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No. 570.

HONG KONG.

REPORT FOR 1907.

(For Report for 1906, *see* No. 521.)

Presented to both Houses of Parliament by Command of His Majesty.
August, 1908.



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No. 570.

H O N G K O N G .

(For Report for 1906, *see* No. 521.)

THE GOVERNOR TO THE SECRETARY OF STATE.

Government House,

Hong Kong,

24th June, 1908.

My LORD,

I HAVE the honour to submit for Your Lordship's information the following general Report on the annual Blue Book for the year 1907:—

I.—FINANCES.

The revenue for the year, exclusive of land sales, amounted to \$6,442,529 or \$179,540 less than the previous year. Land sales amounted to \$159,750, or \$155,982 less than in 1906. The total revenue from all sources was therefore \$6,602,280, or \$432,731 less than in the previous year. All the main sources of revenue show an excess over 1906 with the exception of licences, rent of Government property, interest, and land sales.

Light dues, licences, fees of Court, Post Office receipts, and rent of Government property brought in together \$300,504 more than was estimated. The receipts under the remaining heads of revenue were, all together, \$146,249 less than were anticipated when the estimates were drawn up.

The expenditure for the year was \$5,028,553, exclusive of public works extraordinary; inclusive of that item it was \$5,757,203, or \$1,075,407 less than the total expenditure of 1906.

Deducting from the actual receipts for 1907 the total actual expenditure, there was a surplus of \$845,076 on the actual working of the year.

(A.) GENERAL REVENUE AND EXPENDITURE.

The following is a brief abstract of revenue and expenditure for the years 1906 and 1907:—

Revenue.

—	1906.	1907.	Increase.	Decrease.
	\$ c.	\$ c.	\$ c.	\$ c.
Light Dues	77,722.04	80,389.00	2,666.96	—
Licences and internal revenue not otherwise specified.	4,765,227.78	4,530,468.75	—	234,759.03
Fees of Court, &c.	470,151.53	498,621.05	28,469.52	—
Post Office	420,454.04	445,420.92	24,966.88	—
Rent of Government property ...	826,699.20	809,647.90	—	17,051.30
Interest	8,068.42	—	—	8,068.42
Miscellaneous	53,747.24	77,982.34	24,235.10	—
Water Account	—	—	—	—
Land sales	315,733.21	159,750.29	—	155,982.92
Amount transferred from Praya Reclamation Fund.	97,208.32	—	—	97,208.32
Total	\$ 7,035,011.78	6,602,280.25	80,338.46	513,069.99
			Deduct increase	80,338.46
			Nett decrease	432,731.53

Expenditure.

—	1906.	1907.	Increase.	Decrease.
	\$ c.	\$ c.	\$ c.	\$ c.
Non-effective charges	333,823.31	313,658.67	—	20,164.64
General administration	1,404,287.42	1,034,695.00	—	369,592.42
Law and order	332,919.87	847,418.62	14,498.75	—
Public health	659,413.66	648,951.51	—	10,462.15
Public instruction	162,973.32	184,028.19	21,054.87	—
Public works	2,086,655.96	1,468,857.43	—	617,798.48
Defence	1,352,537.14	1,259,694.00	—	92,843.14
Total	6,832,610.68	5,757,203.47	35,553.62	1,110,960.83
			Deduct increase ...	35,553.62
			Nett decrease ...	\$ 1,075,407.21

The following table shows the total revenue and expenditure for the five years 1903-1907:—

—	1903.	1904.	1905.	1906.	1907.
	$ c.	$ c.	$ c.	$ c.	\$ c.
Revenue	5,238,857.88	6,809,047.99	6,918,403.85	7,035,011.78	6,602,280.25
Expenditure	5,396,669.48	6,376,235.30	6,951,275.26	6,832,610.68	5,757,203.47
Surplus	—	432,812.69	—	202,401.10	845,076.78
Deficit	157,811.60	—	32,871.41	—	—

from which it will be seen that both revenue and expenditure for the year were lower than at any time since 1903.

(B.) ASSETS AND LIABILITIES.

At the end of the year 1907, the assets of the Colony amounted to \$2,650,733.99, or, including arrears of revenue, \$2,739,712.32. The total liabilities were \$1,205,995.13, so that the surplus of assets over liabilities amounted to \$1,533,717.19.

(C.) PUBLIC DEBT.

Inscribed Stock at $3\frac{1}{2}$ per cent. interest, £341,799 15s. 1d. incurred for Praya Reclamation; Central Market; water, drainage, and sewerage works, &c., to be paid off on 15th April, 1943.

Inscribed Stock at $3\frac{1}{2}$ per cent. interest (loan of £1,100,000 at $4\frac{1}{2}$ per cent. to Viceroy of Wuchang) £1,143,933 1s. 4d. (Amount repaid by Viceroy placed to credit of Special Account £220,000, which has been advanced therefrom for Railway construction.) Sinking fund commences in 1911.

The amount paid into the Joint Sinking Fund with accrued interest reached £61,813 4s. 4d.* on the 31st of December, 1907.

II.—TRADE AND SHIPPING, INDUSTRIES, FISHERIES, AGRICULTURE, AND LAND.

(A.) TRADE AND SHIPPING.

The total of the shipping entering and clearing at ports in the Colony during the year 1907 shows an increase of 77,908 vessels of 3,281,042 tons when compared with the corresponding figures for 1906, in which year there was a decrease of 1,437,823 tons due to loss of local vessels in the typhoon. The greater part of this is due to internal traffic—"steamships not exceeding 60 tons plying within the waters of the Colony." If local trade be eliminated, it is found that the remaining figures show the respectable increase of 3,110 vessels of 579,814 tons.

This increase is distributed as follows:—

- British ocean-going vessels, 59 ships of 26,698 tons.
- Foreign ocean-going vessels, 334 ships of 627,380 tons.
- British River steamers, 364 ships with a decrease in tonnage of 212,137 tons.
- Foreign river steamers, 239 ships of 76,075 tons.
- Steamships not exceeding 60 tons, 703 ships of 29,739 tons.
- Junks in foreign trade, 1,411 vessels of 32,059 tons.

