

光復第2391号  
19.4.26  
大東亞省

上海  
第一交第一七二號  
昭和十九年四月十九日

在上海大日本帝國大使館事務所

特命全權公使 宇佐美 珍彦



大東亞大臣 青木 一男 殿

廣州竝ニ汕頭電話管理所歸屬決定方ニ關スル件  
目題ノ件ニ關シ別途回電致置キタル處之カ關係資料別添ノ通送付

在上海大日本帝國大使館事務所

REEL No. A-1173

アジア歴史資料センター

關係資料(譯文)目次

◎ 廣興電話管理處

- (1) 廣州市政府中國電氣開契約 (1928年三月十七日附)
  - (2) " " " (1929年八月三十一日附)
  - (3) " " " (1931年四月一日附)
  - (4) " " " (1933年四月八日附)
- 以上ノ四契約ハ所謂 Original Agreements ト稱セラル、モノニシテ三人ノ委員制ニヨル委員會表示セルモノナリ
- (5) 兩者間變更契約 (1936年十一月一日附)
- 本契約ニヨリ五人ノ委員制ニヨル委員會ト成リ、變更契約不履行ノ場合ニ於ケル適當權實行ニ似タル契約ヲ結ベリ (三人ノ委員制ニヨル委員會ノ權限)
- (6) Allianz 總議士 Rhame (中國電氣支配人) 間ニ往復セル適當權設定契約ヲ更ニ明確ニスル下補綴 (1937年十二月二十八日)

在上海大日本帝國大使館事務所

關係資料 (英文) 目次

◎ 廣東電氣管理處

(1) 廣州市政府中國電氣開契約 (1928年三月十七日附)

(2) 廣州市政府中國電氣開契約 (1929年八月三十一日附)

(3) 廣州市政府中國電氣開契約 (1931年四月一日附)

(4) 廣州市政府中國電氣開契約 (1933年四月八日附)

(5) 廣州市政府中國電氣開契約 (1935年四月八日附)

(6) 廣州市政府中國電氣開契約 (1937年十二月二十八日附)

(7) 廣州市政府中國電氣開契約 (1939年十一月一日附)

(8) 廣州市政府中國電氣開契約 (1941年十一月一日附)

(9) 廣州市政府中國電氣開契約 (1943年十一月一日附)

(10) 廣州市政府中國電氣開契約 (1945年十一月一日附)

(11) 廣州市政府中國電氣開契約 (1947年十一月一日附)

(12) 廣州市政府中國電氣開契約 (1949年十一月一日附)

以下添付物

Agreements

稱セラル、モノニシテ三人ノ委

員制ニヨル委員會表示セルモノナリ

(1) 兩者間變更契約 (1936年十一月一日附)

本契約ニヨリ五人ノ委員會ト成テ更ニ契約不履行

ノ場合ニ於ケル適當權實行ニ似タル契約ヲ結ベリ (三人ノ委員會)

Allman 羅蘭士 Roane (中國電氣支配人) 間ニ往復セラル當權

定契約ヲ更ニ明確ニスル下補綴 (1937年十二月二十八日)

在上海大日本帝國大使館事務所

附)

(1937年十二月三十日附)

(1937年十二月三十一日附)

(1938年一月三日附)

(7) Allmand 辯護士ヨリ在上海米國總領事宛廣州電話管理所ノ沿革ヲ説明更ニ實質上抵當權ノ實行ニヨリ米國財産トナリ居ル旨ヲ説明シ居レリ (1936年八月二十四日附)

(8) Rhame ヨリ Freeeth (中國電氣) 宛日本當局ガ廣東及汕頭ノ抵當權契約ヲ認メ居ルコト並ニ新支那政府ノ増強ニヨリ委員會ニ新支那側及日本側勢力ノ入ルベキコトヲ予想シ其ノ場合於テハ米國側委員ノ絕對多數方策ヲ講ジ債權回收ニ有利ナラシメント計畫シ更ニ日米戰務發ノ場合ヲ予想シ中國電氣ノ息ノカ、レル瑞西人ヲ代理人トシテ選定センコトヲ打合セ居レリ (1934年11月17日附)

在上海大日本帝國大使館事務所

(9) 抵當權設定契約書 (1936年十一月一日附)

◎汕頭電話管理處

(1) 1939年七月十五日附在汕頭日本領事松平氏ヨリ中國電氣汕頭電話管理處所總支配人 Rhame 宛書狀

(2) 同上書狀ニ對スル Rhame ヨリノ回答 (1939年七月十五日附)

一 附屬書類

(a) 汕頭市政府中國電氣間第一回五百回線設備ニ關スル契約書 (1931年九月十九日附) (別紙トシテ添付)

(b) 五百回線延長ニ關スル兩者間ノ契約書 (1932年一月二十三日附) (別紙トシテ添付)

(c) 汕頭電話設備全部ニ對スル抵當權設定契約書 (1937年二月一日附) (別紙トシテ添付)

(d) 中國電氣ヨリ汕頭市政府ニ對シ中國電氣側ノ指定スル米國人

在上海大日本帝國大使館事務所

- 二名ヲ管理委員 (Commission) トシテ参加セシメ從來ノ支那人  
二名ノ委員ヲ退カシムルキ勸告狀 (1937年十二月二十日  
附)
- 汕頭市政府ノ上記二米人委員制承認狀 (1937年十二月二  
十日附)
- 汕頭市政府ノ米人 Rhame 對スル委員任命狀 (1937年十二  
月二十日附)
- 汕頭市政府ノ米人 Allman 對スル委員任命狀 (1937年十二  
月二十日附)
- Rhame 及 Allman ガ支那人 Lo 及 Young ヲ夫々自己ノ代理人ニ  
指定シタル書狀 (1937年十二月二十日附)
- 辯護士 Allman, Davis and Kops 事務所ヨリ在上海米國總領事宛  
ノ中國電氣ガ重慶杭州汕頭廣東ノ電話設備ニ對シ優先的債權  
ヲ有シ居ル旨ヲ通知セリ (1937年十二月三十一日附)

在上海大日本帝國大使館事務所

- (別紙トシテ添付)
- 汕頭電話管運費支那人 Lo ヨリ中國電氣 Rhame 宛支那駐屯軍ガ  
電話局破壊ノ意圖アル旨ヲ報告セリ (1939年四月二十八日  
附) (別紙トシテ添付)
- 上海中國電氣ヨリ香港中國電氣宛近々汕頭ニ米國側ノ代表者ト  
シテ Carey 派遣スル旨ヲ通知セリ (1939年五月五日)
- 汕頭電話管運所支那人 Lo ヨリ Rhame 宛ノ在汕頭米國領事ニ破  
壞防止ヲ交渉シタル旨ヲ通知セリ (1939年五月六日附)
- 中國電氣取締役 Fullam ヨリ汕頭派遣員 Carey 對シ適當權者ト  
シテ汕頭電話局ノ管運運費ヲ命サタルモノニシテ重要ナル命令  
書ナリ (1939年五月九日附) (別紙トシテ添付)
- 中國電氣 Rhame ヨリ在汕頭米國領事ニ對スル汕頭市政府中國電  
氣局ノ經過説明書 (1939年四月二日附)
- 中國電氣ヨリ辯護士 Allman, Davis and Kops 事務所宛適當權實行ノ可能ノ

在上海大日本帝國大使館事務所

- 問題ニ關スル質問狀 (1939年五月二日附)
- (5) 同上ニ對スル辯護士側ノ回答 (1939年五月四日附)
- (6) 在汕頭米國領事 *Whitney Young* ヨリ汕頭中國電氣領支那人 *Lo* ニ對シ  
汕頭電話設備ハ市政府ノ中國電氣ニ對スル債務不拂ノ爲米國財  
産トシテ保護セラルベキ旨ヲ通知セリ (1939年六月二十二  
日附)
- (7) *Rhame* ヨリ中國電氣取締役 *Fullan* 宛汕頭電話管理所ノ1939年  
七月十二日以降ノ経過ヲ報告セリ (1939年七月二十四日附)
- (8) *Aliman* 辯護士ヨリ中國電氣宛ノ在上海米國總領事ニ對スル汕頭  
電話管理所ノ權利關係等ヲ説明シタル旨ノ通知書ニシテ之ニヨ  
レバ明ラカニ抵當權者トシテ汕頭電話設備ヲ占據運營ニ當リタ  
ルモノト解シ得 (1939年八月二十一日附)
- (9) 中國電氣運營局ノ汕頭電話管理所ノ嚴制組織

在上海大日本帝國大使館事務所

Santow Telephone Administration  
Operated by China Electric Company, Limited  
(Incorporated in U.S.A.)  
Duties and Responsibilities of Department Heads.  
(To accompany Organization Chart dated May 16, 1939.)

1. General Manager and Chief Engineer.

The General Manager and Chief Engineer will be in direct charge of the telephone Administration, determine general policies to be followed, and be responsible for the efficient and economical operation of the telephone properties under his control.

2. Asst. General Manager and Asst. Chief Engineer.

The Asst. General Manager and Asst. Chief Engineer will be in absence of the General Manager and Chief Engineer exercise all the duties and responsibilities of the General Manager and Chief Engineer and perform such specific duties as may be assigned to him from time to time by the General Manager and Chief Engineer.

3. Japanese Advisor

The Japanese advisor shall report to the General Manager and Chief Engineer. He shall perform such duties and have such responsibilities as is the case with the Japanese Advisor to the Canton Telephone Administration.

4. Resident Manager.

The Resident Manager shall report to the General Manager and Chief Engineer. He shall be in general charge of the activities of the Santow Telephone Administration and see that the instructions issued by the General Manager and Chief Engineer are carried out efficiently and smoothly. He shall have direct charge of the commercial, Accounting and Treasury Department, have sole control over relations with the telephone subscribers and general public, keep an adequate and correct accounting record of the business of the telephone administration and be responsible for collection of accounts and payment of Administration funds against properly authorized expenditures.

5. Japanese Asst. Treasurer.

The Japanese Asst. Treasurer will report to the Resident Manager and assist him in the work of the commercial, Accounting and Treasury Departments.

6. Resident Engineer.

The Resident Engineer shall report to the General Manager and Chief Engineer. He shall be responsible for the proper engineering, construction and maintenance of both the inside and outside telephone plant and see that connections and disconnections of service to subscribers are made only after receipt of proper authorizations from the Commercial Department. He shall see that the Administration stores are kept in a proper state of repair

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and advise the General Manager and Chief Engineer of such spare parts and repair material as may be required to keep the plant in a proper state of repair and new material required to meet growth. No such material shall be ordered until approved by the General Manager and Chief Engineer.

7. Japanese Asst. Engineer.

The Japanese Asst. Engineer will report to the Resident Engineer and assist him in the work of the departments under his control.

8. General.

As anticipated revenues are at present inadequate to meet operating expenses and interest every effort must be made to keep expenses to a minimum. It will therefore be necessary to reduce overtime work to a minimum. Payment of regular salaries and wages will be made, as in the past, on authorization of the Resident Manager. A proper tabulation of amounts due for overtime shall be prepared by the responsible department heads and forwarded to the General Manager and Chief Engineer for approval giving adequate reasons for the overtime expenditure. Payment of overtime shall be made only after receipt of this approval.

Santow Telephone Administration

By

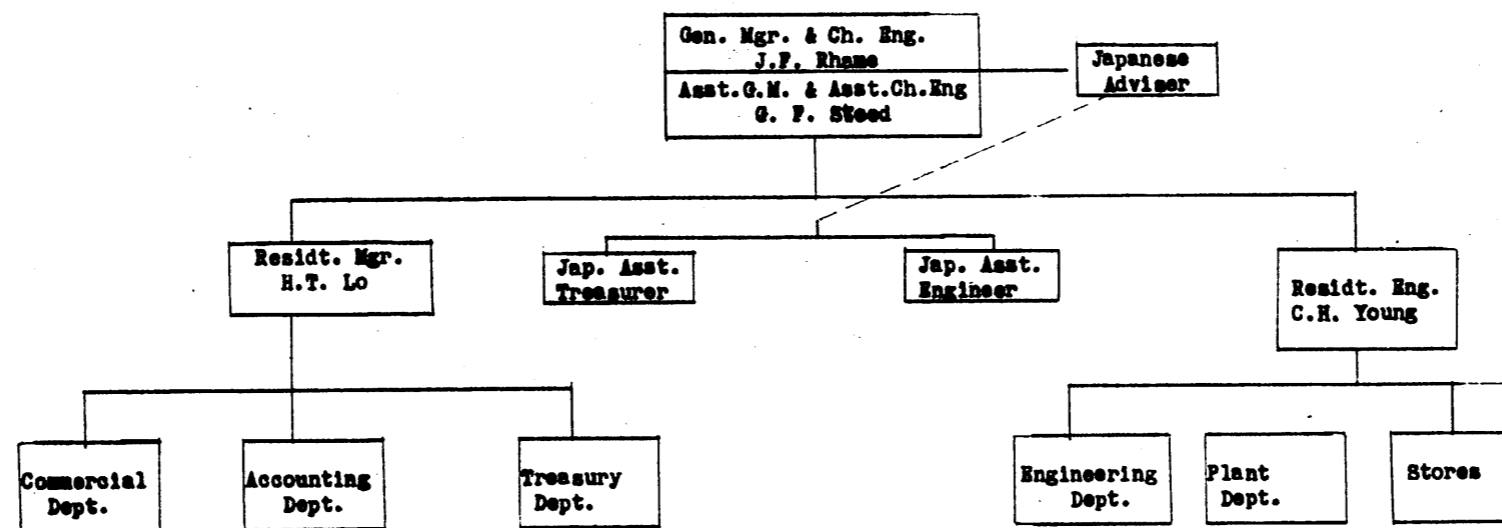
J. F. Rhams  
General Manager.

(7)

**SWATOW TELEPHONE ADMINISTRATION**

Operated by China Electric Company, Limited.  
(Incorporated in U.S.A.)

**ORGANIZATION CHART**



Date	Drawn by	Approved
5/15/39		

(6)

REEL No. A-1173

0 3 1 9



ALLMAN, DAVIES AND KOPS

May 8, 1939

China Electric Company, Ltd.,  
230 Madhurst Road,  
Shanghai.

Dear Sirs:

SUBJECT: Swatow Telephone Administration

We beg to enclose herewith authority to Mr. P. T. Carey from the undersigned as Commissioner of the Swatow Telephone Administration. The original copy of this has been acknowledged at the American Consulate General in Shanghai.

We are enclosing two extra copies for your files.

Yours very truly,

ALLMAN, DAVIES AND KOPS.

BY: H. F. ALLMAN

HFA:ib  
Encs.

COPY

CHINA ELECTRIC COMPANY  
230 MADHURST ROAD  
SHANGHAI.

KNOW ALL MEN BY THESE PRESENTS: That I, H. F. ALLMAN, do hereby appoint P. T. CAREY my attorney for me and in my name and stead to perform any and all of the duties of Commissioner in respect of the Swatow Telephone property, equipment and business and to carry on and conduct the same; and I hereby give and grant unto my attorney full power and authority to do and perform all and every act and thing whatsoever requisite, necessary or proper to be done in and about the premises as fully to all intents and purposes as I might or could do if personally present with full power of substitution and revocation.

Dated at Shanghai, China, this 8th day of May,

1939.

\_\_\_\_\_  
H. F. Allman - Commissioner  
Swatow Telephone Administration

\_\_\_\_\_  
Witness

REEL No. A-1173

0320

アジア歴史資料センター

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COPY

ALLMAN, DAVIES AND KOPS.

August 18, 1939.

American Consulate General,  
Shanghai.

Sirs:

SUBJECT: China Electric Co., Ltd. - Swatow  
Telephone Administration

With reference to our recent conversation concerning the above, we beg to inform you that prior to May 15, 1939, the Swatow Telephone Administration was conducted by a Board of Three, consisting of Mr. J. P. Kham as Engineering Commissioner, Mr. H. F. Allman as Financial Commissioner, and Mr. Chen Shew Wen as General Affairs Commissioner. We are enclosing for your information the appointments of these three Commissioners by the Municipality of Swatow, dated December 20, 1937.

On February 1, 1937, the Municipality executed a mortgage to the China Electric Co., Ltd., in connection with the outstanding amounts due to the China Electric Co., Ltd., as per copy enclosed herewith. On May 15, 1939, in view of the threats of the Chinese authorities to destroy the telephone properties, Mr. P. T. Carey, on behalf of the China Electric Co., Ltd., took over possession of the properties, pursuant to the terms of the above mortgage and the telephone properties have been administered by the Mortgagee since that date, with the advice and assistance of the two above-named American Commissioners.

