



THE SIX-MONTHLY REPORT ON HONG KONG

1 JANUARY TO 30 JUNE 2026

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FOREWORD

I was honoured to be appointed Foreign Secretary in July. With that comes a duty to uphold the United Kingdom's longstanding commitment to Hong Kong and its people.

When China and the UK signed the Sino-British Joint Declaration in 1984, they agreed that the Hong Kong Special Administrative Region would maintain a high degree of autonomy and that its rights, freedoms and way of life would be protected. That way of life has been instrumental to Hong Kong's prosperity and remains essential to its future.

While Hong Kong's economic, monetary, and financial systems remained distinct from the mainland during this reporting period, the evidence set out in this report demonstrates the expanding scope and application of national security legislation in Hong Kong and its increasing impact on freedom of expression, assembly, association and the press. Since 2020, the Beijing-imposed National Security Law has restricted rights and freedoms, stifled debate and further diminished the openness that underpinned Hong Kong's success.

I am deeply concerned and disturbed by the continued imprisonment of Jimmy Lai. In February, he received a 20-year sentence and has now spent more than five and a half years in detention. We continue to call for his immediate release and will raise his case consistently as part of our frank and constructive engagement with the Chinese and Hong Kong authorities. His case, alongside recent developments in the trials of the leaders of the Hong Kong Alliance, and Joshua Wong, has reinforced concerns about the increasingly broad application of national security legislation.

The UK remains committed to Hong Kongers and that is why we continue to support those who have chosen to make the UK their home through the British National (Overseas) visa route. Earlier this year, we expanded the route to allow eligible adult children of BN(O) status holders to apply independently. To Hong Kongers who have made their lives in the United Kingdom: you are welcome here and will continue to have our support. The UK has benefited enormously from the cultural, social, economic and business contributions of our Hong Kong community, which has further strengthened the deep ties between the UK and Hong Kong.

This Government is committed to a long-term and consistent comprehensive strategic partnership with China, rooted firmly in UK and global interests. Hong Kong remains central to that approach. Its status as a leading international financial centre remains an asset to its people, to China and the world. Like my predecessors in this

role, I want to see Hong Kong thrive, drawing on its enduring strengths for the benefit of its people, the UK and China. We will continue to support British businesses operating in the city and strengthen cooperation with Hong Kong authorities where it serves UK interests. But we will continue to stand up for the rights and freedoms promised to its people, which have long defined Hong Kong. Four decades on, the UK's commitment to Hong Kong is undiminished.

Secretary of State for Foreign, Commonwealth and Development Affairs

INTRODUCTION

This series of Six-monthly Reports reflects our continuing interest in developments in Hong Kong and our commitment to the faithful implementation of the 1984 Sino-British Joint Declaration. This Declaration guaranteed that, for 50 years from 1997, the Hong Kong Special Administrative Region (SAR) would enjoy a high degree of autonomy, except in foreign and defence affairs, and that it would be vested with executive, legislative and independent judicial power.

The report structure is based on Annex I of the Joint Declaration, which outlines the agreements made by the Chinese Government. Each section summarises the current situation in Hong Kong with relevance to the provisions of Annex I and then reports on important developments over the reporting period (1 January to 30 June 2026).

TIMELINE OF SIGNIFICANT DEVELOPMENTS

- **8 January** – Starry Lee Wai-king, Hong Kong's sole delegate to the Standing Committee of the National People's Congress (NPCSC), is elected as new President of the Legislative Council (LegCo).
- **12-13 January** – Mitigation hearings for Jimmy Lai and eight other co-defendants (including six former Apple Daily staff) take place.
- **22 January** – The trial of three former Hong Kong Alliance members, including Chow Hang-tung, begins on charges of incitement to subversion under the National Security Law (NSL).
- **29 January** – Prime Minister Sir Keir Starmer MP raises Jimmy Lai's case directly with President Xi during his visit to Beijing.
- **5 February** – The Hong Kong Federation of Students, founded in 1958, announces its disbandment.
- **9 February** – Jimmy Lai is sentenced to 20 years' imprisonment.
- **9 February** – The UK expands the British National (Overseas) visa route to enable eligible adult children of BN(O) status holders who were under 18 at the point of Hong Kong's handover in 1997 to apply independently.
- **10 February** – China's State Council releases a White Paper entitled "Hong Kong: Safeguarding China's National Security Under the Framework of One Country, Two Systems".
- **23 February** – The Court of Appeal dismisses appeals in the "NSL 47" case and upholds the original convictions and sentences.
- **26 February** – The Court of Appeal overturns Jimmy Lai's fraud conviction and associated prison sentence.
- **26 February** – The father of overseas activist Anna Kwok Fung-yee is sentenced to eight months' imprisonment for dealing with assets linked to an individual designated as an absconder under the NSL.

- **16 March** – At the 61st session of the UN Human Rights Council, the UK calls for the repeal of the NSL and an end to the prosecution of Jimmy Lai.
- **23 March** – The Government amends the NSL Implementation Rules, expanding investigative powers and asset forfeiture provisions.
- **24 March** – National Security Police arrest independent bookseller Pong Yat-ming and three others under the Safeguarding National Security Ordinance (SNSO) for allegedly selling seditious publications
- **24 March** – The Hong Kong SAR Government launches a two-month consultation on proposals for a Northern Metropolis Development Bill.
- **27 March** – LegCo approves funding of HKD \$4.06 billion for the expansion of Hong Kong’s surveillance camera network.
- **30 March** – The State Council announces the appointment of Janice Tse Siu-wa as Secretary for Constitutional and Mainland Affairs of the Hong Kong SAR Government.
- **2 April** – The Department of Justice applies to forfeit assets valued at HKD \$127 million linked to Jimmy Lai under the NSL.
- **7 May** – Wanted activist Zhang Xinyan, a member of the “Hong Kong Parliament” in exile, is arrested in Thailand.
- **8 May** – The International Organisation for Mediation holds its first Global Mediation Summit since commencing full operations in October 2025.
- **4 June** – Police detain seven individuals during activities commemorating the Tiananmen Square crackdown. All are later released.
- **8 June** – The Government introduces the Safeguarding National Security (Procedural Matters) Regulation under the SNSO.
- **15 June** – The Hong Kong SAR Government launches a two-month consultation on Hong Kong’s first Five-Year Plan.
- **16-17 June** – HKMAO Director Xia Baolong visits Hong Kong.
- **26 June** – The NPCSC approves co-location arrangements at the redeveloped Huanggang Port on the Hong Kong SAR’s border.

CONSTITUTION

Hong Kong continued to function as a Special Administrative Region (SAR) of China under the Basic Law. In line with the Sino-British Joint Declaration, the Hong Kong SAR continued to exercise executive, legislative and independent judicial power, including that of final adjudication.

English continues to be used in official Government communications and in the courts. In addition to the national flag and national emblem of the People’s Republic of China, the Hong Kong SAR continues to use its own regional flag and emblem.

During this reporting period, China’s State Council published a White Paper on safeguarding national security in Hong Kong. The Hong Kong SAR Government also

launched a public consultation on Hong Kong's first Five-Year Plan as part of the Chief Executive's plans to formulate the territory's first such plan.

“Two Sessions” and Hong Kong's integration with national development priorities

China's annual “Two Sessions” meetings were held in Beijing from 4 to 12 March 2026, alongside the official launch of the 15th Five-Year Plan (2026-2030). The meetings reaffirmed Beijing's framework towards Hong Kong, including continued commitment to the principle of ‘One Country, Two Systems’ and reinforced expectations that Hong Kong would align more closely with and integrate into national development priorities.

Chinese central authorities emphasised the importance of strengthening governance effectiveness and maintaining Hong Kong's role as an international financial and commercial centre within national development strategies.

Hong Kong's First Five-Year Plan

During the reporting period, the Hong Kong SAR Government progressed work on the formulation of its first Five-Year Plan for Economic and Social Development (2026-2030), which is intended to align with China's 15th Five-Year Plan.

The Government presented the initiative as part of Hong Kong's effort to align more closely with national development priorities while maintaining its role under ‘One Country, Two Systems’. Officials said that the plan would support participation in national development strategies, with particular emphasis on innovation and technology and cross boundary collaboration. Officials said the plan would provide a long-term policy framework to guide future government policy and annual addresses.

The Government identified the Northern Metropolis and related Greater Bay Area initiatives as supporting increased economic integration with Shenzhen and the wider region.

On 15 June, the Government launched a two-month public consultation on the Five-Year Plan, to include LegCo members, Hong Kong deputies to the National People's Congress, representatives from different sectors and the public. Publication of the plan is expected later in 2026.

