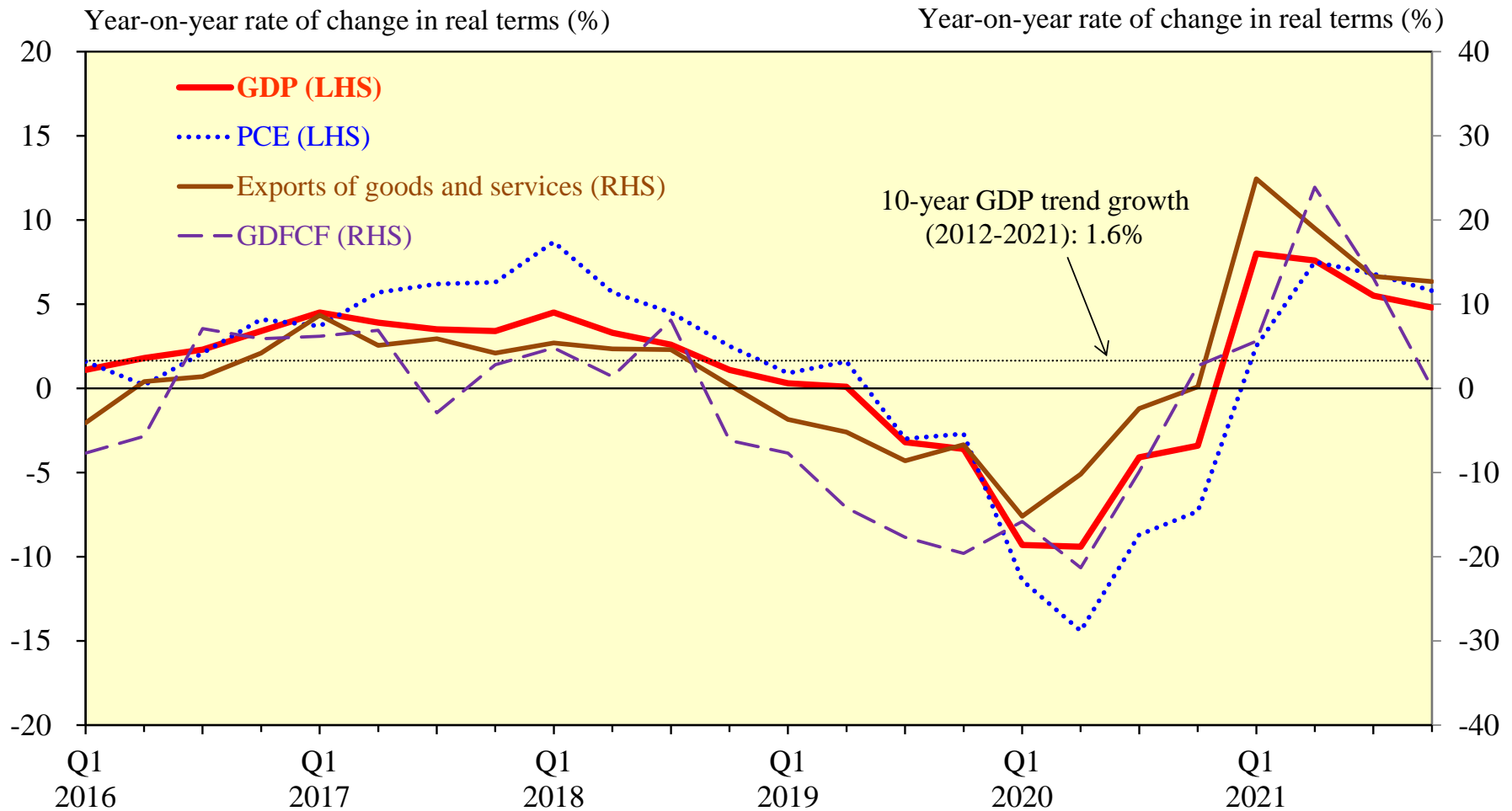


2021 Economic Performance

Summary of economic performance in 2021

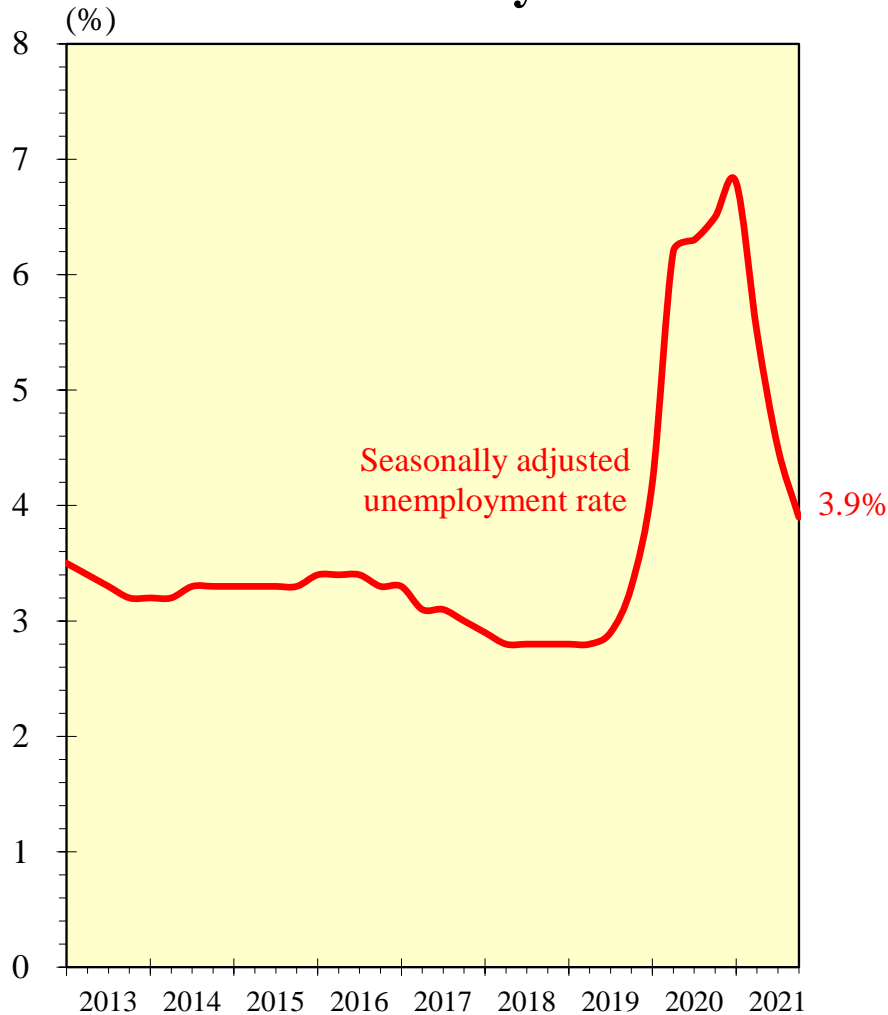
- Real GDP rebounded visibly by 6.4% in 2021 after two years of severe recession
- Exports of goods surged, underpinned by the marked revival of import demand from major economies and vibrant regional trading and production activities. Exports of services grew mildly, but inbound tourism remained frozen
- Domestic demand was on a recovery path
- Labour market improved continuously
- Consumer price inflation went up modestly over the course of the year

Hong Kong economy staged a visible rebound in 2021, reversing the declines in the previous two years

