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Jewish merchants' community in Shanghai :a study of the Kadoorie Enterprise, 1890-1950

Yuk Chui Kong

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HONG KONG BAPTIST UNIVERSITY

Doctor of Philosophy

THESIS ACCEPTANCE

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THESIS TITLE: Jewish Merchants' Community in Shanghai - A Study of the Kadoorie Enterprise,
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**Jewish Merchants' Community in Shanghai
- A Study of the Kadoorie Enterprise, 1890-1950**

KONG Yuk Chui

A thesis submitted in partial fulfillment of the requirements

for the degree of

Doctor of Philosophy

Principal Supervisor:

Prof. Stephanie Po-yin Chung (Hong Kong Baptist University)

August 2017

DECLARATION

I hereby declare that this thesis represents my own work which has been done after registration for the degree of PhD at Hong Kong Baptist University, and has not been previously included in a thesis or dissertation submitted to this or any other institution for a degree, diploma or other qualifications.

I have read the University's current research ethics guidelines, and accept responsibility for the conduct of the procedures in accordance with the University's Committee on the Use of Human & Animal Subjects in Teaching and Research (HASC). I have attempted to identify all the risks related to this research that may arise in conducting this research, obtained the relevant ethical and/or safety approval (where applicable), and acknowledged my obligations and the rights of the participants.

Signature:  _____

Date: August 2017

Abstract

Following the footsteps of British merchants, Jewish merchants began migrating to China's coastal ports starting from the 1840s. Small in their number, they exerted great influence on Shanghai's economic development. The community of Jews from Baghdad, for instance, wielded enormous clout in coastal China's economic and financial markets. To fill the gap of the economic and financial activities of the Jewish merchants' community in the existing literature, this dissertation considers Jewish economic activities in Shanghai using the Kadoorie enterprise as a case study. It examines the emergence, development and retreat of the Jewish merchants' community and argues that the Jewish merchants' community seized the opportunity of the changing political and economic environment in China to engage in the capital market in Shanghai and to enlarge their influence in the Chinese economy. Through the case study of the Kadoories, this dissertation focuses on the financial side of their operations and suggests that the Jewish merchants' community in Shanghai had established their identity and status in the Far East through expanding their economic influences. This dissertation starts by analyzing how the Kadoories knocked over the obstacles on the problem of nationality and started their business in Shanghai with the British legal tools. It further investigates their methods of raising capital and highlights their economic contributions. This dissertation examines the business strategies of the Jewish merchants, as a migration diaspora given the vagaries of the global economy and the changing political situation in coastal China. It then explores the interactions and power struggles between the Kadoories and their business partners to explain the business network of the Jewish merchants and account for the building up of the economic influence of the Jewish merchants'

community in China. Furthermore, the case study examines how the Jewish merchants adapted their business strategies in response to political and economic changes.

Examining the economic activities of these Jewish merchants provides insight into China's economic history. The case study of the Kadoories also reveals the fluctuations in Shanghai's economy and the characteristics of economic changes in contemporary China. Finally, this dissertation highlights the retreat of the Kadoories from Shanghai after 1945. At present, the Kadoories are still conducting business in China.

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List of Abbreviations

SMC	Shanghai Municipal Council
Ch.	Chinese Dollars
I.D.	Iraqi Dinar
JMP	Jen Min Piao
KMT	Kuomintang
PDU	Parity Deposit Units
St.	Strait Dollars
Tls.	Taels

Glossary

Chaofoong Road	兆豐路
Chapei	閘北
Chapoo Road	乍浦路
Chun Bing Him	陳炳謙
Chwang Hoong Estate	鄉下產
Chung Hwa Enterprise Company	中華企業公司
Dairen	大連
E.S.K. Ho Tung / Edward Sai Kim Ho Tung	何世儉
Fabi	法幣
Fokien Road	福建路
Gold Yuan Notes	金圓券
Haining Road	海寧路
Hankow Road	漢口路
Hongkew Creek	虹口港
Hok Un Power Station	鶴園發電廠
Jen Min Piao	人民票
Jinkee Road	仁記路
K.P. Chen	陳光甫
Kiangse Road	江西路
Kiaochow	膠州
Kincheng Bank	金城銀行
Kiukiang Road	九江路
Li Ming	李銘
M.K. Lo / Lo Man Kam	羅文錦

Mow ¹	畝
Nanking Road	南京路
Nantao	南市
Peking Road	北京路
Pingliang Road	平涼路
Pootung	浦東
Puxi	浦西
Quinsan Road	崑山路
Shanghai Heng Chan & Co., Ltd.	上海恒產株式會社
	/ 上海恒產股份有限公司
Soochow Road	蘇州路
Szechuen Road	四川路
T.C. Tsao / Chao Tseng Chu	趙曾珏
T.V. Soong	宋子文
Taiping Rebellion	太平天國
Tai Yau Bank	大有銀行
Tentsin	天津
Tong Chi Wan	唐芝芸
Tong Dong Ka Loong	東唐家街
Tong Kew Hing	唐翹卿
Tong King Sing	唐景星
Tongshan Road	塘山路
Tsingtao Road	青島路
Whangpoo Road	黃浦路
Xinjiang	新疆
Yangtspoo	楊樹浦

¹ According to the standard announced by Chinese National Government in 1931, 100 *Kung Mow* (公畝)=1 hectare. Source: "Chinese Measures," *South China Morning Post*, 10 April 1931, 14.

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Yuan
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虞洽卿
元
圓明園路
左宗棠

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Chapter 1

Introduction

1. Literature review: Studies on Jewish merchants in the Far East in the late 19th and early 20th centuries

Although the history of Jewish merchants in China in the early 20th century has attracted the attention of scholars since the 1980s, there is still a lack of academic work and deeper discussion. Scholars differ in their understandings of the emergence, development and transformation of Jewish merchants' economic activities and their influence on China's development in the late 19th and early 20th centuries. To obtain a better understanding of scholars' views of Jewish merchants in the Far East, their works are classified into three groups as follows.

The first group of works concern biographies of Jewish merchant families. Little has been written on specific Jewish merchants in contemporary China other than the Sassoons. The earliest publication on the Sassoons was *The Sassoon Dynasty* in 1941 by Cecil Roth, a notable Jewish historian. This book calls the Sassoon family 'the Rothschilds of the East'. Roth examined the Sassoons' Baghdad origins, migrating route and textiles business in India. He proposed that David Sassoon had perceived opportunities to expand their business worldwide, from Baghdad to Basra, Bombay and Shanghai.² However, this is an antique

² "The Sassoons: History of Merchant House Given in Book, Shanghai to London," *South China Morning Post*, 12 July 1941, 11.

book written at that time when supporting archival materials were lacking.³ Deeper research into Jewish merchants in China was not conducted until Stanley Jackson's *The Sassoons* in 1968. This book recounts how the Sassoons became merchant princes of international wealth and prestige with their business savvy, sense of adventure, efforts and fortune. This book is valuable, as it contains materials from the archives of the Sassoon family, which is restricted from public access. Sassoon family members helped translate their family letters from the original Hebrew and Arabic into English; this new information was used to fill gaps in the history of the Sassoons, providing a significant breakthrough in the study of Jewish merchants in China. Nevertheless, Jackson acknowledged that there were many missing pieces on the financial side and the networks between the Jewish merchant families.⁴ Other than the research on the Sassoon family, Lawrence Kadoorie (1899-1993) wrote a short anecdotal memoir on the Kadoorie family dated 1979. It provides some personalised insights into their family concerning their Sephardi roots and Baghdad origins and Jewish social and economic life on the China coast. This article is valuable, as there is a lack of writings on the Kadoories. However, the article is too short to provide in-depth details and discussions on the development and transformation of the businesses of Jewish merchants in China.⁵ Nevertheless, this group of works provides us with a better understanding and a sketch outline of the origin, migration and development process of Jewish merchant families and their community and family

³ Ben-Naeh, Yaron, "The Sassoon Family: Jewish Magnates between East and West in the Nineteenth Century," http://www.eacenter.huji.ac.il/uploaded/fck/Ben-Nae_Paper.pdf.

⁴ Stanley Jackson, *The Sassoons* (London: William Heinemann Ltd, 1968), 212.

⁵ Jonathan Goldstein, *The Jews of China* (Armonk, N.Y.: M.E. Sharpe, 1999).

networks in China. Through these biographical works, an impressive image of the Jewish merchants in China can be drawn.

The second body of research concerns the crucial role of the Jewish community in the development of society in Shanghai and Hong Kong. For example, Nigel Cameron's 1982 book *Power: The Story of China Light* discusses how the Kadoories participated in the operation of the public utility company China Light & Power Company, in Hong Kong. Cameron recounts how the Jewish tycoons played an essential role in constructing the society of the China coast.⁶ Maisie J. Meyer, a famous scholar of the study of Jews in China, published numerous documents on the Jewish community in Shanghai.⁷ In *Shanghai's Baghdadi Jews: A Collection of Biographical Reflections* (2015), she emphasised how the Jewish merchants influenced the Treaty Port setting through their business, their participation in charity works in China and their cultural exchange with the Chinese. She related how the Jewish community sided with the powers according to the ebb and flow of the markets under the aegis of Britain. Although the Jewish merchants in Shanghai belonged to a 'marginal community',

⁶ Nigel Cameron, *Power: The Story of China Light* (Hong Kong: Oxford University Press, 1982).

⁷ Maisie J. Meyer, "Baghdadi Jews, Chinese 'Jews' and Chinese," in Peter Kupfer, *Yantai-Present and Perception of Jews and Judaism in China*, Frankfurt: Peter Land, 2008. Maisie J. Meyer, "Spanning Oceans: Solid Links between Baghdadi Jews in India and China," in Pan Guang (ed.), *The Jews in Asia: Comparative Perspectives*, CJSS Jewish & Israeli Studies Series Vol.1, 2007. Maisie J. Meyer, "The Inter-relationship of Jewish Communities in Shanghai," *Immigrants and Minorities Volume 19*, London: A Frank Cass Journal, July 2001. Maisie J. Meyer, "The Sephardi Jewish Community of Shanghai and the Question of Identity," in Roman Malek ed., *From Kaifeng to Shanghai. Jews in China*, Sankt Augustin: Monumenta Serica Institute, 2000. Maisie J. Meyer, "Baghdadi Jewish Merchants in Shanghai and the Opium Trade," in *Jewish Culture and History* no.1, 1999, 58-71. Maisie J. Meyer, "Three Prominent Sephardi Jews," *Sino-Judaica* 2, 1995, 1-40. Maisie J. Meyer, "The Sephardi Jewish Community of Shanghai 1845-1939 and the Question of Identity," London: Ph.D. Thesis, University of London 1994.

this community played a vital role in developing Shanghai society.⁸ In *From the Rivers of Babylon to the Whangpoo: A Century of Sephardi Jewish Life in Shanghai* (2003), Meyer suggested that the Jewish community in Shanghai was small but influential. She outlined the characteristics of the lives and investments of the Jews in Shanghai and discussed the challenge of maintaining their Jewish identity in China.⁹ Chiara Betta, another well-known scholar of Jewish merchants in China, agreed that Baghdadi Jews were one of the most crucial components of the foreign community in Shanghai, which is an important financial centre in modern China. She described the city as the epitome of ‘China’s modernity and westernised commercial culture’ and discussed ‘its re-invention from a traditional trading centre’ into a ‘cosmopolitan metropolis and a major industrial centre.’¹⁰

There has been debate on whether the Jewish merchants in Shanghai were Baghdadi or Sephardi. In 1903, the Zionist Organisation categorised Baghdadi Jews as Sephardi. However, there has been opposition to using the term ‘Sephardi’ to describe Baghdadi Jews. Meyer argued that the Jews in Shanghai with Baghdad origins tended to describe themselves as ‘The Sephardi Jewish Community of Shanghai’.¹¹ Betta even suspected that the Baghdad Jews’ emphasis on being

⁸ Maisie J. Meyer, *Shanghai’s Baghdadi Jews: A Collection of Biographical Reflections* (Hong Kong: Blacksmith Books, 2015).

⁹ Maisie J. Meyer, *From the Rivers of Babylon to the Whangpoo: A Century of Sephardi Jewish Life in Shanghai* (Lanham: University Press of America, 2003).

¹⁰ Chiara Betta, “From Orientals to Imagined Britons: Baghdadi Jews in Shanghai,” *Modern Asian Studies*, Vol.37, No.4 (Oct., 2003), 999-1023. Chiara Betta, “Marginal Westerns in Shanghai: The Baghdadi Jewish Community, 1845-1931,” in Robert Bickers and Christian Henriot (ed.), *New Frontiers: Imperialism’s New Communities in East Asia, 1842-1953* (New York: Manchester University Press, 2000), 38-54.

¹¹ Maisie J. Meyer, “The Sephardi Jewish Community of Shanghai and the Question of Identity,” in Roman Malek ed., *From Kaifeng to Shanghai. Jews in China*, Sankt Augustin:

Sephardi of European inheritance was to distinguish themselves as a wealthier community than the latecomer Russian Ashkenazi Jewish refugees.¹²

Besides, Betta pointed out that the identity of Jewish merchants in coastal China fell between oriental and western. Although the Baghdadi Jews were wealthy, gradually anglicised and ‘mapped an imagined British identity’, they were ‘Orientals under British protection’ at the ‘fringe of the British community’ in Shanghai. According to the research of Betta, the Jewish merchants’ community in Shanghai was challenged by their relationship with the western community, especially the Britons. There were anti-semitic prejudices among the British community in Shanghai in the turn of the century. Also, the British merchants regarded the wealthy Jewish merchants were their competitors. Betta takes Benjamin David Benjamin, who was a Jewish sharebroker and one of the major landowners in Shanghai, as an example. A British publication in Shanghai in 1884 described Benjamin David Benjamin ‘had become a power in the land, but his competitors were loath to acknowledge it...he was only a Jew...’ Under this circumstance, the Jewish merchants on one hand insisted to maintain their culture. On the other hand, they tried hard to establish an economic alliance with the British merchants in Shanghai. Robert Bickers also points out that the Sephardi Jewish community identified themselves as British but their social status were not

Monumenta Serica Institute, 2000. Maisie J. Meyer, *Shanghai's Baghdadi Jews: A Collection of Biographical Reflections* (Hong Kong: Blacksmith Books, 2015), 20.

¹² Chiara Betta, “From Orientals to Imagined Britons: Baghdadi Jews in Shanghai,” *Modern Asian Studies*, Vol.37, No.4 (Oct., 2003), 999-1023. Chiara Betta, “Marginal Westerns in Shanghai: The Baghdadi Jewish Community, 1845-1931,” in Robert Bickers and Christian Henriot (ed.), *New Frontiers: Imperialism's New Communities in East Asia, 1842-1953*, New York: Manchester University Press, 2000, 38-54.

regarded as such.¹³

The third body of work is by Chinese scholars. Since the 1980s, with the rapid progress of Chinese economic reform, increasing numbers of scholars shifted their focus to the study of economic history. A number of scholars have studied the economic activities of the Jewish merchants' community in China, especially in Shanghai, after 1840.¹⁴ These studies mainly focused on the Jews in Shanghai because it was one of the most significant ports for Jews in China in the first half of the 20th century. The first Chinese publication on Jewish merchants was Xu Zhucheng's 1982 *Hatong Waichuan (The Story of Hardoon)*.¹⁵ *Jiu Shanghai de youtairan (The Jews in Old Shanghai)* outlined the hundred-year-development of the Jewish community in Shanghai.¹⁶ Many of the Chinese scholars have asserted that the Jewish merchants of that time were 'economic plunderers' and 'associates of western powers' in China under the protection of the colonial powers.¹⁷ The most notable publication was *Shaxu jituan zai jiuzhingguo (E.D. Sassoon & Co. in Old China)* by Zhang Zhongli and

¹³ Chiara Betta, "Silas Aaron Hardoon (1815-1931): Marginality and Adaptation in Shanghai," (PhD diss., University of London, 1997).

¹⁴ Pan Guang (潘光), *Youtai yan jiu zai Zhongguo: san si nian hui gu 猶太研究在中國三十年回顧: 1978-2008 (The Review of Jewish Studies in China, 1978-2008)* (Shanghai: Shanghai she hui ke zue yuan chu ban she, 2008), 194.

¹⁵ Xu Zhu Cheng (徐鑄成), *Hatong waichuan 哈同外傳 (The Story of Hardoon)* (Hong Kong: Wu xing ji, 1982).

¹⁶ Following Wang Qingyu, more scholars worked on Jews in Shanghai, for example, *Shanghai youtai ren (Shanghai Jews)* written by Tang Peiji in 1992. Source: Wang Qingyu (王慶余), "Jiu Shanghai de youtairan 舊上海的猶太人 (The Jews in Old Shanghai)," *Shanghai shehui kesue yuan suesu jikan*, 1987, vol.2. Tang Peiji (唐培吉), *Shanghai youtai ren 上海猶太人 (Shanghai Jews)* (Shanghai: San lian shu dian, 1992).

¹⁷ Many of the Sephardi Jewish merchants in China were naturalised as British in the early 20th century. The Jewish merchants were part of the communities of the foreign settlers in the Far East. The Jewish merchants had large political and economic influences among the settlers.

Chen Cengnian, which was published in 1985. This book was based on documents from the Sassoon archives that revealed the financial strategies used by the Sassoons in Shanghai to maximise their profit. This book is valuable that it was the only work describing the financial side – including the real estate financing strategies, industrial investments and financial company investments – of the Jewish merchants in Shanghai. The book condemned the Sassoons for their participation in the imperialist economic invasion of China. Similarly, Zhang Zhongli and Chen Cengnian criticised the Sassoons for making exorbitant profits through mortgages and loans, speculating in the real estate market and transferring risk to Chinese tenants, although they did not deny that the Jewish merchants had contributed to the modernisation of financial practices in the Shanghai economy to a certain extent.¹⁸ Like *E.D. Sassoon & Co. in Old China*, the books *Hatong Waichuan (The Story of Hardoon)* by Xu Zhucheng and *Da maoxianjia Hatong (The Adventurer Hardoon)* by Li Changdao castigated the Jewish merchants as associates of imperialism for their extortion in China.¹⁹

In 1988, a reputable academic institute of Jewish studies, the Center for Jewish Studies Shanghai, was founded by Professor Pan Guang in Shanghai to promote achievements in research and friendship between the Chinese and Jews.²⁰

¹⁸ Zhang Zhongli, and Chen Cengnian (張仲禮, 陳曾年), *Shaxu jituan zai jiu zhongguo 沙遜集團在舊中國 (The Sassoon Group in Old China)* (Beijing: Renmin chubanshe, 1985).

¹⁹ Xu Zhucheng (徐鑄成), *Hatong waichuan 哈同外傳 (The Story of Hardoon)* (Hong Kong: Wu xing ji, 1982). Li Daochang (李道昌), *Da maoxianjia hatong (The Adventurer Hardoon, 大冒險家哈同)* (Beijing: Qu zhong, 1979).

²⁰ Xu Xi, “Zongguo de youtai yanjiu 中國的猶太研究 (Jews in China),” *Xiya feizhou*, vol. 4, 2010, 54-58.

Pan's publications such as *Youtairen zai Shanghai (The Jews in Shanghai)*²¹ and *Yige ban shiji yilai de Shanghai youtairen (The Shanghai Jews in the early 20th century)*, highlighted that Jewish activities flourished in Shanghai while anti-Semitism was widespread in other parts of the world. These two books provide a sketch of the social, political, cultural, economic activities and charity work of the Jewish merchants in Shanghai in the late 19th and early 20th centuries. These books also discussed the Jewish refugees in Shanghai. Pan pointed out that the Jewish merchants had played an important role in the development of the Shanghai Stock Exchange, in which many of the stockbrokers were Jews.²² Wang Jian, another scholar from the 'Center for Jewish Studies Shanghai', published the *Shanghai Jewish Cultural Map* in 2010.²³ His work also focused on how the Jewish merchants facilitated the modernisation of Shanghai and the roles they played in the development of Shanghai, such as their construction of modern western apartments and skyscrapers and promotion of economic growth.²⁴ These works give us insight into the Jewish merchants' contributions to the modernisation of Shanghai. However, no in-depth discussions about the financial business of the Jewish merchants are found in these works. The most crucial study – and the only book about western economic and financial development in

²¹ Pan Guang (潘光), *Youtairen zai Shanghai 猶太人在上海 (The Shanghai Jew)* (Shanghai: Shanghai huabao chubanshe, 1995).

²² Pan Guan and Wang Jian (潘光, 王健), *Yige ban shiji yilai de Shanghai youtairen 一個半世紀以來的上海猶太人 (The Shanghai Jews in the early 20th century)* (Beijing: Shehui kezue wenxiam chubanshe, 2002).

²³ Wang Jian, *Shanghai Jewish Cultural Map* (Shanghai: Shanghai Stories Culture Media Co., Ltd, 2010).

²⁴ Wang Jian (王健), "Shilun youtairen he jindai Shanghaijingji 試論猶太人和近代上海經濟 (The economy of Shanghai and Jews)," *Shilin*, 1999, vol.2.

Shanghai and the Shanghai Stock Exchange – is W.A. Thomas's, *Western Capitalism in China: A History of the Shanghai Stock Exchange*. However, while this work included some of the names of Jewish merchants, it did not discuss their economic activities in the Shanghai financial market.²⁵

2. Aim, scope of study and significance

In the late 19th and early 20th centuries, the European colonial expansion and the opening of the Suez Canal in 1869 had catalyzed the growth of the European trade with the Far East.²⁶ Following the European trade expansion, more Jewish merchants, as a trading diaspora, migrated to different parts of the world, including North Africa, Middle East, Asia and America, searching for business opportunities. Scholars of Jewish history, colonial history and imperial economic history noticed that the activities of the Jews in European overseas empires in 19th and 20th centuries gave prominence to the question of the Jews' identities and economic position. Therefore, scholars probed deep into the Jewish merchants activities in overseas empires to find out 'the contours of Jewish identity'.²⁷

The book *Orientalism* by Edward Said (1935-2003) in 1978 suggested that

²⁵ This book applied a range of primary and secondary sources and provided an account of the commercial activity of the area, the genesis of the share market, its organizational development and dealing methods, and the leading brokers and brokerage firms in Shanghai. The book also chronicled the behavior of the market and the influences which produced periodic booms, crises and slumps. Source: W.A. Thomas, *Western Capitalism in China, A History of the Shanghai Stock Exchange* (Burlington: Aldershot, 2001).

²⁶ Ben-Naeh, Yaron, "The Sassoon Family: Jewish Magnates between East and West in the Nineteenth Century," http://www.eacenter.huji.ac.il/uploaded/fck/Ben-Nae_Paper.pdf.

²⁷ Ethan B. Katz, Lisa Moses Leff, and Maud S. Mandel (ed.), *Colonialism and the Jews* (Bloomington, Indiana: Indiana University Press, 2017), 7.

‘western thought’ had bias perceptions on the eastern world, an inaccurate cognition in supporting the ideology of imperialism. His book mainly discussed the Islamic world but mentioned in brief that ‘orientalism and modern anti-Semitism have common roots’. Homi K. Bhabha (1949-), based on Edward Said’s orientalism, suggested that people in colony had hybrid identity and could not be merely recognized as west or oriental, which inspired the rethinking of the role and identity of Jews.²⁸ In this vein, scholars agreed that Jews had multiple identities which were created by a ‘mapping process’.²⁹ For example, Jonathan Goldstein’s book *Jewish Identities in East and Southeast Asia: Singapore, Manila, Taipei, Harbin, Shanghai, Rangoon, and Surabaya* observed the Jewish communities in seven different trading cities, examined the Jewish experience in these cities such as living under colonialism and Zionism, and concluded that the Jewish communities had a characteristic of ‘transnational identity’.³⁰ In the discussions on Jacob Lasry (1793–1869) in the French colony Algeria, Joshua Schreier found that Jewish merchants acted as ‘economic middlemen’ in imperial history due to their multiple identities.³¹ Based on the observation of the Jewish merchants in the British Empire, scholars proposed that under the British idea of

²⁸ Edward W. Said, *Orientalism* (New York: Vintage Books, 1994), xxiv, xx, 43.

²⁹ Laurence J. Silberstein, *Mapping Jewish Identities* (New York: New York University Press, 2000), 1-28.

³⁰ Jonathan Goldstein, *Jewish Identities in East and Southeast Asia: Singapore, Manila, Taipei, Harbin, Shanghai, Rangoon, and Surabaya* (Berlin, Boston: De Gruyter Oldenbourg, 2015).

³¹ Jacob Lasry was a Spanish speaking Oran-based Sephardi Jewish merchant who was born in Morocco and was a British-protected subject. He built up his economic influence during the period of chaos caused by the processing of French colonialism in Algeria. Due to his background of multiple identities, he sought benefit from being an intermediary in Mediterranean trade. Source: Joshua Schreier, “From Mediterranean Merchant to French Civilizer: Jacob Lasry and the Economy of Conquest in Early Colonial Algeria,” *International Journal of Middle East Studies* 44, no.4, 2012, 631-649.

'free trade', Jews acted as proxies and intermediaries for British interests; some acted as official British agents.³² David Feldman observed that Jews were offered careers and were in an ambiguous position in the British Empire, which had a marked contrast with the discriminatory attitudes and violence towards Jews in Russia.³³ The complicated historical background and the relationship of the colonists and Jews reveal the complex discrete culture and multiplex identity of the Jewish merchants' community.

There was also Jewish diaspora in China in the 19th and 20th centuries. Jewish merchants settled and carried out business among foreign communities in the unique and complex social and political environment of the Shanghai International Settlement. This aroused the interest of scholars. Sarah Abrevaya Stein, a famous scholar of modern Jewries, through investigating into the Hardoons, suggested that the Jewish merchants in Shanghai had ambiguous and malleable legal identity. The identity of the Hardoons shifted between British and French in Shanghai but later switched to British as they sought protection from Britain while facing the legal struggle in the testamentary battle of Silas Aaron Hardoon.³⁴ Chiara Betta even found the network of Chinese acquaintances of S.A.

³² Abigail Green argued that international trade was the 'engine of empire'. In this 'engine', Jewish merchants operated as commercial diaspora. Green used Sir Moses Montefiore's (1784-1885) case to prove Jews acted as official British agent, being the President of the Board of Deputies, engaging in philanthropic work in Europe, the Middle East and North Africa. Source: Abigail Green, "The British Empire and Jews: An Imperialism of Human Rights?," *Past and Present*, no.199, 2008, 75-105.

³³ David Feldman, "Jews and the British Empire, c.1900" *History Workshop Fl*, no.63, 2007, 74-76.

³⁴ Sarah Abrevaya Stein, "Protected Persons? The Baghdadi Jewish Diaspora, the British State and the Persistence of Empire," *The American Historical Review*, 2011, 116 (1): 80-108.

Hardoon and his integration into the Chinese society through studying his marriage, his participation in Chinese politics, his education and cultural enterprises and his life in Shanghai.³⁵ She depicted the Jewish community in Shanghai as ‘marginal westerners’ and ‘imagined Britons’, which was a group of ‘anglicized merchant elites’ with ambiguous national status. However, they were not easily accepted by the upper class British community in Shanghai. She further added a tiny remark that the richest Jewish merchants in Shanghai felt more needs of being anglicized.³⁶

This dissertation is not going to discuss the ancient Jews in China, the Ashkenazi Jews from Russia and the Jewish refugees from Germany, but will focus on the discussion of the Sephardi Jewish merchants who migrated to Shanghai from Baghdad with the European trade expansion in the second half of 19th century and how they became a vital group of foreigners in the economic history of contemporary China in the first half of 20th century. They settled in the International Settlement in Shanghai, which was Britain’s ‘informal empire’. Robert Bickers, a famous scholar, pointed out that the Sephardi Jewish community was rich and protected by Britain but was not regarded to be on the same social level as the Britons.³⁷ In view of this, how did the Jewish merchants

³⁵ Chiara Betta, “Silas Aaron Hardoon (1815-1931): Marginality and Adaptation in Shanghai,” (PhD diss., University of London, 1997).

³⁶ Chiara Betta, “From Orientals to Imagined Britons: Baghdadi Jews in Shanghai,” *Modern Asian Studies*, Vol.37, No.4 (Oct., 2003), 999-1023. Chiara Betta, “Marginal Westerners in Shanghai: The Baghdadi Jewish Community, 1845-1931,” in Robert Bickers and Christian Henriot (ed.), *New Frontiers: Imperialism’s New Communities in East Asia, 1842-1953* (New York: Manchester University Press, 2000), 38-54.

³⁷ Robert Bickers, “Shanghaianders: The Formation and Identity of the British Settler Community in Shanghai 1843-1937,” *Past and Present*, vol 159, 161-211.

in Shanghai, who had suffered from bias perceptions, build up their status and identity? To add value to the scholarship of the Jewish merchants' community of Shanghai, this dissertation aims to find out and account for the transformation process of the building of their status and identity from a new angle by closely examining their commercial and financial activities.

According to the literature review in the last part, the previous studies provides a picture of Jewish merchants' economic, political, social and charitable activities and indicates that they were a crucial community in Shanghai in the late 19th and 20th centuries. However, there is still a great deal of room for comprehensive and detailed study on the financial side that considers their business strategies, the reasons for the emergence of the Jewish merchants while British interests dominated the business circle and the transformation of Jewish merchants' business and community. Most literature on Jewish merchants in Shanghai has focused on the Sassoons and overlooked other Jewish merchants' families. Some scholars suggested that they were 'marginal westerners' in the foreign community in Shanghai as their oriental origin. On the other hand, Some Chinese scholars regarded the Jewish merchants in Shanghai as 'economic plunderers' and 'associates of western powers'.³⁸ Abandoning the view of 'an associate of imperialism', this dissertation conducts a case study of the Kadoorie family in the hope that it will contribute to a deeper understanding of the economic activities of Jewish merchants in Shanghai.

³⁸ Chiara Betta, "Silas Aaron Hardoon (1815-1931): Marginality and Adaptation in Shanghai," (PhD diss., University of London, 1997).

To fill the gap in the literature, this dissertation considers Jewish economic activities in Shanghai using the Kadoorie enterprise as a case study. It examines the emergence, development and retreat of the Jewish merchants' community and argues that the Jewish merchants' community seized the opportunity of the changing political and economic environment in China to engage in the capital market in Shanghai and to enlarge their influence in the Chinese economy. Through the case study of the Kadoories, this dissertation focuses on the financial side and suggests that the Jewish merchants' community in Shanghai had established their identity and status in the Far East through expanding their economic influences. This dissertation started with analyzing how the Kadoories knocked over the obstacles on the problem of nationality and started their business in Shanghai with the British legal tools. It further investigates their methods of raising capital and highlights their economic contributions. This dissertation examines the business strategies of the Jewish merchants, as a migration diaspora given the vagaries of the global economy and the changing political situation in coastal China. This dissertation further explores the interactions and power struggles between the Kadoories and their business partners to explain the business network of the Jewish merchants and account for the building up of the economic influence of the Jewish merchants' community in China. Furthermore, the case study examines how the Jewish merchants adapted their business strategies in response to political and economic changes.

While Jewish merchants were expanding their business in the late 19th and early 20th centuries, the political and economic situation in China was changing dramatically. The community of Jews from Baghdad wielded enormous clout in

coastal China's economic and financial markets. Jewish merchants' economic activities in China were good subjects for a case study of economic history of modern China. The economic activities of these Jewish merchants provide insight into China's economic history. The case study of the Kadoories also reveals the fluctuations in Shanghai's economy and the characteristics of economic changes in contemporary China. Finally, this dissertation highlights the retreat of the Kadoories, who transferred their assets to Hong Kong and all over the world to minimise their loss. At present, the Kadoories are still conducting business in China.

3. Sources and methodology

Various primary sources are used to provide an objective account of the Jewish merchants' economic activities in the Far East in the first half of the 20th century. Despite their subjective nature, manuscripts provide important information on the Jewish merchants' commercial activities. The Kadoories' letters and the company documents of E.S. Kadoorie & Sons, the Rubber Trust, the Shanghai Land and Investment Company and the Shanghai Gas Company filed in the Hong Kong Heritage Project Archive are used in this study. However, we could only obtain some of the Kadoories' documents and letters from the 1930s and 1940s; the documents prior to the 1930s cannot be found in the archive. Besides, it is hard to obtain materials from the family archive of the Sassoons and Ho Tung, who were close business partners of the Kadoories. The remedial measure to overcome the above difficulties is to utilize official government documents and companies' documents which mentioned about the merchants'

activities in Shanghai.

Official government documents provide complementary information that lacks the subjectivity of diaries and manuscripts. The documents about the Kadoorie family in the National Archives in the U.K. record the family's origins. These include Ellis Kadoorie's will and Elly Kadoorie's application for naturalisation. These documents record the origins and background of the Kadoorie family. Other government documents, such as files in the British Foreign Office, concern Britain's economic policy and the socio-economic situation in Shanghai. This study also makes use of the archives of the minutes of the Shanghai Municipal Council and the Municipal Gazette, which recorded the policies on land and public utilities in the International Settlement for Shanghai.

In this dissertation, companies' documents are used to investigate the uses of Jewish capital in China. Specifically, the documents of British companies in Shanghai listed on the Shanghai Stock Exchange that are now stored in the Hong Kong Public Records Office, including the articles of association, balance sheets, lists of directors and shareholders and letters between the companies and the Hong Kong Company Registrar are inspected. The company documents of some rubber companies in the Singapore National Archives that include their financial status and lists of shareholders are also examined.

Documents concerning real estate, public utilities and the Shanghai Stock Exchange in the Shanghai Municipal Archives are also studied. These include correspondences among the Municipal Council, Chinese authorities and real estate

and public utilities companies. The records of the daily stock exchange practice and stock trading volume of the Shanghai Stock Exchange and the brokers' lists reveal the transformation of the foreign merchants' investment in the financial market during the first half of the 20th century in Shanghai. In addition, Kincheng Bank documents about foreign investment in China are useful for understanding the economy of Shanghai in the late 19th and the early 20th centuries.

Finally, newspapers and magazines that reflect the real economic situation in Shanghai include *The North-China Herald* (1850-1941), *The North China Daily* (1850-1941), *The China Press* (1925-1938), *Shanghai Gazette* (1919-1921), *Shanghai Times* (1914-1921) and *Shen Bao* (申報, 1872-1949). These influential newspapers published in the Republican era, chronicled the growth and development of Shanghai. These newspapers reported companies' annual reports, minutes of annual meetings, weekly share prices and share lists of the Shanghai Stock Exchange and merchants' activities in Shanghai. A number of notable economic magazines were also published in Shanghai during the Republican period, including *Qianye yuebao* (錢業月報, 1921-1949). Newspapers published outside mainland China include *China Mail* (1866-1961), *Hong Kong Telegraph* (1881-1951), *South China Morning Post* (1903-1997), *The Kung Sheung Daily News* (香港工商日報, 1925-1984), *Wah Kiu Yat Po* (華僑日報, 1925-1995) and *The Chinese Mail* (香港華字日報, 1872-1941) in Hong Kong. Newspapers published in Singapore such as *The Strait Times* (1831-2009) and *Singapore Free Press & Mercantile Advertiser* (1835-1962) documented the economic situation both inside and outside China, including news about the rubber industry and the rubber share market. Besides, *The Times* in the U.K. also helps to understand the

economic environment of the British Empire.

4. Structure of the dissertation

This dissertation contains seven chapters, which are arranged according to the Kadoories' three major investments in Shanghai: the rubber companies on the Shanghai Stock Exchange, the Shanghai Land Investment Company and the Shanghai Gas Company.

Following the first introductory chapter, chapter two presents the commercial, financial and legal framework by examining the legal tools used by the Jewish merchants' community to engage with the British companies in the Shanghai International Settlement. This chapter also introduces the migration process of the Jewish merchants by investigating the Kadoories' family origins and reasons for migrating to Shanghai. It also examines how they started their business in China.

Chapter three examines how the Kadoories maximised their profit in the stock market and built up their business, growing from being a partner of a brokerage firm in Hong Kong to becoming the largest rubber company financier in Shanghai throughout the boom and bust of the Chinese economy in the 1910s and 1920s. This chapter also examines how the Kadoories emerged in the rubber share market and the Shanghai Stock Exchange and how Jewish capital became one of the crucial sources of foreign capital in Shanghai in the 1910s.

Chapter four examines how the rubber financier – E.S. Kadoorie & Co.

became the enterprise – Sir Elly Kadoorie & Sons and invested in different fields in Shanghai. The company invested especially heavily in Shanghai’s real estate market. The Kadoories’ investment in the Shanghai Land Investment Company is selected as a case study. Interestingly, Jewish merchants used the devaluation of the world silver price and the real estate boom in Shanghai in the late 1920s as an opportunity to expand their economic influence over British interests. This chapter also examines how the Jewish merchants obtained further capital in the Shanghai capital market. This chapter then explores the financial strategies adopted by the Kadoories in running their real estate business in Shanghai such as property management, internal financial control and market timing for property disposition according to the world economic environment and economic and political fluctuations in Shanghai. This case study reveals the mechanism of the real estate capital market, the methods of fund raising in land companies in Shanghai and how real estate investment was used to hedge against the inflation of the Chinese dollar in the mid-1930s. The chapter concludes with an account of the role of Jewish capital in the development of China’s real estate market.

Chapter five utilises the Kadoories’ investments in the Rubber Trust as a case study to examine Jewish merchants’ contribution to the financial market in Shanghai. The establishment of the Shanghai Stock Exchange and the emergence of financial institutions in Shanghai in the early 20th century indicated the rapid development of the capital market. This chapter examines the features and achievements of the foreign trust company in the first half of the 20th century in Shanghai through the case study of the Rubber Trust as it was a typical financial institution of the time. This chapter further examines how the concept of trust was

introduced to China, how the trust company benefited investors and enlarged the market share of the financiers' investment given the political and economic conditions and how the Kadoories gained considerable profit through the stock market and the Rubber Trust.

Chapter six uses the Kadoories' investment in Shanghai Gas Company as a case study to examine what strategies they used during the political and economic instability in pre-war China to maximise their profit, taking advantage of the fall of the silver price, investing in a public utilities company and expanding their economic power. The case study also explores the relationship between the boom and bust of China's market and the inflowing and outflowing of capital in China. The Shanghai Gas Company is studied because its archival materials are sufficient to present a full picture of the transformation of the business and the capital flow of the Kadoorie enterprise.

Chapter seven summarises the findings and draws conclusions regarding how the Jewish merchants' community seizing chances to build up their identity and status among the foreign community in the Far East through enlarging their economic influence among the British interests. Moreover, this chapter concludes the relationship between the emergence, development and retreat of the Jewish merchants' community and the transformation of Shanghai's economy. Furthermore, it considers this community's business strategies and contributions to Shanghai's financial market.

Chapter 2

Historical Setting – The Business Environment in Shanghai, 1840s-1950s

1. Introduction: The business setting in pre-war Shanghai

Shanghai was opened to trade in 1843, the International Settlement and the French Concession were established in 1845 and 1849, respectively, and Yangtze ports such as Hankow were opened to trade in the 1860s. This led to a sudden increase of foreign trade in China. Steamers navigated in the Yangtze River as a highway, transporting rich resources from the central provinces to the coast. From 1860 to 1863, the volume of import and export trade in Shanghai doubled,³⁹ and Shanghai became one of China's trading hubs.

In the mid-19th century, lending services were provided by small-scale money shops and pawnshops in China, and it was typically difficult to raise a large sum of capital for economic development. With the enormous growth of international import and export trade in Shanghai, the demand for banking services, such as exchange facilities, the remittance of funds, bank cheque payment services and deposit services increased. At that time, foreign commercial banks were established in the treaty ports to facilitate foreign trade and came to dominate China's banking market.⁴⁰

³⁹ *The China Year Book 1931* (Shanghai: North China Daily News & Herald, 1931), 261.

⁴⁰ Foreign banks such as the British Chartered Oriental Banking Corporation opened branch offices in Hong Kong and Shanghai in 1843 and 1848 respectively. The Chartered Mercantile Bank of India, London & China was established in 1854, followed by the Chartered

During this period, the Chinese capital market developed substantially and was integrated into the world context. Some scholars have suggested that the loans floated by Chinese authorities from foreign banks during the Taiping Rebellion (1851-1864) and the Islamic Rebellion (1862-1873) were a watershed in the history of the Chinese financial market because international loans and bonds were issued at that time to pay for the large military.⁴¹ In 1895, the Qing government for the first time took loans from foreign banks to pay the vast indemnities of the Sino-Japanese War. These indemnities and the Boxer indemnity following the 1900 Boxer Rebellion were enormous, forcing the Qing government to seek further loans from foreign banks. The Sino-Japanese War and the Boxer Rebellion led the great powers to scramble to invest in China; the indemnity loans further opened up the Chinese market to foreign capital and foreign investment developed vigorously especially in Shanghai.⁴²

Bank of India, Australia & China established in 1857. The Hong Kong & Shanghai Bank was established in 1864 in Hong Kong and a Shanghai branch was set up in 1865. Investors believed that foreign banks were more reliable. Source: Ji Zhao Jin, *A History of Modern Shanghai Banking: The Rise and Decline of China's Finance Capitalism* (Armonk, N.Y.: M.E. Sharpe, 2003), 42-43. William N. Goetzmann and Andrey Ukhov, "China and the World Financial Markets 1870-1930: Modern Lessons From Historical Globalisation," Yale School of Management International Center for Finance. Working Paper.

