

SHANGHAI

SHANGHAI ...is the world's largest city, population almost 19 million. It suddenly looks like New York—only more modern. This July a World Expo will be the coming-out party for the city.

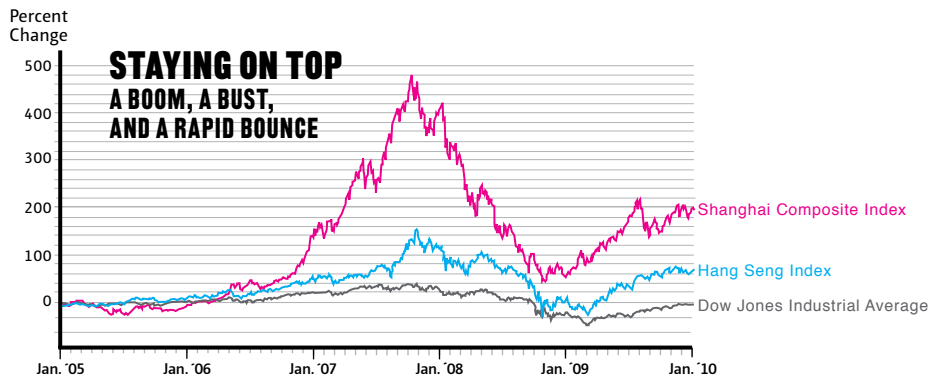


KONG

WHAT'S NEXT:
THE MEGALOPOLIS

THE WORLD CITIES OF THE FUTURE ARE EMERGING NOW. AND CHINA HAS NOT ONE, BUT TWO—WORKING IN LOCKSTEP. FOR TRAVELERS, SAYS **DORINDA ELLIOTT**, THIS IS A GREAT PACKAGE OF HIGH STYLE, RICH HISTORY, AND THE FRISSON OF BIG MONEY

HONG KONG ...has grown from a population of 125,000 in the nineteenth century to 7 million today. It's the old hand as financial powerhouse and broker between China and the rest of the world.



WE GASP AS WE ARE LED INTO OUR white and earth-toned room on the eighty-fifth floor of the Park Hyatt Hotel in Pudong, Shanghai's new financial district. On the way, my seventeen-year-old son, Linus, and I passed well-dressed Chinese taking tea in the cloud-high lobby—masters of the universe looking out on their new empire. In the room, from our double-height windows, we can see several ages of the city spread before us: the magnificent row of grand European buildings, built in the 1920s and 1930s, along the Bund across the Huangpu River, where barges and tourist boats wend their way; the new glassy towers dotting the skyline; and the huge construction sites down below. ¶ Linus and I have come back to Asia, where we used to live, to explore the proposition that Shanghai has become half of a fast-emerging world duopolis—the other half being Hong Kong—and that together the two cities will epitomize China's global economic power. In theory they complement each other perfectly:

a rising Shanghai looking for international expertise, and a sophisticated Hong Kong eager to stay relevant as the mainland economy soars. Maybe it was inevitable that the fates of these two historic port cities would eventually merge, and that they would rise together. After all, they share the same colonial history and an energy and pragmatism that stem from exposure to foreigners and the art of negotiation.

A hundred and fifty years ago, after the Opium Wars, the foreign powers humiliated China, dividing Shanghai into concessions and colonizing Hong Kong. But the foreigners—and the trading traditions that they brought—lent these cities a sense of cosmopolitanism which even communism couldn't crush. Now, driving the fastest economic growth in history, the two cities are on a roll, sometimes competing but increasingly in sync. Shanghai is preparing for the World Expo in July of this year, an economic fair that is being treated by China's leaders as the city's coming-out party. More than twenty international pavilions are going up around town, eight new subway lines are being built, and hotels everywhere are being refurbished.

Let there be no doubt: This is a world-class city. It's

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beginning to look and feel like New York—only more modern. Dingy edifices are being refaced everywhere. The eleven-year-old Shanghai Grand Theater and the new Shanghai Art Museum, both first-rate institutions, now dominate People's Square. The nearby Tomorrow Square—only one of dozens of glassy shopping malls scattered around the city—offers all manner of Western luxury, from Chanel to bowling lanes. It's hard to believe that just twenty-odd years ago, in the midst of an "Anti-Bourgeois Liberalism" campaign against Western influences, the square was draped with slogans on red banners.