Respectfully yours,

ALLMAN, DAVIES AND KOPS.

NFA:ib  
Encs. By  
c.c. China Electric Co., Ltd.,

COPY

ALLMAN, DAVIES AND KOPS.

July 29, 1939.

China Electric Company, Ltd.,  
230 Madhurst Road,  
Shanghai.

Dear Sirs:

SUBJECT: Swatow Telephone Administration.

The American Consulate-General called us up today and inquired as to the status of the Swatow Telephone Administration claims and stated that they would like to have copies of the present arrangement under which the company is operating the property in Swatow.

Yours very truly,

ALLMAN, DAVIES AND KOPS.

By: H. F. ALLMAN (Sgd.)

NFA:ib

REEL No. A-1173

アジア歴史資料センター

COPY

Mr. J. E. Fullan  
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Swatow Telephone Administration.

ALLMAN, DAVIES AND KOPS  
ATTORNEYS AT LAW

the large Chinese restaurants has resumed service and I had the pleasure of a very excellent dinner before my departure with the Japanese, French and American Consuls, together with Mr. Lo and Mr. Young. The main obstacle to a resumption of normal business is the restriction still imposed by the Japanese on entry of foreign shipping. One of the requirements is that but one ship per flag will be permitted to call at Swatow per week and since the only lines calling at Swatow are of British registry and then only for passengers and mail, business is largely at a standstill, although many of the American factories engaged in the linen business are still actively at work, in one case employing some 100 girls even though they are having a difficult time in obtaining supplies from abroad or receipt of finished work, much of which is done in the smaller villages in the vicinity of Swatow.

August 21, 1939.

China Electric Co., Ltd.,  
230 Medhurst Road,  
Shanghai.

SUBJECT: Swatow Telephone  
Administration.

Dear Sirs:

We beg to enclose herewith copy of our letter dated August 18, 1939, to the American Consulate-General concerning their request for information as to the present status of this claim.

Your Swatow file is returned herewith.

Very truly yours,

ALLMAN, DAVIES AND KOPS.

By: P. F. KOPS (Sgd.)

MFA/L  
Enclosures.

It is anticipated that as soon as foreign shipping may be permitted to call on anything like a normal schedule, the city will return to normal conditions within a very short period of time and already many of the smaller shops are resuming business so that I am optimistic that sufficient subscribers will be connected to the Exchange within a month or six weeks so that telephone revenue available will be sufficient to cover the operating expenses and that within a short time additional revenue will be available to at least meet interest charges. There is sufficient cash available in the Administration to cover operating expenses probably until the end of August.

It is quite evident that in spite of the delay involved our trip to Canton before proceeding to Swatow was a definite move in the right direction as Swatow is definitely under the direction of Cantonese authorities and even the passes issued to our workmen refer to the Canton control.

As foreign shipping was still not available we applied for and were granted permission to return to Hongkong on the American destroyer but had to return via Amoy and had a rather unpleasant experience of a very rough trip to that port and battling a typhoon most of the way from Amoy to Hongkong where we arrived on Sunday morning last, most of the day of which was taken up in making ourselves more presentable and catching up on much needed sleep.

Everything is running very smoothly at Swatow and Mr. Steed will arrange to divide his time between Canton and Swatow, making a trip to the latter port at least once a month to be sure that matters run along in the manner which has been agreed upon.

Sincerely yours,

JTF/c

J. F. Rhame. (Sgd.)

REEL No. A-1173

アジア歴史資料センター

Prominent firms represented included Butterfield & Squire, Jardine's, Douglas Steamship Lines, the A.P.C., Standard Vacuum, Texaco Oil Companies and a substantial foreign force connected with customs. The American and French Consulates are located in Swatow proper, the British Consulate being across the river. Although Swatow had been subjected to some aerial bombing during the past year it was not until early May of this year that any extensive bombing took place. Following the first extensive air raid in the early part of May, the Chinese military authorities practically forced the evacuation of approximately half the population, some of the wealthy class leaving for Hongkong but the bulk going to Choehowfu, about 30 miles distant from Swatow to which it was connected by rail, since destroyed by the Chinese military. During the month of May a series of air raids were made and in all some 200 bombs are reported to have been dropped on the city but it will be noted from the attached map that the Japanese objectives were confined to seven main points:- the military garrison headquarters in the east of the city, on which some 20 bombs were dropped; the municipal building, on which approximately 30 bombs were dropped; the Provincial Bank of Kwangtung, on which 10 bombs were dropped; the power plant in the western part of the city and adjacent wharf's used largely by Chinese junks, on which some 30 bombs were dropped; the railroad terminal, on which 50 bombs were dropped and the bridge leading to the railway terminal, on which some 30 bombs were dropped. There was only one case in which a bomb fell in dangerous proximity to the exchange. In spite of this rather extensive bombardment, the Provincial Bank escaped injury, no appreciable damage was caused to the power station and although the municipal building was badly damaged and must be torn down, it is still standing. Considerable damage, however, appears to have been done to the railway terminal. I have personally visited most of these locations and with the exception of the municipal building, one might almost pass the scene of the bombing without noticing that anything unusual had taken place. The Japanese seem to have confined their activities wholly to the explosive bombs as I can find no evidence that incendiary bombs had been employed.

As a result of the rather extensive bombing in the early part of May, it is estimated that 40,000 additional Chinese left the city but at the time of the occupation by the Japanese on June 21st there were still remaining the and are at present from 40,000 to 60,000 Chinese in the city and according to the opinions of most of the foreigners with whom I have talked, the number of foreigners leaving the city, whether men, women or children, was practically negligible, although for a two day period it was found desirable for most of the foreigners to seek refuge across the river. The Japanese forces landed on the evening of June 21st and entered the city proper on the morning of June 22nd. The

Chinese forces had built up a series of sandbag fortifications along the main streets and in one case had dug a trench across the main street which for some unknown reason had been extended through a lateral street but the Chinese forces left as soon as word had been received that the Japanese forces had landed without offering any resistance whatsoever but before departure destroyed a pipe line leading across a small river connected with the waterworks and damaged certain equipment in the power plant. It is anticipated that repairs to the waterworks will be completed within a couple of weeks and the power plant is expected to be put back into operation within a month or six weeks. At the time of the Japanese entry into the city on the morning of June 22nd, a detachment of Japanese soldiers arrived at the Central Exchange about 7:00 A.M. and advised Mr. Lo that they had been instructed to take possession. The American flag was flying on the Exchange at the time and he was ordered to lower it as there was no foreigner at the Exchange which was felt would have been the case if this were foreign property. Mr. Lo immediately got in touch with the American Consul, Mr. Young, but about this time the French Consul had called at the Exchange and being familiar with the Japanese language advised the military that he knew this property represented an American investment and that due precautions should be taken for its protection. Either as a result of the message from the French Consul or representations made by the American Consul, we do not know, the Japanese military force was withdrawn from the Exchange within a few hours after they had taken possession. The same afternoon Mr. Lo met the French Consul and the Japanese Consul at the office of the American Consul and full representations were made as to the American interest since which time there has been no interference whatsoever. The Exchange continued operating until the morning of June 23rd when service was suspended owing to failure of the batteries as the Japanese Consul did not consider that service should be restored until my arrival or some other foreigner to represent the American interests. I feel that we were particularly fortunate that Mr. Lo and Mr. Young did not show any signs of panic and that we were able to secure the assistance of both the French and American Consuls as otherwise, without the presence of a foreigner there, we might have experienced the same difficulty that still confronts us in the case of Hangchow.

Contrary to our experience in Canton the Japanese authorities in Swatow are offering few if any restrictions to normal travel within the city. There has been little if any disorder and although sentries are posted at the principal street intersections, no passes seem to be required. There has been little if any looting, no systematic searching and one may obtain rickshaw and travel throughout the city at will. One, at least, of

Mr. J. E. Fullam  
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Swatow Telephone Administration.

with every request made of them and have offered every assistance possible. Although our outside working force is limited, we should be able to take care of all requests for new installations without material delay and I believe that new subscribers for connections may be anticipated at the rate of 2 or 3 a day until at least a total of from 4 to 5 hundred stations have been connected.

With reference to my letter to Mr. Matsudaira on July 15th in reply to his letter of the same date, I wish to comment briefly as follows:

Item 1 - Japanese advisor, engineer and treasurer. Mr. Matsudaira advised that this requirement had been introduced since it matched up with the requirements imposed in connection with Canton and he wanted to make the requirements for both Swatow and Canton of the same nature and avoid long discussion with the military authorities which might be the case if the requirements for the two cities were different but that there was no intention of introducing a Japanese engineer and treasurer for some considerable time and that the Japanese advisor to the Canton Telephone Administration would act concurrently as Japanese advisor to the Swatow Telephone Administration.

Item 2 - Censorship. This is in line with the requirement introduced in the case of Canton but we were advised informally by both Mr. Matsudaira and the Japanese postal censor at Swatow, who is a subordinate to our Japanese advisor in Canton, that there was no desire to introduce censorship in Swatow at this time.

Item 3. This was introduced so that we could not have a claim against the Japanese authorities for the use of the Administration poles on which military circuits had been strung.

Item 4. is in accordance with the approved routine adopted for Canton and we may anticipate that Japanese military notes will become an increasing medium in Swatow as Chinese national currency is becoming increasingly scarce.

Item 5 lists copies of documents which we handed to Mr. Matsudaira and is intended to support our right to operate the plant as mortgagee. The line of argument which we have advanced is as follows: that we have always had operating and management rights as well as appointment of 2 of the 3 commissioners and that when the position of our 2 Chinese commissioners became difficult owing to demands of the Chinese authorities they were replaced by Judge Allman and myself as Americans but that we had not found it necessary to enforce our rights under the mortgage agreement until April 28th when the Chinese military authorities threatened to destroy the plant in case of Japanese landing on the basis of a direct violation of Article 15 of the mortgage agreement of February 1st, 1937.

Mr. J. E. Fullam  
Page 4.

Swatow Telephone Administration.

You will note that I have used your letter to Mr. Carey, dated May 9th, as direct instruction to him to take over the plant as mortgagee and I have advised the Japanese authorities that your instructions were carried out upon Mr. Carey's arrival and that as from May 15th the telephone properties in Swatow have been operated by the China Electric Company as mortgagee under the name of the Swatow Telephone Administration. Mr. Matsudaira appeared satisfied with the explanations given and documents submitted and there is now no further talk of seizing the property or introducing any method of control in conjunction with a new government to be organized, except that we have agreed that "when and as the successors to the former municipal authorities of Swatow have been appointed and assume office the mortgagee agrees to consider what changes may be permissible in order to revert to the terms of the original agreement and such other changes as may be found mutually desirable." The thought back of this was that owing to the threatened collapse of the Chinese dollar it might become impossible on any rate that we could logically charge the telephone subscribers in national dollars to pay the interest and principal in U.S. dollars on the debt still outstanding and the Japanese authorities in such case might wish to take over control by liquidation of unpaid balance under terms to be mutually agreed upon.

I discussed at some length with both Mr. Matsudaira and one of the Japanese military officials connected with the communications corps, the question of radio link between Swatow and Canton and while they both seemed very much interested in getting such service established, advised that the Japanese authorities did not feel the time had yet been reached to consider communication outside of the city proper.

I am attaching copy of organization chart of the new set up of the Swatow Telephone Administration together with general duties and responsibilities of the various department heads, which you will note has been considered as in effect as from May 15, 1939.

I have had numerous talks with Mr. Lo, the American Consul, Mr. Whitney Young and with the French Consul in Swatow as to what has been happening there during the past three months and am summarizing the results of these talks together with my own observations in Swatow during my stay there in order to clear up any erroneous impression that you may have as to the situation in Swatow as I find, particularly in the press dispatches, a wide divergence from what has actually taken place. Swatow had a normal population of approximately 200,000, with perhaps 100 to 150 foreigners, there being some 20 odd American business concerns engaged largely in the manufacture and export of embroidered linen.

REEL No. A-1173

0324

アジア歴史資料センター

COPY

CHINA ELECTRIC COMPANY  
LIMITED.

July 24, 1939.

Mr. J. E. Fullan  
Vice-President  
SHANGHAI MAIL

Swatow Telephone Administration

Dear Mr. Fullan:

This report summarizes my activities in connection with Swatow since my telegram, no. 488, dated July 18th, advising that passage to Swatow had been secured on an American destroyer and summarizes also information which was obtained in Swatow both as to general conditions and activities of the Telephone Administration. This report should be read in conjunction with my letter of July 18th which summarizes the negotiations which had taken place in Canton in connection with the Swatow Telephone matter.

Through the courtesy of Commander Stapler, in charge of the American South China Fleet, Mr. Steed and myself were able to secure passage to Swatow on the U.S. destroyer, Pillsbury. We left here on the afternoon of Thursday, July 13th, arriving in Swatow early Friday morning, July 14th, after a somewhat disagreeable trip as on most of the way there the ship was following in the tail of the typhoon and I have come to the conclusion that while the American destroyers are well noted for speed they have also the non-publicized ability for excessive rolling. We had been provided with special passes by both Canton military authorities and the Hongkong Japanese Consular authorities so our entry into Swatow was somewhat of an anti-climax as after waiting for approximately one hour without any indication that the Japanese naval authorities were preparing to visit the ship, we were sent ashore in the Captain's launch landing at the Standard Oil wharf and proceeding to the Astor House Hotel, approximately one-quarter mile distant, without even seeing a Japanese sentry, soldier or naval man.

Friday, July 14th, was taken up largely in conferences with Mr. Lo and Mr. Young and on Saturday Mr. Steed and myself called on our old friend, Mr. Matsudaira whom we both knew very well in Canton and who is now acting temporarily as Japanese Consul in Swatow. This Saturday morning appointment was in compliance with a request which I had made the previous afternoon by letter to him for discussion of the Swatow Telephone Administration matters. Our talk was

Mr. J. E. Fullan  
Page 2.

Swatow Telephone Administration.

most friendly and Mr. Matsudaira, at our Saturday morning conference, gave me draft of letter which he had prepared outlining certain conditions which the Japanese authorities had requested whereby we might carry on the operation of the telephone plant in Swatow. Copy of this letter is attached and is a direct copy of the formula upon which we had agreed for restoration of the telephone service in Canton, the only difference being alteration of the name of the city in which we were operating. To this letter we informally agreed and an official copy was mailed to us on Saturday afternoon to which we replied on Sunday, July 15th, as per copy attached. At Saturday's meeting, however, Mr. Matsudaira gave us permission to reopen the telephone service on an informal basis pending receipt of our reply to his letter of July 15th and Sunday and Monday were taken up in charging the two batteries at the exchange which had become entirely discharged. At Saturday's meeting request was also made for passes for our workmen and approval of arm bands which had been prepared and we were advised that these passes would be made available as soon as names and photographs of the workmen had been submitted. Testing of all exchange lines was started Monday afternoon and completed Tuesday morning and out of the 542 lines which were in service just prior to the Japanese occupation, 145 lines tested O.K. and subscribers answered, 88 lines tested O.K. but no answer by subscribers and 309 lines tested out of order. Service was restored to the 145 lines but nothing could be done on restoration of lines out of order until our passes had been received. Passes and arm bands were delivered to us on Thursday morning, July 20th, and two cables, a 50 and a 26 pair which had been damaged by shrapnel and which, due to the heavy rains which were falling during practically all of the week, had shortcircuited, were repaired and service restored to a number of important subscribers, including American and French Consuls, A.P.C., Standard Oil, etc. so that by noon of Friday, July 21st, 306 lines had been restored to service and the subscriber in all cases answering, 63 lines tested O.K. but no answer from subscribers and application had been received from the Japanese authorities for 20 lines, 4 for the Japanese Consulate, 1 for the Japanese navy and balance from military. Lines to the navy and Consulate were immediately installed and military lines will be cut into service as soon as we have been advised of definite locations desired.

Prior to the Japanese occupation, the total staff and workmen of the Swatow Telephone Administration was 26, including Messrs. Lo and Young. The 24 workmen and clerks were about equally divided between outside maintenance, inside maintenance and clerical force and of the 26, 21 remained in Swatow during the entire trouble so that we were able to immediately reestablish service without calling on outside help. The passes given to our workmen were of the broadest possible nature permitting them full freedom of the city both day and night with full exemption from any curfew regulations. The Japanese authorities have complied

REEL No. A-1173

China Electric Co. Ltd.  
Page - 2 -

May 4, 1939

As you stated over the telephone, it is probably necessary to designate some foreigner to go to Swatow or be ready to go there on short notice and if you have someone in mind, either Mr. Eham or I or both of us could appoint this foreigner to act as Commissioner in our stead or during our absence.