⁴¹ International loans and bonds issued in the late Qing dynasty for military and economic development purpose. Other than the Taiping Rebellion and Islamic Rebellion, Zuo zongtang made loan from foreign bank on defending Xinjiang against the Russian Empire in 1878. After the war, bonds were issued to pay off the loan. Another example was, in 1896, after the Sino-Japanese War, the Qing government issued bonds to pay the indemnity to Japan. Source: Cheng Linsun, *Banking in Modern China: Entrepreneurs, Professional Managers, and the Development of Chinese Banks, 1897-1937* (Cambridge, UK; New York: Cambridge University Press, 2003), 23, 104. Haizhou Huang and Ning Zhu, "The Chinese Bond Market: Historical Lessons, Present Challenges, and Future Perspectives," in James R. Barth, John A. Tatom, Gianni Yago, *China's Emerging Financial Markets: Challenges and Opportunities* (New York: Springer, 2009), 523. Rajeswary Ampalavanar, *Chinese Business Enterprise vol.2* (London: Routledge, 1996), 78. Ian Rae, *Singular and Different: Business in China Past, Present, and Future* (New York: Palgrave Macmillan, 2004), 144.

⁴² Shanghai Municipal Archives, Document No.: Q264-1-1154, *Jincheng yinhang youguan oumei geguo duihua jinrong touzi qingkuang (yi)* 金城銀行有關歐美各國對華金融投

The number of sharebrokers increased in response to the growing Chinese financial market. The Stock and Sharebrokers Association, the first formal brokerage association in China, was established in 1890 in Shanghai by a group of stockbrokers. It aimed to standardise practice for the large volume of stocks exchanged. The Shanghai Stock Exchange was formed in 1904 to strictly regulate and provide a fixed place for share dealing.⁴³ By the early 20th century, many foreign companies were operating in Shanghai conducting business, raising capital and bringing their financial practice to the city.

2. The price of silver and its effect on China's capital market

While the development on foreign trade was vigorous, the fluctuation of the world silver price had direct effect on foreign business and the capital market in China. In the second half of the 19th century, Britain and some other major countries in the world adopted gold as the standard currency. Countries originally adopting silver as the standard currency sold their silver to obtain gold. While many countries changed their monetary system from the silver to the gold standard, China still kept the silver standard. Hence, the status of silver in the world financial market was no more a currency but a commodity, the demand of silver decreased. The effect of that was the falling of the silver price. The world price of silver fell by about 55% from 1870 to 1900. The value of the Chinese

資情況 [一] (*Document of Kinchong Bank about the Investment of Europe and the United States in China (I)*).

⁴³ W.A. Thomas, *Western Capitalism in China, A History of the Shanghai Stock Exchange* (Burlington: Aldershot, 2001), 28, 96-97.

currency lost half of its value on the international market.⁴⁴ The silver price rebounded since the outbreak of the First World War in 1914 because the countries engaging in the War abandoned the gold standard to prevent the outflow of capital. However, the damages caused by the War carried on. The British pound sterling lost 20% to 25% in value in 1920. Britain anxiously searched for funds wherewith to reduce her budgetary deficit. Heavy sale in European markets of demonetized silver took place. Excessive quantities of silver were then disposed from Europe. France melted silver and shipped to Shanghai in 1919 and 1920. Nearly 90 million ounces of silver were disposed by Britain in 1921 and 1922.⁴⁵ In addition, there was further depression in world trade in 1925, the United Kingdom returned to gold standard (gold exchange standard) in 1926 followed by France as well as most of the countries outside Asia and Latin America to stabilise their currency. As the demand for silver further decreased, there was an excess amount of silver in the world market. While China still adopted silver standard at that time, silver in China was the foremost medium of currency and China was one of the largest holders (another one was India) and the largest consumers of silver. As a result, silver was drained into China and the net import of silver to China was recorded increase especially in 1927 and 1928. The world silver price kept depreciating since the mid-1920s resulting in the depreciation of tael. ('Tael' indicated a weight and a medium of currency in silver.)⁴⁶ Moreover, the long lasting internal warfare

⁴⁴ W.A. Thomas, *Western Capitalism in China, A History of the Shanghai Stock Exchange* (Burlington: Aldershot, 2001), 209.

⁴⁵ *The China Year Book 1931* (Shanghai: North China Daily News & Herald, 1931), 398-401. C.R. Maguire, *China Stock and Share Handbook 1926* (Shanghai: North-China Daily News & Herald, Limited, 1926), 13. "Hongkong Companies Ordinance," *South China Morning Post*, 28 May 1913, 35.

⁴⁶ *The China Year Book 1933* (Shanghai: North China Daily News & Herald, 1933),

in China resulted in the impoverishment of the rural population and in the extinction of their buying power. Thus, the ports, especially Shanghai, were overburdened with a large amount of silver funds.⁴⁷ The price of silver further dropped. The history of the price of silver reached the lowest level in 1932. With large amount of idle capital and developing financial facilities in the Shanghai capital market, foreign business raised funds there massively. In the meantime, Jewish merchants vigorously raised funds in the capital market and engaged in various types of business in Shanghai.

3. Merchant communities in Shanghai

Foreign merchants began to migrate to and expanded their business there in 1843. A migrant community was formed there and the land of the International Settlement was leased to the British. The Shanghai Municipal Council (SMC), the highest administrative body of the Shanghai International Settlement, was established in 1854. The board of the SMC contained usually nine members, who were elected by ratepayers. The members of the board represented the distribution of administrative and financial power in Shanghai. Merchants from British trading firms dominated the board of the SMC; for example, representatives from Jardines served as chairmen and vice-chairmen for a long period. William Keswick (1834-1912) served as chairman in the 1860s and William Johnstone Keswick (1903-1990) in 1940. David Landale (1868-1935) from Jardine, one of the initial directors of the Cathay Trust, was in the board from 1901 to 1910 and served as

563.

⁴⁷ *The China Year Book 1931* (Shanghai: North China Daily News & Herald, 1931), 398-401.

chairman from 1908 to 1910. Meanwhile Butterfield and Swire held at least one seat on the board. A number of British merchants sat on the board representing the interests of the British land and public utility companies: these included James Hogg, Thomas Hanbury, Walter Cyril Ward, Alexander George Wood, John Graeme Purdon and Nichol Latimer (their background is given in the following chapters). Albert Robson Burkill (1839-1913) represented the rubber companies in Shanghai. Burkill had sat on the board in 1897 and served as chairman from 1897 to 1898, when the rubber shares market in Shanghai was booming. He also represented British real estate interests in Shanghai. His son, Albert William Burkill (1873-1952), served on the board from 1903 to 1912.⁴⁸ Joseph Welch, a British tea merchant, the father of Arthur Joseph Welch of J.A. Wattie & Co., (the secretary of J.A. Wattie & Co. and later became the chairman) was the vice-chairman of the council in 1893-1894 and 1898-1899. He served on the board in 1890-1891, 1893-1894 and 1897-1898. During his term as vice-chairman, he represented SMC in successful negotiations for the extension of the settlement.⁴⁹ His son A.J. Welch served as Land Commissioner of the SMC from 1922 to 1925, during which he was responsible for estimating the land price of the International Settlement.⁵⁰ A number of British Jews were also elected to the

⁴⁸ On the other hand, Alexander Dunlop Bell (1873-1937) was sat on the board from 1924 to 1933 and elected as the chairman from 1932 to 1933. He represented the British tea and rubber-importing firm Barlow & Company.

⁴⁹ Joseph Welch (1844-1936) was a well-known figure in the early years of Shanghai's existence. He arrived Shanghai in 1864 on board a sailing ship by way of the Cape. Then, he was engaged in the tea trade and later formed his own firm under the name of Welch, Lewis & Co., as a tea merchant. He retired and returned England in 1900. In England, he opened an office in London, and worked there for a number of years. He was also the secretary of the China Association for a few years. Joseph Welch finally went into retirement in 1908. Source: "Obituaries and Funerals, Mr. Joseph Welch," *The North China Herald*, 24 June 1936, 535.

⁵⁰ *The Minutes of Shanghai Municipal Council, Volume XXII*. (Shanghai: Shanghai Classics Publishing House), 1922-1924. "Land Commission," *The North China Herald*, 14

board, where they represented their huge investments in Shanghai. Jewish merchants Edward Albert Sassoon (1856-1912) was elected to the board in 1879, making him the first Jewish merchant to sit on the board of the SMC.⁵¹ As Jewish merchants expanded their interests in Shanghai, more Jewish merchants were elected to the board in the 1910s. Phillip Arnhold (1851-1910), a partner of the import and export firm Arnhold & Karberg & Co. and the uncle of Harry Edward Arnhold (1879-1950) and C.H. Arnhold, sat on the board in 1884. Silas Aaron Haroon (1851-1931) sat on the board from 1900 to 1903. Edward Isaac Ezra (1881-1921) served on the board between 1912 and 1918. Maurice Benjamin was on the board in 1920 and 1921, representing Jewish merchants' real estate interests in Shanghai.⁵² W.R.B. McBain, a partner of the Jewish firm George McBain (an import and export firm and one of the rubber agents in Shanghai), sat on the board in 1926 and 1927. The most influential Jewish merchant on the board was H.E. Arnhold. He represented the Sassoons' interests from 1928 to 1936, serving as chairman from 1929 to 1931 and 1934 to 1937. In addition, Americans occupied several seats. For example, Stirling Fessenden (1875-1944), a lawyer from Maine, joined the board since 1920, served as the chairman from 1932 to 1929. On the other hand, as Japanese enlarged their influence in Shanghai, they occupied a seat on the board beginning in 1915, substituting for German representatives on the council. Chinese members first appeared on the board when the National government was established and three Chinese members joined the board in 1928. In 1941, the board was comprised five Britons, two Americans,

November 1925, 302.

⁵¹ Public Meetings: Municipal Council, *The North China Herald*, 15 April 1879, 358.

⁵² *The Minutes of Shanghai Municipal Council, Volume XVI*. (Shanghai: Shanghai Classics Publishing House), 1905-1907.

two Japanese, and five Chinese.⁵³

4. Jewish merchants in Shanghai

Jewish merchants were an important foreign community in Shanghai in the late 19th and the early 20th centuries. The origin of the Jewish diaspora can be traced to the rule of the Roman Empire in Palestine in the 1st and 2nd centuries A.D. The Jews were expelled from Jerusalem and later exiled and dispersed to different parts of the world.⁵⁴ In general, these Jews are categorised into three major ethnic divisions: Sephardi, Ashkenazi and Mizrahi.⁵⁵ The Sephardi Jews, who were of Baghdad origin, were pioneer emigrants to the Far East. They made important contributions to the economy of Shanghai in the first half of the 20th century. Not the same as the Jewish refugees from Russia and Germany arriving in Shanghai in the 1920s and 1930s, the Sephardi Jewish expatriates held leading positions in the Jewish community. They actively engaged in the business field and became affluent traders and financiers in the Far East. Some even served on the SMC of the International Settlement and the French Concession. The Sephardi

⁵³ Robert Bickers and Isabella Jackson, *Treaty Ports in Modern China: Law, Land and Power* (New York: Routledge, 2016), 44-60.

⁵⁴ *The Kadoories, India, Hong Kong* (Hong Kong: The Hong Kong Heritage Project, 2014), 4-5. Nigel Cameron, *Power: The Story of China Light* (Hong Kong: Oxford University Press, 1982), 87.

⁵⁵ Ashkenazi are the Jews of Germany and northern France. Sephardi are the Jews of Iberia and the Spanish diaspora. Mizrahi are descendants of Babylonian Jews and Mountain Jews. The original meaning of Sephardi Jews was the Jews originated in the Iberian Peninsula. Later it widely referred to the Jews who came from the coastal area of the Mediterranean Sea, Middle East and northern part of Africa. The word "Sephardi" was how Sephardi Jews called the Iberian Peninsula. In 1492, the Christian regime recovered the rule in the Iberian Peninsula. The Muslim was expelled and returned to Africa. Sephardi Jews were expelled together with Muslim and migrated to the continental Europe and the Middle East. Actually there was no single way to categorize Jews. Source: Ellen Lust (ed.), *The Middle East* (Los Angeles: Sage/CQ Press, 2014), 522.

Jews became a notable merchant group in Shanghai in the late 19th century and the first half of the 20th century.

In the late 19th century, with the expansion of Britain's economic interests in the treaty ports of its colonies of Singapore, Hong Kong and China, some Jewish merchants, including Jews originating in Baghdad, migrated to and settled in the Far East and engaged in economic activities there. They settled in Bombay, and because of British colonialism in India and the Anglo-Chinese Treaty of Nanjing, which ceded Hong Kong to Britain and opened five ports in China in 1842, in coastal China.⁵⁶

The most affluent Jewish merchant family in China was unquestionably the Sassoons, who became known as the 'Rothschilds of the East'. Elias David Sassoon (1820-1880), from Bombay, was the first Sephardi Jew to start a business in China. The Sassoons set up a branch in Shanghai in 1850 and became one of the founders of the Hong Kong & Shanghai Banking Corporation in 1864. The

⁵⁶ Jews have long been participating in financial activities since the Middle Age in Europe. Starting from the Middle Age, Jews were expelled from different segments in society. They were forbidden to have their own land properties and were excluded from guilds as craftsmen. As a result, the only occupation they could engage in was providing financial service while lending was forbidden in Christianity and Muslim doctrine but not in Judaism. Such circumstances brought up the tradition that Jews specialised in finance and crediting business and gradually gained financial prominence in Europe. The best example was the Rothschilds, one of the famous and wealthiest Jewish families in Europe, who emerged as a banker in the 18th century in Frankfurt. Besides the Rothschilds, some other Jewish family such as the Warburgs and Bleichröder were notable Jewish merchant families in the financial business field. The Rothschilds expanded their commercial network by setting up branches in different European cities. They financed the British on participating in the Napoleonic War from 1813 to 1815. At the same time, many Jewish families acted as financial operators in political affairs and infrastructure. For example, some Jewish bankers got involved in financing railway networks in Europe in the 19th century. Source: W.E. Mosse, *Jews in the German Economy: The German-Jewish Economic Elite, 1820-1935* (New York: Oxford University Press, 1987). Huibert Schijf, "International Jewish Bankers Between 1850 and 1914: An Example of Internationalisation Along Ethnic Lines," Paper Prepared for Session X: Diaspora Entrepreneurial Networks, Economic History Congress XIII, Buenos Aires, 22-26 July 2002, assessed 2 January 2017, <http://ce399.typepad.com/files/10schijf205.pdf>.

Sassoons invested in various types of business, including banking, real estate, docks and wharves, rubber shares, and industries and public utilities in Shanghai and Hong Kong. The Sassoons were close business partners with the Kadoories in the Shanghai Land Investment Company.

The second migration wave of Jews to China occurred in the late 19th century, while Shanghai was experiencing economic expansion and conditions were favourable for larger volume of investment.⁵⁷ Jewish merchants in the Far East based in Shanghai carried out economic activities in different business fields in Asia. By the end of the 19th century, many Jewish families had migrated from Baghdad to Shanghai to seek their fortunes, including the Hardoons, the Ezras and the Kadoories. They prospered in business and became highly respected members of Shanghai and Hong Kong society.⁵⁸

S.A. Hardoon arrived in Hong Kong in 1872 and joined E.D. Sassoon & Co. in Shanghai the following year. He started his own real estate business in Shanghai and became the largest landowner of Nanjing Road in the 1900s. When he died in 1931, his family fought over his estate, and the economic influence of the Hardoon family in Shanghai declined. Members of the Hardoon family later migrated to different parts of the world, including Australia and the United States. After 1949, the Chinese communist government seized the family's properties in

⁵⁷ Jonathan Goldstein, *The Jews of China* (Armonk, N.Y.: M.E. Sharpe, 1999).

⁵⁸ Maisie J. Meyer, *Shanghai's Baghdadi Jews: A Collection of Biographical Reflections* (Hong Kong: Blacksmith Books, 2015). *Shanghai, Hong Kong, The Kadoorie Family* (Hong Kong: The Hong Kong Heritage Project, 2014), 4-6.

Shanghai.⁵⁹

Another major Jewish merchant in China, E.I. Ezra, was one of the largest landowners in Shanghai. He had interests in many Shanghai enterprises, including the Shanghai Hotels Company, Astor House, the Kalee and Palace Hotels, China Motors, the Far Eastern Insurance Company and the Shanghai Gas Company. When he died in 1921, his sons Cecil Ezra and Denzil Ezra inherited his properties, after which the economic influence of the Ezra family fell considerably. After the Second World War, the brothers stayed in Shanghai, continuing their father's business, until they migrated to Hong Kong in 1949. Cecil Ezra worked for Hong Kong Engineering and Construction & Co. Ltd., which was an important interest of the Kadoories in Hong Kong. Denzil Ezra served as a properties manager of the Kadoories' interests in Hong Kong.⁶⁰

Another close partner of the Kadoories in their Shanghai real estate business was Robert Ho Tung (1862-1956), a Eurasian tycoon and Hong Kong social leader. He served on the board of directors of China Light & Power Company in Hong Kong together with the Kadoories beginning in 1928, and Lawrence Kadoorie and Ho Tung sat on the board of directors of the Rope Company in Hong Kong together. In the 1920s, Ho Tung began to invest in Shanghai, especially in the real estate field. Like the Kadoories, he invested in the Shanghai Land Investment Company and his son Edward Sai Kim Ho Tung (E.S.K. Ho

⁵⁹ Chiara Betta, "From Orientals to Imagined Britons: Baghdadi Jews in Shanghai," *Modern Asian Studies*, Vol.37, No.4 (Oct., 2003), 999-1023.

⁶⁰ Maisie J. Meyer, *Shanghai's Baghdadi Jews: A Collection of Biographical Reflections* (Hong Kong: Blacksmith Books, 2015), 255-256.

Tung, 1902-1957) sat on the board of directors of the Shanghai Land Investment Company beginning in the mid-1930s.

5. The Kadoorie family

The Kadoorie family settled in Baghdad many centuries ago. Early historical sources are limited, but it is known that they were leader of Jewish community and had close relationship with the Sassoon and Gubbay families of that city. The Kadoories and the Sassoons were merchant farmers, and the currency of this ancient community was sheep. As the community of Sephardi Jews in Baghdad gradually became prosperous, Jewish merchants sent their sons to India and the Far East to seek their fortunes. E.D. Sassoon, who arrived in Bombay in 1832, was the earliest commercial pioneer to the Far East from this Jewish community. Following in the footsteps of the Sassoons, the Kadoories also sent their sons to the Far East in search of business opportunities.

Elly Kadoorie (full name: Eleazer Silas Kadoorie, 1865-1944) and Ellis Kadoorie (1867-1922) were born in 'Kadoorie House' in Baghdad. They were educated in Baghdad at the Alliance Israelite Schools and continued their studies in Bombay.⁶¹ The Kadoorie brothers were well-educated, they spoke, read and wrote the English language.⁶²

⁶¹ C00090, "Sir Elly Kadoorie: Shanghai Philanthropist," *The Jewish Chronicle*, 1944. C00011, "Sir Ellis Kadoorie (Hongkong)," *The Jewish Chronicle*, 1922. HO144/7052, "Nationality and Naturalisation: Kadoorie, (K.B.E.) Eleazer Silas, From Iraq, Resident in London and Shanghai, Certificate 14309," 27 January 1927.

⁶² HO144/7052, "Nationality and Naturalisation: Kadoorie, (K.B.E.) Eleazer Silas, From

The Jewish merchants carried out economic activities in the British colony of Hong Kong and in the International Settlement and the French Concession in Shanghai. Elly Kadoorie arrived in Hong Kong in 1880 and was joined by his brother Ellis Kadoorie in 1883. Elly Kadoorie worked as a clerk for E.D. Sassoon & Co., which had already become a leading western firm. Several years later, the Kadoorie brothers left E.D. Sassoon & Co. and became brokers at the Hong Kong Stock Exchange. In the 1890s, they became partners of Benjamin & Danby, a leading brokerage firm in Hong Kong; the firm later changed its name to Benjamin, Kelly & Potts. The Kadoories adopted the pseudonym 'Kelly' in the business field until 1901. At that time, the scope of business of Benjamin, Kelly & Potts was mainly the stock exchange in Hong Kong. One of the notable projects of Benjamin, Kelly & Potts was the promotion of China Light & Power Co.⁶³ The Kadoorie brothers succeeded in their brokerage business and became financiers with extensive business connections. They then turned their attention to Shanghai.

Elly Kadoorie married Laura Mocatta, the niece of a famous Sephardi Jewish merchant, Frederick Mocatta, in England in 1897.⁶⁴ Their sons Lawrence Kadoorie (1899-1993) and Horace Kadoorie (1902-1995) were born in Hong

Iraq, Resident in London and Shanghai, Certificate 14309," 27 January 1927.

⁶³ China Light & Power was founded in 1901. Nigel Cameron, *Power: The Story of China Light* (Hong Kong: Oxford Press, 1982), 91.

⁶⁴ Mocatta was a Jewish family origin in Spain. Because of anti-Semitism, they moved to Holland in 15th century and migrated to England in 1600. In 1684, Mocatta family founded a brokerage company with another Anglo-Jewish family Goldsmid. Laura Macatta was a British subject. She was married to Elly Kadoorie on the 23rd September 1897 at the West London Synagogue. Source: HO144/7052, "Nationality and Naturalisation: Kadoorie, (K.B.E.) Eleazer Silas, From Iraq, Resident in London and Shanghai, Certificate 14309," 27 January 1927.

Kong on 2nd June 1899 and in London on 28th September 1902, respectively.

China's defeat in the First Sino-Japanese War in 1895 exposed the weakness of the governing and financial power of the Qing government. The Qing government took loans from foreign banks to make its unprecedentedly huge indemnity payment. Foreign companies floated loans to raise capital from foreign banks for their business in China, seizing opportunities to increase their presence in China's debit and financial markets.⁶⁵ The increase in foreign capital and the development of foreign banks motivated the rapid growth of trade in Shanghai.⁶⁶ A complex financial network was then formed to deal with trade in the financial market. More companies raised funds in Shanghai, which accelerated the appearance of the stock exchange. Along with the growing stock market, brokerage firms emerged in Shanghai. Following the establishment of J.P. Bisset & Co. in 1869, Cushny & Smith, Sullivan & Bates and Graham Anderson & Co. were formed. In 1891, the Shanghai Sharebrokers' Association was organised by a group of sharebrokers. It was the rudiment of the stock exchange in Shanghai. Eventually, a standardised stock exchange system was established in response to

⁶⁵ Following the loan for the First Sino-Japanese War indemnity, there were railway loan and Boxer Indemnity loan. Throughout the late Qing dynasty, the Chinese government made loan from foreign banks totally for 7 times with £55,000,000 to pay indemnity with exacting terms. British banks and financial institutions lent 40%, approximately £21,000,000, of these foreign loans. Hong Kong & Shanghai Bank lent £20,000,000. The foreign loans were secured with the Chinese customs dues. It largely increased the prestige of foreign banks in China, especially Hong Kong & Shanghai Bank. Source: Shanghai Municipal Archives, Document No.: Q264-1-1154, *Jincheng yinhang youguan oumei geguo duihua jinrong touzi qingkuang (yi)* 金城銀行有關歐美各國對華金融投資情況 [一] (*Document of Kincheng Bank about the Investment of Europe and the United States in China (1)*). Zhang Yan (張研), *Qingdai jingji jianshi* 清代經濟簡史 (*The Economic History of the Qing Dynasty*) (Taipei: Yunlong, 2002), 350.

⁶⁶ Shanghai Municipal Archives, Document No.: Q264-1-1162, *Jincheng yinhang youguan oumei geguo duihua touzi gaiyao (yi) wenjian* 金城銀行有關各國對華投資概要 [一] 文件 (*Document of Kincheng Bank about the Foreign Investment in China (1)*).

the large volume of stock transactions. The Shanghai Stock Exchange, the earliest stock exchange in China, was established in 1904. It was operated by a group of foreign brokers and merchants in the International Settlement in Shanghai.

The Kadoories family was one of the initial members of the Exchange.⁶⁷ The Shanghai Stock Exchange provided a place for stockbrokers to carry out stock exchanges and facilitated foreign companies' capitalising in Shanghai. It was registered as a company limited by guarantee under the Companies Ordinance of Hong Kong.⁶⁸

The Kadoorie family expanded its business rapidly in the early 20th century. Business opportunities were increasing in Shanghai, and the Kadoorie brothers expanded their brokerage business there. Benjamin, Kelly & Potts opened its Shanghai branch in 1901. With the massive growth of the share market in Shanghai, the Shanghai Stock Exchange was established in 1904; Ellis Kadoorie was one of the founders.⁶⁹

⁶⁷ Public Records Office, HKRS41-2-746, *The Companies Ordinances (Hongkong), Company Limited by Guarantee, Memorandum, Articles of Association of the Shanghai Stock Exchange* (Hong Kong: The Standard Press, Ltd., 1967).

⁶⁸ The objectives of establishing the Shanghai Stock Exchange were to promote and protect the interests of the members of the Exchange in their dealings as stock and share brokers; to provide a suitable building and rooms for a stock and share brokers' exchange at Shanghai; to adjust controversies between its members; to maintain uniformity in rules, regulations and usages of the stock market. Source: Public Records Office, HKRS No.41, D-S No. 2-746, *Emergency Registration of China Companies Ordinances, Application from the Shanghai Stock Exchange*.

⁶⁹ Public Records Office, HKRS41-2-746, *Emergency Registration of China Companies Ordinances, Application from the Shanghai Stock Exchange*. "Shanghai xishang zhengquan jiaoyisuo zhi lueshi: fu zhongyegongsuo liren shezhang xingshi biao 上海西商證券交易所之略史: 附業公所歷任社長姓氏表 (The List of the Chairmen and Initial Members of the Shanghai Stock Exchange), *Yinhang zhoubao*, 1919, vol.3, 40-43.

After an arduous period, the Kadoorie brothers' brokerage business began to achieve success. The partnership between Benjamin, Potts and Kadoorie was dissolved when Elly Kadoorie set up his own brokerage firm, E.S. Kadoorie & Co. in 1906. Afterwards, the Kadoorie brothers increased their investment in various business fields in Shanghai and Hong Kong, amassing a fortune. The Kadoorie brothers were shareholders in several leading companies, had associations with a number of large enterprises, and were on the directorates of various successful companies in Shanghai and Hong Kong, such as the Hong Kong & Shanghai Bank and the Hong Kong Hotel. They also invested in companies in Shanghai, taking up shares in such giant firms as the Shanghai Land Investment Company Limited and the Shanghai Electric Construction Company Limited.⁷⁰ In the 1910s, Elly Kadoorie invested in rubber companies listed on the Shanghai Stock Exchange.⁷¹ With his investments increasing, Elly Kadoorie moved to Shanghai to look after his interests in 1912.⁷²

However, the Kadoorie family experienced a number of tragedies. In February 1919, Laura Mocatta died in a fire. Three years later, Ellis Kadoorie died of a heart attack.⁷³ He left a large financial legacy, including securities, cash

⁷⁰ FO671/443, "Estate of Sir Ellis Kadoorie," 26 September 1922.

⁷¹ *Shanghai, Hong Kong, The Kadoorie Family* (Hong Kong: The Hong Kong Heritage Project, 2014), 4-6.

⁷² From 1912 to 1925, Elly Kadoorie resided in Shanghai with occasional visits to Hong Kong, England, France and various Countries in Europe. Elly Kadoorie was finally granted British naturalisation in 1927. Source: HO144/7052, "Nationality and Naturalisation: Kadoorie, (K.B.E.) Eleazer Silas, From Iraq, Resident in London and Shanghai, Certificate 14309," 27 January 1927. "Before F.S.A. Bourn, Esq., Assistant Judge. Benjamin, Kelly and Potts v. D. McNeill," *North China Herald*, 4 May 1906, 263-264. Vaudine England, *The Quest of Noel Croucher: Hong Kong's Quiet Philanthropist* (Hong Kong: Hong Kong University Press, 1998), 60-69.

⁷³ "Tragic Death of Mrs. E. S. Kadoorie," *The North China Herald*, 22 February 1919,

deposits and real estates in Shanghai. One-third of the legacy was bequeathed to Elly Kadoorie; the other two-thirds were bequeathed to charity.

Starting from the 1910s, Elly Kadoorie started expanding his business with his two sons Lawrence and Horace. In addition to the brokerage business, he started diversified investments. The Kadoories became involved in wide variety of business types, such as utilities, hotels, wharves and land and property in Shanghai and Hong Kong; – for example, the Shanghai Gas Company, Shanghai Land Investment Company, Hong Kong & Shanghai Hotel, Hong Kong Realty Trust Co., Hong Kong & Kowloon Wharf & Godown Co. and China Lights & Power Company. The Kadoories obtained seats on the boards of directors of various companies in Shanghai and Hong Kong including China Light & Power Company,⁷⁴ Shanghai Gas Company, Hongkew Wharf Company and Shanghai Land Investment Company in 1928, 1932 and 1935 respectively.⁷⁵ The year 1939 was significant for Sir Kadoorie & Sons, as Horace Kadoorie became the chairman of the board of directors of both the Shanghai Land Investment Company and the Shanghai Gas Company. These were two important companies in Shanghai in the first half of the 20th century. The Shanghai Land Investment Company was one of the largest land investment companies in Shanghai at that

484. “Memorial Service for Mrs. Kadoorie,” *The North China Herald*, 1 March 1919, 558.

⁷⁴ In April 1928, one of the directors of China Light & Power Co died. His family knew that they would have to pay huge death duties, so they sold a large amount of China Light shares beforehand. The shares were taken by Elly Kadoorie. Elly Kadoorie joined the board of directors afterwards. As a result, the Kadoorie family became the major shareholder from the late 1920s. China Light & Power was founded in 1901. Source: Nigel Cameron, *Power: The Story of China Light* (Hong Kong: Oxford Press, 1982), 86.

⁷⁵ “S’hai Land Investment Co., Ltd.,” *The North China Herald*, 1 May 1935, 188. “Company Meetings, Shanghai Gas Co.,” *The North China Herald*, 26 April 1932, 13. “S’hai & Hongkew Wharves,” *The North China Herald*, 17 May 1932, 264. Nigel Cameron, *Power: The Story of China Light* (Hong Kong: Oxford University Press, 1982).

time, while the Shanghai Gas Company was an important public utility company that provided power for the concession and the settlement in Shanghai. The Kadoories broadened their business influence in Shanghai and Hong Kong, and gained prestige in Chinese politics.⁷⁶

6. Wealth and philanthropy – the Kadoories as business elites in Shanghai

The Kadoorie brothers were popularly known as financier. Since the turn of the 19th and 20th centuries, Kadoories' name had been synonymous with philanthropy, particularly in the field of education and in Jewish organizations.⁷⁷ They had amassed considerable wealth and used much of it as other philanthropists did in the betterment of the conditions of those less fortunate. Members of the Kadoorie family built schools and hospitals in places throughout the Middle and Far East such as China, Hong Kong and Nepal. In recognition of the great practical services to the community, chiefly in the cause of education, in the British Colonies in the Far East extending over a period of 30 years, Ellis Kadoorie was appointed a Justice of the Peace (J.P.) in 1914, and received a knighthood as Commander (C.B.E.) in June 1917.⁷⁸ He was granted British

⁷⁶ Lawrence Kadoorie was the consultant of the Ministry of Basic Industries of the Republic of China. In Hong Kong, Lawrence Kadoorie was an unofficial member in the Legislative Council from 1950 to 1951 and 1954. Lawrence Kadoorie was knighted in 1974. Horace Kadoorie was awarded a knighthood in 1988 for his charity work in Nepal. Source: Shanghai Municipal Archives, Document No.: Q264-1-1164, “*Jincheng yinhang youguan geguo duihua touzi gaiyao (san) wenjian 金城銀行有關各國對華投資概要 [三] 文件 (Document of Kincheng Bank about the Foreign Investment in China (3))*”. Patricia Young, “Tributes Pour in After Death of Philanthropist Sir Horace Kadoorie,” *South China Morning Post*, 24 April 1995, 2.

⁷⁷ C00182, “Personal Data of the Members of the Kadoorie Family,” *Sir Elly Kadoorie & Sons*, 1984.

⁷⁸ Ellis Kadoorie was a generous donor and an indefatigable worker in many educational and philanthropic undertakings. The Ellis Kadoorie Schools in Hong Kong, Canton,

nationality before his death in 1922.⁷⁹ On the other hand, Elly Kadoorie was responsible for extending the charitable works to all parts of the world.⁸⁰ During the First World War, Elly Kadoorie contributed much in organizing charities for the benefit of the Great British and Allied countries. In recognition of his services, the British government conferred the Order of Honorary Knight Commander of the British Empire (K.B.E.) upon him on the 5th June 1926 while the French government awarded him the Order of Commander De La Legion D'Honneur an Alien.⁸¹ He also received honour in China due to his generous donation.⁸²

and Shanghai, as well as two large agricultural colleges in Israel were objects of constant interest to him. The first in which he took interest was the Hong Kong school, which provided education for Chinese students. About the same time, he provided funds for the establishment of a school at Shanghai, known as the Ellis Kadoorie School. He was also one of the principal founders and supporters of the Helena May Institute at Hong Kong, whilst he further provided funds for the establishment of a school in Canton, and another in Honan. Besides, he donated a lot to the University of Hong Kong. The Anglo-Jewish Association and the Alliance Israelite Universelle were also objects of his support and financial aid. In 1914, Ellis Kadoorie contributed a sum of HK\$16,000 to the University of Hong Kong, to be used for the salary of a lecturer on physics for a period of four years. In the same year he also made a conditional offer of HK\$15,000 for the erection of Christian Young Women's Institute. He received a further honour in 1919, being awarded the Medal of Gratitude of France, for having presented four motor ambulances to the French Army. Source: C00011, "Sir Ellis Kadoorie (Hongkong)," *The Jewish Chronicle*, 1922. C00182, "Personal Data of the Members of the Kadoorie Family," *Sir Elly Kadoorie & Sons*, 1984. "Knighthood for Ellis Kadoorie," *The China Mail*, 4 June 1917, 4. "Obituary: Sir Ellis Kadoorie A Lovable Man And A Generous Benefactor," *South China Morning Post*, 25 February 1922, 6. "Sir Ellis Kadoorie," *The North China Herald*, 4 March 1922, 600. "Knighthood for Mr. Ellis Kadoorie," *The China Mail*, 4 June 1917, 4.

⁷⁹ There are no archival materials on the Naturalisation of Ellis Kadoorie. It can only be noticed in his Wills released in 1922 that he had been already a British subject.

⁸⁰ The benefactions of Elly Kadoorie extended world-wide, such as building schools and hospitals in Iraq, Paris, Palestine, India, Syria, Turkey, France, Portugal, England and China. For example, Elly Kadoorie built a school for Jewish girls in Baghdad in memory of his wife Laura. During the Mesopotamian campaign in the last war it was used as a hospital, housing about 4,000 sick and wounded. Elly Kadoorie built and supported hospitals in Shanghai, Baghdad, Constantinople, and India. In Jerusalem Elly Kadoorie established a hospital for women and children and a garden city in memory of his wife. The library building in the Jerusalem University was built on land acquired by Elly Kadoorie for the University, and the Rosenblum Hall, which was completed in 1928, was built on Kadoorie's land. Besides, he was the first to provide educational facilities for girls in many parts of the Middle East. Elly Kadoorie became President of the Shanghai Zionist Association in 1918 and was instrumental in securing that endorsement of the Balfour Declaration by China, Japan, and Siam. He retired from the Presidency of the Association in 1929. Source: C00090, "Sir Elly Kadoorie: Shanghai Philanthropist," *The Jewish Chronicle*, 1944. C00182, "Personal Data of the Members of the Kadoorie Family," *Sir Elly Kadoorie & Sons*, 1984.

⁸¹ HO144/7052, "Nationality and Naturalisation: Kadoorie, (K.B.E.) Eleazer Silas, From

Nowadays, the Kadoorie family has always been succeeding their philanthropic tradition.⁸³

7. Concluding remarks

As the economy flourished in China's coastal ports, Jewish merchants migrated to Shanghai, 'the city of adventure', seeking economic fortune. To carry out business under the protection of the International Settlement, these Jewish merchants used the legal tools set up by the British government and adapted to the British legal restrictions, becoming naturalised. Seizing the opportunities provided by the political and economic changes in China, the Jewish merchants expanded their business to a variety of fields in Shanghai.

The Kadoories have since withdrawn their assets to Hong Kong, and they conduct business in China to this day. Other notable Jewish merchant families in Shanghai, the Sassoons, the Hardoons and the Ezras have left the business sphere

Iraq, Resident in London and Shanghai, Certificate 14309," 27 January 1927. FO671/465, "Shanghai National Status," 8 April 1927.

⁸² Elly Kadoorie was honoured as Commander de la Légion d'Honneur in the 1920s; Grande Medaille d'Or de l'Academie Francaise; Medaille de la Reconnaissance de France; Medaille d'Honneur du Merite Syrien de Premiere Classe Or in 1933; Order of the Brilliant Jade in 1933; First Class Gold Medal of the Chinese national government in 1935 for his promoting educational and medical work in China. Besides, he was the president of the Union Sephardite, Paris France and Vice-President of the Anglo-Jewish Association in London. Source: C00182, "Personal Data of the Members of the Kadoorie Family," *Sir Elly Kadoorie & Sons*, 1984. "China Gives Medals to 2 Shanghai Jews," *Jewish Telegraphic Agency Archive*, 25 June 1935, assessed 20 October 2016, <http://www.jta.org/1935/06/25/archive/china-gives-medals-to-2-shanghai-jews>. C00090, "Sir Elly Kadoorie: Shanghai Philanthropist," *The Jewish Chronicle*, 1944.

⁸³ The Kadoories actively participate in the development of farming research. The Kadoorie Agricultural Colleges in Israel and the Kadoorie Agricultural Aid Association Experimental and Extension Farm at Pak Ngau Shek, Hong Kong, are world famous till now. The research carried out by these Institutions had initiated many improvements in the farming methods in these areas. Source: C00182, "Personal Data of the Members of the Kadoorie Family," *Sir Elly Kadoorie & Sons*, 1984.

of the Far East. In the following chapters, we investigate the reasons why they had developed differently and what financial tactics the Kadoories used to maintain their assets throughout China's drastic political and economic changes.

Chapter 3

From Stockbroker to Rubber Company Financier, 1890s to 1922

1. Introduction

In the late 19th century, the Kadoories, a Jewish merchant family, migrated from Baghdad via India to Hong Kong, where they joined the largest brokerage firm Benjamin, Kelly & Potts and started their brokerage business. In the early 20th century, Shanghai experienced remarkable economic prosperity. Numerous rubber companies raised capital in Shanghai and were listed on the newly established Shanghai Stock Exchange. This chapter examines how the Kadoories transformed their brokerage business to conform to the economic situation, and strengthened their business in the Far East.

2. The rubber boom in Shanghai in the 1890s

While Shanghai was developing as a financial centre, a new industry, rubber plantation, was burgeoning in the world market. Rubber estates in the British Malay Peninsula were the chief source of the world's supply of plantation rubber. Rubber plantation companies sought capital to develop their rubber estates. Rubber plantation was a high-return investment.⁸⁴ However, the cost of running a

⁸⁴ Raising a rubber plantation from virgin jungle, the cost was approximately £25 per planted acre. First 6 years of the term were devoted to jungle clearing, planting and growth of trees and no profits were earned. Assuming that there were no sudden emergencies such as tornado, the yield of the rubber estate would be 350lb per acre in the 7th year. The yield would largely increase to 500lb per acre in the 10th year and 850 lb. in the 17th year. So rubber plantation was a long-term high profile planting industry. Source: "Shanghai Rubber Companies," *The North China Herald*, 7

large rubber plantation estate was high because rubber trees took at least five years to mature for tapping. Heavy capitalising was needed to cope with the high operating cost of the production of vast amounts of plantation rubber.⁸⁵ Increasing numbers of rubber estates switched to the stock market in search of capital.⁸⁶ However, many rubber planters had neither the experience nor the ability to raise capital in the stock market. These companies searched for agents; specifically, huge merchant houses in Singapore with reputations for promoting their companies in the London Stock Exchange.⁸⁷ Rubber production in the Malay Peninsula was transformed from small-scale agriculture into large-scale capitalised industry and from family enterprises to joint-stock companies.⁸⁸ The strong demand for rubber resulted in the increase in rubber price in the London

October 1910, 39.

