

# Speech by SITI at welcoming ceremony of HUTCHMED's Establishment of International Research and Development Centre at Hong Kong Science Park (English only) (with photo)

Following is the speech by the Secretary for Innovation, Technology and Industry, Professor Sun Dong, at the welcoming ceremony of HUTCHMED's Establishment of the International Research and Development Centre at the Hong Kong Science Park today (August 1):

Dr Eldar (Chairman of HUTCHMED, Dr Dan Eldar), Dr Su (Chief Executive Officer and Chief Scientific Officer of HUTCHMED, Dr Su Weiguo), Albert (Chief Executive Officer of the Hong Kong Science and Technology Parks Corporation, Mr Albert Wong), distinguished guests, ladies and gentlemen,

I am delighted to join you all this afternoon to witness the establishment of HUTCHMED's research and development (R&D) centre in Hong Kong Science Park (Science Park). The HKSAR (Hong Kong Special Administrative Region) Government warmly welcomes you to expand your R&D business in the Science Park and greatly encourages you to attract international talent.

Biotechnology development plays a crucial role in the advancement of innovation and technology (I&T), as the biotech R&D outcomes often have a direct impact on improving our health and quality of life, benefitting all members of society. Over the past decades, the local biotech industry has experienced rapid growth due to our substantial investments in project funding and infrastructure development. At present, more than 260 biotech-related companies have set up in Science Park.

The Hong Kong Government's commitment to enhancing Hong Kong's R&D capabilities, particularly in the field of biotechnology, is unwavering. We have allocated a funding of HK\$3 billion to the Science Park through equity injection, enabling the Park to establish a wide range of world-class facilities to support research activities in this field. For example, the Drug Safety Testing Centre (DSC) established in 2022 was accredited by the Association for Assessment and Accreditation of Laboratory Animal Care International in March this year, making it the first non-academic organisation facility in Hong Kong to receive such accreditation. In addition, since April this year, the DSC has also been offering application services for investigational new drug approval in accordance with the United States Food and Drug Administration's Good Laboratory Practices for Nonclinical Laboratory Studies, facilitating the start of clinical trials for newly approved drugs.

Apart from enhancing research facilities, we also strive to perfect our

I&T ecosystem with a virtuous cycle of interactions between different sectors. For example, we launched the HK\$10 billion Research, Academic and Industry Sectors One-plus (RAISE+) Scheme to strengthen the midstream sector by incentivising and accelerating transformation of outstanding R&D outcomes in universities. In May, we announced the first batch of projects participating in the Scheme, and among them a number of projects have a clear focus on health and medical sciences.

With our robust research capability, top-notch universities, advanced research facilities and increasingly vibrant ecosystem, Hong Kong is well placed as one of the most desirable destinations to provide an integrated platform for biotech companies to innovate and translate their excellent R&D outcomes into clinical trials and commercialisation. I am delighted that HUTCHMED is increasing its R&D investment in Hong Kong by setting up a R&D centre in the Science Park focusing on AI (artificial intelligence) for drug discovery, discovery of novel therapeutics for less-studied diseases and accelerating patient access to novel medicines. I firmly believe that the agglomeration of more biotech companies like HUTCHMED in Hong Kong will create synergies to further strengthen our city's advantage in life and health technology industry, and accelerate the development of Hong Kong into an international I&T centre.

In closing, I wish HUTCHMED's R&D centre every success and I look forward to seeing new medicines being launched to benefit more patients. Thank you.



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## [Survey on Small and Medium-Sized Enterprises Credit Conditions for Second Quarter 2024](#)

The following is issued on behalf of the Hong Kong Monetary Authority:

The Hong Kong Monetary Authority (HKMA) published today (August 1) the

results of Survey on Small and Medium-Sized Enterprises (SMEs)' Credit Conditions for the second quarter of 2024. According to the survey, SMEs' credit conditions remained stable.