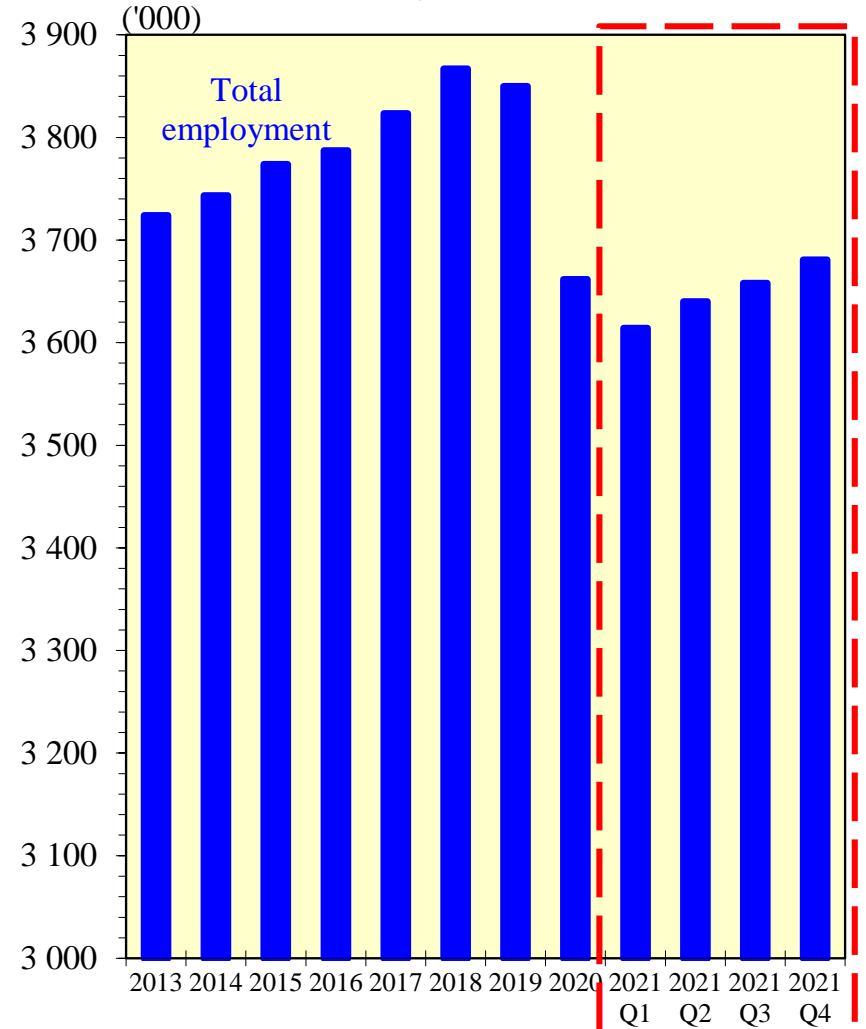


Labour market improved continuously through 2021

Unemployment rate fell successively to 3.9%

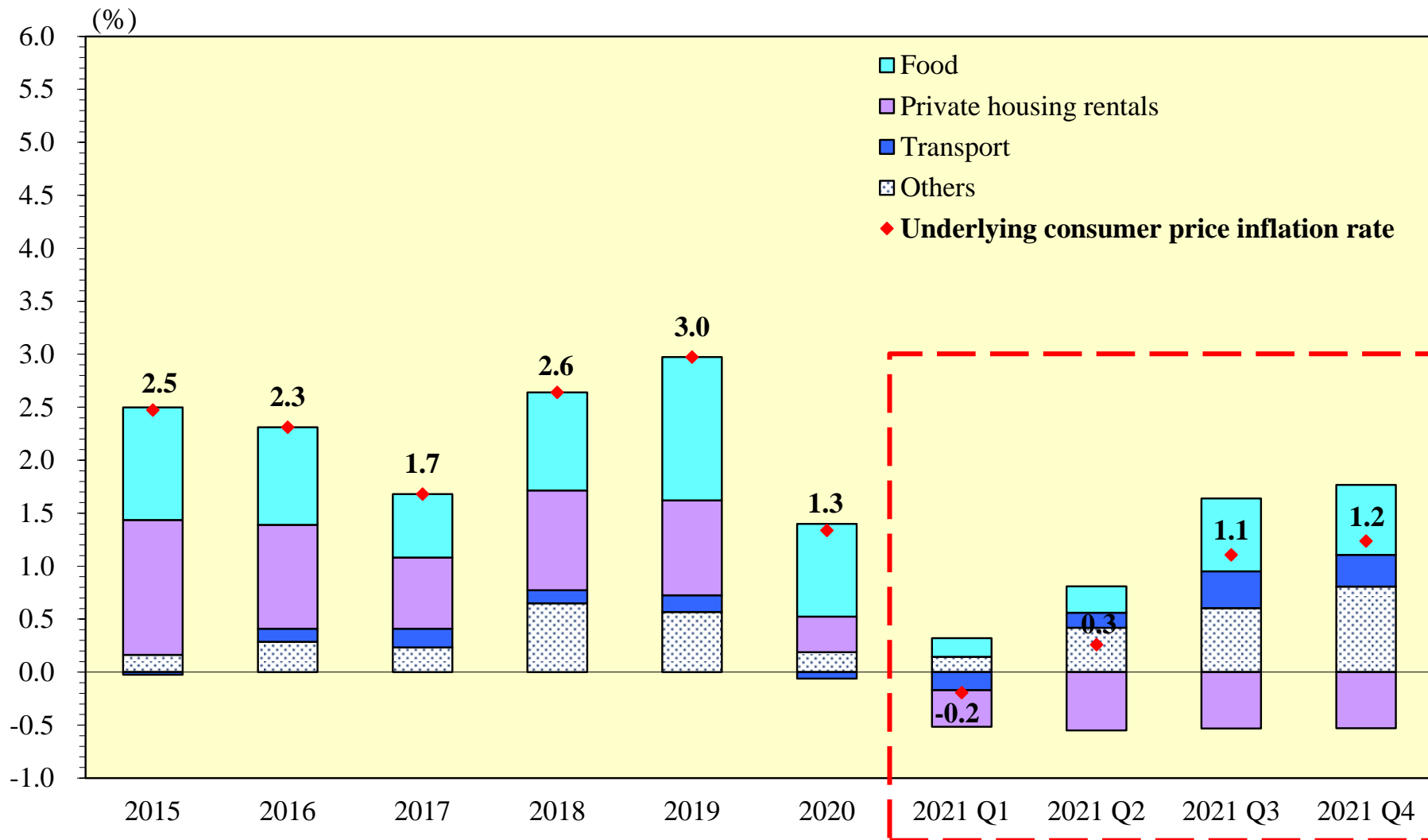


Total employment increased successively since Q2 2021



Underlying consumer price inflation went up modestly over the course of 2021 alongside the economic recovery and higher import prices