The actual figures of arrivals and departures are as follows:—

		<i>Foreign Trade.</i>	
Of British Ocean-going.	{	1,876 arrivals	of 3,605,941 tons.
		1,880 departures	„ 3,610,228 „
Of Foreign Ocean-going.	{	2,306 arrivals	„ 3,861,570 „
		2,315 departures	„ 3,859,305 „
Of British River steamers.	{	3,412 arrivals	„ 2,316,889 „
		3,416 departures	„ 2,313,475 „
Of Foreign River steamers.	{	655 arrivals	„ 371,996 „
		655 departures	„ 371,996 „
Of Steamships not exceeding 60 tons.	{	791 arrivals	„ 3,015 „
		790 departures	„ 3,006 „
Of Junks in Foreign Trade.	{	14,782 arrivals	„ 1,320,892 „
		14,782 departures	„ 1,330,578 „
Total Foreign Trade		23,822 arrivals	„ 11,512,303 „
		23,838 departures	„ 11,520,588 „

* This includes the sum of £14,352 8s. 1d. surplus of interest paid by the Viceroy on the loan of £1,100,000.

Local Trade.

Of Steamships not exceeding 60 tons.	{ 209,601 arrivals	of	5,608,266 tons.
	{ 209,601 departures	„	5,608,266 „
Of Junks in Local Trade.	{ 20,820 arrivals	„	892,818 „
	{ 19,952 departures	„	586,069 „
Total Local Trade	{ 230,421 arrivals	„	6,501,084 „
	{ 229,553 departures	„	6,494,335 „
Grand Total Local and Foreign.	{ 254,243 arrivals	„	18,013,387 „
	{ 253,391 departures	„	18,014,923 „

Thus in foreign trade:—

	Per cent.
British ocean-going vessels represented	... 31·4
Foreign ocean-going vessels represented	... 33·5
British river steamers represented	... 20·1
Foreign river steamers represented	... 3·2
Steamships not exceeding 60 tons represented...	0·3
Junks represented	... 11·5
	100·0

While in local trade:—

Steamships not exceeding 60 tons represented...	86·3
Junks represented	... 13·7
	100·0

The movements of the “Star” Co.’s ferry launches, of private steam-launches, and of fishing junks do not appear in the above figures.

Eight thousand two hundred and thirty-nine (8,239) steamers, 10 sailing ships and 791 steamships not exceeding 60 tons, in foreign trade, entered during the year, giving an average daily entry of 24·77 European-constructed foreign-going ships, as compared with 22·5 in 1906.

The average tonnage of ocean-going vessels entered has increased slightly, from 1,784·9 to 1,785·6 tons, while that of river steamers has declined from 734 to 661 tons. The British ocean average has decreased from 1,945 to 1,921 tons. The foreign ocean average has increased from 1,654 to 1,670 tons. The British river steamer average has declined from 749 to 678 tons and the foreign river steamer average has declined from 623 to 567 tons.

A comparison between the years 1906 and 1907 shows:—

For ocean vessels under the British flag, an increase of 59 ships of 26,698 tons.

In British river steamers an increase of 364 ships with a decreased tonnage of 212,137 tons, which is mainly due to the withdrawal of the large sized steamer *Hankow* and the addition of the two small Macao steamers *Sui Tai* and *Sui An*.

For foreign ocean vessels an increase of 334 ships of 627,380 tons is shown, which is wholly due to the Japanese firms increasing their carrying trade. Under this flag, an increase of 455 ships of 976,450 tons is found, with a general falling off under other flags.

For foreign river steamers an increase of 238 ships of 76,075 tons is shown, which can be accounted for by vessels under the German, Chinese, and Portuguese flags making more trips in 1907 than in 1906.

For junks in foreign trade, an increase of 1,411 vessels of 32,059 tons.

A decrease in local junk trade, 10,844 vessels of 263,768 tons which may be ascribed to the cessation of the naval extension work and to the falling off in conservancy boats.

The actual number of individual ocean-going ships of European construction entering during the year was 800, being 362 British and 438 foreign.

These 800 ships aggregated 1,860,245 tons. They entered 4,182 times and gave a collective tonnage of 7,467,511 tons. Thus compared with 1906, 70 less ships of 73,514 less tons, entered 170 more times and gave a collective tonnage increased by 306,183 tons.

The 800 vessels were divided as follows between the several nationalities:—

Vessels entered.	Times.	Total tonnage.
355 British Steamers	... 1,867	3,586,510
9 Austrian „	... 30	106,523
1 Belgian „	... 1	2,903
20 Chinese „	... 214	267,789
2 Corean „	... 14	21,298
9 Danish „	... 21	41,122
18 Dutch „	... 69	142,100
33 French „	... 202	294,461
137 German „	... 790	1,246,053
3 Italian „	... 12	31,704
111 Japanese „	... 534	1,126,517
59 Norwegian „	... 290	265,728
2 Portuguese „	... 59	19,128
10 Russian „	... 13	30,912
3 Swedish „	... 11	12,970
20 United States Steamers	45	251,590
7 British Sailing Ships	9	19,431
1 United States „	1	72
<hr/> Total 800	<hr/> 4,182	<hr/> 7,467,511

The figures relating to the import and export trade of the port, given in previous years, have, as pointed out annually, been based upon information which can only be characterised as unsatisfactory and the results as erroneous and misleading. As it is obvious that such returns have no value, they are discontinued in the form they have hitherto taken, but the aggregates of the reports received are shown, for purposes of comparison, in round numbers. These include imports of sugar and imports and exports of opium, of which accurate returns are rendered.

The aggregates show an increase of about 360,000 tons in imports, of about 191,000 tons in exports, and of about 518,000 tons in transit cargo.