Yours very truly,  
ALLMAN, DAVIES AND KOPS

By: H. F. ALLMAN

NFA:1b

copy

THE FOREIGN SERVICE  
OF THE  
UNITED STATES OF AMERICA

AMERICAN CONSULATE

Swatow, China, June 22, 1939

Mr. H. T. Lo,  
Swatow Municipal Telephone Company,  
Swatow.

Sir:-

In order to assist you in any possible negotiations it is the intention of this letter to state that the Swatow Municipal Telephone Administration is still indebted to the China Electric Company, Limited, an American company, in the amount of approximately US\$70,000 (seventy thousand dollars, United States currency) and that lien and management rights are held by the China Electric Company, Limited.

The China Electric Company, Limited, will operate the telephone system as an American public service during such time as the City of Swatow is in the control of the Japanese authorities as is now being done in Canton. During this time the telephone administration is entitled to the protection of the American flag.

Very truly yours,

Whitney Young,  
American Consul.

REEL No. A-1173

0325

アジア歴史資料センター

(4)

May 2nd, 1939.

Mr. N. F. Allman,  
c/o Allman, Davies and Kops,  
208 Hamilton House,  
SHANGHAI.

Dear Mr. Allman:

Having failed to contact you over the telephone, I am send-  
in you herewith a copy of telegram just received from Mr. T. K. Chew, Hongkong,  
which is self-explanatory. I have discussed this matter with Mr. Pullan who  
agrees with me that you, being familiar with the transactions which took place  
in Swatow, be requested to get in touch immediately with the American Consul  
General here, urging them to send a message to the American diplomatic repre-  
sentative in Swatow to call on the Chinese military authorities there, advising  
them that the telephone system in that city is under the cooperation of the China  
Electric Company, and American firm.

I remember that at the beginning of last year, a Mortgage  
Agreement was entered into, either with the Swatow Municipality or with the  
Municipal Government of Kwangtung, that we could take over the property entirely  
as Mortgagee.

The balance still owing to the China Electric Company by the  
Swatow Telephone Administration is US\$71,000. The supply and installation of  
1000 lines of automatic Telephone to Swatow was made under two contracts, the  
values of which were:-

Contract dated September 19, 1931	.....	US\$ 58,700
Contract dated January 23, 1932	.....	59,480
Totalling:		US\$118,180.

From this you will note that more than a half of the original  
contract price is still unpaid.

Please keep us advised of the steps you are going to take.

Yours very truly,

CHINA ELECTRIC COMPANY, LIMITED.

W. H. TAN.  
SECRETARY

WHT:EM

(4)

COPY

ALLMAN, DAVIES AND KOPS

(5)

May 4, 1939

China Electric Co. Ltd.,  
230 Madhurst Road  
Shanghai

Attention: Mr. W. H. Tan

Dear Sirs:

With reference to our conversation yesterday,  
as I recall the situation in Swatow, Mr. Rhame and I  
are the two foreign Commissioners and I believe Mr. Lo  
is the Chinese Commissioner. Also, I am under the im-  
pression that this Administration executed a mortgage  
to the China Electric Co., Ltd. in respect of this pro-  
perty. Unfortunately, all of these documents are in  
Hongkong and I do not have the exact details.

As I suggested to you yesterday, I think it  
more appropriate to have the first request to the  
American Consul General at Swatow come from the Hongkong  
office. The Consul in Swatow is fully aware that Mr.  
Rhame and I are the Commissioners and for that reason, I  
suggested in the absence of Mr. Rhame, that the telegram  
be sent from Hongkong under my name and under your  
Hongkong telegraphic address.

I believe in your telegram yesterday you in-  
cluded a request that copies of the documents be sent up  
here by personal messenger and when they arrive, we  
would like to have copies of same. For convenience, we  
would also like to have a copy of the full telegram sent  
yesterday.

REEL No. A-1173

アジア歴史資料センター



(3)

April 2, 1938

American Consul  
SWATOW.

Sir:

China Electric Company Limited.

In view of the disturbed conditions which have maintained in China since the early autumn of last year, the China Electric Company, Limited, an American company, has had to take certain steps for the protection of its investments in the telephone properties in certain cities in China, and under date of December 31, 1937, Messrs. Allman, Davies & Kops of Shanghai, addressed a letter to the American Consul General at Shanghai advising of our interest in the telephone properties in Chungking, Kiangchow, Swatow and Canton, copy of this letter is attached. Mr. Allman, as attorney for this company, has also discussed this matter with the American Consul General in Shanghai and I understand that Mr. Gauss has made proper representations to the Japanese authorities in order that the properties in which we are interested shall be properly protected.

Mr. Allman and myself have discussed the situation in Canton with the American Consul there and his office has been supplied with copies of pertinent correspondence and we have been assured that proper representations will be made in our case when the occasion arises.

We are attaching, for your information and files, certain papers relating to the telephone system in Swatow, which was installed by this company and which has, since its installation up to and including the present, been operated by personnel selected by this company. You will note, in Article 1 of the agreement, dated September 19, 1931, between the Municipality of Swatow and the company and from Article 7 of the agreement of January 23, 1932 between the same parties, that the operation and control of the telephone system rests in the hands of our nominees. It has been thought desirable, however, that since the major portion of the Municipality's debt to us has not yet been liquidated and that during the period of hostilities it might become difficult for our Chinese nominees to render an efficient service as desired, that direct control be taken over by Americans and I am attaching copies of letters exchanged with the Municipality, together with photo reproductions of the appointments of Mr. H. F. Allman and

American Consul-Swatow  
Page 2.

April 2, 1938.

myself as Commissioners of Finance and Engineering, respectively, together with translation of such appointments. As in the case of Canton, we are not as yet requesting the Consulate to take any definite action for the protection of our interests but we wish the entire matter to be on record and should the Japanese authorities contact you for the location of American properties in your district, we request that you make the same representations with respect to the Swatow telephone system as may have been adopted for other American interests in Swatow. It should be noted that although the telephone system at Swatow has been mortgaged to this company, the company is not requesting registration and protection on the basis of mortgage but rather from the standpoint that until this property has been paid for out of earnings or otherwise liquidated, the management rests in the hands of American interests and should therefore receive the consideration proper to an American-owned and operating company.

I expect to be in Swatow within the next two weeks and will be glad to call on you and furnish such other information as you may desire. I have asked Mr. H. T. Lo, my representative in Swatow, to present the attached letter and enclosures to you and have instructed him to present such additional information with respect to the local situation as may be desired.

Respectively yours,

J. F. Rhame  
General Manager.

JFR/s

Enclosures:

- 1 - Copy of letter from Allman, Davies & Kops to American Consul General, Shanghai, dated December 31, 1937.
- 2 - Copy of Agreement Municipality of Swatow and China Electric Co., dated September 19, 1931.
- 3 - Copy of Agreement Municipality of Swatow and China Electric Co., dated January 23, 1932.
- 4 - Photo reproductions and translations Swatow Municipal Government appointment, H.F. Allman as Finance Commissioner of the Swatow Telephone Administration and appointment J.F. Rhame as Engineering Commissioner of the Swatow Telephone Administration.
- 5 - Copy of letter China Electric Co. to Municipality of Swatow, dated December 20, 1937, with reference to replacement of two Chinese Commissioners nominated by this company by Americans.
- 6 - Copy of letter to China Electric Company from Municipality of Swatow approving appointment of two Americans as Commissioners in charge of Finance and Engineering and nominating a third Commissioner in charge of General Affairs.

REEL No. A-1173

(2) j. 8

COPY TO SHANGHAI OFFICE  
MR. W. H. TAN, SECRETARY.

SWATOW MUNICIPAL TELEPHONE ADMINISTRATION

SWATOW

April 28th, 1939.

Mr. J. F. Rhame,  
General Manager,  
China Electric Co. Ltd.,  
Shanghai.

Dear Mr. Rhame:

I wish to report that some officers of the Swatow Garrison Headquarters came to this Administration yesterday intending, as they alleged, to find out how to destroy the Telephone service in case of necessity. In spite of my brief statement about the actual nature of the Exchange, that is, it is of the American property, they still hold that military action is above everything in this extraordinary period and that destruction would be decided by the Garrison Commandant General Hua Chen-Fung.

When they left I tried to get hold of Commissioner Chen Shao-Wen, but he had returned to Chen-Shai to attend some conference. So I had to call on Mr. Chu Shu-Man, councillor of the Swatow Municipal Government and also a Notarian, and asked him to refer to our contract and to tell the General the actual case of this Exchange. Mr. Chu promised to do so at the first opportunity to see the General, and I think it is bound for me to report this to you. In the meantime I will talk with Commissioner Chen asking him to see the General too.

Swatow had three raids by the Japanese plane with twelve bombs dropped yesterday morning.

Yours very truly,

H. T. Lo.

COPY

(2) m

May 9, 1939.

Mr. P. T. Carey  
China Electric Co.,  
Shanghai.

Dear Mr. Carey:

The Swatow Telephone Administration has committed several defaults under the Mortgage executed February 1, 1937 between this Company and the Municipality of Swatow in respect of the telephone properties and business in Swatow.

According to the terms of the above mortgage, the Company in case of any default is entitled to take over and operate the telephone properties in Swatow until such time as all amounts due to the Company have been paid in full.

In view of the defaults committed by the mortgagor under said mortgage, you are hereby authorized to take over and operate the telephone properties in Swatow in accordance with the terms of said mortgage with full and complete power and authority to conduct the business of said telephone Administration.

Yours faithfully,

J. E. FULLAM  
Director

c.c. H. F. Allman,  
WHT.

REEL No. A-1173

0329

アジア歴史資料センター

security to the Mortgagee for any and all such financial accommodation as may be thereafter granted by the Mortgagee to the Mortgagor unless the Mortgagor during any such period when it is not indebted or obligated to the Mortgagee as aforesaid shall notify the Mortgagee of its intention to revoke this mortgage and the Mortgagee shall agree in writing to the revocation of this mortgage.

IN WITNESS WHEREOF, the parties hereto have caused these presents to be executed the day and date first above written.

MUNICIPALITY OF SWATOW

\_\_\_\_\_  
Witness

By \_\_\_\_\_

CHINA ELECTRIC COMPANY, LIMITED

\_\_\_\_\_  
Witness

By \_\_\_\_\_

- 6 -

(2) i  
COPY

(2) i  
December 31, 1937.

American Consul General  
SHANGHAI.

SUBJECT: China Electric Co., Ltd.

As you are aware, the above company is an American company and we beg to inform you that this company sold and installed the telephone apparatus and equipment which is now in use in Chungking, Hankow, Swatow, and Canton. At the time of the sale of the equipment in each one of these cities, only a small down payment was made and the above company financed the installation of each of the above telephone systems but supplied all of the equipment on credit except for the small down payment. The telephone properties and revenues in each of these cities are pledged and earmarked for payment of the purchase price of the equipment after payment of operating expenses. In each case very substantial sums remain unpaid on the purchase price and the destruction of these telephone properties would destroy the security of the above company for the payment of its unpaid balances. The company also has management rights in respect of these telephone systems until such time as full payment has been made.

We cannot upon such short notice furnish detailed information and maps concerning the location of the properties concerned but in the meantime, we beg to request that you kindly notify the Japanese authorities of the interest of the China Electric Co. Ltd. in the telephone properties in the above cities.

Very respectfully yours,

ALLMAN, DAVIES and EDPS

By

HFA:IN

REEL No. A-1173

アジア歴史資料センター

12. That it will at all times during the continuance of this security duly pay the Chinese Government ground rents, Municipal land taxes and general rates, and all other charges payable in respect to the above described property or any interest therein or on the debt hereby secured, and will deposit with the Mortgagee all tax and other receipts in connection therewith.

13. That should it at any time during the continuance of this security neglect or refuse to keep the buildings for the time being comprised herein in good and substantial repair and so insured as aforesaid, or should it neglect or refuse to pay the rent and other charges aforesaid the Mortgagee may (but it shall not be obliged to) repair and insure the said buildings in manner aforesaid and pay such rent and other charges, and all sums of money expended in or about such outgoings, with interest thereon at the Mortgagee's current rate for advances, shall be repaid to the Mortgagee by the Mortgagor on demand, and, until repaid, shall be a further charge on the property above described and every part thereof.

PROVIDED NEVERTHELESS, that if the Mortgagor shall pay off and discharge all the financial accommodation which has been heretofore granted by the Mortgagee to the Mortgagor, as aforesaid, and all such financial accommodation that may be granted by the Mortgagee to the Mortgagor from time to time in the future, together with all interest that may be due or may become due thereon, according to the terms of such financial accommodation, and if the interest rates are not definitely fixed then at the rate of eight per cent (8%) per annum; and shall in the meantime and so long as the same or any part of the principal of said financial accommodation shall remain due and unpaid pay interest thereon according to the

- 4 -

terms thereof, and if the interest rates are not definitely fixed, then at the rate of eight per cent (8%) per annum; and shall not commit nor suffer any breach of any of the covenants herein contained, then this mortgage shall be void; otherwise to remain in full force and effect.

15. BUT in case default shall be made in the repayment of the principal and/or interest of any such financial accommodation granted by the Mortgagee to the Mortgagor, or in the performance of any covenant or condition hereof, or if in the opinion of the Mortgagee the property hereby mortgaged is in danger of being materially injured, wasted, or lost, or if in the opinion of the Mortgagee its securities under this mortgage have been or are about to be impaired by diminution, removal or waste of said property, or for any other cause, or if said property be levied on by execution from any court or shall go into the hands of any receiver, trustee, commissioner or public officer to be sold, then and in every such case the Mortgagee, its attorneys and agents or either of them shall have the right to take immediate and unconditional possession of the said property wherever the same can be found and to carry on and conduct the business of the Mortgagor until all sums due to the Mortgagee have been paid in full.

16. THIS AGREEMENT is intended as a continuing lien and charge upon the property and assets of the Mortgagor hereinbefore specified to cover all present and future obligations of the Mortgagor to the Mortgagee as herein described; and if at any time the Mortgagor shall pay off and discharge the principal and interest of all financial accommodation extended to it, as aforesaid, the lien and charge of this mortgage and all of the terms and conditions hereof shall nevertheless attach and apply as

- 5 -

interest of all such financial accommodation when the same shall become due and payable to the Mortgagee in accordance with the terms under which such financial accommodation has been or shall be extended by the Mortgagee and provided that nothing herein contained shall in any way impair the negotiability of any promissory notes or other negotiable instruments issued in connection with the foregoing financial accommodation.

4. That also for the consideration aforesaid, the Mortgagor does hereby grant, bargain, sell, assign, transfer and convey unto the Mortgagee all of the following described property, to wit:

5. All of the property and assets of the aforesaid telephone system of the Municipality of Swatow, accounts receivable, cash on hand and in banks and all furniture, fixtures, machinery, tools, and office equipment, a more particular description of the foregoing being shown on the inventories, records, and books of account of the said telephone system.

6. TO HAVE AND TO HOLD THE SAME, all and singular, the foregoing property unto the Mortgagee, its successors and assigns for the purposes herein described.

7. AND the Mortgagor does hereby covenant with the Mortgagee that it, the said Mortgagor, has good right to grant, bargain, sell, assign, transfer, convey and confirm the said above described property, that the same are free from all incumbrances whatsoever.

8. The Mortgagor does hereby further covenant and agree with the Mortgagee:

9. That it will <sup>not</sup> suffer or permit any waste of the property above mentioned and will at all times during the continuance of this security

- 2 -

at its own expense, keep or cause to be kept in good and substantial repair to the satisfaction of the Mortgagee, all buildings now erected or built or which may at any time during the continuance of this security be erected or built for the use of said telephone system.

10. That it will at all times during the continuance of this security at its own expense but for the benefit of the Mortgagee, keep or cause to be kept all buildings now erected or built or which may at any time during the continuance of this security be erected or built on the said property, as well as all its other property and assets, insured against loss or damage by fire in an insurance company or companies approved by the Mortgagee, and for an amount suitable to the Mortgagee, and will duly and punctually pay all premiums payable in respect thereof, and will deposit with the Mortgagee the policy or policies of such insurance together with the premium receipts therefor and will assign all policies of such insurance to the Mortgagee.

11. That it will, whenever so requested by the Mortgagee, also keep all buildings now erected or built or which may at any time during the continuance of this security be erected or built on the said property as well as all its other property and assets, insured against the ravages of war, civil commotions, typhoons, earthquakes, or any other cause, in an insurance company or companies approved by the Mortgagee and for an amount not less than the insurable value thereof, and will duly and punctually pay all premiums payable in respect thereof, and will deposit with the Mortgagee the policy or policies of such insurance together with the premium receipts therefor and will assign all policies of such insurance to the Mortgagee.