Regarding SMEs' perception of banks' credit approval stance relative to six months ago, excluding respondents who answered "no idea/don't know", 73 per cent perceived a "similar" or "easier" credit approval stance in the second quarter of 2024, up from 71 per cent in the previous quarter (Chart 1 in the Annex). 27 per cent perceived a "more difficult" credit approval stance, down from 29 per cent in the previous quarter. The perception of a more difficult credit approval stance may not necessarily reflect actual difficulties faced by SMEs in obtaining bank credit as the perception could be affected by a number of factors, such as media/news reports, business conditions and opinions of relatives and friends.

Among respondents with existing credit lines, 2 per cent reported a "tighter" banks' stance, significantly down from 12 per cent in the previous quarter (Chart 2 in the Annex). In this survey, a tighter stance on existing credit lines denotes a range of possible measures or arrangements, such as reducing unused and used credit lines, raising the interest rate, imposing additional collateral requirements, or shortening loan tenor. Therefore, respondents' indication of banks' stance on existing credit lines may not directly reflect banks' supply of credit to SMEs.

The survey also gauged the results of new credit applications from SMEs. 2 per cent of the respondents reported that they had applied for new bank credit during the second quarter of 2024. Among the respondents who had already known their application outcomes, 70 per cent reported fully or partially successful applications, down from 86 per cent in the previous quarter (Chart 3 in the Annex).

Owing to small sample sizes of SMEs with existing credit lines (13 per cent of surveyed SMEs) and with new credit applications (2 per cent of surveyed SMEs) during the quarter, the results could be prone to large fluctuations, and hence should be interpreted with care.

#### About Survey on Small and Medium-Sized Enterprises (SMEs)' Credit Conditions

In light of the importance of SMEs to the Hong Kong economy and concerns about potential funding difficulties facing SMEs over the past few years, the HKMA has appointed the Hong Kong Productivity Council (HKPC) to carry out this survey, starting from the third quarter of 2016. This survey is conducted on a quarterly basis, covering about 2 500 SMEs from different economic sectors each time. The results of this survey can help monitor the development of SMEs' access to bank credit from a demand-side perspective.

The results of this survey should be interpreted with caution. Similar to other opinion surveys, views collected in this survey may be affected by changes in sentiment due to idiosyncratic events that occurred over the survey period, which can make the results prone to fluctuations. Readers are advised to interpret the results together with other economic and financial

information. In addition, views collected are limited to the expected direction of inter-quarter changes (e.g. "tighter", "no change" or "easier") without providing information about the magnitude of these changes.

Detailed tables and technical information of this survey are published on the website of the HKPC ([smecc.hkpc.org](http://smecc.hkpc.org)).

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## Provisional statistics of retail sales for June 2024

The Census and Statistics Department (C&SD) released the latest figures on retail sales today (August 1).

The value of total retail sales in June 2024, provisionally estimated at \$29.9 billion, decreased by 9.7% compared with the same month in 2023. The revised estimate of the value of total retail sales in May 2024 decreased by 11.4% compared with a year earlier. For the first half of 2024, it was provisionally estimated that the value of total retail sales decreased by 6.6% compared with the same period in 2023.

Of the total retail sales value in June 2024, online sales accounted for 7.8%. The value of online retail sales in that month, provisionally estimated at \$2.3 billion, increased by 5.2% compared with the same month in 2023. The revised estimate of online retail sales in May 2024 increased by 20.2% compared with a year earlier. For the first 6 months of 2024 taken together, it was provisionally estimated that the value of online retail sales decreased by 0.3% compared with the same period in 2023.

After netting out the effect of price changes over the same period, the provisional estimate of the volume of total retail sales in June 2024 decreased by 11.2% compared with a year earlier. The revised estimate of the volume of total retail sales in May 2024 decreased by 12.7% compared with a year earlier. For the first half of 2024, the provisional estimate of the total retail sales decreased by 8.2% in volume compared with the same period in 2023.