⁸⁵ Some joint-stock rubber companies were established in Selangor in 1899 such as the Selangor Rubber Company Limited and the Kalanang Produce Company Limited. These companies were registered in the United Kingdom. Source: Voon Phin Keong, *Western Rubber Planting Enterprise in Southeast Asia, 1876-1921* (Kuala Lumpur: Penerbit Universiti Malaya, 1976), 41.

⁸⁶ In July 1904, the Federated Malay States government put forward "Loans to Planters" Scheme to encourage the agricultural development. The government financed the planter at 6% interest rate. The fund was taken up quickly. In addition, Henry Ford (1863-1947) manufactured the first car by assemble line in 1907. Mass production of car stimulated the using of rubber tyre. The production of rubber was increasing and the rubber plantation estates were springing up in the Malay Peninsula to satisfy the increasing world's rubber demand. Source: J. H. Drabble, *Rubber in Malaya, 1876-1922; The Genesis of the Industry* (New York: Oxford University Press, 1973), 58-59.

⁸⁷ The merchant houses contacted rubber planters to understand the prospect of the farmland. If the merchant houses found that the farmland was profitable, they would help the planters to set up rubber companies. Then the merchant houses formed a board of directors and wrote the company prospectus for the rubber companies. Finally, the rubber companies were listed on the stock exchange. The planters would obtain certain amount of shares. There were 45 Malaya rubber companies established and registered in the London Stock Exchange from 1903 to 1906 and 27 new companies in 1907. Those foreign merchant houses in Singapore had their offices in London. They acted as an agent, providing financing and managing service for the rubber companies.

⁸⁸ W.G. Huff, *The Economic Growth of Singapore, Trade and Development in the Twentieth Century* (Singapore: Cambridge University Press, 1994), 180-182. Voon Phin Keong, *Western rubber planting enterprise in Southeast Asia, 1876-1921* (Kuala Lumpur: Penerbit Universiti Malaya, 1976), 40.

market from 1909 to 1910.⁸⁹ There were 65 new rubber companies from Malaya listed on the London Stock Exchange in 1909 and 80 in 1910.⁹⁰ The rubber plantations share market called for greater attention from investors,⁹¹ and the newly founded Shanghai Stock Exchange became an excellent place for the rubber companies that were registered under the Hong Kong Companies Ordinance to raise capital.

As a financial centre, Shanghai, obtained a great deal of capital from both foreign and Chinese investors.⁹² When rubber speculation enthusiasm spread to Shanghai,⁹³ foreign and Chinese banks lent money to speculators.⁹⁴ The intense

⁸⁹ The United States Bankers' Panic happened at the end of 1908. Due to the financial crisis in 1908, there were only 5 new companies founded. The world's economy was recovered at the end of that year.

⁹⁰ From 1915 to 1941, the profit from rubber accounted for 80% of total agricultural income and 40% of the total exports. Source; John A. Tully, *The Devil's Milk: A Social History of Rubber* (New York: Monthly Review Press, 2011).

⁹¹ C.R. Maguire, *China Stock and Share Handbook 1932* (Shanghai: North-China Daily News & Herald, Limited, 1915), 151-221.

⁹² The British rubber companies in Malaya were listed on London, Singapore and Hong Kong stock markets. At the end of the 1920s and the early 1930s, there were 39 British rubber companies listed on the Shanghai Stock Exchange and 36 were listed on the Singapore Stock Exchange. Source: "Rubber Market," *The China Mail*, 2 December 1926, 7. "Hong Kong Stock Exchange", *Hong Kong Daily Press*, 8 February 1927, 2.

⁹³ The first rubber company appeared in Shanghai was Kalumpang Rubber Co. which was established in 1906. The Kalumpang Rubber Co., Ltd. was a subsidiary Co. of the Perak Sugar Cultivation Co. of which the headquarters was in Shanghai. This company was searching for funds for extending the area planted with rubber on the Estate. The second rubber companies listed on the Shanghai Stock Exchange was Senawang Rubber Estates Co., Ltd. in 1907. From then on, more and more rubber companies were established in Shanghai. For example Dominion Rubber Co., Ltd., Tebong Rubber and Tapiaco Estate Co. were founded in 1907. There were 8 rubber companies listing on the Shanghai Stock Exchange in December 1909. The 8 rubber companies were Kalumpang Rubber Co., Ltd., Chempedak, Alma Estate, Ltd., Kroewek Java Plantations, Ltd., Senawang Rubber Estates Co., Ltd., Tebong Rubber & Tapioca Estate Co., Dominion Rubbers, Co. Ltd., Ayer Tawah Rubber Plantation Co., Ltd. Source: "J. Bisset & Co.'s Share Report," *The North China Herald*, 1 June 1906, 538. "Senawang Rubber Estates Company, Ltd.," *The North China Herald*, 31 May 1907, 515. "J. Bisset & Co.'s Share Report," *The North China Herald*, 24 December 1909, 755.

⁹⁴ W.A. Thomas, *Western Capitalism in China, A History of the Shanghai Stock*

speculative atmosphere further encouraged the rubber companies to raise funds in Shanghai, and rubber shares accounted for the largest portion of listed shares in the Shanghai Stock Exchange.⁹⁵ The quotation list of the Shanghai Stock Exchange in the 1900s shows that a dozen foreign companies capitalised in Shanghai and engaged in various types of business, including banks, insurance, shipping, docks and wharfs, natural resources, lands, industries, stores and hotels. Among them were numerous rubber companies (40 in the year 1910).⁹⁶

3. The rubber boom and the Cathay Trust (1910)

A rubber boom occurred in Shanghai in the late 1900s. In July 1910, the number of rubber companies listed on the Shanghai Stock Exchange increased drastically to 40. Most of these companies were managed by five agency houses in Shanghai: A.R. Burkill & Sons,⁹⁷ Andersen, Meyer & Co.,⁹⁸ Hugo Reiss &

Exchange (Burlington: Aldershot, 2001), 150.

⁹⁵ Shanghai was an excellent place for absorbing capital from the neighboring regions and abroad. The appreciation of the companies in Shanghai showed that Shanghai was prosperous. Prospects were good for the expansion of trade on the coast of China. The value of the companies in Shanghai was increasing. Source: "The Prosperity of Shanghai," *The North China Herald*, 8 January 1902, 1.

⁹⁶ "J. Bisset & Co.'s Share Report," *The North China Herald*, 1 July 1910, 67.

⁹⁷ A.R. Burkill & Sons was a British Company. It involved in a lot of business fields such as real estates, shipping, insurance, importing and exporting chemicals, pharmaceuticals, wheat, rice, paper, cloth, rubber, machinery and groceries, cotton, tea, poultry hair, casings, tung oil, bristles etc. between China, Europe, America and Africa. The founder of the company was Albert Robson Burkill (1839-1913). His sons Albert William Burkill (1873-1952) and C.R. Burkill (1875-1950) succeeded the business after his death. Source: "Obituary: Mr. A. R. Burkill," *The North China Herald*, 6 December 1913, 719. "Mr. C.R. Burkill: Well-Known Shanghai Resident Passes," *South China Morning Post*, 28 February 1950, 6.

⁹⁸ Andersen, Meyer & Co. was a Danish company. Other than rubber, it also acted as the agent of Oriental Ice Company and the Philippine Exploration Co. (of Manila). It became an American company in 1915. Source: "Andersen, Meyer & Co., Ltd., One of Leading U.S. Firm," *The China Press*, 4 July 1937, 12.

Co.,⁹⁹ J.A. Wattie & Co. (Wattie will be discussed in the next section) and R.N. Truman & Co.¹⁰⁰

The rubber plantations were promoted by the agent companies and the export volume of rubber from Southeast Asia was rising. Investors bought large volumes of rubber shares on the Shanghai Stock Exchange. As a result, the stockbrokers faced high risks of taking up large numbers of shares from their clients who had defaulted on payment. As such, the liabilities of the brokers were so great that their requests for loan were declined by banks. The brokers then turned to finance companies such as trust companies.¹⁰¹

The first trust company in Shanghai was established by British merchants in the 1890s. It specialised in securities investment in India, the Straits, China and Japan.¹⁰² Two decades later, in April 1910, when the rubber boom was at its height, the first trust company for rubber investment, the Cathay Trust Company,

⁹⁹ Hugo Reiss & Co. was a British Company. The company was founded in Manchester and involved in Chinese business in 1906. This Company involved in insurance, import and export of cotton and weapons. It was closed in 1920 and opened again in 1927. It became an American company when it was reopened.

¹⁰⁰ R.N. Truman & Co. was a British company. It mainly acted as the agent of rubber companies in Shanghai. The company became inactive after 1923. Source: "British Rubber Trade in 1920," *The North China Herald*, 16 April 1921, 200.

¹⁰¹ W.A. Thomas, *Western Capitalism in China, A History of the Shanghai Stock Exchange* (Burlington: Aldershot, 2001), 150.

¹⁰² The trust and loan company of China, Japan and the Straits, Limited reached Shanghai in January 1890. It was a London company and raised funds in London market. It employed mainly sterling capital and invested its funds in shares and real estate in Shanghai. Eventually, most of the assets of this Company devaluated due to a sharp fall in the value of silver in 1891. Source: "Shanghai Friday," *The North China Herald*, 17 January 1890, 53. Rondo E. Cameron, V. I. Bovykin and B.V. Anan'ich, *International Banking, 1870-1914* (New York: Oxford University Press, 1991), 390. W.A. Thomas, *Western Capitalism in China, A History of the Shanghai Stock Exchange* (Burlington: Aldershot, 2001), 40.

was established in Shanghai.¹⁰³ J.A. Wattie, a Shanghai ‘rubber tycoon’, was the chairman of the Cathay Trust, which was incorporated under the Hong Kong Companies Ordinance with a paid-up capital of £300,000.¹⁰⁴ The Cathay Trust was formed mainly to finance rubber companies and acted as an issuing house and a finance house sponsoring new offers.¹⁰⁵ In other words, the Cathay Trust acted as a financier, concessionaire and capitalist and exploited the rubber and planting industries in Java, the Federated Malay States and elsewhere.¹⁰⁶

In the 1900s, it was a common practice for Shanghai investors to speculate in the stock market, carrying out forward dealing without margin requirements. This practice was the catalyst for the stock speculation bubble. The rubber share excitement came to a halt when the rubber share price in London decreased.¹⁰⁷ The rubber stock speculation bubble finally burst, which made the Shanghai stock market slump throughout the second half of 1910. Rubber share speculators

¹⁰³ “The Cathay Trust,” *The North China Herald*, 967.

¹⁰⁴ W.A. Thomas, *Western Capitalism in China, A History of the Shanghai Stock Exchange* (Burlington: Aldershot, 2001), 159.

¹⁰⁵ The prospectus stated: “This Company is being formed to conduct the business of an investment, trust and guarantee company, to act as financiers, concessionaires and capitalists, and further to engage in the exploitation of the rubber planting industry in Java, the Federated Malay States and elsewhere...it will be the object of this company, where it is considered advisable to underwrite and to take up in part or whole any issues of shares by any new rubber company, or the shares of any company already in existence. The amalgamation of estates...as well as the granting of loan on, and purchase of shares of securities of, existing companies...There are many estates, privately owned and otherwise, insufficiently capitalised, which require funds for weeding, upkeep, maintenance and management to bring them to the tapping stage and to allow them to make the necessary extensions. This Company will meet such demand for capital.” Source: “The Cathay Trust,” *The North China Herald*, 27 June 1914, 967.

¹⁰⁶ “Latest Rubber Notes,” *South China Morning Post*, 2 May 1910, 11.

¹⁰⁷ The Malayan rubber fetched a record price 12s. 10d. per lb. in 21 April 1910. However, the price of raw rubber started declining in the late April in 1910 and further declined to 1s. 6d. per lb. in May 1910. Source: “The Rubber Market,” *The North China Herald*, 13 May 1910, 354. “Late Telegrams,” *The North China Herald*, 29 April 1910, 233. “Bala sheng xiangpi diejia 叻生橡皮跌價 (The Fall of Raw Rubber Price),” *Shenbao*, 29 April 1910, 27.

suffered heavy losses. After the rubber share crisis, the stock speculation atmosphere in Shanghai subsided. In 1911, although there was a resurgence in the price of raw rubber in the London market, investors did not regain confidence in the Shanghai share market.¹⁰⁸

The Cathay Trust suffered a financial blow in the rubber shares crisis. The company lent money to the stockbrokers of the Shanghai Stock Exchange who were in difficulties. The Shanghai Stock Exchange had the loan of about Tls.1,500,000 (around £187,000) from the Cathay Trust in the first half of 1910. The individual brokers were responsible in different proportions for this amount. However, the Shanghai Stock Exchange later found that, according to the Article of Association, the Exchange was registered as company limited by guarantee. It was not an association for gain. Therefore, it was not allowed to pay dividends or lend to its members. The point therefore arose that the Cathay Trust loan was ultra vires. The Exchange then made an agreement with the Cathay Trust to handover the promissory notes for the loan. After the rubber shares crisis in June Settlement in 1910, the brokers and guarantors were losing money and had difficulty in making repayments to the loan. It happened that the Cathay Trust set aside around Tls.750,000 (the amount was approximately equal to 30% of its paid-up capital) to cover the bad debts. Hence, the Cathay Trust suffered from a big loss.¹⁰⁹ Net loss of Tls.295,107.08 was noted in 1914.¹¹⁰

¹⁰⁸ W.A. Thomas, *Western Capitalism in China, A History of the Shanghai Stock Exchange* (Burlington: Aldershot, 2001), 189.

¹⁰⁹ "The Shanghai Stock Exchange," *The Times*, 17 July 1911, 20. Ibid, 160.

¹¹⁰ "Cathay Trust: Annual General Meeting," *The Shanghai Times*, 27 June 1914, 2.

4. Elly Kadoorie – From stockbroker to financier of rubber companies

There is little evidence that the Kadoories invested in rubber shares before the rubber crisis, so it is difficult to prove whether the Kadoories earned or lost in the rubber boom and crisis. Newspapers between 1909 and 1910 (before the rubber crisis) documented that the Kadoories participated actively as stockbrokers in rubber shares transaction activities in Shanghai and Hong Kong.¹¹¹

By 1912, Elly Kadoorie and E.S. Kadoorie & Co. had invested a great deal of capital into the rubber companies, most of which were located on the western coast of Malaya.¹¹² After the rubber share crisis, many of these companies were left in poor financial shape and were in need of reconstruction. A number of rubber companies in Shanghai were liquidated and registered as new companies. Elly Kadoorie actively invested in rubber shares in Shanghai using capital from his brokerage firm E.S. Kadoorie & Co.,¹¹³ which gradually transformed its business from stockbrokerage to finance. In the process, Elly Kadoorie became a

¹¹¹ E.S. Kadoorie and Co. was established in 1906. Elly Kadoorie spotted the rubber shares in 1909. "Share Report: Hong Kong," *South China Morning Post*, 1906-1911. "E.S. Kadoorie and Co. Share and General Brokers," *South China Morning Post*, 26 June 1909, 11. In a court case in 1911, it showed that Kadoorie sold rubber shares. "200 Ayer Tawah shares sold on April 5 to Mr. Carmichsel...at the price of Tls.26 from Mr. Kadoorie and that they were sold to Mr. Carmichael at Tls. 27...Mr. Kadoorie was given credit for Tls.200." Source: "H.M. Police Court", *The North China Herald*, 3 February 1911, 270.

¹¹² Of the rubber companies that Kadoorie injecting capital, there were 8 rubber estates situated in cities of Negeri Sembilan, Johore, Kedah, Perak and Province of Wellesley (this city called Seberang Perai today) along in the western coast of Malaya. There was one estate located at eastern coast of Malaya situating in Pahang. One estate was situated near Singapore. Three estates were located at Java, Indonesia. Source: C.R. Maguire, *China Stock and Share Handbook 1915, 1917, 1926, 1929, 1930, 1932*.

¹¹³ Public Records Office, HKRS111-4-16, "Return of Allotments", *Repah Rubber & Tapioca Estates, Ltd*.

famous financier in the Shanghai business field, especially for financing rubber companies. From 1912 to 1930, Elly Kadoorie provided financial support for 27 of the 40 rubber companies listed on the Shanghai Stock Exchange and assisted in their reconstruction. Most of the rubber companies invested by the Kadoories were under the agency house J.A. Wattie & Co. in the 1930s. (See table below)

Table 1. The financial supports from the Kadoories in the reconstruction of the rubber companies in Shanghai between 1912 and 1935

The year Kadoorie first invested and joined the Board of directors of the companies	Name of rubber companies	Agent/ Secretary and General Manager in the 1910s	Agent/ Secretary and General Manager in the 1930s	Location of rubber estates	A brief description about the initial financial supports of E.S. Kadoorie & Co. in the reconstruction of the rubber companies *
1912	Repah Rubber & Tapioca Estates, Ltd.	Hopkins, Dunn & Co., Ltd.	J.A. Wattie & Co.	Negeri Sembilan	The Kadoories agreed to take up any shares which the shareholders did not feel inclined to take up. No underwriting commission was paid. Elly Kadoorie invested 34,500 shares in 1913 allotment.
	Taiping Rubber Estates Ltd.	Hopkins, Dunn & Co., Ltd.	Hopkins, Dunn & Co., Ltd.	Perak	The Kadoories voluntary put up money and did not charge commission or underwriting charges so that the company could continue.
	Java Consolidated Rubber Co.	J.A. Wattie & Co.	J.A. Wattie & Co.	Java	Elly Kadoorie took up shares so that the company could continue. He was elected a director in 1912.
	Kapala Islands Estates. Ltd.	Andersen, Meyer & Co.	(wound up in 1923)	Near Singapore	E.S. Kadoorie & Co. agreed to take up at par all shares not taken up by the shareholders so that the company could continue. Besides, E.S. Kadoorie & Co. also paid the rubber company 6% interest on shares of this rubber company per annum.
1913	Semambu Rubber Estate, Ltd.	R.N. Truman & Co.	J.A. Wattie & Co.	Pahang	E.S. Kadoorie & Co. was the liquidator of the old company and took up the shares that no shareholders showed interest in the new company. (that was around Tls.220,000) ¹¹⁴

	Shanghai-Malay Rubber Estates, Ltd.	M.G. Beck, Esq.	J.A. Wattie & Co.	Perak	The Kadoories made an offer on taking up the whole of the cancelled shares. (4,175 shares at Tls.5 per share) Besides, E.S. Kadoorie & Co. financed the company Tls.24,000 at the ordinary bank rate of interest in 1913.
1914	Anglo-Dutch (Java) Plantations Limited	R.N. Truman & Co.	J.A. Wattie & Co.	Java	The Kadoories invested a very large number of shares (27,000 shares, around 9% of the total issued 302,711 shares) in 1914. Besides, the Kadoories paid off the mortgage debentures to the Cathay Trust and took up whole new issue of shares (Tls.122,800.5) in 1915.
	Batu Anam (Jahore) Rubber Estates, Ltd.	R.N. Truman & Co.	J.A. Wattie & Co.	Johore	The Kadoories financed enough cash at ordinary bank rates to enable the Batu Anam to pay off the amount borrowed from the Cathay Trust. Besides, the shares were not taken up by shareholders and the balance of 40,000 shares were bought by E.S. Kadoorie & Co. (around Tls.200,000)
	Bute Plantations, Ltd.	A.R. Burkill & Sons	A.R. Burkill & Sons	Negeri Sembilan	The shares not taken up by shareholders went to E.S. Kadoorie & Co. This arrangement gave a working capital of Tls.200,000, which was necessary to bring the estate into the full bearing stage. ¹¹⁵

¹¹⁴ This Company attempted to reconstruct and provide for an additional working capital of Tls.200,000 in 1911. However, the attempt failed, and the only possible chance to keep the company alive was by raising debentures from the Cathay Trust to the extent of Tls.80,000. But the fall in the price of rubber, the heavy cost of production and the scarcity of labour made it necessary that the company should have more working capital or go under. The Cathay Trust refused to advance any further amounts. Consequently the directors had no other course. At last, the company decided to adopt the proposal of E.S. Kadoorie & Co. The capital was reduced to Tls.300,000 of which the shareholders took up Tls.80,000. E.S. Kadoorie & Co. took up the rest. Source: "The Week's Finance," *The North China Herald*, 24 May 1913, 553.

¹¹⁵ This Company followed the example of the Kapala, Taiping and Repah rubber companies on issuing a scheme of reconstruction. The scheme in brief was" The capital of the company was reduced from Tls.500,000 to Tls.300,000; and the shares from Tls.10 to Tls.1 each. Every share in the old company was entitled to 2 shares in the

	Kamunting Rubber Co.	Schiller & Co. (1910-1912) A.R. Burkill & Sons (1913-1922)	(wound up the early 1922)	near Kedah, F.M.S.	The Kadoories became one of the big shareholders and Elly Kadoorie sat on the board of directors of this Company.
	Senawang Rubber Estates Co., Ltd.	Hugo Reiss & Co.	J.A. Wattie & Co.	Seramban	The Kadoories became one of the big shareholders and Elly Kadoorie sat on the board of directors of this Company.
	Sua Manggis Rubber Co.	Band Bros. Scott, Harding & Co.	J.A. Wattie & Co.	Negeri Sembilan	The Kadoories became one of the big shareholders and Elly Kadoorie sat on the board of directors of this Company.
1915	Dominion Rubber Co. Ltd.	Andersen, Meyer & Co.	A.R. Burkill & Sons	Perak	The Kadoories became one of the big shareholders and Elly Kadoorie sat on the board of directors of this Company.
	Chemor United Rubber Estate, Ltd.	R.N. Truman & Co.	J.A. Wattie & Co.	Perak	The Kadoories became one of the big shareholders and Elly Kadoorie was invited to the board of directors in 1915.
1916	Shanghai Klebang Rubber Estate Ltd.	Meyer & Measor	Meyer & Measor	Kelantan	The Kadoories took up 1,387 shares in the company in 1916 and The Kadoories became one of the big shareholders. ¹¹⁶
	Shanghai Seremban Estate	Hugo Reiss & Co.	J.A. Wattie & Co.	Seramban	The Kadoories became one of the big shareholders and

new company and could pay for and take 4 more shares. Source: "The Week's Finance," *The North China Herald*, 12 April 1913, 121.

¹¹⁶ The 70,000 shares in the old Company were transferred to the new Company and became 210,000 of the new shares in the new Company. Of the new share, the 1,387 shares were not offered to the enemy subjects. Under the underwriting agreement with Elly Kadoorie, these shares were allotted to Elly Kadoorie. Source: "Shanghai Klebang Rubber Estate Ltd.," *The North China Herald*, 27 May 1916, 464.

					Elly Kadoorie sat on the board of directors of this Company.
	Ziangbe Rubber Co., Ltd.	J.A. Wattie & Co.	J.A. Wattie & Co.	Java	The Kadoories became one of the big shareholders and Elly Kadoorie sat on the board of directors of this Company.
1918	Amherst Rubber Estate, Ltd.	Gande, Price & Co.	J.A. Wattie & Co.	Wellesley	The Kadoories became one of the big shareholders and Elly Kadoorie joined the board of directors of this Company.
1924	Anglo-Java Estates Ltd.	J.A. Wattie & Co.	J.A. Wattie & Co.	Java	The Kadoories became one of the big shareholders and Elly Kadoorie sat on the board of directors of this Company.
1927	Tanah Merah	A.R. Burkill & Sons	A.R. Burkill & Sons	Johore	Horace Kadoorie invested in the company and became the board of directors.
1928	Samagaga Rubber, Co. Ltd.	Scott, Harding & Co.	J.A. Wattie & Co.	Perak	The Kadoories became one of the big shareholders and Horace Kadoorie sat on the board of directors of this Company.
1929	Cheng Rubber Estate Ltd.	Hugo Reiss & Co.	J.A. Wattie & Co.	Malacca	The Kadoories became one of the big shareholders and Horace Kadoorie joined the board of directors of this Company in 1929 and Elly Kadoorie sat on the board from 1930 onwards.
	Consolidated Rubber Estates (1914) Ltd.	China Reality Co.	A.R. Burkill & Sons	Perak	The Kadoories became one of the big shareholders and Lawrence Kadoorie joined the board of directors of this Company in 1929 and Horace Kadoorie sat on the board from 1930 onwards.
	Shanghai-Sumatra Tobacco, Ltd.	George McBain & Co.	George McBain & Co.	Sumatra	The Kadoories became one of the big shareholders and Lawrence Kadoorie joined the board of directors in

	(Renamed to Shanghai-Sumatra Rubber Estate Ltd. in 1928)				1928.
	Tebong Rubber Estate	J.A. Wattie & Co.	J.A. Wattie & Co.	Malacca	The Kadoories became one of the big shareholders and Elly Kadoorie joined the board of directors in 1929.
	The Kroewoek Java Plantations, Ltd.	J.A. Wattie & Co.	J.A. Wattie & Co.	Java	The Kadoories became one of the big shareholders and Elly Kadoorie joined the board of directors in 1929.
1930	Bukit Toh Alang Rubber Estates	Hugo Reiss & Co.	J.A. Wattie & Co.	Province of Wellesley	Elly Kadoorie was one of the big shareholders of the company. Also, he guaranteed the bank overdraft of the company in the Straits.
1931	Rubber Trust Limited	/	J.A. Wattie & Co.	/	The Kadoories was the founder of this Company.
1935	Kapayang Rubber Estate	M.G. Beck	J.A. Wattie & Co.	Negeri Sembilan	Elly Kadoorie invested in the company and was invited to the board of directors.

Source: *The North China Herald*, 1912-1935. HKRS111-4-16, *The Repah Rubber & Tapioca Estates Limited*.

* Some of the data are missing in the archival documents and old newspapers, for example, the number of shares that E.S. Kadoorie & Co. initially took up in some of the rubber companies.

The following examples show how Elly Kadoorie financed the rubber companies, how the rubber companies changed after receiving this capital and the return Elly Kadoorie obtained from assisting them.

i. Saving the rubber companies from bankruptcy

Repah Rubber Estates Limited was the first company into which Elly Kadoorie injected capital. After the rubber share crisis, Repah Rubber Estates Limited lacked operating capital and was at the brink of bankruptcy. The directors raised loans to obtain capital, increasing the financial burden of the company. The loan interest decreased the company's value, and extra money was required to hire and train new tapping labours.

The company carried out a reconstruction scheme to obtain capital and pay off the loans as quickly as possible. However, this scheme required further capital. The first step of the reconstruction scheme was to wind up the company and register it as a new company Repah Rubber and Tapioca Estates Limited.¹¹⁷ The new company issued new shares to obtain further capital;¹¹⁸ however, it had difficulty attracting investors after the rubber crisis. At the company's 1912 annual meeting, Elly Kadoorie announced that E.S. Kadoorie & Co. would take

¹¹⁷ "Repah Rubber and Tapioca Estates, Ltd.," *The North China Herald*, 3 June 1911, 609. "Repah Rubber and Tapioca Estates, Ltd.," *The North China Herald*, 23 November 1912, 530.

¹¹⁸ The total amount of cash received by the company from the new shares issued was Tls.111,000 in 1913. Source: Public Records Office, HKRS111-4-16, "Statutory Report," *Repah Rubber & Tapioca Estates, Ltd.*, 30 April 1913.

up all the shares in which no investor showed interest and pay interest at 6% while receiving no commission or remuneration.¹¹⁹ In 1913, Elly Kadoorie purchased 500 shares in the new share allotment, and in 1915, he took up 34,500 and 74,500 shares in the April and September allotments, respectively, for Tls.1 per share.¹²⁰ Elly Kadoorie thus became the largest shareholder of Repah Rubber and Tapioca Estates Limited.¹²¹ Elly Kadoorie similarly expanded his influence over other rubber companies by buying shares to save them from bankruptcy.

In 1912, Kadoories also injected money into Taiping Rubber Estate so that it could continue to operate. Elly Kadoorie did not charge the company any interests, commission or underwriting fees.¹²² Another case was the 1913 reconstruction of Bute Plantations Limited from Lallang, a rubber plantation.¹²³ Elly Kadoorie provided the company with ample funds to maintain dividends, and in 1915, the company was approved to distribute 5% dividends per share. The company later

¹¹⁹ "Repah Rubber and Tapioca Estates, Ltd.," *The North China Herald*, 3 June 1911, 609. "Repah Rubber and Tapioca Estates, Ltd.," *The North China Herald*, 23 November 1912, 530.

¹²⁰ The total number of new share allotted were 179,998 shares in 1913, 234,998 shares in April 1915 and 27,500 shares in September 1915.

¹²¹ Besides the Kadoories, some staff of E.S. Kadoorie & Co. also purchased large number of shares of the Repah Rubber and Tapioca Estates Limited. For example, A.H. Hayim, a mercantile assistant of the E.S. Kadoorie & Co. purchased 20,400 shares in 1913. Source: Public Records Office, HKRS111-4-16, "Return of Allotments," *Repah Rubber & Tapioca Estates, Ltd.*, 15 April 1913. HKRS111-4-16, "Return of Allotments," *Repah Rubber & Tapioca Estates, Ltd.*, 6 April 1915. HKRS111-4-16, "Return of Allotments," *Repah Rubber & Tapioca Estates, Ltd.*, 22 September 1915. "Repah Rubber Estates," *The North China Herald*, June 30, 1931, 448.

¹²² "Taiping Rubber Estate, Ltd.: Annual and Extraordinary Meetings," *The North China Herald*, 21 December 1912, 811.

¹²³ "Bute Plantations, Limited: Special Meeting," *The North China Herald*, 26 April 1913, 257.

became self-supporting.¹²⁴

After the rubber crisis, no other financiers were willing to provide financial services to the rubber companies. Elly Kadoorie bought up shares, guaranteed the bank overdrafts,¹²⁵ held the debentures and provided mortgages to the rubber companies.¹²⁶ With its new capital, for example, Kapala Islands Estates Limited

¹²⁴ "Bute Plantations (1913) Ltd.," *The North China Herald*, 1 May 1915, 313.

¹²⁵ The reconstruction scheme of Kapala Islands Estates, Ltd. needed capital. This company was wound up and was formed a new Company with a capital of Tls.300,000 divided into 300,000 shares fully paid up of 1 tael each: to give to each shareholder in the old Company one share of 1 tael in exchange for each share he now holds; and further, to give the old shareholders the option of subscribing for 5 new shares of 1 tael each for each old share he held. Kadoorie & Co. agreed to take up all shares which had not been taken up by the shareholders. Elly Kadoorie took possession of these shares, which entitled him to full possession of the rubber company. No underwriting commission were paid, and E.S. Kadoorie & Co. took up such shares when requested to do so by the directors, whenever the company was in need of further working capital. Kadoorie & Co. also paid the company 6% per annum on the amount they took up from the date of an agreement which was executed as soon as possible after the new company was incorporated to date of payment, and furthermore gave the board 10% margin for due fulfillment by them of their contract. The effects of the serious epidemic of influenza in 1919 were shown in 1920. The estimate of output was not reached. The cost of production, the payment of debenture and other interest and Shanghai expenses made up the loss. There was heavy fall in the price of rubber, the difficult situation continued. The question of finance was a very serious one. The overdraft with the company's bankers was guaranteed by Kadoorie, and in order to relieve him of this responsibility as he was leaving for England, and issue of debentures was made to repay the overdraft and provided funds for the upkeep of the property. The whole of these debentures were taken up by Kadoorie. Source: "Meeting: Kapala Island Estates, Ltd., Extraordinary General Meeting," *The North China Herald*, 9 November 1912, 380. "Kapala Islands Rubber Estates: Mr. Kadoorie and the company's Finances," *The North China Herald*, 28 May 1921, 606. "The Kapala Islands Estates, Ltd.," *The North China Herald*, 7 July 1923, 51. "Meetings: Kapala Islands Estates," *The North China Herald*, 15 June 1918, 658.

¹²⁶ For example, the Kapala Islands Rubber Estates failed in almost every effort to raise money through usual channels, so the company had to be reconstructed into a new company. The new company floated 75,000 shares to seek working capital. Unfortunately, only 49,995 shares were taken up by the public. After the failure of obtaining enough capital, the reconstruction scheme had to be amended. The board of directors evinced under such predicament that the company had to consider E.S. Kadoorie & Co.'s terms the best choice. The terms given by E.S. Kadoorie & Co. included that shareholders could not complain against E.S. Kadoorie & Co., for the latter had the rights to come to the help of a tottering company only on their own terms; the capital was reduced to Tls.275,000 and the shares price was reduced from Tls.9 to Tls.1 per share; every shareholder of 4 shares got 1 share in the new company and had the option of paying for and taking up 3 more shares in the new company; shares did not taken up by the shareholders were then subscribed by E.S. Kadoorie & Co. Under the scheme, the company obtained a working capital of Tls.120,000 after paying the liabilities. Similar agreements were also signed between E.S. Kadoorie & Co. with the Bute Plantations Limited and the Semambu Rubber Estate Limited. An agreement made between E.S. Kadoorie and Bute Plantations (1913) Limited on 5 June 1913. The

increased its rubber planting land from 755 to 1,000 acres and added 300 acres of new planting land for tapioca.¹²⁷ Additional planting and manuring schemes were started, a factory was constructed and new coolies were brought in to replace the labours lost during the influenza epidemic.¹²⁸ The company increased its overdraft to Tls.107,744.54 to cover these new expenditures and this overdraft was guaranteed by Elly Kadoorie.¹²⁹ Some of the company's assets were mortgaged to Elly Kadoorie, and he became the sole debenture holder Kapala Islands Estates Limited.¹³⁰

Bute Plantations was liquidated in 1913. The shareholders of the old company were allotted 4 shares (or less than 4 shares) in the new company per 1 share in the old company. There were 200,000 "surplus shares" had not been taken up. In accordance with the provisions of the Principal Agreement the "surplus shares" should be subscribed by the E.S. Kadoorie & Co. to fulfill the enough amount of working capital requirements. The E.S. Kadoorie & Co. deposited with and kept depositing with or gave the company security or a guarantee satisfactory to the new company. If the fulfillment and performance of the security or guarantee at any time depreciating in value, the E.S. Kadoorie & Co. needed to deposit or give further security or a further guarantee satisfactory to the new company to the intent that the company always had security or a guarantee to the value of not less than 10% of the liabilities of the E.S. Kadoorie & Co. A similar Agreement dated the 21st June 1913 made between E.S. Kadoorie & Co. and the Semambu Rubber Estates, Ltd. Elly Kadoorie, a partner in the firm of E.S. Kadoorie & Co., who agreed to subscribe the shares within 2 years with interest at 6% and was allotted 20,000 shares (out of 200,000 shares) which had not been subscribed by the shareholders. Source: Public Records Office, HKRS111-4-120, "An Agreement Made Between E.S. Kadoorie of Shanghai in China and Bute Plantations 1913 Limited," *The Bute Plantations (1913) Ltd.*, 5 June 1913. HKRS111-4-19, "The Semambu Rubber Estates, Ltd., Statement in Lieu of Prospectus," *The Semambu Rubber Estate Limited*, 12 July 1932.

¹²⁷ "The Week's Finance," *The North China Herald*, 16 November 1912, 468.

¹²⁸ A sample of the soil had been sent to the government chemical works in Ceylon. A full report was received giving recommendations of what manure would be the best to employ. The visiting agents informed the board of directors that there was a great improvement all over the estate, and that the trees were responding well to the manuring in 1913. Tapping began and the profits were used for training the new tappers. The estate was also planting coconuts. Source: "Kapala Islands Estates, Ltd.," *The North China Herald*, 19 April 1913, 191. "The Week's Finance," *The North China Herald*, 22 February 1913, 557.

¹²⁹ "The Kapala Islands Estates, Limited," *The Shanghai Times*, 29 May 1920, 2.

¹³⁰ The company's holding of shares in the Naamlooze Vennootschap Exploitiatie Maatschappij Kapala Djeri was mortgaged to Elly Kadoorie. When the Kapala Islands Estates, Ltd. was wound up in 1923, Elly Kadoorie took possession of these shares, which entitled him to have full possession of the estate with no prospect of any return to shareholders. Source: "The Kapala Islands Estates, Ltd.," *The North China Herald*, 7 July 1923, 51.

ii. E.S. Kadoorie & Co. seizes the market from the Cathay Trust

In the 1910s, the Wattie Group served as an agent for six rubber companies and was the founder of the Cathay Trust, the largest financier of rubber companies. At this time, the Kadoories invested in 19 rubber companies, of which Truman Group was the agent of four and the Wattie Group was the agent of two. The Kadoories worked closer with Truman Group at that time. (See Table 1)

The rubber companies were forced to review their financial positions during the reconstruction process. At the time, the Cathay Trust mainly lent money to three rubber companies of Truman Group at 9% interest: Anglo-Dutch (Java) Plantations, Ltd., Batu Anam (Johore) Rubber Estates, Ltd. and Semambu Rubber Estates, Ltd. The Cathay Trust was anxious to eliminate its loss in the rubber crisis. Meanwhile, the Wattie Group sought to expand its influence over the Truman Group.¹³¹

Anglo-Dutch (Java) Plantations, Ltd, Batu Anam (Johore) Rubber Estates, Ltd. and Semambu Rubber Estates, Ltd. found that the Cathay Trust's terms were harsh. For example, in the case of Batu Anam (Johore) Rubber Estates, Ltd., the interest paid to the Cathay Trust for the loan at 9% was severely high, while the total loan was insufficient for working capital.¹³² In contrast, E.S. Kadoorie & Co.

¹³¹ R.N. Truman & Co. acted as the agent of four rubber companies, which were Anglo-Dutch (Java) Plantations, Ltd, Batu Anam (Johore) Rubber Estates, Ltd., Semambu Rubber Estates, Ltd. and The Chemor United Rubber Company, Ltd. Source: C.R. Maguire, *China Stock and Share Handbook 1915, 1917*.

¹³² In 1912, the board of directors of the Batu Anam (Johore) Rubber Estates, Ltd.

offered to finance the Batu Anam (Johore) Rubber Estates, Ltd at a low rate to enable the rubber company to pay its debt to the Cathay Trust, plus a 5% redemption premium and interest to the date of repayment. E.S. Kadoorie & Co. offered Tls.200,000 at a low interest rate of 2% per annum.¹³³ Batu Anam (Johore) Rubber Estates, Ltd. thus switched from the Cathay Trust to E.S. Kadoorie & Co.

The chairman of Semambu Rubber Estates reported a similar case, saying, ‘A similar firm in any other part of the world charging such commission and interest would be expected to take pretty big risks...The Cathay Trust had put their hands at the throat of the company and said, ‘we want your money, we want everything paid up and redeemed, and failing that we will sell you up’...It was absolutely unbusinesslike that a concern should get high interest and high commission and not have seen them through to the very end.’¹³⁴

In the case of Semambu Rubber Estates, the company failed to obtain further working capital of Tls.200,000 from the Cathay Trust. In 1911, the directors of the

arranged with the Cathay Trust, Ltd., for a loan of Tls.125,000, bearing interest at 9%, to be taken up as and when required against debentures secured by a mortgage on the company’s estate. These debentures were for 5 years; an under-writing commission of 5%, that was Tls.6,250. The rubber company had the option of redemption any time at 6 months’ notice, but if before the expiration of 5 years, the rubber company had to pay a premium of 5%. Furthermore, the whole of the debentures had to be redeemed before the company could declare a dividend to shareholders. All moneys earned had to be spent in maintaining and developing the estate. These terms were the best that could be obtained at that time. The company directors tried to find other London financiers, but as the company was not producing rubber at that time and young properties were of no interest. Therefore the board could only accept the terms of the Cathay Trust. Source: “Batu Anam (Johore) Rubber Estates, Ltd.,” *The North China Herald*, 1 March 1913, 621. “The Week’s Finance,” *The North China Herald*, 22 February 1913, 557.

¹³³ “Batu Anam (Johore) Rubber Estates, Ltd.,” *The North China Herald*, 1 March 1913, 621.

¹³⁴ “Semambu Rubber Estates, Ltd.: Extraordinary General Meeting,” *The North China Herald*, 31 May 1913, 628.