Between 16 and 17 June, Hong Kong and Macao Affairs Office Director Xia Baolong visited Hong Kong, including sites associated with Greater Bay Area integration initiatives.

Appointments in Hong Kong and Macao Affairs Office (HKMAO) and Central Government Liaison Office (CGLO) in Hong Kong

On 25 March, China's State Council announced the appointment of Zhang Dongmei, formerly Vice President of All-China Women's Federation, as Deputy Director of the HKMAO. Zhang previously served as Party Secretary of the Chinese People's Political Consultative Conference Xicheng District Committee and as Director of the Beijing Municipal Bureau of Human Resources and Social Security.

On 1 June, the State Council appointed Yuan Gujie as Deputy Director of the CGLO in Hong Kong. Yuan formerly served as a senior official in the Guangdong Provincial Party apparatus, including as Deputy Head of the United Front Work Department.

Remarks by HKMAO Director on “executive-led system”

Under the Basic Law, Hong Kong is vested with executive, legislative and independent judicial power. The Basic Law does not refer explicitly to an “executive-led” system.

During a January seminar in Beijing held by the Chinese Association of Hong Kong and Macao Studies, HKMAO Director Xia Baolong stated that the executive, legislature and judiciary should support and cooperate with one another in the exercise of their respective functions and while the three branches have distinct roles, they should work towards a common objective (using the Chinese phrase “同唱一台戲”).

Xia also warned against what he described as “anti-China and external forces” promoting the notion of separation of powers and emphasised that legislators should act in accordance with the “executive-led” model. LegCo’s newly elected President Starry Lee later said that a study session on Xia’s remarks would be arranged for all 90 legislators.

China’s State Council White Paper on Safeguarding National Security in Hong Kong

On 10 February, following the sentencing of Jimmy Lai (see ‘Judicial System’ section), China’s State Council released a White Paper entitled “Hong Kong: Safeguarding China’s National Security Under the Framework of One Country, Two Systems”. The paper set out what it described as the Hong Kong SAR’s achievements in safeguarding national security across legal, judicial, and law enforcement domains, and characterised this as a long-term task. It stated that the central government bears “fundamental responsibility” for matters relating to Hong Kong’s national security.

Legislative Council (LegCo)

As recorded in the previous Six-monthly Report, elections for the eighth-term LegCo were held on 7 December 2025. Turnout in the Geographical Constituencies was 31.9%, with approximately 1.32 million votes cast to elect 20 seats. According to the Electoral Affairs Commission report published in March 2026, 41,231 invalid ballots were cast in the Geographical Constituencies, compared with 27,453 in 2021. Of these, 17,037 (41.3%) were blank votes, representing a 17% increase since 2021, while 16,886 (40.9%) were invalidated for selecting more than one candidate.

On 8 January, Starry Lee, a senior member of the Democratic Alliance for the Betterment and Progress of Hong Kong, was elected President of LegCo, receiving 47 votes to Ronick Chan Chun-ying’s 42. Lee subsequently stated that she would safeguard national security and support the Government in aligning with China’s 15th Five-Year Plan.

In February, Lee confirmed that LegCo would establish a mechanism to respond to what were described as false statements by foreign governments and parliaments. She said that this would support LegCo’s role in safeguarding Hong Kong’s

international reputation and coordinating responses between Hong Kong and central authorities.

Principal official appointments in Hong Kong SAR Government

During the reporting period, principal official appointments and reappointments continued to be made in accordance with the arrangements set out in the Basic Law.

On 30 March, China's State Council appointed retired senior civil servant Janice Tse Siu-wa as Secretary for Constitutional and Mainland Affairs following her nomination by the Chief Executive.

Huanggang Port co-location arrangements

On 26 June, China's NPCSC approved co-location arrangements at the redeveloped Huanggang Port on Hong Kong's border. The arrangements allow Hong Kong authorities to exercise jurisdiction within designated areas of the mainland port area and will remain in force until 30 June 2047. The Government stated that the arrangements would support cross-boundary transport and Greater Bay Area integration.

BASIC RIGHTS AND FREEDOMS

The International Covenant on Civil and Political Rights (ICCPR) and International Covenant on Economic, Social and Cultural Rights (ICESCR) continue to apply to Hong Kong law through the Basic Law. During the reporting period, rights and freedoms expressly required to be protected under the Joint Declaration, including "freedom of the person, of speech, of the press, of assembly, of association...of strike, of demonstration...[and] of belief" continue to be negatively impacted by the broad application of national security legislation.

Same-sex partnerships remained unrecognised in Hong Kong, following the Legislative Council's rejection in September 2025 of the Government's proposed Registration of Same-sex Partnerships Bill, which had been introduced in response to a 2023 Court of Final Appeal (CFA) judgment that the lack of a framework for recognition is unconstitutional.

61st Session of the UN Human Rights Council

On 16 March 2026, at the 61st session of the UN Human Rights Council in Geneva, the UK again called for Beijing authorities to repeal its imposed NSL on Hong Kong and for an end to the prosecution of Jimmy Lai. The UK's Human Rights Ambassador, Eleanor Sanders, made the following statement:

"We remain unwavering in our support for Hong Kong. We call for the Beijing-imposed National Security Law to be repealed, and for an end to the prosecution of all individuals charged under it, including Jimmy Lai."

During the session, Hong Kong's Deputy Secretary for Justice, Horace Cheung Kwok-kwan, stated that the NSL has safeguarded national security and stability in Hong Kong and said that Jimmy Lai had received a fair trial. He also stated that prosecutions

for national security offences accounted for less than 0.2% of all criminal proceedings in Hong Kong since the NSL entered into force on 30 June 2020.

Press and Media Freedom

At the annual Hong Kong News Awards Ceremony held on 15 May, Chief Executive John Lee called on the media to uphold professional standards, to tell “compelling stories” of China and Hong Kong, building Chinese “discourse and narrative systems” in support of national interest and China’s 15th Five-Year Plan.

World Press Freedom Index

On 30 April, Reporters Without Borders (RSF) ranked Hong Kong 140th out of 180 countries and territories in its 2026 World Press Freedom Index, unchanged from 2025. RSF stated that Hong Kong’s information space had declined significantly over the past 25 years, falling 122 places, and highlighted the imprisonment of Jimmy Lai as the heaviest sentence imposed on a journalist in Hong Kong.

In the same month, RSF published a statement noting that a French journalist had been denied entry to Hong Kong. This followed the denial of entry to RSF Asia Pacific’s Advocacy Manager Aleksandra Bielakowska in April 2024. Details are provided in the ‘Right of abode, travel and immigration’ section of this report.

Foreign Correspondents’ Club

In January, the Government’s Home and Youth Affairs Bureau granted the Foreign Correspondents’ Club (FCC) a new three-year lease for its premises. The FCC had previously confirmed that national security related provisions formed part of its lease arrangements.

Hong Kong Journalists Association (HKJA)

Several independent media outlets and associated individuals have continued to be subject to tax audits by the Inland Revenue Department, including *Hong Kong Free Press*, *InMedia* and *The Witness*.

In May, the HKJA said it had been required to pay HKD \$730,000 (approximately £73,000) in provisional tax within two days’ notice, more than double the amount levied the previous year. HKJA Chair Selina Cheng noted that four cases of tax inspections involving Hong Kong independent media had concluded, including *Hong Kong Free Press* and *InMedia*. She described the audits as placing “undue stress and unfair punishment on the media”. Inland Revenue Department Commissioner Benjamin Chan rejected claims that audits targeted the media sector and would not comment on individual cases.

InMedia reports of harassment

On 3 April, *InMedia* reported that its journalists had received harassing messages and suspected they were being followed after the Tai Po Fire public hearings in November 2025. *InMedia* stated that it had filed two police reports. The HKJA subsequently called on the Security Bureau to clarify whether surveillance had taken place; the Bureau rejected the allegations.

Former HKJA chair charged with obstructing police officers

On 29 May, the High Court dismissed former HKJA Chair Ronson Chan Ron-sing's appeal against his 2023 conviction and five-day sentence for obstructing police officers during a reporting assignment. The HKJA expressed regret at the decision. RSF raised concerns about its implications for journalists covering police activity. Chan subsequently applied for leave to appeal to the CFA.

Yahoo News suspends operations

On 1 April, local media reported that Yahoo Hong Kong had suspended its news operations. Yahoo Hong Kong stated that the decision was not linked to political pressure.

Freedom of Assembly

No large-scale demonstrations or protests were reported during the period.

