NOTICES.

The London Mail of the 8th Sept., is due in Hongkong on the 15th Oct., and here on the 20th Oct.—The 9th of Sept. Mail arrived last year on the 18th Oct., per *Kashgar*.

The next French Mail of 17th Sept., is due in Hongkong on the 23rd Oct., and here on the 28th Oct.

DEATHS.

At Shanghai, on the 13th instant, GEORGE GLASS (late of Hongkong), in his 42nd year.

At Swatow, on the 5th inst., JAMES, aged 17 years, only son of George Weir, Glasgow.

TO-DAY'S DOINGS.

S.V.C.—No. 1 Co. Rifle Competition ..... 7.00 a.m.
AUCTION—Tiger and Leopard Skins, Furniture, &c.; Mackenzie & Co. .....10.30 a.m.
AUCTION—Sundry Goods; Alex. Bielfeld ..... 10.30 a.m.
CRICKET—Over 30 *v.* Under 30...10 30 a.m.
AUCTION—House-Boat, &c., close to the Lower Boat-House; Mackenzie & Co. .....Noon.

Zi-ka-wei Observatory.

13TH OCTOBER, 1882.

WEATHER.	Previous day 4 P.M.	Previous day 10 P.M.	On date 4 A.M.	On date 10 A.M.
BAROMETER at 23°	30.186	30.263	30.233	30 290
Variation for 24 hours..	×.167	×.153	×.123	×.078
Variation for 12 hours..	×.076	×.050	×.047	×.028
WIND { Direction	N.E.	Calm	N.N.W.	N.N.E.
WIND { Miles per hour..	7.8	0.0	3.5	11.9
TEMPERATURE	69.8	59 2	54.5	70.2
HUMIDITY: %	57	89	94	51
NEBULOSITY: 0-10.....	6	3	2	1
RAINFALL	—	—	—	—

PREVIOUS DAY—12TH OCTOBER, 1882.

WEATHER.	Mean.	Variation for 24 hours.	Normal mean, 9 years.
BAROMETER: 4 obs.....	30.192	× 0.169	30.156
TEMPERATURE { Minimum.. } Maximum.. }	64.5	— 3.5	62.4

The North-China Daily News.

IMPARTIAL, NOT NEUTRAL.

SHANGHAI, OCTOBER 14, 1882.

THE FRENCH-MAIL PAPERS.

IT is not often that we have so interesting a batch of papers to work upon as we are favoured with to-day. First and foremost comes what we may characterise as a literary production almost unique in its way, being an article on the Salvation Army by His Eminence Cardinal Manning, in the *Contemporary Review*. We venture to say that all who read this very remarkable and excellent utterance will be struck with pleasure and surprise. Such opinions from the Head of the Roman Church in England are, to say the least, unexpected. The broadly Christian and catholic spirit which characterises them is, we take it, seldom found in the writings of Romish authors. The Cardinal sees in the Salvation Army a proof of the spiritual destitution of an enormous proportion of the inhabitants of England which makes such a movement possible; and says that to such a population "a voice crying aloud in God's Name is as a warning in the night." He speaks in the highest terms of both John Wesley and General Booth, and quotes S. Paul's words, Phil. i. 15—18, in which he records his joy that the Gospel is preached, even by unauthorised or contentious evangelists. The Cardinal goes further, and gives instances in his own communion of eminent preachers who were only laymen. He also cites the rebuke of Christ under similar circumstances—"Forbid him not, for he that is not against you is for you."—If the work answered to the conception, says Dr. Manning, it would rank high among the movements external to the Catholic unity in prudence, zeal, and devotion. He appears unable to find much fault with the conception. Even when he comes to the working, he deals with its shortcomings in a far gentler and more dignified tone than many of its Protestant critics, and we regret that our space does not permit us to quote more fully from his admirable words. His concluding sentences, after expressing his fears for the future of the Army on account of the extravagance which distinguishes its operations, are as follow:—"Nevertheless our heart's desire and prayer is that they who labour so fervently with the truths they know may be led into the fulness of faith; and that they who are ready to give their lives for the salvation of souls may be rewarded with life eternal."—We turn now to the weeklies. The *Athenæum* has a long review of Dr. Legge's 'Yi King,' which contains at least one consolation for many who have read the work. The reviewer confesses his utter inability to understand it. "We cannot," he says, "catch the inspiration that gave to Dr. Legge the clue to the interpretation of this obscure book." The subject-matter is indeed, as he says, confused; and the additional rays of Tan's commentary seem to make the darkness greater. Again he says, further on, after a laudable attempt to give a summary of the scheme which is so far beyond him, "we have not caught the inspiration, and confess that we do not understand either its drift or its interpretation." We may add that the interpretation held by Canon M'Clatchie is condemned, and that the new path struck out for himself by M. Terrien de la Couperie is not more favoured. "He thinks that he can explain some of the mystical sentences of the 'Yi King' by reference to the Accadian. Whatever his method may be, one thing at least is certain, that divination by geometrical figures was in use by the primitive magicians of Chaldæa, derived from Accadian civilization; and the tablets of Fu-hsi may not, after all, have differed in their origin from the rudely drawn plans or geometrical figures of the tablets of Larsa. But although this may be so, it will require much ingenuity and corroborative evidence to connect the wise saws of the duke of Kâu with the divination of the primitive settlers on the plains of Shinar."—A review of Mr. Salaman's 'Jews as they are' is valuable as showing what such a book ought to be, and what Mr. Salaman's book is not. There are many interesting questions which the author has left absolutely untouched. Does an English Jew feel more at one with a German or French Jew than with his Gentile fellow-countrymen? How far have Jews been touched by modern rationalism? Why are they so eminent in music and acting and so mediocre in other arts? Here are useful hints for a future dealer with the subject. The *Spectator* has an article on 'Cetewayo's Meditations' which will probably be much chaffed by some of its irreverent contemporaries. A column of Cetewayo's possible thoughts, put into the phraseology of *Spectator* English, reads just a little absurdly. The comments upon Dr. Siemens's inaugural address to the British Association at Southampton are more practical. The following will be read with interest at the present juncture, and gas shareholders may find some consolation in it:—

