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South China Morning Post

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南華早報

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Mainland children can join HK parents

New rule to end the agony of abode row

Phyllis Tsang

The grown-up mainland children of Hong Kong parents will be allowed to apply to live in the city from April under a new immigration arrangement announced yesterday.

Until now, they have been prevented from doing so by controversial right of abode laws.

The new policy, unveiled by Secretary for Security Ambrose Lee Siu-king in Beijing, effectively brings to an end the decade-long right of abode saga, which has split families, created a series of landmark legal rulings and sparked violent protests.

Right of abode campaigners said the new arrangement had come too late for many, as their parents had died in the intervening years. They also called for an apology from Hong Kong officials who blocked so many from having right of abode for so long.

The clamp on children of Hong Kongers born on the mainland was imposed amid top-level government concerns that if they were allowed in, the city would be swamped.

However, now, as the 150-a-day quota under the existing one-way permit system is regularly not filled and the lure of Hong Kong is not so great as the mainland prosper, observers wonder how many people will apply under the new rules.

In 1999, Hong Kong's courts granted mainland children born to Hong Kong parents the right of residency. The government controversially estimated that 1.67 million migrants could flood the city, which led to Hong Kong seeking a reinterpretation of the Basic Law by Beijing to overrule the court judgment.

Yesterday, in a marked reduction of the figures, the security minister

Timing's everything
Eligible children had to be this age or younger when their parents received Hong Kong ID cards

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Hope for widow A3

said the number of eligible applicants would be around the "tens of thousands".

"We need to consider the mainland's booming economy; many of the adult children might not apply since they might have a better life on the mainland," Lee said.

A government official familiar with the new arrangement said the number of eligible applicants "would not be astronomical" and surely under half a million.

Under the new arrangement, the grown-up children of Hong Kongers born on the mainland who were under 14 when their natural father or mother obtained a Hong Kong identity card before November 1, 2001, will be eligible to apply for right of abode.

Mainland public security will open a new channel for them to apply to be reunited with their families. There will be a quota of about 80,000 for adult-child applicants - the unused quota in the past decade from the existing one-way permit scheme.

The grown-up children of Hong Kong parents are not eligible to apply for one-way permits under this scheme unless their parents have special needs.

Four years ago, a think-tank suggested Hong Kong and mainland authorities make better use of the unused quota to deal with the city's changing population and falling birth rate.

Under the new arrangement, the first batch of applicants will cover those aged under 14 when their parents obtained an ID card on or before December 31, 1979. This means the first batch will be as young as 33.

The Hong Kong government believes it will take about six months for applicants to get through the process. Jackie Hung Ling-yu, who has been helping abode claimants for about 10 years, said the new arrangement came too late.

"Many parents and adult children have suffered a lot and some have even died for this amid fighting for right of abode. Government officials, particularly former security minister Regina Ip Lau Suk-yeo, owe them an apology," he said.



Out of the game. Secretary for Home Affairs Tsang Tak-sing awaits the decision on the bid to host the 2023 Asian Games, at a Legislative Council Finance Committee meeting. Lawmakers, including government-friendly parties, defeated the proposal by 40 votes to 14. Photo: Sam Tsang

Full reports A2

US blacklists HK shipping firms linked to Iran

Irene Jay Liu, with additional reporting by Keith Wallis, Vivian Kwok and Vivian Li

The United States yesterday blacklisted more than a dozen companies in Hong Kong, which a *South China Morning Post* investigation shows are at the centre of an international network accused of aiding Iran's nuclear and weapons programme in defiance of UN sanctions.

The US has targeted 20 shipping companies registered in Hong Kong, which are all previous or current nominal owners of ships previously owned by the Islamic Republic of Iran Shipping Lines (IRISL), which has been internationally censured for supporting Iran's nuclear and weapons programme.