Remembrance of the Tiananmen Square Massacre

No vigil was held in Victoria Park on 4 June 2026. A 4 June vigil has not been held in Victoria Park since 2019. Police refused permission for the vigil in Victoria Park from 2020 to 2022 citing Covid-19 restrictions. Since 2023, no applications for public gatherings have reportedly been submitted.

From 3 to 7 June, 30 Hong Kong-based provincial associations held a patriotic "market carnival" in Victoria Park for the fourth consecutive year. LegCo President Starry Lee attended alongside more than 50 lawmakers and praised the participating associations for their patriotism.

Police maintained a visible presence in relevant areas. A small number of individuals engaging in commemorative activities were stopped, searched or temporarily detained before being released. These included former Chair of the League of Social Democrats Chan Po-ying, who dressed in black and held a yellow flower, a man who drew the Chinese character 'human' in red paint and washed it off his body, and another who placed a cigarette on a piece of bread as a symbolic act of mourning.

Chow Hang-tung, former Hong Kong Alliance Vice Chair, currently detained on national security charges linked to the 4 June vigils, undertook a 37-hour hunger strike to mark the 37th anniversary.

Parliamentary Under-Secretary of State for the Indo-Pacific, Rt Hon Seema Malhotra MP, said on X (formerly known as Twitter) on 4 June:

"The UK marks the anniversary of the Tiananmen Square massacre and remembers those who lost their lives in 1989.

We remain steadfast in our commitment to human rights and the protection of fundamental freedoms."

On 4 June, Amnesty International Hong Kong Overseas called for the immediate release of Chow Hang-tung (detail on the national security trial covered under 'Judicial System').

Academic Freedom

In January, three college student unions at the Chinese University of Hong Kong (CUHK) dissolved, citing a university requirement to register with the police. This followed the suspension of operations by three other college student unions last December and another in 2024 due to the university refusing to recognise their status. This leaves only two of CUHK's nine college student unions active.

In February, a CUHK student previously arrested on national security grounds after launching an online petition with demands following the Tai Po fire, was expelled, with the university citing misconduct.

Also in February, the Hong Kong Federation of Students (HKFS), founded in 1958, announced its disbandment, citing increasing pressure.

In June, the student publication *Undergrad*, founded in 1952, ceased operations after failing to recruit a new editorial board. The publication was criticised by then Chief Executive Leung Chun-ying for advocating self-determination for Hong Kong in his 2015 Policy Address.

Freedom of Religion or Belief

Freedom of religion is protected under the Joint Declaration and the Basic Law. On Buddha's Birthday on 24 May, Chief Secretary for Administration Eric Chan Kwok-ki attended a ceremony marking the occasion, where he stated that Buddhism and the Government share common values of social harmony and that these contribute to peace and stability in Hong Kong.

Artistic Freedom

In January, local media reported that three locally produced Hong Kong movies featuring themes of religion and emigration were removed from the annual Hong Kong Film Awards' (HKFA) provisional list of contenders despite meeting eligibility criteria, resulting in their disqualification. No explanation was provided by the HKFA Association.

Separate reports noted the cancellation of screenings of one of the films.

Policing

The Hong Kong Police Force (HKPF) continued to expand its "SmartView" surveillance programme, including implementing plans, first announced in 2025, to install a further 4,000 cameras across Hong Kong by the end of 2026.

In February, Secretary for Security Chris Tang Ping-keung revealed that the police would incur expenses totalling HKD \$4.06 billion (approximately £400 million) for additional camera installations, infrastructure and system upgrades, including strengthening image analysis using Artificial Intelligence (AI). He stated that the measures were intended to support public safety and national security. The proposal was approved by the legislature on 27 March.

Also in February, Police Commissioner Joe Chow noted that the total number of cameras would reach 66,500 by the conclusion of the third phase of the "SmartView" programme in 2031.

Equality

In May, the Chairman of the Hong Kong Bar Association, Jose-Antonio Maurellet SC, stated that the Government retains a constitutional responsibility to establish an alternative legal framework for recognising same-sex partnerships, following the rejection of related legislation in 2025. He called on all parties to respect the CFA judgment.

Also in May, organisers cancelled the annual Pink Dot event for the second consecutive year, one of Hong Kong's largest annual LGBT+ events. They cited difficulties in securing a venue and associated licence approvals. The co-director of Pink Dot Hong Kong expressed concern over the future of holding public events in the city. Organisers instead held an online event.

LEGAL SYSTEM

Hong Kong's legislative power is vested in the LegCo. Most law in force in Hong Kong has been made locally and the Hong Kong SAR has maintained a common law system. Following the electoral overhaul in March 2021, implemented as required by the 2020 NSL, the UK has declared China to be in a state of ongoing non-compliance with the Sino-British Joint Declaration.

During this reporting period, the Hong Kong authorities introduced changes to, and provided clarifications on, existing national security legislation, including amendments to the NSL and subsidiary legislation under the Safeguarding National Security Ordinance (SNSO). This marked a second round of legislative changes to Hong Kong's national security framework following the introduction of the NSL in 2020 and the enactment of the SNSO in 2024.

Amendments to the Implementation Rules of the National Security Law (NSL)

The Implementation Rules for Article 43 of the NSL came into force on 7 July 2020, shortly after the imposition of the NSL on Hong Kong on 30 June 2020. These rules grant the National Security Department of the Hong Kong Police Force (HKPF) a range of investigative and enforcement powers, including the authority to freeze, restrict, confiscate and forfeit property related to offences endangering national security, request service providers to remove online content, and compel foreign political organisations and agents to provide information. In December 2023, the Government introduced the first amendments to the Implementation Rules, clarifying that freezing notices issued would remain valid throughout the duration of any related legal proceedings.

On 23 March 2026, the Government made further amendments to the NSL Implementation Rules, which took immediate effect. These included provisions enabling law enforcement to require access to electronic devices, including passwords and decryption information, during national security investigations; expanded powers to restrict travel and seize travel documents; and broader authority to require the removal of online content.

The amendments also extended powers relating to the seizure and forfeiture of property linked to national security offences, and provisions to require information from

organisations and individuals outside Hong Kong where there are reasonable grounds to believe they are connected to national security matters.

The amendments also introduced stronger penalties for non-compliance and broadened the scope for asset forfeiture upon conviction carrying a maximum penalty of 10 years' imprisonment or more. The Government's application for the forfeiture of Jimmy Lai's "offence-related properties" is covered in a separate section.

Subsidiary Legislation under the Safeguarding National Security Ordinance (SNSO)

On 9 June, the Government gazetted the Safeguarding National Security (Procedural Matters) Regulation (PMR), the second instance of subsidiary legislation made under the SNSO since its enactment in 2024.

The PMR establishes a mechanism through which the Chief Executive may certify that an ordinary criminal case involves national security. While the Chief Executive's certification power exists under Article 47 of the NSL, the PMR allows formal classification covering the "other offences endangering national security" category of the SNSO.

Once issued, such certification is binding on the courts and results in the application of national security procedures, including stricter bail thresholds, trial by designated judges, higher sentencing ranges, and restrictions on remission or early release.

On 11 June, the LegCo completed scrutiny of the PMR without amendment under the negative vetting procedure. The Government stated the PMR provides procedural clarity, does not introduce new offences or penalties and remains consistent with the Basic Law and common law principles.

"NSL 47": Pro-democracy politicians and activists released from prison

During the reporting period, a further six individuals, including former lawmakers Wu Chi-wai and two other ex-legislators, together with three former District Councillors, were released after completing sentences imposed for conspiracy to commit subversion under the NSL.

Legal professional bodies

The Hong Kong Bar Association and the Law Society of Hong Kong regulate the professional conduct of Hong Kong's barristers and solicitors respectively.

At the opening of the Legal Year in January 2026, the Bar Association stated that the Hong Kong Judiciary remains fully independent, with apolitical judges who consider only the law and evidence. The Law Society's President Roden Tong Man-lung stated that Hong Kong's legal system remains robust, reaffirming its commitment to upholding the rule of law and the constitutional order.

In January, Jose-Antonio Maurellet SC was re-elected unopposed for a second term as Chairman of the Hong Kong Bar Association. In June, Roden Tong Man-lung was re-elected as President of the Law Society.

In April, Chief Executive John Lee, speaking at the opening ceremony of the Law Society's new premises, praised the legal body for supporting mainland enterprises in going global. He called on the legal sector to proactively align with China's 15th Five-Year Plan.

Establishment of Hong Kong International Legal Service Building

In April, Secretary for Justice Paul Lam Ting-kwok announced the Department of Justice's (DoJ) plans to develop a new Hong Kong International Legal Service Building to support legal and dispute resolution services headquartered in Hong Kong. Construction is expected to begin by 2027.