He does not believe that the electric light will at all supersede gas, though it will have a great future of its own. He does not think that the electric railways will, for a very long time, supersede our present railways, though the electric motor has a singularly great future of its own,—which he expects, by the way, to see applied effectually in agriculture; and he seems to think we may before long be using a gunpowder which it will not be necessary to keep dry, but which will be just as useful,—and therefore, we suppose, just as dangerous,—when it is wet,—a prospect which lends rather a grim significance to the hackneyed quotation from Longfellow with which Dr. Siemens concluded his otherwise admirable address:—

"Let us, then, be up and doing,
With a heart for any fate;
Still achieving, still pursuing,
Learn to labour, and to wait."

If even wet gunpowder is to be as dangerous as dry, and school-boys get hold of it, we shall indeed need "a heart for any fate," and shall not have much chance of obeying the remainder of Longfellow's exhortation.

A novel entitled 'One of "Us"' is reviewed in a style almost as enthusiastic as 'Vice Versâ.' It is a sort of extravaganza in prose, and is said to be thoroughly unique. The *Saturday* has a capital article descriptive of the 'Siege of Cairo in 1801,' which appeals strongly to our interest just now; and an amusing little paper headed 'Cetewayo at the Stake,' in which the attempted interview of the Temperance League is very happily taken off. Cetewayo certainly seems to have had the best of it there:—

On the first occasion they did not even see Cetewayo, and they were quizzed by Mr. Fynney. The deputation meant to make a "short statement of their views with regard to the great evils inflicted on the native races by the use of alcoholic liquors, and to ask His Majesty to discourage as far as possible the importation, manufacture, and use of such drinks in his own country." It is not for nothing that Cetewayo has listened to missionaries. He knows what "short statements" of views on this subject mean, and he refused to be sermonized. He thought that to sit and have his portrait taken by a German artist was the lesser evil of the two. The artist had been sent by the Queen, and Cetewayo felt bound to submit, and so could not see the deputation. This gave Mr. Fynney his opening for his little joke. "He then remarked that the Zulus were not drinkers of spirits; they only drink beer, which was harmless, and were a most abstemious people." How the deputation appreciated Mr. Fynney's fun we are not told, but if they knew what Zulu beer is generally supposed to be, it must have been but scantily. Experienced colonists have been known to assert that the so-called Zulu beer is one of the thickest and heaviest of known drinks. After refusing for long to take No for an answer, the deputation retired, leaving "some copies of *The British Workman* and other temperance publications" behind them.

But the most important article in this week's *Saturday* is the very strange one on 'Corea and Japan.' The writer appears to be satirising the recent policy of England in other places when he says "the peninsula of Corea will perhaps have the distinction of being the scene of our next intervention, as soon as the dust is laid properly in Egypt." But we soon find that he is perfectly serious. He means that we shall have to contend, sooner or later, with Russia for supremacy in the Far East, and concludes his article in the following words:—

It has been so long recognized as the sign of a weak mind to express any fear of Russian advance, that we shall possibly be told that it does not matter whether the Corea is occupied by the Czar's armies or not. There is, however, one important difference between the advance of the Russian frontier towards Afghanistan and on the Pacific. In the latter case the advance will be by sea, and the danger of allowing it will come home to everybody, though it is not more real than in the other case. If the trade of the Corea is to be fought for, English merchants in the East may be trusted to try for their share of it. An elaborately hostile tariff may be tolerated in Turkestan, but it would be a very different thing in the immediate neighbourhood of China. It is possible by the exercise of some good will and a great deal of ignorance to find it impossible for a Russian army to march to the frontier of India. The most obtuse member of the Anti-Aggression League will hardly be able to persuade himself that a cruiser would not be able to sail from a port in Corea. Our position towards that country is essentially what it was towards Borneo. We have no wish to occupy it, but we could not tolerate its occupation by anybody else. As long as it remains at peace we can afford to let it alone, but as soon as it becomes the object of a struggle between other Powers we must interfere to protect our interests. And in the East interference for that purpose leads infallibly to some form or degree of annexation.

