

**An In-depth Look at Two Banking Giants:** UBS & Citi  
**Demystifying** Investment Banking  
**Cities on the Rise:**  
**What the Future Holds for the** Asian Financial Centers  
**WAX Spring Trip:** Hong Kong Edition



# WHARTON **ASIA** JOURNAL

A publication of Asian Business, Culture, and Politics

Presented by **WAX**

## Table of Contents

UBS: A Leader in Asia Will Leung	3 - 4
Asia Recruiting Spotlight: Citi Global Markets Will Leung	5 - 6
The Chinese Swoosh Henry Ren	7
Korea's Financial Markets Johng Hoon Kim	8
Asia's World City Forever? Salina Lee	9 - 10
Spring Trip Recap Salina Lee	12 - 13
Snapshots of Hong Kong: WAX Style Salina Lee	14 - 15
Shanghai: A Century of Growth David Chen	16
Interview: Georgia Zhang James Chai	18
Interview: Steph Chung James Chai	19 - 20
Interview: Justin Routt Jong Hoon Kim	21 - 22
Interview: Professor on Asia Chang Won Lee	23

## Editor's Letter

We are proud to present to you the fourth issue of the **Wharton Asia Journal**! With summer looming in the not-so-distant future, this issue of the journal is focused on providing you with the necessary information concerning the **summer internship experience**.

In addition to the summer internship series, this issue also includes information concerning the **Asian corporate environment** and the current state of various Asian financial centers, from Shanghai to Seoul. Last but certainly not least, this issue recaps **WAX spring trip to Hong Kong**, completed with pictures and articles.

I would like to thank the journal staff, WAX board, the interviewees and all the contributors: this would not have been possible without help from each and every one of you. Be sure to also check out our website [www.whartona-sia.net/journal](http://www.whartona-sia.net/journal) and please contact me at [cren@sas.upenn.edu](mailto:cren@sas.upenn.edu) with any inquiries or suggestions.

Enjoy the articles!

*Henry Ren*

**WAX**  
Journal is brought to you by

Editor-in-Chief	<b>Henry Ren</b>
Managing Editors	<b>James Chai</b> <b>Chang Won Lee</b> <b>Salina Lee</b>
Director of Layouts	<b>Jessica Xu</b>
Director of Outreach	<b>David Chen</b>
Director of Sponsorship	<b>Jong Hoon Kim</b>
Webmaster	<b>Ruxin Ho</b>
Student Advisor	<b>Tina Sun</b>



By Will Leung

As I stepped foot onto the 52nd floor of the International Financial Centre, I finally began to understand the full magnitude of where I was. I was standing in the place where innovations were created, where dreams were financed, and where fortunes were made. I was standing in the Hong Kong office of one of the leading investment banks in Asia, UBS.

I had first heard of UBS in the fall of 2008 at a presentation on Penn's campus held between the bank's Asia-Pacific (APAC) division and the Wharton Asia Exchange. It was then that I realized that the business of investment banks spanned far beyond the borders of the United States. UBS is a testament to this fact, dominating the APAC region for eight straight years with \$547 million in investment banking revenue in 2010.

In order to fully appreciate the level of prominence that UBS has reached in the APAC re-

gion, let's take a look at the bank's history.

Today's UBS is a product of a series of mergers and acquisitions, the most significant of which between the 2nd and 3rd largest banks in Switzerland: Union Bank of Switzerland and Swiss Bank Corporation. Their merger led to the formation of UBS AG on July 1, 1998.

Prior to the merger, these two Swiss banking powerhouses were already undergoing transformations to expand their international presence. In the last decade of the 20th century, SBC engaged in a series of acquisitions to expand its global presence, taking over several foreign finance firms: O'Connor & Associates, Chicago; Brinson Partners, Inc, Chicago; and S.G. Warburg plc, London. Union Bank of Switzerland's campaign of international expansion took place over the next few decades after World War II, establishing branches in London in 1967 and New York in 1975, and

acquiring Phillips & Drew in 1985, a well-established British brokerage. After UBS AG was formed, one final acquisition served to push the bank to the position of top wealth and asset manager in the world with Paine Webber, an American stock brokerage and asset management firm, incorporated into the UBS AG business.

UBS currently stands as the top bank in Asia by investment banking revenue and assets under management with about 40% of those assets booked in Hong Kong. The bank's prominence in Asia's equity markets showed through its participation in four out of the 10 largest investment banking deals in 2010, one of which being the region's second largest IPO – Initial Public Offering, the \$20.5 billion offering of American International Group's AIA Group Arm, which generated \$408 million in fees for UBS.

Roughly 60% of investment banking fees generated by UBS Asia is through equity offerings in Hong Kong, with mergers and acquisitions advisory and debt issuances taking up the remaining 40%. This is a very stark contrast from UBS's US banking business, which is roughly evenly divided among the three categories. Such is the nature of the investment banking environment in Asia because the vast majority of companies are still in the developmental and growth stages. In order to fuel growth, these companies need capital, which they tend to raise through the issuance of stock. One of the main reasons why UBS Asia has dominated equity capital markets in Asia is because of the strong network of relationships it has in the region, which supplies the pipeline with a more than ample amount of deals. This network was formed in part due to its wealth management business. Many of UBS's wealth management clients are the heads of rising companies in the region, which require capital to fuel growth. Since these clients already

depend on UBS to manager their assets, it's only natural that they also turn to the bank for their capital raising needs.

Another reason why UBS has been so successful in the region is because of its dedication to recruiting the best talent to drive its business forward in Asia. UBS spares no expense in recruiting undergraduates and MBAs from the top schools in the world. Wharton is certainly one of its key sources of talent. Such is why the Wharton Asia Exchange has maintained a strong relationship with UBS during the past several years; UBS wants the best candidates interested in pursuing careers in finance in Asia, and we at WAX continually strived to direct our members and students alike to UBS.

UBS's current popularity among students interested in working in Asia is arguably unparalleled. Such was demonstrated through this past fall recruiting season in which over 200 students, undergraduate and MBAs attended UBS's Asia Pacific corporate presentation hosted by WAX on Penn's campus. No other Asia-Pacific division of any company recruiting on Penn's campus has ever achieved such a turnout.