Separately, in response to lawmakers' questions, the DoJ stated that it was progressing plans for an Asia-Pacific regional liaison office of the International Institute for the Unification of Private Law in Hong Kong by 2026.

International Organisation for Mediation (IOMed)

In May, the IOMed held its first Global Mediation Summit attended by representatives from multiple jurisdictions. In his speech, Chief Executive John Lee said Hong Kong would continue to develop its role in international dispute resolution in an "increasingly complex and volatile" global environment, leveraging support expressed in China's 15th Five-Year Plan. He confirmed signatory and contracting states had increased to 41 and 13, respectively.

Teresa Cheng Yuek-wah, former Justice Secretary and now Secretary-General of the IOMed, announced its first dispute resolution, a maritime case involving a charterparty contract and parties from China and Singapore. The mediation was conducted by a Hong Kong maritime lawyer.

JUDICIAL SYSTEM

The judicial system in place prior to the establishment of the Hong Kong SAR continues to be maintained in general. The prosecuting authority in Hong Kong remains within the Department of Justice (DoJ) and Hong Kong's courts continue to adjudicate civil, commercial and criminal matters under the common law system. Judges from other common law jurisdictions continue to sit on the CFA and judicial appointments continue to be made by the Chief Executive on the recommendation of the Judicial Officers Recommendation Commission.

Since the NSL entered into force in 2020, Hong Kong's courts have also adjudicated national security cases under a distinct legal framework. During the reporting period, Jimmy Lai was sentenced to 20 years' imprisonment following his conviction on national security and sedition charges, while his separate non-national security fraud conviction was overturned on appeal. Arrests, prosecutions and convictions under the NSL and SNSO also continued. As of June 2026, a total of 34 arrest warrants had been issued by the Hong Kong Police for individuals overseas accused of national security offences.

Law of the People's Republic of China on Safeguarding National Security in the Hong Kong Special Administrative Region (National Security Law)

According to Hong Kong Police statistics, by the end of 2025 a total of 385 individuals had been arrested for national security offences, 69 of which were recorded in 2025. Police stated that more than half of those arrested had been formally charged. During the first half of 2026, at least five additional prosecutions were recorded, including three individuals charged with subversion, and two with terrorism.

Established in 2020, the national security hotline recorded over 1.2 million reports and tip-offs by April 2026. On 15 May this year, the Financial Secretary's Office announced that a non-recurrent appropriation of HKD \$5 billion (approximately £500 million) was made to the "special fund" for national security expenditure.

Jimmy Lai

NSL and sedition trial

On 15 December 2025, the High Court convicted Lai on two counts of conspiracy to collude with foreign forces under the NSL, and one count of conspiracy to publish seditious publications under the Crimes Ordinance.

On 9 February 2026, the Court sentenced him to a total of 20 years' imprisonment. This was the longest sentence imposed under the NSL to date.

Detailed background and reasoning in Lai's trial have been set out in previous Six-monthly Reports.

Pre-sentencing

In January, Jimmy Lai's daughter raised concerns publicly about his health in custody. The Hong Kong SAR Government rejected these claims.

On 12-13 January, mitigation hearings for Lai and eight other co-defendants (including six former Apple Daily staff) took place. Lai's defence counsel referred to his health concerns, age and solitary confinement. The defence did not dispute the "grave nature" of the case under the NSL.

On 22 January, 503 members of the European Parliament passed a non-binding resolution condemning Lai's conviction, calling for his release and immediate access to specialised medical care. It also called for sanctions under the EU Global Human Rights Sanctions Regime against Chief Executive John Lee and other responsible officials.

Ahead of the then UK Prime Minister's January 2026 visit to Beijing, 35 UK parliamentarians issued a joint letter urging him to raise Lai's case and seek his release. Following a meeting with President Xi Jinping on 29 January, the Rt Hon Keir Starmer MP confirmed that issues relating to rights and freedoms, including Jimmy Lai, had been discussed.

High Court Sentencing

On 9 February 2026, a panel of three High Court judges sentenced Lai to 20 years' imprisonment. Representatives from the British Consulate-General Hong Kong, including His Majesty's Consul General, Brian Davidson, attended the sentencing hearing.

The Court found that Lai had played a leading role in the offences and described the conduct as grave, premeditated and persistent in nature, warranting a higher sentencing starting point of 18 years' imprisonment for each of the two counts of collusion and 23 months for sedition. Sentencing reductions were applied to reflect his age, health condition, and solitary confinement.

Eight other defendants (including six former Apple Daily staff, Andy Li Yu-hin, and Chan Tsz-wah), received sentences ranging from six years and three months to ten years following guilty pleas.

Reactions

The sentencing prompted an immediate reaction from the UK and international community. The same day, the UK expanded the BN(O) route to honour and reaffirm its historic commitment to the people of Hong Kong. Further details are provided in the 'Foreign Affairs and UK Bilateral Relations' section. Then UK Foreign Secretary, the Rt Hon Yvette Cooper MP, said:

"British National Jimmy Lai was today sentenced to 20 years in prison in Hong Kong for exercising his right to freedom of expression, following a politically motivated prosecution. Beijing's National Security Law was imposed on Hong Kong to silence China's critics.

For the 78-year-old, this is tantamount to a life sentence. I remain deeply concerned for Mr Lai's health, and I again call on the Hong Kong authorities to end his appalling ordeal and release him on humanitarian grounds, so that he may be reunited with his family.

The Prime Minister raised Mr Lai's case directly with President Xi during his visit. That has opened up discussion of our most acute concerns directly with the Chinese government, at the highest levels. Following today's sentencing we will rapidly engage further on Mr Lai's case.

We stand with the people of Hong Kong, and will always honour the historical commitments made under the legally binding Sino-British Joint Declaration. China must do the same."

The United States Secretary of State Marco Rubio described the sentence as unjust and tragic, and evidence that those who advocate for fundamental freedoms in Hong Kong will be silenced. Foreign Ministers of Australia and Canada, Penny Wong and Anita Anand, expressed concern and disappointment respectively. The European Union reiterated its call for Lai's immediate release, and the UN High Commissioner for Human Rights echoed that appeal, stating that Lai had been sentenced "for exercising rights protected under international law". The Inter-Parliamentary Alliance on China (IPAC) condemned the sentence as punishment for dissent.

International media and press freedom organisations, including Reporters Without Borders, the International Press Institute and Human Rights Watch criticised the sentence and its implications for press freedoms in Hong Kong.

Members of Lai's family also commented publicly on the sentence. His son, Sebastien Lai, said the decision would have a serious impact on his father's health and called for his release. His daughter, Claire Lai, expressed concern about his wellbeing in custody and described the sentence as cruel.

The Ministry of Foreign Affairs of the PRC, Office of Commissioner of the Ministry of Foreign Affairs of the PRC in the Hong Kong SAR, Hong Kong SAR Government (including non-official members of the Executive Council), HKMAO, Office for Safeguarding National Security in the Hong Kong SAR and CGLO in Hong Kong issued several statements criticising Lai and what they described as external interference. CGLO described Lai's sentence as the "best Lunar New Year gift" for Hong Kong.

Chief Executive John Lee and Secretary for Security Chris Tang said the sentence reflected the seriousness of the offences and demonstrated the operation of the rule of law. The Chief Executive criticised Lai for "betraying China and harming Hong Kong".

On 10 February, seven legislators from the pro-Beijing political party Hong Kong Federation of Trade Unions staged a protest outside the British Consulate-General in Hong Kong, condemning the UK's "interference" in Hong Kong affairs and its "slandering" of the court's verdict in Lai's case.

On 12 February, the Secretary for Security issued written notices to three companies linked to Apple Daily also convicted under the NSL, requiring them to make representations as to why they should not be removed from the Companies Register pursuant to Article 31 of the NSL.

Post-sentencing developments

On 6 March, Jimmy Lai's legal team confirmed that he would not appeal his conviction or sentence.

In April, the DoJ applied to the High Court for the forfeiture of assets linked to Lai's offences, estimated at HKD \$127 million (approximately £12.7 million). The hearing is scheduled for 30 November 2026.

Non-NSL fraud conviction

In December 2020, Jimmy Lai was charged with fraud in relation to the sub-letting of a small portion of office space at the headquarters of Next Digital, the parent company of Apple Daily. In October 2022, the District Court convicted Lai and in December 2022, sentenced him to five years and nine months' imprisonment and a fine of HKD \$2 million (approximately £200,000). Lai subsequently appealed. Detail can be found in previous Six-monthly Reports.

