List of Companies with Low Price-to-Book Ratios' (28 July 2026) <https://www.fsc.go.kr/eng/pr010101/87421>.
[101] Korea Exchange, 'KRX Launches Low-PBR Company Publication Framework and Holds Briefings for Listed Companies' (14 September 2026) <https://global.krx.co.kr/contents/GLB/96/9600000000/GLB9600000000T2.jsp>.
[102] Bursa Malaysia, 'Public Listed Companies Transformation Programme: Overview' <https://www.bursamalaysia.com/reference/public_listed_companies_transformation/overview>.

than capital efficiency or valuation.[103] The later MY Value Up initiative moved Malaysia closer to the valuation-focused model discussed in this article.

MY Value Up initially targets companies with market capitalisation above RM4 billion, a group of 88 issuers representing about 80% of Bursa Malaysia's total market capitalisation. The programme is voluntary and board-led, encouraging participating companies to develop strategies for enhancing corporate value through improvements in governance, capital allocation and investor engagement.[104]

The programme is based on four core principles: voluntariness, a forward-looking orientation, proportionality, and board accountability. It guides participating PLCs through a board-led and disclosure-based process. First, the company provides an overview of its business model, principal markets, products and services, financial performance, and capital structure. It then conducts a current-state analysis by selecting relevant indicators, such as return on equity, return on invested capital, and the spread between returns and the weighted average cost of capital, and uses them to assess its historical performance and principal drivers of value. On this basis, the company develops value-up strategies covering three areas: (i) governance and corporate vision; (ii) effective resource allocation, including investment in growth, portfolio rationalisation, balance-sheet management, and shareholder-return policies; and (iii) communication and engagement with investors. Finally, the company periodically monitors and reviews implementation and publishes annual updates explaining its progress, any departures from the plan, and the reasons for those departures. The results of this review inform the next planning cycle.[105]

Implementation follows a four-stage roadmap: (i) the April 2026 launch, targeting PLCs above the RM4 billion threshold; (ii) the launch of the MY Value Up Programme Guidebook in June 2026, providing guidance on formulating Value-up Plans and illustrative disclosure examples; (iii) a first, non-public disclosure milestone at the end of 2026, in which participating PLCs submit their

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[103] Bursa Malaysia, 'Bursa Malaysia Emphasises Digitalisation and Nation Building for PLCs' (5 December 2022) <https://www.bursamalaysia.com/cn/about_bursa/media_centre/bursa-malaysia-emphasises-digitalisation-and-nation-building-for-plcs> accessed 29 September 2026.

[104] Securities Commission Malaysia and Bursa Malaysia, 'SC and Bursa Malaysia Introduce MY Value Up Programme' (20 April 2026) <https://www.sc.com.my/resources/media/media-release/sc-and-bursa-malaysia-introduce-my-value-up-programme> accessed 29 September 2026.

[105] Bursa Malaysia and Securities Commission Malaysia, *MY Value Up Programme: Overview* (Bursa Malaysia 2026) <https://www.bursamalaysia.com/reference/my-value-up-programme/overview>.

Value-up Plans at least to the Securities Commission and Bursa Malaysia to build familiarity with forward-looking disclosure; and (iv) from 2027, the voluntary public release of Value-up Plans, alongside publication of the list of participating PLCs to spotlight their commitment.[106] The Securities Commission and Bursa Malaysia launched the Guidebook itself on 9 June 2026, at the Invest Malaysia Kuala Lumpur Conference.[107]

4.4. Taiwan

Taiwan's value-up policy developed from the Financial Supervisory Commission's 2024 strategy to strengthen the capital market and enhance market value.[108] Rather than creating a stand-alone regime, the authorities have connected value enhancement with the existing corporate-governance framework. The Taiwan Stock Exchange (TWSE)'s Power Up programme encourages listed companies to prepare and disclose Corporate Value Enhancement Plans, while related measures seek to improve investor communication, shareholder returns and market visibility.[109]

The programme asks companies to examine the reasons for weak valuation and set out measures that can improve corporate value over time.[110] The emphasis is not confined to distributions. Companies are encouraged to connect governance, operating performance, capital allocation and communication with investors, and the exchange has used seminars and guidance to spread the practice among issuers. This approach places value enhancement within an established system of governance evaluation rather than relying on a new mandatory disclosure regime.

Share repurchases have received particular attention in Taiwan. Companies that execute announced buybacks effectively can receive additional credit in corporate-governance assessments, linking a

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[106] Bursa Malaysia and Securities Commission Malaysia (n 105).
[107] Securities Commission Malaysia and Bursa Malaysia, 'SC and Bursa Malaysia Launch MY Value Up Guidebook' (Media Release, 9 June 2026) <https://www.sc.com.my/resources/media/media-release/sc-and-bursa-malaysia-launch-my-value-up-guidebook>.
[108] Taiwan Stock Exchange, 'Introduction to the Enterprise Value Enhancement Programs of Japan and South Korea, and Taiwan's Market Value Strengthening Strategy' (2024) <https://www.twse.com.tw/market_insights/en/detail/8a8216d6913637e40191d4af667a0349> accessed 29 September 2026.
[109] Taiwan Stock Exchange, 'The "Corporate Value Enhancement Plan Zone" Will be Launched on October 14 to Guide TWSE Listed Companies to Focus on Shareholder Value and Enhance International Competitiveness' (14 October 2024) <https://cgc.twse.com.tw/pressReleases/promoteNewsArticleEn/4433> accessed 29 September 2026.
[110] Taiwan Stock Exchange, 'The "Corporate Value Enhancement Plan Zone" Will be Launched' (n 109).