UBS has also attracted members of WAX to its business in Asia. Angel He, a former President of WAX has been working full time at UBS's Hong Kong office in its investment banking division since mid 2009. Nancy Zhang, a former Vice President of WAX's Human Resources Division spent the summer after her second year at Wharton working in UBS's investment banking division in Hong Kong, and received a standing full time offer afterwards. Needless to say, there's no shortage of students ready to join bank. This speaks to UBS's known position as a leader in Asia.



EVERY SEMESTER, A LONG LIST OF BANKS ranging from bulge brackets to boutiques come to Penn, offering the school's best and brightest the chance to experience a career in finance. Hundreds of students from all four of Penn's undergraduate schools, Wharton, Engineering, College, and yes, even Nursing, compete for the few precious spots in the US offices in New York, Chicago and San Francisco. A good number of those with interests and/or roots in Asia also fight for even fewer positions in Hong Kong and Singapore. While many students are familiar with the US businesses of these banks (at least enough to want to work for them), not enough light has been shed on their Asia-Pacific franchises.

With this in mind, I'd like to dedicate this article to illuminating one of the major businesses of one bank, Citi's Global Markets division. You might wonder why I've chosen to narrow the focus to one group within the Asia-Pacific division of one of the world's largest financial services firms. The reason is very simple: when it comes to the markets business in Asia, few other banks can compare to Citi. What that means for students who dream of beginning their careers in Sale & Trading in Asia is that Citi is definitely a name to keep on their list of companies.

Citi has had the longest history out of any foreign bank in Asia, having been established in Hong Kong, Manila, Calcutta, Singapore and Yokohama for more than a century. In terms of Citi's current presence in

the region, not only does it have the largest footprint out of any bank; the firm as a whole relies heavily on Asia for its business, with the region along with Latin America contributing to over half of 2010's net income. Citi has also been rapidly expanding its operations in Asia, tripling its staff in China, Taiwan and Hong Kong over the past three years. Asia's importance to Citi will only grow in the coming years, so we can expect a greater demand for talent from schools such as Penn.

To give a better picture of Citi Global Markets, I will state the facts that make this business stand out in Asia. First, the company has the most expansive markets network in Asia spanning 25 locations with a trading floor located on just about every single major country in the region. What this means for Citi's markets business is the ability to provide a product from any country to any client anywhere. As said by Dr. Harold Kim, Managing Director and head of Retail Structured Products at Citi Asia-Pacific, if a client wants a product denominated in ringgit, a bank cannot provide the product unless it has a trading floor physically located in Malaysia. Most banks don't, so this type of client can only be fully serviced by firms such as Citi.

Second, Citi offers a wide range of products, spanning from plain vanilla equities, bonds and commodities, to exotic derivatives, securitized products and retail structured products tailored to suit the specific needs

of every client. This point says a lot about the amount of resources at the firm's disposal because a bank cannot provide exotic products without a well-educated team of structurers, traders, and salespeople working together to construct, price and sell these securities. What this means for the prospective Global Markets candidate is the opportunity to gain exposure to many products and roles while working side by side with analysts, vice presidents and managing directors right at the desk.

Third, no other bank can fully benefit from the synergies of having an expansive network as well as the technical expertise and resources to provide the widest range of products. Banks with a long established presence in Asia such as HSBC and Standard Chartered have the distribution network, but they lack the ability to provide tailored exotic derivative products to their clients. Conversely, most investment banks that have the capacity and expertise to provide such products such as Morgan Stanley and JP Morgan lack the footprint in the region to distribute them directly; therefore, Citi offers the best of both worlds in one global bank.

Given these facts about Citi's Global Markets business in Asia, one must wonder what should the aspiring charismatic salesperson, diligent structurer or hotshot trader do? My advice is now would be the time to talk to the people who will give you a sense of Citi Asia's culture. Whether it be having lunch with a fellow student who spent a summer interning at Citi's Hong Kong office or exchanging emails with a managing director who has spent over a decade rising through the ranks, conversations and interactions with these individuals are the best first steps to finding out whether or not a bank such as Citi is right for you. The hard facts about Citi's business can be enough to spark initial interest for the firm, but the impressions that you get from speaking with the people who have personally experienced and contributed to the company's culture are what drive you to want to join this company.

As someone who has been fortunate to be given a chance to contribute to a firm's culture, I only hope that future prospective job seekers can have the luck of discovering a firm that truly suits them. Best of luck with recruiting!

*Will Leung will be joining Citi's Global Markets Group in Hong Kong for the summer of 2011.*

**IN THE OPENING CEREMONY FOR THE 2008 Beijing Olympics**, millions saw a man taking a stroll in the air around the National Stadium to light the Olympic torch. Prior to the event however, few outside of China had ever heard his name, never mind recognized his face. The man was Li Ning, China's first Olympic medalist who won 3 golds at the 1984 LA Olympics, and the founder of China's first and largest domestic athletics company.

As the story goes, Li Ning was inspired to create a Chinese athletics brand after seeing the foreign brand name on his jersey after winning 6 medals in 1984. After his success at the LA Olympics, Li Ning was able to parlay such momentum into creating his company, Li Ning Company Limited. Since its founding in 1990, Li Ning Company Limited has grown to dominate the Chinese athletics market, and is now worth well over \$2 billion. In recent years, the company decided to increase its international presence through sponsorship and expansion. Li Ning Company Limited was able to sign NBA stars such as Shaquille O'Neal and Baron Davis while also becoming the official sponsor for the Spanish and Argentinean National Basketball Team. In addition, it opened its first United States store in 2010 in Portland, Oregon.

Despite the seemingly substantial growth, Li Ning Company Limited is facing many issues. First and foremost, the brand itself is hardly recognizable outside of China. In addition, many have assumed Li Ning Company Limited have modeled themselves after its chief competitors, Nike and Adidas, thus criticizing the company for a lack of originality. It does not help that the Li Ning logo looks eerily similar to the Nike Swoosh and also its slogan, "Anything is Possible," sounds like a carbon copy of Adidas' "Impossible is Nothing." Even though Li Ning came up with its slogan years before Adidas did with its, common perception still prevails. Perhaps more importantly, Li Ning has lost its domination on the Chinese market to Nike in recent years; it is now sandwiched between Nike and Adidas in regards to market shares.