The sense of optimism is palpable in the streets. A cab driver tells me that he has been making piles of money in the local stock market. He describes a ruthless culture in which the rich are getting very rich while the have-nots stay poor. "The problem is that poor people can see how rich the rich people are," he says. "If the government doesn't resolve this, there will be social instability."

CONVERSATION IS HUSHED AT THE JINPU Club, where members of Shanghai's financial elite, dressed in chic grays and blacks, discuss deals while nibbling dim sum. Biting into a morsel of beef tendon, Andy Lin, the thirty-six-year-old head of one of China's biggest private mutual funds, with ten billion dollars (that's with a *b*) under management—a man who may one day be remembered as the J.P. Morgan of China—is telling me why the Shanghai stock market is a great place to invest.

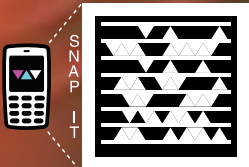
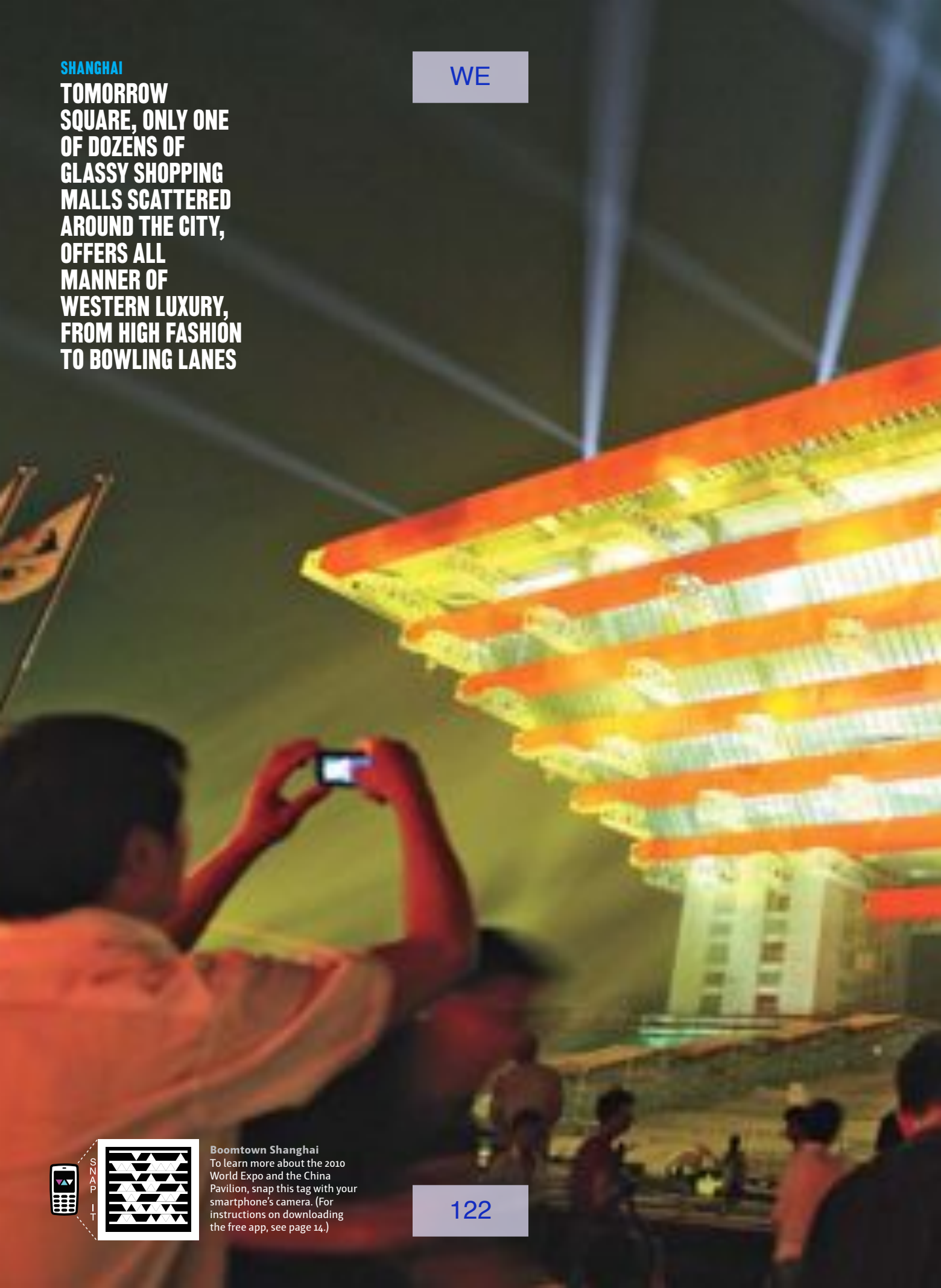
Come on, I protest—it's a crazy roller coaster dominated by corruption and insider trading. Lin laughs. No, no, he says; the market is rapidly developing modern practices. "Ten years ago, it was easy to manipulate the market because it was so small," Lin tells me. "The market is now huge, so it's much, much harder to play games."