capital-allocation decision to an existing reputational mechanism.[111] The design gives companies an incentive to follow through on announced actions without prescribing repurchases for every issuer.[112]

The TWSE's Power Up programme became the principal channel for implementing those plans. Participation expanded rapidly during 2025. As of 31 December 2025, 487 listed companies had disclosed corporate value enhancement plans, representing approximately 46% of all TWSE-listed companies. The exchange's 2026 agenda builds on that take-up through Power Up 2.0, which places greater emphasis on medium- to long-term value growth, stronger investor-relations services, broader investor engagement and market-making mechanisms for high-quality but less liquid stocks.[113]

4.5. Mainland China

Mainland China's framework emerged from a broader effort to improve the quality and functioning of its capital markets. The State Council's 2024 Nine Guidelines tightened listing and delisting standards, strengthened dividend discipline and enforcement against misconduct, and sought to attract more medium- and long-term institutional capital.[114] Market-value management was subsequently given a more specific regulatory form through the China Securities Regulatory Commission's November 2024 Guidelines for Listed Companies No. 10.[115]

The Guidelines tie market-value management to the quality of the underlying company rather than to short-term support for its share price.[116] They contemplate improvements in operations and governance alongside mergers and acquisitions, equity incentives, employee share-ownership

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[111] Taiwan Stock Exchange, 'Listed Companies that Initiate Share Buybacks with High Buyback Ratio will be considered for Extra Credits in the Corporate Governance Evaluation' (9 April 2025) <https://cgc.twse.com.tw/pressReleases/promoteNewsArticleEn/4494> accessed 29 September 2026.

[112] Taiwan Stock Exchange (n 111).

Taiwan Stock Exchange, *ESG Ecosystem: Advancing Sustainable Value in 2026* (2026); Taiwan Stock Exchange, 'TWSE Actively Promotes the Power Up Program to Help Listed Companies Boost Global Competitiveness and Strengthen Taiwan's Capital Market' (5 January 2026).

[114] State Council of the People's Republic of China, 'Opinions on Strengthening Regulation, Preventing Risks and Promoting the High-Quality Development of the Capital Market' (12 April 2024).

[115] China Securities Regulatory Commission, Regulatory Guidelines for Listed Companies No 10—Market Value Management (6 November 2024); China Securities Regulatory Commission, 'CSRC Releases Regulatory Guidelines No 10 for Listed Companies—Market Value Management' (15 November 2024) <https://www.csrc.gov.cn/csrc/c100028/c7519048/content.shtml> accessed 29 September 2026.

[116] China Securities Regulatory Commission, Regulatory Guidelines for Listed Companies No 10—Market Value Management (n 115).

plans, cash dividends, investor relations, disclosure and repurchases. The framework also warns against manipulating prices or using market-value management as a justification for conduct detached from corporate fundamentals.

The rules apply with particular force to two groups of issuers. Companies included in major indices must establish internal systems for market-value management. Companies whose shares remain below book value for prolonged periods must prepare and disclose plans aimed at improving valuation and report on implementation. Centrally controlled state-owned listed companies face an additional channel of pressure because market-value considerations have been incorporated into managerial performance assessment. China thus connects company-level governance with regulatory supervision and, in the state sector, with the incentives of controlling shareholders and managers. This approach places boards and senior management under more direct regulatory expectations than the voluntary disclosure models used in several other Asian markets, while still emphasising improvements in corporate quality and investor returns rather than prescribing a single capital-allocation response.[117]

4.6. Thailand

Thailand introduced two related initiatives in 2025. The Stock Exchange of Thailand (SET)'s JUMP+ programme runs for three years from 2026 to 2028 and asks participating companies to prepare corporate value-creation plans, disclose them to investors and report regularly on progress.[118] The plans are expected to address business strategy, governance, financial performance and communication rather than simply announce a valuation target.

JUMP+ combines disclosure with unusually extensive issuer support.[119] SET and its partners provide research coverage, advisory and training programmes, grants and other incentives, corporate roadshows and promotional activities designed to increase the visibility of participating companies. The Securities and Exchange Commission of Thailand has simultaneously promoted a Corporate Value-Up Programme emphasising governance quality, value-enhancement strategies

[117] China Securities Regulatory Commission, *Regulatory Guidelines for Listed Companies No 10—Market Value Management* (6 November 2024); State-owned Assets Supervision and Administration Commission of the State Council, *Opinions on Improving and Strengthening Market Value Management of Listed Companies Controlled by Central Enterprises* (13 December 2024).
[118] Stock Exchange of Thailand, 'Overview of JUMP+ Program' (2025); Stock Exchange of Thailand, Annual Report 2025 (2026) 16.
[119] Stock Exchange of Thailand, Annual Report 2025 (2026) 16.

and regular communication with investors. By September 2026, 142 companies were participating in JUMP+, each with a three-year plan, giving the programme a meaningful issuer base despite its recent launch.[120]

4.7. Singapore

Singapore's Value Unlock Programme grew out of the Equities Market Review Group established by the Monetary Authority of Singapore (MAS) in 2024 to examine the competitiveness of the domestic equity market.[121] MAS and SGX launched the programme in November 2025 as part of the Review Group's final package, supported by S$30 million from the Financial Sector Development Fund. Unlike programmes built mainly around a standard disclosure template, Value Unlock concentrates on helping issuers improve the capabilities needed to diagnose and address persistent undervaluation.[122]

