

**Table 1 Hong Kong's Balance of Payments Account**

HK\$ million

| Standard Component                                                         | 2008<br>Annual  | 2009<br>Annual  | 2009<br>1st Qtr | 2009<br>2nd Qtr | 2009<br>3rd Qtr | 2009<br>4th Qtr | 2010<br>1st Qtr | 2010<br>2nd Qtr |
|----------------------------------------------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| <b>Current Account<sup>(1)</sup></b>                                       | <b>228,125</b>  | <b>141,687</b>  | <b>41,574</b>   | <b>41,066</b>   | <b>22,812</b>   | <b>36,235</b>   | <b>31,604</b>   | <b>6,400</b>    |
| <i>Credit</i>                                                              | 4,489,306       | 3,958,921       | 836,107         | 979,485         | 1,035,416       | 1,107,913       | 1,034,717       | 1,215,761       |
| <i>Debit</i>                                                               | -4,261,181      | -3,817,234      | -794,533        | -938,419        | -1,012,604      | -1,071,677      | -1,003,112      | -1,209,361      |
| Goods                                                                      | -180,091        | -208,220        | -34,758         | -39,355         | -65,914         | -68,193         | -87,635         | -97,171         |
| <i>Credit</i>                                                              | 2,843,998       | 2,494,746       | 512,316         | 618,781         | 657,215         | 706,434         | 640,479         | 773,959         |
| <i>Debit</i>                                                               | -3,024,089      | -2,702,966      | -547,074        | -658,136        | -723,129        | -774,627        | -728,114        | -871,130        |
| Services                                                                   | 350,765         | 325,006         | 73,724          | 64,742          | 86,034          | 100,506         | 100,162         | 92,215          |
| <i>Credit</i>                                                              | 717,249         | 669,015         | 151,555         | 144,698         | 177,720         | 195,042         | 192,761         | 186,411         |
| <i>Debit</i>                                                               | -366,484        | -344,009        | -77,831         | -79,956         | -91,686         | -94,536         | -92,599         | -94,196         |
| Income                                                                     | 83,306          | 49,392          | 8,608           | 21,511          | 9,106           | 10,167          | 25,619          | 17,568          |
| <i>Credit</i>                                                              | 923,300         | 791,489         | 171,173         | 215,078         | 199,565         | 205,673         | 200,517         | 253,769         |
| <i>Debit</i>                                                               | -839,994        | -742,097        | -162,565        | -193,567        | -190,459        | -195,507        | -174,897        | -236,201        |
| Current transfers                                                          | -25,855         | -24,491         | -6,000          | -5,832          | -6,414          | -6,244          | -6,542          | -6,212          |
| <i>Credit</i>                                                              | 4,759           | 3,671           | 1,063           | 929             | 916             | 764             | 960             | 1,623           |
| <i>Debit</i>                                                               | -30,613         | -28,162         | -7,063          | -6,761          | -7,330          | -7,008          | -7,502          | -7,835          |
| <b>Capital and Financial Account<sup>(1)</sup></b>                         | <b>-231,162</b> | <b>-164,924</b> | <b>-30,212</b>  | <b>-63,942</b>  | <b>-42,123</b>  | <b>-28,647</b>  | <b>-36,921</b>  | <b>7,152</b>    |
| <i>Capital and financial non-reserve assets (net change)<sup>(2)</sup></i> | <b>32,707</b>   | <b>384,338</b>  | <b>38,688</b>   | <b>79,154</b>   | <b>64,502</b>   | <b>201,995</b>  | <b>-16,746</b>  | <b>12,650</b>   |
| Capital transfers                                                          | 16,393          | 36,154          | 7,447           | 6,929           | 12,274          | 9,504           | 11,834          | 6,652           |