- 3 -

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(2) c

COPI

MORTGAGE AGREEMENT

Made Between

THE MUNICIPALITY OF SWATOW

And the

CHINA ELECTRIC COMPANY, LIMITED.

February 1, 1937

THIS INDENTURE made and entered into this 1st day of February, 1937, by and between the Municipality of Swatow, hereinafter referred to as the Mortgagor, which expression shall, where not inapplicable, include the municipal authority or authorities for the time being of the City of Swatow or their successors, of the first part, and the China Electric Company, Limited, a company organized under the laws of the State of Delaware of the United States of America, hereinafter called the Mortgagee, which expression shall, where not inapplicable, include the said company, its successors or assigns, of the other part;

WITNESSETH:

1. That whereas the Mortgagee has sold to the Mortgagor the telephone apparatus and equipment installed and used in the telephone system in Swatow and whereas the Mortgagee has agreed that the purchase price may be paid in installments, hereinafter referred to as the financial accommodation, upon condition that the Mortgagor supply the Mortgagee with security securing the due payment of said payments from time to time; and
2. Whereas the Mortgagor has in consideration thereof agreed to furnish the Mortgagee with security for the payment of all sums of money which may now be due or hereafter become due to the Mortgagee by reason of the aforesaid financial accommodation.

NOW THEREFORE THIS FURTHER AGREEMENT WITNESSETH:

3. That in consideration of all financial accommodation granted by the Mortgagee to the Mortgagor, the Mortgagor does hereby covenant with the Mortgagee that it will pay off and discharge the principal and



or Commissioners shall be replaced by person or persons nominated by the "Electric Company."

11. Repayment to the "Electric Company" of all indebtedness due to it by the "Municipality" including interest at eight per cent (8%) per annum, computed annually, on unliquidated balance arising from this agreement and the agreement of September 19, 1931, shall be met from gross revenue arising from the telephone exchange operation, including subscribers rentals and deposits. From such gross revenue there shall be paid first expense of operation in accordance with budget to be prepared by the Commissioner in charge of finance and second all revenue over and above said operating expense shall be paid monthly to the "Electric Company" in liquidation of indebtedness to it by the "Municipality."

12. The telephone exchange system shall be exempt from all taxes of any nature.

13. The "Electric Company" will make every endeavour to cut over the extension equipment to the automatic system as specified in this agreement on the earliest possible date after approval of this agreement by the Provincial Government of Kwangtung and estimate that the extension and the original equipment as specified in the agreement dated September 19, 1931 should be in operation at the same date.

14. This agreement shall continue in force until such time as the indebtedness of the "Municipality" to the "Electric Company" is liquidated in full.

15. In the event of strikes, civil commotions, labour disputes, wars, establishment of martial law or interference with the work by force majeure, or in event of fire, typhoon, flood, earthquake or any act of God which would impede or delay the completion of the work, the "Electric

Company" shall be free from all blame but shall make every effort to complete the work in the shortest possible time.

16. This agreement is written in Chinese and English and in the event of any dispute arising as to the meaning of the Chinese or English versions, the matter shall be settled by Arbitration, the "Municipality" and the "Electric Company" each appointing one member and these two members will elect a third member, making together three members in all. These three members will decide the question or questions in dispute, and the decision of these three members is to be final.

AS WITNESS the official chops of the Parties hereto and the signatures of their agents the day and year first above written.

For the MUNICIPALITY	<u>(Sgd.) T.S. Heng</u>
Witness	<u>Y. Heng</u>
For the ELECTRIC COMPANY	<u>P.T. Carey</u>
Witness	<u>T.Y. Deane</u>



exchange office building, which it is providing in accordance with Article Three (3) of the agreement dated September 19, 1931, the necessary equipment to increase the initial installation of 500 lines of central office equipment specified in the agreement of September 19, 1931 by an additional 500 lines and will endeavor to complete the installation of the equipment for the 500 line extension, as more specifically described in Appendix "A" attached to and forming part of this agreement, at the same time as completion of installation of the equipment specified in the agreement of September 19, 1931, for the original 500 lines.

2. The "Electric Company" will supply five hundred (500) subnets of the "Electric Company's" standard type comprising four hundred (400) wall sets and one hundred (100) desk sets as more specifically described in Appendix "B" attached to and forming part of this agreement.

3. The "Electric Company" will supply the outside plant material as more specifically described in Appendix "C" attached to and forming part of this agreement.

4. The total charge to the "Municipality" by the "Electric Company" for the supply of central office equipment as outlined in Appendix "A", subnet equipment as outlined in Appendix "B", and outside plant as outlined in Appendix "C", delivered c.i.f. ship Swatow, including service of one installing engineer for inside central office equipment and one supervising engineer for installation of outside plant equipment, both during the period of installation shall be United States Gold Dollars Fifty-nine Thousand Four Hundred Twenty (USD\$59,420.00) payable as hereinafter outlined.

5. Expenses for local labour in connection with installation of central office equipment, outside plant, subnets, transportation

charges from ship Swatow to destination, custom duties and landing charges shall be for the account of the "Municipality."

6. Exchange equipment and outside plant shall be suitably covered by insurance against fire and other usual hazards, the policy being drawn in favour of the "Electric Company" in such amount as to cover total indebtedness to it by the "Municipality" arising out of this agreement.

7. The operation and control of the extension to the automatic system as specified in this agreement will be entrusted to the Board of Commissioners as outlined in Article (1) of the agreement dated September 19, 1931 which is made part of this agreement. The regulations as to appointment of the Commissioners in charge of Engineering and Finance shall be considered as applying until the entire debt due to the "Electric Company" by the "Municipality" arising from this agreement and the agreement dated September 19, 1931 has been liquidated in full.

8. The budget covering annual and temporary expenditure of the Telephone Administration shall be subject to the approval of the "Municipality" before payment is made.

9. The "Municipality" shall have the right at any time to take over the appointment of the two members in charge of engineering and finance by payment in full to the "Electric Company" of the unliquidated portion of the debt arising from a consolidation of the sums due under this agreement and the agreement dated September 19, 1931.

10. If the Commissioner in charge of engineering or the Commissioner in charge of finance or both have not performed their duties for the satisfactory operation of the telephone system, the "Municipality" reserve the right to cause his or their removal and such commissioner



23rd / 1, 1932

AGREEMENT made this 23rd day of January in the year One Thousand Nine Hundred and Thirty-Two between the Municipality of Swatow, Province of Kwangtung, Republic of China, (hereinafter referred to as the "Municipality" which expression shall, when not inapplicable, include the Municipal authorities or authorities for the time being of the City of Swatow or their successors) of the first part, and the China Electric Company, Limited, an American Corporation incorporated under the laws of the State of Delaware of the United States of America, and having an office located and situated in the Missions Building in the City of Canton, Province of Kwangtung, Republic of China (hereinafter referred to as the "Electric Company" which expression shall include the said company, its successors or assigns) of the second part.

WHEREAS, the "Municipality" and the "Electric Company", under date of September 19th, 1931, entered into an agreement for the installation, in the City of Swatow, of a 500 line automatic telephone exchange of the "Electric Company's" standard "rotary" type, including associated outside plant, which agreement has been approved by the Provincial Government of Kwangtung and

WHEREAS, the "Municipality" are desirous of increasing the initial capacity of the new exchange system by an additional 500 lines and are desirous of securing the assistance of the "Electric Company" for the necessary financing and operation of the proposed extension and

WHEREAS, the "Electric Company" are in a position and are willing to supply the desired equipment, technical and financial assistance

IT IS AGREED THAT:

- 1 - The "Electric Company" will install in the telephone

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アジア歴史資料センター

to and forming part of this agreement.

5. The "Electric Company" will supply five hundred (500) automatic subsets of the "Electric Company" standard type comprising four hundred (400) wall sets and one hundred (100) desk sets as more specifically described in appendix "B" attached to and forming part of this agreement.

6. The "Electric Company" will be authorized to utilize such of the existing outside plant of the present system as in the opinion of the Commissioner in charge of engineering is considered as suitable for the new network, but will in addition supply the outside plant material more specifically described in appendix "C" attached to and forming part of this agreement.

7. The total charge to the "Municipality" by the "Electric Company" for the supply of central office equipment as outlined in appendix "A", subset equipment as outlined in appendix "B" and outside plant as outlined in appendix "C" delivered c.i.f. ship Swatow, including erection of central office building and services of one installing engineer for inside central office equipment and one supervising engineer for installing of outside plant equipment, both during period of installation, shall be United States Gold Dollars Fifty-eight Thousand Seven Hundred (US\$58,700.00) payable as hereinafter outlined.

8. Expenses for local labor in connection with installation of central office equipment, outside plant, subsets removal of existing replaced plant, transportation charges from ship Swatow to destination, custom duties and landing charges shall be for the account of the "Municipality."

9. Central Office building, exchange equipment and outside plant shall be suitably covered by insurance against fire and other usual hazards the policy being drawn in favor of the "Electric Company" in such amount as to cover total indebtedness to it by the "Municipality."

10. Repayment to the "Electric Company" of indebtedness to it by the "Municipality" including interest at eight per cent (8%) per annum computed annually on unliquidated balance shall be met from the gross revenue arising from telephone exchange operation, including subscribers' rentals and deposits. From such gross revenue there shall be paid first expense of operation, in accordance with budget to be prepared by the Commissioner in charge of finance and second all revenues over and above said operating expenses shall be paid monthly to the "Electric Company" in liquidation of indebtedness to it by the "Municipality."

11. The telephone exchange system shall be exempt from all taxes of any nature.

12. Any claim by the existing telephone company arising from transfer of any present system to municipal operation shall be settled by

the "Municipality" direct and shall not be chargeable against revenues from the telephone exchange operation.

13. The "Electric Company" will make every endeavor to out-over the new automatic system at earliest possible date after approval of this agreement by the Provincial Government of Kwangtung, and estimate that the new automatic service should be in operation within one year after such approval is secured.

14. This agreement shall continue in force until such time as the total indebtedness of the "Municipality" to the "Electric Company" has been liquidated in full.

15. In the event of strikes, civil commotions, labor disputes, wars, establishment of martial law or interference with the work by force majeure, or in the event of fire, typhoons, flood, earthquake or any act of God which would impede or delay the "Electric Company" shall be free from all blame, but will make every effort to complete the work in the shortest possible time.

16. This Agreement is written in Chinese and English and in the event of any disputes arising as to the meaning of Chinese or English versions, the matter shall be settled by Arbitration, the "Municipality" and the "Electric Company" each appointing one member and these two members will elect a third member, making together three members in all. These three members will decide the question or questions in dispute, and the decision of these three members is to be final.

As WITNESS the official chops of the Parties hereto and the signatures of their agents the day and year first above written.

For the MUNICIPALITY

Witness

For the ELECTRIC COMPANY

Witness

29/9, 1931

AGREEMENT, made this nineteenth day of September in the year one thousand nine hundred and thirty-one, between the Municipality of Swatow, Province of Kwangtung, Republic of China (hereinafter referred to as the "Municipality" which expression shall, where not inapplicable, include the Municipal Authority or Authorities for the time being of the City of Swatow or their successors) of the first part and the China Electric Company, Limited, an American Corporation, incorporated under the laws of the State of Delaware, in the United States of America and having an office located and situated in the Missions Building, in the City of Canton, Province of Kwangtung, Republic of China (hereinafter referred to as the "Electric Company" which expression shall include the said Company, its successors or assigns) of the second part.

WHEREAS, the "Municipality" are desirous of operating the telephone system in the City of Swatow as a Municipal enterprise, and replacing the existing manual system by an automatic system of the "Electric Company" standard "rotary" type and

WHEREAS, the "Municipality" are desirous of securing the assistance of the "Electric Company" for the necessary financing and operation of the new automatic system to be installed and

WHEREAS, the "Electric Company" are in a position and are willing to supply the desired equipment, technical and financial assistance. It is agreed

1. That immediately upon the approval of this agreement by the Provincial Authorities of the Province of Kwangtung, Republic of China, the "Municipality" will create a board of three Commissioners who will be empowered to take over the physical plant and operation of the existing telephone system in the City of Swatow, its replacement by the Standard "rotary" system of the "Electric Company" and operation and control of the new automatic system. One member of said board of three Commissioners shall have entire control of all engineering matters, one member shall have entire control of all financial matters and one member shall have control of general affairs. Until the entire debt due the "Electric Company" by the "Municipality" arising from this agreement has been liquidated in full, the "Municipality" shall appoint as commissioners in charge of engineering and finance personnel nominated by the "Electric Company".

2. The "Municipality" will provide, without expense to the "Electric Company" a suitable plot of ground as a site for the new telephone central office.

3. The "Electric Company" will erect or cause to be erected at its expense, on the site of ground provided by the "Municipality" as outlined in (2) above a suitable building to be used as a telephone central office exchange, of suitable size to be accommodate an ultimate installation of fifteen hundred (1500) lines of automatic telephone equipment.

4. The "Electric Company" will install in said telephone central office building an initial installation of five hundred (500) lines of automatic equipment of the "Electric Company" standard "Rotary" type as more specifically described in appendix "A" attached

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service being rendered to the public. In order to safeguard against unintentional interruption to the circuits of the Japanese Forces by the Company's workmen while engaged in regular installation and maintenance of the general system it is requested that suitable marking of poles or wires be made when such poles or wires are being utilized by the Japanese Forces.

- (4) "The subscribers are free to pay the telephone charges and deposits by Japanese Military notes. The rate between said note and Chinese Standard Dollar is fixed at one hundred yen to one hundred thirty dollars". Condition accepted.
- (5) "The Company shall furnish to the Japanese Authorities concerned necessary documents when so required".

In accordance with this request I am attaching copies of the following documents and letters.

- (a) Agreement of September 19th, 1931 between the Municipality of Swatow and the China Electric Company covering the first 800 line installation.
- (b) Agreement of January 23rd, 1932 between the Municipality of Swatow and the China Electric Company covering a 500 line extension.
- (c) Copy of mortgage agreement dated February 1st, 1937 between the Municipality of Swatow and the China Electric Company covering the entire telephone property.
- (d) Letter from the China Electric Company to the Municipality of Swatow dated December 20th, 1937 calling for the appointment of two Americans to serve as Commissioners in place of two Chinese previously recommended by the Company.
- (e) Letter from Municipality of Swatow to the China Electric Company dated December 20th, 1937 approving of appointment of two Americans as Commissioners etc.
- (f) Translation of Municipal order dated December 20th, 1937 appointing J.F. Rhame as Engineering Commissioner of the Swatow Telephone Administration.
- (g) Translation of Municipal order dated December 20th, 1937 appointing H. F. Allman as Financial Commissioner of the Swatow Telephone Administration.
- (h) Letter of December 20th, 1937 from H.F. Allman and J.F. Rhame delegating their powers and duties to Messrs. H.T. Lo and G.H. Young for time being.
- (i) Letter from China Electric Company attorneys, Messrs. Allman, Davies and Kops to American Consul General, Shanghai dated December 21st, 1937 advising of American interests in telephone properties at Chungking, Kungshew, Swatow and Canton.
- (j) Letter from H.T. Lo of Swatow Telephone Administration to J.F. Rhame General Manager of China Electric Company, dated April 20th, 1939 advising that officers of Swatow Garrison Headquarters threaten to destroy telephone property.

- (k) Translation of telegram from C.E.Co. Shanghai to C.E.Co. Hongkong dated May 5th, 1939 advising that Shanghai was sending American representative to Swatow.
- (l) Letter from H.T. Lo of Swatow Telephone Administration to J.F. Rhame, General Manager of China Electric Company advising that matter of destruction of telephone plant had been referred to American Consul at Swatow.
- (m) Letter dated May 9th, 1939 from J.E. Fullam, Director of China Electric Company to Mr. P.T. Carey authorizing him to proceed to Swatow and take over and operate the telephone properties in Swatow as results of defaults by the Swatow Telephone Administration of the mortgage of February 1st, 1937.

Owing to default by the former Municipal Government of Swatow of the mortgage agreement of February 1st, 1937 the telephone system in Swatow, since May 15th, 1939, has been operated and controlled by the mortgagee under the name of the Swatow Telephone Administration with Mr. J.F. Rhame as General Manager and Chief Engineer and Mr. G. F. Steed as Asst. General Manager and Asst. Chief Engineer, with Mr. H.T. Lo as Swatow Manager. When and as the successors to the former Municipal Authorities of Swatow have been appointed and assumed office the mortgagee agrees to consider what changes may be permissible in order to revert to the terms of the original agreements and such other changes as may be found mutually desirable.