The programme works through three connected areas: capabilities, communication and communities.[123] Under the capabilities component, Equip and Elevate grants help listed companies strengthen corporate strategy, capital optimisation and investor relations. The communication component focuses on how companies explain their strategy and investment case to the market, while the community component brings issuers together with investors, analysts and other market participants. SGX describes the process as moving from diagnosis of the causes of undervaluation to strategic repositioning and, ultimately, a clearer equity story.[124]

The grants are designed for companies at different stages of development and can support external advice as well as internal capability building. This distinguishes Singapore from models that rely mainly on public disclosure and reputational pressure. The policy assumes that some issuers may need help developing a credible strategy and communicating it before disclosure can have much effect. Value Unlock sits within Singapore's wider equity-market reform programme. Measures directed at institutional demand, research coverage, listings, market making and trading

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Stock Exchange of Thailand, 'Overview of JUMP+ Program' (2025); Stock Exchange of Thailand, 'JUMP+ Investor Day 2026' (September 2026).

[121] Monetary Authority of Singapore, 'MAS Sets Up Review Group to Strengthen Equities Market Development' (n 20).

[122] Monetary Authority of Singapore, 'Review Group Completes Equities Market Review, Unveils SGX-Nasdaq Dual Listing Bridge, S$30 Million "Value Unlock" Package, and Second Batch of EQDP Asset Managers' (19 November 2025).

[123] Singapore Exchange, Elevating Potential, Delivering Shareholder Value: Value Unlock (2026).

[124] Singapore Exchange (n 123).

infrastructure address constraints that an issuer-focused programme cannot solve on its own. Singapore provides a particularly clear example of value-up being used as one component of a broader capital market strategy.

More recently, Singapore has supplemented this capability-building approach with mandatory disclosure requirements. In September 2026, SGX RegCo announced amendments to its listing rules, effective from 1 January 2027, requiring issuers to provide additional information about executive remuneration, dividend policies and investor relations.[125] Issuers will be required to disclose the financial and non-financial performance indicators used to determine the remuneration of executive directors and executive officers and explain how those indicators align with long-term value creation.[126] They must also include a dividend policy and investor-relations policy in their annual reports, describe their principal shareholder-engagement activities and maintain a website or dedicated section for investor engagement.[127] SGX RegCo expressly presented the reforms as supporting a "value creation culture" while preserving flexibility over substantive corporate decisions.[128] The new rules add a regulatory dimension to Value Unlock. Rather than prescribing dividends, capital allocation or particular valuation targets, Singapore combines support for companies seeking to improve their capabilities with mandatory disclosure intended to make their policies and engagement with investors more transparent. This combination makes Singapore's initiative less a stand-alone corporate disclosure programme than one element of a coordinated attempt to address both sides of the public-equity market: the ability of listed companies to create and communicate value and the depth of investor demand, research coverage and trading liquidity available to reward that value.[129]

5. Similarities and Divergences in the Design of Value-Up Initiatives

5.1. Common Features of Value-Up Programmes

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[125] Singapore Exchange Regulation, 'SGX RegCo Introduces Enhanced Disclosures Supporting Value Creation' (23 September 2026); Singapore Exchange Regulation, *Enhanced Disclosures: Value Creation and Investor Engagement, SGX Listing Rule Amendments* (effective 1 January 2027).

[126] Singapore Exchange Regulation, 'SGX RegCo Introduces Enhanced Disclosures Supporting Value Creation' (n 125).

[127] Singapore Exchange Regulation, 'SGX RegCo Introduces Enhanced Disclosures' (n 125).

[128] Singapore Exchange Regulation, Enhanced Disclosures (n 125).

Monetary Authority of Singapore, 'Review Group Completes Equities Market Review, Unveils SGX-Nasdaq Dual Listing Bridge, S$30 Million Value Unlock Package, and Second Batch of EQDP Asset Managers' (19 November 2025); Singapore Exchange, *Elevating Potential, Delivering Shareholder Value: Value Unlock* (2026).

The comparison of value-up programmes adopted across Asia reveals significant divergences. The initiatives differ in the degree of regulatory compulsion, the role assigned to boards, the mechanisms used to generate investor monitoring, the incentives attached to participation and their relationship with the surrounding legal framework. Despite those differences, they share a clear common feature in their focus on value creation. Substantively, each programme asks corporate management to re-examine its financial and investment policies. Management is then encouraged to translate that diagnosis into a concrete plan addressing capital allocation, business-portfolio composition and shareholder value. Procedurally, each asks boards and management to take responsibility for that plan and to disclose it to the market, whether through a Corporate Governance Report, a standardised value-up plan filed with the exchange, or a board-led disclosure cycle set out in a programme guidebook.[130]

The comparison also reinforces the importance of ownership and external monitoring. Across many Asian markets, a large share of listed companies is controlled by a dominant shareholder, shareholder activism remains limited, and institutional investors that might otherwise support activist intervention hold comparatively modest stakes or have historically engaged only lightly with investee companies. Concentrated ownership is associated with a higher incidence of low price-to-book valuations across the region, while Asian listed companies as a group have historically paid out a smaller share of earnings and held more cash than their counterparts in Europe and the United States.[131] These patterns do not establish that retained capital is inefficient. They do, however, help explain why value-up programmes have focused so heavily on capital allocation, investor communication and board accountability.