| <i>Credit</i>                                                              | 35,219          | 52,801          | 11,442          | 10,874          | 16,209          | 14,276          | 15,550          | 13,746          |
| <i>Debit</i>                                                               | -18,826         | -16,647         | -3,995          | -3,946          | -3,935          | -4,772          | -3,716          | -7,094          |
| <i>Financial non-reserve assets (net change)<sup>(2)</sup></i>             | <b>16,314</b>   | <b>348,184</b>  | <b>31,241</b>   | <b>72,225</b>   | <b>52,228</b>   | <b>192,491</b>  | <b>-28,580</b>  | <b>5,998</b>    |
| Direct investment                                                          | 70,393          | -29,610         | 56,331          | -73,027         | -22,141         | 9,226           | -12,409         | 12,905          |
| <i>Direct investment abroad</i>                                            | -393,862        | -405,177        | -35,493         | -117,849        | -94,956         | -156,879        | -170,775        | -104,531        |
| <i>Direct investment in Hong Kong</i>                                      | 464,255         | 375,567         | 91,824          | 44,822          | 72,816          | 166,105         | 158,366         | 117,436         |
| Portfolio investment                                                       | -295,148        | -342,329        | 74,899          | -227,441        | -75,181         | -114,607        | -85,587         | -101,069        |
| <i>Assets</i>                                                              | -195,761        | -380,158        | 76,075          | -247,808        | -78,072         | -130,353        | -100,201        | -65,056         |
| <i>Liabilities</i>                                                         | -99,387         | 37,829          | -1,175          | 20,367          | 2,891           | 15,746          | 14,613          | -36,012         |
| Financial derivatives                                                      | 63,338          | 25,641          | 774             | 14,926          | 1,776           | 8,165           | 7,728           | 10,777          |
| <i>Assets</i>                                                              | 533,854         | 421,629         | 145,136         | 115,660         | 77,387          | 83,446          | 67,138          | 69,387          |
| <i>Liabilities</i>                                                         | -470,517        | -395,989        | -144,362        | -100,734        | -75,611         | -75,281         | -59,410         | -58,610         |
| Other investment                                                           | 177,732         | 694,483         | -100,764        | 357,766         | 147,774         | 289,706         | 61,688          | 83,384          |
| <i>Assets</i>                                                              | 356,344         | 727,896         | 66,063          | 454,013         | 30,331          | 177,489         | -11,347         | 46,568          |
| <i>Liabilities</i>                                                         | -178,612        | -33,413         | -166,827        | -96,247         | 117,443         | 112,218         | 73,035          | 36,816          |
| <b>Reserve assets (net change)<sup>(2)</sup></b>                           | <b>-263,869</b> | <b>-549,262</b> | <b>-68,900</b>  | <b>-143,096</b> | <b>-106,625</b> | <b>-230,641</b> | <b>-20,175</b>  | <b>-5,498</b>   |
| <b>Net errors and omissions<sup>(3)</sup></b>                              | <b>3,037</b>    | <b>23,237</b>   | <b>-11,362</b>  | <b>22,877</b>   | <b>19,311</b>   | <b>-7,589</b>   | <b>5,317</b>    | <b>-13,552</b>  |
| <b>Overall Balance of Payments</b>                                         | <b>263,869</b>  | <b>549,262</b>  | <b>68,900</b>   | <b>143,096</b>  | <b>106,625</b>  | <b>230,641</b>  | <b>20,175</b>   | <b>5,498</b>    |
|                                                                            | (in surplus)    | (in surplus)    | (in surplus)    | (in surplus)    | (in surplus)    | (in surplus)    | (in surplus)    | (in surplus)    |