Such changes have led to Li Ning Company Limited attempting to establish itself as an international brand. By

opening its first American store right in the heart of Nike country (Nike's world headquarter is also located in Portland, Oregon), it hopes to learn from the athletics giant and to absorb some of Nike's talents (designers, consultants, etc.) into its own. Most importantly, some analysts argue that Li Ning Company Limited has expanded into the Western Hemisphere as an attempt to establish legitimacy for its domestic consumers. Even though entering the American market is helping the company to tap a new market, Li Ning officials are more concerned with remaining competitive with Nike and Adidas in the Chinese market. They understand the appeal of becoming an international brand for the Chinese consumers; it legitimizes the company, and hopefully will allow Li Ning to fend off its more established competitors.

Even though it faces tremendous pressure from its competitors, Li Ning Company Limited has some advantages over both Nike and Adidas. First, unlike international companies, who only have a strong presence in large cities, Li Ning Company Limited gains a large portion of its revenue

from sales in smaller cities where Nike and Adidas have not yet established itself (and may never will). In addition, it is safe to assume that Chinese consumers would want to see their own domestic company do well, and would prefer it over foreign companies if all things being equal. Thus, one can understand how establishing international legitimacy could prove to be incredibly rewarding for Li Ning Company Limited.

An encouraging sign: the company has not yielded in the face of adversity, but is rather using such pressure as a way to reinvent itself. Thus, it is not implausible that one might see Li Ning knockoffs on the streets of LA in the future as one currently sees fake Nikes on the streets of Beijing. One could call it a fantasy, yet a fantasy was indeed realized in 1984. Things tend to get easier the second time around.



## The Chinese Swoosh

By Henry Ren

# Korea's Ambition to Become the Financial Hub of Asia

JULY 3RD 2007 WAS A MOMENTOUS DAY FOR South Koreans who want their country to turn into an Asian financial center. South Korea passed its own version of Britain's "Big Bang," the 1986 deregulation law that enabled London to become a global financial center. The South Korean legislation removed bureaucratic barriers in its securities industry and help brokers, banks and insurers to consolidate.

For foreign bankers who wonder why anyone would bother to get off of a plane in Seoul, a decision by a tax appeals court provided a resounding answer. Lone Star Funds, a Texas-based buy-out firm, lost an appeal on a \$110 million assessment stemming from the lucrative sale of an office block held in what had been thought to be a tax-exempt subsidiary. The ruling refocused attention on what, for both Lone Star and South Korea, had been a public-relations disaster.

Back in 2003, when South Korea was stuck in a protracted slump, Lone Star was something of a hero. It came in when other investors would not and made investments that included taking control of a big bank. This all seemed like a shrewd bet. In the subsequent recovery, the returns were spectacular—too much so for some South Koreans who believed that Lone Star got too sweet of a deal. Well-publicized prosecutions followed a public outcry. Lone Star was then involved in two big trials and a number of smaller actions, all suggesting it manipulated figures in order to buy companies on the cheap or to avoid paying taxes.

Lengthy lawsuits are not the only factors discouraging investment in South Korea. Foreign-exchange controls make it hard to repatriate profits. The local currency, the won, is not of much use in global markets. Regulatory filings must be done in Korean. Furthermore, no foreign companies were listed on Seoul's stock exchange. Legal barriers also limited, or excluded, foreign law firms and accountants. Lastly, foreign hedge funds and private-equity firms had, with few exceptions, passed judgment and stayed away.

And yet South Korea's good intentions could not be written off. To begin, its geographic location provides a significant advantage: the country lies between Japan and China and has a good airport. Its people are well educated; many study abroad. Communications are excellent. In just a few years, Seoul has lost its gritty-city image and the country's television shows, movies and fashion have become hits throughout Asia. For an expatriate banker, South Korea no longer represented the backwater of Asia. In addition, South Korea's stock market is consistently hitting records, its banks are healthy, foreign-exchange reserves are strong and savings are growing. More importantly, attitudes are improving. Restrictions on foreign lawyers and accountants are being relaxed; a free-trade agreement has been struck with America. At the moment, South Korea's financial ambitions seem quixotic, but no other Asian market can boast its superlative disclosure and transparency. One can only look forward to its growth in the subsequent years and decades.

The front and back of the Korean Won. Image source: <http://www-personal.umich.edu/~jbourj/images/money/sejong12.jpeg>

# Asia's World City Forever?

By Salina Lee

IT IS UNDENIABLE THAT MARKETS in Asia have been growing rapidly in recent years. While the economies and markets in U.S. and Europe have arguably reached their maturity, Asian economies have just now begun to develop and expand globally. China, especially, is a potential world market power ready to experiment internationally by opening up its investments and its currency across the globe. This imminent economic shift places Hong Kong in a critical position as the "bridge" between the global markets and mainland China.

Hong Kong has always been viewed as the unique place where East meets West based on its history as a British colony, and as a result, a lifestyle consisting both Chinese and

Western cultures. From economic opportunities' standpoint, Hong Kong ranks as the world's 3rd leading financial center according to the Global Financial Centres Index 2010, just behind London and New York, giving it advantageous weight for anyone seeking to expand. While mainland China is still using Hong Kong as the testing ground for its currency markets, and its financial investments as the gateway to the international markets, Hong Kong will maintain its current economic power. However, the question resides in whether in the decades to come, as mainland China develops its own competitive strength, with aims to garner international focus on mainland cities such as Shanghai - will Hong Kong lose its prestige?



Image Source: [http://www.searchpictures.net/travel/china/hong\\_kong\\_skyline\\_china.jpg](http://www.searchpictures.net/travel/china/hong_kong_skyline_china.jpg)

Officials at the Financial Services and the Treasury Bureau of the Government of the Hong Kong Special Administrative Region claim a very positive outlook concerning Hong Kong's ability in keeping its position as a global financial center for a multitude of reasons:

1

Firstly, Hong Kong has the global advantage and the China advantage. Its global advantage as a competitive financial center goes back to its long history of economic development. Its business infrastructure is advanced and has international market experience, something that would take mainland China decades to build. Its China advantage is the result of Hong Kong being the springboard for new financial reforms and mainland developments, such as the yuan bond market. As the only place with this market development, Hong Kong is the place for international investments in the yuan currency market.

2

Secondly, under the One Country, Two Systems policy, Hong Kong practices and values social freedoms and access to economic markets. It will not be willing to compromise its democratic rights and ideals and will fight to keep its market freedoms and protections under its current Constitution.