The composition of the investor base adds another dimension to this explanation. Where professional institutional monitoring is relatively limited and retail participation is substantial, improving corporate behaviour is only part of the problem. Information about that behaviour must also reach investors in a form they can use without incurring the analytical costs normally borne by professional institutions. Standardised value-up disclosure, research support, indices and

[130] Tokyo Stock Exchange, *Action to Implement Management* (n 10); Financial Services Commission, 'Guidelines on Corporate Value-up Plan' (n 90); Bursa Malaysia and Securities Commission Malaysia (n 105).
[131] OECD (n 1) 48–52, 68, 87–88.

investor-engagement programmes can therefore perform both a governance function and an informational one.

Japan presents a different ownership structure but has historically faced a similar problem. Although share ownership is more dispersed, extensive cross-shareholdings among industrial companies, banks, and business partners protected management from outside pressure for decades.[132] Japanese company law, for example, grants shareholders strong rights, including a comparatively low-cost derivative-suit procedure, but stable cross-shareholders rather than independent investors often controlled the outcome of shareholder votes, limiting the effect of those rights.[133] Value-up programmes can help address weaknesses in shareholder protection caused by each market's ownership structure and circumstances. Japan's traditionally stakeholder-oriented corporate governance system, in which employees have played a significant role,[134] adds another dimension that helps explain the potential of value-up initiatives. The interests of shareholders and employees often differ.[135] While the latter may prefer a more risk-averse investment and financing policy because of the potential loss of employment if the firm becomes insolvent, shareholders may have stronger incentives to tolerate risk because they enjoy the upside from successful investments while benefiting from limited liability and, where their portfolios are diversified, reduced exposure to firm-specific losses.[136] Therefore, in jurisdictions where employees play a prominent role in corporate governance, such as Japan, value-up programmes may emerge as a promising initiative to incentivise more efficient capital allocation and greater firm value while still considering the interests of employees.

Another common institutional feature across the adoption of value-up initiatives in Asia is the prominent role of stock exchanges. Their contribution goes beyond conventional listing standards

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[132] Claessens, Djankov and Lang (n 4).
[133] Gen Goto, 'Legally "Strong" Shareholders of Japan' (2014) 3 *Michigan Journal of Private Equity & Venture Capital Law* 125.
[134] Masahiko Aoki, 'The Interaction of Financial and Employment Contracts: A Formal Model of Japanese Corporate Governance' (1992) 6 *Journal of the Japanese and International Economies* 247; Ronald J Gilson and Mark J Roe, 'Lifetime Employment: Labor Peace and the Evolution of Japanese Corporate Governance' (1999) 99 Colum L Rev 508; Naohito Abe and Satoshi Shimizutani, 'Employment Policy and Corporate Governance—An Empirical Comparison of the Stakeholder and the Profit-Maximization Model' (2007) 35 *Journal of Comparative Economics* 346.
[135] Jonathan B Berk, Richard Stanton and Josef Zechner, 'Human Capital, Bankruptcy, and Capital Structure' (2010) 65 *J Fin* 891; Margaret M Blair, 'Firm-Specific Human Capital and Theories of the Firm' in Margaret M Blair and Mark J Roe (eds), *Employees and Corporate Governance* (Brookings Institution Press 1999).
[136] Berk, Stanton and Zechner (n 135); Jensen and Meckling (n 13).

and disclosure rules. Exchanges can make company responses visible, facilitate comparison, support research and investor engagement and, in some jurisdictions, attach reputational or financial consequences to participation. The Asian programmes show that exchanges can operate as governance institutions without converting every expectation into a mandatory corporate-law rule.

5.2. Differences in Instruments, Purpose and Design

Despite their common purpose, there are many differences in the design of value-up initiatives across Asia. One of them is whether the programme is voluntary or compulsory. Japan, Malaysia, Taiwan and Thailand rely principally on voluntary participation reinforced by disclosure and reputational pressure. Korea is also formally voluntary, but index inclusion, tax incentives and public identification of persistently low-PBR companies give participation more tangible consequences. China, however, moves further toward prescription by imposing market-value-management requirements on specified categories of listed companies.

A second difference concerns the mechanism used to make participation consequential. Some programmes rely mainly on publicity and comparison, others add indices, research support, tax incentives or issuer assistance, and some connect value-up to existing governance assessments or mandatory disclosure.[137] The resulting source of pressure may come primarily from investors, reputation, financial incentives or regulation, which helps explain why programmes sharing the value-up label can operate quite differently.

A third difference is the relationship with surrounding reforms. In Japan, value-up followed years of changes to stewardship, governance and market structure. Korea has combined its programme with corporate-law, stewardship and market reforms, while Singapore has embedded Value Unlock in a package directed at institutional demand, research, listings and liquidity. China links value management more closely to regulatory supervision and state-owned-enterprise governance. The same disclosure request can therefore have different effects depending on the institutions around it.

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[137] See Tokyo Stock Exchange, *Action to Implement Management* (n 10); Financial Services Commission, 'Guidelines on Corporate Value-up Plan' (n 90); Taiwan Stock Exchange, 'The "Corporate Value Enhancement Plan Zone" Will be Launched' (n 109); Bursa Malaysia and Securities Commission Malaysia (n 105); Singapore Exchange Regulation, 'SGX RegCo Introduces Enhanced Disclosures' (n 125).

