

Panel on Commerce and Industry

HKSAR'S Participation in the World Exposition 2010 Shanghai China

PURPOSE

This note sets out the latest progress regarding HKSARG's preparations for participating in the World Exposition 2010 Shanghai China ("Shanghai Expo"), and invites Members to support our intention to seek the acceptance in principle of the Finance Committee of the estimated financial implications to support the initiative.

WORLD EXPO 2010 SHANGHAI CHINA

2. The Shanghai Expo will be held in Shanghai from 1 May to 31 October 2010. As at 3 April 2008, 169 countries and 30 international organisations have confirmed their participation in the event, which is expected to attract more than 70 million visitors. It will provide an excellent opportunity for us to publicise Hong Kong as a city of quality living and creativity. At the meeting of the Legislative Council Panel on Commerce and Industry (C&I Panel) on 18 December 2007, we reported that the HKSARG intended to make full use of the opportunity by constructing a stand-alone Hong Kong Pavilion ("HK Pavilion"), submitting a bid for participating in the Urban Best Practices Area Exhibition ("UBPA Exhibition"), and organising a series of related activities such as "Hong Kong Week", parades and cultural performances (see LC Paper No. CB(1)435/07-08(08)).

THE HK PAVILION AND CONCEPT DESIGN COMPETITION

3. On 2 January 2008, we submitted to the organiser of the Shanghai Expo ("the Organiser") a theme statement of the HK Pavilion entitled "Hong Kong — A City With Unlimited Potential", featuring Hong Kong's connectivity and various strengths and attractions. We aim to construct a HK Pavilion with distinct Hong Kong characteristics under the above theme. The HK Pavilion will be located within the China Pavilion area at a site of about 600 m², and with a construction floor area of about 1 100 m².

4. With a view to tapping the best creative talents of local professionals, we launched a Concept Design Competition for the Hong Kong Pavilion in February 2008. The competition was jointly organised by the Constitutional and Mainland Affairs Bureau and the Architectural Services Department, and sponsored by the Hong Kong Institute of Architects (HKIA). The competition was open to Hong Kong residents who are Full/Professional/Fellow Members of the HKIA, Hong Kong Designers Association, Hong Kong Institution of Engineers, Hong Kong Institute of Landscape Architects, Hong Kong Institute of Planners or Hong Kong Institute of Surveyors.

5. We received 80 entries during the stipulated period from 1 February to 13 March 2008. The seven-member jury comprises the Chief Secretary for Administration, Mr Henry Tang; Mr Rocco Yim; Professor Edward Ng; Dr Allan Zeman; the Permanent Secretary for Constitutional and Mainland Affairs; the Director of Information Services; and the Director of Architectural Services. We are in the final stage of completing the assessment and other formalities.

6. The winning design of the Concept Design Competition is expected to be distinctive, attractive and embodying a powerful visual identity and striking walk-through experience embracing the theme of the HK Pavilion. It is expected to adopt innovative and advance technologies including multi-media and interactive methods in highlighting HKSAR's various strengths and achievements. Due regard would be given to integrating the sustainable design principles in the design and materials used for the HK Pavilion. The winning design is intended to be novated to a design and build contractor for detailed design and construction. This approach will help ensure smooth and timely delivery of the project.

7. The financial implications arising from the HK Pavilion exhibition can be broadly divided into two components: the structure and exhibition components. The former involves the design and construction of the stand-alone HK Pavilion structure¹, while the latter involves the adoption of modern exhibition design and technologies to bring out the theme and key messages of the HK Pavilion. Since the meeting of the C&I Panel on 18 December 2007, the Government has gathered more information about the technical requirements for the exhibition design and technologies. The

¹ The previously estimated cost for the design and construction of the HK Pavilion was \$69 million (at September 2007 prices). The budget has been updated to include all relevant work including exhibition production and installation, which has previously not been included in the cost estimate.

preliminary estimated cost for both the structure and exhibition components of the HK Pavilion is \$145 million. This has taken into account factors such as the latest available design requirements, special provisions to cater for escalating construction and material costs due to inflation and keen market demand in the Mainland, and fluctuations of Renminbi exchange rate.