As outlined to you in our conference yesterday it is our desire to operate the Swatow Telephone Administration under the same general policy as the Japanese Authorities have approved for the Canton Telephone Administration leaving to Swatow for decision only such questions as are purely of a local nature, which Mr. H.T. Lo has been authorized, by the Company, to settle here.

If there are any further questions on which additional information is desired will you please feel at full liberty to present them.

I wish to take this opportunity to express my deep appreciation for the assistance and protection given us by the Japanese Authorities both here and at Canton in our efforts to restore telephone service to Swatow and the very broad minded way in which they have considered the matter in question.

Sincerely yours,

J. F. RHAME  
GENERAL MANAGER.

COPY

SWATOW TELEPHONE ADMINISTRATION

Operated by China Electric Company Limited  
(Incorporated in U.S.A.)  
Swatow, China

July 15th, 1939.

Mr. T. Matsudaira,  
Consul for Japan,  
Swatow, China.

Dear Mr. Matsudaira:

I am in receipt of, and wish to thank you for your letter of July 15th, 1939, advising that the Japanese Authorities have provisionally agreed to our reestablishing automatic telephone service in the city of Swatow immediately and outlining the conditions to be met to permit of our carrying on the business in a formal manner.

We are in agreement with and accept the conditions outlined in your letter of July 15th which we understand are as follows:-

- (1) "A Japanese advisor, an engineer and a treasurer be employed by the Company. Salaries and other terms of each Japanese staff to be agreed upon later".  
It is our understanding that the Japanese Authorities reserve the right, at their discretion, to nominate a Japanese advisor, an engineer and a treasurer to be employed by the Company. The duties and responsibilities of the advisor to be the same as in the case of the Japanese advisor to the Canton Telephone Administration. Salaries and other terms of employment of each of the Japanese staff to be mutually agreed upon later.
- (2) "The Company installs necessary equipment for censor. Censorship to be undertaken by the Japanese Authorities."  
It is our understanding that you wish to adopt the same procedure as is in effect at Canton. As equipment required to manufacture a suitable censorship board is not available in Swatow, we will have a suitable board manufactured in Canton and will have this sent to Swatow as soon as shipping facilities between Canton and Swatow may be available.
- (3) "The Japanese forces reserve the right to use a part of the telephone system of the Company in case of necessity"  
It is our understanding that this applies particularly to the joint use of the Company's poles of which the Japanese Forces may wish to install certain of their own circuits and that precaution will be taken so as not to unduly interfere with general

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アジア歴史資料センター

CONFIDENTIAL.

JAPANESE CONSULATE

SWATOW

July 15th, 1939

July 15th, 1939

-- (2) --

Continued:

- (4) The subscribers are free to pay the telephone charges and deposits by Japanese Military notes. the rate between said note and Chinese Standard Dollar is fixed at one hundred Yen to one hundred Thirty Dollars.
- (5) The Company shall furnish to the Japanese Authorities concerned necessary documents when so required.

I am,

Yours sincerely,

(Sgd.)

Consul for Japan

Dear Mr. Rhame:

I have the pleasure to notify you that the Japanese Authorities have no objection to your re-functioning provisionally of the automatic telephone business in the city of Swatow. In this connection I beg to state that it is my understanding that when the following terms are carried out in full, you are to open the business formally according to the terms of the agreement between you and the former Municipal Government of Swatow.

- (1) A Japanese advisor, an engineer and a treasurer be employed by the Company. Salaries and other terms of each Japanese staff to be agreed upon later.
- (2) The Company installs necessary equipment for censor. Censorship to be undertaken by the Japanese Authorities.
- (3) The Japanese Forces reserve the right to use a part of the telephone System of the Company in case of necessity.

Mr. J. F. Rhame  
General Manager  
China Electric Co.

over/-

REEL No. A-1173

アジア歴史資料センター

terms thereof, and if the interest rates are not definitely fixed, then at the rate of eight per cent (8%) per annum; and shall not commit nor suffer any breach of any of the covenants herein contained, then this mortgage shall be void, otherwise to remain in full force and effect.

15. BUT in case default shall be made in the repayment of the principal and/or interest of any such financial accommodation granted by the Mortgagee to the Mortgager, or in the performance of any covenant or condition hereof, or if in the opinion of the Mortgagee the property hereby mortgaged is in danger of being materially injured, wasted or lost, or if in the opinion of the Mortgagee its securities under this mortgage have been or are about to be impaired by diminution, removal or waste of said property, or for any other cause, or if said property be levied on by execution from any court or shall go into the hands of any receiver, trustee, commissioner or public officer to be sold, then and in every such case the Mortgagee, its attorneys and agents or either of them shall have the right to take immediate and unconditional possession of the said property wherever the same can be found and to carry on and conduct the business of the Mortgager until all sums due to the Mortgagee have been paid in full.

16. THIS AGREEMENT is intended as a continuing lien and charge upon the property and assets of the Mortgager hereinbefore specified to cover all present and future obligations of the Mortgager to the Mortgagee as herein described; and if at any time the Mortgager shall pay off and discharge the principal and interest of all financial accommodation extended to it, as aforesaid, the lien and charge of this mortgage and all of the terms and conditions hereof shall nevertheless attach and apply as

security to the Mortgagee for any and all such financial accommodation as may be thereafter granted by the Mortgagee to the Mortgager unless the Mortgager during any such period when it is not indebted or obligated to the Mortgagee as aforesaid shall notify the Mortgagee of its intention to revoke this mortgage and the Mortgagee shall agree in writing to the revocation of this mortgage.

IN WITNESS WHEREOF, the parties hereto have caused these presents to be executed the day and date first above written.

MUNICIPALITY OF SWATOW

By \_\_\_\_\_

Witness

CHINA ELECTRIC COMPANY, LIMITED.

By \_\_\_\_\_

Witness

mentioned and will at all times during the continuance of this security at its own expense, keep or cause to be kept in good and substantial repair to the satisfaction of the Mortgagee, all buildings now erected or built or which may at any time during the continuance of this security be erected or built for the use of said telephone system.

10. That it will at all times during the continuance of this security at its own expense but for the benefit of the Mortgagee, keep or cause to be kept all buildings now erected or built or which may at any time during the continuance of this security be erected or built on the said property, as well as all its other property and assets, insured against loss or damage by fire in an insurance company or companies approved by the Mortgagee, and for an amount suitable to the Mortgagee, and will duly and punctually pay all premiums payable in respect thereof, and will deposit with the Mortgagee the policy or policies of such insurance together with the premium receipts therefor and will assign all policies of such insurance to the Mortgagee.

11. That it will, whenever so requested by the Mortgagee, also keep all buildings now erected or built or which may at any time during the continuance of this security be erected or built on the said property as well as all its other property and assets, insured against the ravages of war, civil commotions, typhoons, earthquakes, or any other cause, in an insurance company or companies approved by the Mortgagee and for an amount not less than the insurable value thereof, and will duly and punctually pay all premiums payable in respect thereof, and will deposit with the Mortgagee the policy or policies of such insurance together with the premium receipts therefor and will assign all policies of such insurance to the Mortgagee.

- 3 -

12. That it will at all times during the continuance of this security duly pay the Chinese Government ground rents, Municipal land taxes and general rates, and all other charges payable in respect to the above described property or any interest therein or on the debt hereby secured, and will deposit with the Mortgagee all tax and other receipts in connection therewith.

13. That should it at any time during the continuance of this security neglect or refuse to keep the buildings for the time being comprised herein in good and substantial repair and so insured as aforesaid, or should it neglect or refuse to pay the rent and other charges aforesaid the Mortgagee may (but it shall not be obliged to) repair and insure the said buildings in manner aforesaid and pay such rent and other charges, and all sums of money expended in or about such outgoings, with interest thereon at the Mortgagee's current rate for advances, shall be repaid to the Mortgagee by the Mortgagor on demand, and, until repaid, shall be a further charge on the property above described and every part thereof.

PROVIDED NEVERTHELESS, that if the Mortgagor shall pay off and discharge all the financial accommodation which has been heretofore granted by the Mortgagee to the Mortgagor, as aforesaid, and all such financial accommodation that may be granted by the Mortgagee to the Mortgagor from time to time in the future, together with all interest that may be due or may become due thereon, according to the terms of such financial accommodation, and if the interest rates are not definitely fixed then at the rate of eight per cent (8%) per annum; and shall in the meantime and so long as the same or any part of the principal of said financial accommodation shall remain due and unpaid pay interest thereon according to the



(9)

THIS INSTRUMENT made and entered into this 1st day of February, 1937, by and between the Municipality of Sontow, hereinafter referred to as the Mortgager, which expression shall, where not applicable, include the municipal authority or authorities for the time being of the City of Sontow or their successors, of the first part, and the China Electric Company, Limited, a company organized under the laws of the State of Delaware of the United States of America, hereinafter called the Mortgagee, which expression shall, where not inapplicable, include the said Company, its successors or assigns of the other part:

WITNESSETH:

1. That Whereas the Mortgagee has sold to the Mortgager the telephone apparatus and equipment installed and used in the telephone system in Sontow and Whereas the Mortgagee has agreed that the purchase price may be paid in installments, hereinafter referred to as the financial accommodation, upon condition that the Mortgager supply the Mortgagee with security securing the due payment of said payments from time to time; and
2. Whereas the Mortgager has in consideration thereof agreed to furnish the Mortgagee with security for the payment of all sums of money which may now be due or hereafter become due to the Mortgagee by reason of the aforesaid financial accommodation.

NOW WHEREFORE THIS FURTHER AGREEMENT WITNESSETH:

3. That in consideration of all financial accommodation granted by the Mortgagee to the Mortgager, the Mortgager does hereby covenant with

the Mortgagee that it will pay off and discharge the principal and interest of all such financial accommodation when the same shall become due and payable to the Mortgagee in accordance with the terms under which such financial accommodation has been or shall be extended by the Mortgagee and provided that nothing herein contained shall in any way impair the negotiability of any promissory notes or other negotiable instruments issued in connection with the foregoing financial accommodation.

4. That also for the consideration aforesaid, the Mortgager does hereby grant, bargain, sell, assign, transfer and convey unto the Mortgagee all of the following described property, to wit:

5. All of the property and assets of the aforesaid telephone system of the Municipality of Sontow, accounts receivable, cash on hand and in banks and all furniture, fixtures, machinery, tools, and office equipment, a more particular description of the foregoing being shown on the inventories, records, and books of account of the said telephone system.

6. TO HAVE AND TO HOLD THE SAME, all and singular, the foregoing property unto the Mortgagee, its successors and assigns for the purposes herein described.

7. AND the Mortgager does hereby covenant with the Mortgagee that it, the said Mortgager, has good right to grant, bargain, sell, assign, transfer, convey and confirm the said above described property, that the same are free from all incumbrances whatsoever.

8. The Mortgager does hereby further covenant and agree with the Mortgagee:

9. That it will not suffer or permit any waste of the property above

COPY

HONGKONG

78 (8)  
June 17th, 1941

Canton and Swatow Telephone Administration.

Mr. L. G. Freeth,  
SHANGHAI MAIL.

Dear Mr. Freeth:

While I am still of the opinion that conditions in the Far East will for some considerable time carry on as they are now doing, I am sure that New York would be most upset if we had not planned for any contingency that might arise and for this reason I wish that you would consult with Judge Allman and have him prepare such papers as may be necessary to put the following plan into effect, if unfortunately there comes an open break between Japan and the States which might seriously effect our operation of the Telephone Systems in both Canton and Swatow.

Although we are operating the telephone systems in both cities by virtue of a mortgage agreement which was concluded with the former municipal authorities in both areas, which mortgage agreements have so far been recognized by the Japanese Authorities in both cities, there appears to be a strong movement on foot for the new Chinese Administrations in these two areas to, at least to some extent, participate in the operation of the telephone systems. The Japanese Authorities have agreed with the fundamental plan that at some future date all enterprises in which the former municipality participated would be returned to the new municipality organizations, but the uncertain question is as to when the Japanese Authorities may be willing to turn over such authorization to the municipal authorities without constant restrictions on the basis of "military necessity". Two formulas have been worked out: (1) the municipality participating in supervision of the operation of the plant with but little if any Japanese supervision, (2) with Japanese supervision and control as at present that an open break might occur between Japan and the U.S.

With reference to (1) and considering the hazard which might be very real to our Chinese personnel if they should accept definite appointments by the de facto government in Canton and Swatow, it has been proposed that there be created under a suitable title what would be essentially a board of directors of five of which the mayor would be chairman, one Japanese director and three American directors, one of whom would be resident in Canton and whose signature would be necessary in connection with the counter-signature on checks or approval of expenditure of funds of the Administration. This board of five would accept definite appointments from the municipality and would hold office in so long as the debt of the Administration to the

MR. L. G. FREETH, SHANGHAI MAIL.

- 2 -

Company had not been liquidated and would meet, say, at stated intervals of every three or four months. This board would turn over the routine operation of the Administration to three Chinese and since the majority of the board are of American nationality, we could insure that at least two and possibly the three members were personally acceptable to us, that is, we would revert to the old board of three commissioners, who, however, would be appointed by this so-called board of directors rather than by the municipality. In addition to our usual management fee, the municipality would contribute monthly the sum of least US\$1,500 from its own resources as a fund toward liquidation of the existing debt and to provide a sinking fund to provide for the purchase of extensions to the plant which in accordance with our estimate would be required within a two years' period.

With respect to (2), I have been in touch with the president of a company which has been operating in Canton for many years and whom I know very well. This individual is of Swiss nationality and his company is of Swiss registry and he further holds the job of Swiss Consul in Canton. I have discussed this matter with him and he is willing to act for us, if desired, in the event that trouble develops.

I wish that you would discuss this matter with Judge Allman and have the Judge prepare at least in draft form what he considers essential in connection with both of the above possibilities and forward it to me at Hongkong as soon as completed. After I have had an opportunity to study these papers and if it appears that action might be necessary before my return to Shanghai, I will cable the Judge to come to Hongkong so that the matter may be definitely concluded here.

With best regards and hoping to see you in a not too distant future,

I am

Sincerely yours,

J. F. Rhame

JFR:JW

REEL No. A-1173

0345

アジア歴史資料センター

Jan. 2, 1938

Jan. 3, 1938

HONGKONG

ALLMAN:

Confidential Our telegram 104 Your telegram 71 had conferences this morning. Agreed on Board of 3 control but some opposition to mortgage which believe we can overcome. Central Government agreed to take over Canton broadcaster and requesting revised agreement. This representative expect to arrive Hongkong this week. Expect action TYS proposal China Electric Co. and Shanghai Telephone Co. shortly.

Would like you to come to Hongkong to fix up papers on all these matters. Can you come down with Tan on 4th.

RHAME

Shanghai

Jan. 3, 1938  
w

11  
COPY

ALLMAN, DAVIES AND KOPS

8  
(7)  
August 24, 1939

American Consulate-General  
181 Kiangse Road  
Shanghai

SIRS:

SUBJECT: Canton Telephone Administration

With reference to our recent conversation concerning the above subject, we beg to confirm our statement to you that this Administration was originally managed by a commission of three members. This commission was made up of three Chinese citizens but two of them were at all times employees of the China Electric Co. Ltd. During 1936 a new arrangement was made whereby five commissioners were appointed, consisting of a Board of Five - 3 Chinese and 2 Americans, the Americans being J.F. Rhame and N. F. Allman. As the previous Board of Five did not work out very well in view of several defaults, the Management reverted to a Board of Three during 1937: 2 Americans, J.F. Rhame and N.F. Allman and 1 Chinese.

The Municipality executed a blanket mortgage to the China Electric Co. Ltd. (similar in terms to the mortgage executed by the Szechwan Telephone Administration). Just prior to the Japanese occupation of Canton the Chinese authorities threatened to destroy the Telephone properties, and Mr. J. F. Rhame, on behalf of the China Electric Co. Ltd. Mortgages, took possession of all of the Telephone properties in Canton and began operating the same pursuant to the terms of this mortgage, and has continued ever since to operate same under this mortgage.

The appointments of the three Commissioners are still in effect, but we do not at this time know of the whereabouts of the Chinese Commissioner. The Company found it more convenient for the time being to operate the properties under the mortgage, and Mr. J. F. Rhame and the writer are prepared to exercise their functions as commissioners as and when required.

We believe copies of all the appointments, agreements, etc. have been filed with the American Consulate-General in Canton and, unfortunately, we do not have exact copies here in Shanghai. If you will be good enough to let us know which documents you require copies of, we shall be glad to obtain them from Canton.