3

Thirdly, Hong Kong's global position as a financial center is not dependent on its status as a bridge between mainland China and the world. It continues to build its own competitive strength by diversifying its markets, with growing focus on Russia, the Middle East and Latin America. Hong Kong is evolving in order to maintain global importance with or without its unique connection to mainland China.

4

Finally, as Asia's most active market center and global investments, Hong Kong already has the branding effect; it has the reputation as the top Asian marketplace, a position that only comes with international experience and historical success.

Hong Kong, as a leading world financial center and business hub, is still going to remain an importance presence in Asia, even with the looming shadow of mainland China. Through growth, development and a progressive vision for the future and preparation for a global shift, Hong Kong may stay Asia's World City for a while longer yet.

Citations:

Mandy Wong, Principal Assistant Secretary for Financial Services and the Treasury

Leonard Tso, Assistant Secretary for Financial Services and the Treasury  
Financial Services and the Treasury Bureau, Government of the Hong Kong Special Administrative Region

Image Sources:

(up) <http://www.articleslounge.com/wp-content/uploads/2010/01/Hong-Kong-Flag.jpg>

(left) <http://www.turizmtatilseyahat.com/en/wp-content/uploads/2009/09/hong-kong-tourist.jpg>

Spring Trip Presents —

# DESTINATION: HONG KONG

**Wharton Asia Exchange** is focused on giving students opportunities to learn more about business and culture in Asia. This spring break, the participants on the WAX Spring Trip to Hong Kong had two goals in mind: first, to gain insight about the business industry of one of the largest financial centers of the world, and second, to adequately appreciate all that Hong Kong has to offer in regards to culture.

# DESTINATION: HONG KONG



WHARTON ASIA EXCHANGE is focused on giving students opportunities to learn more about business and culture in Asia. This spring break, the participants on the WAX Spring Trip to Hong Kong had two goals in mind: first, to gain insight about the business industry of one of the largest financial centers of the world, and second, to adequately appreciate all that Hong Kong has to offer in regards to culture.

When we arrived in Hong Kong, we were struck by the whirlwind of activity and natural fluidity of the city. That first night, though tired from the long flight, we got caught up in the excitement of Jordan/Mongkok (the district where the hotel was located) and explored the crowded area along the extensive Temple Street Night Market, already getting a taste of the local lifestyle.

We were all a little apprehensive at the first company visit, not knowing exactly what to expect. Even though the walk through Central District with its glassy skyscrapers and professional atmosphere was intimidating, our arrival at the Citibank Towers really highlighted the privilege of a company visit. We were treated as special guests and ushered into a conference room where a company representative gave us an overview of Citi's investment banking and global market sectors. Afterwards, we had the opportunity to network with Penn alumni in their relevant fields. Later that night, at Lan Kwai Fong, we engaged in the typical nightlife routine of businessmen and women taking a break at restaurants before heading back to the office, even past midnight.

Other financial institutions we visited

in the subsequent days included Barclays Capital and UBS. A number of presenters educated us about the business world in Hong Kong and its role in the international market. At UBS, we met with the Managing Director of Mergers and Acquisitions, Stephen Gore, who shared his expertise and discussed the trends and factors at work in the global economy. Subsequently Angel He, a former WAX president, talked to us about her experience as an M&A analyst. We were also given the chance to tour the company's trading floor, a rare and special opportunity. Professionals at Barclays encouraged us to consider Research, Sales and Trading while giving us insight on their experiences in different sectors in order for us to gain a more well-rounded perspective on banking.

Between company visits, we got a sense of the unique Hong Kong personality as a conglomerate of the East and West. Walking through many of its districts, we encountered authentic street food and milk tea next to the outdoor markets; at the same time, it was not unusual to see people in formal business attire buying live fish or sitting on a stool slurping noodles. Each spot had its own cultural flair: Tsim Sha Tsui, with its high-class remnants of British colonization, and Causeway Bay, the heart of HK with its enormous shopping plaza and interlinking streets bustling with people.

Towards the end of the week we visited Egon Zehnder International, a consulting firm, Abax Global Capital, a hedge fund management corporation, and the Financial Services and the Treasury Bu-

reau of the Government of Hong Kong Special Administrative Region. With each respective institution, we learned about the daily lives of consultants, the development of new companies and Hong Kong's status in the international market place and its role in connecting China with the rest of the world. Beyond providing us with access into some of the towering office buildings that define Hong Kong's skyline, these encounters allowed us a priceless insider look into the Asian business world.

Really embracing the culture, we ate dinner at a classic, family-style Chinese restaurant in Times Square at Causeway Bay and also sang karaoke into the early hours of morning. On the final day, we separated into smaller groups and went sightseeing: the giant Buddha on Lantau Island, Stanley Beach and Repulse

Bay and Victoria Harbor.

Each place and company visit brought a different perspective to the versatile and distinct lifestyle of Hong Kong. Everywhere we went, there were colorful and vibrant activities that brought out the life and charm of Hong Kong. We not only enjoyed the city itself, but also built some lasting memories with one another from traveling together, eating together, networking together and of course, getting lost together. Exploring Hong Kong this spring break and sharing that experience with an amazing group of people was truly a worthwhile adventure, even if it was just for one week!

