Sustaining the momentum: Value-up as the next chapter for Singapore's equity market

BY RAGHAV KAPOOR

Singapore's capital markets are at a turning point. The Monetary Authority of Singapore (MAS) Review Group has delivered a suite of policy reforms designed to reinvigorate the equity market — reforms aimed at tackling liquidity gaps, attracting broader investor participation, and strengthening the governance and transparency of listed companies.

But for this early momentum to be sustained, policy alone is not enough. Listed corporates themselves must embrace the ethos of value-up: unlocking value through bold restructuring, sharper capital allocation, and governance reforms that align with global best practices. Without this corporate-led follow-through, Singapore risks seeing a burst of enthusiasm fizzle into inertia.

The lesson from markets such as Japan and South Korea is clear: value-up is a multi-year journey, not a one-off initiative. It requires structural change at both the policy and company level, enforced by market incentives and benchmarks that hold management accountable. Encouragingly, a wave of corporate actions in recent months suggests that Singapore Inc is beginning to take this seriously.

Early examples of value unlocking in Singapore

Over the past year, several companies listed on the Singapore Exchange (SGX) — notably including a number of Temasek-linked firms — have made bold moves that underscore the power of corporate restructuring and capital recycling in driving shareholder value.

Singapore Telecommunications (Singtel)
Singtel's progressive capital recycling strategy — including a S$2 billion partial divestment of Airtel — demonstrates a balance between funding growth and rewarding shareholders. Investors have gained confidence that the group will sustain double-digit earnings growth while delivering stable dividends, giving over 50% in total shareholders returns over the past year.

Keppel
Keppel's sale of M1's telco operations to Simba Telecom for $1.43 billion epitomises disciplined portfolio management. By unlocking close to $1 billion in cash and retaining only M1's ICT business, Keppel sharpened its focus on digital infrastructure while recycling capital towards higher-growth opportunities. Investors rewarded this clarity: the stock has delivered +50% total shareholder return in the past year, with further upside likely as more non-core assets are divested under its Accelerating Monetisation Task Force.

Yangzijiang Financial Holding (YZJFH)
The announced spin-off of its maritime investments into a separately listed entity, YZJ Maritime, exemplifies how clear corporate separation can unlock hidden value. The spin-off allows investors to properly value the maritime platform independent of the group's financial holdings. With pro forma disclosures recently released, YZJFH's record of more than 220% in total shareholder return over the past year reflects both realised and anticipated value creation.

ALBERT CHUA/THE EDGE SINGAPORE

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DFI Retail Group
DFI's decision to streamline its portfolio — exiting low-return supermarket assets and minority stakes — has delivered over 100% total shareholder returns in the past year. The company's pivot toward higher-margin convenience and pharmacy retail underscores the power of disciplined capital allocation.

Singapore Post (SingPost)
Even in a structurally challenged sector, value can be unlocked. SingPost's sale of its Australian business to private equity for A$1.02 billion ($857.7 million) crystallised unrealised value and funded a special dividend. While its long-term fundamentals remain weak, the transaction nonetheless highlights the ability of corporate actions to deliver short-term returns.

Together, these examples send a powerful signal: value-up is not a theoretical construct. When Singapore listcos take decisive actions, the market responds.

Why this matters for Singapore

The broader significance lies in market signalling. These early movers set a precedent for peers — especially mid-cap and family-controlled firms — to recognise that shareholder value creation is no longer optional.

For investors, the lesson is equally clear: Singapore's market can deliver outsized returns when governance is strong, assets are recycled, and capital allocation is disciplined. This is crucial if the SGX is to compete effectively for capital in an era where global investors have abundant alternatives.

But these green shoots must be nurtured into a full-fledged movement. For that, Singapore can learn from regional peers.

