CAUTION: consult the map, p. vii & glossary, p 272-73 before you start and as you read! Also note that the footnotes are mostly explanations rather than references. So, if you are stumped by a particular section you may want to check out the footnotes in it.

Chapter 1: introduction to character of Lao-Ts'an

- healing of Mr. Huang strange sores in Ch'iench'eng town (see map)
- trip to top of P'englai Pavillion in Tengchoufu (see map) with two friends
- vision of a ship lost at sea, and attempts to go out to save it
  (the "trip" turns out to be a dream; many details of this chapter convey symbolically the distress of Chinese society facing the era of modernization.)

Chapter 2-3: Lao-Ts'an travels to Tsinanfu (see map) to view its natural beauty (photos p.15-22). While there he hears about and attends a concert by the "Dark Maid & Fair Maid" at Ming Lake House (ch.2). This is followed by an introduction to primary characters for chapters the first half of the book:

- Lao Ts'an meets Kao Shao-yin & heals one of his concubines
- Kao then recommends his services to Governor Chuang of Shantung province
- Lao Ts'an hears tell of Yü Tso-Chen, new prefect of Ts'aochoufu (see map)

Chapters 4-7: Lao Ts'an travels to Ts'aochoufu after turning down Governor Chuang's invitation to stay in his service

- Lao Ts'an hears many stories of Prefect Yü's cruelty towards innocent people in his efforts to eliminate banditry from Ts'aochoufu.
- Lao Ts'an meets Shen Tung-ts'ao, who has been assigned the post of magistrate in a district in Ts'aochoufu, and tells him of Prefect Yü's cruelty.
- Shen Tung-ts'ao wants to help but doesn't know what to do since he is Yü's subordinate; Lao-Ts'an proposes that he engage Liu Jen-fu (p.71-77).
- Lao Ts'an writes a letter to Liu Jen-fu to ask for his help, to be delivered by Shen Tung-ts'ao's nephew, Shen Tsu-p'ing; he also writes a letter to be delivered to Governor Chuang describing the extensive abuses of Prefect Yü.

Chapters 8-11: The plot here notes that Lao-Ts'an set off for Tungch'angfu (see map), and then switches to describing Shen Tsu-p'ing’s search for Liu Jen-fu.

- Shen's party undertakes the arduous climb into Peach Blossom Mountain, and is scattered by an encounter with a tiger (p.85-90)
- They reach a cluster of houses and ask for shelter for the night; Shen is greeted by a young maiden who seems to have been expecting him. Waiting for her to return he notices some intriguing poems on the wall (p. 91-96, cf. 267-71)
• Shen & the young woman (later named Yü Ku, "Miss Jade") discuss the author of the scrolls ("Yellow Dragon") and his ideas; he turns up and Shen begins to question him as well (p.96-105).
• All three proceed to Yü Ku's room, and cave in the mountain's side, and continue conversation (w/more cryptic poems), punctuated by music playing, including lute playing by Yü Ku's two neighbors Hu Ku & Sheng Ku (ch.10)
• All return to the outer room and propose that everyone retire; but the conversation the three continues all night, leading to in-depth discussion of China's political situation and how it relates to the ongoing cosmic battled between Shang Ti [=Di] & Ah Hsiu Lo ["Prince of Devils"] (p.115-27)

Chapters 12: Shen Tsu-p'ing's mission quickly resolves when he finds Liu Jen-fu the next day and convinces him to come help in Tsaochaoufu (see ch.4-7). The focus then once again returns to Lao-Ts'an in Tungch'angfu:

• Lao Ts'an leaves Tungch'angfu to return to the provincial capital, but finding that the Yellow River has frozen and cannot be crossed he checks in at an inn.
• Lao Ts'an meets up with a former acquaintance, Huang Ying-t'u, henceforth Jen-jui, a civil servant of growing influence who is also stranded at the inn.
• Jen-jui invites Lao Ts'an to his more spacious room, equipped with opium pipes, and has also invited two prostitutes recently sold by their families.

Chapters 13-20: this section takes place in & around the inn, mostly in Jen-jui's room, as two interrelated stories are told and their sequels unfold:

• the prior history of the two prostitutes sold off by their families, revealing the destruction of their village due to flood mismanagement (ch. 13-14).
• a law case being reviewed by Jen-jui involving the poisoning of an entire family, relatives wrongly accused, and a judge too narrow-minded to search for the true culprit; Lao Ts'an gets more and more drawn into the case (ch. 15-17).

Chapters 18-20: plans to free the two prostitutes, a new prefect comes to judge the mystery case, the true culprit is found, and Lao Ts'an finally reports back the Governor Chuang about all that he has observed (ch. 18-20).