Analysed by broad type of retail outlet in descending order of the provisional estimate of the value of sales and comparing June 2024 with June 2023, the value of sales of jewellery, watches and clocks, and valuable gifts decreased by 23.1%. This was followed by sales of other consumer goods not elsewhere classified (-1.2% in value); commodities in supermarkets (-0.5%); wearing apparel (-13.2%); food, alcoholic drinks and tobacco (-5.7%); electrical goods and other consumer durable goods not elsewhere classified (-4.7%); commodities in department stores (-18.6%); motor vehicles and parts (-25.1%); fuels (-12.3%); furniture and fixtures (-9.8%); footwear, allied products and other clothing accessories (-9.1%); Chinese drugs and herbs

(-2.8%); and optical shops (-13.9%).

On the other hand, the value of sales of medicines and cosmetics increased by 3.4% in June 2024 over a year earlier. This was followed by sales of books, newspapers, stationery and gifts (+0.1% in value).

Based on the seasonally adjusted series, the provisional estimate of the value of total retail sales decreased by 5.8% in the second quarter of 2024 compared with the preceding quarter, while the provisional estimate of the volume of total retail sales decreased by 6.8%.

#### Commentary

A government spokesman said that while the value of total retail sales continued to decline in June from a year earlier amid the changing consumption patterns of visitors and residents and the strong Hong Kong dollar, the rate of decline narrowed further. A slight increase of 2.3% was seen on a seasonally adjusted month-to-month comparison, reflecting signs of stabilisation in retail activities.

Looking ahead, the spokesman said that the retail sector will still face challenges in the near term. Nonetheless, the Central Government's various measures benefitting Hong Kong, as well as the SAR Government's strenuous efforts to promote a mega event economy and support the development of the local retail sector, should benefit the sector. In addition, continued growth of the economy and rising employment earnings should also provide support to the retail sector.

The spokesman also added that the SAR Government will continue to strive to support the development of the local retail sector. One of the directions is to continue supporting small and medium-sized enterprises, including those in the retail sector, in upgrading and transformation, and market development. Last month, the SAR Government launched the "E-commerce Easy" under the BUD Fund with a view to assisting enterprises to develop the Mainland market through electronic commerce (e-commerce) business. The Hong Kong Trade Development Council (HKTDC) is also organising the inaugural Hong Kong Shopping Festival on Mainland e-commerce platforms in August to drive publicity exposure of Hong Kong brands and products in the Mainland, and help Hong Kong enterprises expand into Mainland e-commerce business. Furthermore, the HKTDC has organised a number of large-scale public exhibitions during the summer holidays, such as the recently held Hong Kong Book Fair in July and the upcoming Food Expo. These events are expected to help attract visitors and local consumers to shop, thereby boosting the retail sector.

#### Further information

Table 1 presents the revised figures on value index and value of retail sales for all retail outlets and by broad type of retail outlet for May 2024 as well as the provisional figures for June 2024. The provisional figures on the value of retail sales for all retail outlets and by broad type of retail outlet as well as the corresponding year-on-year changes for the first half of 2024 are also shown.

Table 2 presents the revised figures on value of online retail sales for May 2024 as well as the provisional figures for June 2024. The provisional figures on year-on-year changes for the first half of 2024 are also shown.

Table 3 presents the revised figures on volume index of retail sales for all retail outlets and by broad type of retail outlet for May 2024 as well as the provisional figures for June 2024. The provisional figures on year-on-year changes for the first half of 2024 are also shown.

Table 4 shows the movements of the value and volume of total retail sales in terms of the year-on-year rate of change for a month compared with the same month in the preceding year based on the original series, and in terms of the rate of change for a three-month period compared with the preceding three-month period based on the seasonally adjusted series.

The classification of retail establishments follows the Hong Kong Standard Industrial Classification (HSIC) Version 2.0, which is used in various economic surveys for classifying economic units into different industry classes.

These retail sales statistics measure the sales receipts in respect of goods sold by local retail establishments and are primarily intended for gauging the short-term business performance of the local retail sector. Data on retail sales are collected from local retail establishments through the Monthly Survey of Retail Sales (MRS). Local retail establishments with and without physical shops are covered in the MRS and their sales, both through conventional shops and online channels, are included in the retail sales statistics.