The total reported import and transit trade of the port for 1907 amounted to 23,819 vessels of 11,512,223 tons carrying about 8,237,000 tons of cargo of which about 4,841,000 tons were discharged at Hong Kong.

Similarly, the export trade of the port was represented by 23,841 vessels of 11,520,668 tons, carrying about 3,049,000 tons of cargo, and shipping about 729,000 tons of bunker coal.

During the year 1907, 16,515 vessels of European and American construction of 20,311,400 tons (net register), reported having carried about 10,842,000 tons of cargo, as follows:—

	Tons.
Import cargo ...	4,366,000
Export cargo ...	2,355,000
Transit cargo ...	3,396,000
Bunker coal shipped ...	725,000
	10,842,000

One hundred and five thousand nine hundred and sixty-seven (105,967) emigrants left Hong Kong for various places during the year. Of these 78,576 were carried in British ships and 27,391 in foreign ships. The year 1907 has proved to be the record year in the history of the Colony for the numbers of emigrants shipped.

One hundred and forty-five thousand eight hundred and twenty-two (145,822) immigrants were reported as having been brought to Hong Kong from the several places to which they had emigrated, either from this Colony or from coast ports. This includes 905 returning from South Africa. Of the total number, 112,742 arrived in British ships and 33,080 in foreign ships.

The total revenue collected by the Harbour Department during the year was \$348,300 (including \$24,098 previously collected by the Registrar-General's Department for boat licences, the issuing of which was transferred to this depart-

ment from the 1st January, 1907), as against \$298,106 collected in the previous year, showing an increase of \$50,193:—

	\$
1. Light Dues	80,389.00
2. Licences and Internal Revenue...	116,122.40
3. Fees of Court and Office	151,746.30
4. Miscellaneous Receipts	42.40
	<hr/>
Total	\$348,300.10
	<hr/>

(B.) INDUSTRIES.

During 1907 the price of refined sugars in the East still further declined, principally as a result of the lower cost of raw sugar, but also owing to the determined competition of Japanese refineries seeking to capture the local refineries' old established Chinese connections. The quantity of sugar refined in Hong Kong was however larger than for years past, and was disposed of in China and other markets, although at a loss in some instances, and on very small margins of profit in others. By the end of 1907 the strenuous competition from Japanese quarters had however, exhausted itself, and it is confidently expected by those best able to form an opinion that local industries will be able to maintain and improve their position.

The demand for yarn during 1907 was even more unsatisfactory than during the previous year, which was undoubtedly due to the failure of almost every yarn shop in the Colony. These failures threw a quantity of yarn on the market which had to be disposed of at a reduction of \$20/25 per bale on the contract price. Owing to the large stocks on hand it was found necessary to decrease the output of the local cotton mill by reducing the number of spindles running, and during the last three months of the year "short time" was also resorted to.

Both exchange and the price of raw material have been in favour of the rope factory, enabling them to reduce their selling price to their customers to a lower limit than for some years. On the other hand the lower price induced a greater demand and the factory's turnover accordingly showed a fair increase.

No further additions have been made to the plant of the Cement Company, which with a good demand for cement has been kept continuously employed throughout the year.

The flour mills at Junk Bay were kept running continuously night and day, including many Sundays.

Four hundred and twenty-two (422) vessels of 1,001,001 tons and 112 launches, lighters, &c., were docked and repaired,

compared with 449 vessels of 1,063,454 tons and 79 launches, lighters, &c., in 1906. One hundred and eleven (111) steam-launches and other vessels with an aggregate tonnage of 6,311 were built during the year.

A small new industry has recently been established in this Colony, *i.e.*, that pursued by the Wai San Knitting Co., Ltd., but the Company is still in its infancy.

Another recently established industry is carried on by the Imperial Brewing Co., Ltd. Large quantities of their products are being exported to the various ports in China. The capacity of the plant is 2,750,000 gallons per annum.

(C.) FISHERIES.

A considerable proportion of the boat-population of Hong Kong supports itself by deep-sea fishing, in which pursuit a large number of junks are engaged. The villages of Aberdeen, Stanley, Shaukiwan, and many others in the New Territories are largely dependent upon this industry for their prosperity. Fresh-water fish is imported from Canton and the West River. There are oyster beds of considerable value in Deep Bay.

(D.) FORESTRY, BOTANICAL SCIENCE, AND AGRICULTURE.

In Hong Kong fifty-four thousand two hundred and ninety-five (54,295) pits were dug and sown with pine seeds by the departmental staff. Thirty thousand pits were sown by contract with no result in the majority of cases. In the New Territories 111,156 pits were dug by contract and sown by the department; while 24,557 were planted by the department, and 8,000 by contract. One hundred and fifty-two shade trees were planted in streets in Kowloon, and 45 in streets in Hong Kong; while 265 trees were planted along the newly formed banks of May Road and Conduit Road. Six hundred and ninety-six bamboos were planted along roads at the Peak and elsewhere, while 92 hydrangeas and 102 azaleas were planted out on Crown land in various parts of the peak.

(E.) LAND GRANTS AND GENERAL VALUE OF LAND.

The amount received from sales of Crown Land was \$161,459, being \$154,274 less than the receipts for the previous year. This falling off may be attributed to the continued depression of business throughout the year and to general tightness of the money market. The principal items were for sites for a cigar factory in Kowloon and for a brewery at Lai Chi Kok in the New Territories, a lot at North Point, and land for an extension of the Standard Oil Company's new premises at Lai Chi Kok.

III.—LEGISLATION.

Sixteen Ordinances were passed during 1907, two of which, No. 9 of 1907 and No. 10 of 1907, afford facilities to certain foreign companies for carrying on their business in the Colony in the same manner as if they had been incorporated under the law of the Colony; whilst another, No. 6 of 1907, continued the incorporation granted under the Ordinance of 1866 of the leading local banking concern for a further period of 21 years and empowered it to increase its capital subject to certain conditions.

A Life Insurance Companies Ordinance (No. 11 of 1907) was passed in accordance with Imperial precedent, to secure the solvency and permanency of companies carrying on the business of life insurance in the Colony.