Semambu Rubber Estates approached the Cathay Trust for a further advance on its mortgage for the reconstruction scheme. The trust declined to provide further financial assistance, citing the substantial fall in the price of rubber,¹³⁵ and called for the repayment of the debentures immediately. Although the shareholders believed that the company was not in financial difficulty, they agreed that more working capital was required to deal with the problems arising from the fall in the price of rubber, the heavy cost of production and the scarcity of labour. After the Cathay Trust refused to advance any further funds, the company reduced its capital to Tls.300,000 of which Tls.80,000 was taken up by shareholders. The remaining amount was taken up by E.S. Kadoorie & Co.¹³⁶ which arranged further funds of Tls.150,000 for the company without charging a commission.¹³⁷

A similar situation was also found in the case of Anglo-Dutch (Java) Plantation, Ltd. Kadoorie again underwrote the whole issue when the company was seriously handicapped with insufficient working capital after the rubber crisis. The company raised money from the Cathay Trust by issuing a mortgage debenture with a high commission.¹³⁸ In 1915, Kadoorie offered to pay off the debenture for and guarantee the necessary overdraft at the bank, and the total

¹³⁵ The reconstruction scheme of the Semambu Rubber Estates, Ltd. proposed to import indentured coolies; to clean up thoroughly all planted area; to erect an up-to-date factory and to plant up all areas suitable for rubber.

¹³⁶ "The Week's Finance," *The North China Herald*, 24 May 1913, 553.

¹³⁷ "Semambu Rubber Estates, Ltd.: Extraordinary General Meeting," *The North China Herald*, 31 May 1913, 628.

¹³⁸ The issuance to the Cathay Trust of mortgage debentures with an underwriting commission of 5% and bearing interest at 9% per annum, payable quarterly with an option on Tls.50,000 worth of shares at par should any shares be issued before the debentures were redeemed. Source: "Yesterday's Company Meetings: Anglo-Dutch (Java) Plantations, Limited," *The Shanghai Times*, 1 April 1916, 2.

debenture was paid off in December. In January 1916, the shareholders were offered new shares at a 1:12 ratio of their holdings.¹³⁹

Thus, Cathay Trust's market share was gradually reduced. It was liquidated in 1917 because of the tightness of money and the consequent difficulty in obtaining loan repayments.¹⁴⁰

5. E.S. Kadoorie & Co. and the rubber market in the early 1920s

Throughout the 1910s and the early 1920s, a number of rubber companies continued to perform well despite the depressed rubber market. These rubber estates reached the harvesting stage several years after the implementation of the reconstruction schemes. For example, the rubber output of the Repah Rubber & Tapioca Estates, of which Elly Kadoorie was the major shareholder, increased gradually. In 1914, the company was still in the recovery stage. The cost of tapping was very high because of the scattering of rubber trees, which affected the profit that year; nevertheless, a net amount of Tls.6,235.35 was received from the sale of rubber and was transferred to the development account.¹⁴¹ In view of the good prospects of the company, Elly Kadoorie gradually took up more shares, increasing his holdings from 34,500 shares in 1913 to 74,500 shares in 1915.¹⁴²

¹³⁹ "Anglo-Dutch (Java) Plantation, Ltd.," *The North China Herald*, 8 April 1916, 40.

¹⁴⁰ "Meetings: The Cathay Trust the Liquidation," *The North China Herald*, 26 January 1918, 204.

¹⁴¹ "Repah Rubber Estates: Annual Meeting," *The North China Herald*, 16 May 1914, 537.

¹⁴² Public Records Office, HKRS111-4-16, "Return of Allotments of the Repah Rubber

The rubber output of the Repah Rubber & Tapioca Estates in 1917 was 120,000 lb.¹⁴³ increasing to 222,176 lb. in 1919. The company announced that it had made sufficient profit to liquidate a loan of St.\$30,000 that which had been used to open the new planting area.¹⁴⁴ Although the rubber market was depressed in the early 1920, Elly Kadoorie further financed the company with sufficient capital for hoarding and profit.¹⁴⁵ The Repah Rubber & Tapioca Estates took over the See Kee Rubber Estates (1918) Limited through a stock-for-stock merger.¹⁴⁶ The Repah Rubber & Tapioca Estates allotted 26,594 new shares worth Tls.26,594 in 1925, of which Elly Kadoorie took up 17,750 shares. He also gained appreciable interest through dividends and the rising value of the shares.¹⁴⁷

However, not all rubber companies had such outstanding performance.

and Tapioca Estates, Limited 1913," *The Repah Rubber & Tapioca Estates Limited*, 10 April 1913. HKRS111-4-16, "Return of allotments of the Repah Rubber and Tapioca Estates, Limited 1915," *The Repah Rubber & Tapioca Estates Limited*, 22 September 1915.

¹⁴³ "Meetings: Repah Rubber Co.," *The North China Herald*, 19 May 1917, 397.

¹⁴⁴ "Repah Rubber Co." *The North China Herald*, 22 May 1920, 462.

¹⁴⁵ Some debentures of the company expired in 1922, and were renewed for a further six months pending the return of Elly Kadoorie to Shanghai. In the meantime, Elly Kadoorie was advancing sufficient funds to meet the monthly shortage. Some schemes were also formulated to raise the funds which were necessary to run on the estate. The company also had further capital from the mortgage. Repah Rubber & Tapioca Estates, Ltd. obtained a mortgage loan for Tls.30,000, Tls.20,000 and Tls.10,000 respectively in October 1921 from their agent Hopkins Dunn & Co. Ltd. with undertaking of the company and all its properties and assets. Also, the company issued debenture twice for Tls.20,000 and Tls.10,000 respectively in the same year. Source: Public Records Office, HKRS111-4-16, "Certificate of Registration of Mortgage," *The Repah Rubber & Tapioca Estates Limited*, 28 October 1921. HKRS111-4-16, "Particulars to be Supplied to the Registrar Pursuant to Section 95 of a Mortgage or Charge Created by the Repah Rubber & Tapioca Estates Limited and being Mortgage or Charge on Land of the company," *The Repah Rubber & Tapioca Estates Limited*, 6 April 1921. HKRS111-4-16, "Second Debenture, Third Debenture," *The Repah Rubber & Tapioca Estates Limited*, 26 October 1921.

¹⁴⁶ Public Records Office, HKRS111-4-16, "An Agreement," *The Repah Rubber & Tapioca Estates Limited*, 28 April 1925.

¹⁴⁷ Public Records Office, HKRS111-4-16, "Return of Allotments of the Repah Rubber and Tapioca Estates, Limited 1925," *The Repah Rubber & Tapioca Estates Limited*, 30 September 1925.

Kapala Islands Estates had only a small profit of Tls.1,732.86, which enabled the company to reduce its debt to Tls.14,704.91. The high rate of exchange and heavy fall in the price of rubber exacerbated the company's financial situation, as the company had a further overdraft of Tls.51,553.62 with the Hong Kong & Shanghai Bank because of poor profits. This overdraft was guaranteed by Elly Kadoorie in 1918.¹⁴⁸

Elly Kadoorie left Shanghai in 1921 to spend several years in England. He safeguarded his interests in the form of debentures bearing 12% interest. Steps were taken to relieve him of the responsibility of guaranteeing the overdraft with the company's bankers, and directors of the company decided to issue debentures of Tls.151,000 to repay the overdraft. However, while these debentures were offered to all registered shareholders, few were interested. Elly Kadoorie took up all of the debentures and suspended further capital investment.¹⁴⁹ Without his financing, the company exhausted all of its capital. In 1922, it was unable to redeem any of the debentures. At that time, the price of rubber was low,¹⁵⁰ and

¹⁴⁸ The profit of the Kapala Islands Estates in 1920 was Tls.7,372.3. After the deduction of the amount of the liabilities of Tls.24,984.71, the account left a balance of Tls. 17,612.41. The overdraft at the Hong Kong & Shanghai Bank was Tls.102,363.59 Source: "The Kapala Island Estates, Limited," *The Shanghai Times*, 29 May 1920, 2. "Company Meeting: The Kapala Islands Estates, Ltd.," *The Shanghai Times*, 11 June 1918, 2.

¹⁴⁹ "Kapala Island Rubber Estates: Mr. Kadoorie and the company's Finances," *The North China Herald*, 28 May 1921, 606.

¹⁵⁰ The depressed condition of the rubber market and the hopeless financial position of the Kapala Islands Estates continued in 1921. The net selling prices for all grades of rubber were only 7.66d. per lb. The property was still far from being in a satisfactory position. The company's Strait working account showed a further loss of Tls.23,326.39 which added to the loss incurred previously made a total deficit of Tls.52,390.30. If there was a rise in the rubber selling price, the property might be worth preserving with, but the actual situation showed that there was no prospect of the company, and going on only increase the indebtedness. Source: "Company Meetings: The Kapala Islands Estates Ninth Annual Meeting," *The North China Herald*, 20 May 1922, 545.

the directors were convinced that there was no benefit to paying interest and that to stay in business would only mean increasing debt.¹⁵¹ The company was liquidated in 1922 and the assets of the rubber estates, such as the planting land and machinery, were sold to repay the debt, including the debentures held by Elly Kadoorie, to minimise the losses.

During the rubber stock depression of the early 1920s, some bankers lacked confidence in some of the rubber companies and forced them to repay their loans. The Senawang Rubber Estate, which was one of the rubber companies facing difficulties during the rubber depression period, held an overdraft of approximately Tls.45,000 with the Hong Kong & Shanghai Bank. This overdraft was guaranteed by Elly Kadoorie and some other directors.¹⁵² The bank was anxious to have the overdraft repaid, which put the company in a difficult financial position. The directors finally decided upon voluntary liquidation to repay the loan and then to reconstruct the company.¹⁵³ A new company was registered in 1922. The shares in the old company were transferred to the new company, and new shares were issued to obtain more capital. The shares held by Elly Kadoorie were also transferred to the new company, and he kept his seat on the board of directors. In this case, reconstructing the company and guaranteeing

¹⁵¹ The estimated expenses for the estate for 1922 are St.\$57,635. Shanghai expenses were almost Tls.6,000, plus interest on debentures. However, the crop was estimated only at 140,000 lb. that year. Source: "Company Meetings: The Kapala Islands Estates Ninth Annual Meeting," *The North China Herald*, 20 May 1922, 545.

¹⁵² The overdraft was also guaranteed by Rev. Father Castrillo and Rev. Père Sallou on behalf of their Missions, and also by the secretaries and general managers. Source: "Company Meetings: The Kapala Islands Estates Ninth Annual Meeting," *The North China Herald*, 20 May 1922, 545.

¹⁵³ "Senawang Rubber Estates Co., Ltd." *The North China Herald*, 4 June 1921, 681.

the overdraft, Elly Kadoorie resolved the financial difficulties of the Senawang Rubber Estate.¹⁵⁴

6. A failed experiment – The Shanghai Plantations Trust Limited (1921)

In the 1910s, there were only few trust companies operating in China. Besides the Cathay Trust, the Raven Trust Company was founded in 1914 by an American businessman, F.J. Raven (1875-1943), who was the founder of a famous real estate firm, China Realty Co. for managing his real estate interests in Shanghai.¹⁵⁵ In 1921, there was a boom of Chinese trust companies in Shanghai. There were 12 Chinese trust companies established only within three months in the second half of 1921.¹⁵⁶ Although there was a boom in the number of Chinese

¹⁵⁴ “Senawang Rubber Co.: The Liquidators Report,” *The North China Herald*, 17 June 1922, 832.

¹⁵⁵ In the meantime, comparing with Shanghai, more small-scale trust companies emerged in the Northeastern part of China, which were backed by Japanese capital and specialised in imports and exports trade of farming products. For example, Dairen Torihikisho Sintaku Kabusiki Kaisya (大連取引所信託株式会社) was established for soybean trade in Dalian in 1913, Binjiang Huobi Xintuo Jiaoyisuo (濱江貨幣信託交易所) and Binjiang Nongchan Xintuo Jiaoyisuo (濱江農產信託交易所) in 1914. Source: “Raven Trust Company Ltd.,” *The North China Herald*, 15 April 1916, 68. He Xu Yuan (何旭艷), *Shanghai xintuo ye yanjiu (1921-1949 nian)* 上海信託業研究(1921-1949年) (*Study of Trust Companies in Shanghai (1921-1949)*) Shanghai: Shanghai renmin chubanshe, 2007, 11.

¹⁵⁶ After the First World War, the demand of imports and exports trade dropped seriously. The capital in Shanghai was searching for new investing channel. As a result, plenty of idle capital in Shanghai favoured the formation of financial company. Meanwhile, 140 Chinese stock exchanges emerged in Shanghai and investment trust was first introduced in the Chinese business circle. The speculating atmosphere was rich in Shanghai again. All at once there were 12 investment trusts companies established in 1921. They were Zongyi Xintuo Gongsi (中易信託公司), Shanghai Xintuo Gongsi (上海信託公司), Da Zonghua Xintuo Gongsi (大中華信託公司), Zongyang Xintuo Gongsi (中央信託公司), Zhonghau Xintuo Gongsi (中華信託公司), Zhongguo Shangye Xintuo Gongsi (中國商業信託公司), Tongyi Xintuo Gongsi (通易信託公司), Shanghai Tongshang Xintuo Gongsi (上海通商信託公司), Shanghai Yunbo Xintuo Gongsi (上海運駁信託公司), Huasheng Xintuo Gongsi (華盛信託公司), Zhongwai Xintuo Gongsi (中外信託公司), Shenzhou Xintuo Gongsi (神州信託公司). These investment trust companies were established by Chinese merchants and invested in different Chinese companies' shares. However, the

trust companies in the early 1920s, these Chinese trust companies were not well developed. They were different from the foreign trust companies, most of the Chinese trust companies were a department of Chinese western-style banks and launched with the deposit service. The Chinese trust companies mainly provided deposit service with guaranteed interest rate or dividends.¹⁵⁷ The capital from deposit was backed up and consolidated by the economic power of the trust.¹⁵⁸ The over-speculation of Chinese trust companies resulted in a financial crisis at the end of 1921.¹⁵⁹ However, while scholars are concentrating on the emergence and the development of Chinese trust companies in China, little discussion has been given to the foreign trust companies in China.

Following the winding up of the Cathay Trust in 1918, a suggestion on

over-speculation on the excess of trust companies together with the decreasing of the shares price caused the financial crisis and the bursting of the investment trust in 1921. There were only 2 Chinese investment trust companies and 6 Chinese stock exchanges left after the crisis. Source: He Xuyan (何旭艷), "Xintuo ye zai zhongguo de xingqi – jianlun "xinjiao fengchao" zongdi xintuo gongsi 信託業在中國的興起 – 兼論「信交風潮」中的信託公司 (The Rise of Trust Companies in China and the Trust Company Crisis)," *Jindaishi yanjiu*, vol.4, 2005, 187-212. Bradley A. Hansen, *Institutions, Entrepreneurs, and American Economic History: How the Farmers' Loan and Trust Company Shaped the Laws of Business from 1822 to 1929* (New York: Palgrave Macmillan, 2009), 13-15. Kong Dian (孔滌庵), *Xintuo ye 信託業 (Trusts)* (Shanghai, Commercial Press, 1933).

¹⁵⁷ Shanghai Municipal Archives, Document No.: Q331-1-9-16, *Hengshun xintuo gongsi 1930-1934 niandu yingye baogao 恒順信託公司 1930--1934 年度營業報告 (Annual Report of Hengshun xintuo gongsi)*. Q331-1-9, *Guoanhengshun xintuo gongsi: Yingye baogao (1-10 jie) (30-34 jie) 國安恒順信託公司: 營業報告 [1-10 屆][30-34 屆] (1st -10th, 30th-34th Annual Report of Guoanhengshun xintuo gongsi)*. Document No.:Q331-1-8, *Guoanxhongyang xintuo gongsi: ben gongsi zhangcheng ji gezhong cunkuan zhangcheng 國安中央信託公司: 本公司章程及各種存款章程 (The Prospectus of Guoanxhongyang xintuo gongsi)*. Document No.: Q331-1-2, *Tongyi xintuo gongsi gezhong zhangcheng ji linian lai yingye baogao (di 5-15 jie) 通易信託公司各種章程及歷年來營業報告 [第 5-15 屆] (The Prospectus and the 5th-15th Annual Reports of Tongyi xintuo gongsi)*.

¹⁵⁸ Zhu Sihuang (朱斯煌), "Xintuo changshi 信託常識 (The Knowledge of Trust)," *Xintuo jikan* vol.2, issue 1, 1937, 87-101.

¹⁵⁹ He Xuyan (何旭艷), *Shanghai xintuo ye yanjiu (1921-1949 nian) 上海信託業研究 (1921-1949 年) (Study of Trust Companies in Shanghai (1921-1949))* Shanghai: Shanghai renmin chubanshe, 2007, 34.

utilising 'trust' to finance and amalgamate the rubber companies was circulating between the rubber investors in Shanghai in the early 1920s. Another trust company was firstly proposed to be established to amalgamate the rubber companies in Shanghai.¹⁶⁰ The main reason of proposing a rubber trust company was that the market sentiment was continuing frail and the outlook uncertain. In the early 1920s, the crisis in the rubber industry was caused by the general dislocation of the world's trade after the First World War. The decrease in the demand for rubber led to the collapse in the rubber price. It put the rubber companies in affliction and some of them were on the edge of bankruptcy. Banks declined to make advances to provide funds for rubber companies to upkeep and manage the business. Furthermore, it was hard to raise capital from the shareholders as they were unwilling to undertake further risks in Shanghai and also in Singapore.¹⁶¹ There was heavy fall in the price of rubber in 1921, which accentuated the difficulty of continuing the business. In order to curtail expenses, a portion of the labour force in some rubber estates was repatriated and European staff was also reduced to a minimum.¹⁶² In order to carry out remedy, one of the

¹⁶⁰ During the stock market crisis in 1910, a large number of Shanghai's citizens cried out to the rubber company promoters for their 'millions back.' The investors found it absurd that the public in Shanghai was capable to digest such a number of rubber companies. The investors then suggested all Shanghai rubber companies should amalgamate into one or two companies and registered in London with the sole managing faculty there, and had all the shares put on London, the metropolitan market. It would immensely reduce the management fee and the shareholders would probably save over a million taels per annum. The real investors in England would seize the opportunity and so relieve the burden of the investors in Shanghai. Source: Moritz Koppel, "Correspondence: The Rubber Market," *The North China Herald*, 1 July 1910, 38.

¹⁶¹ "The Shanghai Plantations Trust, Limited," *The Shanghai Times*, 1 March 1921, 2. "Shanghai Plantations Trust, Ltd., No Allotment," *The North China Herald*, 26 March 1921, 828. "Xiangpi zhongzhiye xintuo gongsi zhi zuzhi 橡皮種植業信託公司之組織 (Forming a Trust Company for Rubber Plantation)," *Shenbao*, 8 March 1921, 11. W.A. Thomas, *Western Capitalism in China, A History of the Shanghai Stock Exchange* (Burlington: Aldershot, 2001), 197.

¹⁶² "Kapala Islands Rubber Estates: Mr. Kadoorie and the Company's Finances," *The North China Herald*, 28 May 1921, 606.

famous rubber investors in Shanghai, E.S. Little, proposed a scheme of creating a Rubber Trust to finance the rubber companies and amalgamate the Shanghai-owned rubber estates into four to five holding companies.¹⁶³

The idea of creating the Shanghai Plantations Trust Limited was mooted in February 1921. J.A. Wattie & Co., Ltd. acted as the secretary and general manager. The principal aim of the company was to assist the rubber companies in Shanghai and to secure enough money to finance any of the local companies which managed to surmount the difficulties through the crisis in the rubber industry. It was hoped that shareholders of the rubber companies would realise that the industry was facing financial difficulties. The proposed Trust would assist in safeguarding as far as possible the capital they had previously invested. The company was formed to carry on the business of an investment trust and guarantee company, and to act as financiers and capitalists.¹⁶⁴

However, after a month, the directors of the Shanghai Plantations Trust decided not to proceed to allotment. The support received from the public was insufficient to warrant the plan.¹⁶⁵ Although there was much sympathy for this proposal among those who knew the industry, the shareholders were on the whole

¹⁶³ "Rubber Crisis Feared in Shanghai," *The Singapore Free Press and Mercantile Advertiser*, 21 April 1921, 2.

¹⁶⁴ The company intended to issue at present 50,000 Shares of which 10,000 Shares were subscribed for privately. The directors of the company included H.E. Arnhold, A.R. Burkill, N.G. Maitland, and A.J. Welch. Source: "The Shanghai Plantations Trust, Limited," *The Shanghai Times*, 1 March 1921, 2.

¹⁶⁵ "Shanghai Plantations Trust, Ltd., No Allotment," *The North China Herald*, 26 March 1921, 828.

uninterested, only 52 members of the public subscribed. According to the market sentiment in Shanghai at that time, the investors were not willing to put heavy investment in the industry due to their bad experience in the past. Lacking of capital support, the scheme was abandoned.¹⁶⁶

7. The Stevenson Restriction Scheme (1922)

The colonies provided tremendous quantities raw materials for Britain. Rubber, for example, was a crucial resource. The demand of rubber rose sharply during the First World War.¹⁶⁷ After the war, the rubber price and share price in the London market fell, and rubber market worsened in 1921. Some rubber companies were facing bankruptcy.¹⁶⁸ The fluctuation in the rubber price, rubber share and the speculative atmosphere of the Shanghai Stock Exchange attracted the attention of the British Consul.¹⁶⁹ The British Empire was facing competition

¹⁶⁶ “The Rubber Trust,” *The North China Herald*, 30 June 1931, 434.

¹⁶⁷ Table 40. Estimated plantation rubber production of world rubber output from 1915 to 1920

Year	World rubber output (tons)
1915	105,000
1916	150,000
1917	210,000
1918	200,000
1919	300,000
1920	340,000

Source: “Rubber After the War,” *Millard’s Review of the Far East*, 15 December 1917, 90. “Weekly Share Supplement,” *The North China Herald*, 22 February 1919, 510.

¹⁶⁸ In 1920, the rubber market returned to depressed position. Both rubber price and shares price were going down. The set-back of the shares price was due to the exchange rate of British pound which was getting lower to the US dollars since the First World War. Source: “Rubber Shares: A London Opinion,” *South China Morning Post*, 9 June 1920, 4.

¹⁶⁹ The rubber share occupied the largest portion in the Shanghai Stock Exchange and had always been the target of speculation. The gambling on rubber shares in 1910 and 1911 seriously affected the economy of Shanghai and adjacent area. The British Consul kept paying a close attention about the speculative atmosphere in Shanghai and the lesson learnt from the rubber

from newly industrialised countries such as the United States and Germany. To compete with these countries, Britain needed to protect her advantage on raw materials in the Colonies. While the Colonies became wealthy and increased in status because of prolonged development under British rule, some of them appeared rebellious. Some British Colonies were becoming rich and opposing colonialism.¹⁷⁰ Over half of the world's natural rubber supply between 1919 and 1922 was from Malaya, and the British government realised the immediacy of protecting its interests in the Colonies.¹⁷¹

In 1922, the British government restricted the exports of rubber through the Stevenson Restriction Scheme to stabilise the price. The restriction in the output of rubber was applicable to Malaya, the Straits and Ceylon. Also, majority of

shares crisis. However, the gambling atmosphere in Shanghai did not ease after the rubber crisis. There was a new madness tide on gambling in Chinese stock market in the early 1920s while the bad mood in Shanghai market received from rubber shares still had not recovered. Both Chinese government and the British Consul worried about the recommitting the same error of the rubber crisis. The Chinese government made every effort to stop the springing up of the Chinese exchanges. In 1921, Hsu Yuen (許沅), the Tuchun and Civil Governor of Kiangsu, sent a letter to British Consul to seek for help from the Consul and the SMC in purpose of easing the gambling mood and protecting trade. He explained that some of the Chinese stock exchanges, which were springing up in Shanghai, were established inside the foreign concessions where it was difficult for the Chinese authorities to supervise them. (Of the hundred Chinese stock exchanges establishing in 1921, there were more than 20 exchanges with total capital amounted to over Tls.40,000,000 established in foreign concessions area.) He pointed out that, just like the rubber crisis in the early 1910s, the gambling atmosphere sprung up would ruin the economy of Yangtze area and even whole China as Shanghai was the hub of China's trade. He hoped the British Consul to intervene the issue. The Consul shared the same view on Hsu Yuen's suggestion. The British Consul considered that the treaty port of Shanghai was virtually in partnership with the Chinese. It was urgent to keep sown gambling to prevent a financial panic in Shanghai. The chairman of the Shanghai Stock Exchange (the only foreign stock exchange in Shanghai), A.L. Anderson, also agreed to restrict stock exchange in Shanghai to control the spread of gambling atmosphere. However, the economic crisis of Chinese stock exchange occurred at the end of 1921. Source: FO671/453, "Commissioner for Foreign Affairs to Senior Consul," 10 August 1921.

¹⁷⁰ FO371/12420, "Problems of the British Empire," 30 December 1926.

¹⁷¹ John H. Drabble, *Malayan Rubber: The Interwar Year* (Sydney, University of Sydney, 1991), 38.

British estates in the Dutch Indies voluntary joined the scheme.¹⁷² After its implementation,¹⁷³ the rubber price rose, and the share prices of some rubber companies, including those in which Elly Kadoorie had invested, increased sharply at the end of 1922. The share prices of the Repah Rubber & Tapioca Estates, Ltd., for example, nearly doubled between November and December 1922. In November and December 1923, the rubber share price increased due to the implement of the Stevenson Scheme. Repah's profit from the increasing of the share price was substantial. The company then invested a large amount of capital to build new factories and tapping.¹⁷⁴ That they were able to do so was a sign of the return of investors' confidence.¹⁷⁵ Taking Repah Rubber & Tapioca Estates Ltd. and Java Consolidated Rubber Co., the rubber companies invested by the Kadoories, as examples, the rubber share price increased since the commencement of the First World War and dropped until the Stevenson Scheme was imposed in 1923. Because he held such large quantities of rubber shares, Elly Kadoorie benefited a great deal from the rebound of the rubber share prices, and he became an influential figure in the Shanghai share market. Although he did not live in

¹⁷² "The Rubber Slump," *South China Morning Post*, 13 October 1922, 6. "Rubber's Problems, Restriction at Last," *South China Morning Post*, 20 October 1922, 4.

¹⁷³ However, the Scheme affected the market share of the Malayan rubber and stimulated the rubber production in other countries such as the Netherlands East Indies. The Scheme was just imposed within the British Empire but other rubber producing countries such as the Netherlands were not included in the Scheme. As a result, the price of Malayan rubber climbed higher than the rubber from the other countries. The Malayan rubber was losing the market share. Besides, the tyre industry in the United States lodged an objection as the Scheme had increased their cost of production. At last, the Scheme was abandoned in 1928. Source: Amarjit Kaur and Ian Metcalfe, *The Shaping of Malaysia* (New York: Macmillan, 1999), 138-139.

¹⁷⁴ "Repah Estates, Ltd.," *The North China Herald*, 24 March 1923, 808.

¹⁷⁵ Public Records Office, HKRS111-4-16, "Director' Report and Statement of Account," *Repah Rubber & Tapioca Estates, Ltd.*, 31 December 1931.

Shanghai from 1920 to 1924, he continued to finance the rubber companies.¹⁷⁶

Because of their investments,¹⁷⁷ the Kadoories became the directors of 28 rubber companies in Shanghai in the 1930s.¹⁷⁸

8. The Kadoories and the Wattie Group

The Kadoories increased their rubber share investments in various rubber companies in Shanghai and seized the market from the Cathay Trust of the Wattie Group in the 1910s, and in the early 1920s, the Kadoorie family became a major investor in and business partner of the rubber companies of the Wattie Group.

¹⁷⁶ The overdraft of the Kapala Islands Rubber Estates with bankers was guaranteed by Elly Kadoorie since 1913. However, when Elly Kadoorie left for England in 1921, the company needed to issue debentures to obtain Tls.151,000 for repaying the overdraft. All of these debentures were taken up by Elly Kadoorie. For Repah, the company renewed the debentures expiry date until the return of Elly Kadoorie to Shanghai. In the meantime, Elly Kadoorie was advancing sufficient funds to meet the monthly expense. For New Amherst Estate, the company was greatly indebted to Elly Kadoorie for his continued financial support in the 1920s. For Shanghai-Malay Rubber Estates, Ltd., Elly Kadoorie had important financial assistance derived from his association with the company and he did not draw any director fees during his absence from Shanghai. Source: "Kapala Islands Rubber Estates: Mr. Kadoorie and the Company's Finances," *The North China Herald*, 28 May 1921, 606. "Company Meetings: Repah Estates, the Annual Meeting," *The North China Herald*, 13 May 1922, 466. "New Amherst Estate: Satisfactory Year's Working: Gratifying Average Monthly Yield," *The North China Herald*, 7 March 1925, 400. "S'hai-Malay Rubber Estates, Ltd.: The Annual Meeting," *The North China Herald*, 21 April 1923, 177.

¹⁷⁷ For example, in the meeting of Anglo-Dutch (Java) Plantations, Ltd. in 1914, as Elly Kadoorie represented a very large number of shares (27,000 shares); he was invited to join the board by S.A. Hardoon. Source: "Anglo-Dutch (Java) Plantations, Ltd. Annual Meeting," *The North China Herald*, 8 May 1914, 448.

¹⁷⁸ The 28 rubber companies (companies were listed by alphabetical order): Anglo-Java Estates Ltd., Anglo-Dutch (Java) Plantations Limited., Batu Anam (Johore) Rubber Estates, Ltd., Bute Plantations, Limited., Bukit Rubber Estates, Chemor United Rubber Company, Cheung Rubber Estate Ltd., Dominion Rubber Co. Ltd., Java Consolidated Rubber Co., Kamunting Rubber, Kapala Islands Estates, Ltd., Kapang Rubber Est., Kroewoek Plantation, The Repah Rubber & Tapioca Estates Ltd., Rubber Trust Limited, Samagaga Rubber, Semambu Rubber, Senawang Rubber Estates, Shanghai Klebang Rubber Estate, Shanghai Malay Rubber Estates, Limited, Shanghai Seremban Estate, Shanghai Sumatra Rubber Estates, Sua Manggis Rubber Co., Taiping Rubber Estates Ltd., Tebong Rubber Estate, The Consolidated Rubber Estates, The New Amherst Rubber Estate, Ziangbe Rubber Co. Source: *The North China Herald*.

J.A. Wattie & Co. Ltd. was a British private company founded in 1907 by the British merchant,¹⁷⁹ James A. Wattie,¹⁸⁰ W.B. Clayton and C.C.L. Fitzwilliams, who were also the major shareholders.¹⁸¹ The company registered under the Hong Kong Companies Ordinance and established branches in London, Surabaya and Batavia. The company expanded its business from lending and management to investment and agency services. It acted as agent for a dozen rubber and insurance companies. This Company was regarded as one of the British concerns that competing for the rubber interests in the Southeast Asia.¹⁸² To adding A.J. Welch, Gray Grayrigge and C.F. Shackleton as staff partners for the sake of the company's development, J.A. Wattie & Co. was re-incorporated in 1920. At this

¹⁷⁹ J.A. Wattie & Co. was a private company with only around ten shareholders, for example this company had 11 shareholders in the 1920s and 1930s. The Kadoories was not shareholder of this company but they had a close business relationship with Wattie. In the 1930s, the major shareholders of J.A. Wattie & Co. were J.A. Wattie, W.B. Clayton and A.J. Welch.

¹⁸⁰ James Alexander Wattie (1866-1939) was the founder of J.A. Wattie & Co. He was a Canadian born Scot. He worked in Sun Life Insurance in Canada. In the 1890s, he moved to Shanghai when the company expanded their business to China. In Shanghai, J.A. Wattie also invested in two other British insurance companies Shanghai Life Insurance Co., Ltd. and China Mutual Life Insurance Co., Ltd. J.A. Wattie actively developed his rubber plantation business after his retirement from the broad of the insurance companies. J.A. Wattie & Co. opened an office in Surabaya in 1910 and also had offices in London (39 Lombard Street, London) and Shanghai few years later. This company involved in the development of the rubber plantation in the Dutch India. One of the British directors of the J.A. Wattie & Co. Cuthbert Collingwood Lloyd Fitzwilliams (1875-1954), with a lot of experience in rubber plantation, represented the company there. J.A. Wattie & Co. managed 38 rubber estates in Sumatra and Java respectively. J.A. Wattie retired in 1921 for the reason of bad health due to an accidental fall off his horse. He lived in Victoria in British Columbia until he died in 1939. Source: Hiroyoshi Kanō, *Indonesian Exports, Peasant Agriculture and the World Economy, 1850-2000* (Singapore: NUS Press, 2008), 202. John D. Meehan, *Chasing the Dragon in Shanghai: Canada's Early Relations with China, 1858-1952* (Vancouver: UBC Press, 2011), 51. "Rex v. William Stewart Davidson", *North China Herald*, 24 May 1913, 581. "Deaths," *The Times*, 28 December 1939, 1.

¹⁸¹ William Beaufort Clayton was the former chairman of the Cathay Trust and was one of the directors of the China Mutual Life Insurance Company, Ltd. Cuthbert Collingwood Fitzwilliams was a well-known British planter. He mostly stayed in J.A. Wattie & Co.'s London office. Source: HKRS111-4-9, "Letter to the Registrar of Companies, British Consulate General, Shanghai," *J.A. Wattie & Co., Ltd.*, 12 November 1926. "The Rubber Position: Chat with a Well-known Planter Hopeful of the Future," *South China Morning Post*, 28 September 1910, 7. "The Cathay Trust," *South China Morning Post*, 25 August 1910, 11. "The China Mutual Life Insurance Company, Ltd.: Annual Meeting," *The North China Herald*, 29 May 1909, 522.

¹⁸² "Big Rubber Deal, English Concern Buys 30,000 Acre Estate," *The Sunday Times*, 7 February 1926, 13.

time, J.A. Wattie retired, and British merchant A.J. Welch became the new chairman.¹⁸³

In the early 1920s, a number of rubber agent companies in Shanghai were forced to give up their agency services because they failed to comply with the new regulation, which applied to companies in China seeking to carry out business activities in the International Settlement.¹⁸⁴ For example, Hugo Reiss & Co. ceased its rubber agent business and closed down in 1920, reincorporating in 1927 as an American firm, Hugo Reiss & Co., Fed. Inc. U.S.A.¹⁸⁵ While the International Settlement and French Concession were the two principal foreign settlements, British subjects also held a majority of foreign properties and businesses in Shanghai. There was no foreign stock exchange in the French Concession, and the French companies raised capital using a British company, the Shanghai Stock Exchange. Companies in Shanghai were forced to comply with the new regulation to continue conducting business and raising capital in

¹⁸³ Public Records Office, HKRS111-4-9, "Certificate of Incorporation of J.A. Wattie & Co., Ltd.," *J.A. Wattie & Co., Ltd.*, 10 March 1920.

¹⁸⁴ According to "The King's Most Excellent Majesty in Council", "The majority of the directors of a China Company shall be British Subjects resident within the limits of this Order...No person, other than a British Subject resident within the limits of this Order, shall act as Managing director or in any position similar to that of Managing director, or shall otherwise general or substantial control of the business of a China Company...Failure to comply with the provisions of this Articles shall be ground upon which an order for the winding-up the company may be made by the Court" Source: C.R. Maguire, *China Stock and Share Handbook 1926* (Shanghai: North-China Daily News & Herald, Limited, 1926), 13.

¹⁸⁵ Hugo Reiss born in Germany near Heidelberg in 1880 and came to Shanghai around 1904. He was an engineer and importer. Later he started his business as Hugo Reiss & Co. and floated a number of rubber companies successfully. Source: "Obituary: Mr. Hugo Reiss," *The North China Herald*, 22 December 1931, 415. "Obituary: A well-Known Shanghai Business Man: Mr. Hugo Reiss Shanghai," *South China Morning Post*, 22 December 1931, 12. "No Title," *South China Morning Post*, 21 December 1934, 20.

Shanghai.¹⁸⁶ Besides, the fluctuation of rubber market in the early 1920s was another reason for the retirement of some rubber agent companies in Shanghai.

A.J. Welch took the opportunity to expand the business of J.A. Wattie & Co., which took over the six rubber companies under Hugo Reiss & Co. in February 1920.¹⁸⁷ The six rubber companies under R.N. Truman & Co., namely, Anglo-Dutch (Java) Plantations, Ltd., Chemor United Rubber Company, Ltd., Batu Anam (Johore) Rubber Estates, Ltd., Semanbu Rubber Estates, Ltd., New Amherst Rubber Estate, Ltd. and See Kee Rubber Estates (1918), Ltd. also transferred management to J.A. Wattie when R.N. Truman of R.N. Truman & Co. retired from the China market in 1923. WM. Martin & Co., the agent of See Kee Rubber Estate, was also taken over by J.A. Wattie & Co. and then amalgamated with Repah by the exchanging of shares. In the 1920s, J.A. Wattie & Co. took over a total of 14 rubber companies and became their new agent.¹⁸⁸

J.A. Wattie & Co. had become a giant firm and more capital was needed. The company issued new shares in 1925.¹⁸⁹ During the same period, another agent

¹⁸⁶ "Foreign Interests in China," *The China Weekly Review*, 9 April 1927, 145.

¹⁸⁷ The six rubber companies transferred from Hugo Reiss & Co. to J.A. Wattie & Co. in 1920 including: Alma Estates, Ltd., The Bukit Toh Alang Rubber Estates, Ltd., The Cheng Rubber Estates, Ltd., The Shanghai Klebang Rubber Estate, Ltd., The Seremban Rubber Estates, Ltd. and The Senawang Rubber Estates Company, Ltd. Source: "Notice," *The Shanghai Times*, 3 March 1920, 2.

¹⁸⁸ Public Records Office, HKRS111-4-16, "Letter from Hopkins, Dunn & Co., Ltd. To the Register of Companies", *Repah Rubber & Tapioca Estates, Ltd.*, 8 January 1923. "British Company Law," *The Shanghai Times*, 3 June 1920, 8. "Rubber Co. Transfers," *The North China Herald*, 5 May 1923, 336. "See Kee Rubber Estates, Benefits from Restriction Enactment," *The Straits Times*, 17 November 1923, 13.

¹⁸⁹ Public Records Office, HKRS111-4-16, "The letter from Wattie & Co. Ltd. to The Register of Companies," *Repah Rubber & Tapioca Estates, Ltd.*, 29 July 1925.

company, A.R. Burkill & Sons took over four rubber companies from Meyer & Measor.¹⁹⁰ J.A. Wattie & Co. and A.R. Burkill & Sons eventually became the two largest rubber agent companies in Shanghai. In the late 1920s and early 1930s, the Wattie Group served as the agent for 21 rubber companies in Shanghai and the Burkill Group was the agent for nine rubber companies. J.A. Wattie & Co.'s status among the rubber companies of Shanghai was unshakeable. (See Appendix 2 for the details of the changing of agent companies.)

The Kadoories had been the biggest financier of the rubber companies from Turman and Hugo groups. Therefore, after the merger process, the Kadoories became one of the biggest investors in the rubber companies of the Wattie group. The Kadoories invested in and sat on the boards of directors of most of the rubber companies for which J.A. Wattie & Co. served as agent, and the family developed closer cooperation with J.A. Wattie & Co., eventually becoming its business partner in the Shanghai rubber share market. The Kadoories invested in 20 of Wattie Group's rubber companies but only two of Burkill Group's throughout the 1920s and 1930s.¹⁹¹

9. Concluding remarks

Elly Kadoorie emerged as a financier of the rubber companies in the Shanghai stock market after the 1910 rubber crisis. He took up the shares and

¹⁹⁰ "Dominion Rubber Co., Ltd.," *The North China Herald*, 22 May 1920, 462. C.R. Maguire, *China Stock and Share Handbook 1917, 1926*.

¹⁹¹ *The North China Herald*, 1912-1931.

debentures, guaranteed the overdrafts, made loans and provided mortgages to save many rubber companies from bankruptcy. In doing so, he made great profit and replaced the Cathay Trust as the major financier of the rubber companies. In the early 1920s, rubber company agents such as Hugo Reiss & Co. failed to comply with the new regulation on British companies in China, and, the owner of the rubber company agent, R.N. Truman & Co. retired from his business in China. J.A. Wattie & Co., a British company, seized this opportunity to expand its business and take over many rubber companies, and it became the largest rubber agent company in Shanghai. After J.A. Wattie & Co.'s expansion, the Kadoories developed closer cooperation with the company in the Shanghai rubber share market and mainly invested in its rubber companies.