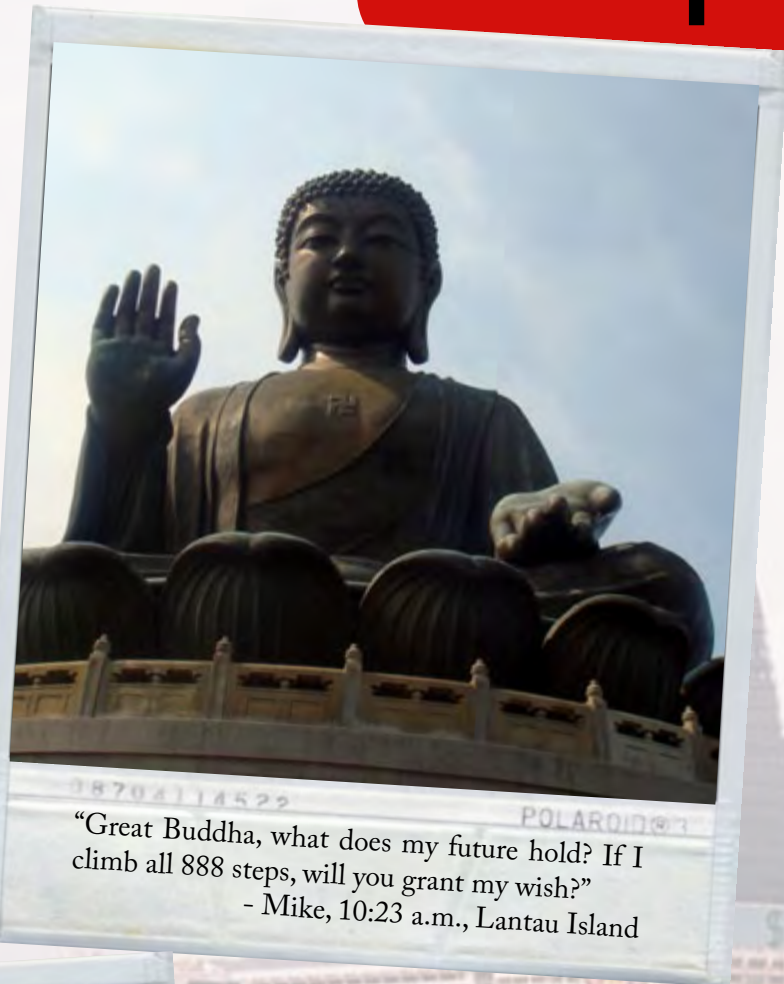
# Snapshots of Hong Kong

**WAX Style**

Compiled by Salina



"Langham Place; this is a really nice shopping center. This escalator goes up thirteen stories?? I'm actually acrophobic!"  
- Wing, 10 a.m., Mongkok



"Great Buddha, what does my future hold? If I climb all 888 steps, will you grant my wish?"  
- Mike, 10:23 a.m., Lantau Island



"The food is delicious; good thing my camera has a food setting."  
- Mark, 8:58 p.m., restaurants

"Oh wow, we have to switch elevators at the 33rd floor in order to reach the 67th floor. My ears are popping!"  
- Nancy, 2:52 p.m., IFC

Barclays representative: Help yourselves to snacks and drinks in the back and please, NETWORK, with our Penn Alumni who are delighted to talk with you.  
Jackie: Yes, I'm Jackie. Oh, you were very interested in my resume? Thank you, I did study in Belgium...  
- 4:45 p.m., Barclays Capital, Central

"Money-exchange time. The currency is so colorful, but they're different sizes so they don't fit well in my wallet..."  
- T-off, 3:31 p.m. HKG Airport



"This is legit! I would not mind working here; check out this conference room and that view of the harbor from -- what floor are we on?"  
- Tony, 3:32 p.m., Citibank Towers



"Asian tourist pose picture" \*SMILE\*  
- Judy and Katlin, everywhere



"Trust me, I remember exactly where HK's best silk milk is..."

"...It's on this one horizontal street off of this one main street that's slanted."  
- Salina, 1:05 p.m., a street in Central



# Shanghai: A Century of Growth

By David Chen

Shanghai is quickly emerging as a titan among world cities, ready to join the likes of New York, London and Tokyo as a global center of finance, commerce, culture and politics. Shanghai's development in the last couple of decades has been remarkable; the 21st century has marked the ushering in of a new golden age for the city. Indicators of Shanghai's global viability include an annual GDP growth rate that has remained in the double digits for nearly twenty years. Growing world visibility is clearly indicated by a surge in tourism over the last two decades. Of course, the massive Shanghai World Expo of 2010 also served as a showcase for the city, and drew over 73 million visitors. Shanghai's emergence is the result of a unique history over the last hundred years as well as the product of innovative development techniques that have been implemented since the turn of the century.

The 1930s was a golden era for Shanghai, though perhaps not quite to the extent that the next few decades will be. In the early half of the 20th century, Shanghai was the largest financial center in the Far East. It drew its economic significance from its status as a crucial port city, trading in tea, silk, porcelain and opium.

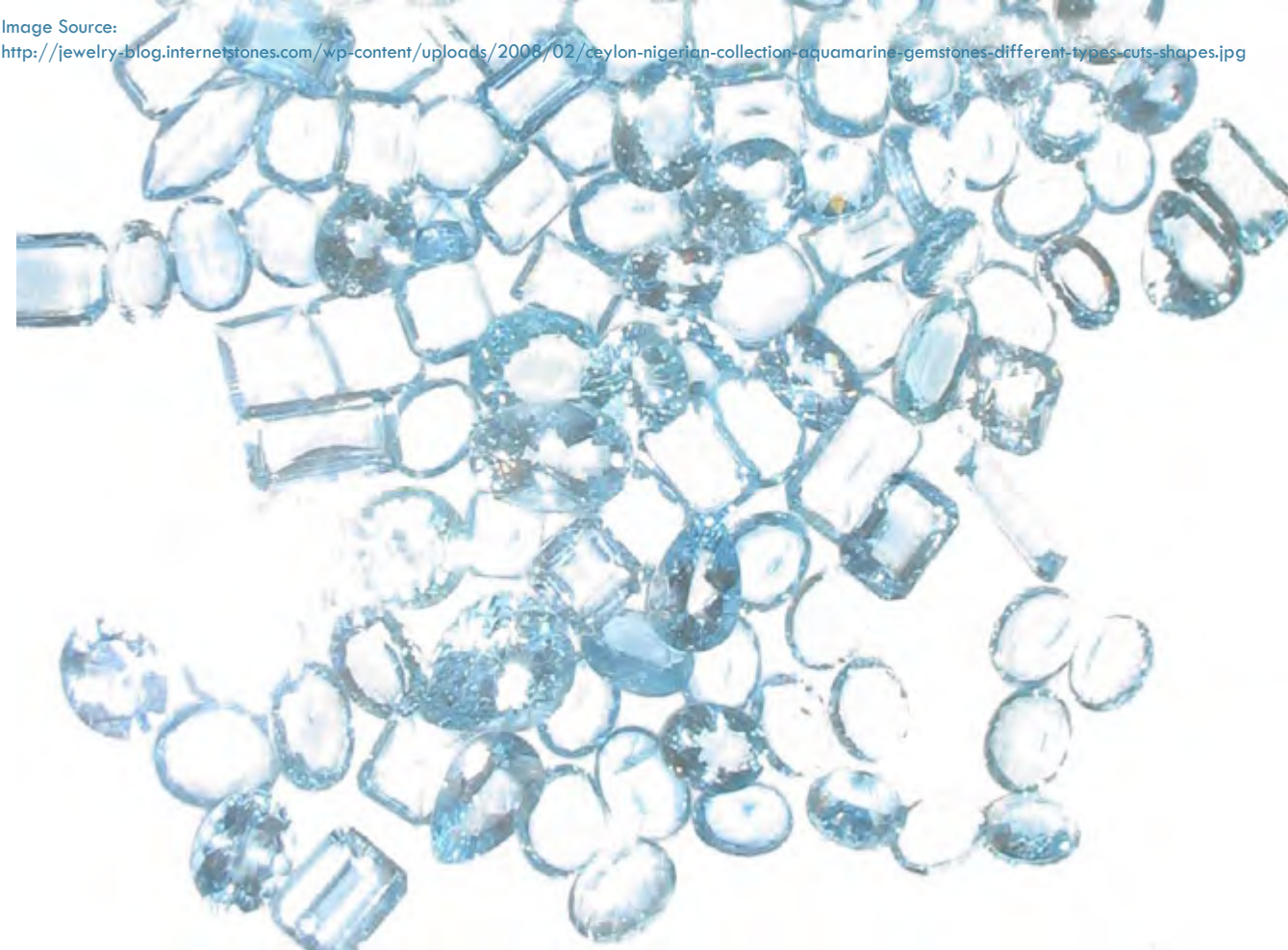
It was also an attractive tourist destination, drawing celebrities from the West to its hotels, restaurants and opium dens. In a hemisphere that was generally lagging far behind in development, Shanghai was a beacon of sorts, representing the modern, western aspects that had managed to penetrate the Asian continent. Throughout the 20th century, particularly after World War II and the Communist takeover, further growth in Shanghai was significantly stunted by the government's inhospitable policies

