

THE PEKIN SYNDICATE, LIMITED.

TELEGRAM t o : BRITISH EMBASSY - PEKING.
 from: British Diplomatic Mission, Hankow.

Despatched: 3rd April, 1938

Following from Bell.

Only information I have is that Chinese forces a few days ago reoccupied Tsiatso Station, the Japanese forces retiring to the Mining College which they use as headquarters and barracks. Later the Chinese again retired presumably westwards towards Lifeng. I have no information at all regarding misuse of British flag. Japanese are presumably aware that flag can properly be flown on surface works of Lifeng mine and there is nothing to suggest that it has been flown elsewhere. Milligan and Rogers can give full information regarding our properties in area concerned with sketch map.

MACKILLOP.

C O F Y

SHANGHAI, April 27th, 1938

Dear Ball,

Mr. Lou of Shanghai Office is coming to Hankow tomorrow so I drop you few lines.

My leg is progressing very well but it seems requiring still some little time to effect complete cure. Please do not hesitate to telegraph me if you need me at Hankow because I can leave here any minute.

I went to Hui Club last Sunday where I met some of those "Reformed Government" officials. We had a thorough conversation and it is amazing to see the funny mentality of those traitors whose thinking function is either out of order or differently made up. They said they had done something remarkable by putting up Chinese flags (five colours) in Japanese occupied territory. Gen. Chiang lost it and they recovered it from Japanese. They are really "patriots" of China. They anticipate early capture of Hanchow and collapse of Hankow Government. By talking to them, it of course makes me mad but it did give me a lesson of "traitor psychology" a course you cannot read from books.

Personally, I think, either side should win the Hanchow battle, it means a long war. I only hope the Chinese Army can only hold the line and turn the war to a state of stalemate for one or two months. I can see the sign of peace at no distance of time. The Japanese are exhausted and desperate; I learned it from a very authoritative quarter. the War Minister, during his recent visit to Chinese front, is worried. He is directing his last offensive. Businessmen of that Country are said to be favouring early peace. It is time for mediation after the Hanchow battle which proves to be not a decisive one.

I forecasted the termination of this war at last China New Year which did not come true. But that is because the Nine Powers, Meeting at Brussel, either did not want the peace or are unaware of the good solution on hand. This time is not a forecast but I can see the Japanese are suing for it.

Y.C. Sun transferred Lou and Johnson Wang to Hankow. The latter is unable to come on account of family reasons. One is happy to learn that Chung-Fu Head Office is short of staff and its work is in full swing.

Best wishes from

Yours very sincerely,

(Signed)

" X. "

C o p y

THE PEKIN SYNDICATE, LIMITED

CHUNGKING,

1st March, 1940.

The British Embassy,
SHANGHAI.

Sirs,

I refer you to my letter dated the 29th of January.
I now enclose copies of an exchange of correspondence between
my Chairman in London and the Foreign Office.

I am, Sirs,

Your most obedient Servant,

(Signed) A.J. BELL

GENERAL MANAGER.

Encs.: Copy of letter from Foreign Office, S.W.1 to
the Chairman of the P.S.Ltd., London - 26.1.40.
Copy of letter from the Chairman, P.S.Ltd.,
London, to Foreign Office, S.W.1 - 2.2.40.

KIA YANG COAL MINING COMPANY, LIMITED.

BALANCE SHEET AS AT 31st DECEMBER, 1942.

31st Dec. 1941

LIABILITIES

SHORT TERM LIABILITIES

\$ 500,000.00	Bank Overdraft (Mines)	\$ 800,000.00	
1,463,750.00	Loans & Advances	2,575,132.00	
49,735.88	Sundry Creditors & Credit Balances	553,078.16	
349,114.67	Accounts Payable	647,120.86	
180,852.10	Suspense Accounts	82,185.05	
169,072.93	Coal Dealers - Payments in Advance	1,688,768.23	
709,056.86	Deposits	<u>321,976.65</u>	\$ 6,668,260.95

LONG TERM LIABILITIES

150,088.18	Central Steel Works Mach'y & Stores Purchase Account	---	
------------	--	-----	--

2,000,000.00	<u>CAPITAL</u>		2,000,000.00
--------------	----------------	--	--------------

RESERVES

29,105.36	Statutory Reserve	74,093.40	
15,166.18	Development Expenses Reserve	21,441.84	
291,631.17	Reserve for Depreciation of Plant, Mach'y, etc.	559,847.27	
27,587.42	Boats Special Reserve	14,821.90	
11,143.45	Reserve for Bad & Doubtful Debts	11,143.45	
11,178.14	Reserve for Compensation Special (War Losses)	<u>11,178.14</u>	
		<u>43,873.74</u>	736,399.74

PROFIT & LOSS ACCOUNT

893.54	Balance Brought Forward	33,981.06	
438,737.41	Profit for the year	<u>1,241,672.66</u>	1,275,653.72

\$6,397,113.29

\$10,680,314.41

KIA YANG COAL MINING COMPANY, LIMITED.