HKSAR's PARTICIPATION IN THE URBAN BEST PRACTICES AREA EXHIBITION

8. We reported to the C&I Panel on 18 December 2007 vide LC Paper No. CB(1)435/07-08(08) on our intention to join hands with the local creative industries to participate in the UBPA Exhibition and to showcase Hong Kong as a city of creativity and innovation.

9. Taking into account views from the local creative industries we have obtained in drawing up the theme of the exhibition, we submitted an application to the Organiser for the UBPA Exhibition in January this year. Entitled "Smart Card, Smart City, Smart Life", our application features the smartcard systems that Hong Kong widely uses – the Octopus Card and the Smart Identity Card – to demonstrate how we extensively use innovative ways to improve efficiency in our everyday city life and promote the connectivity within the city and with other parts of the world.

10. We also plan to explore the use of smartcard applications in various community areas such as education, medical care and conservation of environment in the coming period. We propose to feature these innovative cases in our UBPA Exhibition to demonstrate Hong Kong's commitment to pioneer social innovation in our community, providing creative and citizen-centric services, and crafting a better and sustainable future.

11. The Organiser received a total of 106 applications from 87 cities all over the world. All applications were examined by an international selection committee comprising representatives from relevant agencies from the United Nations, international organisations and Mainland authorities, as well as urban administrators and researchers. The Organiser announced on 2 April 2008 that Hong Kong's application to participate in the UBPA Exhibition had been selected. The Organiser would provide an exhibition area of 800 m² to 1 000 m² in a restored building at the UBPA Exhibition Area for each successful candidate to exhibit its case.

12. The design of our UBPA exhibition pavilion will be innovative and forward-looking. Simulation devices, multi-media technology, animation and video will be used to enhance the appeal to visitors. There will be interactive elements inside the pavilion for visitors to personally experience how the use of smartcards will help make urban life more efficient and productive.

13. The Shanghai Expo is the first ever Expo to introduce the UBPA Exhibition, which is set to become one of the highlights of the event in 2010. This will be an excellent occasion to showcase Hong Kong's connectivity and our vision of urban sustainable development through social innovation, and our creative industries will have ample opportunities to participate in the various aspects of the exhibition to show their talents to the visitors of the Shanghai Expo.

OTHER RELATED ACTIVITIES

14. In addition to the planned HK Pavilion and UPBA exhibitions, we also intend to organise/participate in other related activities during the six-month exhibition period from 1 May to 31 October 2010. While the Hong Kong Week will be one of the highlights during the Expo period, we will organise a host of publicity and promotion activities throughout the exhibition period, such as exhibitions, cultural performances, seminars and workshops, both within and outside the Shanghai Expo exhibition area, to achieve the greatest effect. When drawing up the programme of activities, we will consult the local creative industries. The objectives are to promote Hong Kong's brand and also our creative talents in different fields to the Mainland and international audiences. Leveraging on the Shanghai Expo, the Hong Kong Tourism Board will join hands with the travel industry and the Government to step up efforts in tourism branding in Shanghai and fostering multi-destination visits from target source markets.

FINANCIAL AND MANPOWER IMPLICATIONS

15. HKSARG attaches great importance to the initiative, and has set up a Steering Committee under the chairmanship of the Chief Secretary for Administration to give steer and coordinate cross-bureau efforts. Members include the Financial Secretary and representatives from the concerned bureaux and departments. Based on the input from the concerned bureaux and departments, the preliminary estimated cost for HKSAR's participation in the

Shanghai Expo is HK\$380 million, covering the expenditure relating to the HK Pavilion and UBPA exhibitions, and related activities. A breakdown of the preliminary estimated cost by main expenditure components is set out at **the Annex**. The above rough estimate has already reflected the efforts of the concerned bureaux/departments to absorb part of the expenditure involved through internal redeployment of resources (such as those relating to publicity and logistical support), but has not taken into account possible private sponsorships that we may secure in the future. We will endeavour to secure sponsorship to cover some of the planned activities. But for budgetary purpose, we would need to secure Finance Committee's acceptance in principle of the overall funding proposal at this stage.

