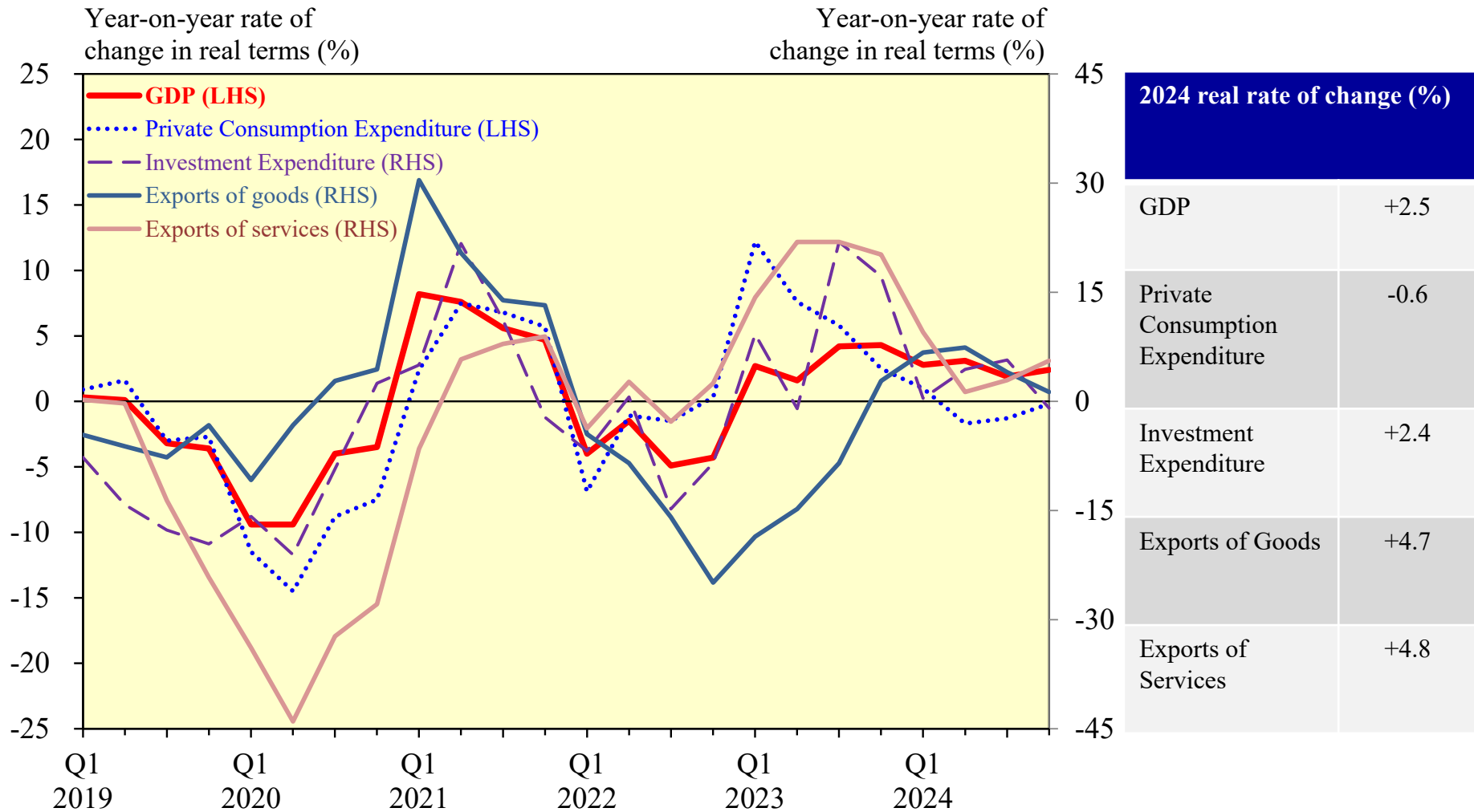


2024 Economic Performance

Summary of economic performance in 2024

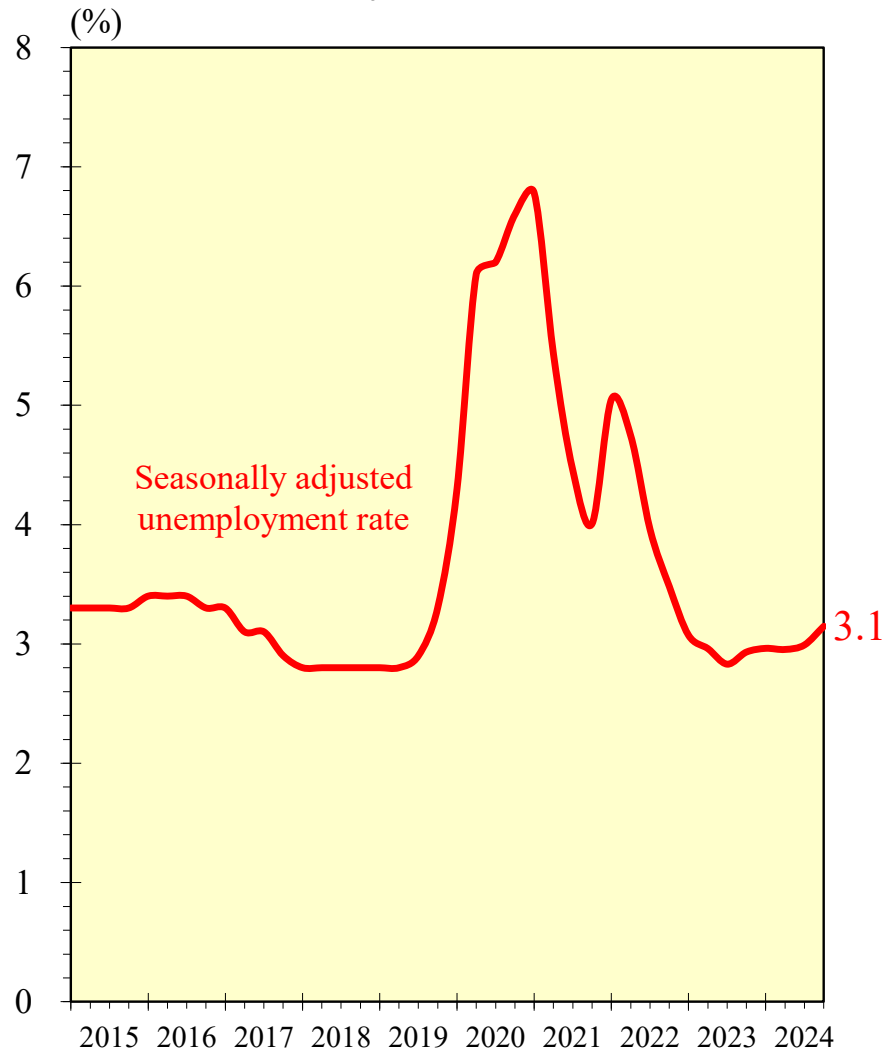
- The Hong Kong economy posted moderate growth of 2.5% in 2024, mainly supported by the external sector
- Exports of goods resumed growth, thanks to improved external demand for goods. Exports of services saw a broad-based expansion
- Overall investment spending increased further alongside the economic growth. Consumption activities turned to a slight decline amid the change in consumption patterns of residents
- Labour market remained tight. Wages and labour earnings attained decent increases
- Underlying consumer price inflation was mild

Hong Kong economy posted moderate growth in 2024, mainly supported by the external sector