Notes : (1) In accordance with the Balance of Payments accounting rules, a positive value for the balance figure in the current account represents a surplus whereas a negative value represents a deficit. For the capital and financial account, a positive value indicates a net capital and financial inflow and a negative value indicates a net outflow. As increases in external assets are debit entries and decreases are credit entries, a negative value for the net change in reserve assets represents a net increase and a positive value represents a net decrease.

(2) The estimates of net changes in reserve and non-reserve assets under the Balance of Payments framework are transaction figures. Effects of valuation changes (including price changes and exchange rate changes) and reclassifications are excluded.

(3) In principle, the net sum of credit entries and debit entries is zero. In practice, discrepancies between the credit and debit entries may however occur for various reasons as the data are collected from different sources. Equality between the sum of credit entries and debit entries is brought about by the inclusion of a balancing item which reflects net errors and omissions.

**Table 2      Hong Kong's Balance of Payments Sub-account Components:  
Current Account**

HK\$ million

| Standard Component                   | 2008<br>Annual  | 2009<br>Annual  | 2009<br>1st Qtr | 2009<br>2nd Qtr | 2009<br>3rd Qtr | 2009<br>4th Qtr | 2010<br>1st Qtr | 2010<br>2nd Qtr |
|--------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| <b>Current Account<sup>(1)</sup></b> | <b>228,125</b>  | <b>141,687</b>  | <b>41,574</b>   | <b>41,066</b>   | <b>22,812</b>   | <b>36,235</b>   | <b>31,604</b>   | <b>6,400</b>    |
| <i>Credit</i> <sup>(2)</sup>         | 4,489,306       | 3,958,921       | 836,107         | 979,485         | 1,035,416       | 1,107,913       | 1,034,717       | 1,215,761       |
| <i>Debit</i> <sup>(2)</sup>          | -4,261,181      | -3,817,234      | -794,533        | -938,419        | -1,012,604      | -1,071,677      | -1,003,112      | -1,209,361      |
| <b>Goods</b>                         | <b>-180,091</b> | <b>-208,220</b> | <b>-34,758</b>  | <b>-39,355</b>  | <b>-65,914</b>  | <b>-68,193</b>  | <b>-87,635</b>  | <b>-97,171</b>  |
| <i>Credit</i>                        | 2,843,998       | 2,494,746       | 512,316         | 618,781         | 657,215         | 706,434         | 640,479         | 773,959         |
| <i>Debit</i>                         | -3,024,089      | -2,702,966      | -547,074        | -658,136        | -723,129        | -774,627        | -728,114        | -871,130        |
| <b>Services</b>                      | <b>350,765</b>  | <b>325,006</b>  | <b>73,724</b>   | <b>64,742</b>   | <b>86,034</b>   | <b>100,506</b>  | <b>100,162</b>  | <b>92,215</b>   |
| <i>Credit</i>                        | 717,249         | 669,015         | 151,555         | 144,698         | 177,720         | 195,042         | 192,761         | 186,411         |
| <i>Debit</i>                         | -366,484        | -344,009        | -77,831         | -79,956         | -91,686         | -94,536         | -92,599         | -94,196         |
| Transportation, credit               | 224,953         | 194,342         | 42,645          | 47,506          | 52,858          | 51,333          | 56,919          | 63,001          |
| Transportation, debit                | -123,289        | -106,033        | -22,919         | -26,665         | -28,762         | -27,687         | -27,931         | -32,808         |
| Travel, credit                       | 119,171         | 127,616         | 32,691          | 25,723          | 30,085          | 39,117          | 42,028          | 38,197          |
| Travel, debit                        | -125,326        | -123,716        | -28,790         | -30,305         | -33,037         | -31,584         | -32,675         | -33,687         |
| Insurance services, credit           | 4,262           | 4,252           | 1,124           | 1,087           | 943             | 1,098           | 1,236           | 1,186           |