6. Early Evidence and the Challenge of Assessing Effectiveness

Evaluating value-up initiatives is inherently challenging. Stock prices reflect macroeconomic conditions, interest rates, exchange rates, sector composition, geopolitical developments, technological cycles and global capital flows. Most Asian programmes are also too recent to support confident causal conclusions.[138] Nevertheless, the available evidence provides some preliminary insights into their potential effects. Among jurisdictions where programmes have been in operation for more than two years, outcomes have diverged markedly. The OECD has documented that while Japan and Korea recorded substantial annualised equity-index appreciation, Malaysia recorded much weaker performance.[139] Meanwhile, China, Taiwan, Thailand, and Singapore also experienced significant market gains over their respective post-launch periods, although the shorter observation windows make inference particularly difficult.[140]

In Korea, the KOSPI rose by 75.6% in 2025, with the AI and semiconductor boom and sharp gains in Samsung Electronics and SK Hynix contributing substantially to the rally. The relative performance of value-up and related indices has also been mixed and sensitive to benchmark selection. The Korean Value-up Index substantially outperformed the KOSPI, the broad main-board index, but only marginally exceeded the KOSPI 200, which tracks 200 leading main-board stocks, during the first nine months of 2026.[141] Japan's JPX Prime 150 lagged TOPIX, a broad Japanese equity benchmark, over the three years through September 2026.[142] These benchmarks provide useful market comparisons, but differences in ownership, company size, sector exposure and index construction limit their ability to isolate the programmes' effects.

Price-to-book ratios tell a more cautious story. China experienced the clearest early increase, while Japan's median valuation increased more gradually.[143] By contrast, median valuations declined in Korea and Taiwan despite strong equity-index performance, while Malaysia and Thailand experienced little change.[144] The divergence cautions against judging a value-up initiative solely by the performance of a headline stock index. A rise in median PBR under China's more

[138] OECD (n 1) 57–58.
[139] OECD (n 1) 57.
[140] OECD (n 1) 57.
[141] Korea Exchange, 'September 2026 Value-up Monthly Report' (8 October 2026).
[142] JPX Market Innovation & Research, 'JPX Prime 150 Index' (September 2026 factsheet).
[143] OECD (n 1) 58.
[144] OECD (n 1) 58.

prescriptive framework does not establish that compulsion caused the change, just as strong benchmark performance in Taiwan or Thailand does not demonstrate a broad rerating of listed companies. Malaysia is harder to assess because MY Value Up remains in its implementation phase. At this stage, different indicators point in different directions and the observation periods remain short.

Investor participation provides another measure. Korea experienced a particularly large increase in assets managed by equity funds, while Japan recorded an increase exceeding 50% over approximately three years. China and Taiwan also experienced substantial increases.[145] Liquidity conditions also vary considerably. China recorded a 2025 turnover ratio of approximately 266%, compared with 127% in Japan, 121% in Korea, 99% in Taiwan, and only approximately 29% in Malaysia.[146] When it comes to corporate behaviour, Japan experienced a substantial increase in announced share repurchases following the TSE initiative, while Taiwan also recorded significant growth in buyback activity.[147] Buybacks themselves should not be treated as synonymous with value creation. Whether a repurchase creates value depends on the circumstances in which it takes place and, more generally, on whether it represents an efficient use of the company's capital. A repurchase may contribute to value creation, for example, when the company's shares are undervalued and purchasing them offers a better use of corporate resources than alternative investments, or when the company has excess cash for which sufficiently attractive investment opportunities are unavailable.[148] Conversely, repurchases undertaken at excessive prices or at the expense of value-creating investment need not enhance firm value.[149]

Assessing the effectiveness of value-up programmes is further complicated by their introduction alongside broader capital market reforms in several jurisdictions. Where value-up initiatives form part of a more comprehensive reform package, improvements in market liquidity, firm valuations

[145] OECD (n 1) 59.
[146] OECD (n 1) 59.
[147] OECD (n 1) 59–60.
[148] David Ikenberry, Josef Lakonishok and Theo Vermaelen, 'Market Underreaction to Open Market Share Repurchases' (1995) 39 J Fin Econ 181; Gustavo Grullon and Roni Michaely, 'The Information Content of Share Repurchase Programs' (2004) 59 J Fin 651; Alon Brav, John R Graham, Campbell R Harvey and Roni Michaely, 'Payout Policy in the 21st Century' (2005) 77 J Fin Econ 483.
[149] Grullon and Michaely (n 148); Brav and others (n 148).

or listing activity may reflect the combined effects of several measures rather than the value-up programme alone.

7. Policy Lessons

7.1. Value-Up Initiatives as Corporate Governance Strategy

Value-up initiatives are best understood as a corporate governance strategy rather than simply as programmes directed at stock-market valuation. Many companies may be tempted to perceive corporate governance as a form of regulatory compliance. Properly understood, however, corporate governance is a mechanism to increase firm value and firms' access to finance by reducing asymmetries of information and opportunistic behaviour. Seen this way, value-up initiatives advance the function of corporate governance by encouraging managers to rethink and disclose their investment and financing policies and explain how they can ultimately create value.

In this sense, value-up initiatives occupy an intermediate position between mandatory corporate-law rules and ordinary market discipline. Rather than creating new shareholder rights or prescribing particular investment, financing or distribution decisions, value-up initiatives seek to make boards examine those decisions, engage more actively with shareholders, explain their actions and ultimately subject those actions to greater market scrutiny.