This scene could easily pass for a power lunch in New York, London, or Hong Kong. Lin's commentary, in fact, is shattering my perception of Shanghai's stock market as a glorified casino. "There are lots of great companies here," says Lin, an unassuming Harvard Business

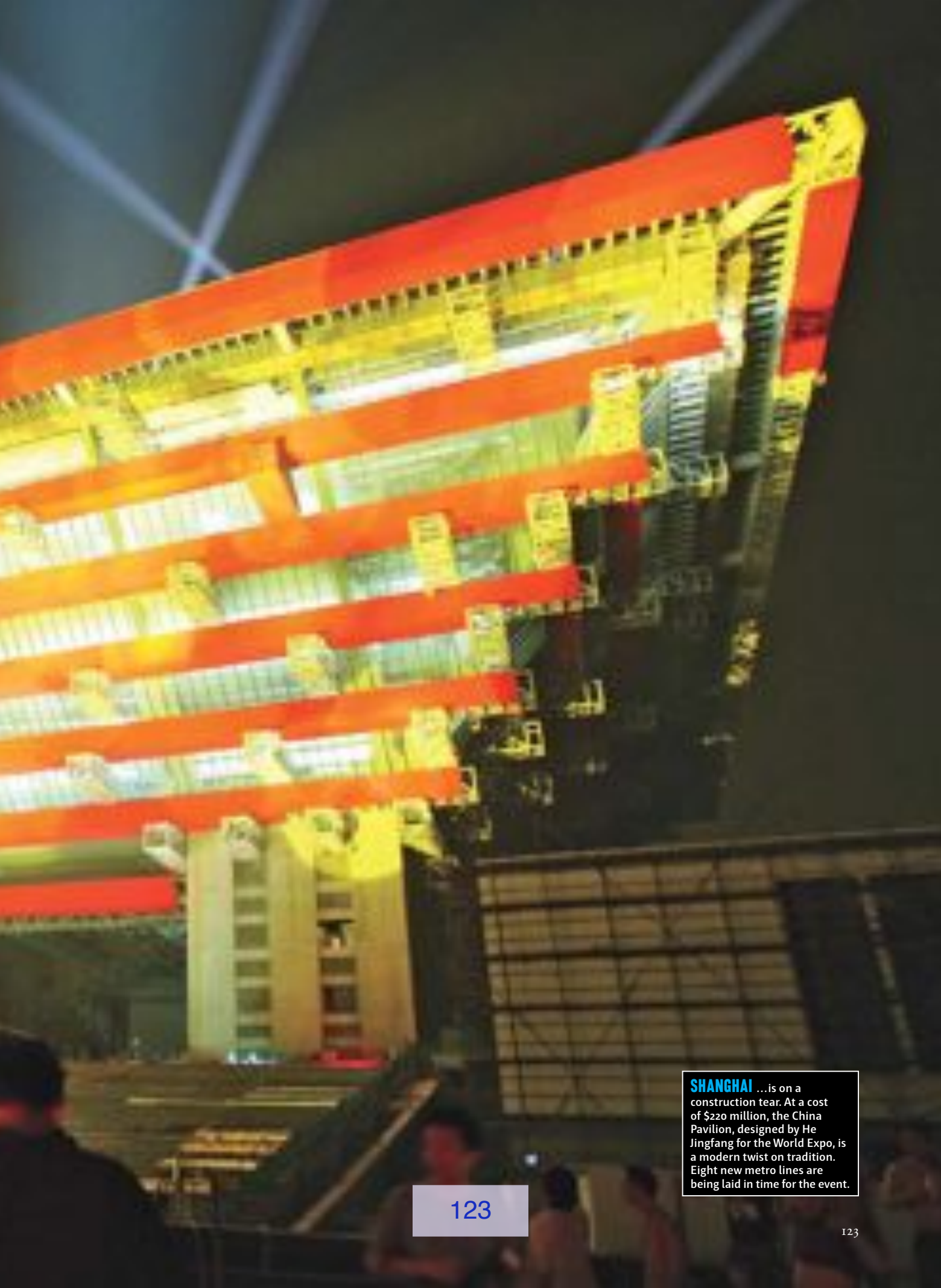
SHANGHAI

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MANNER OF
WESTERN LUXURY,
FROM HIGH FASHION
TO BOWLING LANES**

WE



Boomtown Shanghai
To learn more about the 2010 World Expo and the China Pavilion, snap this tag with your smartphone's camera. (For instructions on downloading the free app, see page 14.)



SHANGHAI ...is on a construction tear. At a cost of \$220 million, the China Pavilion, designed by He Jingfang for the World Expo, is a modern twist on tradition. Eight new metro lines are being laid in time for the event.

**HONG KONG
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School graduate, a former village boy who was the first person in his family to attend college. "I've made my clients a lot of money—in many cases, I've doubled it!" Lin's underlying optimism—study hard, work hard, and you can do anything—strikes me as so... American.

He has interests in the other half of the Shang-Kong gorilla: "Hong Kong is an open society, exposed to global markets and innovations," he explains. "It's much more mature. Shanghai is developing quickly, but it's still basically a closed market. We can learn a lot from Hong Kong."

You can feel Shanghai's new money at the Lan Club, whose neoclassical exterior belies its modish interior decor. Lan opened with a huge gala last year that was catered by Belgian chef Yves Mattagne, with a caviar starter valued at three hundred dollars a head. My venture capitalist friends and I make our way past a lounge in red with black Deco piping and large black birdcages along the walls and a dance club that we are told heats up after 11 P.M. At the second-floor Szechuan restaurant, we eat spicy scallops and abalone and asparagus, with a decent pinot noir at long modern tables. I'm thinking that at about eighty dollars a head, the *doufu* dish should have come faster.