| Insurance services, debit            | -5,651          | -5,059          | -1,167          | -1,232          | -1,206          | -1,454          | -1,459          | -1,433          |
| Financial services, credit           | 92,044          | 84,138          | 20,403          | 17,702          | 24,281          | 21,752          | 26,375          | 19,463          |
| Financial services, debit            | -24,426         | -26,565         | -6,321          | -5,301          | -7,733          | -7,210          | -7,822          | -5,556          |
| Other services, credit               | 276,818         | 258,667         | 54,692          | 52,680          | 69,553          | 81,742          | 66,203          | 64,564          |
| Other services, debit                | -87,791         | -82,636         | -18,634         | -16,453         | -20,948         | -26,601         | -22,712         | -20,712         |
| <b>Income</b>                        | <b>83,306</b>   | <b>49,392</b>   | <b>8,608</b>    | <b>21,511</b>   | <b>9,106</b>    | <b>10,167</b>   | <b>25,619</b>   | <b>17,568</b>   |
| <i>Credit</i>                        | 923,300         | 791,489         | 171,173         | 215,078         | 199,565         | 205,673         | 200,517         | 253,769         |
| <i>Debit</i>                         | -839,994        | -742,097        | -162,565        | -193,567        | -190,459        | -195,507        | -174,897        | -236,201        |
| Investment income, credit            | 920,534         | 788,869         | 170,518         | 214,423         | 198,910         | 205,018         | 199,842         | 253,095         |
| Direct investment income             | 575,890         | 581,325         | 122,364         | 144,883         | 150,552         | 163,526         | 153,902         | 176,525         |
| Portfolio investment income          | 214,478         | 166,399         | 33,041          | 59,497          | 39,498          | 34,362          | 38,197          | 68,474          |
| Other investment income              | 130,166         | 41,146          | 15,113          | 10,042          | 8,860           | 7,130           | 7,744           | 8,096           |
| Investment income, debit             | -836,933        | -738,982        | -161,785        | -192,792        | -189,684        | -194,721        | -174,100        | -235,401        |
| Direct investment income             | -650,386        | -634,651        | -142,095        | -151,537        | -163,575        | -177,444        | -162,437        | -193,435        |
| Portfolio investment income          | -79,945         | -66,778         | -4,710          | -31,436         | -19,788         | -10,845         | -4,884          | -34,742         |
| Other investment income              | -106,603        | -37,553         | -14,980         | -9,819          | -6,321          | -6,432          | -6,779          | -7,224          |
| Compensation of employees, credit    | 2,767           | 2,620           | 655             | 655             | 655             | 655             | 674             | 674             |
| Compensation of employees, debit     | -3,061          | -3,115          | -780            | -775            | -774            | -786            | -797            | -800            |
| <b>Current transfers</b>             | <b>-25,855</b>  | <b>-24,491</b>  | <b>-6,000</b>   | <b>-5,832</b>   | <b>-6,414</b>   | <b>-6,244</b>   | <b>-6,542</b>   | <b>-6,212</b>   |
| <i>Credit</i>                        | 4,759           | 3,671           | 1,063           | 929             | 916             | 764             | 960             | 1,623           |
| <i>Debit</i>                         | -30,613         | -28,162         | -7,063          | -6,761          | -7,330          | -7,008          | -7,502          | -7,835          |

Notes : (1) In accordance with the Balance of Payments accounting rules, a positive value for the balance figure in the current account represents a surplus whereas a negative value represents a deficit.