We have not done the justice to the papers before us which they deserve, but must succumb to the exigencies of time and space. The following items are from the Literary Gossip of the *Athenæum*:—Mr. George Meredith, we are glad to say, has nearly finished a new novel.—Among the MSS. left by the late Mr. James Thomson is a long symbolical poem entitled 'The Doom of a City,' written so far back as 1857. Mr. Thomson destroyed whatever he had written before that date. Another early unpublished poem is 'The Happy Poet,' a companion piece to 'The Lord of the Castle of Indolence.' No definite arrangements have yet been made for the publication of Mr. Thomson's remains, but it is probable that the criticisms (which include articles on William Blake, Heine, Leopardi, and Shelley), will be issued before the poems.—Mr. Douglas, of Edinburgh, is to publish in October Mr. W. D. Howells's new book, 'A Modern Instance.' It contains a study of the typical character of American life, the young man sprung from nothing who by natural gifts means to make his way in the world. Mr. Howells has been lately in London for a short visit.—Messrs. Longman & Co. will issue next November the first number of the new magazine we mentioned some time ago. The title is *Longman's Magazine*. Each number will consist of from 100 to 128 pages, and the price will be sixpence. The prospectus says that the editor "is aware that in offering so large an amount of literature of a high standard at so low a price he is taking a bold step. He is confident, however, that an immense class exists amongst us which is anxious to procure literature of this kind, provided that it is offered at a reasonable price. This class has been largely reinforced in England since the passing of the Elementary Education Act in 1870; and its extent had, perhaps, never been tested previous to the publication of those sixpenny reprints, which commenced with the cheap issue of Lady Brassey's 'Voyage in the Sunbeam' by Messrs. Longmans in the autumn of 1881. The large body of readers of good literature thus revealed encourages the editor to hope that there may be room for *Longman's Magazine*.—Among the contributors will be Mr. Grant Allen, Mr. Anstey, the author of 'Vice Versâ,' Mr. W. Black, Lady Brassey, Prof. Bryce, Mr. Freeman, Mr. Froude, Mr. Thomas Hardy, Mr. W. D. Howells, Prof. Huxley, Miss Ingelow, Mrs. Oliphant, Dr. Smiles, Mr. L. Stevenson, Mr. Julian Sturgis, and Prof. Tyndall.

A Cricket match, Over 30 *v.* Under 30, will be played to-day, commencing at 10.30 a.m.

We call attention to the programme of the Autumn Meeting of the Shanghai Athletic Club, which will be found in our advertising columns.

The Rev. A. J. Bamford will preach in the Union Church to-morrow, in the morning on "Nature's Teaching" and in the evening on "Christian Joy."

Amongst the passengers arrived from Japan by the s.s. *Nagoya Maru*, we note the names of General A. C. Jones, United States Consul, and Mr. U. Tsing, Chinese Consul, at Nagasaki.

The services at St. Joseph's to-morrow morning will take place at six, seven, eight, and ten o'clock; the sermon will be in English at the last-named hour. Benediction at four in the afternoon.

We understand that Mr. Tong Kingsing's proposal that he and Hsü Yü-chih should resign their position as managers of the China Merchants' Company was unanimously negatived at a meeting on Thursday evening.

The American mail ex *Coptic*, with San Francisco dates to 9th Sept., arrived here about 12.45 p.m. yesterday by the s.s. *Nagoya Maru*. The same steamer brought the Japan mail with Yokohama dates to the 3rd inst.

The General Agents of the Shanghai Tannery Company send us the following information. At an extraordinary meeting held at the Shanghai Club yesterday afternoon, at which 1,029 shares were represented, it was decided to dissolve the company and to call a meeting for Thursday, the 18th January next to pass a resolution to that effect; also to dispose of the property of the Company, and to pay back to shareholders such portion of the Capital as are available for distribution.

The following is the Order of Service in the Cathedral to-morrow, being the 19th Sunday after Trinity:—At Morning Prayer, Venite, Dupuis; Psalm Glorias, Hopkins; Te Deum, Stephens; Benedictus, Wood; Hymns, 214 and 302; Kyrie, Mendelssohn; Preacher, the Rev. W. L. Groves, B.A. At Evening Prayer, Responses, Festival, Tallis; Psalms, Oakeley; Magnificat, Norris; Nunc Dimittis, Felton; Anthem, "What are these?" Grainer; Hymns, 284 and 31; Preacher, the Rev. W. L. Groves, B.A.