BALANCE SHEET AS AT 31st DECEMBER, 1942.

31st Dec. 1941

LIABILITIES

SHORT TERM LIABILITIES

\$ 500,000.00	Bank Overdraft (Mines)	\$ 800,000.00	
1,463,750.00	Loans & Advances	2,575,132.00	
49,735.88	Sundry Creditors & Credit Balances	553,078.16	
349,114.67	Accounts Payable	647,120.86	
180,852.10	Suspense Accounts	82,185.05	
169,072.93	Coal Dealers - Payments in Advance	1,688,768.23	
709,056.86	Deposits	<u>321,976.65</u>	\$ 6,668,260.95

LONG TERM LIABILITIES

150,088.18	Central Steel Works Mach'y & Stores Purchase Account	---	
------------	--	-----	--

2,000,000.00	<u>CAPITAL</u>		2,000,000.00
--------------	----------------	--	--------------

RESERVES

29,105.36	Statutory Reserve	74,093.40	
15,166.18	Development Expenses Reserve	21,441.84	
291,631.17	Reserve for Depreciation of Plant, Mach'y, etc.	559,847.27	
27,587.42	Boats Special Reserve	14,821.90	
11,143.45	Reserve for Bad & Doubtful Debts	11,143.45	
11,178.14	Reserve for Compensation Special (War Losses)	<u>11,178.14</u>	
		<u>43,873.74</u>	736,399.74

PROFIT & LOSS ACCOUNT

893.54	Balance Brought Forward	33,981.06	
438,737.41	Profit for the year	<u>1,241,672.66</u>	1,275,653.72

\$6,397,113.29

\$10,680,314.41

WEI YUAN COAL MINING COMPANY, LIMITED.

COAL WORKING & PROFIT & LOSS ACCOUNTS

For the Twelve Months ended December 31st, 1942.

	TONS	PER TON	\$	\$
<u>COAL WORKING ACCOUNT.</u>				
<u>RECEIPTS</u>				
Sales	33,359.427		13,354,843.53	
Consumption	<u>6,318.060</u>		<u>1,390,481.40</u>	
	<u>39,677.487</u>			14,745,324.93
<u>COST</u>				
Production	48,011.989	212.492	10,202,167.00	
Transportation	<u>-</u>	<u>-</u>	<u>3,833,878.91</u>	
	48,011.989		14,036,045.91	
Less Stocks 31/12/42.	<u>8,334.502</u>		<u>2,024,592.22</u>	
	<u>39,677.487</u>			<u>12,011,453.69</u>
<u>GROSS PROFIT ON COAL WORKING</u>				2,733,871.24
<u>SELLING EXPENSES</u>				
H.O. Expenses			223,995.04	
Selling Expenses			576,999.81	
Yard Expenses			<u>583,885.99</u>	<u>1,384,880.84</u>
<u>NET PROFIT ON COAL WORKING</u>				<u>1,348,991.40</u>
<u>COOKING ACCOUNT</u>				
Cost			302,927.57	
Less Sales	174,008.80			
Stock 31/12/42	<u>142,352.17</u>		<u>316,360.97</u>	<u>13,433.40</u>
				<u>1,362,424.80</u>
<u>SUNDRY REVENUE</u>				
Interest			56,076.62	
Land & House Rents			28,200.95	
Profit on Sale of				
Stores			153,828.66	
Sundries			<u>17,225.18</u>	
			<u>255,331.41</u>	
<u>SUNDRY EXPENDITURE</u>				
Interest			<u>673,005.20</u>	<u>417,673.79</u>
<u>PROFIT CARRIED TO BALANCE SHEET</u>				<u>\$ 944,750.01</u>

WEI YUAN COAL MINING COMPANY, LIMITED.

BALANCE SHEET AS AT DECEMBER 31st, 1942. (Cont'd.)