(2) In a Balance of Payments account, every external transaction is presented by two entries, a credit and a debit. In the current account, exports of goods and services, factor income inflows and transfers from abroad are all credit entries, while imports of goods and services, factor income outflows and transfers to abroad are debit entries.

**Table 3      Hong Kong's Balance of Payments Sub-account Components:  
Capital and Financial Account**

|                                                                                | HK\$ million    |                 |                 |                 |                 |                 |                 |                 |
|--------------------------------------------------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Standard Component                                                             | 2008<br>Annual  | 2009<br>Annual  | 2009<br>1st Qtr | 2009<br>2nd Qtr | 2009<br>3rd Qtr | 2009<br>4th Qtr | 2010<br>1st Qtr | 2010<br>2nd Qtr |
| <b>Capital and Financial Account<sup>(1)</sup></b>                             | <b>-231,162</b> | <b>-164,924</b> | <b>-30,212</b>  | <b>-63,942</b>  | <b>-42,123</b>  | <b>-28,647</b>  | <b>-36,921</b>  | <b>7,152</b>    |
| <i>Capital and financial non-reserve assets<br/>(net change)<sup>(2)</sup></i> | <i>32,707</i>   | <i>384,338</i>  | <i>38,688</i>   | <i>79,154</i>   | <i>64,502</i>   | <i>201,995</i>  | <i>-16,746</i>  | <i>12,650</i>   |
| <b>Capital Account</b>                                                         | <b>16,393</b>   | <b>36,154</b>   | <b>7,447</b>    | <b>6,929</b>    | <b>12,274</b>   | <b>9,504</b>    | <b>11,834</b>   | <b>6,652</b>    |
| Capital transfers                                                              | 16,393          | 36,154          | 7,447           | 6,929           | 12,274          | 9,504           | 11,834          | 6,652           |
| <i>Credit</i>                                                                  | <i>35,219</i>   | <i>52,801</i>   | <i>11,442</i>   | <i>10,874</i>   | <i>16,209</i>   | <i>14,276</i>   | <i>15,550</i>   | <i>13,746</i>   |
| <i>Debit</i>                                                                   | <i>-18,826</i>  | <i>-16,647</i>  | <i>-3,995</i>   | <i>-3,946</i>   | <i>-3,935</i>   | <i>-4,772</i>   | <i>-3,716</i>   | <i>-7,094</i>   |
| Non-produced and non-financial assets                                          | ...             | ...             | ...             | ...             | ...             | ...             | ...             | ...             |
| <b>Financial Account</b>                                                       | <b>-247,555</b> | <b>-201,078</b> | <b>-37,659</b>  | <b>-70,871</b>  | <b>-54,397</b>  | <b>-38,151</b>  | <b>-48,755</b>  | <b>500</b>      |
| <i>Financial non-reserve assets<br/>(net change)<sup>(2)</sup></i>             | <i>16,314</i>   | <i>348,184</i>  | <i>31,241</i>   | <i>72,225</i>   | <i>52,228</i>   | <i>192,491</i>  | <i>-28,580</i>  | <i>5,998</i>    |
| <b>Direct investment</b>                                                       | <b>70,393</b>   | <b>-29,610</b>  | <b>56,331</b>   | <b>-73,027</b>  | <b>-22,141</b>  | <b>9,226</b>    | <b>-12,409</b>  | <b>12,905</b>   |
| <i>Direct investment abroad</i>                                                | <i>-393,862</i> | <i>-405,177</i> | <i>-35,493</i>  | <i>-117,849</i> | <i>-94,956</i>  | <i>-156,879</i> | <i>-170,775</i> | <i>-104,531</i> |
| Equity capital                                                                 | -36,931         | -74,408         | -8,621          | -40,160         | -9,986          | -15,641         | -11,559         | -12,850         |
| Reinvested earnings                                                            | -362,430        | -406,872        | -107,789        | -81,321         | -80,614         | -137,148        | -139,127        | -96,576         |
| Other capital                                                                  | 5,499           | 76,103          | 80,917          | 3,632           | -4,357          | -4,090          | -20,090         | 4,895           |
| <i>Direct investment in Hong Kong</i>                                          | <i>464,255</i>  | <i>375,567</i>  | <i>91,824</i>   | <i>44,822</i>   | <i>72,816</i>   | <i>166,105</i>  | <i>158,366</i>  | <i>117,436</i>  |
| Equity capital                                                                 | 74,999          | 20,883          | 6,532           | 1,588           | 148             | 12,615          | 599             | 4,320           |
| Reinvested earnings                                                            | 367,890         | 391,849         | 109,417         | 53,755          | 80,279          | 148,399         | 142,148         | 88,680          |
| Other capital                                                                  | 21,366          | -37,166         | -24,124         | -10,521         | -7,612          | 5,091           | 15,619          | 24,436          |
| <b>Portfolio investment</b>                                                    | <b>-295,148</b> | <b>-342,329</b> | <b>74,899</b>   | <b>-227,441</b> | <b>-75,181</b>  | <b>-114,607</b> | <b>-85,587</b>  | <b>-101,069</b> |
| Assets                                                                         | -195,761        | -380,158        | 76,075          | -247,808        | -78,072         | -130,353        | -100,201        | -65,056         |
| Equity securities                                                              | -142,343        | -295,656        | -88,954         | -48,962         | -29,053         | -128,687        | -89,590         | -145,355        |
| Debt securities                                                                | -53,418         | -84,502         | 165,028         | -198,845        | -49,019         | -1,666          | -10,611         | 80,299          |
| Bonds and notes                                                                | 139,974         | -285,166        | -138,150        | -87,803         | -20,397         | -38,816         | -5,996          | 89,262          |
| Money market instruments                                                       | -193,392        | 200,664         | 303,178         | -111,042        | -28,622         | 37,150          | -4,615          | -8,963          |
| Liabilities                                                                    | -99,387         | 37,829          | -1,175          | 20,367          | 2,891           | 15,746          | 14,613          | -36,012         |
| Equity securities                                                              | 136,083         | 31,963          | 4,812           | 16,459          | 510             | 10,183          | 5,959           | -31,477         |
| Debt securities                                                                | -235,470        | 5,865           | -5,987          | 3,908           | 2,380           | 5,564           | 8,654           | -4,535          |
| Bonds and notes                                                                | -71,076         | 6,118           | -3,928          | 3,714           | 584             | 5,748           | 6,996           | -2,872          |
| Money market instruments                                                       | -164,394        | -253            | -2,059          | 195             | 1,796           | -184            | 1,659           | -1,664          |