A Seditious Publications Ordinance (No. 15 of 1907) was enacted in order to prohibit the publication in the Colony of matter calculated to excite disorder, or to incite to crime, in China.

A Companies (Local Registers) Ordinance (No. 16 of 1907) was passed based on the Imperial Act of 1883 and makes provision for companies registered in the Colony but carrying on business elsewhere, to keep local registers of members.

IV.—EDUCATION.

The number of Government and Grant Schools, including Queen's College, is 79, of which 25 are Upper Grade Schools with a staff competent to give instruction in all the subjects of Standard VII. and 54 are Lower Grade Schools under purely native management. Generally speaking, the Upper Grade Schools are taught in English, and the Lower Grade Schools are taught in the vernacular.

The total number of pupils in average attendance at Government and Grant Schools was 5,924 against 5,496 in 1906. Of these, 2,144 were in Government and 3,780 in Grant Schools: 3,569 pupils received instruction in English, and 2,355 in the vernacular. The proportion of boys to girls was 3,761 to 2,163.

The revenue derived from school fees was \$49,223, \$30,442 of which was received from Queen's College.

The expenditure including that on Queen's College was \$184,028, being 3·19 per cent. of the total expenditure of the Colony.

Hygiene has now become one of the regular subjects of study in all Government and Grant Schools, English and vernacular.

The manual on Hygiene issued to the English schools has been translated into Chinese and is in use in all the vernacular grant schools.

The annual competition for the challenge shield presented by Sir Matthew Nathan, K.C.M.G., took place in December. Seven teams entered for the competition. There was no competition in the advanced course this year.

Evening Continuation Classes opened in October, 1906, and were continued until the end of May, 1907, when they closed for the summer. Examinations were held at the end of the session, and certificates were granted to successful students.

In May a committee was appointed to inquire into the subject of instruction at the evening classes. A report was published in September with the result that the classes were reorganised and, under the title of the Hong Kong Technical Institute, reopened in October.

The object of the Institute is to afford facilities for a commercial and scientific training to students generally, and to enable those who have left school to continue their studies.

The following table shows the subjects taught at the Technical Institute, and the number of students who entered for each subject:—

Engineering Section.	{	Building Construction	...	...	28
		Field Surveying	...	...	21
		Machine Drawing	...	...	21
		Steam...	...	...	23
		Mechanics : Elementary	...	...	18
		Do. Advanced	...	...	12
		Mathematics : Elementary	...	...	9
		Do. Advanced	...	...	10
		English : Junior	...	...	41
		Do. Senior	...	...	25
Commerce Section.	{	French : Junior	...	...	23
		Do. Senior	...	...	9
		German : Junior	...	...	5
		Do. Senior	...	...	6
		Shorthand : Elementary	...	...	35
		Do. Advanced	...	...	9
Science Section.	{	Book-keeping	...	...	19
		Chemistry : Theoretical	...	...	14
		Do. Practical	...	...	12
		Physics : Elementary	...	...	10
Do. Advanced	...	...	5		
Total ...					355

The total expenditure during the first session of the Technical Institute was \$4,412; total receipts (students' fees) were \$1,377.

The classes were attended for the most part by Chinese, but a considerable number of Europeans also attended. The students take a deep interest in their work and generally have made very great progress in their studies.

There is a well equipped chemical laboratory. The lecturers are for the most part officers belonging to the public works, education, and medical departments and Queen's College who receive fees for their lectures.

Visual Instruction.—Arrangements have now been made by which regular courses of lectures are delivered during the cool weather at the prominent Government and grant schools in the Colony, illustrated by the lanterns which were purchased in 1905.

Many schools which had no opportunity of taking the course when the lanterns first arrived took the course for the first time this year, and to them the sets of slides were quite new, but in the case of several schools the lectures covered the same ground as last year. It will be necessary to vary these lectures, which have again been full of interest to all concerned, next year by the addition of some new sets of slides, and the suggestion that they should illustrate emigrant life in Canada, Australia, and other parts of the Empire appears a very happy one.

V.—PUBLIC WORKS.

The principal public works in progress during the year, exclusive of the railway, were the Tytam Tuk Waterworks (1st section) and the Kowloon Waterworks, both of which have been described in previous reports. The former were practically completed and fair progress was made with the latter, which are now in such a forward state as to be fully capable of supplying the whole peninsula with water. The extension of the distribution system to the important villages of Sham Shui Po, Kowloon City, and Taikoktsui was completed and the substitution of mains of larger diameter for those originally laid at Kowloon Point was in progress to ensure an efficient supply of water for fire extinction purposes, the erection of large godowns being in progress there.

The new Law Courts and new Government Offices were still under construction, whilst the Public Mortuary near Yaumati and the Time Ball Tower on Blackhead's Hill, Kowloon, were completed. A new building to accommodate the Land Office at Tai Po, which had hitherto been housed in a temporary

matshed structure, was in progress: a new market at Sai-Wan-Ho, near Shaukiwan, was practically completed: an extension of the staff quarters at the Government Civil Hospital was undertaken to afford accommodation for the nurses hitherto supported by the Nursing Institute; and a jinricksha shelter was erected close to the Star Ferry pier in Salisbury Road, Kowloon. As the construction of the railway involved the demolition of the slaughter house and cattle depôt at Hunghom, the erection of new slaughter houses and depôts was begun at Ma Tau Kok. Provision is made in the new establishments for considerable development beyond present requirements. The works of reconstruction of gullies and extension of nullah training were continued, \$10,000 being spent on the former and over \$23,500 on the latter. A large tank for flushing a portion of the sewerage system of the city was constructed at the junction of Water Street and Queen's Road West; the rifle ranges for the use of the Volunteer Reserve Association at the Peak and King's Park, Kowloon, were extended; a new service reservoir at West Point for supplying the high levels of the city was begun; a new cable reserve was established at North Point and the cables were transferred to it; an obelisk in memory of the French sailors lost in the typhoon of the 18th September, 1906, was erected; and the construction of a retaining wall behind Inland Lot 1,523 to obviate the risk of landslips which threatened to endanger the conduit conveying the water from Tytam to the city was completed.