REUTER'S TELEGRAMS.

(Viâ SUEZ.*)*

(Supplied solely to the "N.-C. Daily News.")

London, 6th October.

The *Times* published a telegram from Egypt to the effect that documentary proof exists as to the complicity of Arabi Bey in the massacres at Alexandria.

Obituary—Charles Wahab.

(Viâ RUSSIA.*)*

11th October.

The British Minister at Constantinople, Lord Dufferin, has presented a note declaring that the British troops will remain in Egypt until the country is completely pacified.

THE CHINA MERCHANTS' S. N. CO.

The Ninth Annual Report of the China Merchants' S.N. Co., from the 1st day, 7th moon of last year to the 30th day 6th moon of the current year, embracing statement of the working of steamers, liabilities and assets, depreciation account, etc., is now published for the information of shareholders living at a distance. Detailed accounts have already been made up in pamphlet form under different headings and sent to the Viceroys of Tientsin and Nanking, and copies forwarded to the Shanghai and Tientsin Tao-t'ais and the different agencies in Shanghai, Hankow, Tientsin, Foochow, Hongkong, Canton, and Singapore.

Working of the Steamers.—The Company's steamers during the past year have been confined to running between the Treaty ports. The proposed scheme to send them to Honolulu and San Francisco has been suspended for the present, owing to the severe competition of foreign steamers. In September last the *Meifoo* was despatched to England with tea, and returned last March; but through the jealousy of foreigners she made no profit out of the trip. Agencies were established last winter in Cochin China; offices and godowns have been built there, and business promises to be successful. The amount of tribute-rice carried last season was over 300,000 bags from Kiang-si, over 240,000 from Chê-kiang, and 30,000 from Hu-pei—580,000 in all. The conveyance commenced early in the new year, and was completed in the 6th moon. About this time trouble arose in Corea, and four of our steamers were called upon to convey six regiments of troops from Têng-chou to Seoul. This was finished in ten days. The freight collected during the year is more than 10% less than during the year previous. This is partly owing to the drought which prevailed in the former half of the twelve-month in the North, and partly to the floods, in the latter half, in the South. Besides these two, there were also causes arising from the formidable competition of other steamers and the low rates of freight which prevailed on the coast in consequence. But what we have to congratulate the shareholders upon is the fact that, there having been no loss of any of our steamers, the Insurance Fund makes up the difference in our earnings.

Steamers.—The river-steamers owned by the Company are the *Kiangkwan*, the *Kiangyung*, the *Kiangfoo*, the *Kiangpiau*, the *Kiangching*, the *Kiangtung*, the *Kiangteen*, and the *Kiangping*. Those on the coast are the *Pautah*, the *Fungshun*, the *Haeting*, the *Haean*, the *Haishin*, the *Haesan*, the *Yehsin*, the *Hingshing*, the *Yungning*, the *Leeyuen*, the *Chintung*, the *Yungning*, the *Fuyew*, the *Hwaiyuen*, the *Meifoo*, the *Tungting*, the *Kangchi*, the *Meili*, and the *Lita*; twenty-seven boats in all, as was set forth in last year's report. The loss of the *Hochung* was referred to on the same occasion. In consequence of dissatisfaction with the verdict of the Court in Shanghai, the case was appealed to the Privy Council in England, and we have received information that the decision has been modified. Both sides are now held to blame, and the *Lapwing* is ordered to pay half the cost of our steamer and her cargo. This amount will be credited to the Company when we receive it. The alterations in the *Meili* have been also mentioned. These were finished early in the spring, and the steamer put upon the Cochin China line. A great improvement has also been made in the *Haean*, by exchanging her paddles for propellers. She was finished in May, and put on the Tientsin line, where she has proved very successful. The *Haeshing*, which took the sailors to England, returned in April, having received new engines and boilers. She is now on the Foochow line, where she does good service. The *Kiangtung* also underwent extensive alterations last winter, having been made to draw only 5 ft. The *Fuyew's* engines, having been found out of date, have been replaced by new ones. The appointments of these five steamers have in fact been entirely altered; and although the amount spent upon them—Tls. 200,000—may be looked on as enormous, it was considered necessary to suit them to the requirements of trade and keep them fully up to the highest standard of excellence. The *Kiangching*, *Haesan*, and *Tungting* have also been found rather superannuated, and although they might have been utilised a few years longer by dint of repairing, still, in order to keep up the reputation of the Company, they have been turned into hulks and lighters. Thus it will be seen that of the twenty-seven boats there remain only twenty-four. With respect to new steamers, the last report spoke of the construction of the *Chiyuen* and *Puchi*. We subsequently purchased the *Kungpi* and *Tunan*, and ordered a new river steamer to be built, to be called the *Kiangyü*. Of these five new boats the *Chiyuen*, *Kungpi* and *Tunan* arrived here during the winter and spring. We have also received intelligence that the *Puchi* has left England; the *Kiangyü*, however, will probably not be ready until after the autumn. Besides these, we have also ordered the construction of two large steel boats, which are expected to arrive next spring. These two will carry 30,000 piculs of cargo with a draught of 18 feet, having 4000 tons carrying capacity.