On 26 February 2026, the Court of Appeal overturned Lai's conviction. It found that, although the lease had been breached, the prosecution had not established essential elements of fraud, including any duty to disclose the arrangement or intent to defraud.

Following the judgment, the Hong Kong SAR Government issued a statement maintaining that Lai had exploited public resources for private use and that the court's decision did not affect his national security conviction or sentence.

The DoJ stated it would not pursue further legal action.

Trial of 'NSL 47'

On 23 February 2026, the Court of Appeal dismissed applications by 12 defendants in the 'NSL 47' case who had appealed against their convictions and sentences. Eleven of the defendants appealed both conviction and sentence, while one appealed against sentence only.

The Court of Appeal upheld the High Court's original decisions, including sentences ranging from four to ten years' imprisonment imposed in November 2024 for conspiracy to commit subversion under the NSL. In the same proceedings, the Court of Appeal also rejected an application by the DoJ to overturn the acquittal of one defendant.

By the end of the reporting period, 20 of the 45 defendants convicted in the 'NSL 47' case had been released after completing their sentences.

Hong Kong Alliance and Chow Hang-tung

The trial of three former Hong Kong Alliance committee members charged with "incitement to subversion" under the NSL – Chow Hang-tung, Albert Ho Chun-yan, and Lee Cheuk-yan – commenced on 22 January 2026 (following two adjournments since May 2025). The case is amongst the most high-profile proceedings under the NSL to date.

On 22 January, all three defendants formally entered their pleas in court. Ho pleaded guilty to the NSL charge, while Chow and Lee pleaded not guilty. Following the court's dismissal of Chow Hang-tung's application to call an overseas expert witness, the prosecution opened its case against Chow Hang-tung and Lee Cheuk-yan on 26 January and concluded it on 4 February. On 13 March, the Court ruled that both Chow and Lee had a case to answer.

On 17 March, the defence began its case. Chow and Lee both gave evidence, arguing that the Hong Kong Alliance's activities, including its calls to "end one-party dictatorship" were intended as political expression and constitutional participation; a call for democratic reform and not an attempt to overthrow the Chinese Communist Party or to subvert state power. The defence described the Alliance's activities as preserving historical memory and honouring the victims of the 1989 Tiananmen Square crackdown. The defence concluded on 31 March.

Closing submissions were heard in May 2026, concluding the trial after 24 hearing days.

Joshua Wong

In June 2025, while serving a sentence for conspiracy to commit subversion under the NSL, activist Joshua Wong was charged with collusion with foreign forces. The case

was transferred to the High Court following the conclusion of committal proceedings on 14 May 2026.

Further NSL prosecutions

In March, local media reported that two men were formally charged with conspiracy to commit terrorist activities under the NSL. The charges relate to allegations that the defendants had planned to use explosives to coerce the central and Hong Kong authorities or to intimidate the public in pursuit of a political agenda. The case was initially prosecuted under the Crimes Ordinance, before being reclassified as a terrorism offence under the NSL. Proceedings were adjourned to October 2026.

In May, three individuals were charged with conspiracy to commit subversion under the NSL. The defendants were amongst the ten people arrested in December 2025 in connection with “unlawful drilling” activities, involving training with offensive weapons or participation in paramilitary-style exercises. Two other members of the group had been charged with the same offence in December 2025. All five defendants remain in custody. Proceedings were adjourned to July 2026.

Implementation of the Safeguarding National Security Ordinance (enacted locally under the Basic Law Article 23)

The use of the Safeguarding National Security Ordinance (SNSO) continued during the reporting period, particularly in relation to sedition-related offences.

Since its enactment on 23 March 2024, at least 47 people have been arrested under the SNSO. A total of 14 individuals have been charged, according to local media reports.

During this reporting period, at least seven individuals were arrested and four charged under the SNSO. At least four defendants were convicted and sentenced to terms between eight and 12 months’ imprisonment.

Father of Anna Kwok Fung-yee

In late April 2025, National Security Police charged the father of wanted activist Anna Kwok Fung-yee under the SNSO for allegedly withdrawing funds from an education savings insurance policy held in her name. Mr. Kwok, 69 years old, pleaded not guilty to the charge, arguing that he remained the policyholder even after his daughter turned 18 and that he had been dealing with his own funds, having paid all premiums himself throughout the policy period.

On 11 February 2026, Mr. Kwok was found guilty of attempting to deal with any funds or other financial assets or economic resources belonging to an absconder. On 26 February, the Court sentenced him to eight months’ imprisonment, reducing from nine months on account of his “old age”.

In sentencing, Magistrate Cheng Nim-chi acknowledged that Mr. Kwok had not directly endangered national security and that there was no collective punishment in the case. The amount involved was insufficient to incentivise Anna Kwok’s “highly unlikely” return to Hong Kong. Nonetheless, Cheng categorised the case as “serious” as the defendant’s actions could increase the likelihood of the absconder remaining overseas.

In response, Anna Kwok criticised the conviction and sentence, describing the case as an example of transnational repression and arguing that her father was being penalised because of her status as a wanted activist living overseas.

Other SNSO cases

Further representative cases are summarised below:

11 February: Police stated that two further individuals had been charged for publishing seditious publications under the SNSO in connection with the Tai Po fire in late November 2025, without disclosing further details. The charges followed earlier arrests linked to public discussion of the fire, including an online petition calling for an independent commission of inquiry. During the reporting period, HKMAO Director Xia Baolong and SAR security officials warned against the “politicisation” of the incident. Local media reported that some residents were advised by police to remove signs and slogans relating to reconstruction of the estate.

27 February: A 68-year-old retiree was sentenced to eight months’ imprisonment after being convicted of publishing 130 “seditious” posts online. The Court found that the posts included content criticising Government officials, the judiciary and the police, and inciting others to boycott the December 2025 LegCo election. The posts included at least 14 mentions of “Liberate Hong Kong”, a pro-independence slogan previously ruled by the court as “secessionist”. The social media account in question had just over 10 followers. In sentencing, Chief Magistrate Victor So Wai-tak referenced the role of sedition offences in preventing the spread of extremism in Hong Kong.

24 March: Four individuals, including an independent bookseller and his staff members, were arrested in connection with the sale of publications alleged to be seditious. They were released on bail pending further police investigations.

14 April: A 61-year-old Falun Gong member was sentenced to 12 months’ imprisonment for publishing online content advocating independence for Hong Kong and Taiwan and criticising the Chinese Communist Party. Police identified more than 50 such posts published by the defendant through online patrols. In sentencing, Chief Magistrate Victor So found that the public nature of the posts constituted a sustained pattern of conduct undermining state authority, which endangered national security.

28 April: Wong Kwok-ngon, a 72-year-old former member of the disbanded Civil Human Rights Front, indicated his intention to plead not guilty to charges of disclosing details of a national security investigation and publishing seditious materials under the SNSO. The charges relate to online political commentary following the November 2025 Tai Po fire. An eight-day trial is scheduled to commence on 9 October 2026.

9 June: A 55-year-old construction worker was sentenced to ten months for “acting with seditious intention”. The defendant was found to have produced and distributed printed materials containing seditious political messages,

including calls to oppose the Government, harm police and boycott the elections, deliberately on dates considered symbolically significant.

24 June: National Security Police arrested two independent bookstore owners, including a former pan-democrat District Councillor, for allegedly displaying and selling seditious publications. They were released on police bail on 26 June and had not been formally charged as of the end of this reporting period.

Overseas arrest warrants and extraterritorial application

As of June 2026, Hong Kong police had issued a total of 34 arrest warrants for individuals located outside of Hong Kong in connection with national security offences. These include individuals based in the UK and other jurisdictions.

As reported previously, in some cases rewards were offered for information leading to arrests, and associated measures included revocation of Hong Kong passports and designation of individuals as “absconders”. These applied to 15 pro-democracy activists and members of the “Hong Kong Parliament” (HKP) in exile, for whom rewards of HKD \$200,000 (approximately £20,000) were offered.

In May, one individual subject to such a warrant was arrested in Thailand on immigration-related charges. Local reporting indicated that she could face deportation, although Hong Kong authorities did not confirm whether a request had been made for her return.

Hong Kong authorities have stated that they will continue to pursue individuals accused of national security offences irrespective of their location.

Use of United Nations (UN) Anti-Terrorism Law

As reported in previous Six-monthly Reports, Hong Kong's first trial under the UN (Anti-Terrorism Measures) Ordinance, enacted locally in 2002 following a binding UN Security Council resolution, concluded with seven defendants acquitted by a High Court jury and four convicted after pleading guilty.