"IRISL is under tremendous financial pressure from international sanctions, and it is going to extreme lengths to obscure its network and the ownership of vessels," said Stuart Levey, the US under secretary for terrorism and financial intelligence.

"Today's designations expose the latest in a string of deceptive measures Iran is taking to continue its illicit conduct."

The new sanctions represent the largest effort by the US to call out Hong Kong entities for their role in aiding IRISL, but they do not cover the full breadth of Hong Kong's involvement since international sanctions began more than two years ago, a *Post* investigation found.

And while many of the world's major economies - the US, the European Union, Japan and Australia - responded to the UN's June sanctions against three IRISL subsidiaries (which were made possible with China's support in the Security Council) with even stronger unilateral sanctions against the beleaguered shipping line, Hong Kong has not enacted legislation that would give the

latest UN sanctions effect, thus preventing local officials from taking action.

Under sanctions, the US will block the assets of designated companies, and US citizens are prohibited from dealing with them.

IRISL has faced increasing difficulties in operating since March 2008, when the UN Security Council resolution called on members to inspect cargoes to and from Iran on ships operated by IRISL, over suspicions that prohibited goods were being carried.

In the autumn of 2008, the US imposed unilateral sanctions on IRISL.

IRISL is ... going to extreme lengths to obscure its network and the ownership of vessels

and led the effort to persuade the international community to exert pressure on the shipping line.

Soon after the UN resolution, IRISL began renaming, refueling and changing ownership of its fleet. (see graphics A12) IRISL began changing the registration of its fleet in the summer of 2008, refueling ships, including 20 in Hong Kong. Others were registered in Germany and Malta.

At the same time, the shipping line changed nominal ownership of the 20 Hong Kong-flagged ships to companies registered in Hong Kong - Starry Shine International Limited, Ideal Success Investments Limited, Top Glacier Company Limited, and

CONTINUED ON A2

Kissel e-mails 'showed her presence of mind'

Joyce Man

Days after allegedly murdering her husband, Nancy Kissel wrote e-mails concerning the return of Daisy, the family dog, that showed "great presence of mind", a court heard yesterday.

Daisy was due to return from America on November 5, 2003 - the day Robert Kissel's body was allegedly moved to a storeroom.

David Perry QC, for the prosecution, said Nancy Kissel wrote e-mails after her husband had died.

He told the Court of First Instance: "Look at her e-mail, her tone, how she was expressing herself, and you

might think she showed great presence of mind."

American expatriate Kissel, 46, is accused of murdering her banker husband Robert on about November 2, 2003.

It is alleged she bludgeoned him with a heavy lead ornament after preparing a drug-laced milkshake for him.

She has pleaded not guilty to murder but guilty to manslaughter, a plea the prosecution does not accept.

One e-mail exchange extracted from Kissel's computer, which appeared to have been with someone in the US looking after Daisy, mentioned the children's anticipation and the dog's return. Another e-mail

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News Digest

HK & Delta

'Rubbish dump' flat sparks row
A buyer's discovery that her HK\$7.7 million flat in the Icon project in Mid-Levels is an unfinished "rubbish dump" sparks calls for regulation of developments with unrestricted land leases. Full report A3

Business

Guangdong to start wage bargaining
Hong Kong manufacturers say Guangdong is expected to implement controversial proposals to let workers collectively negotiate pay rises and take part in management from next month. See A3
Guangdong officials met Hong Kong's four biggest trade bodies yesterday to ally forces about the two proposals. Full report B1

Business

Screw tightens on bank lending
Reserve ratio requirements for mainland banks hit a record 10 per cent after Beijing announces a further 50 basis point increase. It is the first increase in the lender's reserve requirement ratio this year, following six rises last year. The People's Bank of China says the increase will take effect on January 20. Full report B1

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	Maldives (SD / MH)	HK\$14,000 (up)	HK\$5,000 (up)
	7-Day 5-Night Air Package (Superior room, twin sharing)	Price for 1st Adult	Price for 2nd Adult
	Maldives (MK)	HK\$15,700 (up)	HK\$3,250 (up)