Accounts.—The word Capital as herein used means the original capital of the shareholders. Under the item of 'Government Loan' it will be found that amount stood last year at Tls. 1,518,000. More than Tls. 300,000 having been returned to the Government during the past twelve month, it will be seen by the accounts that the sum stands now at Tls. 1,217,000. The amount standing under the head of Deposits from Insurance Offices and Native Bankers was, last year, over Tls. 1,100,000. The capital of the insurance offices having since been increased, and deposits from various quarters having risen enormously during the year, it has reached the figures now stated in the accounts. It was for this reason that no calls were made on the shareholders for the construction of the new steamers above referred to. Last year the Insurance Fund was Tls. 44,000; now it has reached more than Tls. 256,000, in consequence of the tranquillity of the seas. The items outstanding—freight, coals, stores, etc.—are very similar to last year's. Shares in the An-hui, Kung-mên, and Kaiping mines were taken for the sole purpose of supplying the Co.'s steamers with coal. The valuation of the twenty-seven steamers last year was over Tls. 1,850,000, the value of each vessel having been put down under its respective name in the detailed accounts then presented. The improvements made in the five steamers above-named and the repairs and alterations effected in the remainder of the fleet cost over Tls. 320,000. The cost of the *Chi-yuen*, *Kung-pi*, *Tu-nan*, and *Puchi* is nearly Tls. 500 000, and the amount paid on account of *Kiang-yü* and the two steel boats up to date is Tls. 150,000. Adding these amounts together and deducting Tls. 250,000 odd for depreciation gives the present value of the fleet as Tls. 2,626,800 according to the accounts.

The Land property of the Company was represented in the last report as amounting to Tls. 1,129,000 in value. More has now been purchased and more buildings erected at both the Upper and Lower Wharves in Shanghai. A building has also been procured for offices in Hongkong; the amount under that head is Tls. 184,000. The amount of Tls. 27,000 under the head of Hulks in excess of last year is because of an additional hulk being stationed at Wu-hu; while a further reduction of Tls. 20,000 under the head of Docks and Rice-bags was made on account of Depreciation. The amounts under the head 'Working of Steamers' having been already explained in the first part of this report, calls for no repetition here. 'Sundry Receipts' will be found to have amounted last year to Tls. 98,000 and this year to only Tls. 9,800. This is accounted for by part of the rice-freight having in former years been set aside for the purchase of rice-bags and the pay of storage, and that is why freight on tribute-rice last year was only Tls. 199,000 while Sundry Receipts came up to over Tls. 90,000. But as the whole freight had to be returned to Government on account of the loan, it was not advisable to split it up into two heads Consequently the freight collected for tribute-rice this year was Tls. 300,000, as appears in the records. Under 'Repairs to Godowns' appear repairs to all the buildings belonging to the Company in different ports. 'Interest Account' refers to the interest paid to the Insurance offices, native banks, and others, who have deposits with the Company. Interest dividend was as customary. Properly speaking, the item 'Extra Dividend' ought not to be made, because the Company is still in debt to other people; but as we have come to a resolution to call for another million taels of capital, and as this amount belongs of right to the shareholders, we have thought it advisable to make this dividend in order to lessen the call they have to pay up by ten per cent.

The Call of Additional Capital, and its Object. This Company was started in 1873, and is consequently now nine years old. From one single steamer it grew to ten, and then twenty, and to-day it has a fleet of thirty. Such are the signs of success it shows within so short a time. In competition with us we have Jardine's, Butterfield & Swire, and McBain, on the Yangtsze; Jardine's and Butterfield's on the Tientsin line; Jardine's on the Foochow line; both houses on the Swatow line; both houses in addition to Siemssen's on the Canton line, and the Hongkong and Macao Co. as well as Butterfield's on the Canton river. The number of steamers thus arrayed against us is greater than our own; but in business we are not behind our competitors, as these foreign firms are putting up their freight, and though we have ordered new steamers this number will only make up our deficiency at other ports. As our business has now acquired a firm footing at the treaty ports it is our duty to see that it is extended to foreign countries, and for this purpose we require two steamers of 4,000 tons each with good speed; also two or three coasting boats for Tientsin, Corea, and Cochin-China. It is on this account that we make the call of Tls. 1,000,000. But having in view that the value of our shares is over 100 per cent. premium in the market it would be unjust to the old shareholders if new shareholders were to be admitted on an equal footing. It is therefore proposed that each holder of one share shall be entitled to another, thus making the capital of the Company Tls. 2,000,000; the amount to be paid up not later than the end of the present Chinese year. Interest will be allowed from the day the money is paid into our office. Therefore, the simplest way for shareholders will be that those who wish to respond to the call will only have to pay Tls. 80 for their share, and receive scrip for Tls. 100. But those who do not wish to take any additional shares will receive the Tls. 20, and if the amount of the call on that share is not paid up at the end of the year, it will be allotted to new shareholders.