7.2. Value-Up as a Signalling and Coordination Mechanism

By asking directors to think more clearly about value creation, value-up initiatives can attract the attention of additional investors. Thus, they can perform a signalling function. Additionally, because of the passive nature of many investors and the limited attention or resources of others, value-up initiatives can serve as a mechanism to facilitate coordination among investors, especially in stocks that may not receive significant analyst coverage or investor attention because of their limited size.

Market-wide initiatives can lower those search and comparison costs through standardised disclosures, public lists, indices, research programmes and investor events. Digital communication may reinforce that effect by allowing information to circulate among investors more quickly and at lower cost. Participation can also convey information about a company's willingness to subject its capital-allocation choices to scrutiny, while the programme itself signals that the exchange or

regulator regards valuation and investor engagement as market-development concerns. Thus, this greater communication may serve as another mechanism for monitoring management and firm performance and ultimately contribute to the economic function of corporate governance.

7.3. The Potential of Value-Up Initiatives in Asia and Beyond

The potential usefulness of value-up initiatives in Asia reflects the interaction among several features of Asian capital markets, including concentrated ownership, relatively limited external monitoring, conservative capital allocation and institutional-investor bases that remain smaller than in major Western markets. None of these characteristics is unique to Asia, nor is every one present in every Asian market. Their combination, however, can leave a gap between the information and discipline supplied by conventional governance mechanisms and what investors need to evaluate corporate decisions. Value-up initiatives can partly occupy that space.

The effectiveness of value-up initiatives will accordingly differ across markets. Where analysts, institutional investors, activists, litigation and takeover pressure already impose substantial discipline, another layer of disclosure or engagement with shareholders may not be needed. Where those mechanisms are weaker, however, value-up initiatives may provide an additional source of accountability and a focal point around which investors can evaluate and respond to corporate decisions. In assessing the potential contribution of value-up initiatives, it is therefore important to consider the particular legal and institutional environment of each country, and whether its corporate governance machine, to borrow Lund and Pollman's terminology,[150] encourages shareholder value creation. In some jurisdictions, such as the United States, the interaction of different corporate governance mechanisms creates substantial pressure to maximise shareholder value. In others, certain features of the system may encourage this outcome while others may limit those incentives.

For example, although many Japanese listed companies have dispersed ownership, cross-shareholdings and stable business relationships historically insulated management from shareholder pressure and limited the threat of hostile takeovers.[151] Japanese corporate governance also traditionally placed considerable weight on employees and other stakeholders, alongside a

[150] Lund and Pollman (n 65).
[151] Goto (n 133).

managerial culture often criticised for excessive caution and reluctance to pursue growth opportunities involving risk.[152] As discussed above, however, more than a decade of reforms to public investment policy, stewardship, corporate governance and exchange structure has gradually strengthened expectations that companies should create shareholder value. METI's 2023 Guidelines for Corporate Takeovers complemented these reforms by promoting acquisitions that enhance corporate value and protect shareholders' interests.[153] TSE's value-up initiative adds a more explicit focus on capital allocation. Its subsequent elaboration asks companies to assess whether their assets, including cross-shareholdings, support future value creation, and expects the board to oversee medium- to long-term management policy and the use of capital continuously.[154] These cumulative changes have coincided with a substantial increase in shareholder activism: Japan recorded 52 new campaigns in the first half of 2026, a record for that period.[155] Japan's experience therefore suggests that, where developed capital markets and a substantial institutional investor base already exist, value-up initiatives can reinforce broader reforms by giving investors and boards a clearer basis for considering shareholder value creation.

In Singapore, although corporate law is generally shareholder-oriented, limited shareholder activism and derivative litigation, together with the relatively weak threat of hostile takeovers partly attributable to the prevalence of controlling shareholders, may reduce external pressure on corporate boards to maximise shareholder value. Thus, even a shareholder-oriented corporate law framework may not necessarily generate strong incentives for boards to maximise shareholder value in the absence of other legal, market and institutional arrangements comprising a country's corporate governance machine.

In China, although corporate law contains several shareholder-oriented provisions, the country's stakeholder-oriented corporate governance system,[156] together with the prevalence of controlling

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[152] Gilson and Roe (n 134); Abe and Shimizutani (n 134); Takashi Araki, 'Changes in Japan's Practice-Dependent Stakeholder Model and Employee-Centered Corporate Governance' in D Hugh Whittaker and Simon Deakin (eds), *Corporate Governance and Managerial Reform in Japan* (Oxford University Press 2009) 222.
[153] Ministry of Economy, Trade and Industry, Guidelines for Corporate Takeovers: Enhancing Corporate Value and Securing Shareholders' Interests (31 August 2023).
[154] Tokyo Stock Exchange (n 84).
[155] Lazard, 'Review of Shareholder Activism: H1 2026' (1 July 2026) <https://lazard.com/research-insights/review-of-shareholder-activism-h1-2026> accessed 28 October 2026 (reporting 52 new activist campaigns in Japan out of 184 worldwide in the first half of 2026).
[156] Jie Zeng, 'Corporate Governance in China: Shareholder Primacy under the Chinese Communist Party's Influence' (2024) 43 J L & Com 35; Puchniak, 'No Need for Asia to be Woke' (n 7).

shareholders, particularly the state, and the influence of broader public policy objectives, may weaken the incentives for corporate boards to maximise shareholder value. At the same time, recent empirical evidence documents a significant increase in shareholder activism, including campaigns involving state-owned enterprises.[157] Thus, while certain features of China's corporate governance system may limit the incentives to maximise shareholder value, the growing role of shareholder activism may create additional pressure on corporate boards to pursue value-enhancing strategies.