Respectfully yours,  
ALLMAN, DAVIES AND KOPS.

NFA/L-1b  
c.c. China Electric Co.Ltd.

BY:

REEL No. A-1173

0346

アジア歴史資料センター

HONGKONG

30 Dec. 1937

31 Dec. 1937

- In Code -

MICROPHONE  
HONGKONG

RHAME - Confidential Our telegram 71 Your telegrams 100 and 108. Have notified Gause of your interests in telephone properties 4 cities named and requested he inform Japanese of your interests in response their demands for locations foreign properties interior China. Have had satisfactory interview with Gause and your rights will be backed.

On basis this interview I advise Commission of 3, say 2 China Electric Company and 1 C.D.F.C. representatives, take over at least nominal custody and management Canton Telephone Administration on grounds of default or breach under November 1st agreement which I assume has taken place, and in addition to above I consider mortgages in 4 cities necessary.

ALLMAN

Shanghai  
Dec. 31, 1937  
MFA/v

ALLMAN:

CONFIDENTIAL - Our telegram 102 Your telegram 67 Agree your making representations to American Consul General for protection telephone properties cities listed with addition Chungking. Forward immediately draft of proposed mortgages which I will endeavour to have executed. Expect that we will be able to reestablish old 3 Commissioner control Canton shortly and should be noted Swatow control already in China Electric Company's hands.

RHAME

Shanghai  
Dec. 31, 1937  
aw

CC: Mr. Allman

REEL No. A-1173

アジア歴史資料センター

6  
(6)

HONGKONG

Dec. 30, 1937

Dec. 30, 1937

- In Code -

MICROPHONE  
HONGKONG

REAME Confidential - Our telegram 65 Proposed agreement Nov-  
ember 10th satisfactory in so far as it goes, but for better  
protection of all parties suggest adding paragraph as follows:

"5. To secure the C.E.Co. and to secure payment in full for  
equipment the Municipality hereby grants the C.E.Co. an unlimited  
mortgage on the plant equipment and business of the telephone  
system".

If Municipality will grant you mortgage believe you would be  
entitled to fly American flag over property in emergency. Separate  
mortgage agreement should be made and will mail draft of same if  
Municipality will consent to mortgage, latter being tied up with  
agreement of November 11th if necessary.

Suggest deletion references to hostilities paragraphs one and  
four November 11th agreement and deletion phrase in paragraph 3  
"Until such time as the operation and control of the telephone ex-  
change system and telephone toll cable may be restored to normal  
and/or." Agreement Nov. 11th appears satisfactory, but would add  
paragraph as follows: "The execution of the agreements of Nov. 10  
and 11 shall not prejudice any of the rights of this Company under  
the Agreement of November 1st, 1936." Presume you will secure  
approval of C.D.F.C. Forwarding letter by "Comte Verde".

ALLMAN

Shanghai - Dec. 28, 1937  
NFA/amm

cc: NFA WET JFR

ALLMAN:

CONFIDENTIAL - Our telegram 100 Your telegram 65  
In reply to my message New York cables as follows:

"Assume your proposal refers only to turning  
over management and does not contemplate attempt to  
turn title to telephone plant over to representatives  
of C.E.Co. and C.D.F.C. In addition to reservation  
mentioned your telegram (losses during control to be  
for account of Municipality) you must get agreement of  
C.D.F.C. under Article (4) of Agreement of 29th  
January 1937 to change in status of financial committee  
and it must be clear that any action does not  
prejudice notes.

"Believe our legal position would be best if we  
revert to original Board of 3 under Article (12) of  
Agreement November 1, 1936, after formal default, say  
of payment of Chinese dollars 1000 fee to Company  
under Article 2, under which we would exercise option  
B in Article (12) and new Board of 3 would consist of  
one representative of C.D.F.C. and 2 representatives  
of C.E.Co. Such exercise of option B could be made  
under agreement that on default being corrected we  
would revert to basis of agreement of Nov. 1, 1936.  
Consider essential for fullest protection that represen-  
tative of C.E.Co., which is American Company, should  
have right to collect and disburse all revenues."

In view of New York's apparent unwillingness to  
take any action whereby title of plant would revert to  
us do you believe New York's proposal preferable to  
that recently submitted to you and will it be adequate  
for purposes desired. New York's proposal has  
advantage of not requiring execution of supplementary  
agreements and possibly will remove impression in  
Consulate of putting over a wash agreement as all that  
is needed is technical violation by failure to make  
payments when due. Do not believe American flag could  
be much protection but wish to be on record if Japanese  
approach American Consulate for location foreign  
properties in which classification we wish telephone  
exchange to be placed.

REAME

Shanghai  
Dec. 30, 1937  
emm

REEL No. A-1173

0 3 4 8

アジア歴史資料センター

106

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- 2 -

**BY-LAWS OF FINANCE COMMITTEE  
CANTON MUNICIPAL TELEPHONE ADMINISTRATION**

- (1) The Chairman shall preside at all meetings, he shall see that the various officers and departments perform their duties promptly and efficiently and shall generally supervise the Telephone Administration. He shall require that the budget be prepared and approved in advance of any disbursements.
- (2) The General Manager shall have supervision over all operations of the telephone system. He shall tabulate the budget promptly; he shall see that the Consulting Engineer and the Chief Auditor are given such information as they may require to perform the duties assigned to them hereunder; he shall keep full and complete accounts available to the Finance Committee at all times; he shall use his best efforts to develop the commercial possibilities of the Telephone Administration; and shall perform such other duties as may be assigned to him from time to time by the Finance Committee.
- (3) The Consulting Engineer - that is the Chief Engineer of the China Electric Company - or his nominee shall be consulted with respect to all engineering matters, practices and standards, and his approval shall be obtained to fundamental construction plans and to methods of construction, maintenance and operation. He shall also see that methods of construction, maintenance and operation approved by him are adhered to in practice so that service of the proper standard may at all times be rendered to

the public and that the properties of the Administration are properly conserved and he shall perform such other duties as may be referred to him from time to time by the Finance Committee.

- (4) The Chief Auditor shall have general supervision of auditing the accounts of the Administration, he shall assist in preparation of the budget, he shall countersign all cheques, he shall countersign and issue receipts for all payments to the Administration, and shall perform such other duties as may be assigned to him from time to time by the Finance Committee.
- (5) Changes in rates or installation fees and decisions regarding other matters not expressly referred to in these by-laws shall require <sup>the</sup> express approval of the Finance Committee.
- (6) Each member of the Finance Committee at his request shall be furnished with full information as to the operations and affairs of the Telephone Administration.
- (7) These by-laws may be amended from time to time by action of the Finance Committee.

WITNESSES:

(Sgd.) Z.H. Hu

(Sgd.) T. K. Chow

(Sgd.) N.F. Allman

MUNICIPALITY OF CANTON

(Sgd.) By Tseng Yang-fu

THE BANK OF CANTON, LIMITED

(Sgd.) T. K. Leung

CHINA ELECTRIC COMPANY, LIMITED

(Sgd.) J.F. Rhame

US\$20,000.00      PROMISSORY NOTE      Canton, November 1, 1936

On the 30th day of November 1936, we promise unconditionally to pay to the China Electric Company, Limited, or Order, at the office of the Bank of Canton, Canton, the sum of US\$20,000.00 for value received. In the event of any delay in payment as aforesaid, interest shall be paid upon the aforesaid sum from the due date thereof until said sum is paid at the rate of 7% per annum and compounded according to law.

MUNICIPALITY OF CANTON, CANTON, CHINA

BY \_\_\_\_\_

SCHEDULE A

MONTHLY PAYMENTS AGAINST PRINCIPAL & INTEREST

<u>MONTH</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
November, 1936	US\$ 15,655.22	US\$ 4,344.78	US\$ 20,000.00
December, "	15,759.59	4,240.41	20,000.00
January, 1937	15,864.65	4,135.35	20,000.00
February, "	15,970.42	4,029.58	20,000.00
March, "	16,076.89	3,923.11	20,000.00
April, "	16,184.06	3,815.94	20,000.00
May, "	16,291.96	3,708.04	20,000.00
June, "	16,400.57	3,599.43	20,000.00
July, "	16,509.91	3,490.09	20,000.00
August, "	16,620.00	4,052.00	20,000.00
September, "	16,041.03	3,958.97	20,000.00
October, "	16,134.60	3,865.40	20,000.00
November, "	16,228.72	3,771.28	20,000.00
December, "	16,323.39	3,676.61	20,000.00
January, 1938	16,418.61	3,581.39	20,000.00
February, "	16,514.38	3,485.62	20,000.00
March, "	16,610.72	3,389.28	20,000.00
April, "	16,707.61	3,292.39	20,000.00
May, "	16,805.07	3,194.93	20,000.00
June, "	16,903.10	3,096.90	20,000.00
July, "	17,001.70	2,998.30	20,000.00
August, "	17,100.88	2,899.12	20,000.00
September, "	17,200.63	2,799.37	20,000.00
October, "	17,300.97	2,699.03	20,000.00
November, "	17,401.89	2,598.11	20,000.00
December, "	17,503.40	2,496.60	20,000.00
January, 1939	17,605.51	2,394.49	20,000.00
February, "	17,708.21	2,291.79	20,000.00
March, "	17,811.50	2,188.50	20,000.00
April, "	17,915.40	2,084.60	20,000.00
May, "	18,019.91	1,980.09	20,000.00
June, "	18,125.03	1,874.97	20,000.00
July, "	18,230.76	1,769.24	20,000.00
August, "	18,337.11	1,662.89	20,000.00
September, "	18,444.08	1,555.92	20,000.00
October, "	18,551.67	1,448.33	20,000.00
November, "	18,659.88	1,340.12	20,000.00
December, "	18,768.73	1,231.27	20,000.00
January, 1940	18,878.22	1,121.78	20,000.00
February, "	18,988.34	1,011.66	20,000.00
March, "	19,099.11	900.89	20,000.00
April, "	19,210.52	789.48	20,000.00
May, "	19,322.58	677.42	20,000.00
June, "	19,435.30	564.70	20,000.00
July, "	19,548.67	451.33	20,000.00
August, "	19,662.70	337.30	20,000.00
September, "	19,777.40	222.60	20,000.00
October, "	19,892.09	107.23	19,499.32
	<u>US\$39,340.69</u>	<u>US\$119,148.63</u>	<u>US\$958,499.32</u>

companies, plus loss of revenue during periods when the plant or parts thereof may be out of service, insured with responsible insurance companies.

(12) In the event that the method of operation of the Telephone properties set forth in this Agreement is not adhered to, or should there be default as to compliance with any specific undertaking of this Agreement, or should there be a default in payment of any note issued hereunder, and should such default continue for a period of 30 days, then the MUNICIPALITY shall either (A) immediately liquidate in full all unpaid notes issued hereunder less unearned interest; or (B) shall immediately surrender the properties to be operated by the Board of Three as specified in the aforementioned ORIGINAL AGREEMENTS, and said ORIGINAL AGREEMENTS shall have the same force and effect as though this Agreement had not been executed.

(13) The MUNICIPALITY may terminate this Agreement upon first liquidating all notes issued hereunder and unpaid less unearned interest.

(14) This Agreement shall continue in force until all notes issued hereunder have been paid in full, and except as herein specifically provided in nowise modifies or supersedes the provisions of the above-mentioned ORIGINAL AGREEMENTS.

IN WITNESS WHEREOF the parties hereto have caused these presents to be executed at Canton as of the date first above written.

MUNICIPALITY OF CANTON

(Sgd.) By: Tseng Yang-fu

(Sgd.) Z.H. Hu

THE BANK OF CANTON, LIMITED

(Sgd.) By: T. K. Loong

(Sgd.) T. K. Chow

THE CHINA ELECTRIC COMPANY, LTD.

(Sgd.) By: J.F. Rhane

(Sgd.) N.F. Allman



Committee, or on special authority of said Finance Committee by means of cheques signed by the General Manager of the Telephone Administration and countersigned by the Chief Auditor.

- (5) All of the revenue and income of the Canton Telephone Administration, including that of the Canton-Hongkong Toll Cable, shall be used solely for operations, exclusive of any provision for depreciation, and for payments of Principal and interest to the COMPANY.
- (6) Concurrently with the execution of this Agreement the Canton Telephone Administration shall issue to the COMPANY a series of 48 monthly notes, in form appended hereto and made a part hereof, for the amounts shown in the third column under designation "Total" in Schedule (A) attached hereto and made a part of this Agreement. These notes shall be payable on the last day of each month specified in the Schedule, and if not paid on such date shall bear interest at the rate of 7% per annum and compounded according to law from their respective dates of maturity. In addition, any surplus funds of the ADMINISTRATION remaining after payment of operating expenses, in accordance with the budget approved by the Finance Committee, shall be set aside in a fund as a reserve against unmatured notes until such reserve reaches, and shall be maintained thereafter at, a sum equal to six promissory notes. When this reserve shall be equal to the unpaid balance of the notes outstanding it shall be automatically applied to the liquidation of said unpaid balance. The Administration shall be allowed a discount on payment of any balance of such unmatured notes equal to the unearned interest on

such notes at the date paid according to Schedule (A) hereto attached.

- (7) Concurrently with the execution of this Agreement the Canton Telephone Administration shall transfer all deposits of cash and all cash in hand to the Bank of Canton and the Bank shall liquidate the three notes payable to the COMPANY on November 30th, December 31st, and on January 31st, respectively, on the last named date.
- (8) All salaries and allowances shall be fixed by and shown in the budget.
- (9) The annual budget shall be prepared by the departments concerned and summarized and tabulated by the General Manager and submitted to the Finance Committee for its approval. The MUNICIPALITY hereby grants to the Finance Committee complete and exclusive authority to determine, fix, and approve the budget.
- (10) The monthly payments referred to above shall be applied to paying off the aforesaid ORIGINAL AGREEMENTS chronologically - that is, these Agreements shall be paid off in full in the following order:-
- Agreement of August 31, 1929  
Agreement of April 1, 1931  
Agreement of April 8, 1933
- (11) Until all amounts payable hereunder have been liquidated in full the Telephone Administration, at its own expense, shall keep all parts of the property, usually insured by operating telephone

NOW THEREFORE the parties hereby mutually agree to amend the aforesaid ORIGINAL AGREEMENTS as herein described and upon the undermentioned terms and conditions:-

- (1) In lieu of the Board of Three to which the operation of the system was intrusted in the aforesaid ORIGINAL AGREEMENTS, there shall be created a Board of Five to be known as the Finance Committee. The membership of said Finance Committee shall include the Mayor of Canton, the General Manager of the Telephone System of Canton, a representative of the Bank of Canton who shall be the Chief Auditor, and two representatives of the Company who shall be the Company's General Manager and Chief Engineer, respectively, or their nominees. All appointments to the Finance Committee shall be made by the MUNICIPALITY, which shall accept the appointees of the BANK and the COMPANY for their respective representatives. Said Finance Committee of Five shall have complete supervision of the Canton Municipal Telephone Administration, hereinafter sometimes referred to as the "ADMINISTRATION," and of its properties including the Canton-Hongkong Toll Cable system during the life of the present agreement.
- (2) The salary of the General Manager of the Telephone Administration shall be paid by the ADMINISTRATION. The COMPANY shall receive fees from the ADMINISTRATION OF CS\$1,000. (Chinese Standard Dollars One Thousand) per month, as compensation for services performed. The Administration shall also bear reasonable travelling expenses of the members of the Finance Committee and their respective nominees incurred solely in carrying out the

provisions of this Agreement. Aside from the above no salaries or fees shall be paid to members of the Finance Committee or their nominees for personal services. The service fee of US\$2,000. per month payable to the COMPANY under the ORIGINAL AGREEMENTS shall be suspended so long as there is no default in this Agreement.

- (3) The Mayor shall be ex-officio Chairman of the Finance Committee. All matters shall be decided by the Finance Committee by vote of a majority of its members. Each member shall be entitled to one vote. The Committee shall meet on the first Wednesday of each month at 10:00 a.m. at the general offices of the ADMINISTRATION, and special meetings may be called by the Chairman, and special meetings shall be called on the request of any two members of the Finance Committee. Five days notice of all special meetings shall be given to all members of the Finance Committee. The members of the Finance Committee may vote by proxy.

The privileges and duties of the several members of the Finance Committee are amplified in the by-laws attached hereto and forming a part of the Agreement.