**Table 3 (Cont'd.) Hong Kong's Balance of Payments Sub-account Components:  
Capital and Financial Account**

|                                                          | HK\$ million    |                 |                 |                 |                 |                 |                 |                 |
|----------------------------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Standard Component                                       | 2008<br>Annual  | 2009<br>Annual  | 2009<br>1st Qtr | 2009<br>2nd Qtr | 2009<br>3rd Qtr | 2009<br>4th Qtr | 2010<br>1st Qtr | 2010<br>2nd Qtr |
| <b><i>Financial derivatives</i></b>                      | <b>63,338</b>   | <b>25,641</b>   | <b>774</b>      | <b>14,926</b>   | <b>1,776</b>    | <b>8,165</b>    | <b>7,728</b>    | <b>10,777</b>   |
| Assets                                                   | 533,854         | 421,629         | 145,136         | 115,660         | 77,387          | 83,446          | 67,138          | 69,387          |
| Liabilities                                              | -470,517        | -395,989        | -144,362        | -100,734        | -75,611         | -75,281         | -59,410         | -58,610         |
| <b><i>Other investment</i></b>                           | <b>177,732</b>  | <b>694,483</b>  | <b>-100,764</b> | <b>357,766</b>  | <b>147,774</b>  | <b>289,706</b>  | <b>61,688</b>   | <b>83,384</b>   |
| Assets                                                   | 356,344         | 727,896         | 66,063          | 454,013         | 30,331          | 177,489         | -11,347         | 46,568          |
| Trade credits                                            | -56,661         | -11,799         | 19,259          | -18,730         | -9,693          | -2,635          | -2,381          | -21,985         |
| Loans                                                    | 80,277          | 215,088         | -40,946         | 118,239         | -36,571         | 174,366         | -38,418         | -43,056         |
| Currency and deposits                                    | 309,127         | 511,477         | 82,284          | 350,507         | 81,067          | -2,381          | 48,263          | 109,455         |
| Other assets                                             | 23,601          | 13,130          | 5,465           | 3,996           | -4,471          | 8,139           | -18,811         | 2,155           |
| Liabilities                                              | -178,612        | -33,413         | -166,827        | -96,247         | 117,443         | 112,218         | 73,035          | 36,816          |
| Trade credits                                            | 3,326           | 8,042           | -4,411          | 7,342           | 9,855           | -4,744          | -5,234          | 10,213          |
| Loans                                                    | -123,989        | -100,347        | -72,132         | -13,287         | 20,412          | -35,340         | 14,823          | 308             |
| Currency and deposits                                    | -26,293         | 70,761          | -85,697         | -95,105         | 94,533          | 157,029         | 58,470          | 28,798          |
| Other liabilities                                        | -31,656         | -11,869         | -4,586          | 4,803           | -7,358          | -4,728          | 4,976           | -2,504          |
| <b><i>Reserve assets (net change)</i></b> <sup>(2)</sup> | <b>-263,869</b> | <b>-549,262</b> | <b>-68,900</b>  | <b>-143,096</b> | <b>-106,625</b> | <b>-230,641</b> | <b>-20,175</b>  | <b>-5,498</b>   |