On 21 May 2026, the High Court granted an application by the DoJ to forfeit assets linked to three defendants under the Ordinance. Applying its provisions, Judge Judianna Wai-ling Barnes ruled that the assets fell within the statutory definition of “terrorist property” and were therefore liable to forfeiture, representing application of Hong Kong's pre-existing anti-terrorism framework through ordinary court procedures.

Arrests in relation to 2019 protests

According to the latest Hong Kong police statistics, at least 10,286 individuals were arrested in connection with the anti-Extradition Bill protests in 2019. Approximately 7,000 arrestees remained under police investigation.

In January, the Judiciary stated that around 70 protest-related cases remained before the courts, most of which have been scheduled for trial during 2026. In June, Secretary for Justice Paul Lam Ting-kwok said courts had concluded 97% of protest-related cases by the end of 2025.

On 30 March 2026, local media reported that a 21-year-old woman was re-arrested upon returning to Hong Kong, having previously left the territory in 2021 after being arrested but not charged. She was subsequently charged with protest-related offences, including possession of offensive items (laser pointers and spray paint) at a protest in September 2019. She pleaded not guilty to both charges. Her trial began on 29 June with the verdict expected in August 2026.

Post-2019 “Special Rehabilitation Programme”

In April, Secretary for Security Chris Tang revealed in a media interview that the police had introduced a “special rehabilitation programme”, operating in a deliberately low-profile manner, for individuals arrested during the 2019 protests but not prosecuted.

The announcement followed earlier discussion about the handling of approximately 7,000 individuals who had been arrested but not charged. In 2023, legislator Tik Chi-yuen called on the Government to clarify whether outstanding cases would be resolved within a defined timeframe. At the time, the Police Commissioner said the cases remained under review, while Chief Executive John Lee subsequently stated that it would be “unrealistic” to set a deadline for concluding police investigations.

Officials said the programme is intended to provide an alternative to prosecution for individuals who demonstrate remorse, with participation taken into account when decisions are made on whether to pursue charges. Endorsing the initiative, John Lee said that some young people had been “misled” and should be given an opportunity to “start afresh” where genuine remorse is demonstrated.

Reported elements of the programme include career-planning support, visits to the mainland, and national security-related education and engagement activities. On 28 April, Cantopop singer Hins Cheung hosted a “Positive Guidance” session as part of the programme, having been appointed a “national security tutor”. Local media also reported that at least three participants had received formal notification that police investigations into their cases had been discontinued.

Separately, media reporting stated that the programme forms part of a broader set of rehabilitation measures involving approximately 1,800 individuals convicted of protest-related and national security offences.

Senior judicial appointments

In January, Chief Justice Andrew Cheung Kui-nung, speaking at the Ceremonial Opening of the Legal Year 2026, noted challenges in recruiting non-permanent judges (NPJs) from overseas common law jurisdictions to the CFA, citing the current geopolitical environment and pressures in home jurisdictions. However, Cheung stated that the CFA remains operationally effective and that there is no immediate need to increase the number of foreign NPJs. He noted that the CFA currently comprises 14 judges, both permanent and non-permanent, and that five judges are required to hear an appeal. He also noted that the judiciary remains open to appointing suitable overseas candidates and acknowledges those NPJs who have recently joined or renewed their terms.

On 18 March, the Chief Executive accepted the recommendation of the Chief Justice and extended the term of an Australian non-permanent CFA judge for three years.

- The Honourable Mr. Justice Patrick Anthony Keane, starting 6 April 2026

At the end of the reporting period, six overseas judges from common law jurisdictions were serving on the CFA, including two from the United Kingdom, three from Australia and one from New Zealand. Since Beijing's imposition of the NSL in June 2020, a total of ten overseas non-permanent judges have left, or retired from, the CFA.

Recruitment of judges at all levels of court

In April, the Judiciary said it was stepping up recruitment efforts across all levels of the courts to address judicial workload and capacity.

As of March 2026, a total of eight judges had been appointed to the Court of First Instance of the High Court; nine judges to the District Court; and seven as Permanent Magistrates.

Recruitment exercises for District Court Judges commenced in January 2026, with further recruitment for Permanent Magistrates expected later in the year.

The Judiciary added that it would continue to maintain a pool of approximately 40 short-term or temporary judges and judicial officers, deployed across different court levels to support case handling and alleviate workload pressures.

PUBLIC SERVICE

The Joint Declaration provides for Hong Kong's public administration to continue to be managed by the Hong Kong SAR Government, with appointments and promotions made on the basis of qualifications, experience and ability. Developments are reported where they affect the operation of public institutions.

Chief Executive John Lee has continued to pursue civil service reforms first outlined in his 2022 Policy Address, including measures intended to strengthen performance management and accountability within the public service. These include an enhanced reward and punishment system and a revised civil service performance appraisal framework as part of broader civil service reform, which have been progressively implemented. Secretary for the Civil Service Ingrid Yeung Ho Poi-yan has stated that underperforming civil servants could have their appointments terminated under an enhanced disciplinary mechanism.

According to official statistics released in April 2026, 151 civil servants were dismissed between 2022 and 2025, including 78 for serious misconduct and 73 following criminal convictions. A further 219 were under suspension as of December 2025.

During a media interview in April, the Chairman of the Federation of Civil Service Unions, Leung Chau-ting, said that tighter disciplinary action, including the withholding of salaries, risked becoming "excessive" in response to the Civil Service Bureau's plans to revise the Public Service (Administration) Order and the Public Service (Disciplinary) Regulation. Leung expressed concern that minor or non-performance-

related issues could be escalated into disciplinary cases, citing increased pressure on frontline staff.

In June, the Civil Service Bureau announced the first phase of the revised performance appraisal framework, due to take effect from 1 October 2026. Under the new arrangements, civil servants assessed as underperforming may be denied salary increments.

Accountability

As outlined in the 2025 Policy Address, Chief Executive John Lee pledged to establish a "Heads of Department Accountability System", introducing a two-tier investigation mechanism embedding official accountability within the civil service.

In April, the Civil Service Bureau proposed the Public Service Commission (Investigation) Regulation empowering the Public Service Commission to investigate serious or systemic problems involving civil servants. The legislation was gazetted on 22 May under the negative vetting procedure and takes effect on 17 July 2026.

FINANCE

Over the reporting period, the Hong Kong SAR Government continued to have the formal autonomy to manage its own "financial matters, including disposing of its financial resources and drawing up its budgets and its final accounts".

In January, HSBC completed the privatisation of Hang Seng Bank, which became a wholly owned subsidiary of HSBC Asia Pacific and HSBC Group. Hang Seng delisted from the Hong Kong Stock Exchange on 27 January.

On 25 February, Financial Secretary Paul Chan delivered the 2026-27 Budget. It forecast GDP growth of 2.5-3.5% in 2026. The Financial Secretary committed to transferring a total of HKD \$150 billion (£15 billion) from the Exchange Fund, which is used to support the Hong Kong dollar's peg, to the Capital Works Fund to support the Northern Metropolis project and other infrastructure projects. This would be through two annual transfers of HKD \$75 billion (£7.5 billion) in the current and next financial year. The address placed emphasis on innovation, technology and financial-sector development.

On 15 June, the Hong Kong SAR Government launched a public consultation on its first Five-Year Plan for Economic and Social Development (2026-2030). The Government described the initiative as a means of proactively aligning Hong Kong with China's National 15th Five-Year Plan, including through a "Finance+" strategy intended to accelerate China's development as a financial powerhouse.

On 17 June, the Northern Metropolis Financial Advisory Taskforce, jointly established by the Hong Kong Monetary Authority (HKMA) and the Hong Kong Association of Banks, held its inaugural meeting. The Taskforce brought together 21 participating banks and Government departments to explore financing arrangements for Northern Metropolis infrastructure and development projects.

ECONOMIC SYSTEM

The Hong Kong SAR Government maintained its "capitalist economic and trade systems" during the reporting period, retaining formal autonomy in economic and trade decisions. Hong Kong continues to be a separate customs territory and engaged independently with other jurisdictions through its membership of the World Trade Organisation (WTO).

Hong Kong's IPO market recorded a strong recovery during the first half of 2026. Market reviews by EY and KPMG found that HKEX ranked second globally for IPO proceeds in H1 2026, its strongest H1 performance in five years, supported largely by mainland Chinese technology-related listings.

Developments surrounding CK Hutchison's proposed sale of its international ports business continued during the reporting period. Reporting suggested the company was exploring revised deal structures and discussions involving potential mainland Chinese investors following Beijing's criticism of the original transaction.