My investor friends tell us that despite the flash evident here, the Shanghainese don't like to show their real money—a hangover of communism, perhaps, but no doubt also fear of taxes and corruption investigations. The most over-the-top wheeling and dealing occurs behind closed doors. "In London or New York, you might want to be Gordon Gekko, but that's not how you do business here," says Will Plummer, a Chinese-speaking American who lives here. "These people would rather entertain clients by going to a karaoke club and supplying prostitutes, or by something very, very private like dining in a private villa. They don't want to be seen as too ostentatious." In private, however, the sky's the limit: Plummer tells of gold-dusted shark's fin soup and \$3,600-a-bottle cognac being served—often mixed with tea. (Last year, that cognac sold out in China.)

One night, after dining at T8, a fusion restaurant with an open kitchen and beautiful Chinese staff, we head to Mint, a hot new nightclub. The space is enormous and dark. In a long tank along the back wall, slate-gray sharks glide by. It's only eleven o'clock, so the place is still relatively empty. The bartender says that the party scene doesn't really pick up until after midnight—past my bedtime.

But the stock market is what seems to intoxicate everybody in Shanghai, and despite Andy Lin's reassurances, I am hearing that it is as risky as high-stakes gambling. The Chinese love to gamble, and all across China, there is a sense of

"take the money now, because it might not be there tomorrow." Yet another cab driver, listening to a radio talk show about stock tips, tells us that he has made many thousands of dollars buying and selling every week. Why don't you keep your money in the market long term, I ask, and take advantage of China's economic growth? A naive question, it turns out. "Because a year from now," the driver says, "you can't even be sure these companies will be around!"

Another foreign venture capitalist friend (who hasn't put a penny in the local market) tells me that her maid, a peasant from the countryside, invested in shares and lost all of her savings when the government abruptly cut off liquidity in 2008 and prices collapsed.

LINUS AND I FLY TO HONG KONG, our old home, in a plane packed with Hong Kong Chinese and expat lawyers, bankers, and accountants—business commuters doing their weekly run. As our aircraft descends, we see dozens of container ships lined up in the turquoise waters, waiting for Chinese wares headed to the West. We pass through super-efficient immigration and hop on the silent express train to Hong Kong's Central District. Zipping past fishing villages and then the bustling industrial estates of the New Territories, laundry flapping from bamboo poles in the breeze, you can already

sense the city's scrappy entrepreneurial energy.