ECONOMIC IMPLICATIONS

16. HKSARG's participation in the Shanghai Expo will help enhance our image, showcase our various strengths and attractions, promote our broader commercial interests to both the Mainland and international audiences, and further strengthen our economic relations with the Mainland. According to a preliminary assessment by the Government Economist, the quantifiable economic benefit to Hong Kong is likely to be felt mainly in the inbound tourism industry, roughly generating \$288 million (main scenario) to \$432 million (high scenario) additional income to the economy. Moreover, the initiative is expected to foster the long-term development of creative industries in Hong Kong. Through engagement in preparing HKSARG's participation in the Shanghai Expo, the local creative talents, particularly those in the fields of design, architecture, software and performing arts; will have a good opportunity to exhibit their creativity to the international audience while gaining exposure to standards and practices in other parts of the world. Besides, the relevant exhibition activities organised by HKSARG will help promote the image of Hong Kong as a city of creativity where innovations are extensively deployed to improve business efficiency and enrich daily life.

ENVIRONMENTAL IMPLICATION

17. The project site for the HK Pavilion is located in Shanghai outside Hong Kong. It is not a designated project under the Environmental Impact Assessment Ordinance (Cap. 499). The project will not cause any long-term environmental impact.

18. Given that the HK Pavilion will likely be a temporary structure for the period of the Expo, due regard will be given to incorporating environmentally-friendly features in the design of and materials used for the pavilion. In respect of our participation in the HK Pavilion and UBPA exhibitions, we will explore the possibility of retaining the key features of the exhibitions after the conclusion of the Shanghai Expo and re-assembling them in Hong Kong for further exhibition to the local public.

NEXT STEP

19. Subject to Members' views, we plan to seek the Finance Committee's in-principle support to the overall funding proposal at its meeting on 9 May 2008. We also plan to seek the necessary funding support of the Public Works Subcommittee of the Finance Committee for the related capital works at its meeting on 21 May 2008. We will fine-tune further the financial implications of the proposal and seek the Finance Committee's necessary funding support for the related non-recurrent expenditure as soon as possible.

Constitutional and Mainland Affairs Bureau
Commerce and Economic Development Bureau
April 2008

Breakdown of the Preliminary Estimated Cost

	Main Expenditure Items	Estimated Cost (HK\$ Million)
1.	<p>Design and construction of the HK Pavilion, and related works.</p> <p>(Including the costs for the design and construction the Hong Kong Pavilion structure; interior fitting-out; associated building services; exhibition design; procurement and installation of audio-visual, interactive and other equipment; systems programming, testing and commissioning; production, installation and dismantling of exhibits/exhibition equipment, project management and consultancy; demolition of the HK Pavilion and restoration of the site; and provision for contingency).</p>	145
2.	<p>Expenditure relating to HKSAR's participation in the UBPA Exhibition.</p> <p>(Including the costs for the fitting out of the exhibition area within a restored building provided by the Organiser; exhibition design; art direction; procurement and installation of audio-visual, interactive and other equipment; systems programming, testing and commissioning; production of content of the exhibits, including video display, animation and interactive elements, installation and dismantling of exhibits/exhibition equipment event and project management and consultancy.)</p>	77
3.	<p>Other related activities during the exhibition period.</p> <p>(During the six-month Expo period, a series of activities including Hong Kong Week, exhibitions,</p>	70

cultural performances, seminars, workshops will be organised to promote Hong Kong's brand and our creative industries. The opportunity will also be taken to organise activities to celebrate the 13th anniversary of the establishment of the HKSAR.)

4. Souvenirs and publicity. 20

(The budget includes give-away souvenir items, TV/radio programmes, advertisement, press tour etc. The Tourism Board will also make use of the opportunity to conduct tourism branding in the Mainland and tourism promotion activities overseas to attract Mainland and overseas tourists to visit Hong Kong. The estimated expenditure on souvenirs and publicity is \$30M, of which \$10M will be absorbed by ISD internally.)

5. Others (including operating cost for the HK Pavilion and UBPA exhibitions, logistical support, and additional staffing support). 46

(Including the costs for stationing officers in Shanghai during the Expo period, time-limited civil service staff and non-civil service contract staff support for periods varying from 6 months to 2½ years to assist in the preparatory work. This expenditure item also covers the operating cost for the Hong Kong Pavilion and UBPA exhibitions during the exhibition period, including maintenance, cleaning, insurance, hire of local reception and technical staff etc, basing on the cost estimated by the Shanghai Expo Bureau)

6. Contingency (10%) for items 2, 3, 4 and 5. 22

(To cater for any contingency expenses during the preparation and Expo exhibition period.)

Total - 380