Contribution to underlying consumer price inflation rate by major component



2022 Economic Outlook

Hong Kong economy is expected to expand further in 2022

- A further recovery across major economies will support production and trading activities in Asia and Hong Kong's merchandise exports
- Exports of services will likely continue to improve, though the pace of recovery hinges critically on the state of cross-boundary travel
- Domestic activities would see further revival provided that the latest wave of local epidemic gradually abates and the situation remains stable afterwards
- The Government's policy initiatives as unveiled in the 2022-23 Budget and latest Anti-epidemic Fund measures will also give support

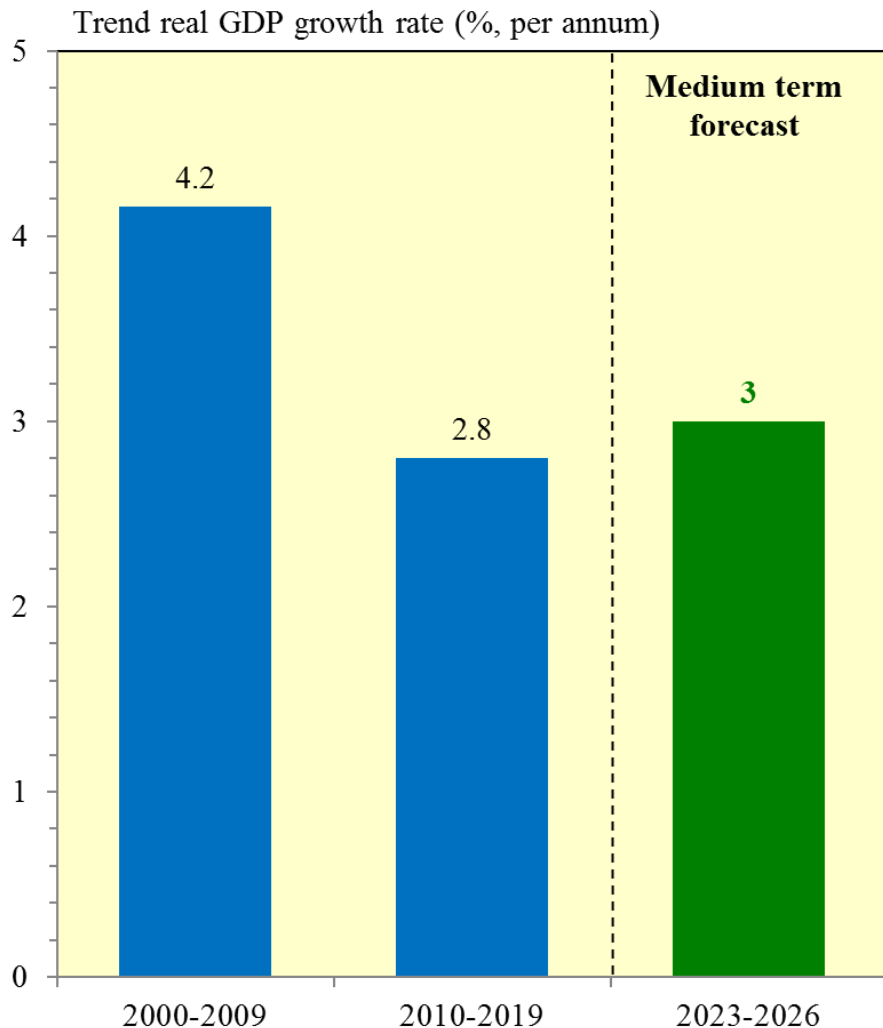
...but the outlook is still subject to uncertainties

- Pandemic development and the threat of new variants
- Lingering supply chain bottlenecks
- Duration and severity of the current wave of local epidemic
- Pace of monetary policy tightening by major central banks
- China-US relations and geopolitical tensions
- **Real GDP growth forecast for 2022: 2% to 3.5%**

Consumer price inflation will likely pick up in 2022

- External price pressures are likely to persist for some time
 - The global economy is expected to recover further
 - Bottlenecks in global supply chains will take time to resolve
- Domestic cost pressures would increase gradually
 - Commercial rentals and labour costs may increase gradually, but should remain in check given that there is still some slack in the economy
 - The impact of higher fresh letting residential rentals in the past year will take time to surface
- **Underlying consumer price inflation forecast: 2%**

Medium-term economic outlook is positive



- Sustained high-quality development of our country's economy will provide solid foundation for Hong Kong to prosper
- Ecosystem of I&T industry has become increasingly mature and will contribute more to Hong Kong's economy and competitiveness
- Financial services have been developing rapidly with a promising outlook
- Huge efforts being put on creating productive capacity
- Also, further catch-up growth