

CNAC
ASSOCIATION



CANNON BALL

August 1, 1980

319 Euclid Ave. Loch Arbour N.J.

Reg Farrar Editor

This issue contains several items that are at least unusual. Maybe I should not have included some of them but after much thought I included them. The letter entitled "This will Explain" was written by Dick Sweetman about the last hours of Diana. Many of us knew her as the wife of Higgs who crashed in China. Diana later remarried to Dick Sweetman. His description of her last hours is so poignant that I felt that Dick would not mind my publishing it. We loved her too.

Al Mah's contribution is long delayed. Such a guy deserves to be included. I have been waiting for his description of his trip into China during the Japanese occupation. Maybe he will send it now.

The article taken from The China Letter of April 1980 seemed very expressive. In spite of the marked changes in China (Communist) and their apparent change toward western ways. Communism has not changed as much as they would like us to believe. The China Letter is worth receiving. Write them.

Jerry Sounebliek - Legality of love

There is a projected volume of Wings over China. As you know this is sort of our official history. The past issues have featured the exploits of some of our more colorful members. Most of us, you and I, didn't do enough to merit inclusion in their adventures and yet, we were there. In some way we were a part of the adventure. A few made history before CNAC and a few after. We were all there and helped make CNAC go.

In an issue of wings over Asia, I am going to list everyone I know that was a part of it. I hope to have a biographical sketch after everyone's name. Of those who have gone to the Hogy Taw I will record what I can find out. It may not be much. If I find nothing more than a name that will be it. I would like something about everyone. 200 words would be about right. Would everyone write me an autobiographical sketch telling me where you came from, how you got into CNAC, something about what you did there, and what you did after. Include your wife and children.

Many of our members seem to have little interest in our association and maybe indifferent to what we did then. Maybe they feel their part was insignificant and maybe it was. We all didn't make "Who's Who" although some of us did (not me!) Wouldn't it be nice to have your name written down somewhere. It won't get you much but some of us will be glad to see it.

There is a sheet in this new letter which I wish you would fill out and return to me. There is no charge although the volume maybe sold at cost. at least extra volumes will be.

I used to address all the mailings by hand as I did the last cannonball. As I did, faces came out of the past. Faces I have not seen or heard from for 35 years. I can even remember some of the addresses. Occasionally one of these names is on a letter to me. I may never answer but it is a thrill to receive them. If it is a request I try to fulfill it. If it is publishable or has some general interest I publish them. Some of the requests are answered in the pages of the Cannonball. Most of all it lets me know that the time and effort is meaningful. Kitty Hauser, is a doll, Robby with his his interests writes, so does Al Oldenberg (occasionally) and Christie and Bob Rengo and Paul, Laube, Mac.

I read them all. Sometimes you may wonder. See in this issue Al Mah and Geo. Van Cleves' letters. I've only had them 10 years.

Now I am asking of each of you to return the "big" sheet. Do that one small favor for me.

PAN AMERICAN WORLD AIRWAYS
135 East 42nd Street
New York City

For Release Monday, April 23rd, 1945

SUPPLIES DROPPED FROM PLANES TO BUILDERS OF CHINA'S NEW LIFELINE

Transport planes of China National Aviation Corporation, which have made more than 35,000 trips over the treacherous Himalayas since the Burma road was lost to the Japs early in 1942, were in the forefront of the fight to reopen the vital land artery through rain-lashed mountains of norther Burma, now known as the Stilwell Road.

While United States and Chinese Army Engineers and thousands of Chinese coolies were hacking the Ledo Road connection out of the precipitious jungle and virtually rebuilding the tortuous old Burma Highway on the heels of Chinese Army forces which were routing out the Japs, CNAC's job was to supply certain forward positions along the Paoshan-Myitkyina section with men, equipment and food.

In C-47s specially fitted out for the task, CNAC pilots swooped at treetop level over enemy lines while specially trained American and Chinese "rice Kickers" booted 50-pound sacks of rice out of the rear door for the army of road builders. In the narrow, deep gorges such a maneuver called for precision flying at best and in many cases it meant roaring through a valley too narrow for any evasive action when the Japs let go with everything from small arms to _____.

The old Burma Road was closed in April, 1942, when the Japs captured Lashio. CNAC flyers perfected their food-dropping technique then as Gen. Joseph W. Stilwell's forces fought a losing battle against overwhelming odds in the sweltering jungles along the banks of the Irrawaddy River.