The capital Elly Kadoorie used to finance the rubber companies was drawn from the private company of E.S. Kadoorie & Co. However, the capability of a single financier to handle large amounts of capital and to mobilise further capital from the public was limited. To take advantage of the economic trend in Shanghai in the mid-1920s, large financing institutions – ‘trust companies’ – such as the Rubber Trust, were quickly developed. The Rubber Trust established by the Kadoories and J.A. Wattie & Co. is one of the topics discussed in Chapter 5.

Chapter 4

From Rubber to Real Estate Financier – The Kadoories and the Shanghai Land Investment Company, 1920s-1930s

1. Introduction

Construction companies relied heavily on fund injections from the capital market to finance new building construction, redevelopment building schemes and buildings refurbishment. Fund raising was necessary in the real estate business, and it was common for financial services and financial instruments such as loans, the transaction of stocks and debentures to be involved. These real estate investments were normally secured by property or mortgages. From the mid-1920s to the 1930s, when China underwent political and economic instability, a real estate market emerged in Shanghai.

In the early 20th century, the formation of the stock exchange enlarged the capital market in Shanghai in which the rubber shares were comparatively active. When the rubber share market in Shanghai experienced a downturn in 1928, the real estate market began to rise dramatically with the devaluation of silver.¹⁹² Investors in Shanghai shifted to the real estate market, and Jewish capital was

¹⁹² The rubber shares market went dull as the Restriction Scheme was abolished in 1928, which will be discussed in chapter 5. The rubber shares further drop in Shanghai in 1929 due to the influence of the Great Depression. Some of the stockbrokers of the Shanghai Stock Exchange, who speculated in rubber and cottons shares, were suffered heavily at that time. Two stockbrokers were expelled and two stockbrokers were suspended as members of the Shanghai Stock Exchange as they were unable to muster their resources to liquidate their obligations to fellow-members of the Exchange in the settlement of December 1929. Source: "Wild Speculation," *South China Morning Post*, 28 December 1929, 14. "Drastic Steps Taken by Shanghai Stock Exchange," *The China Press*, 4 January 1930, 1.

particularly active in the Shanghai real estate market. In 1929, the Kadoories invested in the Shanghai Land Investment Company, the largest British real estate company in Shanghai, increasing their stakes in the company throughout the 1930s. The Sassoons and Ho Tung did the same. They eventually became the biggest shareholders in the company and co-operated with each other to pursue the same interests.

2. The real estate market in Shanghai before the 1920s

In the 1920s, with China's dropping silver price, the commodity price dropped and labour costs fell.¹⁹³ This encouraged investors to pump money into Shanghai's real estate market. A number of real estate companies sprang up in Shanghai; the following were among the major foreign land companies established in Shanghai from the late 19th century up to the 1920s.

¹⁹³ According to Tomoko Shiroyama, China adopted silver standard when the economy in the world was dominated by gold standard. She argued that the devaluation of silver price was one of the major factors affecting the Chinese economy between 1929 and 1937. Source: Tomoko Shiroyama, *China During the Great Depression: Market, State, and the World Economy, 1929-1937* (Cambridge, Mass.: Harvard University Asia Center: Distributed by Harvard University Press, 2008).

Table 2. The major foreign land companies established in Shanghai from 1870s to 1910s

Company's name	Year of establishment	Nationality
Shanghai Real Estate Agency (Leste, Johson & Morriss)	1870	British
Shanghai Land Investment Company	1888	British
Brandt & Rodgers, Ltd.	1900	British
China Realty Company, Ltd.	1902	American
Anglo-French Land Investment Company, Ltd.	1905	British
China Land & Finance Co., Ltd.	1906	British
Crédit Foncier d'Extrême-Orient	1909	Belgian
International Savings Society	1912	French

Source: *The North China Herald*, 1870-1912.

Previously, foreign land companies in Shanghai were small private associations, whose status was not publicly known. The Shanghai Land Investment Company, a British Company established in 1888, was the first large-scale joint stock land company in Shanghai.¹⁹⁴ Registered under the Limited Liability Act, it appealed to the public for its capital. The Shanghai Land Investment Company was launched on the Shanghai local market and incorporated under the Companies Ordinance of Hong Kong. The managing agent of the company was one of the oldest and most popular agent houses in China, the British firm Gibb, Livingston and Co., whose head office was in Hong Kong.¹⁹⁵

According to the prospectus of the Shanghai Land Investment Company, the company was established because the founders foresaw that trade in Shanghai had

¹⁹⁴ “The Shanghai Land Investment Company, Limited, is duly incorporated as a company limited by shares having a capital of one million taels Shanghai sycee, divided into twenty thousand shares of fifty taels each, that it is intended that the Registered Office of the said Company shall be situated at Victoria in the Colony of Hong Kong, and that the said Company is duly registered in accordance with the Companies’ Ordinance, 1865.” Source: Public Records Office, HKRS111-4-106, “Certificate of Incorporation of the Shanghai Land Investment Company Limited,” *The Shanghai Land Investment Co., Ltd.*, 20 December 1888.

¹⁹⁵ “The Proposed Land Investment Co., Limited,” *The North China Herald*, 7 December 1888, 637.

not reached its highest level. Shanghai would become a great centre of trade and commerce, works and factories would be established there. At that time, the Chinese cotton factories were developing, employing large numbers of artificers and labourers in Shanghai. Growing demand for staff accommodations increased the value of property.¹⁹⁶ The Shanghai Land Investment Company acquired extensive properties in Hongkew and invested in land, including estate building, estate exchange and rental and land mortgages.

The initial capital of the Shanghai Land Investment Company was Tls.1,000,000 divided into 20,000 shares of Tls.50 each.¹⁹⁷ The shares of the company were secured by land and property, which were subject to severe fluctuations in value and were likely to rise in value with the development of Shanghai.¹⁹⁸ The company issued debentures 34 times between 1890 and 1940.¹⁹⁹ These debentures were secured by a floating charge on all of the company's properties bearing interest rates of 5 to 6 %. The maturity period was

¹⁹⁶ The prospectus of the Shanghai Land Investment Company: "Land investment is known in all countries to be the most assured and desirable of all investments, and properties situated within a reasonable radius from any great centre and possessing facilities for easy communication may safely be relied upon to command adequate returns. These conditions exist in Shanghai in a pre-eminent degree. Foremost for a long time among the Treaty ports of the East, it continues to show all the signs of steady development. Unlike most permanent investment companies this one begins operations with the advantages of having already in the properties referred to secured immediate profitable referred to secured immediate profitable employment for its capital." Source: "The Proposed Land Investment Co., Limited," *The North China Herald*, 7 December 1888, 637.

¹⁹⁷ "The Proposed Land Investment Co., Limited," *The North China Herald*, 7 December 1888, 637.

¹⁹⁸ "The Shanghai Land Investment Company," *The North China Herald*, 14 December 1888, 650.

¹⁹⁹ Public Records Office, HKRS111-4-106, *The Shanghai Land Investment Company Limited. The North China Herald*, 1890-1940.

assumed to be 20 years.²⁰⁰ The shares and the debentures of the Shanghai Land Investment Company were undertaken by both Chinese and foreigners.²⁰¹

The Shanghai Land Investment Company started its business by purchasing the Will's Estate from Tong King Sing and H.S. Wilkinson. Tong faced bankruptcy in during the 1883 financial crisis in Shanghai, and he sold the Will's Estate to the Shanghai Land Investment Company in 1888.²⁰² This extensive estate was one of the best business sites in Hongkew. The company purchased this estate and further land in Hongkew using its initial capital. The company's development depended on the overdraft from the Hong Kong & Shanghai Bank to issue shares and create debentures secured by the company's properties.²⁰³

The founders and the original directors were the British merchants Edward Jenner Hogg,²⁰⁴ Walter Cyril Ward²⁰⁵ and Alexander George Wood²⁰⁶ and the

²⁰⁰ "Shanghai Land Investment Co.: Meeting of Trustees to Liberate Surplus Security for Debentures," *The North China Herald*, 3 April 1926, 20.

²⁰¹ "The Shanghai Land Investment Company," *The North China Herald*, 14 December 1888, 650.

²⁰² The Agreement made on 4th August 1888 between the Shanghai Land Investment Company Limited and Tong King Sing, the China director of the Kaiping Mines, Tong Kew Hing and Tong Chi Wan, the Compradore of the Tong Heem Yik Association. Another agreement made between the Shanghai Land Investment Company and Hiram Shaw Wilkinson (British Judge in Shanghai), Thomas William Kingsmill and Hermann Lnehlage dated 16th August 1888. The owners of the Will's Estate Tong King Sing, Tong Kew Hing, Tong Chi Wan, Hiram Shaw Wilkinson, Thomas William Kingsmill and Hermann Lnehlage agreed to sell the property with the sum of Tls.390,000, in which Tls.50,000 was satisfied by the allotment of fully paid up shares of the Shanghai Land Investment Company. Source: Public Records Office, HKRS111-4-106, "An Agreement," *The Shanghai Land Investment Company Limited*, 23 April 1889.

²⁰³ "The Proposed Land Investment Co., Limited," *The North China Herald*, 7 December 1888, 637.

²⁰⁴ Edward Jenner Hogg (1838-1920), the owner of Hogg & Co. Up to his death, he spent a total of 63 years in China. He was also the director of the Shanghai Gas Company from 1870, becoming chairman of the company board in 1895. He was also a director of several rubber

American merchant John Graeme Purdon.²⁰⁷ All had extensive interests in the Shanghai business field and had served on the SMC (W.C. Ward, A.G. Wood, J.G. Purdon and E.J. Hogg's brother James Hogg had been directors of the SMC). E.J. Hogg who had keen business acumen and a general knowledge of Shanghai land values, was the chairman of the Shanghai Land Investment Company for 20 years.²⁰⁸ Following Hogg, another British merchant, Edward Charles Pearce, who had high social status in the business world of Shanghai and also served as the chairman of the SMC, occupied the chair from 1918 to 1925.²⁰⁹

companies up to the time of his death. Hogg was born in Congleton, Cheshire, England and first arrived in Shanghai in 1857 and joined the firm of Lindsay & Co. He went into partnership with this firm later and started to speculate on the land properties in Shanghai. He was a big landlord in Shanghai. Source: "Death of Mr. Jenner Hogg: 63 Years in China," *The North China Herald*, 28 February 1920, 550.

²⁰⁵ Walter Cyril Ward was a partner of Iverson & Co. The company was investing in silk business in China. He became a director of the SMC in 1880 and was elected chairman of the council in 1882. He was also elected director of the Shanghai Gas Company in 1887. Source: *The London Gazette*, 2 January 1900, 32. "Public Meetings: Municipal Council to W.C. Ward, Esq., to F.J. Marshall, Esq.," *The North China Herald*, 22 November 1882, 562. "Shanghai Gas Company," *The North China Herald*, 30 March 1887, 359.

²⁰⁶ Alexander George Wood was one of the partners of the Gibb, Livingston & Co. from 1868 to 1908. He was one of the directors of the SMC in 1872 and presided as the chairman of the council from 1886 to 1889. He was also the chairman of the China Association and the committee of the Shanghai General Chamber of Commerce. Besides, he sat on the board of directors of the Shanghai and Hongkew Wharf Co. His resignation in 1908 was due to personal reasons. Source: "Notice of Firm," *The North China Herald*, 17 October 1868, 499. "Shanghai General Chamber of Commerce," *The North China Herald*, 30 March 1888, 236. "Shanghai and Hongkew Wharf Co.," *The North China Herald*, 5 March 1874, 199. "Meetings: China Association Annual Meeting," *The North China Herald*, 7 February 1908, 305. "A Golden Jubilee, Presentation at Office of Gibb, Livingston and Co.," *The North China Herald*, 1 November 1927, 11. "Notice," *The North China Herald*, 13 April 1908, 3. "Mr. A.G. Wood," *The Hong Kong Telegraph*, 10 April 1908, 4.

²⁰⁷ John Graeme Purdon (1834-1910), an American merchant, one of the partners of Bull, Purdon & Co., a noted Episcopalian and Philadelphian. He became the chairman of the SMC twice, from 1874 to 1876 and from 1892 to 1893. He was the chairman of the Shanghai Gas Company from 1872 to 1876 and 1880 and from 1883 to 1885. He was the chairman of the Shanghai General Chamber of Commerce from 1875. Source: Paul French, *The Old Shanghai A-Z* (Hong Kong: Hong Kong University Press, 2010), 149. "Shanghai Gas Company," *The North China Herald*, 25 March 1892, 383. "Public Meeting: Shanghai Chamber of Commerce," *The North China Herald*, 7 January 1875, 9.

²⁰⁸ "Company Meeting: Shanghai Land Investment Co., Ltd.," *The Shanghai Times*, 26 March 1920, 3.

²⁰⁹ Edward Charles Pearce (1862-1928) was born in London in April 1862. He came to China in 1884 and joined George Oliver & Co. at Foochow. In 1889, Pearce came to Shanghai and

By the end of the 19th century, the Shanghai Land Investment Company had obtained 9 pieces of land in Shanghai, and obtained 19 further pieces of land from 1900 to 1919.²¹⁰ (The details of the land rebuilding scheme and transaction are tabulated in Appendix 5.)

3. Jewish merchants and the Shanghai real estate market

In the early 1920s, economic activity in Shanghai increased vigorously, as did the city's population. Houses and offices became scarce, and many new office buildings were constructed to meet the need. Some of the properties held by the Shanghai Land Investment Company had become dilapidated. The company carried out a large number of rebuilding schemes to increase the number of flats and, thus, its rental profits.²¹¹ Britain, engaged in the First World War, had

joined Ilbert & Company and became the chairman of the China Association in London. Later, he became the director of various companies in Shanghai such as the Laou Kung Mow Cotton Spinning & Weaving Co., Major Bros., the Ayer Tawah Rubber Co, the Gula-Kalumpong Rubber Co and the chairman of the Shanghai Land Investment Company. Pearce was keen on participating in public affairs. Later, Pearce became the chairman of the Chamber of Commerce, Land Commissioner, and was appointed as the Electricity Committee member. He became a member of the SMC in 1911 and, being appointed chairman two years later. During his membership, he served on the Foreign Education Committee and the Permanent Education Committee. Most of the Municipal schools were constructed or taken over by the council during this period. The Yangkingpang Creek was converted into a board highway in co-operation with the French council. By obtaining the Ratepayers' consent in 1920, Pearce formed a Chinese Advisory Committee. It initiated the movement for the Chinese to participate in municipal affairs. Pearce was made Chevalier du Legion d'Honneur by the French government at the hands of Marshal Joffre in 1921. He was knighted in Hong Kong. He also received the decoration of the Chia Ho from the Chinese government. Source: Public Records Office, HKRS111-4-106, "Names and Addresses of the Person Who are the Directors," *The Shanghai Land Investment Company*, 20 March 1924. "Council in High Tribute to Its Former Chairman: Late Sir Edward Pearce Praised for Work in Shanghai," *The China Press*, 14 September 1928, 1. "Mr. E.C. Pearce Knighted: Great Satisfaction of All Shanghai Community," *The North China Herald*, 8 April 1922, 102.

²¹⁰ *The North China Herald*, 1920-1925.

²¹¹ "The Shanghai Land Investment Co.: Most Successful Year in the Company's History," *The North China Herald*, 24 March 1923, 809. "Shanghai Land Investment Collected

abandoned the gold standard, and the price of silver had rebounded since the outbreak of the war. The rise in the value of silver curtailed the company's rebuilding and development activities. The shortage of capital in the market and the difficulty of placing debentures on the market at remunerative rates made extensive development schemes unattractive.²¹² The cost of building materials continued to increase in the early 1920s, and the price of foreign houses was high. The directors of the company predicted that building costs would not come down, and the company suspended its foreign building programmes.²¹³ At that time, there were few major land companies established in Shanghai. These included Ezra & Company, a British Jewish company established in 1921; Ho Tung, E.S.K., established in 1922; and the French companies Forncieret Immobiliere de China and Builders' Supply Company, established in 1920 and 1922 respectively.²¹⁴

The global silver price was the instigator of Shanghai real estate prosperity. The great demand for land and the low silver price contributed to the rise of real estate prices. The silver price dropped again at the end of the First World War, and Britain and other countries returned to the gold standard in 1925.

Shanghai, now the financial centre of China, attracted large amounts of

Million Taels in Rent Last Year," *The China Press*, 20 March 1925, 10.

²¹² "Company Meeting: Shanghai Land Investment Co., Ltd.," *The Shanghai Times*, 17 March 1921, 3.

²¹³ "The Shanghai Land Investment Co.: Most Successful Year in the Company's History," *The North China Herald*, 24 March 1923, 809. "The Shanghai Land Investment Co.: Details of Prosperous Year's Working Given by Chairman at Annual Meeting," *The North China Herald*, 22 March 1924, 454.

²¹⁴ "The Desk Hong List, A General and Business Directory for Shanghai," *The North China Daily News*, 1920-1922.

money for investment from abroad and from adjacent areas, as investors felt that real estate in the Shanghai International Settlement was more secure and profitable than other options. Large amounts of silver flowed to China from abroad, enhancing industrial development in the Lower Yangtze Delta area.²¹⁵ Enterprises in the Lower Yangtze Delta purchased properties in Shanghai and mortgaged them to obtain capital. The idle capital from the delta flowed into the Shanghai real estate market, and the deeds of the properties in the International Settlement functioned as mortgage securities for both foreign banks and Chinese native banks.²¹⁶

Silver flowed into Shanghai because of falling interest rates for loans and deposits. The idle capital stored in Shanghai banks reached a record high. Large amounts of funds were used directly for land and real estate development and indirectly for investment through real estate shares and debentures.²¹⁷ There was a great deal of investment through real estate-related companies in the International Settlement and the French Concession.

²¹⁵ Chinese enterprises took advantages of the devaluation of silver, which weakened the competitiveness of Japanese and European import goods and raw materials. The cotton spinning and silk reeling industry boom took place in the Lower Yangtze Delta. The industry in the Lower Yangtze Delta area was flourishing. Source: Tomoko Shiroyama, *China During the Great Depression: Market, State, and the World Economy, 1929-1937* (Cambridge, Mass.: Harvard University Asia Center: Distributed by Harvard University Press, 2008), 70-71.

²¹⁶ "The Shanghai Land Investment Co.: Details of Prosperous Year's Working Given by Chairman at Annual Meeting," *The North China Herald*, 22 March 1924, 454. Tomoko Shiroyama, *China During the Great Depression: Market, State, and the World Economy, 1929-1937* (Cambridge, Mass.: Harvard University Asia Center: Distributed by Harvard University Press, 2008), 70-71.

²¹⁷ "Real Estate in Shanghai: Report for February: Unfavourable General Conditions Fail to Arrest the Building Programme," *The North China Herald*, 18 March 1930, 438.

Table 3. The primary foreign land companies established in Shanghai between 1925 and 1929

Company's name	Year of establishment	Nationality
Asia Realty Company	1925	American
Cathay Land Co., Ltd.	1926	British Jews (Sassoons)
Midland Investment Company, Ltd.	1927	British
Crone Land & Estate Agency	1927	French
Krivoss Realty Co.	1927	French
The Far Eastern Investment Co., Ltd.	1928	British Jews (Sassoons)
Shanghai Properties Ltd.	1928	British Jews (Sassoons)
Shanghai Estate & Finance Co., Ltd.	1928	British Jews (Sassoons)
Eastern Estate & Land Co., Ltd.	1928	British Jews (Sassoons)
Far Eastern Investment Company, Ltd.	1928	British Jews (Sassoons)
The Hamilton Trust Co., Ltd.	1929	British Jews (Sassoons)
Zikawei Estate & Investment Co., Ltd.	1929	British Jews (Sassoons)
Realty Investment Co.	1929	American

Source: *The North China Herald*, 1925-1929. Wang Gunang Yu (王光域), *Waiguo zai hua gongshang qiye cidian 外國在華工商企業辭典 (The Index of the Foreign Companies in China)* (Chengdu: Sichuan renmin chubanshe, 1995).

Against this background, the Shanghai Land Investment Company issued long-term and short-term debentures to raise money for its redevelopment schemes. The interest return of the debentures was between 5 and 6%.²¹⁸ The Shanghai Land Investment Company issued debenture seven times throughout the 1920s.²¹⁹ These debentures were secured by the properties that the company

²¹⁸ "Annual Meeting is held by Shanghai Land Investment Co.," *The China Press*, 7 March 1928, 10.

²¹⁹ Table 41. The debenture issued by the Shanghai Land Investment Company during the 1920s

Created	Authorized	Issued	Interest rate	Date for repayment
7 October 1922	Tls.750,000	Tls.750,000	6%	Due 1 October 1947

owned.²²⁰

The strongly speculative atmosphere led to rising land values. With the increase in Shanghai's population, the real estate market flourished. Numerous new houses were built to meet accommodation needs, and great profit was also obtained from the letting of new houses. Table 4 shows the rental profits of the Shanghai Land Investment Company from 1921 to 1929. The profit from rent and the gross profit from rent of the company increased throughout the 1920s. During the year the 1921 to 1929, both profit from rent and gross profit from rent were doubled. Thus, land companies became prominent in Shanghai.

1 December 1922	Tls.750,000	Tls.750,000	6%	Due 1 October 1947
1 April 1925	Tls.250,000	Tls.250,000	5%	Short-term debenture (redeemable at two months' notice from the holder)
1 July 1925	Tls.2,000,000	Tls.500,000	5%	Floating charge on Company's undertaking and property present and future
25 June 1926	Tls.2,000,000	Tls.2,000,000	6%	1956 or earlier on notice by Company
30 July 1926	Tls.2,000,000	Tls.1,748,000	Various	On 2 months notice by either party
May to July 1930	Tls.5,000,000	Tls.5,000,000	5%	1945

Source: Public Records Office, HKRS111-4-106, "Issue of Tael 3,000,000 6% Debentures of Tael 100 each at 97," *The Shanghai Land Investment Company*, 31 December 1931. *The North China Herald*, 1920-1929.

²²⁰ Public Records Office, HKRS111-4-106, "Mortgage Deed," *The Shanghai Land Investment Company*.

Table 4. The rental profits of the Shanghai Land Investment Company from 1921 to 1929

Year	Profit from Rent (Tls.)	Gross Profit from Rent (Tls.)
1921	965,256	783,469
1922	1,078,362	889,998
1923	1,165,734	968,807
1924	1,252,644	1,050,171
1925	1,349,312	1,123,157
1926	1,535,041	1,301,285
1927	1,843,805	1,578,257
1928	2,005,344	1,567,996
1929	2,062,959	1,617,647

Source: *The North China Herald*, 1921-1929.

4. Shanghai Land Investment Company and the Shanghai real estate boom

The real estate companies absorbed the idle capital in Shanghai by issuing new shares. Between 1924 and 1934, the time of the Shanghai real estate boom, the Shanghai Land Investment Company raised capital twice. (As shown in Table 5 below) Jewish merchants such as the Kadoories joined the company by purchasing large numbers of the new shares.

Table 5. The changing of the authorized capital of the Shanghai Land Investment Company between 1888 and 1947

Year	Capital	Total number of shares of the company	Share price	Capital increase	New shares issued
1888	Tls.1,000,000	200,000	Tls.50	Initial issue	/
1897	Tls.1,300,000	26,000	Tls.50	Tls.300,000	6,000
1901	Tls.1,950,000	39,000	Tls.50	Tls.650,000	13,000
1902	Tls.2,600,000	52,000	Tls.50	Tls.650,000	13,000
1906	Tls.3,900,000	78,000	Tls.50	Tls.1,300,000	26,000
1924	Tls.5,850,000	117,000	Tls.50	Tls.1,950,000	39,000
1929	Tls.7,020,000	140,400	Tls.50	Tls.1,170,000	23,400
1931	Tls.7,020,000	1,404,000	Tls.5	Each of the existing Tls.50 per share was divided into ten fully paid up Tls.5 per share	/
1934	Ch.\$9,828,000 (the Chinese Standard Dollars)	1,404,000	Ch.\$7	A new currency was issued. 1 Chinese Standard Dollars equal to Tls.0.7143.	/
1937	Ch.\$16,707,600	2,386,800	Ch.\$7	/	/
1947	HK\$11,934,000	11,934,000	HK\$5	/	/

Source: HKRS111-4-106, "Report of Directors," *The Shanghai Land Investment Company*, 1927. *The North China Herald*, 1888-1927.

The Shanghai Land Investment Company raised funds in 1924, increasing its capital from Tls.3,900,000 to Tls.5,850,000 by the creation of 39,000 additional ordinary shares of Tls.50 ranking for dividend. The shares issued were *pari passu* with the ordinary shares of the company. The increase in capital was used to redevelop the properties and to carry out an extensive development programme.²²¹ The company anticipated spending Tls.400,000 on these schemes during 1924.²²² Extensive development programmes were being carried out and rental income continued to increase, and the Shanghai Land Investment Company recorded its

²²¹ "The Shanghai Land Investment Co., Confirmation of the Increase of Capital," *The North China Herald*, 3 January 1925, 20.

²²² "The Shanghai Land Investment Co.: Details of Prosperous Year's Working Given by Chairman at Annual Meeting," *The North China Herald*, 22 March 1924, 454.

highest profit since its establishment. In 1925, the directors of the company described the year as the most successful since the company's founding.²²³

The Kadoories took up a large number of shares of the Shanghai Land Investment Company.²²⁴ Of the 39,000 new shares issued on 30th December 1924, E.S. Kadoorie took up 2,600, Ho Tung took up 2,387 and the company's agent, the Gibb Livingston, Co. Ltd., took up 2,062.²²⁵ Thus, the Kadoories became one of the major shareholders of the company and obtained a share of the prosperity of the real estate market in Shanghai.²²⁶

Other Jewish merchants also had large stakes and strong influence in the Shanghai Land Investment Company. H.E. Arnhold and Maurice Benjamin were on the board of directors.²²⁷ In 1926, Benjamin, one of the Jewish landlords in

²²³ "Shanghai land Investment Co.: directors' Report and Annual Accounts," *The North China Herald*, 14 March 1925, 441.

²²⁴ Besides the investment in the Shanghai Land Investment Company, the Kadoories increased their investment in the Shanghai real estate. The construction of Marble Hall, the residence of the Kadoorie family in Shanghai, was completed in 1924. It was one of the famous residential houses in Shanghai.

²²⁵ Public Records Office, HKRS111-4-106, "List of Persons Holding 39,000 Shares New Shares in Addition to 78,000 Existing Shares," *The Shanghai Land Investment Company*, 30 December 1924.

²²⁶ Not only Jewish merchants but the Chinese merchants also took this chance to take a share of the prosperity of the real estate market in Shanghai. The directors of the Shanghai Land Investment Company found the increasing importance of the Chinese shareholders of the company. They decided to elect Chinese merchants to the board of directors to demonstrate co-operation and friendship. They suggested that the Chinese and foreign businessmen ought to get together as they had common interest. Source: "Note and Comments: Chinese directors," *The North China Herald*, 20 March 1926, 514.

²²⁷ Harry Edward Arnhold (1879-1950) had close association with the Sassoons' interest since the mid-1920s. He was one of the Shanghai's oldest residents. H.E. Arnhold was born in Hong Kong in 1879. He later went to England and was educated at University College School, London. In 1899 he went to Shanghai, where he was to develop most of his business associations, to join Arnhold, Karberg Ltd., the forerunner of Arnhold & Company and Arnhold Trading Company. He became a director of numerous Shanghai companies and took a prominent part in

Shanghai,²²⁸ profited from selling his properties while the land value was increasing. He sold his properties, including the Ben Estate situated at the junction of Avenue Edward VII and Route Montauban, to the Shanghai Land Investment Company,²²⁹ and became its director. With the funds raised from the issuance of new shares and debentures, the company continued to carry out the redevelopment

local business affairs. Arnhold Brothers & Co. was a produce firm in Shanghai, with branches in Hankow, Tientsin and Canton, and offices in London. This company had a virtual monopoly on lumber import in China. It had interests in heavy engineering machinery. Besides, Arnhold was one of the big shareholders of rubber companies in Shanghai. He was one of the initiators who planned to establish the Shanghai Plantations Trust, Ltd., which was a miscarried plan in 1921. But the Arnholds was not active in rubber companies in Shanghai afterwards. Arnhold had been associated with the Sassoons since 1923, when Arnhold Brothers & Co. was on the verge of bankruptcy. The Sassoons took over Arnhold Brothers & Co. and changed the name to Arnhold & Co. This Company became an associate company under E.D. Sassoon & Co. and acted as the manufacturer and buyer of engineering machinery of the Sassoons during the real estate boom in the late 1920s. The properties of the Arnhold & Co. were sold to the Sassoons associated, the Cathay Land Company. Arnhold & Co. acted as general manager of the Cathay Hotel. Besides, H.E. Arnhold represented the Sassoons interests in the SMC. In the meeting of the foreign ratepayers in the International Settlement in 1930, there sat three representatives of British interests in the settlement among nine committee members. They were R. Calder-Marshall, chairman of the British Chamber of Commerce, representative of British Chamber of Commerce, representative of British trading interests; A.R. Burkill of Burkill & Sons, omni-representatives of vast real estate in Shanghai and rubber plantations in the Straits Settlements; H.E. Arnhold, representatives of industrial interests, hotels and office buildings and said to be the largest single owners of real estate in the foreign administered area (Sassoon investments with headquarters in India and England). Other than that, he served on the committee of the British Chamber of Commerce from 1918 to 1937 and was chairman in 1923. Source: "H.E. Arnhold," *The China Press*, 6 March 1929, 3. *The Special Meeting of Foreign Voters, The China Weekly Review*, 10 May 1930, 396. "The Shanghai Plantations Trust, Limited," *The Shanghai Times*, 1 March 1932, 2. Wang Jian, *Shanghai Jewish Cultural Map Shanghai* (Shanghai: Shanghai Stories Culture Media Co., Ltd, 2013), 66.

²²⁸ Maurice Benjamin (1884-1938) was on the board from 1926 to 1932. He was the son of Benjamin David Benjamin (1844-1889). Benjamin David Benjamin was a Jewish merchant from Baghdad. He arrived in China in 1870s and worked in E.D. Sassoon & Co. He became a stockbroker from 1874 to 1875 and was the largest shareholder of the Hong Kong & Shanghai Bank. Benjamin family was a well-known capitalist in Shanghai. M. Benjamin was born in Shanghai. He succeeded the business of his father and became one of the big landlords in Shanghai. He was a longtime member of the SMC and was widely known in China as a real estate operator. He first went on to the SMC in 1919 and resigned in 1921 due to his bad health. The syndicate consisted of Benjamin, Robert Ho Tung, E.D. Sassoon & Co., K.P. Chen, Li Ming, the Yangtze Finance Co., and the Asia Realty Co. purchased the Majestic Hotel in 1931. Benjamin left China for San Francisco in 1937. Source: Public Records Office, HKRS111-4-106, "Names and Addresses of the directors," *The Shanghai Land Investment Company*. "Maurice Benjamin," *South China Morning Post*, 10 August 1938, 17. "Majestic Hotel Syndicate," *The North China Herald*, 21 April 1931, 85. "Mr. Benjamin's Resignation," *The North China Herald*, 13 August 1921, 474. Maisie J. Meyer, *Shanghai's Baghdadi Jews: A Collection of Biographical Reflections* (Hong Kong: Blacksmith Books, 2015), 68-75.

²²⁹ "Director Voted Six Lakhs: Special Remuneration for Mr. Maurice Benjamin Despite Opposition at Meeting of S.L. Invest't Co.," *The North China Herald*, 12 July 1933, 63.

scheme. Many construction works were carried out, including godowns and offices on the Ben Estate.²³⁰

i. Expansion – Issuing new shares in 1929

Shanghai's real estate market continued to boom.²³¹ Rentals increased and the redevelopment of property was steady from 1924 to 1929. The net profit from land sales increased, and the profits from the sales of properties increased because of the increases in land values. The directors recognized that shareholders had participated in the prosperity of the company and believed that the issuance of bonus shares was the most suitable way to provide them with a share of the profits.²³² An interim dividend of 6% and a final dividend of 6% and a bonus of

²³⁰ The reserve was drawn on to the extent of Tls. 32,727.02 for improvements carried out during 1927. Besides Ben site, the Lyceum Building and Museum Building, shops, hong and small godowns in Woosung Road- Wills Estate, shops and hong at Paoshan Estates and new buildings at the Central Hotel on Canton Road and new building of the Shanghai Road hospital, a new seven-storey apartment building in Chwang Hoong Estate were built. Source: Public Records Office, HKRS111-4-106, "Report of directors," *The Shanghai Land Investment Company Limited*, 6 March 1928. "Shanghai Land Investment Co.: Fortieth Annual General Meeting: Important Building Works Carried Out: The Political Outlook Discussed," *The North China Herald*, 30 March 1929, 542.

²³¹ A Shanghai Property Owners Association was founded in Shanghai in 1927 jointly on dealing with all matters pertaining to taxation, defense measures, and other affairs that affect real estate holdings in Shanghai. The members of the Association included the primary land companies in Shanghai. The member of the committee included: A.R. Burkill from Anglo Land Company, T.C. Britton from Asia Realty Co., F.R. Davey from E.D. Sassoon & Co., Ltd., E.F. Hardman from Lowe, Bingham and Matthews, H. Lipson Ward from Piatt and Co., Ronald G. MacDonald from Teesdale Newman and MacDonald, S. Mori from East Asia Industrial Co, Ltd., G. Okada from Nagai Wata Kaisha, W.G. Robinson, N.L. Sparke from Shanghai Land Investment Co., Ltd, M. Speelman from International Savings Society, F.W. Sutterie from Sr. China Realty Co., G.L. Wilson from Palmer and Turner. Source: "Realty Owners Association of Shanghai Formed: Election of Officers, Constitution Settled at Meeting," *The China Press*, 8 April 1927, 5

²³² "Shanghai Land Investment Co.: Fortieth Annual General Meeting: Important Building Works Carried Out: The Political Outlook Discussed," *The North China Herald*, 30 March 1929, 542.

6% were paid, a total return of 18% for the year ending 1928.²³³

In April 1929, the Shanghai Land Investment Company increased capital to Tls.7,020,000 by creating 23,400 new shares of Tls.50 ranking for dividend. These shares issued were *pari passu* with the ordinary shares of the company. The company raised Tls.1,170,000 as undivided capital for its development reserve.²³⁴

The shareholders received special capital bonuses in terms of shares in proportion to their existing holdings.²³⁵ By distributing special capital bonus shares, the company not only increased shareholder confidence but also retained the cash for further development, such as building new houses and redeveloping property. It was clear that the Shanghai Land Investment Company was expanding rapidly.

The Jewish merchants took the opportunity to increase their stakes. The Kadoories took up the largest allotment in 1929, 1,800 shares – approximately

²³³ The first time in the history of the company, the gross rents exceed Tls. 2,000,000 in 1929. “Shanghai Land Investment Co. Records Profit: Total Return is 18% for Year Ending Dec. 31, 1928,” *The China Press*, 27 February 1929, 12.

²³⁴ Public Records Office, HKRS111-4-106, “Special Resolution Pursuant to Section 71 (1) of the Companies Ordinance 1911,” *The Shanghai Land Investment Company*, 11 April 1929.

²³⁵ The original text in the confirmation letter of increasing capital stated that “The issuing of shares was to capitalise a sum of Tls.1,170,000 being part of the undivided profits of the company standing to the credit of the reserve and/or share premium account and accordingly that special capital bonus of Tls.1,170,000 be declared and that such bonus be applied on behalf of the persons who in the 27 March 1929, were registered holders of the ordinary shares of the company in payment in full for 23,400 shares of the company of Tls.50 each and that such 23,400 shares credited as fully paid up be accordingly allotted to such persons respectively in the proportion as nearly as may be of one of such shares for every five of such ordinary shares then held by persons respectively and that the shares so distributed shall be treated for all purpose as an increase of the nominal amount of the capital of the company held by each such shareholder and not as income.” Source: Public Records Office, HKRS111-4-106, “Proposed Increase of Capital Confirmed,” *The Shanghai Land Investment Company*, 11 April 1929.

7.7% of the 23,400 new shares. The Shanghai Land Investment Company's promising return caught the attention of the Sassoons. However, E.D. Sassoon & Co., Ltd. took up only 15 shares and Commander F.R. Davey, who was the head of E.D. Sassoon & Co. in Calcutta, took up only 240 shares. (The Sassoons took up more shares in the 1930s and became one of the major shareholders in the company.) Ho Tung took up 1,614 shares, approximately 7% of the new shares issued. Thus, Ho Tung took up the second largest number of shares in the allotment after the Kadoories.²³⁶

ii. The Great Depression and the Shanghai real estate market in the 1930s

The Kadoories took up a large number of shares from the new share allotment in 1924 and 1929. In the following years, the real estate market continued to boom, and the Shanghai Land Investment Company had outstanding performance. The Great Depression in October 1929 further decreased the silver and commodity prices. In gold standard countries, silver became a commodity, and the international price of silver decreased with the commodity price. In September 1931, the prices of silver in New York and London had decreased by 51.1% and 50.5 %, respectively, from their 1929 prices. A number of major countries adopted the gold standard, but China continued to use the silver standard. The commodity price in China increased by 21.2% from 1929 to 1931; more silver came into China, leading to decreased labour costs and increased

²³⁶ Public Records Office, HKRS111-4-106, "Return of Allotment," *The Shanghai Land Investment Company*, 11 April 1929.

investment.²³⁷

Shanghai real estate prices further increased in the early 1930s. Many new real estate companies were established to invest and actively deal in the business. The number of construction works broke all previous records, and all of Shanghai's accommodations were filled.²³⁸ Import trade increased as the silver price plunged. There were substantial increases in the imports of miscellaneous metal manufacture items, machinery and tools from the U.S., providing an abundant supply of raw materials for real estate development in Shanghai.²³⁹

²³⁷ Tomoko Shiroyama, *China During the Great Depression: Market, State, and the World Economy, 1929-1937* (Cambridge, Mass.: Harvard University Asia Center: Distributed by Harvard University Press, 2008).

²³⁸ The real estate price increased to a historical high in 1930. The outstanding transaction was of course the sale of the property of Lane Crawford. The price was around Tls.300,000 per *mow*. The sale of Seward Road property also showed a new record of Tls.40,000 per *mow*. Further east on Tongshan Road, 14 *mows* sold at Tls.8,000 per *mow* and 7.5 *mows* on Wetmore Road sold over Tls.9,000 per *mow*. A small lot at Wayside and Tsitsihar Roads was sold at Tls.7,300 per *mow*. The transaction in the western district of the International Settlement was active. The sale of 2 *mows* on Bubbling Well Road and west of Medhurst Road was at Tls.100,000 per *mow*. Other transactions in the western district were, for example, 26 *mows* on Singapore Road at Tls.10,800 per *mow*; 15.75 *mows* on Penang Road at Tls.7,000 per *mow*; 4.5 *mows* at the corner of Sinza and Ferry Roads at Tls.30,000 per *mow*; a residence in Columbia Circle for Tls.26,500; a lot in Columbia Circle for Tls.10,500; and several good-sized lots in the northern section of the western district at prices ranging between Tls.11,000 and Tls.12,000 per *mow*. The transaction in the French Concession was also large. Several large and small residences changed hands in different parts of the French Concession. The lead was taken by Avenue Haig near Say Zoong with the sale of 40 *mows* at Tls.15,500 per *mow* and 22 *mows* at the Lanroz corner at Tls.10,000 per *mow*. The corner of Avenue Joffre and Route de Say Zoong of 9.5 *mows* was sold over Tls.30,000 per *mow*. Four *mow* at Avenue Joffre, opposite the French Club, was at Tls.50,000 per *mow*. A residence with Four *mows* at Route Dufour and Rue Henri Riviere were sold for over Tls.70,000. The Madier Residence at Route Pichon was sold for Tls.250,000. Source: "The Asia Realty Company, Real Estate Business in Shanghai During 1930," *Finance & Commerce*, 14 January 1931, 12.

²³⁹ "Shanghai's Trade for the First Five Months of 1934," *Finance & Commerce*, 20 June 1934, 711.

Table 6. The primary foreign land companies established in Shanghai from 1930 to 1933

Company's name	Year of establishment	Nationality
Metropolitan Land Company, Ltd	1930	British
Republic Land Investment Co.	1931	British
Shanghai Finance & Real Estate Co., Ltd.	Circa 1931	Japanese
San Sing Properties, Ltd.	1932	British Jews (Sassoons)
Central Properties, Ltd.	1932	British Jews (Sassoons)
Hunbertus Properties, Federal Inc., U.S.A.	1933	American

Source: *The North China Herald*, 1930-1933.