MONETARY SYSTEM

The Hong Kong SAR Government continues to have formal discretion over its monetary and financial policies. No capital or exchange control policy was applied to the Hong Kong SAR in the reporting period. The authority to issue Hong Kong currency remains vested in the Hong Kong SAR Government. Markets for foreign exchange, gold, securities and futures continued free of interference.

On 26 March, Hong Kong retained third place globally in the 39th Global Financial Centres Index. The Hong Kong SAR Government highlighted Hong Kong's rankings in banking, finance and fintech as evidence of its continuing role as an international financial centre.

On 10 April, the HKMA granted licences to Hong Kong's first stablecoin issuer under the Stablecoins Ordinance. The HKMA described the licences as an important milestone in the development of Hong Kong's regulated digital-assets sector.

The Exchange Fund continued to be managed by the HKMA. Hong Kong's official foreign currency reserve assets stood at USD 445.9 billion at the end of June 2026, equivalent to more than five times the currency in circulation.

SHIPPING

Hong Kong maintained its own systems of shipping management, regulation and registration over the reporting period. The Port of Hong Kong continued to operate as a free port, with free access for foreign civilian vessels. Hong Kong continued to host well-established maritime services providers, including in ship management, insurance and finance.

At the end of June 2026, the Hong Kong Shipping Register comprised 2,013 vessels totalling 109.4 million gross tonnes, down 11.2% and 15.1% respectively year on year.

The register showed signs of stabilisation during the reporting period, following a marked contraction in 2025 which coincided with US Section 301 measures imposing port fees on Chinese-owned and operated vessels, including Hong Kong-linked vessels. The fees took effect on 14 October 2025 but were suspended from 10 November 2025 until 9 November 2026.

On 16 January, the Hong Kong SAR Government formally rolled out the Port Community System, a digital platform integrating sea, land and air transport information and providing real-time cargo tracking. The system aims to improve logistics visibility, customs processes and access to trade finance. By 7 June, more than 6,000 enterprises had registered with the platform.

From 28 February, the conflict involving Iran disrupted shipping through the Middle East. This tested Hong Kong's Marine Specialty Risks Insurance Pool, established in November 2025. On 10 March, the Insurance Authority said that the pool insured more than ten mainland Chinese vessels operating in the Gulf, while its war-risk premiums had risen less than those in the wider international market.

Data published in March by maritime intelligence provider Alphaliner showed that the Port of Hong Kong had fallen from 13th to 15th globally by container throughput in 2025, handling approximately 13 million twenty-foot equivalent units. This was its fourth consecutive annual decline, while competing regional transshipment hubs continued to record stronger growth.

On 12 June, the Hong Kong SAR Government gazetted legislation to amend existing tax concessions for shipping-related activities and introduce a new half-rate profits tax regime for qualifying physical commodity trading. The legislation was introduced into the LegCo on 24 June and aimed to maintain the competitiveness of Hong Kong's maritime services sector and attract commodity traders.

On 16 June, two three-year incentive schemes for green maritime fuel-related vessels took effect. The schemes provide port-dues refunds for qualifying vessels using, carrying or supplying specified green maritime fuels, and registration incentives for qualifying green-fuel vessels registered in Hong Kong.

CIVIL AVIATION

Hong Kong maintained its own system of civil aviation management over the reporting period, including keeping its own aircraft register and retaining responsibility for routine business and technical management, including airport management and air traffic services within the Hong Kong Flight Information Region. Hong Kong International Airport (HKIA) continues to facilitate commercial and tourism flows and enabled the city to maintain its status as an international and regional aviation centre.

During the first half of 2026, HKIA handled 32.8 million passengers, 200,685 flight movements and 2.5 million tonnes of cargo, year-on-year increases of 11.7%, 4.4% and 4.1% respectively. Data released during the reporting period also confirmed that

Hong Kong remained the world's busiest cargo airport in 2025, the fifteenth time it had held this position since 2010.

From 28 February, the conflict involving Iran disrupted air routes through the Middle East. Airlines cancelled or rerouted some services between Hong Kong and Gulf destinations, while higher jet-fuel prices led to increased passenger and cargo fuel surcharges. Mainland China continued to supply aviation fuel to Hong Kong, maintaining exemptions for Hong Kong and Macao from its export restrictions.

On 5 May, the Hong Kong and Dongguan Governments witnessed an investment agreement for Hong Kong-founded EcoCeres to establish a sustainable aviation fuel production base in Dongguan. The project aims to support the development of a Greater Bay Area supply chain covering feedstock collection and sustainable aviation fuel production, with Hong Kong contributing research, financial and professional services capabilities.

EDUCATION

The Hong Kong SAR Government has maintained an education system comprising kindergarten, primary, secondary, tertiary and international schooling, consistent with the arrangements set out in the Joint Declaration. English and Cantonese remain the principal languages of instruction. Developments affecting curriculum content and education policy are reported below.

During the reporting period, the Hong Kong SAR Government continued to expand national security and patriotic education initiatives, which it said were intended to strengthen students' understanding of national security, the Constitution, the Basic Law and national development. Students continued to have access to a range of local and overseas education pathways.

National security education

In March, the Education Bureau issued consolidated teaching resources and learning activity guidelines based on the State Council's White Paper on safeguarding national security in Hong Kong (detail provided in the 'Constitution' section). These materials cover all grades at both primary and secondary levels.

According to a paper submitted to LegCo on 17 March, schools were encouraged to use government-produced presentation slides on the NSL, the SNSO and the White Paper. The materials emphasised the importance of safeguarding national security and included suggested classroom activities linking national security to Hong Kong's stability and development.

In April, senior officials from the Central People's Government (CPG), including HKMAO Director Xia Baolong and CGLO Director Zhou Ji, delivered speeches marking National Security Education Day. The police and other disciplined services hosted open days and themed events focused on youth engagement and civic identity formation.

Patriotic education

On 25 February, the Hong Kong SAR Government stated that more than 500 young people had participated in 20 funded mainland China exchange tours and outlined plans to establish “patriotic education bases” for Hong Kong students in mainland cities. The Education Bureau stated that patriotic education formed part of schooling and emphasised the role of teachers in supporting this objective. The Bureau also confirmed that a new “Primary Humanities” subject would be introduced across all grades by the 2027/28 academic year to strengthen patriotic education.

On 4 May, the Government appointed Eliza Chan Ching-har, Executive Council non-official member, as chairperson of the Working Group on Patriotic Education under the Constitution and Basic Law Promotion Steering Committee.

Public history and civic education

In April, the Hong Kong Museum of History, operated by the Leisure and Cultural Services Department, reopened its “Hong Kong Story” permanent exhibition following renovations that began in 2020. The Government said the revised exhibition places greater emphasis on Hong Kong’s historical links with mainland China alongside its international connections. Local media reported that some exhibits and descriptions had been removed or revised.

FOREIGN AFFAIRS AND UK BILATERAL RELATIONS

The Hong Kong SAR Government continued to participate in international organisations and agreements in appropriate fields under authorisation from the Central People’s Government (CPG), consistent with the arrangements set out in the Joint Declaration.

Consular missions, including the British Consulate-General, continue to operate in Hong Kong, and the Hong Kong SAR Government maintains its network of overseas Economic and Trade Offices.

British National (Overseas)

On 9 February, the UK expanded the BN(O) route to honour and reaffirm its historic commitment to the people of Hong Kong. The expansion enables adult children of BN(O) status holders who were under 18 at the time of the 1997 handover to apply independently of their parents, together with their partners and children.

The then Foreign Secretary, the Rt Hon Yvette Cooper MP said:

“Though Hong Kong’s rights and freedoms continue to erode, this government’s support for its people remains steadfast, and that’s why we are ensuring that young people who missed out on resettlement protection because of their age will now be covered”.

On 16 March, the Minister for Migration and Citizenship, the Rt Hon Mike Tapp MP, confirmed in parliament that the existing B2 English-language requirement for

immigrants would not apply to the BN(O) visa route. The B1 English language requirement remains unchanged.

In May, the Home Office reported that approximately 238,000 applications under the BN(O) visa route had been approved between January 2021 and March 2026. By March 2026, 9,804 individuals had been granted settlement in the UK, including over 8,600 grants issued during the preceding year. The Home Office estimated that approximately 26,000 additional individuals may arrive in the UK over the next 5 years.

The Hong Kong SAR Government continued not to recognise the BN(O) passport as a valid travel document.

Visits

From 28 to 31 January, then Prime Minister Sir Keir Starmer raised Hong Kong, including the case of Jimmy Lai, during a visit to Beijing.

Also in January, Ashley Alder, Chair of the UK Financial Conduct Authority, visited Hong Kong and discussed capital markets with local interlocutors.