The Position of the Company, Past and Present.—The business of the Company ever since its foundation in 1873 has been conducted with great care and energy on a strictly commercial footing. In the first year the Company only had six boats. The dividend declared was 10%. The fleet in the second year consisted of ten boats. The dividend declared was 15%. With such bright prospects as these, we felt ourselves compelled to order to six boats more, with the expectation of allotting more shares. But, most unfortunately, just then the Yünnan affair took place, and the effect of this was that not only were we unable to get new shareholders, but the old ones were so alarmed that many sold out at 50% and 60% discount. It was on account of this that although a dividend of 10% was declared on the third year, the accounts showed a loss of Tls. 35,000. At the commencement of the fourth year, two new river steamers arrived, the *Kiangkwan* and *Kiangyung*, and this caused an access of competition from Russell's and Butterfield & Swire, resulting in a further loss of several tens of thousands of taels. The purchase of the S.S N. by this Company took place on the 1st January in the following year; and though we afterwards had to compete with Butterfield & Swire, the result of the year's working was such that the Company was able to declare a dividend 10% besides replacing the losses it had previously sustained. The *Howsang* and *Kiangchang* were both lost in the fifth year. The capital of the Company was then only three-quarters of a million of taels, while the amount due to Government was Tls. 1,920,000 and to bankers Tls. 2,570,000. Under these trying circumstances the Viceroy Li was kind enough to procure the Imperial permission to suspend temporarily the payment of interest on the Government Loan, and to allow us a certain number of years in which to refund the capital. The interest on our liabilities to native bankers amounted to no less than Tls. 360,000; and yet we were able to declare a dividend of 5% to the shareholders, carrying over another 5% to the Reserve Fund. The Directors were not blind to the great discontent they caused to the shareholders at the time; but the shareholders must know that to raise from the bankers a loan of over Tls. 2,300,000 and meet the interest on it to the time of Tls. 300,000 per annum, was not a particularly easy task. Having this in view, the Directors thought it advisable to make some changes in the administration of the Company, which they did on the 1st day of the 5th year of Kuang Hsü. They disposed of the Foundry, where a large amount of the Company's capital was locked up, and they arranged a fixed allowance for all the Agencies, in order to bring down their expenditure. The result of the sixth year's working was so satisfactory that they had not only reduced the interest account by over Tls. 100,000, but after declaring a dividend of 10% wrote off Tls. 420,000 from steamer account for depreciation. The seventh and eighth years showed that the liabilities and interest account have undergone a steady annual diminution. Nor is this all; not only was Tls. 400,000 written off in each one of those years, but during the two years specified the Company paid Tls. 700,000 to Government on account of Loan. This is sufficient to convince the shareholders that the Company has done splendidly; so much so, that though our Capital in the seventh year was Tls. 800,000 only, in the following spring not only had the full million been subscribed, but the number of applications that had to be refused was enormous.

The Grievance of the Directors, coupled with a Request for the Election of Successors. This Company was started by Cau Yuen-fu in the autumn of 1872. In the month of June 1873, the undersigned Tong King-sing was charged by His Excellency the Viceroy Li to re-organise the Company and take over management of it, reserving Chu to look after the tribute-rice. When the undersigned Tong commenced his functions in July, the undersigned Hsü Jun was also appointed by the Viceroy to co-operate with him. Subsequently Hsü asked the Viceroy to appoint his brother Hsü I-fu to assist him in the management of the tribute-rice; and after that, Shêng Han-san became a member of the Board of Directors. For the first six years, the Board was composed of the above five persons. Chu Yuen-fu died in June 1878. In June of the following year his brother I-fu was appointed Acting Tao-t'ai of Yung-ting Ho in Chihli, and in the November following Han-sun was made Acting Ho-kien Tao-t'ai in Tientsin. So they both quitted the Board, leaving only Tong and Hsü, at the request of whom the Viceroy appointed Yeh Ku-chih to join. That gentleman resigned however after twelve months, and Ch'ang Hung-lu was requested to take his place, being appointed to the sub-management of the Head office in the spring of 1881. In consequence of the recent increase of the Co.'s business and the frequent absences of the undersigned Tong, the undersigned Chêng Kuan-ying was also appointed sub-manager. Thus the Board is at present represented by the undersigned four members, who get on very smoothly together. But now the undersigned Tong has to lay before the shareholders a grievance which he has had buried in his bosom for many years. The Company was started, as shown above, under Imperial Edict, through a Memorial by the Viceroy Li, on a strictly commercial footing. When the undersigned Tong took charge, and commenced the re-formation of the Company, he laid down stringent rules to the effect that the business of the Company must be entirely and purely commercial. No officials were to be appointed, no official clerks or runners to be employed; the custom of making official reports and forwarding accounts for official inspection was to be discontinued; nothing but what was purely commercial was to have a place in the Company's transactions. It was also arranged that the remuneration of the Directors, agents, and servants of the Company, with all other expenses, should be defrayed from an allowance of 5% on the freight. Besides getting the Imperial consent to work the concern on this purely commercial basis, it was undoubtedly necessary to do so, and business could not be conducted otherwise. What was even more favourable, too, was that expenditure was limited to 5%, and this also was necessary in order to ensure the prolonged existence of the Company.