Shanghai's real estate business became more active in 1930. Real estate transactions increased as people invested in the real estate market rather than depositing their cash in banks. It was estimated that total property transactions were equivalent to Tls.90,000,000. Land prices rose. Some real estate owners waited to sell their properties at good prices. A remarkable amount of construction work was ongoing. Apartments, office buildings and Chinese shops and hongts were filled, and there was a shortage in modern foreign houses.²⁴⁰

With strong demand for large foreign residences, the Shanghai Land Investment Company had no difficulty finding tenants.²⁴¹ All accommodations were taken up. The value of real estate in Shanghai soared.²⁴² Many large-scale

²⁴⁰ "The Asia Realty Company, Real Estate Business in Shanghai During 1930," *Finance & Commerce*, 14 January 1931, 12.

²⁴¹ "Shanghai Land Investment Company Reports Successful Year in General Meeting," *The China Press*, 12 March 1930, 6.

²⁴² Another reason for the rising of the real estate price in Shanghai was an anthropic factor. Estate sellers raised the asking price on their property to cover the silver drop. A real estate operator increased the price of the Bubbling Well Road district land at least 20% within eight to ten months. The premises of the Lusitano Club in the northern district were sold at approximately

construction projects were in progress in the early 1930s, including the new American Consulate building, the Hong Kong & Shanghai Bank's new office building with residential flats on the upper floors, the new National Commercial Bank Building at the corner of Peking and Museum Roads, the Denis Apartment and Carter Roads and residences in the Great Western Road district in the western extension.

Shanghai's real estate companies earned good profit, and dividends were paid in 1929. With a great deal of money seeking investment, real estate shares and debentures put on the market were quickly bought. The returns on real estate securities, particularly on shares, increased to new levels. Real estate securities were sound investment tools, offering good opportunities for fruitful returns on shares and debentures, either for long-term holding or for the use of funds for shorter periods.²⁴³

With the vigorous growth of Shanghai's real estate market and the new capital from the Kadoories and Ho Tung, the profit returns of the Shanghai Land Investment Company were outstanding. The land values in the International Settlement rose to historical levels. The company sold some of its International Settlement properties in 1930, earning Tls.2,371,641 in net profits. The directors felt that it was fair to present shareholders with immediate benefits, and they paid

Tls.100,000 per *mow*. A central district property at Jinkee and Yuen Ming Yuen Roads brought Tls.200,000 per *mow*. Another central district properties at Canton and Szechuen Roads was sold for over Tls.350,000. In the western district a property at the corner of Avenue Foch and Monlmein Road changed hands at approximately Tls.30,000 per *mow*. Source: "Real Estate in Shanghai: Report for February: Unfavourable General Conditions Fail to Arrest the Building Programme," *The North China Herald*, 18 March 1930, 438.

²⁴³ "Real Estate in Shanghai: Report for February: Unfavourable General Conditions Fail to Arrest the Building Programme," *The North China Herald*, 18 March 1930, 438.

a bonus of Tls.12 per share. With the silver value still low, the remunerative rate of deposits decreased. To avoid having large sums of money idle, the directors invested in property.²⁴⁴ The company paid 18% dividends to shareholders in 1930.²⁴⁵ Many of the Shanghai companies increased their capital in 1931.²⁴⁶ Until the end of 1931, the rapid rise in land values offered a special opportunity for profits, and the properties purchased by the Shanghai Land Investment Company were sold at high profits, which enabled special bonuses to be paid in the fiscal years of 1930 and 1931.²⁴⁷ The rental profit was also considerable in the early 1930s.

Table 7. The rental profit of the Shanghai Land Investment Company from 1930 to 1935

Year	Profit from Rent (Tls.)	Gross profit from Rent (Tls.)
1930	2,043,557	1,634,839
1931	2,184,959	1,748,186
1932	2,225,628	1,816,914
1933	2,254,981	1,763,752
1934	2,203,861	1,691,046
1935	2,228,449	1,330,779

Source: *The North China Herald*, 1930-1935.

²⁴⁴ "Land Investment Co.," *The North China Herald*, 24 March 1931, 405.

²⁴⁵ "18 Percent Dividend to be Paid Shareholders of Shanghai Land Investment Company, Ltd.," *The China Press*, 19 February 1930, 15.

²⁴⁶ For example, the Asia Realty increased its capital from Tls. 6,403,463 to Tls. 7,363,100; the China Realty increased its capital from five millions to Tls. 9,840,700; the Anglo-French increased its capital from Tls. 1,933,500 to Tls. 2,365,500; Cathay Land increased its capital from Tls. 6,657,700 to Tls. 7,803,740. These random figures showed that many millions of taels were attracted to real estate development in Shanghai in 1931. The companies took advantage of the cheap funds that were obtainable in the Shanghai market and several issues were floated at very attractive terms to the companies. On the paid-up capital of the 9 Shanghai registered companies, Tls. 51,807,083 net profit was earned in 1931 of Tls. 7,045,665 representing a return to shareholders of almost 14%. Paid up capital was meant the ordinary and preference shares and debentures issued by the companies. Source: "Really Firms Report 1931 A Good Year: Balance Sheets Compiled Here Show Financial Results Encouraging," *The China Press*, 8 September 1932, A1.

²⁴⁷ "Company Meetings: Shanghai Land Investment Co., Ltd.," *The North China Herald*, 17 May 1933, 263.

In 1931, to attract more investors, the Shanghai Land Investment Company subdivided the Tls.50 shares into ten fully paid up Tls.5 share, enabling more minor shareholders, tenants and clients of the company, foreigners and Chinese to become shareholders. The price of Tls.50 per share was too high for the general public to become shareholders, and it was in the best interests of the company that the shares be made available to a far greater number of people.²⁴⁸

In 1932, Sino-Japanese hostilities affected the company's performance such that it had a considerable loss in rentals, the loss due to property damage was comparatively small. The company relocated its tenants. A certain number of tenants cancelled their leases, and the premises were re-let at increased rates. The new Hongkew Creek Estate development was partially unoccupied because of the 1932 hostilities but it was partially let a year later.²⁴⁹ Short-term debentures became a popular form of investment, and the company was able to secure a great deal of money from the issuance of debenture at 4% per annum in 1932.²⁵⁰

The two important estates, the Ezra property and Broadway Mansions, were purchased and constructed by the Shanghai Land Investment Company. The portion of the Ezra property on Kiukiang, Kiangse and Central Roads was purchased in 1932 for Tls.1,500,000.²⁵¹ The value of the estates held by the

²⁴⁸ "Land Investment Co.," *The North China Herald*, 24 March 1931, 405.

²⁴⁹ "Shanghai Land Investment," *The North China Herald*, 30 March 1934, 531.

²⁵⁰ "S'hai Land Investment Co., Ltd.," *The North China Herald*, 12 April 1932, 59.

company increased by about Tls.2,287,000, and the directors were confident that the acquisition of this important lot would be of great benefit to the company, as this magnificent site was situated in the centre of the most valuable part of the settlement.²⁵² According to *The China Press* records, in 1930, the land prices in the heart of Shanghai were higher than those in Calcutta or Hong Kong. The Ezra estate was the most expensive real property in Shanghai and the most valuable tract of land in Asia.²⁵³ Two extra storeys were added to the Ezra building in 1934, and the company prepared to build up the undeveloped portion of the estate. A 22-storey building with a garage was added to the Broadway Mansions.²⁵⁴ The capital expenditure of the company increased by roughly Tls.775,000, mainly because of the development of the Broadway Mansions and the Ezra property. The share price surged to the new highest point in the history in March 1931.

5. The real estate crisis of the mid-1930s

The real estate market collapsed in Shanghai in the mid-1930s, mainly because the rebound of silver prices between 1931 and 1934, further deflating the Chinese economy. Britain's economy was in recession after the Great Depression. In an attempt to salvage the declining economy by sterling devaluation, Britain

²⁵¹ "Ezra Building is Sold to Shanghai Land Investment: 14 Kiukiang Road Brings Purchase Price of Tls. 1,500,000," *The China Press*, 9 June 1932, A1.

²⁵² "Company Meetings: Shanghai Land Investment Co., Ltd.," *The North China Herald*, 17 May 1933, 263.

²⁵³ "Taylor's Garage Secure Most Costly Site for New Station in Heart of City," *The China Press*, 10 May 1930, 4.

²⁵⁴ "Shanghai Land Investment," *The North China Herald*, 30 March 1934, 531.

abandoned the gold standard and adopted a fiat currency standard in September 1931. Japan abandoned its gold standard that December. The devaluation of sterling raised the price of silver in the London market. The United States abandoned the gold standard in March 1933; in June 1934, it passed the Silver Purchase Act to remedy its poor economic situation,²⁵⁵ and the price of silver rose sharply. The most important effect of America's silver policy for China was that it enhanced the foreign exchange rate and depressed the price.²⁵⁶ The outflow of silver from China led to the devaluation of commodity prices and asset values, and the real estate market in Shanghai further declined in the summer of 1934.²⁵⁷ As large amounts of silver flowed out of China, Shanghai companies faced the problem of a lack of capital. The volume of business of the real estate market in Shanghai dropped significantly from its peak in 1930 and 1931 to a trough in 1939. The tightness of the money market led to the depression of Shanghai's property values, and to the foreclosure of mortgages and the bankruptcy of a number of important land companies that operated on an extensive scale, such as

²⁵⁵ The United States was one of the major producers of silver. Facing a decline in the price of silver after the end of First World War, especially after 1930, the American Silver Producers' Association and senators from silver-producing states decided to take action on the silver price. The American Silver Purchase Act was imposed in June 1934. Under the Silver Purchase Act, the U.S. government purchased large quantities of silver. The demand of silver increased in the world market, and pushed up the international price of silver. Source: Gustav Tjgaard and Phillip Carlson, *Windjamming to China* (Durham: Strategic Book Group, 2011), 382.

²⁵⁶ Apart from the increasing of the silver prices, the reason of the tremendous drop in the volume of business in the 1932 also attributed to the uncertainty caused by Japan's operation in Manchuria. In January and February, 1932, during the war in Chapei no business at all was done. The improvement at the end of 1935 was the result of China's new currency policy. Source: Hugo Sandor, "Shanghai Real Estate Business in 1939," *Finance & Commerce*, 10 January 1940, 27. "The Exodus of Silver and the Economic Life of the Nation," *Finance & Commerce*, 4 September 1935, 255.

²⁵⁷ Tomoko Shiroyama, *China During the Great Depression: Market, State, and The World Economy, 1929-1937*, (Cambridge, Mass.: Harvard University Asia Centre: Distributed by Harvard University Press, 2008).

Asia Realty Co.²⁵⁸ If the price of silver rose further, China would suffer from worse economic depression than ever. The government's solution was to drop the silver standard to manage the currency properly.²⁵⁹ The government introduced the Chinese dollars (Chinese standard dollars/*fabi*) on 4th November 1935, and, as shown by the volume of business in November and December, small improvements were seen in the real estate business.

i. The Kadoories in control

Suffering from large overdrafts and poor performance, the Shanghai Land Investment Company did not pay dividends in 1935.²⁶⁰ In addition to the serious overdrafts at the Hong Kong & Shanghai Bank, gross rentals also decreased.²⁶¹ The company used a portion of the profits from its land sales to write off some of the overdrafts to avoid their further increase.

²⁵⁸ "Shanghai Land Not to Pay Any Dividend: Chairman Says Business Conditions Do Not Warrant Move," *The China Press*, 8 April 1936, 3.

²⁵⁹ "The Exodus of Silver and the Economic Life of the Nation," *Finance & Commerce*, 4 September 1935, 255.

²⁶⁰ SEK-6-163, AS5/14, "Letter from Horace to Sir Robert Ho Tung," *Shanghai Land Investment*, 3 May 1935. "S'hai Land Investment Co., Ltd.," *The North China Herald*, 1 May 1935, 188.

²⁶¹ "S'hai Land Investment Co., Ltd.," *The North China Herald*, 1 May 1935, 188.

Table 8. Dividend disturbed by the Shanghai Land Investment Company from 1927 to 1940

Year	Interim dividend	final dividend	Bonus	Extra bonus on account of land sale profits
1927	6%	6%	4%	*
1928	6%	6%	6%	*
1929	6%	6%	6%	*
1930	6%	6%	6%	*
1931	6%	6%	6%	Tls.0.75 per share
1932	6%	6%	6%	*
1933	6%	6%	6%	*
1934	6%	4%	**	*
1935	**	**	**	*
1936	**	**	**	*
1937	**	**	**	*
1938	**	**	**	*
1939	**	**	**	*
1940	6%	6%	**	*

Source: *The North China Herald*, 1930-1940.

* No extra bonus was paid

** No dividend was paid

The directors of the Shanghai Land Investment Company considered it unwise to pay dividends even though the company had earned Ch.\$1,753,548 in 1935. The board believed that it was important to conserve resources and build up the reserves to strengthen the company's position. The company transferred Ch.\$350,000 to a new reserve for possible loss on defaulting mortgages and mortgaged properties that were taken over.²⁶²

Against this background, Elly Kadoorie, Ho Tung and Victor Sassoon demanded greater power from the board of directors of the Shanghai Land Investment Company. In 1936, the largest shareholder of the Shanghai Land

²⁶² "Shanghai Land Not to Pay Any Dividend: Chairman Says Business Conditions Do Not Warrant Move," *The China Press*, 8 April 1936, 3.

Investment Company was Ho Tung, the second largest was the Kadoories, and the third largest was the Sassoons. Other major shareholders included the Jardine Matheson & Co., Ltd., and the agent, Gibb Livingston, Co. Ltd. At first, Ho Tung, the Kadoories and the Sassoons had no representatives on the board of directors.²⁶³ When Benjamin resigned, there was a vacancy, but the board could only offer it to one of them.²⁶⁴ As the Kadoories and Ho Tung held the largest portions of shares in the Shanghai Land Investment Company, the Sassoons did not insist on having the seat, and the decision was between Elly Kadoorie and Robert Ho Tung.²⁶⁵ Horace Kadoorie, who sought to enlarge his managing power, suggested himself as the most suitable candidate.²⁶⁶ Ho Tung suggested drawing lots.²⁶⁷ Finally, it was decided that Horace Kadoorie would fill the vacancy, and joined the board in April 1935. He represented Ho Tung's interests until E.S.K. Ho Tung (the son of Ho Tung) joined the board in 1938.²⁶⁸

²⁶³ Public Records Office, HKRS111-4-106, "Particulars of the Directors of the Shanghai Land Investment Company Limited," *The Shanghai Land Investment Company Limited*, 7 April 1936.

²⁶⁴ SEK-6-163, AS5/5, H. "Letter from H.E. Arnhold to Sir Robert Ho Tung, Sir Elly Kadoorie, E.D. Sassoon & Co. Ltd.," *Shanghai Land Investment*, 13 March 1935.

²⁶⁵ SEK-6-163, AS5/7, "Letter from R. Ho Tung to Sir Victor Sassoon," *Shanghai Land Investment*, 22 March 1935.

²⁶⁶ Horace Kadoorie regarded Ho Tung as a Chinese rather than a Eurasian with British nationality. There were already two Chinese directors on the board. Horace Kadoorie was not sure whether in a British Company a preponderance of non-British directors would be acceptable. Source: SEK-6-163, AS5/4, "Extracts from Diary to Mr. Horace Kadoorie Dated 19th March 1935," *Shanghai Land Investment*, 19 March 1935. HKRS111-4-106, "Particulars of the Directors of the Shanghai Land Investment Company, Limited," *The Shanghai Land Investment Co., Ltd.*, 7 April 1936.

²⁶⁷ SEK-6-163, AS5/4, "Extracts from Diary to Mr. Horace Kadoorie Dated 19th March 1935," *Shanghai Land Investment*, 19 March 1935.

²⁶⁸ SEK-6-163, AS5/9, "Letter from R. Ho Tung, Elly Kadoorie, E.D. Sassoon & Co to H.E. Arnhold," *Shanghai Land Investment*, 10 April 1935.

ii. Issuing new shares again

To purchase the Ezra Property in Kiangse Road in 1932, the company borrowed money from the Hong Kong & Shanghai Bank at the high interest rate of 8% per annum. The company had a large overdraft, and in May 1935, after Horace Kadoorie joined the board of directors, he suggested that the company issue new shares to pay it off.²⁶⁹ However, the Sassoons' representative, F.R. Davey, opposed the idea, mainly because he considered it unfair to those shareholders who had taken up the new issue, especially the small shareholders, to bear the high interest rate of the bank overdraft. The plan was eventually abandoned.²⁷⁰

Meanwhile, the poor condition of the Shanghai real estate market resulted in the company taking losses on properties taken over from defaulting mortgages. The board believed that it would be unwise to sell the company's assets during a

²⁶⁹ In May 1935, Horace Kadoorie was informed confidentially that the Shanghai Land Investment Company was considering the advisability of issuing a further 200,000 shares at Ch.\$14 each in order to pay off their account. The directors of the Shanghai Land Investment Company intended to have the shares underwritten. Horace Kadoorie discussed the particulars with Sassoon and Ho Tung to have their opinions. Source: SEK-6-163, AS5/14, "Letter from Horace to Sir Robert Ho Tung," *Shanghai Land Investment*, 3 May 1935.

²⁷⁰ The Kadoories and Ho Tung fully appreciated F.R. Davey's arguments and suggested the increase of capital and issue of new shares should not be made for instant. There were four reasons provided by F.R. Davey for opposing Kadoories' suggestion. 1. The company was paying the Hongkong & Shanghai Bank 8% interest on their account. It was a fair rate regarding the conditions at that time. But the subscribers for new shares would have to pay their Banks for the money and also money was charged to their other good clients. 2. The economic depression would not last forever. An improvement must come and the interest rate would then drop. 3. It would be grossly unfair to the small shareholders who could not obtain finance in order to take up their shares. 4. The large shareholders taking up the shares would be greatly criticized as there was no urgent reason to make the new issue at the moment when the small shareholders could not reap the same benefit. The public might consider that suggestion was made by the big shareholders for their own benefit. Source: SEK-6-163, AS5/14, "Letter from Horace to Sir Robert Ho Tung," *Shanghai Land Investment*, 3 May 1935.

time of depressed values. The letting of older buildings was adversely affected by the large number of up-to-date apartment buildings in Shanghai. Only the Broadway Mansions, which were popular both in terms of their residences and hotel, were almost fully occupied. Arnhold suggested modernising some of the foreign residences to make them more attractive to tenants.²⁷¹

However, this suggestion was not followed. The company was heavily in debt with the Hong Kong & Shanghai Bank because of the large amount of interest paid on the overdraft account. During 1936 the interest by the company on the bank overdraft alone amounted to nearly Ch.\$700,000. In addition, tension among European countries before the outbreak of the Second World War affected the value of the British pound. Foreign banks, such as the Hong Kong & Shanghai Bank, were anxious to call back their loans. Many companies in Shanghai sold their properties to repay their loans.²⁷²

In 1937, the Shanghai Land Investment Company in accordance with the Kadoories' proposal, resolved to increase capital. It liquidated the bank overdraft account to lower the interest burden and bring the company nearer to a dividend-paying status. Capital increased with the 1937 issuance of 982,800 shares at Ch.\$7 each, which were offered to the existing holders.²⁷³ The new

²⁷¹ The property was developed with Chinese shops and houses and a modern apartment building to be known as the Carlton Apartments. The apartments met the needs of those tenants who required a flat at a moderate rental situated within easy access to the business district. Source: "Shanghai Land Investment Co.: Unsatisfactory Position Regarding Mortgages: Matter Taken Up with Chinese Authorities," *The North China Herald*, 19 May 1937, 294.

²⁷² Shanghai Municipal Archives, Document No.: Q264-1-782-1, *Geguo duihua touzi gaiyao* 各國對華投資概要 (*Summary of Foreign Investment*).

issue reduced the overdraft by approximately Ch.\$8,000,000.²⁷⁴

The Sassoons' interests took up the largest number of new shares, followed by Ho Tung and the Kadoories, and they became major shareholders. The Sassoons and Ho Tung sought representation on the board. The company's capital doubled, and a larger board was therefore advisable. Chairman, Arnhold, stated that the increase in capital was made possible by the efforts of certain shareholders holding large blocks of shares who were entitled to representation.²⁷⁵ Two new directors were appointed, increasing the number from seven to nine. Chun Bing Him resigned from the board on account of ill health, leaving three vacancies to be filled.²⁷⁶

With the outbreak of Sino-Japanese hostilities, the position of the company became worse. It recorded a loss of Ch.\$308,601.74, and the total structural loss due to the hostilities was Ch.\$1,900,000. The Sino-Japanese hostilities affected the business in the Hongkew district, where the Shanghai Land Investment

²⁷³ Shareholders on the register were allowed to apply for 7 new shares of Ch.\$7 each and for every 10 shares of Tls. 5 each. These new shares are to be offered at a premium of Ch.\$2 per share. The new shares were to be entitled to the same dividends as the old. Source: "Shanghai Land Investment Co.: Unsatisfactory Position Regarding Mortgages: Matter Taken Up with Chinese Authorities," *The North China Herald*, 19 May 1937, 294.

²⁷⁴ "Shanghai Land Investment Co.: Method of Voting Changed to One Share, One Vote; Heavy Losses Due to Hostilities," *The North China Herald*, 22 June 1938, 506.

²⁷⁵ "Shanghai Land Investment Co.: Unsatisfactory Position Regarding Mortgages: Matter Taken Up with Chinese Authorities," *The North China Herald*, 19 May 1937, 294.

²⁷⁶ The board of directors decided to invite N.L. Sparke, Robert Ho Tung and F.R. Davey to fill these vacancies, as they were either individually large shareholders or represent large interest. Source: "Shanghai Land Ready to Increase Capital: 982,888 Shares at \$7 each to be Created; Interest on Overdraft Causing Big Drain on Funds," *The China Press*, 1 July 1937, 12.

Company had some properties, especially across Soochow Creek.²⁷⁷ Political unease in the Hongkew district resulted in the decrease of the company's rental profit. The company lost gross rentals on vacated Chinese and foreign properties and over Ch.\$330,000 in outstanding rent from tenants who evacuated during the hostilities. The Broadway Mansions Hotel was forced to close down. The Architects' Department was closed because the company had little construction work in hand.²⁷⁸ The revaluation of assets as in December 1937 resulted in a loss of about Ch.\$448,000.²⁷⁹ The investments of the Shanghai Land Investment Company in the Hongkew and Yangtsepoo areas were substantial: the company raised a loss claim of Ch.\$1,924,430.11 to H.M. Consul-General.²⁸⁰

The Kadoories was anxious to put the Shanghai Land Investment Company on a sound footing to protect their substantial investments. Elly Kadoorie proposed more new shares to eliminate overdrafts in 1938.²⁸¹ The Kadoories believed that the heavy overdraft could be solved if new capital was available to redeem some of the outstanding debentures. However, Ho Tung objected,²⁸²

²⁷⁷ Hongkew district was occupied by Japan in 1937.

²⁷⁸ "Shanghai Land Investment Co.: Method of Voting Changed to One Share, One Vote; Heavy Losses Due to Hostilities," *The North China Herald*, 22 June 1938, 506. "Shanghai Land Investment Co.: Unsatisfactory Position Regarding Mortgages: Matter Taken Up with Chinese Authorities," *The North China Herald*, 19 May 1937, 294.

²⁷⁹ "Shanghai Land Investment Co.," *The North China Herald*, 29 March 1939, 554.

²⁸⁰ "Shanghai Land Investment Co.: Method of Voting Changed to One Share, One Vote; Heavy Losses Due to Hostilities," *The North China Herald*, 22 June 1938, 506.

²⁸¹ SEK-6-162, C.S.3/4, "Elly's Information, Memo to Sir Robert Ho Tung," *Shanghai Land Investment*, 12 July 1938.

²⁸² SEK-6-162, C.S.3/5, "Letter from Lawrence Kadoorie to Robert Ho Tung", *Shanghai Land Investment*, 22 July 1938.

mainly because it was difficult to ensure the returns under the uncertain currency exchange rate.²⁸³

6. Shanghai's real estate market during the 'Island Period', 1937-1938

In 1939, the value of the Chinese dollars dropped to about 25% of its 1937 value.²⁸⁴ Japan redeemed the Chinese dollars in Japanese-occupied areas and then exchanged them at the Shanghai foreign exchange from 1937 until the outbreak of the Pacific War at the end of 1941. To prevent the Japanese from controlling the Chinese dollars, the Chinese government introduced exchange rationing and obtained loans from Britain and the United States. However, these loans were not sufficient to support the Chinese dollar. In 1940, the Chinese government limited the foreign exchange and issued a large quantity of Chinese dollars to cope with its huge military expenditure. This together with the increased commodity values in occupied areas, threatened the Chinese dollars facing with serious devaluation.²⁸⁵

Some foreign investors took advantage of the low exchange rate and purchased land in Shanghai because it was comparatively secure during this 'Island Period'.²⁸⁶ The turnover of real estate transactions in 1939 was the

²⁸³ SEK-6-162, C.S.3/6, "Letter from Sir Robert Ho Tung to Lawrence Kadoorie", *Shanghai Land Investment*, 2 August 1938.

²⁸⁴ Hugo Sandor, "Shanghai Real Estate Business in 1939," *Finance & Commerce*, 10 January 1940, 27.

²⁸⁵ W.A. Thomas, *Western Capitalism in China, A History of the Shanghai Stock Exchange* (Burlington: Aldershot, 2001), 220.

third-best year of the decade. Land prices rose in the western district of the International Settlement and in the residential and industrial sections of the French Concession but decreased in other areas. The Shanghai Land Investment Company's properties were mainly in the western district and the French Concession,²⁸⁷ and the company benefitted from the increasing land prices. A number of British realty firms earned the largest profits in their companies' histories in 1939.²⁸⁸ Various interests, especially Japanese interests, focused on the idle capital in Shanghai. British interests – that is, capital and trade, notably the cotton and rayon trade – competed with Japanese interests. Japan's political action in North China enabled the Japanese to import goods into the market

²⁸⁶ Shanghai 'Island Period' refers to the period of time (November 1937 – December 1941) when the International Settlement and French Concession in Shanghai were not yet occupied by the Japanese troops but the surrounding area.

²⁸⁷ 1. Central district: Only one sale took place – the corner of Hankow and Shantung Roads and the price was 72.5% of the assessed value of the land. The prices in the central district had dropped to a considerable extent. 2. Western district: The sale of an attractive property at the Bubbling Well Road section, not far from the Race Course, with good shops and honges and well tenanted at all times. The buyer got 9.5% net return on the purchase price which was only 83% of the assessed value of the land alone, not considering the buildings. 3. Western extension: The real estate shows a fall in value. The land price in the industrial section along Robinson Road and Brenan Road decreased as it was located outside the settlement. A sale of a 17 *mow* lot on Robinson Road fetched only Ch.\$8,500 per *mow*. Further west and south, in the residential sections, prices suffered even more, because the uncontrolled springing up of workshops and temporary houses affected the desirability of the districts for residences. Furthermore, the construction work of new water connections was not carried out. A residence on Great Western Road, near the railway line, was sold at its pre-war price; Yu Yuen Road properties were sold at a little better price, but in the Columbia Circle district values were down. The Hungjao district showed a fall in prices. 4. Northern and eastern districts: A number of properties were available in the destroyed areas at about one half of their assessed values. The sale of a lot on Pingliang Road was reported at only one-third of the assessed value. The land price nearer the Soochow Creek and along Broadway and Seward Road was a little bit better, reaching about 70% of assessed values. On North Szechuan Road, once an important shopping place, a sale was made at less than half of the pre-war price. 5. French Concession: the concession performed much better than the settlement in terms of the land prices. The large influx of new population from other districts during the war boosted rentals, particularly in the residential and industrial areas. In the residential districts, the price of rooms in small and medium size was up about 10%; the vacant land with small lots even rose by 20%. Source: Hugo Sandor, "Shanghai Real Estate Prices 1937-1938," *Finance & Commerce*, 8 February 1938, 107.

²⁸⁸ "British Realty Firms Earn Largest Profits in History," *The China Weekly Review*, 17 February 1940, 409.

without paying duties, while the British had to pay.²⁸⁹ The Central China Development Co. was established in Tokyo in 1938 with the Japanese holding half of the shares. The aim of the company was to conduct economic exploitation in Shanghai and Central China and to monopolise trade in the Yangtze valley area.²⁹⁰ Japan seized the Hongkew and Yangtzepoo areas on the north side of Soochow Creek and the Hungjao area west of the railway.²⁹¹ Japanese capital became increasingly active in the Shanghai real estate market. Shanghai Heng Chan & Co., Ltd. was established in September 1938 to obtain greater market shares.²⁹² As the Jews had extensive interests in Shanghai, the Japanese released propaganda attacking them for attempting to stir up local racial animosities in the British community in Shanghai.²⁹³ Competition in the real estate market in Shanghai intensified.

²⁸⁹ “British Trade: China’s Open Door Policy Endangered Menace From Japan,” *South China Morning Post*, 30 January 1936, 15.

²⁹⁰ “Capital Sought from Abroad,” *The North China Herald*, 9 November 1938, 232. “A Japanese Monopoly,” *The North China Herald*, 1 February 1939, 177. C.K. Lowe, *Japan’s Economic Offensive in China* (London: Allen & Unwin, 1939), 25.

²⁹¹ “Who Owns Shanghai? – Vicious Japanese Propaganda,” *The China Weekly Review*, 9 July 1938, 182.

²⁹² Shanghai Heng Chan & Co., Ltd. was a Japanese enterprise authorized by the Asia Development board (Kōain) to purchase properties in China. Source: Public Records Office, HKRS111-4-44, *The Shanghai Gas Co., Ltd.* Shanghai Municipal Archives, Document No.: R16-1-15, *Shanghai hengchan gongsi chengbao goumai bailaohui dasha wenjian an 上海恒産公司呈報購買百老匯大廈文件案 (The Broadway Mansions was Purchased by Shanghai Heng Chan & Co., Ltd.)*.

²⁹³ The untrue allegations from Japanese were that most of the down-town business property, bounded by the Bund, Nanking Road, Avenue Edward VII and Yu Ya-ching Road were owned by Jews. The Japanese provided materials for a vicious attempt to stir up local racial animosities on the part of a local English-language journal. The motive behind the attack on the Jews was that the Japanese alleged the Jews had extended financial assistance to KMT. Meanwhile, KMT was in position to offset Japan’s invasion in China. Source: The speech of Navy Admiral Inuzuka Yoshigei (犬塚惟重), “British and Jewish Influence in China (支那に於ける英國の動向と猶太の勢力),” *The Tokyo Chamber of Commerce and Industry (東京商工會議所)*, February 1938. “Who Owns Shanghai? – Vicious Japanese Propaganda,” *The China Weekly Review*, 9 July 1938, 182. “Capital Sought from Abroad,” *The North China Herald*, 9 November 1938, 232.

With the influx of capital, the Shanghai Land Investment Company sold land to write off the overdraft and obtain money for debentures redemption. Broadway Mansions and a portion of Majestic Estate were sold to Japanese interests in 1939, and the Broadway Mansions and its adjoining garages to Shanghai Real Estate Co., a subsidiary of the Central China Development Co., for Ch.\$5,100,000 on 5th April 1939.²⁹⁴ The transaction was secretly sought for and funded by the Asia Development Board (Kōain),²⁹⁵ the highest Japanese military administrative body in China. The transaction was designed to prepare for the invasion of China.²⁹⁶ Two small properties were acquired by the Shanghai Land Investment Company from defaulting mortgages, and the mortgage loans were reduced. The total from land sales, which amounted to Ch.\$1,050,019.18, was used to pay off the overdraft with the Hong Kong & Shanghai Bank.²⁹⁷

Although the overdraft pressure had been eased, Shanghai's economy had

²⁹⁴ "Broadway Mansion Flag Changing," *The North China Herald*, 5 April 1939, 15.

²⁹⁵ The Asia Development Board (Kōain) (興亞院) was established in December 1938. The board was led by the Premier of Japan. The main function of the board was intervening the political, economic, and cultural affairs in China. Under the board, there were 4 liaison agencies in Shanghai, Kalgan, Peiping, and Amoy. Source: John Hunter Boyle, *China and Japan at War, 1937-1945: The Politics of Collaboration* (Stanford, Calif.: Stanford University Press, 1972), 161.

²⁹⁶ HKRS111-4-44, *The Shanghai Gas Co., Ltd.* Shanghai Municipal Archives, Document No.: R16-1-15, *Shanghai hengchan gongsi chengbao goumai bailaohui dasha wenjian an* 上海恒產公司呈報購買百老匯大廈文件案 (*The Broadway Mansions was Purchased by Shanghai Heng Chan & Co., Ltd.*).

²⁹⁷ In the profit and loss account, the interest showed a credit of Ch.\$294,319.86 as compared with Ch.\$34,480.95 in 1938. The net profit of the year amounts to Ch.\$1,237,116.16 as compared with Ch.\$142,085.36 for 1938. The mortgage loans were reduced by approximately Ch.\$400,000. Source: Public Records Office, HKRS111-4-106, "Report of Directors," *The Shanghai Land Investment Company*, 9 May 1940. "Shanghai Land Investment Co.," *The North China Herald*, 29 March 1939, 554.

not yet recovered. The political instability caused by the Japanese invasion seriously affected the company's business. In 1939, the northern and eastern areas of the International Settlement, where the Shanghai Land Investment Company owned estates, were still restricted by the Japanese authorities. Tenants of the company were affected by Japanese patrols and blockades. At this time, the directors of the company were not satisfied with the returns, and the company was not possible to pay dividends.²⁹⁸ All of the real estate companies in Shanghai faced the same difficulties, although the real estate market in Shanghai had recovered slightly because of land price increases in 1939.²⁹⁹ The directors sought to reorganise the company by reducing expenditures to improve the profit and loss account and believed that a drastic change was needed for the company to survive.³⁰⁰ In the meantime, Horace Kadoorie was elected chairman of the Shanghai Land Investment Company.³⁰¹

²⁹⁸ "Shanghai Land Investment Co.," *The North China Herald*, 29 March 1939, 554.

²⁹⁹ For example, the Anglo-French Land Investment Co. Ltd. suffered heavy damages to its properties during the Japanese hostilities. The Anglo-French Land Investment Co. Ltd. was the Burkill's interest. It was another giant land company in Shanghai. The properties owned by this Company were mainly lying in the French Concession and some were in the International Settlement. But still, this Company declared total dividend Ch.\$4 for the year 1937 and 1938 as the income from the new mortgage interest on a property situated in the central district had been paid in full. Furthermore, the company purchased the developed small properties in the central district to help offset the reduced rental income. Source: Hong Kong Public Records Office, HKRS114-6-246, *The Anglo French Land Investment Co. Ltd.* "Anglo-French Estate Firm Pays Dividends Despite War Damages," *The China Press*, 22 April 1938, 7. "Mortgage Problems Emphasized," *The North China Herald*, 14 April 1937, 70.

³⁰⁰ Public Records Office, HKRS111-4-106, "Report of Directors," *The Shanghai Land Investment Company*, 9 May 1940. "Shanghai Land Investment Co.," *The North China Herald*, 29 March 1939, 554. "In the Fields of Finance and Reconstruction," *The China Weekly Review*, 14 November 1931, 423.

³⁰¹ H.E. Arnhold left the Shanghai Land Investment Company in 1939. After the Second World War, H.E. Arnhold suffered from illness which forced him to retire to New York in 1947 and he stayed there until his death in 1950. Source: "Mr. H.E. Arnhold's 60th Birthday," *The North China Herald*, 18 January 1939, 102. Source: "Mr. H.E. Arnhold: Hongkong Businessman Dies in U.S.A.," *South China Morning Post*, 4 July 1950, 6. "H.E. Arnhold," *The China Press*, 6 March 1929, 3.

7. Implementing new company policy

The Kadoories, the Sassoons and Ho Tung were highly concerned about the company's poor performance. In restore the Shanghai Land Investment Company to its status as the premier large land company in Shanghai, the Kadoories began to reorganise the company after Arnhold's departure. Horace Kadoorie gathered an enormous amount of data concerning the company and designed remedial measures to boost its performance. The Kadoories and Ho Tung believed that the company should save considerably more money support the reorganisation. Besides, they suggested that the written records of staff salaries, which had been muddled, were now kept clearly, and the company substantially cut down its water, electricity and heating expenses, which were extremely high.³⁰²

The Shanghai Land Investment Company also adjusted its land sale policy. The directors suggested that no sale of land should take place except at extremely attractive prices, and proposed increasing land sale prices according to the devaluation of the Chinese dollars.³⁰³ The premises at 24 Central Road, Shanghai, formerly the British Army Hospital, were sold in September 1940.³⁰⁴ This ten-storeys building, which occupied at a site of about one and a half *mow*, was in comparatively good shape. The site was valuable and the building was in good

³⁰² Public Records Office, HKRS111-4-106, "Report of Directors," *The Shanghai Land Investment Company*, 9 May 1940.

³⁰³ *Ibid.*

³⁰⁴ "Ex-Hospital for Sale," *South China Morning Post*, 17 September 1940, 13.

condition. The land was valued at almost Ch.2,000,000 but sold for Ch.\$2,500,000, and the land, which was assessed at Ch.\$254,000 per *mow*, sold for almost Ch.\$350,000 per *mow*. The identity of the purchasers was not revealed, but some people believed that Hong Kong interests were involved. Foreign buyers may have felt that they purchased the land in Shanghai cheaply because they held currency, – for example, Hong Kong dollars – having a higher value than Chinese dollars.³⁰⁵ Both the purchaser and the Shanghai Land Investment Company were satisfied with the sale.³⁰⁶

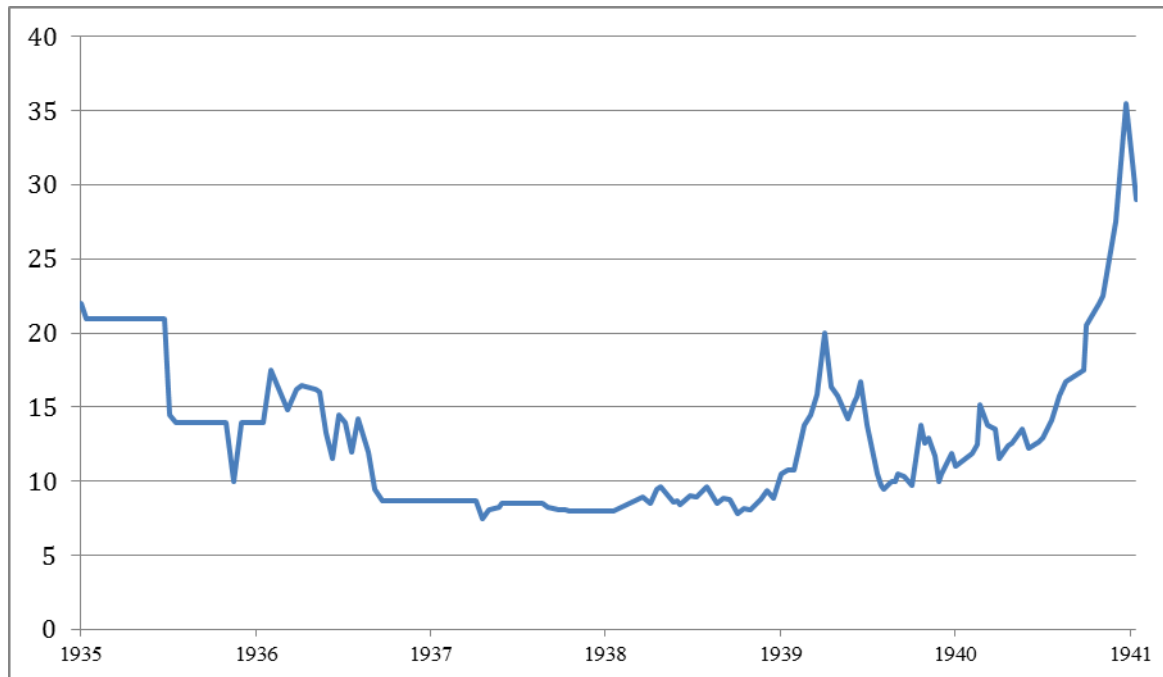
During 1940 and 1941, the company sold land at satisfactory prices. The profit from land sales from 1940 to 1941 was Ch.\$2,665,688.22 because of the sale of such properties such as No.24 Central Road, 744 Rue Bourgeat, the Towa Cinema, portions of the Wills Estate and Mohawk Road and Great Western Road properties. A considerable portion of the funds was placed on deposit pending the debenture redemption, and Ch.\$166,062.18 of interest and expenses on mortgages in default was recovered.³⁰⁷ The share price of the Shanghai Land Investment Company reached a peak in 1941.

³⁰⁵ “Position and Prospects of Shanghai Real Estate: Rogus Gallery,” *The China Weekly Review*, 14 September 1940, 46.