toward industry. Still, despite political instability, Shanghai retained its role as a trade port and a national industrial center. But it soon ceded much ground to other Asian cities such as Tokyo, Hong Kong and Seoul, all of which underwent rapid economic development in the latter half of the 20th century.

Shanghai's current resurgence can be traced back to the 1990s, when national economic reform influenced by Deng Xiaoping began to create an environment much more conducive to financial development and urban growth. With policies that reduced tax burdens and encouraged foreign investment, Shanghai entered its path to increased global importance. A financial infrastructure developed steadily, with both domestic and foreign banks and companies migrating en masse to Shanghai as a center for operations. The Shanghai Stock Exchange was established in 1990, and has since facilitated Shanghai's development as a financial center. Manufacturing and service industries have grown exponentially in the past two decades, and the city's infrastructure has received billions of dollars in government backing. The population has soared to 20 million and building activity has skyrocketed in conjunction; the Pudong area exemplifies the urban development that has occurred as skyscrapers have shot up by the dozens.

The future of Shanghai looks bright. It has become a cosmopolitan metropolis, with financial, shopping and culture districts that draw visitors from across the world. Its economic development remains strong; current GDP stands at over \$2 billion USD, and the double-digit annual increases look unlikely to subside soon. Shanghai is currently the spearhead for China's development, and as the country as a whole recently overtook the spot for second-largest economy in the world (ahead of Japan), it looks probable that money will continue to be poured into the city's development, and Shanghai will continue to flourish as a global city.

Image Source: <http://jewelry-blog.internetstones.com/wp-content/uploads/2008/02/ceylon-nigerian-collection-aquamarine-gemstones-different-types-cuts-shapes.jpg>



Finding that Elusive Gem —

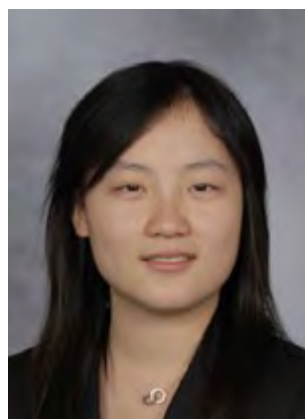
## Investment Banking Internships

For many of those looking to work in finance, an investment banking internship is the pinnacle of all possible summer opportunities. We at **WAJ** picked the brains of a few upperclassmen to offer you some helpful information in order to clinch an IB internship. Everyone knows about the long hours and pressure-cooker lifestyle, so we decided to branch out past what is "commonly" known in order to give you more insight into these students' experiences.

## Georgia Zhang

CREDIT SUISSE

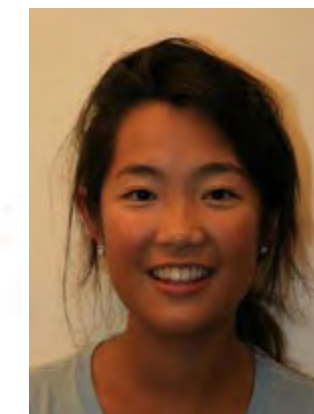
Next up is Georgia Zhang, a junior who is graduating a year early with a concentration in Finance. She spent her past summer interning in the investment banking division of Credit Suisse in San Francisco.



## Stephanie Chung

Bank of America  
Merrill Lynch

Next up is College and Wharton junior Stephanie Chung, who is majoring in International Relations and Arabic, in addition to concentrating in Finance. She recently spent her sophomore summer as an intern in the investment banking division of Bank of America-Merrill Lynch.



**WAJ: What separated you from the rest of the crowd when you interviewed?**

GZ: I felt like my interest and experience in the tech industry really helped me stand out. When you apply to a certain industry group, you really have to stand out from the rest of the crowd. There are a lot of people with high GPAs – separate yourself from the pack through a unique job or trait. I used the standard guides to prepare; I had the basic fit and technical questions down, but that's expected of everyone. In addition, everyone who applies for these positions are very qualified, and it's sometimes seemingly random who ends up with the internship position.

**WAJ: What sort of attitude would you encourage in people who are looking for internships like these?**

GZ: I feel like the best trait to have is the desire to learn. It'll keep your energy up, as you'll always be excited and engaged during those long hours. I worked around 100 hours a week; it's important to maintain your motivation so you don't burn out. Also, banking wasn't my or my coworkers' entire lives. We all had diverse interests – like one person was really into the World Cup, another into fine dining. We spent a lot of time in the office, but we didn't let it take over our entire existence.