For the first two years, foreigners with a jealous eye were wont to say that the C.M.S.N. Co. could not be managed without foreign assistance. Others sneered at us, saying that the business could not be worked with such small capital as we then possessed. Then all this jealousy was enhanced by our purchase of the S.S.N., and all sorts of rumours were set afloat. Of course, that was no wonder. But what did surprise us was that even some of our own countrymen made use of their ears for their eyes—said they had seen what they had only heard—and joined in echoing these rumours. It was this that frightened the shareholders at one time and made them sacrifice their shares at 50% and 60% discount. Naturally, outsiders who knew very little about the working of the Company, instead of taking measures to keep up its good name, assisted them in keeping the reports alive. Thus one Memorial after another was laid before the Throne and the alarm felt was really very great. It is possible that it was the fault of the undersigned Tong in not having taken steps to prevent the circulation of these rumours; but when you have a debt on your shoulders of over Tls. 2,000,000, and an Imperial order for the accounts to be enquired into, you have quite enough to break down any company in the world. Fortunate indeed was it for the shareholders that the Viceroy Li took the whole responsibility upon himself. To strengthen the business of the Company he memorialised for the allotment of more tribute-rice, and permission for us to have time to regain our strength by suspending payment of the interests on the Loan. Having been so fortified, the shareholders ought to be thankful for the position they are now in, for it is entirely due to Li that they are able to pay off the Loan and make a profit besides. The undersigned were originally all merchants, having been appointed by the Viceroy to take charge of Company; and the shareholders, have responded to their calls, have joined them in this undertaking. The undersigned have not only large interests at stake in the Company, but all the shareholders who have joined them were their friends and relatives.

It must not be forgotten that the success of the Company has been entirely due to the good management of its agencies and employés, and also to the patronage given us by the gentry and merchants of the country. It is through them that the Company has arrived at its present stage. In working it, the undersigned have repeatedly received warnings and cautions from the Viceroy, but not a word of complaint from the shareholders. Men such as the undersigned are not like grass and wood, and it was our duty to do our utmost to make some recompense for the great honours bestowed on us by him who gave us our positions, and also to secure the the capital of our friends and relatives. But what does seem strange to us is that men who have no interest in the Company were the very men who used to get up rumours to run it down. Perhaps an excuse might be found for them in the fact that a few years ago the Company had put nothing to the Reserve and had no prospect of refunding the Government loan,—which would allow such rumours to leak out; but as the business of the Company has been so flourishing, and we have always been in so good a position respecting money to meet demands, and have kept our engagements with regard to the refunding of the loan, these facts should have been too strong for any rumours. The contrary, however, is the case. We find that there are certain pretended officials, staying in hotels in Shanghai, who have secretly been disseminating reports that they have been appointed in high quarters to enquire into the working of the Company. There is also another class of pretended officials in Peking, who, meeting with any friends of the undersigned, have been wont to show the draft of a certain memorial to be presented against the management of the C.M.S. Co. These are strange doings—we cannot account for them. Knowing however that we have never exceeded our duty in any particular, we pass them by without further notice. We can only suppose that, when we merchants are working with our own capital, and enjoying the confidence of those who join us and not that of the officials, there arises a misunderstanding between them and ourselves; and that this misunderstanding has led to doubts of our stability. These men no doubt were under the impression that our Company was an official concern. How often have we rejected applications from officials for employment, or for a nominal salary, or for a free passage somewhere, or for small loans! Of course, refusals of this kind lead to unpleasantness, and then they run us down. Indeed, for all we know, such people might have got up rumours on purpose to injure the Company, and have damaged the character of the Directors for some object of their own that we are not aware of; and what more can we expect from officials who do not make themselves acquainted with the Company's affairs? who never read our rules? who know nothing of commercial matters? who believe that our vast capital of several millions all belonged to the Government, and that the undersigned merely worked in the office to fill their pockets under the pretext of taking care of Government money? Having a grudge against some members of the Board they spread such reports wilfully, with a view to get the Board filled by their own friends; for had they known that this Company is entirely in the hands of merchants, that it is rapidly paying off the Government loan, and that its business advancing every day, they could not have had any such ideas. Since the Company was formed, the Customs duties have increased from year to year. This is the benefit which accrues to the revenue of China. The tasks of carrying troops to Corea, Formosa, and Shan-hai Kuan, all done with great promptitude, have been a benefit to the army. The result of the tribute-rice has been better and better every year, and this is a benefit to Government Granaries. The fall in the rate of freight from year to year since the Company started is a benefit to the mercantile community at large. During the first five years the Company saved nothing, and the Board of Directors received no no remuneration whatever. The hardships they experienced in raising money to carry on their business and in resisting the rumours set afloat, were unspeakable. During the last four years, more than Tls. 1,000,000 had been written off in depreciation. Part of the government loan had been paid off by instalments. On a share of Tls. 100 the shareholders have during the last nine years received the whole back, and their shares are to-day worth over Tls. 200. Thus it will be seen that during nine years that they have made over 20% average every year. Of course we do not claim that as merit to ourselves; yet we believe we are entitled to be free from charges of mismanagement. We know the shareholders have all admitted that the Company has been managed extremely well; but we are sorry to see that such is not the idea of outsiders. We believe that we have not the ability to do our duty so that it will suit such people; but conscientiously speaking, we cannot have the shareholders' money thrown away to satisfy others, and so long as we are particular with our expenditure discontent must arise. Under these circumstances the undersigned have a desire to be relieved. By the 3rd clause of the Company's rules, every 500 shares should elect a member of the Board, and all these members should elect a Chairman. Then the time of office was limited to three years, at the end of which time they might be retained or replaced. The undersigned Tong and Hsü have now served three series of three years each. During the first, they did not feel justified in leaving the Company when it was in its infancy. At the end of the second, it happened that just then they had to put the management under different systems. But now, the fleet has been increased to over thirty boats, and the business in different ports has gained a firm footing. Our debt to Government will soon be wiped off. What we owe now to the insurance offices and others is divided into two halves; ½ is the capital of the insurance office and its reserve fund, the other ½ consists of deposits here by wealthy men for a length of time, which is not to be compared with former years, when we used to go and borrow money from the banks. Besides, it must be remembered that we are making a further call of Tls. 1,000,000, and though this amount is intended for the building of steamers, yet it will be some time before the amount can be paid off, and therefore the shareholders have plenty of time to arrange their finances. The undersigned believe the Company cannot suffer through their resignation. Should the shareholders recognise the grounds which they claim for their release, they will please elect members to fill their places. And when they have done so, the undersigned will send in their official resignations to the Viceroy.