³⁰⁶ “Realty Market in September Active,” *The North China Herald*, 11 September 1940, 401.

³⁰⁷ Public Records Office, HKRS111-4-106, “Report of Directors,” *The Shanghai Land Investment Company*, 22 April 1941.

Figure 1. The share price of the Shanghai Land Investment Company from January 1935 to November 1941
Share price (Ch.\$)



Source: “Shanghai Stock Exchange Official Weekly Share Report with Opening Quotations,” *The North China Herald*, 1935-1941.

* The share prices were collected from *The North China Herald* on the first day of transaction every month from 1935 to 1941.

To avoid possible loss at war, hot money was flowing into the Shanghai stock market and increased the share price from 1937 to 1941. The share price of the Shanghai Land Investment Company started to rise at the end of 1940 and surged to the highest point in November 1941.

The performance of the Shanghai Land Investment Company was outstanding. Ho Tung sold some shares in 1940 when the share price kept going up. Ho Tung dropped 48.3% of his share in 1940 and 12.2% in 1941. E.D. Sassoon & Co., Ltd. and Sassoon Banking also sold 45.4% of their holdings in 1941. The shares sold by the major shareholders were mainly taken up by Chinese

investors in Shanghai and they held 41% of the shares of the Shanghai Land Investment Company in 1941. In the meantime, the Kadoories chose to keep their shares to maintain the control of the company and their investment in the real estate market in Shanghai.³⁰⁸

8. Concluding remarks

This case study shows that the Shanghai real estate market grew and flourished with Jewish capital. Jewish merchants enlarged their economic influence and profited in Shanghai's real estate market. When the real estate capital market matured in the mid-1920s and the early 1930s, there was an upsurge in the issue of new shares. The fluctuation in currency values was the most important factor affecting Shanghai's real estate market cycle in the first half of the 20th century. The development of Shanghai's real estate market was greatly affected by global economic trends and global capital flow. The depreciation of silver resulted in an influx of capital into Shanghai in the mid-1920s. This increased the amount of idle capital in the city, which enterprises in Shanghai absorbed by issuing new shares. With the advancement of building technology and the emergence of skyscrapers, the real estate market in Shanghai grew dramatically, and capital flowed into it. A number of corresponding financial instruments became more popular in Shanghai; for example, mortgage loans were frequently used in capitalisation. With the development of various financing channels, Shanghai's real estate capital market gradually matured.

³⁰⁸ Public Records Office, HKRS111-4-106, *The Shanghai Land Investment Company*.

In this economic environment, Jewish capital flowed into Shanghai's real estate market, enlarged the market and the share transaction volume. With the upsurge of new issue shares, Jewish merchants in Shanghai invested a great deal of money in the Shanghai real estate market. The Kadoories' investment in the Shanghai Land Investment Company is an example. The Kadoories had achieved success in rubber shares in Shanghai, and when the rubber shares market fluctuated throughout the 1920s, the Kadoories shifted their attention to the Shanghai real estate market. Jewish tycoons such as the Sassoons and the Benjamins also invested in the Shanghai Land Investment Company, enlarging their shareholding ratios by absorbing shares in the Shanghai Stock Exchange. These huge injections of capital caused Shanghai's real estate market to flourish rapidly, enlarged the share transaction volume and improved market sentiment. Jewish capital emerged as one of the crucial sources of funds for the companies listed on the Shanghai Stock Exchange and in Shanghai's real estate market.

The Kadoories ensured high asset profitability with minimal capital investment. The total assets of the Shanghai Land Investment Company in 1940 were Ch.\$40,112,144.4. The Kadoories held 12.5% of the company's shares –298,000 shares – which were worth about Ch.\$2,980,000. Having taken up a large number of new shares, Jewish merchants of British nationality enlarged their influence in the British companies of Shanghai.³⁰⁹ It was also valuable to

³⁰⁹ In the early 1930s, the British merchants in Shanghai were in a dilemma. The expedition of the KMT from 1926 to 1928 and Chinese reunification in 1928 affected the interests of the British merchants in Shanghai. Starting from 1927, the Chinese government advocated revoking the extraterritorial rights in Shanghai. Meanwhile, the National Revolutionary Army

investigate the business strategies of the Shanghai Land Investment Company under the management of the Kadoories in response to the real estate crisis. We can see how the Kadoories used the real estate crisis to increase their influence in the Shanghai Land Investment Company and in Shanghai's real estate market. After the implementation of the Silver Purchase Act in the United States in June 1934, the real estate market in Shanghai declined as the international silver price increased. The overdraft of the Shanghai Land Investment Company was substantial, as large-scale development schemes had been carried out since the real estate boom. This overdraft increased the company's risk, and when the real estate crisis began in 1934, the company's profit and the value of its assets decreased. The company began to experience financial difficulty in the second half of 1934 and was unable to pay dividends. In 1935, in poor market conditions, the company acquired mortgaging assets from defaulting mortgagors, which increased its financial burden.

At that time, the Kadoories had become one of the major shareholders of the company. In 1939, Horace Kadoorie was elected chairman, and he immediately reduced the overdraft by selling some of the company's assets at good prices to

revoked the British concession in Hankou and Jiujiang. Although the KMT did not force to revoke the concession area in Shanghai, the British merchants still worried about their interests there. For example, in 1929, British merchants, leading by A.R. Burkill and Huntley Davidson, representing the British real estate merchants' interests, suggested the British Foreign Office considering a scheme called "The Free Port of Shanghai" (a port free for all countries in the World to do business) and protecting Shanghai with an "International army". However, the British government believed that the petition aimed only at protecting the interests of a small group of merchants. So the British government replied that it was not advisable to interfere with the Chinese political affairs and took no action. Source: FO371/13946, "Mr. Huntley Davidson's Mission on Behalf of British Interests in Shanghai", 12 August 1929. FO371/13945, "Sir M. Lampson to Sir Austen Chamberlain", 17 July 1929. Robert Bickers, *Britain in China: Community, Culture and Colonialism 1900-1949* (New York, Manchester: Manchester University Press, 1999), 17, 163. Nicholas R. Clifford, *Spoilt Children of Empire: Westerners in Shanghai and The Chinese Revolution of The 1920s* (Middlebury: University Press of New England, 1991), 15.

bring the company back to profitability. This move showed a friendly attitude towards and a strong willingness to cooperate with the British banks in Shanghai and prevented trouble with British interests. Meanwhile, a huge volume of idle capital improved market sentiment as the Chinese dollar depreciated during the Island Period. Investors used real estates to hedge against the Chinese dollar, and capital in Shanghai shifted to the recovering real estate market. Shanghai's share market boomed, with the share price surging to a peak in 1940. From 1939 to 1940, the value of the company's investments tripled. In this favourable environment for selling assets, the company obtained around Ch.\$2,655,688.22 and Ch.\$41,224.13 from the sale of land assets and other investment items respectively. The profit on the sale of land and investments reached a historic high. The company also ceased all of its development schemes to optimise its cash flow, which increased by 37.9% in 1940. The company also held cash in various currencies to avoid losses from devaluation. This cash flow improvement was vital in helping the Shanghai Land Investment Company deal with the real estate crisis and push up the shares price. Thus, the Kadoories gained considerable profit in 1940.

Chapter 5

The Kadoories and the Rubber Trust

1. Introduction

Financial institution, – particularly trusts and investment companies – are a key component of an economy’s capital market.³¹⁰ One type of trust company is the investment trust, which is a co-operative investment enterprise that pools investors’ capital to buy securities.³¹¹ Investment trusts are also essential in raising capital,³¹² as they render service on behalf of the owners of the trusts’ securities. Thus, a trust company has greater economic power than an individual

³¹⁰ The concept of “trust” was based on “confidence” between trustors, trustees and beneficiaries. “Trustors” entrusted their properties to the “trustee” (a third party) for the aim of reaching certain economic purposes for their own benefit. Trustees bore a responsibility to the “beneficiaries”. Investment trust was a financial institution. According to Dr. Robinson, Leland Rex (1893-1966), a trust was “a right of property, real or personal, held by one party for the benefit of another...The investment trust is an agency by which the combined funds of many investors, both in large and in small amount, are utilised to purchase such a wide variety of securities that safety of principal is attained in diversification...close supervision of the portfolio permits a turnover policy aiming at the realisation of capital gains, and the avoidance of capital losses.” The characteristic of the investment trust is that it has ability to provide the small investors a higher return on their investment. Besides, The main difference between trust and agent was trust transferred the fund to a trustee (the third party). In contrast, the ownership of fund was not transferred to the agent. The concept of trust was introduced to Japan from the United States in the 1900s. This investment form was then transferred to China from Japan in the early 1920s. Some Japanese books about the concept and the development of trust were translated to Chinese and introduced to China in the 1920s. Source: Yūji Hosoya (細矢祐治), translated by Zi yaohau (資耀華), *Xintuo ji xintuo gongsi lun 信託及信託公司論 (Trusts and trusts company)* (Shanghai: Commercial Press, 1928), 1. Frank J. Hill, “The Portfolio of an Investment Trust,” (Thesis of Master Degree, the College of Commerce of University of Southern California, May 1929).

³¹¹ There were different types of trust companies, for example, investment trust, family trust, charitable trust and testamentary trust.

³¹² Based on the law of averages, the principal of an investment trust was diversification of holdings and, hence, risk. An investment trust contained different collective investment vehicles and bought a number of securities as “portfolio” of its group of holdings. Investment trust was organized for small investors to participate in the industry with better profits and improved safety. Source: Zhu Sihuang (朱斯煌), “Xintuo changshi 信託常識 (The Knowledge of Trust),” *Xintuo jikan* vol.2, issue 1 (1937): 241-250.

investor in mobilising a large amount of capital.³¹³

Trust companies appeared in Britain and thrived in the United States in the 19th century.³¹⁴ In 1822, the Farmers' Fire Insurance and Loan Company was founded in the State of New York to secure properties and insure buildings against fire. As the company flourished, it provided loans for large land purchases.³¹⁵

³¹³ Expert is provided to study what and when to buy as well as what and when to sell. The management of investment trust made a close study of conditions in the industry provided statistical research and information on business developments, financial conditions and factors affecting the price of securities. Source: Kingston Taft Tan, "Growth of Investment Trust," *The China Press*, 24 March 1930, 10.

³¹⁴ In the 17th century, with the development of trade, England endeavored to imitate the Dutch financial market such as the banking and securities market. In the 17th and 18th centuries, Britain was in need of a huge amount of capital for her rehabilitation after a series of historical events such as the war between England and Spain from 1701 to 1714 and the American Independent War in 1776. It encouraged fund raising activities and rapid economic development in Britain. The economic situation in Britain had changed until the 19th century due to the increase of investment from overseas. It was because Britain was developing their oversea trade during the period of the Neapolitan War. While the political unrest was continuing in Europe, the capital in Europe was tight. After the war, capital was needed for rehabilitation. Meanwhile, the Netherlands suffered from drastic decline after the Neapolitan war. London then replaced Amsterdam and became a new financial centre in Europe. The Industrial revolution started in the 18th century in Britain increased the British national revenue. As a result, idle capital increased drastically in Britain and the interest rate decreased correspondingly. It dealt investors a heavy blow. Surplus capital in Britain was looking for outlets. Meanwhile, the Continental European countries and the United States were actively constructing railways and issued bonds for raising funds with sound dividends. It encouraged the outflowing of the British capital to invest in Europe and the United States. With this historical background in the mid-19th century, trust companies emerged to facilitate substantial capital flows, in which trustee represented the trustors to manage their investment. Source: Jeremy Attack and Larry Neal, *The Origins and Development of Financial Markets and Institutions: From the Seventeenth Century to the Present* (Cambridge: Cambridge University Press, 2009), 11-15. Yuan Yuquan (袁愈全), "Yingguo touzi xintuo gailun 英國投資信託概論 (Introduction of British Investment Trust Companies)." *Xintuo jikan* vol.2, issue 2 (1937): 19-37.

³¹⁵ Following the Farmers' Fire Insurance and Loan Company, more and more companies were granted trust power in different States in the United States. Many of them were life and insurance trusts. After the Civil War in 1865, the United States became a creditor nation because of the increase in industrial and commercial activities. Apart from trust companies which provided financial services for railroad corporations, further development of institution such as investment trust was necessary to meet the needs for financial intermediation. The number and size of trust companies grew rapidly in the 1890s. As one of the features of trust was entrusting the business to a third party, some giant companies, such as the Standard Oil Co., utilised "trust" to avoid legal liabilities. The number of trust grew rapidly especially the industrial trust, for example, the Standard Oil Trust, the Cordage Trust, the Sugar Trust, and the Whiskey Trust. At the same time, the Sherman Anti-Trust Act was passed in 1890 to maintain a fair-competition amongst all companies in the United States. Source: Bradley A. Hansen, *Institutions, Entrepreneurs, and*

Rubber trust companies appeared in the United States in the late 19th century. By acquiring shares in various rubber firms, these trust companies tried to gain control of the supply, output and price of rubber.³¹⁶ Rubber trusts in the United States centralised capital and acted as intermediaries that provided financial services to their clients.³¹⁷

The capital market channels idle capital from organisations or individuals to investments, and financial institutions collect spare funds to finance businesses. The Kadoories were among the most important financiers in the Shanghai rubber market. In this chapter, through a case study of the Kadoories' financing of the

American Economic History: How the Farmers' Loan and Trust Company Shaped the Laws of Business from 1822 to 1929 (New York: Palgrave Macmillan, 2009), 13-15. Kong Dian (孔滌庵), *Xintuo ye (Trusts 信託業)* (Shanghai, Commercial Press, 1933). Yūji Hosoya (細矢祐治), translated by Zi yaohau (資耀華), *Xintuo ji xintuo gongsi lun 信託及信託公司論 (Trusts and trust company)* (Shanghai: Commercial Press, 1928), 1. Fred Freedland, "History of Holding Company Legislation in New York State: Some Doubts as to the "New Jersey First" Tradition," *Fordham Law Review*, Vol. 24, Issue 3: 369-411.

³¹⁶ The United States Rubber Trust acquired the stock of a large London firm in 1906. The trust tried to gain control of the world's supply and output of rubber. Besides, the United States Rubber Trust advanced the price of all rubber goods by 10%. Source: "The Rubber Trade: London," *South China Morning Post*, 17 September 1906, 7. "World's News," *South China Morning Post*, 17 April 1907, 2. "Latest Rubber Notes," *South China Morning Post*, 2 May 1910, 11.

³¹⁷ The Para trees were scattering all over south and central America and Mexico. Since its great value had been known, the rubber land was bought up by capitalists. The capital of the trust companies in the United States was extensive. Rubber trust company, for example, the American Rubber Trust owned a lot of rubber estates and had hundreds of foremen there in charge in Latin America. Comparing with the trust companies in the United States, the trust companies in England were of smaller scales. For example, the Rubber Share Trust and Finance Company was initialised in £280,000. This company held shares of different companies with interests in rubber plantation in Malaya. Following the Rubber Share Trust and Finance Company, a lot of rubber trust companies were established in London in the 1900s, for example, the Brazilian Rubber Trust, the Eastern International Rubber Trust, the Scottish Tea and Rubber Trust, Rubber Plant Invest Trust and the Rubber Plantations Investment Trust etc. Source: "Gigantic Rubber Trust," *South China Morning Post*, 3 May 1910, 5. The Brazilian Rubber Trust owned rubber estate in the Amazon region of Brazil. Source: J.T. Potter, "Latin America and Our American Islands," *The Herald Fairport N.Y.*, 30 June 1920. Mark Wasserman, *Pesos and Politics: Business, Elites, Foreigners, and Government in Mexico, 1854-1940* (California, Stanford University Press, 2005), 62. "World's News: Rubber Market," *South China Morning Post*, 17 January 1908, 7. "Brazilian Rubber Trust," *South China Morning Post*, 14 February 1908, 5. "Commercial Notes: Rubber," *The North China Herald*, 27 November 1909, 487. "Company Meeting: Toerangie Rubber Company," *South China Morning Post*, 22 March 1912, 3.

rubber companies, we examine how they seized the opportunity to establish the Rubber Trust, transforming from a single financier to the largest shareholder of a trust company that carried out financing business for rubber companies.

2. The origin of the Rubber Trust

The influx of capital into China favoured the growth of trust companies. From the late 1920s to 1933, when the world silver price dropped sharply, low exchange rates discouraged remittances to foreign countries. Large amounts of funds stayed in China, seeking local investment. Giant foreign firms utilised this idle capital to buy shares in investment trusts in Shanghai, diversifying their commitments locally and internationally to attain greater returns with less risk.

Foreign trust companies, most of which were established between 1928 and 1933, prospered in the late 1920s and early 1930s. Their main purpose was to purchase securities and real estates in China (See Table 9),³¹⁸ for example, the 1930 formation of the International Investment Trust Company of China Limited, one of the Sassoons' interests, was described as part of the trend of modern 'big business' by *The China Press*.³¹⁹ This company was able to command expert international advice on investment to shape its policies wisely. Foreign trust

³¹⁸ Shanghai Municipal Archives, Document No.: Q264-1-1159, *Jincheng yinhang youguan geguo jiekuan touzi deng qita jinrongye de touzi qingkuang baogao* 金城銀行有關各國借款投資等其他金融業的投資情況報告 (Document of Kincheng Bank about Indemnity Loan and the Investment of Foreign Banks in Chinese Financial Market.)

³¹⁹ The International Investment Trust Company of China Limited was founded by a group of prominent local businessmen, with an authorized capital of Tls.20,000,000. Source: "Huge Investment Trust with Tls.20,000,000 as Capital is Formed Here," *The China Press*, 16 April 1930, 1.

companies also provided necessary financing at a time when China's industrial development was progressing gradually.³²⁰

Table 9. Some of the major foreign trust companies in Shanghai from the late 1920s to early 1930s

Name of the trust company	Year of establishment	Trust nature	Brief particulars of the company and business nature	Authorized capital	Paid up capital
Provident Trustees, Ltd.	1927	Provident funds trust	This company was founded by the British-American Tobacco Co. It managed the staff's provident fund of the British-American Tobacco Co.	Unknown	Unknown
Lester Trust Co.	1927	Legacy trust	It was the estate administrator of Henry Lester. It was founded a year after the death of H. Lester.	/	The total capital of the Lester Trust at the end of 1932 was Tls.19,822,568.4.
Hamilton Trust Co., Ltd.	1929	Investment trust	It was founded by E.D. Sassoon & Co. The business of this company covered mortgaging and money lending. This company also engaged in real estate investment in Shanghai.	Tls.10,000,000	Tls.3,543,900 in 1934
International Investment Trust Co. of China, Ltd.	1930	Investment trust	E.D. Sassoon & Co. held 44% shares of this company. The business of this company covered mortgaging, stock investing etc.	Tls.20,000,000	Tls.3,500,000 in 1930

³²⁰ "Huge Investment Trust with Tls.20,000,000 as Capital is Formed Here," *The China Press*, 16 April 1930, 1.

Arnhold Trust. Ltd.	1930	Family trust	It was a private trust company that held all properties, real or personal, and all of the shares, debentures, bonds etc. of H.E. Arnhold and C.H. Arnhold.	Tls.100,000	/
The Rubber Trust	1931	Investment trust	The Kadoories was the biggest shareholder of the company.	Tls.25,000,000	Tls.300,000 in December 1931
Grosvenor Trust, Ltd.	1931	Investment trust	It was a British loan and investment company.	Tls.5,000,000	Tls.650,000 in 1935
Burkill Trusts, Ltd.	1933	Family trust	It managed the land and properties of A.R. Burkill & Sons.	Ch.\$5,000	/

Source: Shanghai Municipal Archives, Document No.: Q264-1-1164, *Jincheng yinhang youguan geguo duihua touzi gaiyao (san) wenjian* 金城銀行有關各國對華投資概要(三)文件 (*Document of Kincheng Bank about the Foreign Investment in China (3)*). Public Records Office, HKRS111-4-5, *Arnhold Trust, Ltd. The North China Herald*, 1920-1930. *The North China Desk Hong List*, 1920-1930. *The China Press*, 1920-1930. Zhang Zhongli, and Chen Cengnian (張仲禮, 陳曾年), *Shaxu jituan zai jiuzhingguo* 沙遜集團在舊中國 (*The Sassoon Group in Old China*) (Beijing: Renmin chubanshe, 1985). He xuyan (何旭艷), “Xintuo ye zai zhongguo de xingqi he chubu fazhan (1921-1937 nian) 信託業在中國的興起和初步發展 (1921-1937 年) (The Rise and Development of Trust Companies in China (1921-1937)),” *Zhongguo jingji shi yanjiu*, issue 1, 2005, 50-58.

In the late 1920s and early 1930s, many foreign trust companies emerged in Shanghai including provident fund trusts, legacy trusts, family trusts and investment trust. Investment trust companies were the Sassoons' primary interest. With the influx of capital, hot money was searching for outlets, and investment trusts provided lucrative investment opportunities. The Sassoons contributed a notably large portion of the capital invested in foreign trust companies in Shanghai. Through their shares in these investment trusts, the Sassoons speculated and managed their stock investments in Shanghai companies in various

industries.³²¹ The Rubber Trust was a typical investment trust that focused on a single industry.

3. Reasons for floating the Rubber Trust

Rubber and rubber share prices rose after Britain implemented the Stevenson Restriction Scheme. The dividends of the rubber companies were attractive. However, manufacturers that required large amounts of raw rubber, such as those in the tyre industry, were strongly dissatisfied with the scheme. In addition, the scheme applied only to the British Empire, which made rubber prices in Malaya higher than in other countries. British rubber companies lost their international rubber market share, and the scheme was abolished in 1928,³²² after which rubber shares on the Shanghai Stock Exchange fell by 50%. Many investors sold their rubber shares in panic, and investors with secured overdrafts received margin calls from the banks.³²³

The rubber industry crisis was caused by the general dislocation of world trade after the Great Depression. Many rubber companies found their funds insufficient to meet their upkeeping and business management expense, even with

³²¹ Zhang Zhongli, and Chen Cengnian (張仲禮, 陳曾年), *Shaxu jituan zai jiu zhongguo 沙遜集團在舊中國 (The Sassoon Group in Old China)* (Beijing: Renmin chubanshe, 1985), 103-108.

³²² John H. Drabble, *Malayan Rubber: The Interwar Year* (Sydney, University of Sydney, 1991), 38.

³²³ “Nanyang yingshu de xiangpi chukou jiang wexianzhi 南洋英屬的橡皮出口將無限制 (No Restriction on Exporting Rubber)”, *Zhongyang ribao*, 6 April 1928, 3. W.A. Thomas, *Western Capitalism in China, A History of the Shanghai Stock Exchange* (Burlington: Aldershot, 2001), 202.

capital raised from shareholders. The state of the rubber industry was reflected in the Shanghai stock market. The Great Depression, which began in October 1929, affected the Shanghai stock market indirectly, and rubber share prices fell. In November 1929, rubber shares dropped further because of the continued decline of the commodity price.³²⁴

In 1931, the influx of hot money into China provided capital to support the rubber plantations, and the rubber companies were able to distribute small dividends at the year-end of 1931. It was at this time that the Rubber Trust was established.³²⁵

The Rubber Trust was a financing and amalgamation scheme formed in Shanghai to provide financial assistance for the reconstruction and amalgamation of some of the rubber companies that were experience difficulty because of the prolonged slump in the price of raw rubber.³²⁶ The Rubber Trust also provided professional financial knowledge to the rubber companies and served as a risk diversification channel for rubber shareholders.

³²⁴ The rubber share prices plunged to the lowest point in 1929. While the share prices of land companies and public utility companies in Shanghai surged high. It will be discussed in the next Chapter. Source: "Rubber Trust, Ltd.," *The North China Herald*, 28 July 1931, 128. "The Rubber Trust," *The North China Herald*, 30 June 1931, 434. "Share Market Review for Week Ending Nov. 9 1929," *The China Press*, 11 November 1929, 15.

³²⁵ "Rubber Trust, Ltd.," *The North China Herald*, 28 July 1931, 128. "The Rubber Trust," *The North China Herald*, 30 June 1931, 434.

³²⁶ Public Records Office, HKRS111-4-17, "Prospectus," *The Rubber Trust, Ltd.*, 15 April 1931. "The Rubber Trust," *The North China Herald*, 30 June 1931, 434.

4. The Kadoories and the establishment of the Rubber Trust

The Rubber Trust was registered under the Hong Kong Companies Ordinance on 9th April 1931. J.A. Wattie & Co., Ltd. acted as the general manager of the Rubber Trust. The authorised capital of Tls.25,000,000 was divided into 25,000,000 shares of Tls.1 each. A total of 250,000 shares were offered, 100,000 for private subscription and 150,000 for public subscription. In June and July 1931, the Rubber Trust issued 22,300 and 27,700 shares, respectively. In December 1931, the Rubber Trust obtained a sum of cash that increased the issued capital to Tls.300,000. The money raised was loaned to various rubber companies.³²⁷

The Rubber Trust was one of the Kadoories' key investments. According to the 1931 shareholders list, the Kadoories held the largest number of shares: Elly Kadoorie, Lawrence Kadoorie and Horace Kadoorie held 5,000 shares each, while Kadoorie & Sons held 171,600 shares; other shareholders held only 48,500 shares.³²⁸ The Kadoories remained the biggest shareholders throughout the Rubber Trust's history. Elly Kadoorie, A.J. Welch (representing the J.A. Wattie & Co. Ltd.) and L.E. Canning served as the trust's first directors and Canning served as chairman until 1941.³²⁹

³²⁷ Ibid.

³²⁸ Public Records Office, HKRS111-4-17, "The Companies' Ordinance (Hongkong) 1911 and the China (Companies) Order in Council 1915. Return of Allotments," *The Rubber Trust, Ltd.*, 20 April 1931.

³²⁹ Lionel Edger Canning was a British merchant who was the general manager of the rubber agent companies Scott, Harding and Co. L.E. Canning and the Kadoories were the founders and major shareholders of the Rubber Trust. Besides Rubber Trust, L.E. Canning sat on the board

5. The Rubber Trust's major features and achievements in the 1930s

In Shanghai, there were numerous small-scale rubber companies whose share capital was so small that transactions of their shares rarely occurred. These companies lacked the ability to handle crises without the help of giant financing companies.³³⁰ The Rubber Trust was a channel through which the rubber companies could find lucrative uses for their capital,³³¹ and weather financial crises by providing professional financial knowledge such as how to minimise

of directors of a lot of Shanghai firms and various rubber companies in Shanghai, for example, a trading firm Scott Harding and Co., Oculists Institute Co. Ltd. and Astor House Hotel Co. Ltd. In 1904, he was appointed secretary of the Shanghai General Chamber of Commerce and China Association. He had served in China Association and British Chamber of Commerce for over thirty years. Other than his own business, L. E. Canning participated in public services actively, being the Staff Captain of Shanghai Volunteer Corps, a member of Association of Exporters, Men's Abstinence League and Moral Welfare Committee. He was honored as O.B.E. in the early 1920s. He was also enthusiastic about managing Shanghai public utility companies. He was elected director of the Shanghai Waterworks Co., Ltd. from 1926 to 1934 and chairman of the Shanghai Gas Company from 1922 to 1939 even though he held actually not many shares in those companies. He gained the chairmanship of the Shanghai Gas Company with his high reputation in the settlement. (It will be discussed in the next chapter.) Source: FO371/14742, "Annual Meeting of British Chamber of Commerce," 15 April 1930. *The London Gazette*, 1 June 1920. Public Records Office, HKRS111-4-17, "List of First Directors of the Rubber Trust Limited," *The Rubber Trust, Ltd.*, 20 April 1931. HKRS111-4-44, *The Shanghai Gas Co., Ltd.* "Readings for the Week," *The North China Herald*, 25 November 1904, 1169. "The Shanghai General Chamber of Commerce," *The North China Herald*, 2 March 1906, 464. "Canning-Barry," *The North China Herald*, 2 November 1906, 265. "Astor House Hotel Co., Ltd.: A Successful Year," *The North China Herald*, 24 August 1906, 449. "Association of Exporters," *The North China Herald*, 31 May 1913, 626. "Meetings: Men's Abstinence League," *The North China Herald*, 774. "Shanghai Waterworks Co., Ltd.," *The North China Herald*, 2 April 1927, 27. "Sudden Death of Mr. Edward Ezra: Collapse at His Office from Hemorrhage of the Brain," *The North China Herald*, 17 December 1921, 767.

³³⁰ Public Records Office, HKRS111-4-17, "Prospectus," *The Rubber Trust, Ltd.*, 15 April 1931.

³³¹ For the Taiping Rubber Estate merging with the Rubber Trust, there was a long discussion of Elly Kadoorie and C.R. Burkill. Burkill opposed the merge as according to the figures quoted at the statutory meeting of the Rubber Trust, the company had practically no resources in cash to carry on its various commitments. The chairman of Taiping Rubber Estate believed that they had no guarantee but that the trust had sufficient funds to develop. The stand taken by the chair was further strengthened by Elly Kadoorie who asserted that the Rubber Trust not only had enough funds to carry on but it had never failed to get money when it was needed. Source: "Taiping Rubber Merges with Rubber Trust Firm," *The China Press*, 9 September 1931, 2.

operating cost.³³² For example, the Shanghai-Malay Estates borrowed from the Rubber Trust and remitted the sum to its rubber estates in the Straits to reconstruct the company, which would have been difficult without sufficient capital.³³³

The Rubber Trust strengthened the financial positions of rubber companies in numerous ways. First, the amalgamation of some of the rubber companies lowered administration costs and enabled the companies to allocate their resources more economically. The Rubber Trust also acquired rubber companies on the verge of bankruptcy. For example, in 1931, the Bukit Toh Alang Rubber Estates lost heavily because of decreased profits from rubber exports. The average net price for raw rubber was low, only 3.96 pence per pound. The directors of Bukit Toh Alang Rubber Estates agreed to wind up the company and amalgamate with the Rubber Trust.³³⁴ With financial assistance from the Rubber Trust, the rubber estates overcame their difficulties.

Amalgamation schemes were mainly done to allocate resources economically, as some of the rubber companies were uneconomically large.³³⁵ The Rubber Trust absorbed rubber companies that were able to survive given suitable grouping and

³³² Shareholders expected the director could bring more expert knowledge to conduct the business at small cost. Some shareholders put the blame on the directors of some of the rubber companies in Shanghai when the rubber companies performing badly. Source: "Rubber Trust, Ltd.," *The North China Herald*, 28 July 1931, 128. "The Rubber Trust," *The North China Herald*, 30 June 1931, 434.

³³³ "Shanghai Malay Estates," *The North China Herald*, 29 May 1933, 502.

³³⁴ "Bukit Toh Alang Rubber Estates Ltd. to be Amalgamated with Rubber Trust," *The China Press*, 26 June 1931, 12.

³³⁵ Public Records Office, HKRS111-4-17, "Prospectus," *The Rubber Trust, Ltd.*, 15 April 1931.

administration. For example, the Rubber Trust joined contiguous rubber estates and put them under a single manager.³³⁶ This streamlined administrative work, lowered overhead expenses and³³⁷ reduced directors' fees protecting shareholders' interests.³³⁸

The Rubber Trust offered to absorb many local rubber companies.³³⁹ The Rubber Trust absorbed the shares of the rubber companies in Shanghai on a fair basis by exchanging of shares.³⁴⁰ For example, the Rubber Trust Company acquired the Taiping Rubber Estate Limited by exchanging one share in the Rubber Trust Company for four shares in Taiping Rubber Estate Limited.³⁴¹

³³⁶ "Rubber Trust, Ltd.," *The North China Herald*, 28 July 1931, 128.

³³⁷ The General Managers of J.A. Wattie & Co., Ltd., agreed to provide office accommodation and services expenses in connection with the running of the rubber company free of charge, with the proviso that for any year over which the rubber company received a dividend, a sum equal to 1% of the amount distributed in such dividend be paid to them as remuneration. Source: Public Records Office, HKRS111-4-17, "Prospectus," *The Rubber Trust, Ltd.*, 15 April 1931.

³³⁸ The objection only came from those who had made heavy investments in rubber. They did not favour the idea of putting further capital in the rubber industry in view of the bad experiences in the past. The Rubber Trust's success or failure depended on whether the shareholders had faith in the industry's future; the potential returns and the rubber companies would again recover from the slump or not. Source: "The Rubber Trust," *The North China Herald*, 30 June 1931, 434. "Rubber Trust, Ltd.," *The North China Herald*, 28 July 1931, 128.

³³⁹ "Rubber Trust, Ltd.," *The North China Herald*, 28 July 1931, 128. "The Rubber Trust," *The North China Herald*, 30 June 1931, 434.

³⁴⁰ *Ibid.*

³⁴¹ The Rubber Trust acquired the Taiping Rubber Estate Limited by exchanging of 1 share in the trust for every 4 shares in the Taiping. The trust absorbed 7,543 shares and 7,382 shares in 1931 and 1933 respectively. Source: Public Records Office, HKRS111-4-17, "Return of Allotment Made on the 11 December 1931," *The Rubber Trust, Ltd.*, 11 December 1931. HKRS111-4-17, "Return of Allotment Made on the 11 February 1932," *The Rubber Trust, Ltd.*, 11 February 1932. HKRS111-4-17, "Return of Allotment Made on the 20 April 1932," *The Rubber Trust, Ltd.*, 20 April 1932.

Table 10. The rubber companies which amalgamated into the Rubber Trust

Acquiring year	Company name	Agent/ Secretary	Location
1931	Bukit Sembilan Estate	J.A. Wattie & Co., Ltd., Shanghai	Province of Wellesley
1931	Taiping Rubber Estate	Hopkins, Dunn & Co	Perak
1931	N.V. Cultuur en Mijnbouw Maatschappij Burix ³⁴²	J.A. Wattie & Co., Ltd. Soerabaja	Java
1937	New Amherst Rubber Estate	J.A. Wattie & Co., Ltd. , Shanghai	Province of Wellesley
1941	Senawang Rubber Estates	J.A. Wattie & Co., Ltd. , Shanghai	Seremban
1941	Shanghai Seremban Estate	J.A. Wattie & Co., Ltd. , Shanghai	Seremban
1941	Kapayang Rubber Estate	F.C. Heffer & Co.	Seremban

Source: Public Records Office, HKRS111-4-17, *The Rubber Trust, Ltd.* and C.R. Maguire, *China Stock and Share Handbook 1932* (Shanghai: North-China Daily News & Herald, Limited, 1932).

The money in the Rubber Trust's Development Account, which was used for clearing and planting, was shared by the rubber estates. Among them, Bukit Sembilan Estate, the 'star property' of the Rubber Trust,³⁴³ had outstanding performance and contributed the largest proportion of money to this account.³⁴⁴ (See Table 11) In contrast, Taiping Rubber Estate had recorded losses since the late 1920s. The share prices of this company dropped from Tls.0.6 per share in July 1929 to only Tls.0.2 per share in June 1931.³⁴⁵ The development account

³⁴² N.V. Cultuur en Mijnbouw Maatschappij Burix was a Dutch company. The Rubber Trust acquired it as a subsidiary company. This company held the lease of the rubber estate in Java. This subsidiary company in Java owns two Estates Redjodadie and Tjiboeloe. Source: Public Records Office, HKRS111-4-17, "Report of the Directors," *The Rubber Trust, Ltd.*, 14 October 1932. HKRS111-4-17, "Report of the Directors," *The Rubber Trust, Ltd.*, 16 November 1935.

³⁴³ As the performance of the Bukit Sembilan Estate was outstanding, the board of directors of the Rubber Trust usually described it as the "star property." "Company Meetings: Rubber Trust, Limited," *The North China Herald*, 29 December 1937, 500.

³⁴⁴ "Rubber Trust, Limited: Report Highly Satisfactory Profit of \$508,518.96 Shown," *The North China Herald*, 27 December 1939, 535.

³⁴⁵ *The North China Herald*, 1929-1930.

was used to fund the upkeeping costs of Taiping Rubber Estate even though its performance was unsatisfactory, the rate of bark renewal of this estate was slow and the estate was still out of tapping in 1940.³⁴⁶

Table 11. The development account of the Rubber Trust from 1937 to 1939

	Rubber estate	The amount contributed by the rubber estate	The total capital in the account
1937	Bukit Sembilan Estate	Ch.\$34,609.98	Ch.\$62,763.47
	The New Amherst Estate	Ch.\$701.43	
	Taiping Rubber Estate	Ch.\$27,452.06	
1938	Bukit Sembilan Estate	Ch.\$1,524.45	Ch.\$2,803.55
	The New Amherst Estate	Ch.\$1,279.10	
	Taiping Rubber Estate	None	
1939	(Data missing)		Ch.\$19,711.40

Source: Public Records Office, HKRS111-4-17, *The Rubber Trust, Ltd.*

The trust also helped companies determine their export quotas under the International Rubber Restriction Agreement. In 1932, while the Rubber Trust was amalgamating these rubber companies, the British and Dutch governments discussed a rubber restriction scheme. The International Rubber Restriction was enacted in 1934 to improve the financial position of the rubber companies and stabilise the rubber price by restricting export quotas.³⁴⁷ Unlike the Stevenson Restriction Scheme, the International Rubber Restriction Agreement also included the Netherlands East Indies.³⁴⁸ The agreement was signed by all of the major

³⁴⁶ "Rubber Trust, Ltd.: Working of Straits Companies Results in Profit," *The North China Herald*, 2 December 1936, 371. "Rubber Trust, Limited: Estates Show Profit Nearly Five Times as Large as in Previous Year," *The North China Herald*, 25 December 1940, 502.

³⁴⁷ The agreement was valid until 1941 when the Japanese occupied the Southeast Asia. Source: Public Records Office, HKRS111-4-17, *The Rubber Trust, Ltd.*

³⁴⁸ The restriction prevented the country from taking advantage of low cost production

rubber-producing countries, including Britain, the United States, France, the Netherlands, India and Thailand, to control the rubber output and maintain the rubber price.³⁴⁹ The rubber estates were allotted export quotas and required to export at fair prices. These quotas were assessed by inspectors, who were typically European estates managers.³⁵⁰

The rubber estates under the Rubber Trust were allotted export quotas according to their assessed output abilities, as shown in the tables below. Greater acreage for tapping meant a higher assessed output ability and a higher export quota. With flexible resource allocation under the amalgamation scheme, the Rubber Trust was able to carry out countermeasures against the International Rubber Restriction Scheme in 1934. It increased the inter-estate cooperation of its associated rubber companies to overcome the wastage of amounts exceeding the quotas. For example, when Taiping Estate was out of tapping in 1935 and upkeep was confined to eradicating the rough growth and refurbishing the buildings, it still benefited by selling its export quota at a satisfactory price to Bukit Sembilan Estate, which did not have a high enough export quota as because its crop

especially on the small estates. But some investors commented that this agreement aimed only at protecting the interests of Britain and European countries in Southeast Asia as rubber was priced by them. Source: Amarjit Kaur and Ian Metcalfe, *The Shaping of Malaysia* (New York: Macmillan, 1999), 138-139. Klaus Eugen Knorr, *World Rubber and its Regulation* (Stanford: Stanford University Press, 1945), 108-112.

³⁴⁹ Shanghai Municipal Archives, Document No.: Q264-1-804, *Jincheng yinhang guanyu ge di jingji gaikuang diaocha baogao (fu 1944 nian fen) (yi)* 金城銀行關於各地經濟概況調查報告(附 1944 年份) [一] (*Document of Kincheng Bank about the Economic Development in China (1944) (1)*). "Rubber Trust Annual Meeting," *The North China Herald*, 12 December 1934, 419.

³⁵⁰ "How Rubber Control Agreement was Received," *The Straits Times*, 30 April 1934, 11. "Working of Rubber Regulation," *The Straits Times*, 26 August 1937, 7. Poroor Radhakrishnan, *The Role in the West Malaysian Economy* (Stanford: Stanford University, 1974), 46.

increased.³⁵¹

Bukit Sembilan Estate's production of tapping was reported to be satisfactory through 1937. The average tapping area of the estate was 1,000 acres and yielded of 735 lbs. per acre annually. The export quota for Bukit Sembilan Estate had increased three times between the second half of 1936 and mid-1937.³⁵² Bukit Sembilan Estate provided some of this increased export quota to Taiping Estate when it was prepared for tapping in 1937.³⁵³ In 1938, Taiping Estate was out of tapping for several months, and it transferred part of its export quota back to Bukit Sembilan Estate.³⁵⁴ Taiping Estate replanted an area of nearly 14 acres in 1939, but this area was not ready for tapping, so the estate again sold its export quota to Bukit Sembilan Estate.³⁵⁵ In 1940, Taiping Estate was still not in tapping, and its export quota was again sold to Bukit Sembilan Estate.³⁵⁶ (See Table 12 and 13

³⁵¹ In 1935, Bukit Sembilan returned to profit. An extensive building programme was carried out. The new bungalow for the manager was completed. Two coolie lines, a store and garage were erected. All other buildings were given the necessary upkeep. The labour position and health conditions improved and the Bukit Sembilan Estate was capable of producing 100% more than the previous year. Source: "Rubber Trust, Ltd.," *The North China Herald*, 4 December 1935, 401. "Company Meetings: Rubber Trust, Ltd.," *The North China Herald*, 2 December 1936, 371. "Rubber Trust, Ltd.," *The North China Herald*, 4 December 1935, 401.