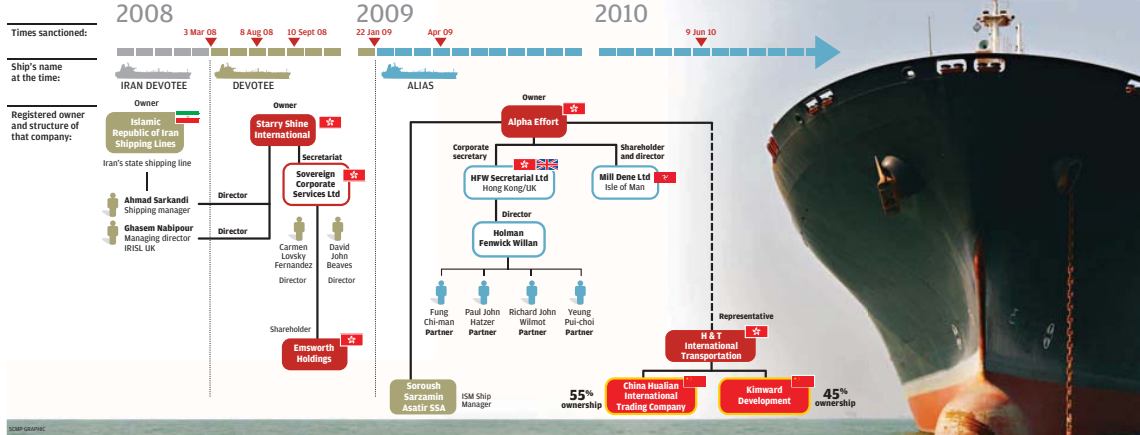
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Firms accused of aiding Tehran nuclear programme in defiance of UN sanctions

US blacklists HK companies in shipping network linked to Iran

Making waves

How one ship changed names and owners as sanctions strengthened



• CONTINUED FROM A1

Top Prestige Company Limited, four of the companies blacklisted. The companies' two directors/shareholders are Ahmad Sarkandi and Ghasem Nabipour, both of which are at IRISL at the time, who have since been sanctioned by the US.

The four companies' corporate secretary is listed as Sovereign Corporate Services Limited, a company half-owned by David John Reeves, of the Hong Kong office of UK-based law firm Ince & Co. "I can't really comment," Reeves said. Talks about IRISL were protected by client privilege and confidentiality, he said.

In January 2009, the US issued a temporary denial order against IRISL, forbidding participation for 180 days in export transactions involving items subject to US Export Administration Regulations. It extended the temporary denial order to Stary Shine, Sarkandi and Nabipour in April 2009, to halt re-export

of a powerboat for the Iranian Navy. While the US was trying to constrain IRISL's activities, the shipping line took on local representation with ties to the central government.

H & T International Transportation Limited, a joint venture between state-owned China Huailian International Trading Company and Kinward Development Limited, was listed as the local representative for the 20 ships, transcripts from the Maritime Department Shipping Register show.

There was no reply to questions faxed to the UK's Ministry of Foreign Affairs.

According to its company website, H & T is the direct agent for IRISL, as well as a number of other shipping and airfreight firms including Russia's Fesco, CCL and South Korean airline Asiana. H&T did not respond to a request for comment.

While the US has sanctioned companies over the past two years for working on behalf of IRISL, it has not sanctioned H & T.

By November 2009, ownership of the vessels changed again, this time to 19 separate companies, each sharing the same address at the Lipso Centre in Admiralty, which is also the address of the Hong Kong offices of the UK-based law firm Holman, Fenwick and Willan. The companies each own one of the 19 ships registered in Hong Kong (one vessel, the *Alfatus*, was destroyed in a collision in May 2009), as well as 13 former IRISL ships registered in Malta.