- (4) All of the revenue and income of the Canton Telephone Administration, including that of the Canton-Hongkong Toll Cable, shall be deposited in the Bank of Canton, whose nominee shall be solely authorized to issue receipts to subscribers or others for all payments received. All disbursements of funds so deposited shall be made in accordance with the budget approved by the Finance

AGREEMENT made this 1st day of November in the year one thousand nine thousand nine hundred and thirty-six between the Municipality of Canton (hereinafter referred to as the "MUNICIPALITY" which expression shall, where not inapplicable, include the Municipal Authority or Authorities, for the time being, of the City of Canton, Province of Kwangtung, Republic of China, or their successors) of the first part, the Bank of Canton (hereinafter referred to as the "BANK") or their successors of the second part, and the China Electric Company, Limited, a company incorporated under the laws of the State of Delaware of the United States of America, and having an office located in the French Concession of Shameen, City of Canton, Province of Kwangtung, Republic of China (hereinafter referred to as the "COMPANY" which expression shall where not inapplicable, include the said Company, its successors or assigns) of the third part.

WHEREAS, under date of March 17, 1928 the MUNICIPALITY and the COMPANY entered into an agreement for the supply and installation of an automatic telephone system for the City of Canton of a capacity of four thousand (4000) lines for a total price of United States dollars six hundred and forty-six thousand (US\$646,000), which Agreement has already been paid in full; and

WHEREAS, under date of August 31, 1929, the MUNICIPALITY, authorized by and acting for the Provincial Government of Kwangtung, and the COMPANY entered into an agreement for the supply and installation of an underground armoured loaded telephone cable to provide telephone service between the City of Canton and Hongkong for a total price of United States Dollars four hundred and fifty-five thousand (US\$455,000); and

WHEREAS, under date of September 2, 1930 the MUNICIPALITY and the Hongkong Telephone Company entered into a traffic agreement for the operation of a telephone service over the above cable between Canton and Hongkong; and

WHEREAS, under date of April 1, 1931 the MUNICIPALITY and the COMPANY entered into an agreement for the supply and installation of a 5,000 line extension to the Automatic Telephone System of the City of Canton for a total price of United States Dollars three hundred and seventy-one thousand (US\$371,000); and

WHEREAS, under date of April 8, 1933 the MUNICIPALITY and the COMPANY entered into an agreement for the supply of an additional 3000 line extension to the automatic telephone system of the City of Canton, said extension to be installed in three stages as growth of the telephone system would require, for a total price of United States Dollars three hundred and thirty-nine thousand (US\$339,000); and

WHEREAS, the MUNICIPALITY in order to improve the local telephone service in Canton and the toll services connecting with the local telephone service, desires to make certain changes in the aforesaid agreements hereinafter sometimes referred to as the "ORIGINAL AGREEMENTS;" and

WHEREAS, said changes cannot be affected under the aforesaid ORIGINAL AGREEMENTS unless said Agreements are first paid off in full, or unless the COMPANY agrees to such changes; and

WHEREAS, the COMPANY likewise desires to effect improvement in the telephone services as aforesaid.

(3)

purpose and the fee of USD1,000.00 shall apply after liquidation of debt of March 17th, 1933 agreement until the new debt is fully liquidated.

8. The MUNICIPALITY will place the operation and maintenance of the Canton Municipal Telephone Administration under the supervision and control of a Board of Three, and each Board will maintain during the life of this agreement; that of such three members, one member will have complete control of all engineering matters involving operation and maintenance, one member will have complete control of all receipts and expenditure, and one member will have charge of general affairs. Since payment for the equipment and materials covered by this agreement and other prior agreements between the MUNICIPALITY and the ELECTRIC COMPANY, must, unless otherwise liquidated, be made from net operating revenues, every effort must be made to keep supervision, operating and maintenance expenses at a minimum. No expenditure will be made without approval of the majority of the Board and operating results will be submitted monthly for government audit. The member in charge of finance, besides making such payments to the ELECTRIC COMPANY as are stipulated in this agreement, will also pay monthly such other accounts as may be due, arising from the operation and maintenance of the Canton Municipal Telephone System, such accounts to be approved by the MUNICIPALITY before payment is made.

9. Until such time as all accounts due the ELECTRIC COMPANY by the MUNICIPALITY for materials or services rendered in connection with the installation and maintenance of the Telephone properties of the MUNICIPALITY have been liquidated in full, the appointment of the member of the Board in charge of Engineering and of the member of the Board in charge of Finance will be left entirely to the recommendation of the ELECTRIC COMPANY. As long as the member in charge of Finance is appointed as per the recommendation of the ELECTRIC COMPANY, the ELECTRIC COMPANY will be responsible for any loss arising from default of funds under his control. The MUNICIPALITY will have the right, at any time, to take over the appointment of the two members in charge of Engineering and Finance by payment in full to the ELECTRIC COMPANY of liquidated portions of the debts arising from this agreement.

10. The MUNICIPALITY hereby authorizes the aforementioned Board (Section 8) to pay monthly, after the approval of the MUNICIPALITY, to the ELECTRIC COMPANY the total net revenue of the telephone system to be applied against:

- (a) Interest as stipulated on the unpaid balances of the debts arising from the contracts of March 17th, 1933 and April 1st 1931.
- (b) Interest at the rate of seven per cent (7%) per annum on the unpaid balance of the new debt arising from the supply of equipment as listed in Schedule A attached, interest to be

(4)

chargeable beginning with the dates of cut-over of the each 1000 lines of new exchange equipment as specified in Section 6.

(c) Liquidation of principal of old and new debts owed by the MUNICIPALITY to the ELECTRIC COMPANY.

- 11. All the necessary authorization shall be made empowering the various members of the Board to carry out duties herein prescribed.
- 12. The ELECTRIC COMPANY agrees to furnish the equipment covered by this agreement in accordance with station growth demands of the system and further agrees to make every effort to complete the installation of the necessary message registers and the first group of new exchange equipment at the earliest possible date and expects that delivery of these message registers and this exchange equipment will be made in Canton within six (6) months from the date of signing of this agreement and cut-over of the message registers and initial exchange equipment within eight (8) months from the date of signing of this agreement.
- 13. This agreement shall continue in force until such time as the total indebtedness of the MUNICIPALITY to the ELECTRIC COMPANY has been liquidated in full.
- 14. In the event of strikes, civil commotion, labor disputes, wars, establishment of martial law or interference with the work by force majeure, in the event of fire, typhoon, flood earthquake or any Act of God, which would impede or delay the ELECTRIC COMPANY from completing the work by the estimated date, the ELECTRIC COMPANY shall be free from all blame, but will make every effort to complete the work in the shortest possible time.
- 15. This agreement is written in Chinese and in English and in the event of any disputes arising as to the meaning of the Chinese or of the English versions, the matter shall be settled by arbitration, the MUNICIPALITY and the ELECTRIC COMPANY each appointing one member and these two members appointing a third member. The decision of these arbitrators shall be final.

As WITNESS the official chops of the parties hereto and the signatures of their agents the day and year first above written.

For the MUNICIPALITY

FOR THE ELECTRIC COMPANY

Recorded at American  
Consulate Canton WITNESS:

WITNESS:

I hereby certify that H. G. Miller, representative of the China Electric Company Limited signed this document in my presence on April 8, 1933 at Canton, China.

Canton, China April 8, 1933  
Service No. 600

Vice Consul of the United States  
of America

4  
(4)

(8)

AGREEMENT made this 6th day of April in the year one thousand nine hundred and thirty-three between the Municipality of Canton (hereinafter referred to as the MUNICIPALITY which expression shall, where not inapplicable, include the Municipal Authority or Authorities, for the time being of the City of Canton, Province of Kwangtung, Republic of China, or their successors) of the first part and the China Electric Company Limited, a company incorporated under the laws of the State of Delaware of the United States of America and having its office at No. 21 French Concession, Shanghai, City of Canton, Province of Kwangtung, Republic of China, (hereinafter referred to as the ELECTRIC COMPANY which expression shall, where not applicable, include the said Company, its successors or assigns) of the second part.

WHEREAS, under date of March 17th 1933, the MUNICIPALITY and the ELECTRIC COMPANY entered into an agreement for the supply and installation of an automatic telephone system for the City of Canton of a capacity of four thousand (4000) lines for a total price of United States Gold Dollars Six Hundred and Forty-six thousand (\$646,000.00) and

WHEREAS, under date of April 1st, 1931, the MUNICIPALITY and the ELECTRIC COMPANY entered into an agreement for the supply and installation of additional automatic telephone equipment for the City of Canton of a capacity of three thousand (3000) lines for a total price of United States Gold Dollars Three Hundred and Seventy-one Thousand (\$371,000.00) and

WHEREAS, since the capacity of the existing exchange plant will soon be exhausted and additional facilities required to meet present and anticipated demand for growth and

WHEREAS, the MUNICIPALITY are desirous of obtaining additional financial and technical assistance from the ELECTRIC COMPANY in the extension of its existing telephone plant and

WHEREAS, the ELECTRIC COMPANY is in a position to and is willing to supply the additional facilities required to further assist the MUNICIPALITY both financially and technically

IT IS AGREED THAT

1. The ELECTRIC COMPANY will supply
  - (a) The necessary equipment to increase the capacity of the existing Central Exchange by 2400 lines, to increase the capacity of the existing Hsuan Hsueh Exchange by 400 lines, to increase the capacity of the existing Yangshan Exchange by 200 lines, and to provide the necessary telephones and outside plant materials all as more specifically listed in Schedule A attached.
  - (b) Message registers to provide measured service to 7000 subscribers lines connected to the present system and to the extension provided for in this agreement.

(c) Air conditioning machinery and necessary auxiliary apparatus for Hsuan exchange and Yangshan Exchanges, including installation.

2. The MUNICIPALITY will pay to the ELECTRIC COMPANY for the supply of the equipment, specified in Section 1, including cost of packing, ocean freight and marine insurance from the suppliers' factories to Canton the sum of United States Gold Dollars Three Hundred and Thirty-nine Thousand only (\$339,000.00).
3. The ELECTRIC COMPANY will supply services of one automatic installation supervising engineer during the installation of the exchange equipment and message registers at expense of the ELECTRIC COMPANY.
4. The MUNICIPALITY will pay all customs or import duties, landing charges, transportation charges and other expenses involved in connection with removal of equipment from ship to telephone exchange building or other required destination in Canton.
5. The MUNICIPALITY will pay all labor charges and other expenses in connection with the installation of both inside and outside plant materials as listed in Schedule A and for the inter-connection of the new plant with the existing plant.
6. In order to provide additional service as soon as possible and to save the MUNICIPALITY unnecessary interest expense the 3000 lines of extension equipment covered by this agreement will be installed from time to time in 1000 line groups, the first thousand lines as soon as possible and the remainder as required to meet the expected growth. By this plan the MUNICIPALITY will save interest on unused plant and at the same time be assured of the additional equipment being ready when required. For the purpose of calculating interest the sums to be paid to the ELECTRIC COMPANY shall be divided as follows:
  - A. US\$115,000.00 on out-over of message registers and the first 1000 lines.
  - B. US\$115,000.00 on out-over of the second 1000 lines.
  - C. US\$115,000.00 on out-over of the third 1000 lines.
7. In accordance with the agreements made between the MUNICIPALITY and the ELECTRIC COMPANY under dates of March 17th, 1933 and April 1st 1931, the MUNICIPALITY agrees to pay to the ELECTRIC COMPANY United States Gold Dollars Fifteen Hundred (\$1,500.00) per month for technical assistance and services of its specialists until the debt as covered by the agreement of March 17th, 1933 is liquidated in full, after which date the charge for these services is reduced to United States Gold Dollars One Thousand (\$1,000.00). Under this new agreement the MUNICIPALITY will pay no additional fund for this



8. Until such time as all amounts due the ELECTRIC COMPANY by the MUNICIPALITY for materials or services rendered in connection with the installation and maintenance of the automatic telephone exchanges have been liquidated in full, the appointment of the member of the Board in charge of engineering and the member in charge of finance will be left entirely to the recommendation of the ELECTRIC COMPANY. As long as the member in charge of finance is appointed as per recommendation of the ELECTRIC COMPANY, the ELECTRIC COMPANY will be responsible for any loss arising from default of funds under his control. The MUNICIPALITY will have the right, at any time, to take over the appointment of the two members in charge of engineering and finance by payment in full to the ELECTRIC COMPANY of unliquidated portion of the debt arising from this agreement.

9. The MUNICIPALITY hereby authorizes the above Board (Art. No. 7) to pay monthly to the ELECTRIC COMPANY the total net revenue of the telephone exchange system to be applied against:

- (a) Interest as stipulated on the unpaid balance of the debt arising from the contract of March 17, 1928.
- (b) Interest at the rate of seven per cent (7%) per annum on the unpaid balance of the new debt arising from the supply of equipment as listed in Schedule "A" hereto attached, interest to be chargeable beginning with the date of cut-over of the new exchange equipment.
- (c) Liquidation of principal of new and old debt.

10. All necessary authorizations shall be made empowering the various members of the Board to carry out duties herein specified.

11. The MUNICIPALITY also agrees that in the event that payment of the debt arising from the contract of August 22nd, 1928, covering installation of toll telephone cable between Canton and Hongkong, is liquidated prior to liquidation of new and old debt arising from the installation of exchange plant in the

City of Canton, that the net revenue from the operation of such toll system, after liquidation of toll cable debt, will be applied to liquidation of the debt arising from installation of the Exchange system.

12. The ELECTRIC COMPANY agrees to make every effort to complete installation of the new exchange equipment at the earliest possible date and expect that delivery of all the equipment listed in Schedule "A" will be made in Canton within nine (9) months from the date of signing of this agreement and cut-over of the exchange within twelve (12) months after signing of this agreement.

13. This Agreement shall continue in force until such time as the total indebtedness of the MUNICIPALITY to the ELECTRIC COMPANY has been liquidated in full.

14. In the event of strikes, civil commotions, labor disputes, wars, establishment of martial law or interference with the work by force majeure, or in the event of fire, typhoon, flood, earthquake or any act of God which would impede or delay the ELECTRIC COMPANY from completing the work by estimated date, the ELECTRIC COMPANY shall be free from all blame, but will make every effort to complete the work in the shortest possible time.

15. This agreement is written in Chinese and English and in the event of any dispute arising as to the meaning of the Chinese or English versions, the matter shall be settled by arbitration, the MUNICIPALITY and the ELECTRIC COMPANY each appointing one member and these two members a third member. The decision of these arbitrators to be final.

As witness the official chops of the Parties hereto and the signatures of their Agents the day and year first above written.

For the  
MUNICIPALITY - LEE YUNGY  
WITNESS - TRAO CHIN LI  
G. C. LEE

For the  
ELECTRIC COMPANY - J. F. SHAW  
WITNESS - P. E. GARY

MUNICIPALITY both financially and technically

IT IS AGREED THAT

1. The ELECTRIC COMPANY will supply the necessary equipment to increase the capacity of the existing Central Exchange by an additional 2,500 lines, to increase the capacity of the existing branch exchange at HUNN by an additional 200 lines, to install a new branch exchange including erection of appropriate building at TUNGSHAN, with an initial capacity of 400 lines and to supply the necessary telephones and outside plant material as more specifically listed in schedule "A" attached. The Central Office Exchange equipment supplied will be of the same general nature as that of the existing exchange system and as more completely described in schedule "A" attached.
2. The MUNICIPALITY will pay to the ELECTRIC COMPANY for the supply of the equipment including cost of packing, ocean freight and marine insurance from the suppliers' factories to Canton the sum of United States Gold Dollars Three Hundred Seventy-two Thousand (\$372,000.00) in the method and manner hereinafter described.
3. The MUNICIPALITY will provide at its expense a properly cleared plot of land at TUNGSHAN, on which the ELECTRIC COMPANY will erect a suitable building for a branch exchange.
4. The MUNICIPALITY will pay all customs or import duties, landing charges, transportation charges and other expenses involved in connection with removal of equipment from ship to telephone exchange or other required destination in Canton.
5. The MUNICIPALITY will pay all labor charges and other expenses in connection with the installation of both inside and outside plant material as listed in schedule "A" and for the interconnection of new plant with the existing plant.

6. In accordance with the agreement made between the MUNICIPALITY and the ELECTRIC COMPANY under date of March 17, 1928, the MUNICIPALITY agreed to pay to the ELECTRIC COMPANY United States Gold Dollars Fifteen Hundred (\$1500.00) per month for technical assistance and services of its specialists. Under this new agreement the MUNICIPALITY will pay no additional sum for this purpose. In the event that the old debt as covered by the agreement made under date of March 17, 1928, between the MUNICIPALITY and the ELECTRIC COMPANY being liquidated in 1931 and new debt as covered by this agreement still remaining outstanding, the MUNICIPALITY will pay to the ELECTRIC COMPANY the sum of Gold Dollars One Thousand (\$1000.00) per month for the said services until this new debt is fully liquidated.