We check into the Four Seasons, the city's swankiest new business hotel, and what occurs to me immediately is that the elegant lobby is filled with mainland Chinese. Over the years, it's become much more difficult to distinguish them from the locals—twenty-odd years ago, you could spot them by their plastic shoes or plastic tote bags, or by their bumpkin manners. Today, they are more likely to have Chanel shoes and bags, while Hong Kong's citizens prefer to buy cheap knockoffs across the border in Shenzhen. Now it's more likely you'll nail the mainlanders because of their swagger.

Lung King Heen, the hotel's hushed Cantonese restaurant, is the city's power lunch central—the only Chinese restaurant with three Michelin stars. My friend Alex, who writes about the culture scene here, and I are explaining to Linus a bit of Chinese history—how the lines between Hong Kong and China became so blurred, and how the mainlanders eating around us moved so quickly from the communes to the best Chinese restaurant in town. Tucking into tangy abalone tarts and delicate goose puffs in light pastry, we race through communism, agricultural reform, private business, capitalism (corrupt capitalism, that is—controlled by Communist officials, with no checks and balances), and *voilà*: Across the way, a Rolex-flashing young mainlander and his (Continued on page 128)

**SHANGHAI
AN AMERICAN WHO
LIVES HERE TELLS
OF GOLD-DUSTED
SHARK'S FIN SOUP
AND \$3,600-A-
BOTTLE COGNAC
THAT SOLD OUT**

A TALLY OF TWO CITIES

WHERE ARE THE EYE-POPPING PLACES TO STAY, SHOP, EAT, DRINK—AND HAVE THAT POWER BREAKFAST OR DEAL-CLINCHING RENDEZVOUS—IN SHANGHAI AND HONG KONG? READ ON FOR A DATA-DROP BY TRUE INSIDERS

SHANGHAI

A 19th-century missionary once lamented, "If God lets Shanghai endure, he owes an apology to Sodom and Gomorrah." Shanghai has indeed endured, and the best way to navigate the opulence is by taxi—and they're easy to find, except during peak times (fares start at \$1.75). Always have the address of your destination written out in Chinese, though: Most drivers don't speak English. The U.S. consulate is located at 1469 Huaihai Zhong Lu (3217-4650).

The country code for China is 86, and the city code for Shanghai is 21.

LODGING The Lujiazui Financial District in the Pudong special economic zone is China's only finance and trading zone. One of the world's tallest hotels, the **1 Park Hyatt** occupies the 79th to 93rd floors of the Shanghai World Financial Center (6888-1234; doubles, \$410-\$586). The **2 Pudong Shangri-La** has perhaps the best location (6882-8888; doubles, \$380-\$490). The **3 St. Regis** has rooms with ergonomic Aeron chairs (5050-4567; doubles, \$495-\$522).

On the Puxi side, across the

Huangpu River, rooms at the new **4 Peninsula Hotel** feature a color printer/scanner, fax, wireless, and VoIP (2327-2888; doubles, \$380-\$790), while the popular **5 Portman Ritz-Carlton** has Wi-Fi (6279-8888; doubles, \$586-\$760). The **6 URBN Shanghai**, originally a 1970s post office, is China's first carbon-neutral hotel (5153-4600; doubles, \$293-\$586). The **7 Old House Inn**, in a French Concession house, harkens back to old Shanghai with kang-style beds and mosquito netting (6248-6118; doubles, \$130-\$165). Similar is the **8 Lapis Casa Boutique Hotel**, at Xintiandi (5382-1600; doubles, \$220-\$263). The **9 Mansion Hotel**, in a 1930s villa, has rooms with colonial-era tchotchkes (5403-9888; doubles, \$423-\$774). The **10 Langham Yangtze Boutique** has been restored to its Deco splendor (6080-0800; doubles, \$205-\$277).

Rooms with a View: The **Peninsula Hotel's** Grand Deluxe River Rooms overlook the Pudong skyline (2327-2888; doubles, \$615-\$790). The **Pudong Shangri-La's** Horizon Rooms and its Diplomat Suite (\$2,562-\$3,000) have views of the Bund (6882-8888; doubles, \$314-\$490).