Each night six transport planes with CNAC pilots at the controls flew in from India over the barrier peaks of Arakan Yoma to hidden landing fields behind the battle lines, each plane carrying from six to eight thousand pounds of combat and medical supplies. And in the last bitter stages of the retreat they dropped food to scattered Chinese forces which had been reduced to eating the very bark of trees for the strength to keep going.

As a result of the counter-offensive campaign launched from India by Chinese American and British forces nearly three years ago and the road construction job over country where it was believed impossible of accomplishment, the first convoy of American supplies to China rolled into the border town of Wanting on January 28, 1945. Indicative of the size of the project is the fact that some 30 000 Chinese coolies were employed in the reconstruction of the Burma Road section alone. Indicative of the military effort involved was the fact that Jap resistance was broken the day before the first convoy arrived at Wanting.

When this concerted effort to open a land supply route to China was at its height a number of the planes of CNAC, the airline in which the Chinese National government and Pan American World Airways are partners, were diverted at the request of the Chinese Government and U.S. Army, to fly supplies to Yunnanyi, Tengchung, Paoshan and Myitkyina on their India-bound trips. In 224 trips between October 22, 1944 and January 21, 1945, CNAC carried in a total of 736 persons and 540,719 pounds of equipment.

Rice dropping operations were begun on October 22, 1944. By last January 21, CNAC had piled up a total of 523 trips and kicked out a total of 1,836,970 pounds of rice for the road builders.

ACQUISITION OF CHINA AIRWAYS FEDERAL, INC., U.S.A.
BY PAN AMERICAN AIRWAYS

China Airways Federal, Inc. U.S.A., (C.A.F.), a China Trade Act corporation, was organized September 19, 1929 under the laws of the District of Columbia with authorized capital stock of 200,000 shares, \$10 par value, of which 50,000 shares are issued and outstanding.

Pan American Airways Corporation (PAA Corp.) acquired all of the 50,000 shares of C.A.F. stock from Intercontinent Aviation, Inc., on March 31, 1933. Prior to that time C.A.F. had conducted a trading business with various parties in China and had acquired a 45% interest, (1,873 shares), in China National Aviation Corporation (hereinafter designated as C.N.A.C.).

The total payment to Intercontinent Aviation, Inc. for the 50,000 shares of C.A.F. stock was 3,000 shares of PAA Corp. common capital stock, \$10 par value and based upon information available as at the date of purchase, PAA Corp. recorded its investment in C.A.F. at \$181,395.06, which was the proportionate part of the computed net worth of C.N.A.C. at December 31, 1932, represented by 1,873 shares. The only asset which C.A.F. had at the time of purchase was the 45% interest in C.N.A.C. Subsequently at the time of the 1933 audit of PAA Corp. and Subsidiaries PAA Corp. increased the book value of its investment in C.A.F. by \$100,863.63 to reflect a book value based upon the net worth of C.N.A.C. at March 31 1933. Thus, as at December 31, 1933 PAA Corp's books reflected an investment in the stock of C.A.F. of \$282,258.69 which was offset by an increase in PAA Corp. capital stock of \$30 000.00 and by an increase in the capital surplus of the same corporation of \$252,258.69.

The cost of the C.N.A.C. stock to C.A.F. was \$561,943.13. The market value and the book value of PAA Corp. stock at the time 3,000 shares thereof were issued to Intercontinent in payment for the C.A.F. stock was approximately \$28 per share.

From the date of its acquisition by PAA Corp., C.A.F. engaged in no activity other than the holding of C.N.A.C. stock and whatever minor activities were necessary to maintain its corporate existence.

On September 27, 1935 PAA Corp. transferred its investment in C.A.F. to PAA Co. (a Nevada corporation) for 14,059-95/100ths shares of the capital stock of PAA Co. PAA Co. recorded its investment in C.A.F. at \$282,258.69.

On August 8, 1941 PAA Co. was merged into PAA Inc. and the C.A.F. stock was thus acquired by PAA Inc., the books of which reflect the investment in C.A.F. in the same amount - \$282,258.69.

The remaining 55% of the issued and outstanding C.N.A.C. stock is owned by the Chinese National Government. Efforts are being made to secure its consent to the dissolution of C.A.F. and the transfer of the 1,873 shares of C.N.A.C. stock to PAA Inc.