On 22 to 23 March, the Lady Mayor of the City of London, Dame Susan Langley, visited Hong Kong, focusing on growth opportunities in UK financial services.

In April, His Majesty's Ambassador to the People's Republic of China, Peter Wilson CMG, visited Hong Kong alongside Lewis Neal, His Majesty's Trade Commissioner for China and Hong Kong.

In June, then Foreign Secretary Yvette Cooper visited Beijing for the 11th China-UK Strategic Dialogue with Chinese Vice President Han Zheng and Chinese Foreign Minister Wang Yi, where she also raised Jimmy Lai's case.

Trade and Investment

The Hong Kong SAR was the UK's 17th largest trading partner in the four quarters to the end of Q1 2026 accounting for 1.7% of total UK trade. Total trade in goods and services (exports plus imports) between the UK and the Hong Kong SAR was £32.3 billion in the four quarters to the end of Q1 2026, an increase of 24.0% or £6.2 billion in current prices from the four quarters to the end of Q1 2025. Of this £32.3 billion, UK exports to the Hong Kong SAR amounted to £20.2 billion in the four quarters to the end of Q1 2026 (an increase of 25.9% or £4.1 billion in current prices, compared to the four quarters to the end of Q1 2025).

Culture

Between 1 January and 30 June 2026, the British Council delivered 1,638 university and school entrance exams, as well as 1,673 UK professional qualifications. A total of 3,208 Young Learners and 1,030 adult students attended in-person English language courses. The British Council also delivered 19,342 IELTS tests during this period.

In January, the British Council hosted a networking event on the UK education system for 100 education agents in Hong Kong and representatives from UK universities. In February, the British Council facilitated a workshop at the British Council in London for 26 delegates from 12 UK universities, six Hong Kong higher education institutions and

leading cultural organisations, establishing the UK-Hong Kong Higher Education Arts and Culture Network to deepen collaboration between universities and cultural institutions. In March, the British Council convened the UK-Hong Kong Symposium on Sustainability in the Arts, bringing together leading UK and Hong Kong organisations to exchange knowledge and best practice on culture and sustainability. The symposium was attended by 44 senior stakeholders from Hong Kong's arts sector.

In May, the UK Department for Business and Trade (DBT) led a trade mission to London's Museums + Heritage Show involving representatives from M+ and Hong Kong Design Centre. Also in May, DBT hosted a UK Pavilion at the Affordable Art Fair in Hong Kong in collaboration with the British Council, showcasing works by 15 UK artists and galleries.

In June, the British Council delivered two professional development webinars for school counsellors and educators, attracting more than 200 participants. Also in June, the British Council opened *Six Impossible Things Before Breakfast*, the third exhibition at its Bookshop Gallery, featuring works from the British Council Collection alongside those of Hong Kong artists. The opening reception was attended by 70 stakeholders.

DEFENCE

Defence of the Hong Kong SAR continued to be the responsibility of the Central People's Government (CPG), while the maintenance of public order remained the responsibility of the Hong Kong SAR Government. There was no evidence during the reporting period of the Chinese People's Liberation Army (PLA) Hong Kong Garrison interfering in the internal affairs of Hong Kong. Expenditure for the Garrison continued to be borne by the CPG.

During the reporting period, the PLA Hong Kong Garrison continued routine military training and defence activities.

On 4 January, the PLA Hong Kong Garrison held a mobilisation ceremony for the 2026 training year. PLA troops from the Army, Navy, and Air Force commenced routine training activities to enhance combat capabilities as part of its defence role in Hong Kong.

RIGHT OF ABODE, TRAVEL AND IMMIGRATION

The Hong Kong SAR Government continued to administer Hong Kong's immigration system and to determine questions relating to the right of abode in accordance with the Basic Law and local legislation, while the courts remained responsible for adjudicating right of abode claims.

Hong Kong SAR passport holders continued to be entitled to visa-free access to a wide range of overseas destinations, and holders of valid travel documents generally remained free to leave Hong Kong without requiring special authorisation. Immigration controls continued to be exercised by the Hong Kong Immigration Department, and travel between Hong Kong and mainland China remained subject to separate immigration arrangements. During the reporting period, the arrangements relating to

the right of abode, travel documentation, immigration control and freedom of movement continued to operate broadly in line with the framework set out in the Joint Declaration. A reported exception is set out below.

On 26 April, RSF reported that French journalist and documentary filmmaker Antoine Vedeilhe was denied entry to Hong Kong in November 2025. He was detained, questioned and subsequently deported. RSF attributed the decisions to his previous documentary work on Beijing in Hong Kong. RSF also reported that at least 13 journalists had been denied entry or work visas since the enactment of the NSL in 2020. In a written reply to RSF on 18 May, the Government's Immigration Department stated that it does not comment on individual cases.

OTHER REPORTS

External organisations and governments continued to publish assessments of developments in Hong Kong across governance, freedoms and economic conditions during the reporting period.

4 February: Human Rights Watch's annual World Report stated that the Chinese Communist Party continued using national security laws, administrative tools, and transnational measures to tighten ideological control over Hong Kong in 2025.

19 March: Freedom House's 2026 report classified Hong Kong as "partly free", with a score of 41 out of 100. Hong Kong's scores for political rights and civil liberties were 9 out of 40 and 32 out of 60, respectively.

26 March: The Global Financial Centres Index published by Z/Yen Partners and the China Development Institute in Shenzhen ranked Hong Kong third place globally and first place in Asia.

7 April: The Economist Intelligence Unit's 2026 Democracy Index again classified Hong Kong as a "hybrid regime", ranking it 90th out of 167 countries or territories, down three places from 2024.

1 June: The International Monetary Fund's 2026 Article IV reported that Hong Kong's economy had recovered more strongly than expected in 2025 and reaffirmed its role as an international finance centre, while highlighting ongoing challenges including weak private investment and declining labour force participation.

18 June: The International Institute for Management Development (IMD) ranked Hong Kong second globally in its 2026 World Competitiveness Yearbook, its highest position since 2019.

In April, the US State Department submitted its annual report to Congress under the US Hong Kong Policy Act, covering developments from January to December 2025. The report stated that Beijing and Hong Kong authorities had "systematically degraded Hong Kong's political autonomy and civilians' rights and freedoms" through national

security legislation, including its extraterritorial application. The report also stated that Hong Kong had in many cases delayed or declined to respond to US law enforcement requests unless they related directly to Hong Kong interests or were directed by Beijing. At the same time, it noted that Hong Kong continued to maintain distinctions from mainland China in areas including commercial regulation, legal transparency and trade policy.

CONCLUSION

The first half of 2026 saw Hong Kong continue to promote its role as an international financial, trading and legal centre. Trade between the UK and Hong Kong increased during the period, and the Hong Kong SAR Government advanced a number of long-term initiatives, including its first Five-Year Plan and the expansion of legal and mediation services. Hong Kong also continues to retain features that distinguish it from mainland China, including its common law system and separate commercial and regulatory arrangements.

The UK continues to assess that China is in a state of ongoing non-compliance with the Sino-British Joint Declaration. During this reporting period, Hong Kong's national security framework was further developed through amendments to existing legislation, new subsidiary legislation and its continued application across a growing number of cases. The sentencing of British national Jimmy Lai to 20 years' imprisonment under the National Security Law, the continued use of the Safeguarding National Security Ordinance, and the use of national security measures against individuals overseas were among the most significant developments of the period.

The common law system continues to operate in Hong Kong. However, national security legislation plays an increasingly prominent role across the legal system, media environment, civil society, education and public administration. The further expansion of national security related powers and procedures, alongside restrictions affecting rights and freedoms, remains a matter of concern.

The UK remains committed to the people of Hong Kong and to upholding the rights and freedoms promised under the Sino-British Joint Declaration. We continue to call on China to comply with its international obligations and will continue to stand up for the rights and freedoms of the people of Hong Kong.

LIST OF ABBREVIATIONS

British National (Overseas)	BN(O)
Central Government Liaison Office	CGLO
Central People's Government of the People's Republic of China	CPG
Court of Final Appeal	CFA
Department of Justice	DoJ
Foreign Correspondents' Club	FCC
Hong Kong Journalists Association	HKJA
Hong Kong and Macao Affairs Office	HKMAO
Hong Kong Monetary Authority	HKMA
Hong Kong Special Administrative Region	HKSAR
International Organisation for Mediation	IOMed
Legislative Council	LegCo
National Security Law	NSL
Chinese People's Liberation Army	PLA
Reporters Without Borders	RSF
Standing Committee of the National People's Congress	NPCSC
Safeguarding National Security Ordinance	SNSO
United Nations	UN