The Mee Lun Lane Improvement Scheme was completed. Another section of Robinson Road, Kowloon, extending from Market Street to Waterloo Road was undertaken and the removal of the hill north of Yaumati Theatre was continued, the material being used for private reclamation work north of the Naval Coaling Depôt. The extensions of Conduit Road in easterly and westerly directions and of the road past Kowloon City mentioned last year were completed, and a further section of the latter road extending to its junction with the Chiu Lan Chu Road was undertaken. A new path, connecting Barker Road with May Road, as the extension of Conduit Road in an Easterly direction has been designated, was completed.

The extension and reconstruction of the Albany Filter Beds was continued, fair progress being made with the work.

The total amount expended on public works extraordinary, exclusive of advance accounts and deposits not available, was \$784,320 and on works annually recurrent, \$538,041. By the transfer of the item "typhoon and rainstorm damage" from the former head to the latter, the first-mentioned sum has been diminished by \$106,659 whilst the last-mentioned has been correspondingly increased.

Good progress was made on the British section of the Hong Kong-Canton Railway the cost of which is being defrayed by a Loan.

During the year 1907 the re-alignment consequent on the detailed survey by the construction engineers was completed and work commenced over the whole length. The reclamation for a site for Kowloon station yard was started in June. The actual heading driving in Beacon Hill Tunnel may be said to have started on January 1st, 1907. During the year two thousand one hundred feet of heading was driven from both ends and from the shafts sunk at both the north and south sides and four hundred and sixty-five feet of tunnel fully lined. About two-thirds of the compressor plant was in working order, the headings not being far enough advanced to necessitate special ventilating plant. There was difficulty experienced at first in obtaining sufficient labour for work underground but towards the end of the year on the rates being raised slightly a large number of skilled mining coolies returned from South Africa flocked to the work.

Bridge building progressed steadily all through the year as well as earthwork and the minor tunnels, there being no very great difficulties to contend with except in one of the latter. A temporary metre gauge line was laid from the sea front at Lokloha to the north face, the shaft (278 feet) was completed, and a considerable number of houses for staff erected. The systematic issue of quinine to all rail employés resulted in a diminution of malarial fever.

The expenditure on the work during the year amounted to \$2,314,915.

VI.—GOVERNMENT INSTITUTIONS.

(A.) HOSPITALS.

Government hospitals consist of the civil hospital, to which is attached an isolated maternity hospital, the Victoria hospital for women and children, the Kennedy Town infectious diseases hospital, and the hulk "*Hygeia*" used mainly for the treatment of small-pox.

The civil hospital contains 150 beds in 19 wards. 2,711 in-patients and 17,302 out-patients were treated during the year 1907. 243 cases of malarial fever were admitted as against 239 in 1906 and 267 in 1905. The maternity hospital contains 6 beds for Europeans and 4 for Asiatics. 87 confinements occurred during the year. The Victoria hospital at the Peak contains 41 beds. During 1907, 211 patients were under treatment. Kennedy Town hospital contains 26 beds. In 1907, 63 cases were treated, of which 16 were plague. On the "*Hygeia*" 167 cases were treated, of which 96 were small-pox.

(B.) LUNATIC ASYLUM.

The asylum is under the direction of the superintendent of the civil hospital. European and Chinese patients are separate, the European portion containing 8 beds in separate wards and the Chinese portion 16 beds. 222 patients of all races were treated during 1907, and there were 13 deaths.

(C.) THE TUNG WAH HOSPITAL.

This hospital, opened in 1872, is mainly supported by the voluntary subscriptions of Chinese, but receives an annual grant of \$8,000 from the Government. Only Chinese are treated in this institution which takes the place of a poor-house and hospital for Chinese sick and destitute. Various other services not appertaining to a hospital are performed by the Institution, such as the free burial of the poor, the repatriation of destitutes, and the organisation of charitable relief in emergencies. Chinese as well as European methods of treatment are employed in accordance with the wishes expressed by the patients or their friends. About half the number are now treated by Western methods and the number is steadily increasing. The hospital is managed by a committee of Chinese gentlemen annually elected, their appointment being submitted to the Governor for confirmation; is under the direct charge of a Chinese Resident Surgeon, paid by the Government; and is under the supervision of a Visiting Physician who is a member of the Medical Department.

 VII.—INSTITUTIONS NOT SUPPORTED BY GOVERNMENT.

Among institutions recognised and encouraged but not to any considerable extent supported by Government may be mentioned the Pó Leung Kuk, the College of Medicine for Chinese, and the City Hall.

The Pó Leung Kuk is an institution, incorporated in 1893, presided over by the Registrar General and an annually-elected Committee of 12 Chinese gentlemen, for the protection of women and children. The inmates of the home receive daily instruction in elementary subjects and are allowed to earn pocket-money by needlework. During 1907, a total of 345 persons were admitted. Of these, 85 were released after enquiry, 5 were released under bond, 131 were placed in charge of their husbands, parents, or relations, 1 was placed in charge of the Japanese Consul, 1 in charge of the French Consul, 22 were sent to charitable institutions in China, 16 were sent to school, convent, or refuge, 12 were adopted, and 38 were married. Thirty-four persons remained in charge of the Society at the end of the year.

The Hong Kong College of Medicine was founded in 1887. The government of the college is vested in the Court, of which the rector of the college, who has always been a Government official, is president. 102 students have been enrolled up to the end of 1907, and of these 33 have become qualified licentiates and have obtained various posts under Government and elsewhere. The institution is of great value in spreading a knowledge of Western medical science among the Chinese; and in addition to the employment of certain of the licentiates in the public service and in the Chinese Dispensaries the senior students have frequently been made use of for various purposes during epidemics. A Government grant-in-aid of \$2,500 is made to the college, to be used as honoraria to the lecturers, who are either Government officials or medical practitioners in local practice. Steps are at present being taken for the provision of adequate buildings for the purposes of the College, which has hitherto carried on its work in various lecture-rooms and laboratories placed at its disposal by hospitals and other institutions in different parts of the City.