**WAJ: What project did you find the most meaningful?**

GZ: On one of the deals, we were on the sell-side (representing the seller) of a small internet company. I had used the company before, and was familiar with it and could relate to it. I got the opportunity to go through the entire deal (going to client meetings in addition to quantitative work), and seeing the deal published was a really cool experience. Sometimes as an intern, you only really get to deal with pitch books and numbers, but I got to experience the entire process from start to finish, which was very satisfying.

**WAJ: What surprised you most about your time with Credit Suisse?**

GZ: I was surprised by how much the people I worked with cared about one another. Interns supposedly don't count for anything but I felt a really strong sense of community. I wasn't expecting a whole lot of personal interaction, but it was actually a very team-oriented environment. Everyone's door was open, and you could go up and chat with people if you wanted a break. In addition, the company held events like outings to San Francisco Giants games, a cruise around the bay, among others. I also went to happy hours and had lunch often with my co-workers. I liked the culture so much that I decided to go back to work for them in a full-time position next year.

**WAJ: What do you think was the most important factor when you applied and interviewed for your internship?**

SC: Since I went in without any banking experience, I really leaned on my personality and talked about special experiences. In terms of school-related opportunities, I was the director of risk management at the SFCU, where I received financial modeling experience. I also worked at the Wharton SBDC (Small Business Development Center) where I got hands-on experience with real-world cases. During my freshman summer, I also did sales and trading in Hong Kong in addition to non-profit consulting in Mongolia. In terms of the actual interview, the technical questions weren't too difficult – mainly based on fit. A Wharton education really does put you ahead of the game.

**WAJ: Wow, non-profit consulting in Mongolia? That must have been incredible. What would you suggest to people who may not be able to get such career-oriented internships as a freshman?**

SC: Try to do something really interesting, like travel or some sort of volunteer work – something exciting or out of the ordinary. When I talked to the MDs (managing directors) outside of work-related issues, they definitely didn't want to talk about finance or investment banking. They've all been in the industry for quite a while, and you won't come off as someone they would want to work with if all you talk about is finance.

**WAJ: What was the most interesting/meaningful thing you picked up from your experience at BAML?**

SC: I was really lucky in that I worked on a live transaction. It was with a Japanese natural gas company, and I got to see how a deal is really structured. We performed financial due diligence, merger module discounted cash flows, cash analysis and assorted other valuation techniques. DCF (discounted cash flows) are actually a lot more theoretical in school. On the job, we were looking for rough numbers in a certain range.

**WAJ: What was the biggest misconception that was corrected during your experience? Would you say you were ready for what was asked of you?**

SC: Hours are not that bad. Sure, it's 80-90 hours a week, but there's quite a bit of training and such. Those 80-90 hours encompass some downtime, depending on when they want your help. You also attend meetings, and depending on the case you can complete certain tasks outside the office. During this entire time you're also meeting new people and constantly networking, so it's not just about finance work. It's tiring, but also a really valuable experience. Also, everyone was really nice, including the MDs and senior partners.

**WAJ: What activity/project (if there was any) over the duration of the internship did you have the most fun with?**

SC: I probably had the most fun when I went out with my co-workers. The internship was in New York... how can you not?

**WAJ: Did you bond with your co-workers on a personal level?**

SC: I actually bonded more with Merrill people from the other departments. I got along really well with the internationals as I'm international myself. In terms of the intern class, everyone was quite boring and tired so I wasn't as close with them.

**WAJ: What was your impression of your co-workers and superiors?**

SC: Everyone's quite different, especially the senior people. They come from different countries and have different interests – it's quite like school actually. All the interns are extremely driven.

**WAJ: What class/previous experience/trait do you feel was most helpful during your internship?**

SC: FNCE100 and ACCT101 (Corporate Finance and Principles of Accounting, respectively) were necessary as basic knowledge. If you do get one of these banking or similar positions as a sophomore, you'll have to repeat it as a junior anyways, so you could also spend it doing something exciting. You should also really know why you want to do investment banking – you have to be able to picture yourself doing it. If you do, such motivation will show up during the interview. Before any of this, you'll want to simply meet a lot of people. Network: find out if banking is really the right thing for you. You want to start as early as possible in order to figure out your interests and build your resume. Since I had previous experience, OCR wasn't too difficult for me. After you've gotten a summer position at a top tier company, you will be knowledgeable about investment banking and interviewers will want you to reflect upon those experiences.

# Summer with CITIGROUP

## Interview with a Summer Analyst in S&T

By Jong Hoon Kim

### Justin Routt

**HELLO! MY NAME IS JUSTIN ROUTT.** I am a senior in the college majoring in economics and political science. Last summer (summer of 2010) I worked as a summer analyst in Sales and Trading (S&T) at Citigroup.

I acquired the job the traditional way, through On-Campus Recruiting (OCR), and ultimately chose Citi over other comparable large investment banks (commonly referred to as the "Bulge Bracket" banks) because of the people I met there. Considering that the goal of a summer analyst program is to be offered a full time offer at the end of the 10 week program, I wanted to be somewhere where I'd enjoy working with and learning from my co-workers and where I knew my co-workers would enjoy working with me.

I also coupled my Citi offer with an opportunity to join the Career Program from Sponsors for Educational Opportunity (SEO), an organization that in part tries to place minority students with jobs on Wall Street. While

Citi extended my offer through OCR, SEO presented me with the opportunity to take part in networking events with 8 other investment banks, so that by the end of the summer I was offered expedited first round interviews from several banks before traditional full-time OCR began in September for seniors.

My summer was amazing though! Citigroup has a great summer program for S&T; the trading floor is a very large and diverse part of an investment bank and Citi offered a rotational program that began with one week of training and consisted of two four-week rotations and 3 one-day rotations (the one day rotations occurred during the week between the larger rotations). My main rotations were on Interest Rate Derivatives sales and International Equities trading, while my smaller rotations were on FX Options trading, High Yield Credit Trading and Agency Mortgage Trading. If you have any questions about any of these products or about how summer programs in S&T work, I know a lot about Citi and a lot of its peers, so feel free to shoot me an e-mail at jroutt689@gmail.com. Hope this helps!