CUISINE Power Lunches: Try **11 Ye Shanghai** for its *xiaolong-bao* dumplings (338 Huangpi Nan Lu, Xintiandi; 6311-2323; entrées, \$8-\$22). Nearby is the sleek **12 T8**, known for its fusion cuisine (House 8, North Block Xintiandi, Lane 181, Taicang Lu, Xintiandi; 6355-8999; set menus, \$23-\$29). **13 Chinoise Story** is a hidden gem in the Jin Jiang Hotel (6445-1717; entrées, \$10-\$25). **14 Shintori** serves sushi in an airplane hangar—esque open kitchen (803 Julu Lu; 5404-5252; entrées, \$11-\$21). **15 Jade Garden** serves great dim sum (127 Maoming Nan Lu; 5403-7028; entrées, \$5-\$15).

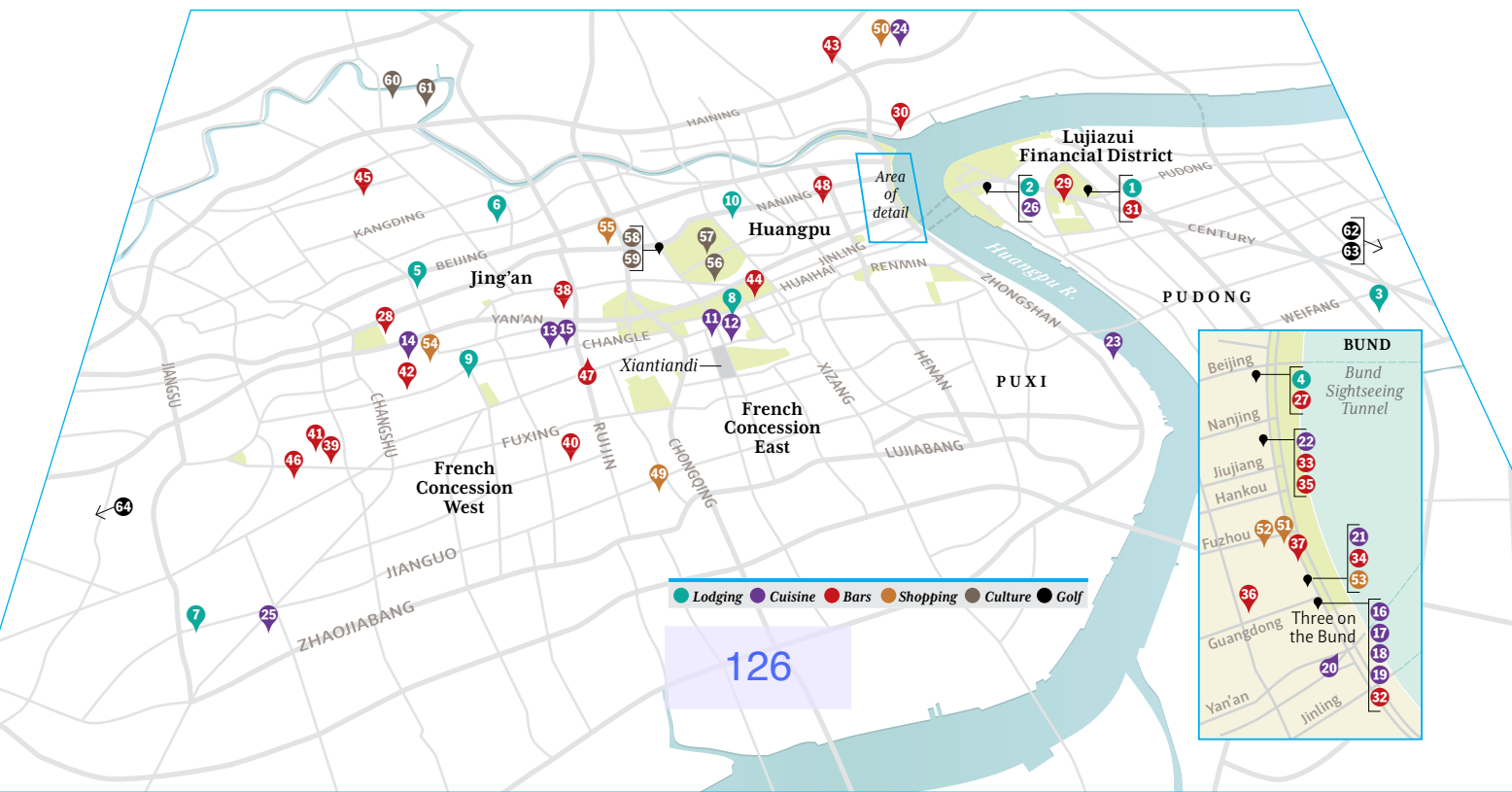
High-Flying Dinners: Most of the best restaurants for power dinners are on the Bund, led by **16 Jean Georges** at Three on the Bund (6321-7733; set menus, \$78-\$128). **17 The Cupola**, on the 7th floor, overlooks Pudong and offers set menus from four of the building's restaurants (6321-0909; menus, \$219-\$335, reservations required). **18 Laris** (6321-9922; entrées, \$29-\$73) and the **19 Whampoa Club**, with possibly the best modern Shanghaiese cuisine (6321-3737; entrées, \$27-\$42), are also in Three on the Bund. **20 Lost Heaven** serves Yunnan cuisine (17 Yan'an Dong Lu; 6330-0967; en-