The City Hall receives an annual grant of \$1,200 from Government. It contains a reference and circulating library and museum.

VIII.—CRIMINAL AND POLICE.

The total of all cases reported to the Police was 11,540, being an increase of 396 or 3·55 per cent. as compared with 1906. In the division of these cases into serious and minor offences there is a decrease in the former as compared with the previous year of 27 cases or ·81 per cent.

The number of serious offences reported was 297 below the average of the quinquennial period commencing with the year 1903.

The number of minor offences reported shows an increase of 423 as compared with 1906.

The number of minor offences reported was 385 above the average of the quinquennial period.

The total number of persons committed to Victoria Gaol was 5,877, as compared with 5,799 in 1906, but of these only 2,460 were committed for criminal offences, against 2,575 in 1906. Of committals for non-criminal offences there were 84 less under the Prepared Opium Ordinance and 44 less for infringement of Sanitary By-laws.

The daily average of prisoners confined in the Gaol was 502, the average for 1906 being 518 and the highest previous average being 726 in 1904. The percentage of prisoners to population, according to the daily average of the former and the estimated number of the latter, was ·144, as compared with

161, the average percentage for the last ten years. The prison discipline was satisfactory, the average of punishments per prisoner being 1.50, as compared with 1.21 in 1906 and 1.47 in 1905.

The remunerative labour carried on in the gaol consists of printing, book-binding, washing, carpentry, boot-making, net-making, painting, and white-washing, mat-making, tailoring, oakum-picking, &c., the profit on the work done being \$37,434, as against \$34,495 in 1906.

The total strength of the police force for 1907 was, Europeans 135, Indians 410, Chinese 503, making a total of 1,048, as compared with 1,047 in 1906 exclusive in each case of the five superior officers and a staff of clerks and coolies. These figures include police paid for by the railway, private firms, and other Government departments. Of this force the District Officer and 13 Europeans, 101 Indians, and 45 Chinese were stationed in the New Territories during the year.

The force of District Watchmen, to which the Government contributes \$2,000 per annum, was well supported by the Chinese during the year. These watchmen patrol the streets in the Chinese quarter of the city. They are placed on police beats and are supervised by the European police on section patrol.

IX.—VITAL STATISTICS.

(A.) POPULATION.

The population of the Colony according to the census taken in 1901 was 283,975, while at the census taken in 1906 it was 301,967 exclusive of the New Territories, New Kowloon, and the army and navy establishments. The estimated population at the middle of the year under review was 414,308, as follows:—

Non-Chinese Civil Community	12,700
Chinese Population—	
Kong Kong	192,400
Kowloon	71,950
Floating Population	43,530
Mercantile Marine	2,700
	<hr/>
	310,580
Army (average strength)	3,920
Navy (average strength)	2,157
	<hr/>
	6,077
New Territories (exclusive of Kowloon)	85,011
	<hr/>
Total	414,368

At the census taken in 1906 the average strength of the navy present in the Colony was 4,698.

(B.) PUBLIC HEALTH AND SANITATION.

During the year under review considerable progress has been made in rendering existing domestic buildings rat proof as a preventive of plague; 370 ground surfaces of houses have been repaired, and 1,201 buildings have had rat-runs filled up with cement. In addition 44 basements illegally inhabited have been vacated.

New buildings (domestic) to the number of 142 were erected during the year and in these the effect of the present ordinance is seen in the increased amount of open space about the houses, which the law requires. Scavenging lanes which have to be provided in the rear of new houses also increase the open space about them and tend to reduce surface crowding.

During the year there were 198 deaths from plague, compared with 842 in 1906 and 287 in 1905.

There were 1,825 deaths from respiratory diseases amongst the Chinese; 655 of these deaths were due to phthisis, a percentage of 9·6 of the total deaths amongst that community.

Beri-beri caused 562 deaths—a high figure.

The deaths from malaria were 579, as against 448 in 1906 and 287 in 1905, an increase which it is hoped will only be temporary. The average number of deaths from this disease has fallen from 526 in the quinquennium 1898 to 1902 to 383 in the quinquennium 1903-1907. Military returns of admissions to hospital for malaria show a marked reduction in the incidence of this disease, as will be seen from the subjoined table:—

Admissions for Malaria: European Troops.

Year.	Strength.	Admissions.	Deaths.	Ratio per 1,000.
1898	1,569	595	10	379·3
1899	1,643	829	5	504·6
1900	1,484	629	4	423·8
1901	1,673	1,010	4	603·7
1902	1,381	1,523	6	1,102·8
1903	1,220	937	2	768·0
1904	1,426	390	1	273·5
1905	1,370	348	0	254·0
1906	1,525	480	4	314·75
1907	1,461	287	0	196·00

(C.) CLIMATE.

The average monthly temperature throughout the year was 72·2° F., as compared with 71·8° F. in 1906 and 72·0° F. during the ten preceding years. The maximum monthly temperature was attained in July, when it reached 87·1° F., and the

minimum monthly temperature was recorded in February, when it was 55·2° F. The highest recorded temperature during the year was 91·6° F. on the 29th August, and the lowest 45·0° F. on the 31st January.

The total rainfall for the year was 93·54 inches, as compared with an average of 77·96 inches during the past ten years. The wettest month was September, with 19·46 inches, the driest, February, with only 0·16 inch. The greatest amount of rain which fell on any one day was 5·530 inches on the 15th September, while no rain fell on 215 days of the year. The relative humidity of the atmosphere throughout the year was 77 per cent., as compared with an average of 77 per cent. during the past 10 years. The average daily amount of sunshine was 5·2 hours, being 46 per cent. of the possible duration.

X.—POSTAL SERVICE.