In India, the prevalence of family-controlled companies, together with stakeholder-oriented elements of corporate law,[158] relatively limited shareholder activism and constraints on external monitoring and enforcement,[159] may also weaken the incentives for boards to maximise shareholder value. Nevertheless, India has undertaken various reforms over the past few decades aimed at strengthening corporate governance and investor protection. While these reforms do not necessarily imply a greater emphasis on shareholder value maximisation, particularly given the importance that India's corporate governance framework attaches to other objectives, Indian companies have generally enjoyed relatively strong market valuations.[160] The combination of these reforms, the country's broader corporate governance priorities and its relatively strong market valuations may help explain why India has not followed other Asian countries in adopting value-up initiatives.[161]

These differences across jurisdictions suggest that the potential contribution of value-up initiatives depends not simply on the presence or absence of particular corporate governance mechanisms, but on how those mechanisms interact with one another and with the broader capital market environment. Even where some mechanisms encourage shareholder value creation, others may weaken those incentives, leaving room for value-up initiatives to play a complementary role. Interestingly, several regions around the world, including Latin America, Africa and, to a lesser

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[157] Chun Zhou, Wei Zhang and Dan W Puchniak, 'The Overlooked Reality of Shareholder Activism in China: Defying Western Expectations' (2025) 15 Harv Bus L Rev 521.
[158] Mihir Naniwadekar and Umakanth Varottil, 'The Stakeholder Approach towards Directors' Duties under Indian Company Law: A Comparative Analysis' in Mahendra Pal Singh (ed), *The Indian Yearbook of Comparative Law 2016* (Oxford University Press 2017) 95.
[159] Umakanth Varottil, 'The Advent of Shareholder Activism in India' (2012) 1(6) J Governance Journal 582; Umakanth Varottil, 'Shareholder Stewardship in India: The Desiderata' (2020) ECGI Law Working Paper.
[160] OECD (n 1) 55.
[161] Anuja Agarwal, 'Does India Need Value-Up or Governance Up?' (Asian Corporate Governance Association Blog, 2024).

extent, Europe, share some of the features found in Asian capital markets, including concentrated ownership, limited shareholder activism and derivative litigation, and relatively shallow institutional-investor bases. The Asian experience may therefore offer valuable lessons for other jurisdictions facing valuation challenges and exploring different strategies to strengthen corporate governance and promote capital market development.

7.4. Designing Value-Up Initiatives

The design of a value-up programme should be adapted to the particular needs of each country and the specific local problems that may need to be addressed. For example, in some countries, standardised disclosure and support for investor relations may be enough where the principal weaknesses concern information and communication, while companies that receive little market attention may benefit more from research coverage, indices and investor events. Markets with substantial retail participation may place greater emphasis on accessible and comparable disclosure, while those with a stronger institutional-investor base may obtain more from stewardship and mechanisms facilitating engagement. In markets where external monitoring is weak, stronger reputational pressure or stewardship mechanisms may be more useful, whereas persistent capital-allocation problems may require greater emphasis on cost-of-capital analysis and board accountability. The appropriate balance between voluntary measures and regulatory requirements may also vary across jurisdictions, depending on the incentives faced by companies and the capacity of regulators and stock exchanges to monitor their implementation.

Uniform financial targets, however, may be inappropriate given the differences across companies in terms of growth opportunities, risk, industry structure and financing needs. Value-up initiatives should therefore encourage boards to assess and justify their capital-allocation decisions without imposing uniform targets for dividends, leverage or investment.

7.5. Limitations of Value-Up Initiatives

Value-up initiatives have clear limits. A sophisticated capital-allocation plan will accomplish little if a controlling shareholder can continue extracting private benefits through related-party transactions, making legal and institutional mechanisms for investor protection indispensable.[162] Nor can value-up compensate for inadequate market infrastructure. Without sufficient liquidity,

[162] La Porta, Lopez-de-Silanes and Shleifer (n 14); Djankov and others (n 46).

market access, reliable trading and settlement systems and credible price discovery, improvements at the company level may not translate efficiently into valuations.[163] Some valuation problems are more fundamental still. Companies whose assets are unproductive, industries are declining or management lacks viable growth strategies cannot manufacture good investment opportunities through a value-up programme.

Poorly designed initiatives can also encourage financial engineering. If boards read value-up as an instruction to raise ROE or price-to-book ratio, they may repurchase shares, increase leverage or sell assets even when those actions do not improve long-term value. The problem is not the use of those tools as such, but the substitution of a financial metric for a credible account of how the company creates value. An excessive focus on stock prices can also create familiar distortions and has contributed to major accounting frauds in the past.[164] A related concern arises in companies whose collapse may generate significant externalities, such as banks and insurance companies, where greater pressure to maximise shareholder value may encourage excessive risk-taking at the expense of depositors, policyholders, creditors and the stability of the financial system.[165] Value-up initiatives in these sectors should therefore take account of their particular regulatory objectives, including financial stability.

A further risk is that value-up becomes another compliance exercise. Companies may publish lengthy plans full of standard language without making meaningful changes to their operations or capital-allocation policies. The effectiveness of disclosure-based governance ultimately depends on whether investors, analysts, stock exchanges and corporate boards make use of the information disclosed. Without such engagement, value-up initiatives may generate additional disclosure without producing significant improvements in corporate governance or firm value.