The corporate secretary of the 19 companies is HFW Secretarial Limited, whose directors are Chi Man-fung, Paul John Hatzler, Richard John Wilnot and Pui Choi-yeung, all partners at the law firm.

HFW's commercial director James Huckle said that IRISL in 2008 requested Holman Fenwick and Willan to serve as the sole director and shareholder for the Hong Kong companies.

The US has not blacklisted any of the law firms, secretarial firms or agents that facilitated the formation

of this corporate structure and continue to have ties to IRISL.

Last summer's round of UN and unilateral sanctions has hampered IRISL's operations, as Western financial institutions and insurers have withdrawn their business.

In December, Hong Kong officials detailed the Decree, a Malta-flagged ship whose mortgage is guaranteed by IRISL at the request of four European banks over alleged loan defaults totalling US\$26 million.

While the detention was not directly caused by the international sanctions against Iran, the incident shows how Iranian companies are struggling to maintain operations in the face of punitive policies.

The Decree's loans were issued in US dollars, which became a source of difficulty for IRISL after the US in September 2008 placed the shipping line on the US Treasury's Office of Foreign Assets Control, which imposes controls on transactions and freezes assets under US jurisdiction.

Hong Kong's impounding of this ship followed similar action against three IRISL ships in Singapore. That case, brought by Credit Agricole Corporate and Investment Bank, seeks US\$210 million in alleged loan defaults and additional costs.

The three German-flagged container ships — the *Sabalan*, *Sahand* and *Tackal* — were held in September on a warrant issued by Singapore's High Court. IRISL recently settled with the bank and has reclaimed the ships.

Despite IRISL's difficulties with European banks, the Hong Kong network of shipping companies has facilitated the Iranian firm's efforts to continue paying the mortgage on seven of its Malta-based ships.

According to the Hong Kong Companies Registry filings, four of the sanctioned Hong Kong companies — New Desire Limited, Sackville Holdings Limited, Neuman Limited and Alpha Effort Limited — hold the

mortgage for four Malta-flagged ships formerly owned by IRISL. Three other Malta-flagged former IRISL ships are listed on the mortgage documents, owned by companies that have been sanctioned by the US. Despite new names, flags and company owners, the borrower listed in the documents remains IRISL.

Hong Kong is not required to enforce the unilateral sanctions of the US, or any other jurisdiction. It is, however, required to enforce UN sanctions enforced in Hong Kong.

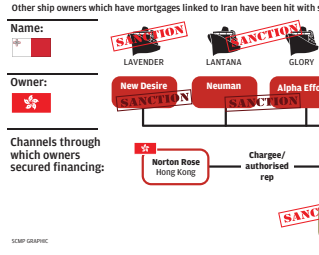
Current Hong Kong law has not been updated to exact enforcement of last June's UN sanctions, which are the only direct UN sanctions against IRISL. (The March 2008 resolution called on member states to inspect cargoes to and from Iran on ships operated by IRISL, when there was suspicion that prohibited goods were being carried, but did not go so far as imposing sanctions.)

A Marine Department spokesman said a Hong Kong-registered ship was found in evidence that she was in violation of UN sanctions enforced in Hong Kong, the Director of Marine had the power to derogate the ship. Any person found in violation of the sanctions would be subject to legal action.

But even if an entity was found to be in violation of the latest UN sanctions related to IRISL, Hong Kong would not be legally required to take enforcement action.

While emphasising that the latest US actions were measures "under their national sanctions regime" a spokeswoman for the Commerce and Economic Development Bureau said the government "will make the relevant subsidiary legislation to designate entities subject to financial sanctions as decided by UNSC (UN Security Council). Meanwhile, HK SAR will continue to exercise vigilance in enforcing our local legislation to effectively implement the UNSC sanctions against Iran."

Feeling the pinch



The three German-flagged container ships — the *Sabalan*, *Sahand* and *Tackal* — were held in September on a warrant issued by Singapore's High Court. IRISL recently settled with the bank and has reclaimed the ships.