trées, \$10-\$26). **21 M on the Bund** has unbeatable views and European dishes (7/F, 5 Zhongshan Dong Yi Lu; 6350-9988; entrées, \$21-\$41). **22 Mr. and Mrs. Bund** serves classic French (6/F, 18 Zhongshan Dong Yi Lu; 6323-9898; entrées, \$30-\$73). At the Cool Docks development is **23 Stiller's Restaurant**, lauded for its Foie Gras Cake (6-7/F, Bldg. 3, 505 Zhongshan Nan Lu; 6152-6501; entrées, \$30-\$40). Farther afield is the latest hot spot, **24 Factory** (1933 Creative Complex, 1/F, Bldg. 4, 29 Shajing Lu; 6563-3395; entrées, \$20-\$30). New in Xujiahui Park is Spanish **25 Restaurant Martin** (811 Hengshan Lu; 6431-6639; set menus, \$85-\$114). In the Shangri-La, **26 Jade on 36** has an inventive take on French cuisine (6882-8888; entrées, \$30-\$70).

BARS Pre-Prandials: Start at the Peninsula's discreet **27 Compass Bar** or the **28 Long Bar** at the Puli Hotel. For jaw-dropping views, try **29 Cloud 9**, on the 87th floor of the Grand Hyatt, the two-floor **30 VUE** at the Hyatt on the Bund, or **31 100 Century Avenue** at the Park Hyatt.

Post-Prandials: For sophistication, start off at the **32 Vault Bar** at

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HONG KONG

At eight o'clock every evening, the Hong Kong harbor erupts in a dazzling light show involving lasers set to music played along the promenade and streaming off your mobile phone (call 3566-5665 for English, 3566-5668 for Mandarin). Hong Kong launched the extravaganza to entertain the millions of mainland tourists.

The area code for Hong Kong is 852. Prices quoted are for March 2010.

LODGING The **1 Four Seasons Hotel**, close to the Stock Exchange and overlooking Victoria Harbour, is the preferred hangout for wealthy mainlanders (3196-8888; doubles, \$540-\$683). The original **2 Mandarin Oriental**, recently renovated, is legendary for its seamless service (2522-0111; doubles, \$425-\$657). In the Admiralty district, the top-notch **3 Island Shangri-La** pulls in well-heeled visitors from Asia (2877-3838; doubles, \$374-\$683). Rooms at the new **4 Upper House** epitomize modern Asian style, with bamboo textures and a celadon palette (2918-1838; doubles, \$372-\$436). The **5 Grand Hyatt's** Plateau Spa has an outdoor grill next to a pool (2588-1234; doubles, \$438-\$618).

In the West Kowloon district, the contemporary **6 W Hotel** hosts movers in the money and art worlds (3717-2222; doubles, \$464-\$515). **7 The Peninsula**, the colonial-era grande dame, serves a perfect afternoon tea in its opulent lobby (2920-2888; doubles,

\$540-\$747). The **8 InterContinental Hong Kong** has a stunning Presidential Suite with its own infinity pool (2721-1211; doubles, \$605-\$812).

Rooms with a View: Some of **The Peninsula's** Garden Suite faces the Hong Kong harbor and has a balcony big enough for a party (2920-2888; Garden Suite, \$4,895). On the Hong Kong side, the **Upper House's** huge bathrooms have views of adjacent skyscrapers (2918-1838; doubles, \$372-\$436).