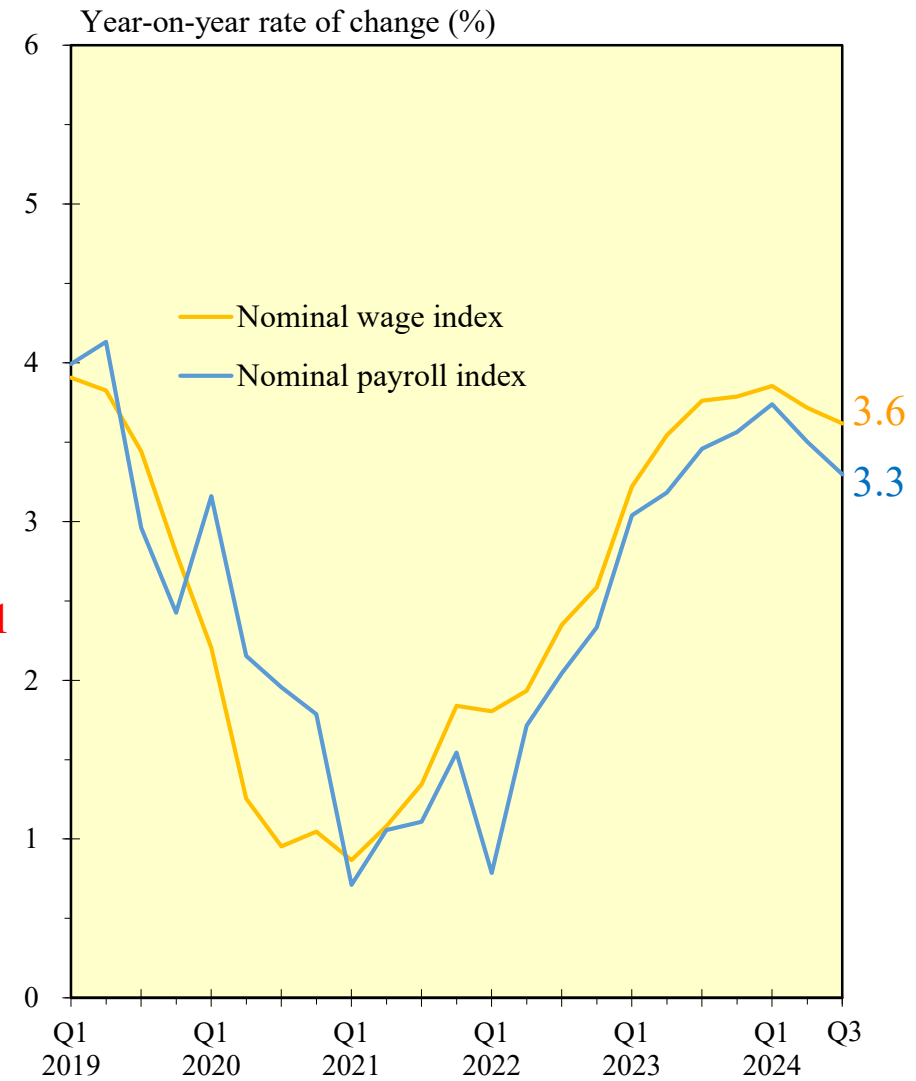


Labour market remained tight in 2024

Unemployment rate stayed low

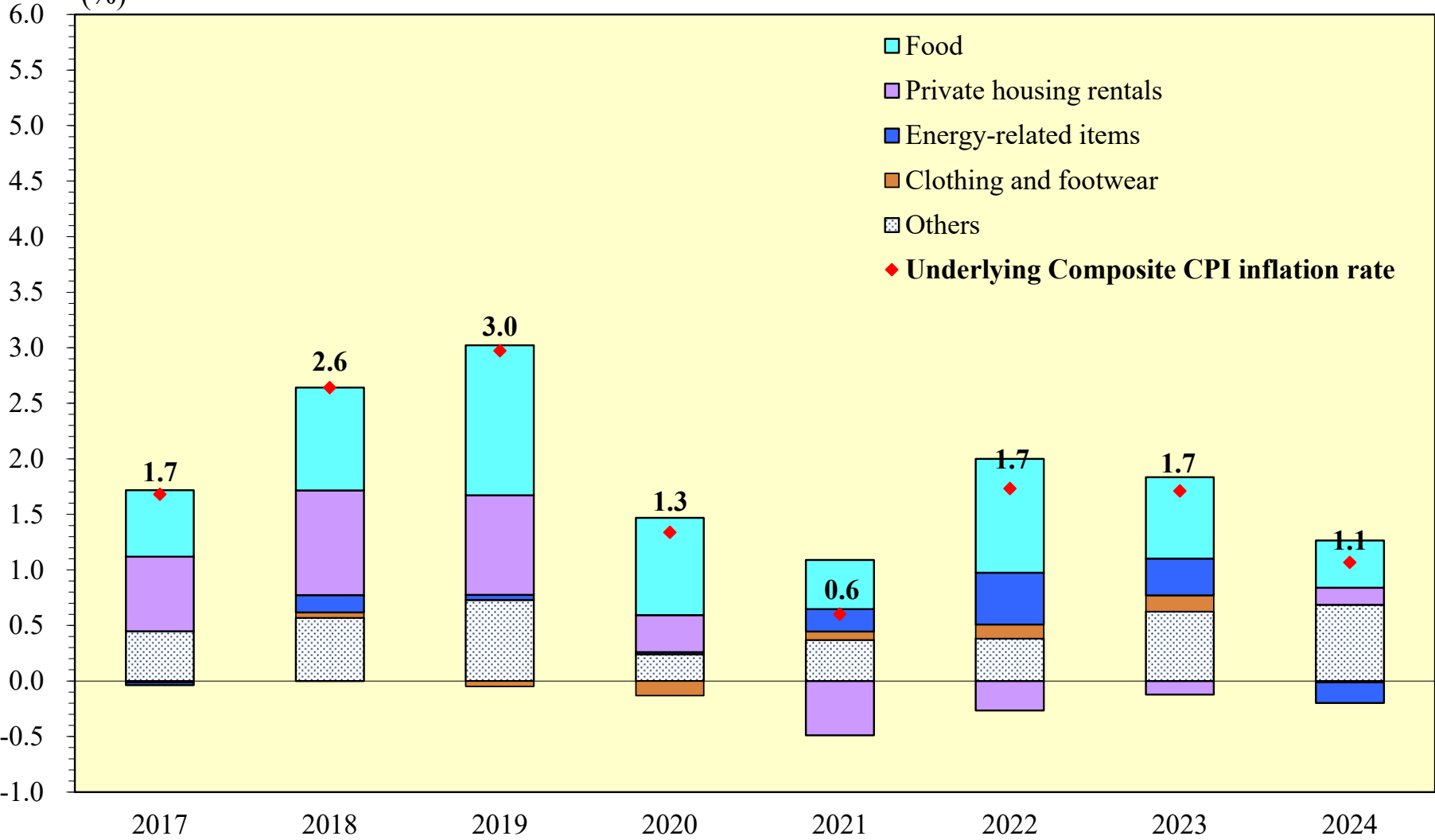


Wages and labour earnings attained decent increases



Underlying consumer price inflation was mild in 2024

Contribution to underlying Composite CPI inflation rate by major component



Note : Energy-related items include electricity, town gas, liquefied petroleum gas and other fuel, and motor fuel.