Notes : (1) In accordance with the Balance of Payments accounting rules, a positive value for the balance figure in the current account represents a surplus whereas a negative value represents a deficit. For the capital and financial account, a positive value indicates a net capital and financial inflow and a negative value indicates a net outflow. As increases in external assets are debit entries and decreases are credit entries, a negative value for the net change in reserve assets represents a net increase and a positive value represents a net decrease.

(2) The estimates of net changes in reserve and non-reserve assets under the Balance of Payments framework are transaction figures. Effects of valuation changes (including price changes and exchange rate changes) and reclassifications are excluded.

... Value is relatively insignificant (less than HK\$10 million).

**Table 4 Hong Kong's International Investment Position**  
(Position as at end of period)

|                                                            |                   |                   |                   |                   | HK\$ million                   |                   |
|------------------------------------------------------------|-------------------|-------------------|-------------------|-------------------|--------------------------------|-------------------|
| International Investment Position                          | 2006              | 2007              | 2008              | 2009              | 2010<br>1st Qtr <sup>(2)</sup> | 2010<br>2nd Qtr   |
| <b>Assets</b>                                              | <b>14,998,700</b> | <b>21,194,093</b> | <b>17,521,261</b> | <b>19,812,536</b> | <b>20,082,725</b>              | <b>20,129,983</b> |
| <i>Direct investment abroad</i>                            | 5,264,523         | 7,888,993         | 5,906,175         | 6,468,774         | 6,639,317                      | 6,859,215         |
| Equity capital and reinvested earnings                     | 4,363,725         | 6,945,061         | 4,927,383         | 5,475,741         | 5,654,898                      | 5,829,666         |
| Other capital                                              | 900,798           | 943,932           | 978,793           | 993,033           | 984,420                        | 1,029,549         |
| <i>Portfolio investment</i>                                | 4,513,498         | 6,074,091         | 4,318,241         | 6,288,414         | 6,369,183                      | 6,180,327         |
| Equity securities                                          | 2,634,772         | 4,014,215         | 2,132,764         | 3,869,312         | 3,963,966                      | 3,786,422         |
| Debt securities                                            | 1,878,727         | 2,059,876         | 2,185,478         | 2,419,102         | 2,405,217                      | 2,393,905         |
| Bonds and notes                                            | 1,471,835         | 1,601,900         | 1,531,218         | 1,911,532         | 1,872,969                      | 1,798,490         |
| Money market instruments                                   | 406,892           | 457,976           | 654,260           | 507,569           | 532,248                        | 595,414           |
| <i>Financial derivatives</i>                               | 175,204           | 373,619           | 675,311           | 376,988           | 348,881                        | 383,145           |
| <i>Other investment</i>                                    | 4,009,463         | 5,666,708         | 5,206,823         | 4,694,751         | 4,715,641                      | 4,707,590         |
| <i>Reserve assets</i>                                      | 1,036,011         | 1,190,682         | 1,414,710         | 1,983,609         | 2,009,704                      | 1,999,706         |
| <b>Liabilities</b>                                         | <b>10,968,982</b> | <b>17,420,503</b> | <b>12,694,589</b> | <b>14,044,337</b> | <b>14,458,560</b>              | <b>14,734,290</b> |
| <i>Direct investment in Hong Kong</i>                      | 5,771,914         | 9,186,549         | 6,325,837         | 7,074,305         | 7,371,181                      | 7,720,724         |
| Equity capital and reinvested earnings                     | 5,149,029         | 8,556,763         | 5,695,245         | 6,425,903         | 6,707,117                      | 7,037,154         |
| Other capital                                              | 622,885           | 629,787           | 630,592           | 648,403           | 664,064                        | 683,571           |
| <i>Portfolio investment</i>                                | 2,018,754         | 3,726,025         | 1,781,904         | 2,610,965         | 2,651,171                      | 2,481,527         |
| Equity securities                                          | 1,927,068         | 3,382,906         | 1,662,400         | 2,497,300         | 2,528,795                      | 2,351,015         |
| Debt securities                                            | 91,686            | 343,118           | 119,504           | 113,665           | 122,376                        | 130,513           |
| Bonds and notes                                            | 60,914            | 146,080           | 86,421            | 85,865            | 93,537                         | 102,297           |
| Money market instruments                                   | 30,772            | 197,038           | 33,084            | 27,800            | 28,839                         | 28,216            |
| <i>Financial derivatives</i>                               | 158,338           | 253,836           | 572,647           | 299,995           | 329,159                        | 360,051           |
| <i>Other investment</i>                                    | 3,019,976         | 4,254,093         | 4,014,201         | 4,059,072         | 4,107,048                      | 4,171,988         |
| <b>Net International Investment Position<sup>(1)</sup></b> | <b>4,029,717</b>  | <b>3,773,590</b>  | <b>4,826,672</b>  | <b>5,768,200</b>  | <b>5,624,166</b>               | <b>5,395,693</b>  |
| <i>Direct investment</i>                                   | -507,391          | -1,297,556        | -419,662          | -605,531          | -731,864                       | -861,509          |
| Equity capital and reinvested earnings                     | -785,304          | -1,611,701        | -767,862          | -950,162          | -1,052,219                     | -1,207,488        |
| Other capital                                              | 277,913           | 314,145           | 348,201           | 344,631           | 320,355                        | 345,979           |
| <i>Portfolio investment</i>                                | 2,494,744         | 2,348,066         | 2,536,337         | 3,677,449         | 3,718,012                      | 3,698,800         |
| Equity securities                                          | 707,704           | 631,309           | 470,364           | 1,372,012         | 1,435,171                      | 1,435,408         |
| Debt securities                                            | 1,787,040         | 1,716,758         | 2,065,973         | 2,305,437         | 2,282,841                      | 2,263,392         |
| Bonds and notes                                            | 1,410,920         | 1,455,819         | 1,444,797         | 1,825,667         | 1,779,432                      | 1,696,194         |
| Money market instruments                                   | 376,120           | 260,938           | 621,176           | 479,770           | 503,409                        | 567,198           |
| <i>Financial derivatives</i>                               | 16,866            | 119,783           | 102,663           | 76,993            | 19,721                         | 23,094            |
| <i>Other investment</i>                                    | 989,487           | 1,412,615         | 1,192,622         | 635,680           | 608,593                        | 535,602           |
| <i>Reserve assets</i>                                      | 1,036,011         | 1,190,682         | 1,414,710         | 1,983,609         | 2,009,704                      | 1,999,706         |