CUISINE Power Lunches: Tables at the Upper House's 49th-floor **9 Café Gray Deluxe** are fully booked weeks in advance (2918-1838; entrées, \$30-\$61). The Mandarin Oriental's **10 Man Wah** serves some of the city's best dim sum (2522-0111; entrées, \$13-\$38), but the Four Seasons' **11 Lung King Heen** is the only Chinese restaurant in the world with three Michelin stars (3196-8888; entrées, \$30-\$97). On the much trendier side, style maven Bonnie Gokson's **12 Sevva** serves comfort food like wonton soup (25/F, Prince's Bldg.; 2537-1388; entrées, \$36-\$110).

High-Flying Dinners: For Chinese bigwigs looking for a spot to negotiate their share listing, it doesn't get more exclusive than the private section at the Four Seasons' three-Michelin-star French restaurant **13 Caprice** (3196-8888; entrées, \$60-\$127). **14 Pierre** serves star chef Pierre Gagnaire's signature fare atop the Mandarin Oriental (2522-0111; entrées, \$70-\$85). **15 One Harbour Road's** crackling suckling pig and melt-in-

your-mouth honey roast pork are presented in European chinoiserie surroundings in the Grand Hyatt (2588-1234; entrées, \$23-\$103).

16 L'Atelier de Joël Robuchon serves innovative French fare (Shop 401, 4/F, The Landmark, 15 Queen's Rd.; 2166-9088; entrées, \$37-\$140). More traditional types might prefer a steak at Mandarin Oriental's **17 Mandarin Grill** (2522-0111; entrées, \$51-\$64). **18 Isola's** osso buco and other Italian dishes have earned it a following (Level 3, IFC Central Hall.; 2383-8765; entrées, \$25-\$51). **19 Bo Innovation** specializes in molecular Chinese cookery like deconstructed preserved egg (60 Johnston Rd.; 2850-8371; set menus, \$87-\$140). **20 At Hutong**, if the crispy lamb doesn't impress you, the view of Hong Kong will (1 Peking Rd.; 3428-8342; entrées, \$13-\$52). **21 Fook Lam Moon's** sautéed lobsters make it one of the city's finest Chinese restaurants (35-45 Johnston Rd.; 2866-0663; entrées, \$19-\$154). Pair one of 25 Chinese teas with the Peking duck at The Peninsula's **22 Spring Moon** (2315-3160; entrées, \$22-\$154). High-end Hong Kongers trek to **23 Shatin 18**, at the Hyatt Regency in the New Territories, for hand-pulled noodles and duck served three ways (3723-1234; entrées, \$19-\$64).

BARS Pre-Prandials: The views rival the wine list at **24 Café Gray Deluxe** (88 Queensway). Load on the caviar and the Dom Perignon at the Grand Hyatt's **25 Champagne Bar**. **26 Aqua Luna**, a restored wooden junk crisscross-

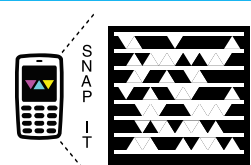
ing the harbor, serves cocktails against the world's flashiest backdrop (departs from Pier No. 9 in Central).

Post-Prandials Live music makes the **27 Island Shangri-La's Lobster Bar** a standout (Pacific Place, Supreme Court Rd.). The W's **28 Living Room** has world-famous DJs spinning music. Oenophiles' tongues are wagging over **29 Cépage's** 84-page wine list (23 Wing Fung St.). Whiskey connoisseurs favor **30 Executive Bar** (27/F, Bartlock Centre, 3 Yiu Wa St.).

After-hours Models and moguls hang out at clubs near Lan Kwai Fong, such as **31 Dragon-I** (60 Wyndham St.). Down an alleyway, the DJs at **32 Drop** spin hot dance tunes (39-43 Hollywood Rd.). Beautiful people kick back at low-key **33 Halo** (10 Stanley St.). Concierges can get you into the members-only **34 Kee Club** (32 Wellington St.). If it were up to the bouncer at **35 Volar**, ugly people would go elsewhere (38-44 D'Aguiar St.).

SHOPPING The **36 Landmark** is home to international and local

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CHINESE TAKEOUT

To bring along our guide to Shanghai and Hong Kong as a mobile Web page, snap this tag with your smartphone's camera. (For instructions on downloading the free app, see page 14.)