The total receipts paid into the Treasury in 1907 by the Postal Department amounted to \$586,375 from which sum \$140,954 was transferred to other heads of General Revenue under which fees and duties are paid in stamps, which are now sold exclusively by the Post Office, leaving the sum of \$445,420 as revenue of the Postal Service. The total expenditure amounted to \$366,452, which being deducted from the revenue of \$445,420 leaves a profit of \$78,968.

A direct exchange of Money Orders with Kiaochau came into force on 1st July.

A new Parcel Post arrangement with Japan came into operation on 1st October.

The Postal Convention of Rome, which was signed on 26th May, 1906, came into operation on 1st October, 1907; the principal changes introduced being the raising of the unit of weight of letters from $\frac{1}{2}$ oz. to 1 oz. in the case of letters posted in Hong Kong and Liu Kung Tau and from $\frac{1}{2}$ oz. (14·17325 grammes) to 20 grammes at the other Agencies—and the exchange of International Reply Coupons with the principal countries included in the Postal Union.

The Tientsin Agency availed of the opportunity to send direct mails to Europe overland *viâ* Harbin from 17th October.

XI.—MILITARY FORCES AND EXPENDITURE.

(A.) REGULAR FORCES.

The following return shows the average number and composition of the forces employed in the Colony during 1907:—

Corps.	Europeans.		Indians.		Chinese.	Totals.
	Officers.	W. O.'s, N. C. O.'s & Men.	Native Officers.	W. O.'s, N. C. O.'s & Men.	N. C. O.'s & Men.	
General Staff (Officers only) ...	5	—	—	—	—	5
Garrison Staff (W. O., N. C. O. Officers only).	—	5	—	—	—	5
Royal Garrison Artillery ...	27	633	—	—	—	660
Royal Engineers ...	12	259	—	—	55	326
Army Service Corps ...	4	28	—	—	—	32
Royal Army Medical Corps ...	8	43	—	—	—	51
A. O. Department and Corps ...	6	30	—	—	—	36
A. P. Department and Corps ...	3	8	—	—	—	11
Hong Kong & Singapore Bn. R.G.A.	11	7	7	435	—	460
3rd Middlesex Regiment ...	16	425	—	—	—	441
119th Infantry ...	10	—	15	748	—	773
129th (D.C.O.) Baluchis ...	11	—	14	734	—	759
Indian Subordinate Medical Department.	—	—	1	4	—	5
Total ...	113	1,438	37	1,921	55	3,564

(B.) COLONIAL CONTRIBUTION.

The Colony contributed \$1,214,340.05 (being the statutory contribution of 20 per cent. of the Revenue) towards the cost of the maintenance of the Regular Forces in the Colony including Barrack Service and Defence Works.

(C.) VOLUNTEER CORPS.

The total establishment of the corps is 443 of all ranks. The strength on the 31st December, 1907, was 289, made up as follows:—Staff 7; two Garrison Artillery Companies, 199; one Engineer Company, 45; Troop 38.

The members of the Corps are now all armed with the new M.L.E. short rifle and the latest pattern equipment.

The period for the annual Camp of Instruction was again 16 days; it was held in October, 1907, and was well attended.

The Mounted Troop Camp was held at Fan Ling in the New Territories. The Camp took place during the Christmas holidays. Much useful work was done.

The Hong Kong Volunteer Reserve Association numbered two hundred and twenty-eight members at the close of the year, a decrease of 23 members as compared with 1906.

Members of this Association, who must be over 35 years of age, are afforded opportunity to make themselves proficient in rifle shooting, and undertake to enrol themselves under the Volunteer Ordinance in the event of hostilities.

A small Cadet Corps was commenced in May, 1906, with boys from the Victoria British School; there are now 18 in the school and 4 others. The Cadets are instructed in squad drill and semaphore signalling. They attended Camp, and many are already very efficient signallers.

The new headquarter building was opened in December, 1906, and is already very popular. A well equipped gymnasium has been installed, and classes are held regularly. The cost of the building has been entirely defrayed and no debt remains.

The expenditure on the Volunteers, which is entirely borne by the Colony, was \$45,253, compared with \$47,351 in 1906.

XII.—GENERAL OBSERVATIONS.

The year was characterised by continued severe depression in trade.

The Colony appears to have recovered from the over-speculation indulged in in anticipation of the conclusion of the war between Russia and Japan, and her trade has resumed a healthier condition, though the volume is still restricted. The large stocks accumulated during the speculative period have taken a long time to work off, and fresh imports have been small, because for various reasons, one of which was caution induced by previous over-speculation, China has imported a smaller quantity of merchandise.

The assessment made in July for the year 1907-8 showed that the rateable value for the whole Colony has decreased by 2·52 per cent. In the Hill District, Shaukiwan, the Hong Kong villages, and in Kowloon except in the important District of Yaumati, the assessment showed an increase ranging from 1·07 per cent. to 11·76 per cent. But in the City of Victoria a decrease of 3·42 per cent. and in Yaumati a decrease of 5·65 per cent. were shown. In New Kowloon a remarkable increase from a rateable value of \$38,930 to one of \$61,835, or an increase of 58·83 per cent., was shown.

In the New Territories continued progress has been observable in the making of several roads by the private enterprise of villagers, and by the erection of new houses. The Crown Rent (Land Tax) was paid with an alacrity that was almost inconvenient; and there was a marked decrease in crime in spite of the large numbers of coolies employed on the Railway Works.

The loss and inconvenience caused by the depreciation of the

subsidiary currency by the over-issue of small coins by the Mint in Canton continued.

The Hong Kong Government adopted the expedient of withdrawing from circulation all its subsidiary coin received as revenue, and succeeded in inducing the authorities at Canton to temporarily suspend the coining of small coins at the Mint at Canton. A Committee was appointed to consider the causes of the depreciation of the subsidiary coinage of the Colony and to advise what steps could be taken to rehabilitate it. As a result of the enquiry the Government addressed strong representations through the proper channels to the Chinese authorities both at Peking and Canton urging the suspension of the coining of small coins at the Canton Mint until the coins had again reached par. No definite reply had been received to these representations at the close of the year.