Beyond these considerations, a broader policy question arises as to why countries may seek to strengthen corporate governance, increase firm valuations and promote capital market development through value-up initiatives rather than through more fundamental legal and institutional reforms. If shareholder value maximisation is the objective, countries could instead

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[163] OECD (n 1) 61.
[164] Jensen, 'Agency Costs of Overvalued Equity' (n 68).
[165] Luc Laeven and Ross Levine, 'Bank Governance, Regulation and Risk Taking' (2009) 93 J Fin Econ 259; Deniz Anginer, Asli Demirgüç-Kunt, Harry Huizinga and Kebin Ma, 'Corporate Governance of Banks and Financial Stability' (2018) 130 J Fin Econ 327.

strengthen conventional corporate governance mechanisms through measures such as greater opportunities for shareholder litigation, stronger investor protection or reforms facilitating the market for corporate control. In other words, they could seek to reshape their corporate governance systems to generate pressures on boards similar to those found in the United States, where the interaction of different governance mechanisms creates strong incentives to maximise shareholder value.

However, replicating such a corporate governance system may face significant obstacles and, even if feasible, may not necessarily be desired by policymakers. In Asia, for example, cultural attitudes towards litigation may limit the effectiveness or feasibility of reforms seeking to encourage shareholder lawsuits, including through class actions or contingency fee arrangements. Reforms of the judiciary, which are also essential for investor protection and the effective enforcement of corporate law, may face political and institutional obstacles that are difficult to overcome. Political economy considerations may also constrain reforms that threaten the interests of controlling shareholders or other influential constituencies, even where those reforms could improve investor protection, attract investment and contribute to more liquid and developed capital markets. Path dependence may also make it difficult to change a country's existing patterns of corporate ownership and governance, particularly where different legal and institutional mechanisms have developed together and reinforce one another.[166] Moreover, the effectiveness of a corporate governance system in promoting shareholder value may depend not only on its legal and institutional arrangements but also on the depth and informational efficiency of its capital markets, which may be even more difficult to replicate. Finally, countries may deliberately choose to pursue corporate governance objectives other than shareholder value maximisation, even if doing so involves trade-offs in terms of capital allocation, firm valuations or capital market development.

Transforming a country's corporate governance machine is therefore neither straightforward nor necessarily desired by policymakers. Indeed, evidence from corporate law reforms in some of the world's largest economies suggests that changing the purpose of a corporation is not easy, partly because of the difficulties involved in transforming the broader legal, market and institutional

[166] See generally Lucian Arye Bebchuk and Mark J Roe, 'A Theory of Path Dependence in Corporate Ownership and Governance' (1999) 52 Stan L Rev 127.

environment in which companies operate.[167] Against this background, value-up initiatives may offer an attractive strategy for jurisdictions seeking to strengthen corporate governance and address persistent valuation discounts. By encouraging boards to pay greater attention to capital allocation, investor engagement and shareholder value creation, these initiatives may strengthen incentives to maximise firm value without requiring countries to replicate the corporate governance arrangements found in the United States. They may thus provide a practical alternative for jurisdictions where such a transformation would be difficult, politically infeasible or inconsistent with other policy objectives. Their effectiveness, however, will still depend on the surrounding legal and institutional environment, particularly the existence of credible mechanisms for protecting investors and enforcing corporate and securities law. Accordingly, value-up initiatives should ultimately be understood as complements to, rather than substitutes for, effective investor protection.

8. Conclusion

The spread of value-up initiatives across Asia has created an unusual experiment in the relationship between corporate governance and capital market development. Rather than relying primarily on new shareholder rights or mandatory governance rules, these initiatives seek to influence how listed companies think about value creation, capital allocation and their relationship with investors. In this sense, they add a new element to the conventional toolkit for corporate governance and capital market development.

The comparison across Asian markets also shows that value-up initiatives vary considerably across jurisdictions. Some initiatives rely heavily on disclosure and reputational pressure, while others combine these mechanisms with indices, incentives, stewardship reforms or more direct regulatory intervention. Despite these differences, the programmes perform a similar function by increasing the pressure on corporate boards to think about value creation and strengthen investor confidence.

Whether these initiatives work ultimately depends on the governance and market institutions around them. Disclosure is more consequential when investors have the capacity and incentives to use it. Engagement is more effective when institutional investors can exercise meaningful

[167] See Dan W Puchniak, Aurelio Gurrea-Martínez, Geneviève Helleringer and Wolf-Georg Ringe, 'The Corporate Purpose Equilibrium: Why Changing Corporate Law Rarely Changes Corporate Purpose' (Working Paper, 2026).

influence. Reputational pressure becomes stronger when analysts, the media and other market participants can identify and publicise differences among firms. Value-up initiatives can strengthen these mechanisms, but they cannot substitute for credible investor protection, effective enforcement, liquid markets or an active institutional-investor base.

The Asian experience is still too recent to support definitive conclusions about the long-term effects of value-up initiatives. Yet the particular features of the Asian legal, market and institutional environment suggest that value-up initiatives can serve as a valuable strategy for corporate governance and capital market development. Interestingly, some of the features found in Asian markets are also present in other jurisdictions, particularly in Latin America, Africa and, to a certain extent, Europe. The Asian experience may therefore offer valuable lessons about whether and how value-up initiatives can complement conventional corporate governance mechanisms in jurisdictions well beyond Asia.

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