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intricate web of shipping companies the US sanctioned yesterday

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Top-flight birds of a feather flock together from Belgium to China

BELGIUM
 Associated Press in Kermt

The coop where Blue Prince lives stands empty now, the racing pigeon gone for good.

At €156,000 (HK\$1.9 million) for barely 0.5kg of feathers and lightning-fast fowl, Blue Prince has a one-way ticket to pampered retirement and lifelong breeding in China, which these days has become a predictable destination for top-flight birds.

Over the past month, two auctions of Belgian racing pigeons have set one record after another, confirming Belgium as the age-old prime breeding hub of the birds — and China as the new centre of global demand.

"They want to have the best pigeons, own the best pigeons, breed with the best pigeons," said Stefan Roosen after wealthy Chinese buyers helped push the sale of the 218-bird colony of his late father, Pros, to a single-auction world record €1.368 mil-

lion last weekend. In general, the top birds brought in Belgium are not raced in China — it would be too expensive to lose them — but their offspring are.

In European pigeon racing, birds are taken up to 1,000 kilometres from their lifts and released. Races are decided by which bird flies back the fastest.

The recent record-breaking auctions, with their Belgium-China connection, highlight the sport's past — and its future.

From its humble origins as a working-class pastime across Belgium and Western Europe over the past century, pigeon racing spread across the globe and developed particular cachet in modern-day China, which escaped the brunt of the global financial crisis and is now passionately spending on pigeons.

"Along with the economical growth of China, the Chinese market, there is a lot of interest," said Yi Minna, the chief operating officer at the PIPA pigeon auction house, which organises the Roosen sale.

Among the new class of wealthy Chinese, many spend their money on fine wines, luxury cars, and "collection of horses, of dogs and pigeons as well," Yi said.

And with pigeons, Yi said, there is one huge advantage. "One bottle of wine remains one bottle," she said. "You have a nice pigeon and it will have more children, grandchildren."

That is just the kind of breeding at which Belgians have long excelled.

Generations of knowledge have taught fanciers how to build the best bloodlines with top racers.

In the 1950s, the nation of 10 million had over 250,000 official members in the Royal Pigeon Federation. Just about every family had someone who spent weekends in blue overalls tending a few dozen pigeons. Sunday races were the highlight for the do-it-yourselfers after a week of labour.

Some pigeon breeders made their way up and developed coops to match their soaring careers — like Pros Roosen, who proved as competitive in real estate as he was in pigeon racing.

"There were clever and smart guys that were looking at it with different eyes and were trying to get better pigeons," said his son, Stefan.

"They were combining the best bloodlines with one another to get even better and stronger racers. That is why the Belgian pigeons over the years became the best in the world."

That paid off handsomely for the Roosen family, when five birds fetched €60,000 or more each in the auction, a bitterweet legacy for the fancier who died last August.

"It is a great honour for him. The name of Pros Roosen will last a long time now," said Yi Minna, standing in the nearly empty loft where once the champions nested.

Even though Stefan feels some

nostalgia, pigeon racing was never his sport. So it is when a great tradition is in decline. From a quarter million pigeon fanciers half a century ago, there are 30,000 left in Belgium.

And they have an average age of about 70, so the decline will continue now," said Pierre De Rijck, head of the Belgian Pigeons Federation.

So the precious birds fly off to Asia, carrying with them generations of genetic know-how.

He remembers 1955, when 20 pigeon breeders on his street would spend evenings sitting outside discussing racing strategies.

"Now," he said wistfully, "there are two left."

"Tell me, who wants to stay home all summer to tend the birds? Everybody goes on holidays. They have other entertainments."

So the precious birds fly off to Asia, carrying with them generations of genetic know-how.

In China, pigeonation membership has boomed over the past 12 to 15 years, and is now about 300,000. For top pigeons, prices have increased twofold or threefold in 10 years, said Martin Martens, of PIPA.

