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Headline: Man who demystified Temasek to step down

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After 17 years, chairman Dhanabalan is handing over the reins to Lim Boon Heng

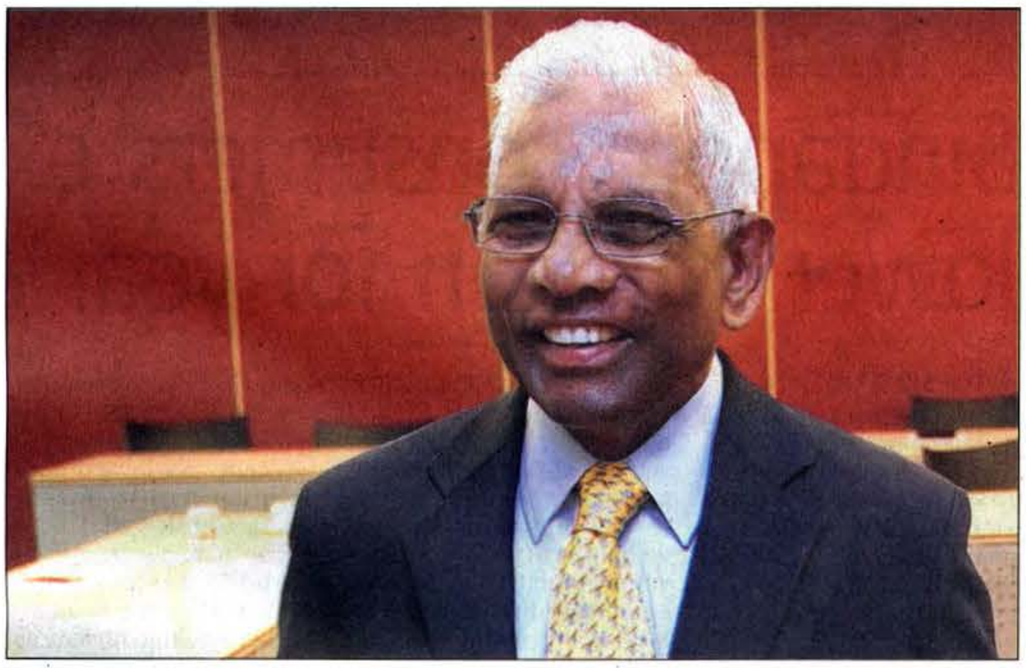
By **SIOW LI SEN**

[SINGAPORE] After 17 years as chairman of Temasek Holdings, S Dhanabalan will step down on Aug 1. He will be succeeded by former cabinet minister Lim Boon Heng, 65.

Mr Dhanabalan, 75, who has helmed the Temasek board since 1996, has accepted the board's request to continue after his retirement in an honorary advisory role.

"This has been a long process," said Mr Dhanabalan at a press briefing. "I'm looking forward to my retirement which has taken longer than anticipated."

In his letter of appreciation to Mr Dhanabalan, Prime Minister Lee Hsien Loong conveyed his "deepest thanks". He noted that Temasek has reviewed its Charter to stay abreast of a changing landscape while upholding its core principles of success – emphasising long-term, sustainable investments over short-term bets, developing talent, and imbuing in its officers a commitment to Singapore.



Mr Dhanabalan: *'This has been a long process. I'm looking forward to my retirement which has taken longer than anticipated.'* PHOTO: LAU FOOK KONG/THE STRAITS TIMES

Mr Dhanabalan, who turns 76 next month, said that he had wanted to retired at 70. "There were many reasons for postponing the decision," he said, including finding the right person.

During his tenure, he played a key role in reshaping Temasek's investment strategy – from Singapore-centric to more international. He steered the group though the Asian financial crisis, 9/11, Sars in 2003 and the 2008 global financial crisis. Temasek's portfolio has tripled from $70 billion in 1997 to $215 billion today.

On a one year basis, return came to 8.86 per cent. Temasek's total compounded annual return over 10 years has been 13 per cent.

On his decisions that transformed Temasek over the years, Mr Dhanabalan mentioned the strategy to invest overseas, Ho Ching's appointment as chief executive and making the company more transparent.

Temasek was founded in 1974 to look after the 35 companies that the government had invested in. Although some changes were made along the way, it was in 2002 that Temasek decided to invest outside Singapore, he said.

The focus was on emerging Asian markets where there was rapid growth. After that, Temasek ventured into Latin America.

Temasek seized upon the opportunities that came about as a result of rapidly growing economies that led to structural changes within society such as the fast growing middle class, new local champions and the demand for materials from China and India, he said.

Temasek's exposure to Asia is at 71 per cent, with 30 per cent being Singapore and the remaining 41 per cent being mainly China (23 per cent of total), South-east Asia and India.

Exposure to Australia and New Zealand is 13 per cent; North America and Europe, 12 per cent; Latin America, 2 per cent; and Africa, Central Asia and the Middle East, 2 per cent.

Mr Dhanabalan said that in becoming an international investor, Temasek had to open up its books.

"Then we thought that if we are going to become an international investor, people should know who we are; we cannot continue to remain a mystery and therefore we decided to come out with our financials on a group basis."

Temasek also began issuing bonds, which would require it to reveal its financials to the bondholders, he said. "One of the most important decisions I took as chairman . . . was to bring Ho Ching onto the management team."

Ms Ho, 60, the wife of Mr Lee, joined Temasek in 2002 as executive director and became chief executive in 2004.

"To be quite frank though, when I brought her in, I did not have a clear idea as to what Temasek shall be. All I sensed was that Temasek was more than what it was and I had to look for someone who had the creative ideas, the courage to take the ball and run with it, without specific directions."

He also addressed the issue of Ms Ho's successor which has been the source of speculation for some four years now. "Over the coming years, of course there will be changes.

"As I said, the board is constantly looking at succession. At some point, the CEO will be succeeded, over the next three, five years, there will be changes. It's entirely up to the board. But the changes will not result from the fact that I am going."

Mr Dhanabalan said that Temasek simply had to get on with its job. "People may be critical, especially when there's a downturn and our portfolio value goes down, they say we've lost money. When the portfolio value goes up, they say it's just because market value has gone up. This is almost the exact quotation from what I've read in media reports."

Asked whether there may be a shift in direction for Temasek under the new chairman, he said: "I can't speak for him. No one person determines the shift. The chairman together with the board and management determine which direction it will take."

The new chairman, Mr Lim, joined the Temasek board as director on June 1, 2012. He was secretary-general of the National Trades Union Congress (NTUC) from 1993 to 2006, and held several Cabinet positions from 1993 to 2011.

But some pointed to Mr Lim's lack of investment experience for the job.

"I think that comment . . . there's some legitimate basis to it," said Eugene Tan, associate professor of law at the Singapore Management University. "I see his appointment as change amid continuity."

There's a sense of the need for renewal at Temasek but it needs also to reassure various stakeholders that there's not going to be any significant change in the investment strategy and approach, Prof Tan said.