The Committee appointed in 1906 to collect funds and administer relief to the sufferers by the disastrous typhoon of 18th September, 1906, completed their labours early in the year and reported that they had collected \$279,903, all but \$11,000 of which was contributed by residents in the Colony and by firms doing business with it. Of this sum \$198,002 were spent in replacing or repairing 1,601 cargo boats, junks, and other craft lost or damaged, while \$46,668 were spent on the relief of destitutes (including 205 women and children) and the recovery and burial of dead. The balance of \$33,768 has been placed in the custody of the Government as a fund for relief in similar circumstances. Thirty thousand dollars were also contributed by the Chinese Government to the Tung Wa Hospital and have been set apart by that institution to serve as a similar fund. A further sum of \$106,659 was spent during the year out of Revenue in repairs to Government Works and Buildings caused by the typhoon of 18th September, 1906. In September a very heavy rain-storm caused considerable damage to the Kowloon catchwater and to other Government Works.

The Commission which had been appointed in the previous year to enquire into the administration of the sanitary laws and the existence of corruption in the Sanitary Department issued their report in April. The Commissioners found that widespread corruption existed among the subordinate Sanitary Staff, and on the evidence furnished by the Commissioners several Sanitary Inspectors were tried by the Executive Council, suspended, and dismissed. Much of the dissatisfaction with the administration of the Public Health Ordinance was removed by the amendment of a section dealing with open spaces in the rear of existing houses, and by a free use of the power of exemption from the provisions of the law relating to cubicles in Chinese tenement houses. A Committee was appointed to enquire into this subject and their recommendations with several suggestions made by the Commissioners and others are being embodied in amendments of the Public Health Ordinance. In the result it is anticipated that, thanks

to the ungrudging labours of the Commissioners, the Sanitary Department will in future be more honestly served while many improvements will be effected in the Sanitary Law and the method of its application.

In consequence of the high rate of exchange, which reached more than 2s. 3d. to the dollar, the Secretary of State for the Colonies, with the concurrence of unofficial members of the Legislative Council, allowed the sterling salaries of Civil Servants to be paid at the rate of 2s. to the dollar when the rate of exchange is above that figure and at the rate of the day when it is below it.

During the year the claim for compensation on account of the lives lost in the piracy of the S.S. *Sianam*, referred to in the Report of last year, was settled; and the Provincial authorities have now adopted measures which it is hoped will be effective in the suppression of piracy in the Delta and on the West River.

Mr. F. Grove, Chief Resident Engineer, and a considerable staff were at work on the Chinese section of the Hong Kong-Canton Railway during the year. The survey was completed and steps were taken for beginning construction early in the current year.

His Excellency Cheng Yan-tsun succeeded His Excellency Chau Fuk as Governor-General of the Two Kwang Provinces.

Mr. H. H. J. Gompertz acted as Attorney-General until the arrival of Mr. W. Rees Davies in July.

Mr. E. Osborne was appointed a member of the Legislative Council *vice* Mr. G. Stewart who left the Colony, and Mr. H. Keswick took the place of Mr. W. J. Gresson absent on leave.

H. R. H. the Duke of Connaught accompanied by H. R. H. the Duchess of Connaught and the princess Patricia of Connaught visited the Colony early in the year. His Royal Highness unveiled statues of His Majesty the King-Emperor and of H. R. H. the Prince of Wales which had been presented to the Colony by Sir Paul Chater, C.M.G. and Mr. J. J. Bell-Irving respectively.

Their Royal Highnesses attended an entertainment given in their honour by the Chinese community at the Ko Shing Theatre.

Sir Matthew Nathan, K.C.M.G., Governor, left the Colony on the 20th April to take up the governorship of Natal, and the Colonial Secretary (Mr. F. H. May, C.M.G.) administered the Government until my arrival on the 29th July, 1907.

I have, &c.,

F. D. LUGARD,

Governor, &c.

The Right Honourable

The Earl of Crewe,

His Majesty's Principal Secretary of State
for the Colonies.

&c.,

&c.,

&c.

COLONIAL REPORTS.

The following recent reports relating to His Majesty's Colonial Possessions have been issued, and may be obtained from the sources indicated on the title page:—

ANNUAL.

No.	Colony, &c.	Year.
539	Leeward Islands	1906-1907
540	Straits Settlements	1906
541	Turks and Caicos Islands	"
542	Somaliland Protectorate	1906-1907
543	Bahamas... ..	"
544	Barbados... ..	"
545	Trinidad and Tobago	"
546	Grenada	"
547	Mauritius	1906
548	Fiji	"
549	Jamaica	1906-1907
550	British Guiana	"
551	Northern Nigeria	"
552	British Honduras	1906
553	St. Lucia... ..	1906-1907
554	Southern Nigeria	1906
555	St. Vincent	1906-1907
556	Basutoland	"
557	East Africa Protectorate	"
558	Uganda Protectorate	"
559	Swaziland	"
560	St. Helena	1907
561	Ceylon	"
562	Falkland Islands	"
563	Gibraltar... ..	"
564	Ashanti	"
565	Colonial Survey Committee	1907-1908
566	Northern Territories of the Gold Coast	1907
567	Seychelles	"
568	Bermuda... ..	"
569	Weihaiwei	"

MISCELLANEOUS.

No.	Colony, &c.	Subject.
45	East Africa Protectorate	Geology.
46	Northern Nigeria	Mineral Survey, 1904-5.
47	Do. do.	Do. do. 1905-6.
48	Nyasaland Protectorate	Do.
49	East Africa Protectorate	Veterinary Department.
50	British Colonies	Cultivation of Cotton.
51	Southern Nigeria	Forest Administration.
52	South Africa	Native Education.
53	East Africa Protectorate	Veterinary Bacteriological Work, 1907-8.