Economic Outlook

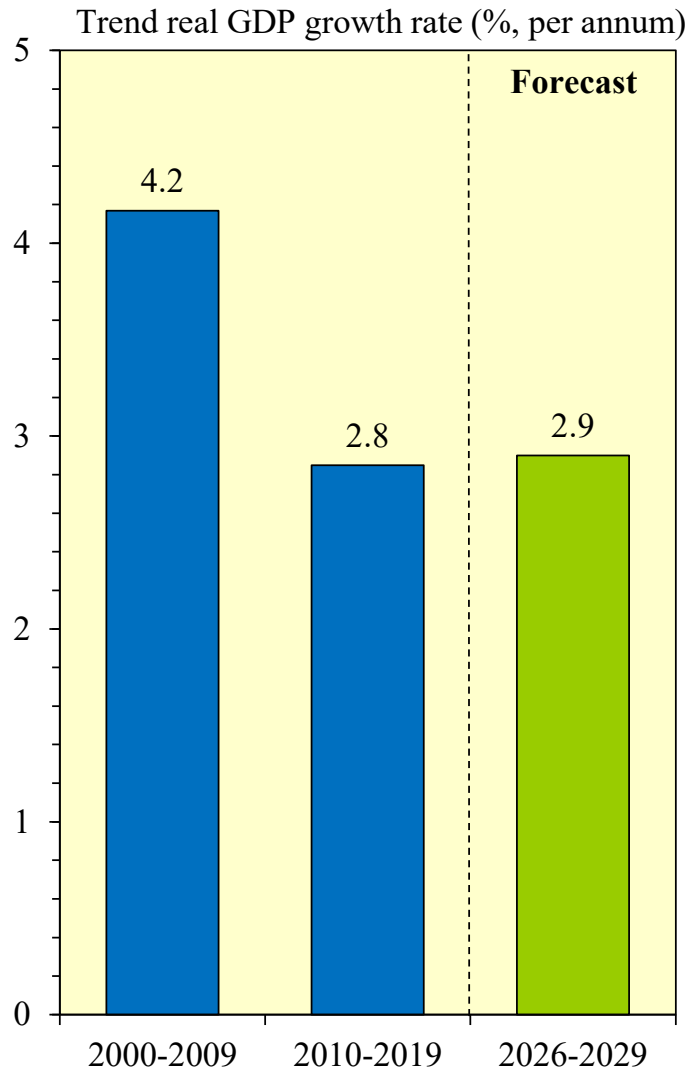
Hong Kong economy is expected to grow moderately in 2025

- Immense uncertainties in the external environment in 2025, but there are also positive factors
 - Exports of goods would be affected by the US' trade protection measures, but steady global economic growth would provide support
 - Exports of services would increase further. Increased convenience of cross-border travel alongside the Central Government's measures and the SAR Government's various initiatives should bring in more visitors. Gradually easing financial conditions would also support cross-border financial as well as business and other activities. Exports of trade-related services would benefit from continued growth of trade in goods
 - Improved economic sentiment alongside Mainland's more proactive policies to boost the economy, easing financial conditions and the SAR Government's initiatives to promote economic growth and development should be supportive for domestic demand:
 - Conducive to fixed asset investment, but uncertain external environment might affect investor sentiment
 - Private consumption should also be boosted by sustained growth of employment income, though the change in residents' consumption pattern may constrain the pace of recovery
- **Real GDP growth forecast for 2025: 2% to 3%**

Underlying consumer price inflation should remain moderate in 2025

- Domestic costs may see some upward pressures as the economy continues to grow
 - External price pressures should remain contained, provided that trade conflicts and geopolitical tensions would not push up prices significantly
- **Underlying Composite CPI
inflation forecast for 2025: 1.5%**

Medium-term economic outlook is bright



- Further loosening of financial conditions expected to support global demand
- Asia should remain as an important growth engine of the global economy
- The Mainland will achieve economic transformation and upgrading and sustain steady growth
- The Government is committed to harnessing our institutional strengths under “One Country, Two Systems” to reinforce and enhance our status as “three centres and a hub”, further enhancing our role as a “super connector” and “super value adder”
- The Government’s proactive efforts in expanding economic capacity, enhancing competitiveness, and developing strategic growth areas are bearing fruit