The retail sales statistics cover consumer spending on goods but not on services (such as those on housing, catering, medical care and health services, transport and communication, financial services, education and entertainment) which account for over 50% of the overall consumer spending. Moreover, they include spending on goods in Hong Kong by visitors but exclude spending outside Hong Kong by Hong Kong residents. Hence they should not be regarded as indicators for measuring overall consumer spending.

Users interested in the trend of overall consumer spending should refer to the data series of private consumption expenditure (PCE), which is a major component of the Gross Domestic Product published at quarterly intervals. Compiled from a wide range of data sources, PCE covers consumer spending on both goods (including goods purchased from all channels) and services by Hong Kong residents whether locally or abroad. Please refer to the C&SD publication "Gross Domestic Product by Expenditure Component" for more details.

More detailed statistics are given in the "Report on Monthly Survey of Retail Sales". Users can browse and download this publication at the website of the C&SD

([www.censtatd.gov.hk/en/EIndexbySubject.html?pcode=B1080003&scode=530](http://www.censtatd.gov.hk/en/EIndexbySubject.html?pcode=B1080003&scode=530)).

Users who have enquiries about the survey results may contact the

## **FEHD completes Rodent Activity Survey for first half of 2024**

The Food and Environmental Hygiene Department (FEHD) announced today (August 1) that it has completed the Rodent Activity Survey (RAS) for the first half of 2024, and the overall Rodent Absence Rate (RAR) was 95.1 per cent. The RAR of individual districts can be viewed on the FEHD website ([www.fehd.gov.hk/english/pestcontrol/rat\\_free\\_percentage.html](http://www.fehd.gov.hk/english/pestcontrol/rat_free_percentage.html)).

"This marks the first time that the department adopted thermal imaging cameras with artificial intelligence technology to replace completely the conventional census baiting method for surveillance of rodent activities in all districts. Compared to the previous survey method, the new technology offers higher sensitivity and precision, broader coverage, and lower susceptibility to environmental factors. The department will keep enhancing the RAS to better reflect the overall situation of rodent infestation," a spokesman said.

The spokesman pointed out that the useful information and data on rodent infestation provided by the RAS enable the department to effectively allocate resources. The RAR of a district only reflects the overall rodent infestation situation in the district and there may be a variance among individual survey locations. The FEHD will implement targeted rodent prevention and control measures according to the survey results at individual locations and take follow-up actions including collaborations with other departments, relevant shop operators and residents for joint actions in effective rodent prevention and control.

The department will also take into account the RAS results for the first half of the year and other factors to make necessary adjustments, such that the locations for installation of thermal imaging cameras will be even more representative during the survey for the second half of the year. The RAR of individual districts for the second half of the year will be published on the FEHD website in due course. The FEHD is also liaising with the Housing Department and the Leisure and Cultural Services Department to extend the RAS to cover public rental housing estates, parks, leisure facilities, etc from next year onwards.

The spokesman stressed that effective rodent prevention and control hinges on co-operation among government departments, relevant sectors and stakeholders, as well as members of the public to strengthen anti-rodent work from their respective areas. Members of the public should maintain good environmental hygiene and eliminate the three fundamental survival conditions

of rodents, namely food, harbourage and passages, i.e. the elimination of the food sources and hiding places of rodents as well as blockage of their dispersal routes.

The RAS will be conducted once every six months among the 19 districts of the FEHD across the territory. In consideration of the rodent habits, during the survey period, rodent activities will be recorded by means of thermal images captured at two-minute intervals from 7pm to 7am the following day for three consecutive nights. The survey of 2024 covers public areas of which the pest control services are being provided by the FEHD. With reference to distribution of rodent complaints and rodent control statistics collected from regular disinfection operations carried out by the FEHD, the RAS makes use of a list of locations over the territory that are prone to risks of rodent infestation within public areas as the sampling frame. For each round of the survey, about 2 000 locations with rodent infestation risks are selected for installation of thermal cameras to record rodent activities.

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## **Effective Exchange Rate Index**

The effective exchange rate index for the Hong Kong dollar on Thursday, August 1, 2024 is 105.7 (down 0.1 against yesterday's index).