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Temasek, which owns 24 percent of Olam according to data compiled by Bloomberg, is the company's biggest shareholder. Photographer: Munshi Ahmed/Bloomberg

by Klaus Wille

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Temasek Holdings Pte Chief Executive Officer Ho Ching's three-month sabbatical raises the question that's been asked repeatedly in the past six years: who will steer Singapore's investment mothership when she eventually leaves?

Ho, 62, said last week she's taking time off to attend to "a couple of long-standing things" and catch up on sleep, while assuring the public she's "well." The leave follows two months during which her husband, Singapore Prime Minister Lee Hsien Loong, was operated on for prostate cancer, and his father, Lee Kuan Yew, the nation's first premier, died at 91.

Temasek, Singapore's state-owned investment company, is trying to avoid the 2009 debacle when it appointed BHP Billiton Ltd. head Charles "Chip" Goodyear as CEO designate to replace Ho, said Victoria Barbary, director at the London-based Institutional Investor's Sovereign Wealth Center. Goodyear left within months over differing views on strategy.

"The Chip Goodyear situation is not going to happen again," Barbary said. "A successor won't be a Westerner parachuted in. The person might not be in Temasek now. But it will be a person from the wider world of Singapore Inc."

The new CEO should "ideally" be Singaporean, Finance Minister Tharman Shanmugaratnam said in August 2009, adding that Goodyear's exit was "a dent in the reputation" and "a very visible dent in the fender" of Temasek. The investment company is owned by the Ministry of Finance.

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“I’m sorry that we are unable to continue with the leadership transition,” Goodyear said in a statement on the Temasek website at the time of his departure in July 2009. He couldn’t be reached for comment for this story.

## **Board Agenda**

The hunt for Ho’s successor goes back a decade. Temasek has an annual review process for CEO succession by its board, said Jeffrey Fang, a spokesman at the company.

“Ho Ching first proposed this to the Temasek chairman when she took over as CEO, and this has been institutionalized since 2005 as part of our annual board agenda,” he said.

Ho left Lee Theng Kiat, who joined Temasek just three years ago, in charge during her sabbatical. He’s one of the three presidents at the company and the newest in that role. Yet his history with Singapore Inc. goes back more than two decades, where he ran Singapore Technologies Telemedia, a telecommunications company owned by Temasek.

“An insider or citizen would be favored,” said Friedrich Wu, an adjunct associate professor at Nanyang Technological University in Singapore. “After all, this is not just about superior financial performance, but also about protecting and advancing national economic and financial interest.”

## **SingTel, DBS**

Temasek reported a total shareholder return of 1.5 percent for the 12 months ended March 31, 2014, down from 8.9 percent in the previous year and an average 16 percent a year since its inception in 1974. Its assets rose to a record S\$223 billion (\$166 billion), helped by a S\$5 billion capital injection from the government.

Temasek has the largest stakes in half of Singapore’s 10 biggest companies, including Singapore Telecommunications Ltd. and DBS Group Holdings Ltd., Southeast Asia’s largest phone company and bank.

The firm’s management team is made up of 18 people, according to its website. Cheo Hock Kuan, head of strategic and public affairs, has been at Temasek the longest, joining in 2002. David Heng, co-head of markets, has been at the firm since 2003. The newest are Neil McGregor, senior managing director of enterprise development, and Benoit Valentin, senior managing director of Europe, who both joined last year.

Ho, who rarely attends press conferences, has been pushing some of these managers to front media briefings for its annual reports. Last year, Rohit Sipahimalani, head of India who also holds various industry roles at Temasek, was joined by China Head Wu Yibing and General Counsel Pek Siok Lan.

## **Internal Candidate**

In 2013, Sipahimalani, a former Morgan Stanley banker, was also tasked with speaking to reporters, along with Chia Song Hwee, the head of investment group who was CEO of Temasek’s chipmaking unit, and Boon Sim, president of Americas and markets head who ran the mergers and acquisitions team at Credit Suisse Group AG.

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“After the experience with Goodyear, they would be more inclined to go for an internal person,” said Melvyn Teo, professor of finance at Singapore Management University. “The person needs to have global investment experience. At that level, you can’t be a specialist any more.”

The sovereign investor owns shares in China’s two-biggest banks by market value and is the largest stakeholder in Standard Chartered Plc.

An engineer by training, Ho joined Temasek in 2002 as executive director and was appointed chief executive officer in 2004. She has overseen the firm’s transformation from a passive holder of stakes in government-controlled firms to an investor with more than two-thirds of underlying assets abroad.

“Ho has been instrumental in allowing Temasek to move from being a holding company for local firms to an investment firm with a global mandate focused on growing companies,” Barbary said. “It will be difficult to fill her shoes.”