Notes : (1) Net international investment position is the difference between total external financial assets and total external financial liabilities.

(2) Quarterly IIP statistics are available from the reference period of Q1 2010.

**Table 5      Hong Kong's External Debt Statistics (Position as at end of period)**

|                                                 |                  |                  |                  |                  |                  |                  |                  | HK\$ million     |
|-------------------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
|                                                 |                  |                  | 2009             | 2009             | 2009             | 2009             | 2010             | 2010             |
| Gross External Debt Position                    | 2008             | 2009             | 1st Qtr          | 2nd Qtr          | 3rd Qtr          | 4th Qtr          | 1st Qtr          | 2nd Qtr          |
| <b>General Government</b>                       | <b>13,096</b>    | <b>10,903</b>    | <b>12,538</b>    | <b>12,252</b>    | <b>11,014</b>    | <b>10,903</b>    | <b>10,768</b>    | <b>11,261</b>    |
| Short-term                                      | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                |
| Money market instruments                        | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                |
| Loans                                           | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                |
| Trade credits                                   | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                |
| Other debt liabilities                          | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                |
| Long-term                                       | 13,096           | 10,903           | 12,538           | 12,252           | 11,014           | 10,903           | 10,768           | 11,261           |
| Bonds and notes                                 | 13,096           | 10,903           | 12,538           | 12,252           | 11,014           | 10,903           | 10,768           | 11,261           |
| Loans                                           | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                |
| Trade credits                                   | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                |
| Other debt liabilities                          | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                |
| <b>Monetary Authority</b>                       | <b>4,645</b>     | <b>2,332</b>     | <b>3,902</b>     | <b>4,203</b>     | <b>2,144</b>     | <b>2,332</b>     | <b>2,907</b>     | <b>3,124</b>     |
| Short-term                                      | 377              | 369              | 357              | 399              | 453              | 369              | 420              | 513              |
| Money market instruments                        | ...              | ...              | ...              | ...              | ...              | ...              | ...              | ...              |
| Loans                                           | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                |
| Currency and deposits                           | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                |
| Other debt liabilities                          | 377              | 369              | 357              | 399              | 453              | 369              | 420              | 513              |
| Long-term                                       | 4,268            | 1,963            | 3,545            | 3,804            | 1,691            | 1,963            | 2,487            | 2,611            |
| Bonds and notes                                 | 4,268            | 1,963            | 3,545            | 3,804            | 1,691            | 1,963            | 2,487            | 2,611            |
| Loans                                           | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                |
| Other debt liabilities                          | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                |
| <b>Banks</b>                                    | <b>3,754,926</b> | <b>3,863,242</b> | <b>3,697,820</b> | <b>3,611,234</b> | <b>3,721,045</b> | <b>3,863,242</b> | <b>3,905,307</b> | <b>3,931,721</b> |
| Short-term                                      | 3,670,777        | 3,788,913        | 3,622,434        | 3,540,211        | 3,643,995        | 3,788,913        | 3,830,298        | 3,853,983        |
| Money market instruments                        | 31,307           | 25,614           | 29,401           | 28,692           | 30,169           | 25,614           | 26,904           | 26,080           |
| Loans                                           | 18,883           | 3,940            | 13,366           | 11,948           | 7,653            | 3,940            | 8,485            | 6,873            |
| Currency and deposits                           | 3,581,908        | 3,728,191        | 3,540,039        | 3,457,276        | 3,564,817        | 3,728,191        | 3,767,339        | 3,794,434        |
| Other debt liabilities                          | 38,679           | 31,168           | 39,628           | 42,295           | 41,356           | 31,168           | 27,570           | 26,596           |
| Long-term                                       | 84,149           | 74,329           | 75,386           | 71,023           | 77,050           | 74,329           | 75,009           | 77,738           |
| Bonds and notes                                 | 35,388           | 38,164           | 33,006           | 34,561           | 36,123           | 38,164           | 36,574           | 35,667           |
| Loans                                           | 45,076           | 33,866           | 39,246           | 33,414           | 38,033           | 33,866           | 35,516           | 39,073           |
| Other debt liabilities                          | 3,685            | 2,300            | 3,134            | 3,048            | 2,894            | 2,300            | 2,919            | 2,998            |
| <b>Other Sectors</b>                            | <b>361,037</b>   | <b>296,260</b>   | <b>297,148</b>   | <b>291,541</b>   | <b>332,109</b>   | <b>296,260</b>   | <b>310,443</b>   | <b>356,394</b>   |
| Short-term                                      | 124,717          | 124,000          | 144,914          | 126,693          | 133,106          | 124,000          | 124,189          | 153,751          |
| Money market instruments                        | 1,777            | 2,185            | 1,521            | 1,273            | 1,503            | 2,185            | 1,934            | 2,136            |
| Loans                                           | 18,484           | 12,521           | 52,455           | 24,476           | 15,403           | 12,521           | 32,862           | 26,929           |
| Currency and deposits                           | 5,410            | 6,768            | 8,954            | 4,257            | 9,549            | 6,768            | 5,277            | 4,948            |
| Trade credits                                   | 50,979           | 59,516           | 42,746           | 54,614           | 63,364           | 59,516           | 44,932           | 76,738           |
| Other debt liabilities                          | 48,068           | 43,010           | 39,238           | 42,073           | 43,288           | 43,010           | 39,183           | 43,000           |
| Long-term                                       | 236,320          | 172,260          | 152,234          | 164,848          | 199,003          | 172,260          | 186,254          | 202,644          |
| Bonds and notes                                 | 33,668           | 34,835           | 30,965           | 30,030           | 33,812           | 34,835           | 43,708           | 52,758           |
| Loans                                           | 172,487          | 115,951          | 101,750          | 116,162          | 146,304          | 115,951          | 120,148          | 125,771          |
| Trade credits                                   | 847              | 386              | 553              | 339              | 648              | 386              | 411              | 166              |
| Other debt liabilities                          | 29,319           | 21,087           | 18,966           | 18,317           | 18,239           | 21,087           | 21,987           | 23,949           |
| <b>Direct Investment: Inter-company Lending</b> | <b>1,008,095</b> | <b>1,046,866</b> | <b>952,794</b>   | <b>972,683</b>   | <b>1,043,654</b> | <b>1,046,866</b> | <b>1,037,495</b> | <b>1,065,813</b> |
| Debt liabilities to affiliated enterprises      | 200,379          | 233,393          | 221,770          | 209,680          | 231,896          | 233,393          | 231,995          | 245,387          |
| Debt liabilities to direct investors            | 807,716          | 813,473          | 731,024          | 763,003          | 811,758          | 813,473          | 805,500          | 820,426          |
| <b>Gross External Debt</b>                      | <b>5,141,800</b> | <b>5,219,603</b> | <b>4,964,201</b> | <b>4,891,912</b> | <b>5,109,966</b> | <b>5,219,603</b> | <b>5,266,919</b> | <b>5,368,313</b> |

Note :    ...    Value is relatively insignificant (less than HK\$10 million).