CH'ANG HUNG-LU,
(Shu-ho.)
T'ANG T'ING-CHÜ,
(King-sing.)
HSÜ JUN,
(Yü-chih.)
CHENG KUAN-YING,
(Tou-chü.)

CAPITAL ACCOUNT.

Dr.	Tls.
To Capital	1,000.000 000
,, Government Loan	1,217,967.002
,, Amount deposited by Insurance Offices and Bankers	2,319,545.479
,, Insurance and Depreciation Fund.....	256,639.774
,, Balance carried over	130,527.756
Tls...	4,924,680.011

Cr.	Tls.
By Valuation of 31 Steamers ...	2,626,873.233
,, Original cost of Land Property	1,313,000.000
,, Valuation of Hulks, Tugs and Lighters	168,000.000
,, Valuation of Dock and Rice Bags	58,000.000
,, do. of Coal on hand..	48,441.966
,, do. of Ship's Stores, &c.	19,229.029
,, Shares in Kaeping Coal Mine	210,000.000
,, do. in Ngan Wang Mines	60,966.168
,, Freight outstanding	420,169.620
Tls...	4,924,680.011

WORKING ACCOUNT.

Dr.	Tls.
To Repairs and alterations on land property	39,178.619
,, Interest account	107,452.246
,, Interest to shareholders, 10 per cent. on capital	100,000.000
,, Additional dividend of 10 per cent.	100,000.000
,, Depreciation account	256,849.186
,, Balance carried over to next year's account.....	130,527.756
Tls....	734,007.807

Cr.	Tls.
By Working of Steamers.....	536,865.133
,, Rent account	97,054.713
,, Sundry receipts	9,864.596
,, Balance brought over from last year	90,223.365
Tls....	734,007.807

NAGASAKI.

The s.s. *Pembrokeshire*, the latest addition and one of the finest vessels of the well-known "Shire" line, arrived from Kobe, *via* the Inland Sea, on Thursday morning, *en route* to London and way ports. She is commanded by Capt. Rickard, formerly of the *Merionethshire*. Capt. Gorley, late of the unfortunate s.s. *Mary Tatham*, and his chief officer, are passengers to England by her. We hear the Co.'s s.s. *Carnarvonshire* is due in about three weeks.

On Sunday last the Exhibition of Kiushiu products and manufactures was duly inaugurated in the buildings situated in the Osuwa Temple garden. In the