"Prize money is enormous," Yi said. "We have a €1 million race in Shanghai, with the winner getting about half that."

And that is reflected in the Belgian auctions.

"These guys, they just don't stop," De Rijck sighed.

"They say, 'this bird comes with us to China,' and that's it."



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Byline: Irene Jay Liu, with additional reporting by Keith Wallis, Vivian Kwok and Vivian Li

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Soon after the UN resolution, IRISL began renaming, reflagging and changing ownership of its fleet. (see graphics A12)

IRISL began changing the registration of its fleet in the summer of 2008, reflagging ships, including 20 in Hong Kong. Others were registered in Germany and Malta.

At the same time, the shipping line changed nominal ownership of the 20 Hong Kong-flagged ships to companies registered in Hong Kong - Starry Shine International Limited, Ideal Success Investments Limited, Top Glacier Company Limited, and Top Prestige Company Limited, four of the companies blacklisted. The companies' two directors/shareholders are Ahmad Sarkandi and Ghasem Nabipour, both officials at IRISL at the time, who have since been sanctioned by the US.

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By November 2009, ownership of the vessels changed again, this time to 19 separate companies, each sharing the same address at the Lippo Centre in Admiralty, which is also the address of the Hong Kong offices of the UK-based law firm Holman, Fenwick and Willan. The companies each own one of the 19 ships registered in Hong Kong (one vessel, the *Afflatus*, was destroyed in a collision in May 2009), as well as 13 former IRISL ships registered in Malta.

The corporate secretary of the 19 companies is HFW Secretarial Limited, whose directors are Chi Man-fung, Paul John Hatzler, Richard John Wilmot and Pui Choi-yeung, all partners at the law firm.

HFW's commercial director James Huckle said that IRISL in 2008 requested Holman Fenwick and Willan set up companies for the purposes of registering the 20 ships in Hong Kong. But when the EU passed unilateral sanctions in July of that year, the law firm instructed IRISL that it was no longer willing to provide company secretarial services for them and asked the shipping line to move registration as soon as possible, Huckle said. "Thus far, despite our request, the transfers have not taken place. We continue to urge IRISL to transfer these SPVs as soon as possible, as Hong Kong law does not allow us to effect that transfer unilaterally," he said.

Huckle said the firm received approval last autumn from Britain's Treasury to continue to receive funds from IRISL for completing the work and the law firm established internal procedures to ensure compliance with the sanctions.

The US sanctioned 16 of the 19 Hong Kong shipping companies, as well as four firms registered in the Isle of Man that serve as the sole director and

shareholder for the Hong Kong companies.

The US has not blacklisted any of the law firms, secretarial firms or agents that facilitated the formation of this corporate structure and continue to have ties to IRISL.

Last summer's round of UN and unilateral sanctions has hampered IRISL's operations, as Western financial institutions and insurers have withdrawn their business.

In December, Hong Kong officials detained the *Decretive*, a Malta-flagged ship whose mortgage is guaranteed by IRISL at the request of four European banks over alleged loan defaults totalling US\$268 million.

While the detention was not directly caused by the international sanctions against Iran, the incident shows how Iranian companies are struggling to maintain operations in the face of punitive policies.

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But even if an entity was found to be in violation of the latest UN sanctions related to IRISL, Hong Kong would not be legally required to take enforcement action.

While emphasising that the latest US actions were measures "under their national sanctions regime", a spokeswoman for the Commerce and Economic Development Bureau said the government "will make the relevant subsidiary legislation to designate entities subject to financial sanctions as decided by UNSC [UN Security Council]. Meanwhile, HKSAR will continue to exercise vigilance in enforcing our local legislation to effectively implement the UNSC sanctions against Iran."

Intricate web

Despite new names, flags and company owners, Iran still has links with its ships

This is the number of Hong Kong shipping companies the US sanctioned yesterday: 16

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