7. The MUNICIPALITY will place the operation and maintenance of the Canton Municipal Telephone Administration under the supervision and control of a Board of Three, and such Board will maintain during the life of this agreement, that or such three members, one member will have complete control of all engineering matters involved in operation and maintenance, one member will have complete control of all receipts and expenditures, and one member will have charge of general affairs. Since payment for the automatic telephone equipment must, unless otherwise liquidated, be made from net operating revenues, every effort must be made to keep supervision, operating and maintenance expenses to a minimum. No expenditure will be made without approval of the majority of the Board and operating records will be submitted monthly for government audit. The member in charge of finance, besides making such payments to the ELECTRIC COMPANY as are stipulated in this agreement, will also pay monthly such other accounts as may be due arising from operation and maintenance of the automatic telephone system, such accounts to be approved by the MUNICIPALITY before payment is made.

each appointing one member and these two members a third member. Decisions of three arbitrators to be final.

As witness the official stamp of the Parties hereto and the signatures of their agents the day and year first above written.

WITNESSES (SEAL) LA TUNG-CHANG  
(SEAL) T. Y. SHANG

FOR THE MUNICIPALITY OF CANTON (SEAL) LA TUNG

WITNESS (SEAL) F. T. CHOW

FOR THE CHINA ELECTRIC COMPANY LIMITED (SEAL) J. Y. SHANG

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(2)

AGREEMENT, made this first day of April in the year one thousand nine hundred and thirty-one between the Municipality of Canton (hereinafter referred to as the MUNICIPALITY which expression shall where not implausible include the Municipal Authority or Authorities, for the time being of the City of Canton, Province of Kwangtung, Republic of China, or their successors) of the first part and the China Electric Company, Limited, a Company incorporated under the laws of the State of Delaware of the United States of America and having an office located and situate in the Marston Building, City of Canton, Province of Kwangtung, Republic of China (hereinafter referred to as the ELECTRIC COMPANY which expression shall where not implausible include the said Company, its successors or assigns) of the second part,

WHEREAS, under date of March 27th, 1931, the MUNICIPALITY and the ELECTRIC COMPANY entered into an agreement for the supply and installation of an automatic telephone system for the City of Canton of a capacity of four thousand (4000) lines for a total price of United States Gold Dollars Six Hundred and Forty-six Thousand (\$646,000.00) and

WHEREAS, since the capacity of the existing exchange plant will soon be exhausted and additional facilities required to meet present and anticipated demand for growth, particularly after the opening of toll trunk service between Canton and Shanghai and

WHEREAS, the MUNICIPALITY are desirous of obtaining additional financial and technical assistance from the ELECTRIC COMPANY in the extension of its existing telephone plant and

WHEREAS, the ELECTRIC COMPANY are in a position to and are willing to supply the additional facilities required and to further assist the



maintenance of the toll cable have been liquidated in full, the appointment of the member of the Board in charge of engineering and the member in charge of finance will be left entirely to the recommendation of the Electric Company. The Municipality reserves the right to pay entire account in full, at any time, and thereby take full control of the system.

6. For the supply of the above mentioned materials and services the Municipality will pay to the Electric Company such sum of money and in such manner as hereinafter specified.

A - The Municipality will pay to the Electric Company a monthly fee of United States Gold Dollars One Thousand (\$1,000.00) for the services rendered by the two members of the Board in charge of engineering and finance. Such payment will be made out of toll receipts beginning from the date of cut-over of the cable and continuing until full liquidation of all accounts due arising from this agreement.

B - For the supply and installation of the toll cable, the Municipality shall pay to the Electric Company the following amounts:

(a) - Upon the signing of this agreement lump sum money to the amount of United States Gold Dollars Ten Thousand (\$10,000.00) which will be returned to the Municipality, together with interest at the rate of eight per cent (8%) per annum, in the event that the Municipality and the Nanking Telephone Company are unable to conclude an agreement for telephone traffic between Canton and Nanking within a two year period from the date of signing of this agreement between the Municipality and the Electric Company;

(b) - The balance of principal amounting to United States Gold Dollars Four Hundred-Forty-Five Thousand (\$445,000.00), based

on total cable length of ninety-one (91) miles, on right-of-way of Canton/Nanking Railway, together with interest at the rate of eight per cent (8%) per annum on unpaid balance during term cut-over of the long telephone line, shall be paid monthly from the gross telephone receipts arising from the operation of the toll cable, after making such deductions as may be necessary for direct expenses as previously outlined herein in connection with operation of said toll cable.

10. All necessary authorizations shall be made expediting the two members of the Board in charge of engineering and finance to carry out duties herein specified.

11. This agreement shall continue in force until such time as all outstanding accounts due the Electric Company by the Municipality have been liquidated in full.

12. As assurance of the faithful fulfillment of the contract, the Electric Company agrees to accept a penalty of United States Gold Dollars One Thousand (\$1,000.00) per month for each month the completion of the Chinese section is delayed beyond the completion and readiness of the Nanking Nanking section.

13. In the event of strikes, civil commotion, labor disputes, war, establishment of martial law or interference with the work by force majeure which shall in any way impede or delay the Electric Company from completing this contract and/or in the event of fire, typhoon, flood, earthquake or any act of God which would cause any loss to the Electric Company, necessary amendments to this agreement will be mutually made.

14. The agreement is written in Chinese and English and in the event of any dispute arising as to the meaning of the Chinese or English versions, the matter shall be settled by arbitration, the Municipality and the Electric Company

Electric Company will undertake all necessary surveys and preparation of engineering specifications covering that section of said toll cable between Canton and the Kwangtung/Hubei frontier immediately following signing of this agreement between the Electric Company and the Municipality but that entering of material and start of construction work will not be undertaken until signing of agreement between the Municipality and the Hongkong Telephone Company covering establishment of toll telephone service between Canton and Hongkong.

2. The Electric Company will provide and install a proper toll switchboard in the Municipality's Automatic Telephone Exchange in Canton for connection of toll circuits in above toll cable to subscribers of the Municipality's Automatic Telephone Exchange in Canton. It is understood that at some future time it may be desired to terminate such toll circuits, together with toll circuits to other cities, in a separate building to be erected at suitable locations in Canton at a later date. In order to avoid duplication of operating staff, to avoid needless expense with the relatively small number of toll circuits at present involved and to secure the maximum efficiency of operation of both exchange and toll system, the provision of such separate building and associated toll exchange equipment will be deferred and will not comprise a part of this agreement; but the plant will be so engineered that such transfer may be made at a later date with the minimum expense.

3. The Municipality will obtain for the Electric Company all necessary rights of way for the installation of the toll cable from the Canton Automatic Telephone Exchange to the Kwangtung/Hubei frontier whether on the right-of-way of the Canton/Hubei Railway or on the other property.

4. The Municipality will provide all necessary police and military protection, without expense to the Electric Company, so that the installation may proceed without interruption and/or loss of property and that such necessary protection will be provided from date of arrival of toll cable and associated

apparatus in Province of Kwangtung until entire debt of the Municipality to the Electric Company arising from this agreement has been liquidated.

5. The Municipality will obtain for the Electric Company such "licenses" as may be necessary to permit the importation of cables and other materials required for the toll cable installation into the Province of Kwangtung and/or city of Canton without Customs duties or other taxes.

6. The Municipality will assist the Electric Company in making such arrangements as may be desirable in connection with transportation of material on the lines of the Canton/Hubei Railway.

7. The Municipality will place the operation and maintenance of the toll cable under the supervision and control of a Board of three, and such Board will maintain during the life of this agreement; that of such three members, one member will have complete control of all engineering matters involved in operation and maintenance, one member will have complete control of all receipts and expenditures, and one member will have charge of general affairs. Since payment for the toll cable installation must, unless otherwise liquidated, be made from net operating revenues, every effort must be made to keep supervision, operating and maintenance expenses to a minimum. No expenditures will be made without approval of the majority of the Board and operating results will be submitted monthly for Government audit. The member in charge of finance, besides making such payments to the "Electric Company" as are stipulated in this agreement, will also pay monthly such other accounts as may be due arising from operation and maintenance of the toll cable system, such accounts to be approved by the Municipality before payment is made. During construction, the Municipality may appoint a representative to inspect material and construction methods. The Municipality reserves the right to increase toll rates at its discretion.

8. Until such time as all amounts due the Electric Company by the Municipality for materials or services rendered in connection with the installation and

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(2)

AGREEMENT, made this 21st day of August in the year One Thousand Nine Hundred and Twenty-Six, according to the Western Calendar, BETWEEN THE MUNICIPALITY OF CANTON, Province of Kwangtung, Republic of China, authorized by and acting for the PROVINCIAL GOVERNMENT OF KWANGTUNG (hereinafter referred to as the "MUNICIPALITY" which expression shall share the content as aforesaid include the Municipal Authority or Authorities, for the time being, of the city of Canton, Province of Kwangtung, Republic of China, or their successors and/or the provincial authority or authorities, for the time being, of the Province of Kwangtung, Republic of China, or their successors) of the first part and the CHINA ELECTRIC COMPANY, LIMITED, a company incorporated under the laws of the State of Delaware in the United States of America, and having an office located and situated in the Mission Building, City of Canton, Province of Kwangtung, Republic of China (hereinafter referred to as the "ELECTRIC COMPANY" which expression shall share not inapplicable include the said company its successors and assigns) of the second part.

WHEREAS, the Municipality of Canton, Province of Kwangtung, Republic of China and the Kwangtung Telephone Company, of Kwangtung, have agreed to enter into a Joint Agreement for the installation and operation of toll telephone service, between the cities of Canton and Kwangtung, by means of an Armored, Paper Insulated, Lead Covered, Loaded, Underground Telephone Cable of the guided type in which eight (8) quads, including both physical and phantom circuits, will be reserved for through service between Canton and Kwangtung and cable to be installed in general on the right-of-way of the Canton-Kowloon Railway, and

WHEREAS, the section of said cable between the Municipality's Automatic

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Telephone Exchange in Canton and the frontier between the Province of Kwangtung and the leased territory of Kowloon will be installed at the expense of the Municipality, and

WHEREAS, the Municipality are desirous of securing the assistance of the Electric Company in connection with the financing required for the supply and installation of said toll cable between Canton and the Kwangtung/Kowloon frontier and further desire the assistance of the Electric Company in connection with technical advice as to operation of toll cable and associated Automatic Telephone Exchange in Canton with the view to obtaining and maintaining the best possible telephone service both exchange and toll, and

WHEREAS, the Electric Company, with the extensive financial and technical resources at its command, is in a position to and is desirous of assisting the Municipality in financing the toll cable installation and operation of toll cable and Automatic Telephone Exchange system in Canton

IT IS AGREED that

1 - The Electric Company will provide and install a ten (10) quad Armored, Paper Insulated, Lead Covered, Loaded, Underground Telephone Cable, (as more fully described in Technical Specification No. 2555 attached to and forming part of this Agreement) between the Municipality's Automatic Telephone Exchange in Canton and the Kwangtung/Kowloon frontier; said cable to be in general installed underground on the right-of-way of the Canton/Kowloon Railway; and that complete installation of said cable will be completed in approximately twelve (12) months from the date of signing of traffic agreement between the Municipality and the Kwangtung Telephone Company for the establishment of toll telephone service between Canton and Kwangtung, and in any event the completion of the Chinese section of the cable will not be delayed beyond the date of completion of the Kwangtung section. It is understood and agreed that the





tion at Canton of an Automatic Telephone System of the "Rotary" type. These Supervising Engineers shall be authorized by the Purchasers to procure all labor necessary for the installation of the inside and/or outside plant materials of the Automatic Telephone System and the unloading and transportation of the equipment from the ship at Canton to the telephone exchange or other parts of the City of Canton as required. The cost of all such labor shall be for the Purchasers account and will be paid as hereinafter specified.

5. The Suppliers shall further supply the service of an Accountant, free of charge during period of installation, who shall have entire control of all subscriptions and/or payments received in connection with the financing and/or installation of the Automatic system and of all disbursements made in connection with the installation of such system. He shall be authorized by the Purchasers to issue on its behalf and/or on behalf of the Canton Telephone Administration and/or the Telephone Financing Committee hereinafter described suitable receipts for deposit and installation fees paid in connection with the Automatic installation. He shall be authorized by the Purchasers to pay for its account from the funds under his control all properly certified bills rendered by either/or both of the Supervising Engineers for local labor or transportation procured as specified under Article 2. He shall be further authorized to make such payments to the Suppliers as are provided for under this Agreement. The Accountant shall render weekly statements to Purchasers of all collections, receipts and disbursements made in connection with the execution of this Agreement for their information and review. It is agreed that the Suppliers shall issue all necessary instructions to the Accountant to safeguard proper expenditure of funds and in case of misappropriation or loss, the amount of such loss will be for the Supplier's account. The service of the Accountant may be dispensed with

when total amount due the Suppliers has been paid. If total payment has not been completed before period of turnover of the Automatic equipment, the Purchasers will pay to the Suppliers for said Accountant's services a monthly sum of United States Gold Dollars Five Hundred (\$500.00).

4. There shall be created a Telephone Financing Committee comprised of four members of whom the Accountant shall be one, two members to be appointed each by the Purchasers and the Suppliers. It shall be the duty of this Committee and they shall be authorized by the Purchasers to devise ways and means of securing necessary finances to permit of carrying out the installation of the Automatic system without delay. Under this authorization they will determine what installation charges would be paid by old telephone subscribers for Automatic service, what charges by new subscribers and the time allowed for payment by each. It shall be the duty of this Committee to actively promote the inauguration of the Automatic System and give the greatest publicity to results accomplished and thereby secure the active support of the merchants and other potential subscribers.

5. The Suppliers will at their expense erect or cause to be erected on cleared property, provided by the Purchasers, a suitable building in which to install the Automatic Central Office equipment, which building will be of sufficient size for the installation of exchange equipment of an ultimate of Ten Thousand (10,000) lines. In order that an economical cable plant may be obtained the site selected by the Purchasers should meet with the approval of the Suppliers.

6. The Purchasers shall pay to the Suppliers the said purchase price of United States Gold Dollars Six Hundred and Forty-Six Thousand (\$646,000.00) at the time and in the following manner:

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CONTENTS.

1. Agreement of March 17th, 1928 - Canton Telephone Administration
2. Agreement of August 31st, 1929 - Canton Telephone Administration
3. Agreement of April 1st, 1931 - Canton Telephone Administration
4. Agreement of April 8th, 1933 - Canton Telephone Administration
5. Agreement of November 1st, 1936 - Canton Telephone Administration
6. Five telegrams dated from Dec. 28, 1937 - January 5, 1938 re. Canton Telephone Administration.
7. Letter of June 17th, 1941 to Mr. Freeth from Mr. J. F. Rhame re. Canton and Swatow Telephone Administration.
8. Letter of August 24, 1939 to American Consulate-General from Allman, Davies and Kops re. Canton Telephone Adm.
9. Mortgage Contract of February 1st, 1937, - Swatow Telephone Administration

( 1 )

An Agreement made this 17th day of March one thousand nine hundred and twenty-eight, between the Municipality of Canton, by the hand of Lam Wanhey, Chief Commissioner (hereinafter called "The Purchasers" which expression shall where the context so admits include the Municipal Authority or Authorities, for the time being, of the City of Canton in the Province of Kwangtung in the Republic of China or their successors) of the one part and the China Electric Company, Limited, a company incorporated under the laws of the State of Delaware in the United States of America, by the hand of J. F. Rhame its General Manager (hereinafter called "The Suppliers" which expression shall where not inapplicable include the said company its successors and assigns) of the second part.

Whereby the Purchasers are desirous of installing a modern telephone plant of the Automatic type in the City of Canton and the Suppliers are in a position to supply such equipment and to provide the Purchasers with certain technical assistance in connection with the installation and operation of such a system, it is agreed that:

1 - The Suppliers shall sell and the Purchasers shall purchase the materials and equipment specified in Schedule "A" hereto for the sum of United States Gold Dollars, Six Hundred and Forty-Six Thousand nett (\$646,000.00) which sum includes the cost of packing, marine insurance and freight from the Suppliers factory to Canton.

2 - The Suppliers shall also provide to the Purchasers the service of two competent Supervising Engineers, free of charge during the period of installation and thereafter, if desired, at a monthly salary of United States Gold Dollars Five Hundred (\$500.00) each. These Supervising Engineers shall supervise the work necessary for the installation of the materials provided according to the true intent more particularly set out in the said Schedule "A" for the installa-