Regional best practices

Japan's two decades into governance reform
Japan's corporate governance reforms, initiated in 2013, transformed a chronically undervalued market into one of the world's best performers by 2024. Key features include:

- Board accountability: Tokyo Stock Exchange (TSE) rules requiring one-third independent directors and English disclosures have raised governance standards.
- Capital efficiency: Firms trading below book value are "named and shamed", required to publish capital improvement plans, often leading to buybacks or higher dividends.
- Portfolio rationalisation: Companies are pressured to reduce cross-shareholdings and streamline bloated portfolios.

The results are striking. Dividend payouts and share buybacks have nearly doubled. Return on equity has steadily improved, narrowing the gap with global peers. The Nikkei 225 hit record highs in 2024, driven by both domestic reforms and renewed foreign inflows.

The message for Singapore: policy pressure plus market mechanisms can reshape corporate culture. Transparency, benchmarks, and investor engagement create a feedback loop that enforces discipline.

Closing the "Korea Discount"
South Korea's Corporate Value-Up Programme, launched in 2024, seeks to narrow the persistent "Korea discount" by compelling companies to publish value-up plans and by creating a Korea Value-Up Index. The reforms also expand directors' fiduciary duties to shareholders, curb insider dominance, and mandate more independent oversight.

Already, over 160 companies have published value-up plans. Total dividend payouts by KOSPI members rose 12% in 2024, while buybacks doubled. The KOSPI index itself is up 33% year-to-date in 2025.

Still, challenges remain: it is early days and many plans are vague, and enforcement is weak compared to Japan. Yet the trajectory is unmistakable: market valuation improves when companies signal genuine shareholder orientation.

For Singapore, the Korean example shows the value of explicit benchmarks and indices to track progress, but also the pitfalls of relying solely on voluntary compliance.

Charting the path forward for Singapore

To sustain the early momentum, Singapore should consider a three-pronged framework:

1. Institutionalising value-up benchmarks
A "Singapore Value-Up Benchmark" could play an important role in tracking companies undertaking credible restructuring, governance, and shareholder-return actions. Initiatives are already underway in the market (watch this space) which suggests that private-sector innovation may take the lead here, complementing regulatory reforms. Inclusion would create a reputational incentive for corporates, while offering investors a transparent vehicle to allocate capital toward reform-minded firms.

2. Enhancing cross-border investor relations
Singapore corporates must broaden investor outreach, particularly to regional and global funds. Japan's requirement for English disclosures catalysed foreign inflows; Korea has mandated electronic shareholder meetings. Singapore could go further — promoting standardised disclosure templates, incentivising dual-language reporting, and hosting cross-border investor engagement forums.

3. Sharpening governance accountability
While Singapore already has strong governance frameworks, the next step is enforcement. For example, requiring underperforming firms (low ROE, trading below book value) to explain capital allocation strategies in annual reports could replicate Japan's "naming and shaming" effect albeit with a local twist. Boards must also be encouraged — or required — to refresh independent director pools and avoid entrenched relationships that stifle reform.

The big picture: Singapore's market as a regional hub

If executed well, a sustained value-up movement could cement Singapore's equity market as the regional hub for high-quality, shareholder-friendly corporates. The combination of policy reform, company-level discipline, and investor engagement could create a virtuous cycle:

- Corporates unlock value through divestments, spin-offs, and buybacks.
- Investors respond with capital inflows and re-ratings; encouraging new listings.
- Policymakers reinforce expectations with benchmarks and governance standards.

Beckoning harvest

The recent actions by SGX-listed companies are more than isolated corporate events. They are the first seeds of what could compound into a flourishing ecosystem of value creation across Singapore's market. But as any disciplined investor knows, sustainable returns require patience, rebalancing, and careful stewardship — in this case, from policymakers, corporates, and investors alike.

If Singapore can foster its own version of Japan's disciplined governance reforms and Korea's benchmarking approach, the city-state can transform its market into a regional exemplar of value creation.

The seeds are sown. Now comes the harvest. E

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