**WAJ: What do you think about the US corporate environment when compared to the those in other countries (based on your experience)?**

JR: To be honest, I cannot say from experience what the corporate environment in other countries is like. From anecdotes I have heard from other people, however, in Investment Banking, American and European workers typically work longer hours with fewer breaks than in Latin America and Asia. However, the trade-off is that Investment Banking is less hierarchical and “flatter” in the sense that junior workers contribute more and have more of a say in everyday business. In Sales and Trading, while the environmental differences between countries are about the same as in IB, because the hours in S&T follow market hours, they’re about the same regardless of what continent a worker is on.

**WAJ: How are the working hours in the United States?**

JR: I can only speak for IB and S&T, but typically, a worker in Investment Banking at a Bulge Bracket firm will work between 70 and 120 hours a week, averaging about 85 hours a week, and for S&T, employees will work between 50 and 75 hours a week, averaging about 60 hours a week.

**WAJ: How is the employer/employee relationship? Formal or social?**

JR: It depends on your group/desk and firm. Some banks are very formal, and within banks, some Managing Directors (MD) are more formal than others. Traditionally speaking, banks like Morgan Stanley, Goldman Sachs, and Deutsche Bank require you to wear suit and ties everyday and can be relatively more formal, whereas at UBS, Citigroup, J.P. Morgan, etc., are more informal and have very lax dress codes, for example, business casual, and polo’s in the summer.

**WAJ: Can the employee ask for a raise / salary negotiation? How is that viewed upon?**

JR: On Wall Street, junior workers have absolutely no say in their salary or bonus. There is a very strict structure for salary and bonus until about your 6th year or so, in which case your salary is still strict, but if you’re a good employee, you can negotiate for a minimum bonus.

**WAJ: What are the things to watch out for when working in the US? (Ex. Attire, certain topics to avoid, etc.)**

JR: I would say to typically avoid talking politics of any sort. No one is going to think you’re smarter because you know about random political facts and it can only open up a can of worms with co-workers. In terms of attire, it depends on the bank. In a lot of places, wearing cufflinks, really expensive clothing, or brown shoes can be a no-no. The simple rule of thumb on Wall Street for summer analysts and full time employees is to dress the way a normal person making your salary would dress. So if you’re a first year making 70k salary, don’t go out buying a 4,000\$ Brioni or Zegna suit. Stick with a 500\$ Brooks Brother suit.

**WAJ: What do you think is the biggest misnomer concerning the US business world?**

JR: It’s hard to say. It would probably be that everyone on Wall Street is a greedy workaholic and looking for other greedy people to work with. While there are a lot of greedy money grubbers on Wall Street, there are even more really hard working and down to Earth people who will open up a lot of doors for you and teach you more things than you could ever learn in any Wharton class.

**WAJ: What advice would you give someone who is interested in working in the US?**

JR: Be aggressive. A lot of Asian kids are often much more timid than they should be because of how they grew up in their home country. I know a lot of Japanese and Chinese students feel inappropriate challenging their bosses, but on Wall Street, where people are naturally very aggressive and are looking for equally aggressive go-getters, yielding to whatever your senior co-workers say can be looked at as timidity and weakness. Obviously though, don’t go over the top and always be polite when challenging your seniors. Also, never stop asking useful questions, but don’t ask senior MD’s a question that an analyst or associate could answer to you just as well. Also, read [mergersandinquisitions.com](http://mergersandinquisitions.com), and the forums on [wallstreetoasis.com](http://wallstreetoasis.com). They were a great help in all things related to working on Wall Street.

# Lessons on the Asian Corporate Environment

By Chang won Lee

*Special thanks to Professor Cho, Professor Kim, Professor Takami*



Professor Tomoko Takami

WHILE NATIONS AND COMPANIES ARE both becoming more and more globalized, anyone who is interested in a corporate career in Asia must know that there still exist differences in social etiquettes and cultures. Even though some factors, such as the dress code and the time in which one can leave from work are more or less similar between the US and Asian corporate environments, there are certain unspoken social rules that differ from those in the US and must be strictly followed. With the assistance of three business language professors from our very own EALC department, the Wharton Asia Journal will highlight some important differences between the US and Asian corporate environments.

As one of the more sensitive issues for both employers and employees, the idea of asking for a raise is not a rare phenomenon in the US; however, in Asia, asking for a raise is a serious business. Professor Takami said, “In Japan, asking for a raise should be the last resort.” Negotiating salaries is not a common act in Asian corporate settings and in many cases, negotiating for a raise with your superiors can cost you your job. In the most cases, the outcome will not be as serious as aforementioned but as a general rule of thumb, one should never try to ask or negotiate a raise.

Another notable aspect of the Asian corporate environment is the social hierarchy that exists in Asia. Professor Kim pointed out that “Koreans and Japanese use honorific forms of language when in a formal setting,” and this is crucial in understanding how one should behave in the Asian corporate setting. Respect for elders and for superiors is of utmost importance. This is simply a reflection of values held in most Asian countries, and anyone working in the

Asia should be aware of how they address and behave in front of their superiors. This social hierarchy is so important that in some Asian companies, workers of younger age rarely challenge the decision of a superior out of respect.

However, due to globalization and adaptation of Western ideals, the employer / employee relationship has starting to become less formal. In South Korea for example, workers do interact socially with their superiors outside of the office. According to Professor Cho, “Older employers and superiors often invite younger and new employees to dine, drink and play after a day of work.” Such practice allows the superiors to maintain a good relationship with their workers, while at the same time, allowing them to see and judge how certain employees act outside of the office. In addition, teamwork and unity are strongly emphasized in Asian business, and “Happy Hours” are supposed to strengthen bonds and relationships within a company after a long and hard day of work.

In many respects, the corporate setting in Asia is not too different from that in the US. Employees are expected to dress in formal attire, show respect to superiors, be hard working and produce quality work. Still, some differences should be noticed and because most of these differences derive simply from Asian traditions and cultures; it is highly encouraged for one to learn about the culture and the language of the country of interest. While learning the language is not necessary, language learning is a surefire way to gain insight into a nation’s practices and traditions. Perhaps most importantly, if one is interested in working in corporate Asia, one must keep an open mind and be willing to learn and adapt to some social rules and customs that are not seen in the US.

Proudly sponsored by