31st Dec. 1941

A S S E T S

CURRENT ASSETS

	Cash on Hand & at Banks		
\$ 54,900.44	Fixed Deposit		
3,850.00	Cash & Current A/cs	\$1,795,838.88	
- -	Imprest Funds	247,700.00	
- -	Branch Office Curr. A/cs	335,158.05	
- -	Accounts Receivable	248,585.90	
	Loans		
185,000.00	Tien Fu	476,869.20	
390,000.00	Shih Yien	63,000.00	539,869.20
600.00	Deposits		6,000.00
	Stores, etc.		
113,439.49	Machinery	20,086.50	
1,449,892.72	Stores, etc.		
		2,872,120.18	
230,577.05	Foodstuffs,		
	etc.	1,134,787.67	
- -	Stores in		
	Transit	169,253.00	4,196,247.35
- -	Coal & Coke Stocks	2,166,944.39	\$ 9,536,343.77

DEFERRED ASSETS

994,259.14	Development Account	501,757.00	
989,064.70	Suspense Accounts	1,388,140.18	
	Unallocated Expenses &		
- -	Payments in Advance	74,608.58	
141,425.09	Work in Progress	29,794.87	1,994,300.63

FIXED ASSETS

92,092.00	Land	122,092.00	
947,083.44	Underground Equipment	1,006,034.42	
168,503.92	Buildings	424,531.86	
411,280.92	Plant & Machinery	646,570.92	
- -	Transportation Equipment	898,923.98	
195,269.31	Sundry Equipment	338,864.75	
223,456.45	Plant & Mach'y in Transit	- -	3,437,017.93

OTHER ASSETS

1,000.00	Government Bonds		70,446.41
----------	------------------	--	-----------

\$5,441,394.67

\$15,038,108.74

C o p y

F O R E I G N O F F I C E

S.W. 1.

26th January, 1940.

Ref. 427/47/10.

Sir,

I am directed by Viscount Halifax to refer to his letter of December 19th 1939, in regard to the representations addressed by His Majesty's Ambassador at Tokyo to the Japanese Government on the subject of the confiscation of your mines at Chiaotso by the puppet Provincial Government of Honan.

2. Sir Robert Craigie has now received a reply from the Ministry for Foreign Affairs which states that the greater part of the machinery and equipment of the mines had been removed prior to the Japanese occupation of the area and that the staff had become dispersed. In consequence the Syndicate was unable to work the mines and the resultant coal shortage and unemployment were creating a serious situation. Accordingly an arrangement was effected between Mr Nettle, representing the British interests concerned, and the local Chinese authorities, represented by the Chiaotso Mining Area Management and Operation Committee, under which the right of the latter to manage and operate the mines was recognised. The Ministry therefore contends that the emergency action taken by the Chinese was on a legal basis and cannot be regarded as an infringement of British rights and interests by Japanese forces.

3. The arrangement above indicated presumably refers to the document dated the 22nd August mentioned in Mr Nettle's letter to Mr Rogers of the 23rd August, 1939, and in respect of which Mr E.L. Barr swore an affidavit before His Majesty's Vice-Consul at Peking on the 18th November, (see your letter of the 13th December to the Foreign Office).

4. Before considering what further steps may usefully be taken in your interests, Lord Halifax would be glad to receive any observations on the reply of the Japanese Government which you may desire to make.

I am, Sir,

Your obedient Servant,

(Signed) R.E. HOWE.

The Chairman,
Pekin Syndicate Ltd.,
Adelaide House, E.C. 4.

C O P Y

100, Peking Road,

SHANGHAI, 9th May, 1938.

My dear Nell,

Just a few lines to ask you how you are getting on and to ascertain when I may expect back the documents I sent you for your signature.

Fan was in the other day and told us he might be joining you soon. Silby and I find him very interesting and helpful and I can assure you we appreciate it very much, as the going is none too easy just now.

The news down here is very contradictory but we feel it all goes to show that it is getting increasingly difficult for the Japanese, who apparently are not having it all their own way.

Fan told me you got some good photos at Hanking but what a pity you did not go in for movies instead of ordinary photography. I saw in the paper the other day that a film was being exhibited in Hankow of the actual fighting now taking place in Shantung - did you see it?

The Japanese soldiers are behaving very harshly with the Country-people round here and one hears and reads of some harrowing tales of the way they torture wretched coolies for trying to smuggle a few grains of rice past their lines.

The Chinese down here seem to think that the fighting must come to an end shortly and that they, Japanese, will have to modify their demands, it will certainly be a feather in Chiang Kai Shek's cap if that happens.

Yours sincerely,

(Signed)

R.M.SAKUR