³⁵² From September to December 1936 it was at the rate of 789,280 lbs. per annum; from January to June 1937 this was increased to 796,510 lbs. and in July it was altered to the figure 995,937 lbs. Source: "Company Meetings: Rubber Trust, Limited," *The North China Herald*, 29 December 1937, 500.

³⁵³ A portion of the abandoned area was cleaned up and 2 acres of land was added to the producing area in 1937. Source: "Company Meetings: Rubber Trust, Limited," *The North China Herald*, 29 December 1937, 500.

³⁵⁴ "Rubber Trust Ltd.," *The North China Herald*, 21 December 1938, 505.

³⁵⁵ "Company Meetings: Rubber Trust, Limited," *The North Herald*, 27 December 1939, 535.

³⁵⁶ Whilst New Amherst Estate was only in tapping for 9 months, Redjodadi and Tjiboeloe was tapped throughout the year but the output was far less than Bukit Sembilan Estate as shown in the table below. The export quota was sold to Bukit Sembilan Estate. Source: Public Records Office, HKRS111-4-17, "Report of the Directors," *The Rubber Trust, Ltd.*, 17 December

below)

1940.

Table 12. The results of the standard production assessments and the export quota allotted to the rubber companies under the Rubber Trust from 1938 to 1940

	1938		1939		1940	
	Standard Production Assessments	Export quota allotted	Standard Production Assessments	Export quota allotted	Standard Production Assessments	Export quota allotted
Bukit Sembilan Estate	995,497 lbs.	736,595 lbs.	995,937 lbs.	663,971 lbs.	1,332,785 lbs.	1,023,387 lbs.
New Amherst Estate	637,194 lbs.	518,124 lbs.	693,243 lbs.	552,075 lbs.	693,243 lbs.	545,927 lbs.
Redjodadie & Tjiboeloe Estates	287,290 lbs.	198,730 lbs.	327,015 lbs.	123,417 lbs.	350,029 lbs.	231,981 lbs.
Taiping Estate	143,000 lbs.	70,748 lbs.	146,400 lbs.	/	146,400 lbs.	/
Total	2,062,981 lbs.	1,524,197 lbs.	2,162,595 lbs.	1,339,463 lbs.	2,522,457 lbs.	1,801,295 lbs.

Source: Public Records Office, HKRS111-4-17, *The Rubber Trust, Ltd.*

Table 13. The acreage tapped from 1938 to 1940

	Bukit Sembilan Estate			The New Amherst Estate			Redjodadi (under the N.V. Cultuur en Mijnbouw Maatschappij Burix)		
	1938	1939	1940	1938	1939	1940	1938	1939	1940
Average acreage in tapping (acre)	968	760	1,066	1,511	1,383	1,511	635.5	336.75	620
Output of dry Rubber (lb.)	736,595	663,971	1,023,387	518,124	552,075	545,927	198,730	123,417	231,981
Yield per acre tapped per annum (lb.)	761	874	906	343	399	361	351	384	374

Source: Public Records Office, HKRS111-4-17, *The Rubber Trust, Ltd.*

Among the archival documents of the Rubber Trust, there is a record of the selling and purchasing of export quotas. (The details are shown in Table 14) For example, an item in the Rubber Trust the profit and loss account for 1938, ‘Sale of New Planting Rights Ch.\$3,438.76’, records the sale of the export quota for 76.1 acres that Taiping Estate was unable to use because of insufficient plantable land.³⁵⁷ Some of the shareholders wondered why directors sold quotas and then bought them back. In actuality, when Taiping Estate sold its export quota to Bukit Sembilan Estate, this was in fact a book entry, and Bukit Sembilan Estate bought the rights to balance the amount of rubber it produced in excess of its exportable quota.³⁵⁸ The total selling and purchasing of export quotas did not affect the total annual profit of the Rubber Trust.

Table 14. The amount utilised for purchasing export quota of the rubber companies under the Rubber Trust from 1938 to 1940

	Bukit Sembilan Estate (Straits dollars \$)	The New Amherst Estate (Straits dollars \$)	Taiping Estate (Straits dollars \$)	Total (Chinese dollars)
1938	2,149.07	3,695.10	/	13,473.59
1939	25,399.26	857.52	/	100,710.9
1940	18,367.10	/	/	120,440

Source: Public Records Office, HKRS111-4-17, *The Rubber Trust, Ltd.*

The following table shows the working account in Bukit Sembilan Estate, Taiping Estate and New Amherst Estate from 1935 to 1940. The rubber sales of Bukit Sembilan and New Amherst were usually proportional to the income of the sales of export quotas of Taiping Estate. For example, when the rubber sales of

³⁵⁷ “Rubber Trust Ltd.,” *The North China Herald*, 21 December 1938, 505.

³⁵⁸ “Company Meetings: Rubber Trust, Limited,” *The North Herald*, 27 December 1939, 535.

Bukit Sembilan and New Amherst rose, the sales of the export quotas of Taiping Estate increased in 1940 comparing with the previous year.

Table 15. The working account of Bukit Sembilan Estate, Taiping Estate and New Amherst Estate from 1935 to 1940

		Bukit Sembilan (Straits dollars \$)	New Amherst Estate (Straits dollars \$/ Rupees)	Taiping Estate (Straits dollars \$)	Total (Chinese dollars \$)
1935	Sale of Rubber	155,785.22	/	10,712.55	261,236.84
	Value of Rubber Stock	4,612.36	/	/	
1936	Sale of export quota	/	/	13,673.45	292,669.84
	Sale of Rubber	134,344.22	/	/	
	Value of Rubber Stock	5,871.57	/	/	
1937	Sale of export quota	/	/	\$33,246.77	653,911.67
	Sale of Rubber	215,396.71	113,433.13.6 (Rupees)	/	
	Value of Rubber Stock	11,429.60	9,272.8.5 (Rupees)	/	
1938	Sale of export quota	/	/	2,149.07	655,098.45
	Sale of Rubber	157,481.17	107,420.37	134,497.63	
	Value of Rubber Stock	3,920.15	/	253.53	
1939	Sale of export quota	/	/	13,893.38	1,120,087.92
	Sale of Rubber	158,449.46	115,977.22	/	
	Value of Rubber Stock	1,388.8	/	/	
1940	Sale of export quota	/	/	22,548.66	3,725,310.16
	Sale of Rubber	357,187.97	186,125.31	/	
	Value of Rubber Stock	2,279.14	/	/	

Source: Public Records Office, HKRS111-4-17, *The Rubber Trust, Ltd.*

Third, the trust provided risk diversification for rubber shareholders. Lawrence Kadoorie clearly explained his purpose for floating the Rubber Trust in his letter to Horace Kadoorie. The Kadoories realised that investors desired various kinds of shares. The Rubber Trust's intention was to exchange the shares investors held in different rubber companies with the shares of the Trust, enabling shareholders to protect their rubber share investment interests. By holding a number of different rubber companies, the Rubber Trust could satisfy different types of investors, maintain more liquid assets and minimised its risk. The Rubber Trust thus boosted investors' confidence in the eventual recovery of the rubber industry.³⁵⁹

Fourth, the Rubber Trust was a collective investment, and it held the shares of companies that could be quoted on markets other than Shanghai's. Thus it had access to a much larger market, which would only have been possible for a large company. Besides acquiring and amalgamating the rubber companies in Shanghai, the Rubber Trust also purchased the shares of other rubber companies and appealed to shareholders for further capital to reconstruct the rubber companies.³⁶⁰

³⁵⁹ "The Rubber Trust," *The North China Herald*, 30 June 1931, 434. "Rubber Trust, Ltd.," *The North China Herald*, 28 July 1931, 128.

³⁶⁰ There were no complete records about the list of rubber shares purchased by the Rubber Trust. But we could find some clues from the archival materials of the rubber companies, for example, the Rubber Trust purchased 150 shares of Dominion Rubber in 1933. The Rubber Trust was allotted 8,000 shares of the Semambu in the allotment in 1932. The total number of shares allotted was 8,000 in total of Tls.800. A further 2,410 shares of the Semambu were allotted in October 1932. The Rubber Trust held a value of HK\$270,000 of the Semambu, a value of HK\$3,280,469 shares of the Chemor and a value of HK\$2,025,000 shares of the Repah in the 1950s. Source: Public Records Office, HKRS111-4-19, "Return of Allotments," *The Semambu Rubber Estate Limited*, 24 November 1932. HKRS111-4-19, "Return of Allotments," *The Semambu Rubber Estate Limited*, 25 October 1932. HKRS111-4-122, "List of Persons Holding Shares," *The Dominion Rubber Company Limited*, 20 April 1934. HKRS1114-6-202, "Liquidator's

The rubber estates used this capital to bring the rubber trees to maturity, and the trust gradually expanded its control over the rubber industry.³⁶¹

Table 16. The total value of shares investment of the Rubber Trust in Shanghai from 1932 to 1940

Year	Value of shares (At market value of that year)
1932	Tls.91,166.29
1933	Tls.98,694.14
1934	Tls.78,157.61 (\$109,311.34)
1935	Ch.\$111,277.21
1936	Ch.\$111,277.21
1937	The stock market in Shanghai was closed during the period of Japanese hostiles
1938	Ch.\$133,294.41
1939	Ch.\$86,049.41
1940	Ch.\$193,809.08

Source: Public Records Office, HKRS111-4-17, *The Rubber Trust, Ltd.*

Table 17. The number of rubber companies' shares held by the Rubber Trust (partial list)

Year	1932	1933	1934	1935	1936	1937	1938	1939	1940	1941
Anglo Dutch (Java)	/	892	892	850	850	/	/	/	500	500
Java Consolidated	/	/	/	/	1,500	/	/	/	3,000	3,000
Repah	10,078	25,234	25,234	25,200	25,200	25,200	26,200	26,200	10,044	10,044
Semanbu	1,205	95,210	95,210	95,000	95,000	30,000	30,000	30,000	30,000	30,000
Shanghai-Malay (Ordinary share)	/	/	/	/	/	/	/	/	500	500
Ziangbe	/	/	2,000	2,000	2,000	2,000	2,000	2,000	2,500	2,500

Source: Public Records Office, HKRS111-4-8, *Anglo-Dutch (Java) Plantations, Ltd.*, HKRS111-4-14, *The Java Consolidated Rubber and Coffee Estates, Ltd.*, HKRS111-4-16, *Repah Rubber & Tapioca Estates, Ltd.*, HKRS111-4-19, *The Semambu Rubber Estates, Ltd.*, HKRS111-4-20, *The Shanghai-Malay Rubber Estates, Ltd.*, HKRS111-4-29, *Ziangbe Rubber Co., Ltd.*

Statement of Account," *The Semambu Rubber Estate Limited*, 24 December 1954. Public Records Office, HKRS114-6-200, "Liquidator's Statement of Account," *The Repah Rubber & Tapioca Estates, Limited*, 19 January 1956. HKRS114-6-196, "Liquidator's Statement of Account," *The Chemor United Rubber Company, Limited*, 26 June 1957.

³⁶¹ The Prospectus of the Rubber Trust stated the company's main objectives: "(a) The purchase for cash or by an exchange of shares of the shares or securities of approved plantation companies already in existence. The basis on which it is proposed to calculate an exchange of shares is a valuation, varying according to the conditions affecting each Estate. (b) The making of loans to rubber plantations. (c) The underwriting of any new rubber plantation issues. (d) The amalgamation, if and when opportunities offer, of groups of rubber estates." Source: Public Records Office, HKRS111-4-17, "Prospectus", *The Rubber Trust, Ltd.*, 15 April 1931. "Rubber Trust, Ltd.," *The North China Herald*, 28 July 1931, 128. "The Rubber Trust," *The North China Herald*, 30 June 1931, 434.

* The data were scattered in archival documents of different rubber companies.

6. The result of collective investment

At the first, the Rubber Trust sustained losses through the heavy depreciation of its shares of Shanghai rubber companies. To balance this deficiency, in 1932, shareholders approved a resolution providing an investment fluctuation reserve of Tls.36,256.31.³⁶² It was therefore necessary for the Rubber Trust to raise capital, which was utilised to acquire rubber companies and financing or lending money to rubber companies for tapping and the purchase of farmland.³⁶³

The performance of the Rubber Trust was not outstanding at the beginning. It received low profit, and its book value decreased in 1933. The dividends of the Rubber Trust were not sound as the rubber took time to mature.³⁶⁴ The directors decreased their remuneration to increase the company's profit. The Straits rubber estates commenced tapping in 1933.³⁶⁵ Some rubber estates started to repay their loans and interests to the Rubber Trust at the end of the year, and the book value

³⁶² "Rubber Trust Meets Deficit of 17 Months," *The China Press*, 29 October 1932, 13.

³⁶³ "Rubber Trust, Ltd.," *North China Herald*, 28 July 1931, 128. "Company Meeting, Rubber Trust, Ltd.," *North China Herald*, 20 December 1933, 464. "Company Meetings, Rubber Trust, Limited, Mr. L. Soyka Cause Stormy Session in Raising, Objections which were Overruled", *North China Herald*, 29 December 1937, 500. "Rubber Trust, Limited. Estates Show Profit Nearly Five Times as Large as in Previous Year", *North China Herald*, 25 December 1940, 502.

³⁶⁴ "Rubber Trust Annual Meeting," *The North China Herald*, 12 December 1934, 419.

³⁶⁵ The crop for the Straits estates from January to August 1934 was 1,016,591 lb., which realised a profit of St.\$81,423.96 equivalent to Ch.\$129,244.38. For Java estates, approximately 410 acres was brought into tapping and for the eight months ended August 31 the crop was 59,100 lbs., which was carried forward in the books of the Java Company and not brought into the Shanghai accounts. However, the Java estates were then suffering from flooding and fire. Source: "Rubber Trust Annual Meeting," *The North China Herald*, 12 December 1934, 419.

of the Rubber Trust rose again.³⁶⁶

For example, the Rubber Trust acquired Bukit Sembilan Estate in 1931 when it was in poor condition.³⁶⁷ It cost the Rubber Trust a great deal of money to clean up the rubber estate. Bukit Sembilan Estate started gaining profit in 1934, and by 1935, the whole estate was free from lallang and other growth and equipped with an adequate system of roads and drains.³⁶⁸ (See Table 18) The Rubber Trust also began to earn profit: at the end of 1934, the market value of the investments of the Rubber Trust was Tls.53,958.72 over the original book cost, and the loans to the rubber estates had almost been repaid.³⁶⁹

³⁶⁶ “Rubber Trust, Limited, Estates Show Profit Nearly Five Times as Large as in Previous Year”, *North China Herald*, 25 December 1940, 502. “Company Meetings, Rubber Trust, Limited, Mr. L. Soyka Cause Stormy Session in Raising, Objections which were Overruled”, *North China Herald*, 29 December 1937, 500. “Rubber Trust, Ltd.”, *North China Herald*, 28 July, 1931, 128. “Company Meeting, Rubber Trust, Ltd.”, *North China Herald*, 20 December 1933, 464.

³⁶⁷ The Bukit Sembilan Estate became the “star property” in 1937. The supply of labour was sufficient. The entire area of the Estate was reported to be free from lallang and other noxious growths. Neither pests nor diseases gave any trouble. The trees on the Estate were generally healthy and practically all the trees carried fine heads of richly coloured foliage. The whole of the Factory equipment kept in good order and worked efficiently. Buildings were in good order. Source: “Company Meetings: Rubber Trust, Limited,” *The North China Herald*, 29 December 1937, 500.

³⁶⁸ “Rubber Trust, Ltd.,” *The North China Herald*, 4 December 1935, 401.

³⁶⁹ At the start of year 1934, the investments in shares of the Rubber Trust showed a heavy depreciation over the book cost, and subsequently the sum of Tls.36,256.31 was transferred from profit and loss account to investment fluctuation reserve to cover this depreciation. Source: “Rubber Trust, Ltd.,” *The North China Herald*, 21 November 1934, 304.

Table 18. The profit of the Bukit Sembilan Estate, Taiping Estate and the New Amherst Estate

	Bukit Sembilan Estate	Taiping Estate	New Amherst Estate
1934	Tls.92,409.73 (Ch.\$129,244.38)	*	*
1935	Ch.\$47,162.79	Ch.\$3,942.80	*
1936	Ch.\$93,802.54	Ch.\$13,497.65	*
1937	Ch.\$262,455.55	Ch.\$18,597.07	*
1938	Ch.\$222,553.60	Loss Ch.\$4,283.58	Ch.\$106,443.20
1939	Ch.\$274,113.12	Ch.\$15,828.177	Ch.\$240,168.21
1940	Ch.\$1,576,395.42	Ch.\$77,717.17	Ch.\$800,403.93

Source: Public Records Office, HKRS111-4-17, *The Rubber Trust, Ltd.*

* The rubber companies had not been amalgamated with the Rubber Trust.

Table 19. The profit of the Rubber Trust Company from 1931 to 1940

Year	Profit
1931	Loss Tls.80,584.21
1932	Tls.37,450.77
1933	Tls.6,521.05
1934	Tls.103,400.26 (Ch.\$144,615.75)
1935	Ch.\$51,185.59
1936	Ch.\$108,350.51
1937	Ch.\$444,623.57
1938	Ch.\$329,745.96
1939	Ch.\$508,518.96
1940	Ch.\$2,659,743.06

Source: Public Records Office, HKRS111-4-17, *The Rubber Trust, Ltd.*

Although the Rubber Trust was showing a profit, the export quota of the rubber estates was reduced because of the International Rubber Restriction Agreement.³⁷⁰ The Malayan estates of the Rubber Trust earned only Ch.\$51,105.59 in 1935, compared to Ch.\$129,244.38 in 1934.³⁷¹ The dividends paid by the Rubber Trust were low because the directors did not want to weaken

³⁷⁰ "Rubber Trust, Ltd.," *The North China Herald*, 4 December 1935, 401.

³⁷¹ There were two main factors contributing towards this result. First, owing to restriction, the output of rubber was reduced by 201,422 lbs. and, second, the cost of production was increased by 1.30 pence per pound. The decrease in the profits was noted because the cost of production was increased. Source: "Rubber Trust, Ltd.," *The North China Herald*, 4 December 1935, 401.

the trust's resources by increasing dividends at the cost of investments.³⁷²

The Rubber Trust had a 100% increase in profit in 1936 from the previous year. Rubber share prices were increasing along with the rubber price, and the market value of the Rubber Trust was growing. In 1937, the market value of the Rubber Trust was double its book cost for 1936. The estates in the Straits were kept in satisfactory condition, and upkeep costs were reduced. A profit of Ch.\$107,300 (St.\$56,338) was recorded by two Straits rubber companies. Only the Java Estates showed a small loss as considerable expenditure was needed to replant areas damaged by fire and flood.³⁷³ The value of the assets of the rubber estates held by the Rubber Trust had an increasing trend. (See Table 20 and 21)

³⁷² "Rubber Trust, Ltd.," *The North China Herald*, 4 December 1935, 401.

³⁷³ "Company Meetings: Rubber Trust, Ltd.," *The North China Herald*, 2 December 1936, 371.

Table 20. The changing in value of the assets of the rubber estates held by the Rubber Trust in Malaya from 1932 to 1940 (at cost that year)

Year	Rubber Estates	Value of the estate	Total value of estates
1932	Bukit Sembilan Estate	Data missing	Tls.190,398.74
	Taipung Rubber Estate	Data missing	
1933	Bukit Sembilan Estate	Data missing	Tls.226,832.35
	Taipung Rubber Estate	Data missing	
1934	Bukit Sembilan Estate	Tls.172,144.63	Tls.246,585.23 (= Ch.\$344,874.45)
	Taipung Rubber Estate	Tls.74,440.60	
1935	Bukit Sembilan Estate	Ch.\$276,347.87	Ch.\$381,921.02
	Taipung Rubber Estate	Ch.\$105,573.15	
1936	Bukit Sembilan Estate	Ch.\$276,380.93	Ch.\$382,204.27
	Taipung Rubber Estate	Ch.\$105,823.34	
1937	Bukit Sembilan Estate	Ch.\$182,316.59	Ch.\$1,965,449.21
	The New Amherst Estate	Ch.\$1,706,466.00	
	Taipung Rubber Estate	Ch.\$76,666.62	
1938	Bukit Sembilan Estate	Ch.\$182,316.59	Ch.\$1,841,275.66
	The New Amherst Estate	Ch.\$1,582,292.45	
	Taipung Rubber Estate	Ch.\$76,666.62	
1939	Bukit Sembilan Estate	Date missing	Ch.\$1,841,275.66
	The New Amherst Estate	Date missing	
	Taipung Rubber Estate	Date missing	
1940	Bukit Sembilan Estate	Date missing	Ch.\$1,150,244.40
	The New Amherst Estate	Date missing	
	Taipung Rubber Estate	Date missing	

Source: Public Records Office, HKRS111-4-17, *The Rubber Trust, Ltd.*

Table 21. The total value of the assets of the subsidiary company of the Rubber Trust in Java - total issue of shares and estates in the N.V. Cultuur en Mijnbouw Maatschappij Burix

Year	The total value of assets (at cost that year)
1932	Tls.200,456.23
1933	Tls.211,656.27
1934	Tls.266,977.68 (\$373,395.36)
1935	Ch.\$367,284.27
1936	Ch.\$382,204.27
1937	Ch.\$352,824.33
1938	Ch.\$328,063.37
1939	Ch.\$365,552.16
1940	Ch.\$1,261,387.54

Source: Public Records Office, HKRS111-4-17, *The Rubber Trust, Ltd.*

With greater profit earned, the Rubber Trust's dividends increased slightly in

1937. Although the dividends decreased in 1938, they reached their highest point ever in 1940. (See Table 22 below)

Table 22. The dividends paid by the Rubber Trust from 1931 to 1940

Year	Dividend (Chinese dollars)
1931	No dividend was paid
1932	No dividend was paid
1933	No dividend was paid
1934	Ch.\$0.25 per share
1935	Ch.\$0.15 per share
1936	Ch.\$0.15 per share
1937	Interim dividend Ch.\$0.2 per share. Final dividend Ch.\$0.2 per share.
1938	Ch.\$0.25 per share
1939	Two interim dividends of Ch.\$0.15 per share each
1940	Interim dividend Ch.\$0.6 per share. Final dividend Ch.\$1 per share.

Source: Public Records Office, HKRS111-4-17, *The Rubber Trust, Ltd. The North China Herald*, 1931-1940.

With its increasing profit, the Rubber Trust increased its capital to absorb rubber estates in 1937. The issued capital increased by Tls.541,000 in 1937. The Rubber Trust received Ch.\$3 per share and had cash totals of Ch.\$847,497 and Ch.\$775,503 in May and July of 1937 respectively.³⁷⁴ The table below shows the change in the issued capital. This capital was used to finance the purchase of the New Amherst Rubber Estate in Lower Burma.³⁷⁵ This estate had been liquidated

³⁷⁴ Public Records Office, HKRS111-4-17, "Return of Allotment Made on the 27 July 1937," *The Rubber Trust, Ltd.*, 27 July 1937.

³⁷⁵ The New Amherst Rubber Estate had a total planted area of 4,932.46 acres. It was bought at a low price Ch.\$33,550 (equivalent to approximately £20 per planted acre). The Estate had already planted with mature rubber. But still some shareholders doubted the earning power of the New Amherst Rubber Estate mainly because of two reasons. (1) The climate of Lower Burma was not ideal for Rubber and the rainfall was too high and unevenly distributed throughout the year. (2) Most of the trees were old with some dated back to 1895. However, this estate had an advantage over labour cost. The rate of wages was very much lower in Burma than in Malaya and the labour force, which was indigenous, left the Estate to attend to its own fields during the period when tapping was suspended and thus relieved the Estate of all the expenses of maintenance. Source: "Company Meetings: Rubber Trust, Limited," *The North China Herald*, 29 December 1937, 500.

in 1932 because of Tls.598,983 of debt and fears of foreclosure.³⁷⁶ With the Rubber Trust’s capital input for estate upkeep, the New Amherst Rubber Estate earned a respectable profit after its acquisition.³⁷⁷

Table 23. The changing of the issued capital of the Rubber Trust from 1932 to 1940

	Authorized Capital (Tls.)	Issued Capital (Tls.)
1932	25,000,000	540,497
1933	25,000,000	540,497
1934	25,000,000	541,000
1935	25,000,000	541,000
1936	25,000,000	541,000
1937	25,000,000	1,082,000
1938	25,000,000	1,082,000
1939	25,000,000	1,082,000
1940	25,000,000	1,082,000

Source: Public Records Office, HKRS111-4-17, *The Rubber Trust, Ltd.*

The acquisition of New Amherst Rubber Estates largely increased the Rubber Trust’s total properties. Besides, there was an increase in productive acre due to the replanting of certain poor rubber fields.³⁷⁸ From the tables below, we can see that the total area of new land granted to New Amherst Estate had been increased by 279 acres. In 1939 and 1940, 81.5 acres and 111.5 acres of this estate had been

³⁷⁶ The long continued slump in the price of raw rubber pushed the New Amherst Rubber Company deeper into debts with no ground for recovering, so liquidation was the best solution. Source: “New Amherst Rubber Company Decided to Liquidate Interests,” *The China Press*, 18 August 1932, 13. “New Amherst Rubber Estate Goes into Voluntary Liquidation,” *The China Press*, 18 August 1931, 12.

³⁷⁷ The New Amherst Estate in the past had been stigmatized in certain quarters as a derelict estate. However, this property earned a respectable profit of Ch.\$240,168.21 in 1939 with severely restricted output. The company earned a total profit of Ch.\$430,992.82 since the acquisition. Source: “Company Meetings: Rubber Trust, Limited,” *The North Herald*, 27 December 1939, 535.

³⁷⁸ Public Records Office, HKRS111-4-17, “Report of the Directors,” *The Rubber Trust, Ltd.*, 14 December 1938.

planted up respectively.³⁷⁹

Table 24. The properties owned by the Rubber Trust in 1938 (acres)

	Mature rubber field	Immature rubber field	Coconut field	Roads, waste land and buildings	Total
In Malaya and Burma	3,847	32	8	358	4,245
In Java	955	102	/	968	2,025
Total	4,802	134	8	1,326	6,270

Source: Public Records Office, HKRS111-4-17, *The Rubber Trust, Ltd.*

Table 25. The properties owned by the Rubber Trust in 1939 (acres)

	In Malaya			In Burma	In Java	Total area of all estates
	Bukit Sembilan	Taiping	Total area in Malay	New Amherst	Redjodadi Tjiboeloe	
Mature rubber field	1,506	418	1,924	1,858	934	4,716
Immature rubber field	4	14	18	85	178	281
Field ready for planting	21	/	21	/	/	21
Total area of rubber field	1,531	432	1,963	1,943	1,112	5,018
Coconuts field	8	/	8	/	/	8
Roads, buildings, waste land, etc.	221	85	306	52	835	1,193
Plantable land	34	15	49	204	75	328
Total area of all fields (acres)	1,794	532	2,326	2,199	2,022	6,547

³⁷⁹ Public Records Office, HKRS111-4-17, "Report of the Directors," *The Rubber Trust, Ltd.*, 19 December 1939.

Source: Public Records Office, HKRS111-4-17, *The Rubber Trust, Ltd.*

Table 26. The properties owned by the Rubber Trust in 1940 (acres)

	In Malaya			In Burma	In Java	Total area of all estates
	Bukit Sembilan	Taiping	Total area in Malay	New Amherst	Redjodadi Tjiboeloe	
Mature rubber field	1,520	418	1,938	1,858	932	4,728
Immature rubber field	33	14	47	300	172	519
Field ready for planting	/	/	/	/	66	66
Total area of rubber field	1,553	432	1,985	2,158	1,170	5,313
Coconuts field	8	/	8	/	/	8
Roads, buildings, waste land, etc.	221	85	306	57	827	1,190
Plantable land	34	15	49	20	25	94
Total area of all fields (acres)	1,816	532	2,348	2,235	2,022	6,605

Source: Public Records Office, HKRS111-4-17, *The Rubber Trust, Ltd.*

The cash in the account of the Rubber Trust in the Hong Kong & Shanghai Bank sharply increased when the rubber sales of Bukit Sembilan and New Amherst hit a plateau in 1940. (See Table 27 below)

Table 27. The cash in the Hong Kong & Shanghai Bank account of the Rubber Trust

Year	Total capital in the account
1932	Tls.415.28
1933	Tls.1,915.77
1934	Tls.41,188.77 (Ch.\$57,606.68)
1935	Ch.\$26,290.32
1936	Ch.\$3,085.04
1938	Ch.\$2,131,483.49
1939	Ch.\$455,422.14
1940	Ch.\$1,960,166.15

Source: Public Records Office, HKRS111-4-17, *The Rubber Trust, Ltd.*

Following this successful experience, the Rubber Trust acquired three more rubber companies in 1941 through the exchange of shares: Senawang Rubber Estates, Shanghai Seremban Estate and Kapayang Rubber Estate.³⁸⁰ The Kadoories and J.A. Wattie & Co. had had interest in these three rubber companies: Horace Kadoorie became director, A.J. Welch became chairman and J.A. Wattie & Co. served as the agent for these companies.

These three companies were amalgamated for three reasons. First, they required replanting. The financial position of Shanghai Seremban Estate was satisfactory and its rubber estates were in good condition, but the company was trending downwards.³⁸¹ The output and profit of Senawang Rubber Estates and Kapayang Rubber Estates fluctuated during the 1930s. Senawang Rubber Estates performed badly in the early 1930s but returned to profit in 1937, while Kapayang

³⁸⁰ The amalgamation of Senawang, Kapayang and Shanghai Seremban was effective from 1st January 1941. The J.A. Wattie & Co. acted as the agent of Kapayang and Senawang estates. Under the Companies Ordinance of Hong Kong, A.J. Welch on behalf of these rubber companies agreed to pass the voluntary winding-up to and exchanged the shares with the Rubber Trust. Source: Public Records Office, HKRS111-4-17, "Letter from the Rubber Trust to the Registrar of Companies," *The Rubber Trust, Ltd.*, 2 December 1941.

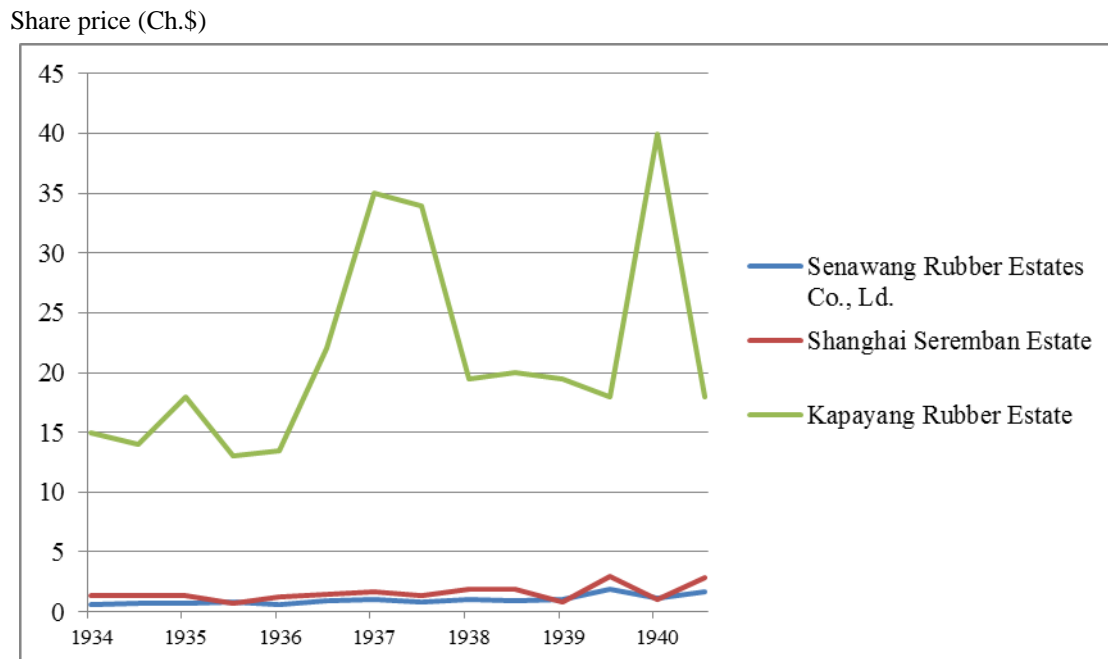
³⁸¹ "Shanghai Seremban Rubber Estates," *The North China Herald*, 25 June 1941, 498.

Rubber Estates was in a relatively poorer financial condition.³⁸² When the replanting was carried out, these rubber estates would receive no profit, so these three estates were better served by merging with the Rubber Trust because trust would maintain stable dividends during the replanting period. Second, political unrest in Southeast Asia affected the rubber price. The share prices of Senawang Rubber Estates and Shanghai Seremban Estate were sluggish, while the share price of Kapayang Rubber Estates was fluctuating. (See Figure 2 below) Merging with the Rubber Trust would strengthen their financial positions. Third, the Rubber Trust would benefit from increased farmland after the mergers.³⁸³

³⁸² From 1931 to 1933, the Senawang Rubber Estates had no dividend payable. But the company returned to profit and performed very well in 1939. From 1931 to 1934, the Kapayang Rubber Estates had no dividend payable and recorded loss in 1938. The company performed better as the Chinese dollars went weak in 1939. But still the company paid no dividend. Source: “Waishang xiangpi gongsi gupiao zhi diaocha: xilanban xiangpi gongsi (yi hebing yu xiangpi xintuo gongsi) 外商橡皮公司股票之調查: 西蘭班橡皮公司 (已合併於橡皮信託公司) (Foreign Rubber Companies’ Share: Seremban Rubber Estates (Amalgamated into the Rubber Trust)),” *Jingji yanjiu*, vol.3, issue 9, 1942, 48-50. “Waishang xiangpi gongsi gupiao zhi diaocha: Xinawang xiangpi gongsi (yi hebing yu xiangpi xintuo gongsi) 外商橡皮公司股票之調查: 西納王橡皮公司 (已合併於橡皮信託公司) (Foreign Rubber Companies’ Share: Senawang Rubber Estates (Amalgamated into the Rubber Trust)),” *Jingji yanjiu*, vol.3, issue 9, 1942, 50-53. “Waishang xiangpi gongsi gupiao zhi diaocha: kapaiyang xiangpi gongsi (yi hebing yu xiangpi xintuo gongsi) 外商橡皮公司股票之調查: 卡派揚橡皮公司: 已合併於橡皮信託公司) (Foreign Rubber Companies’ Share: Kapayang Rubber Estates (Amalgamated into the Rubber Trust)),” *Jingji yanjiu*, vol.3, issue 9, 1942, 46-48.

³⁸³ “Waishang xiangpi gongsi gupiao zhi diaocha: xiangpi xintuo gongsi 外商橡皮公司股票之調查: 橡皮信託公司 (Foreign Rubber Companies’ Share: The Rubber Trust),” *Jingji yanjiu*, vol.3, issue 9, 1942, 43-46.

Figure 2. The share prices of Senawang Rubber Estates, Shanghai Seremban Estate and Kapayang Rubber Estate from 1934 to 1940



Source: Shanghai Stock Exchange Official Weekly Share Report with Opening Quotations, *The North China Herald*, 1934-1940.

* The share prices were collected from *The North China Herald* on the first day of transaction every month from 1934 to 1940.

The estates of these three companies were situated on the western coast of Malaya in Seremban, and adjacent to each other. With amalgamation, these three estates could share their production costs, while the Rubber Trust could extend its influence over the rubber plantation industry in the Seremban area.

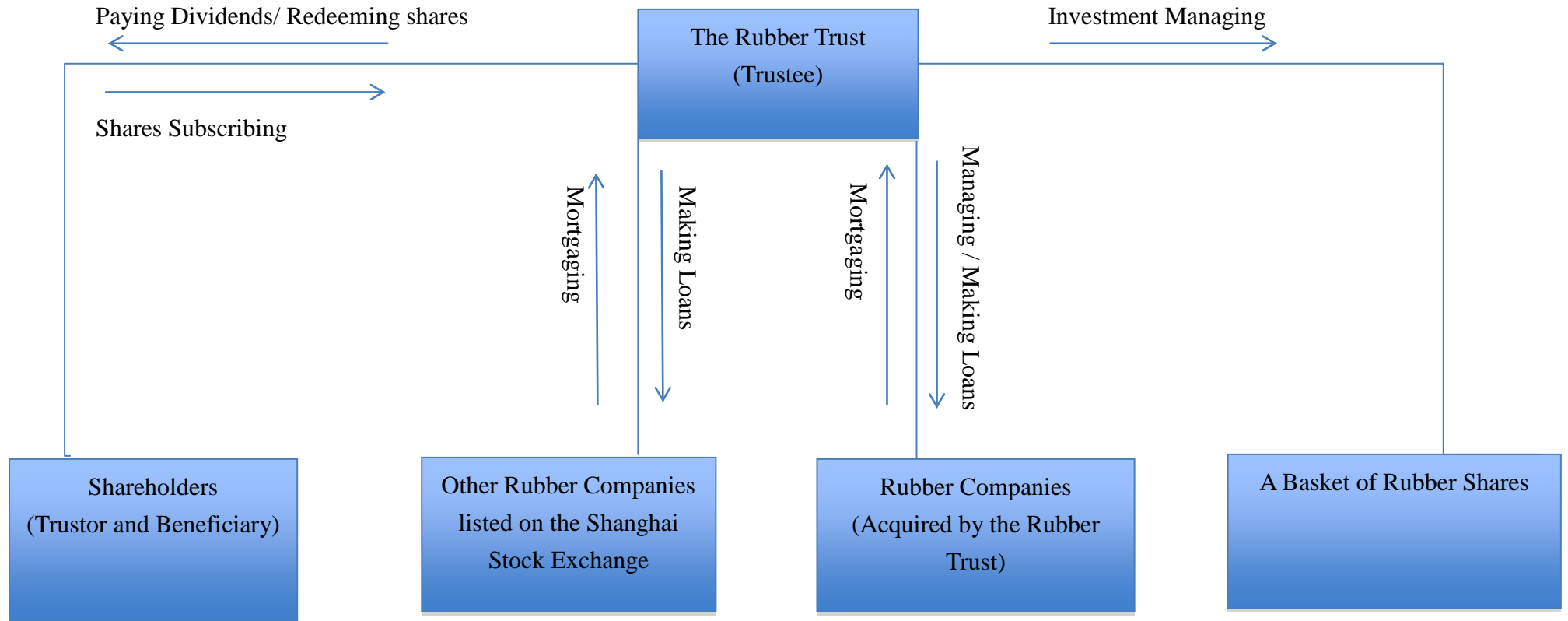
The Rubber Trust offered roughly equivalent amalgamation proposals to Senawang Rubber Estates, Shanghai Seremban Estate and Kapayang Rubber Estates. The primary selling point of the offers was that the Rubber Trust was committed to helping the estates with replanting, as all three estates required replanting within three years. During the replanting period, which would last for several years, the output of rubber might be reduced. However, if amalgamation

took place, the shareholders would not suffer a diminution of dividends because their shares would be carried by the Rubber Trust while the young trees were growing to maturity.³⁸⁴

The Rubber Trust acted as a trustee to manage and make loans to its rubber companies. It also invested in a basket of rubber shares to form a collective investment fund by making loans to other rubber companies listed on the Shanghai Stock Exchange and obtained profit by receiving interests. In addition, the shareholders that acted as trustors and beneficiaries benefitted from the dividends and the redemption of shares. Thus, both the Rubber Trust and its shareholders benefited from this fiduciary relationship. The flow chart (Figure 3) below illustrates the fiduciary relations of the Rubber Trust.

³⁸⁴ “Merger Passed by Seremban Shareholders,” *The North China Herald*, 3 September 1941, 383. “Company Meetings: Kapayang Rubber to be Merged with R. Trust,” *The North China Herald*, 3 September 1941, 383.

Figure 3. The structure of the Rubber Trust



7. Small shareholders' failed assault on the near-monopoly of Wattie and Burkill

In 1934, while the amalgamation scheme was being carried out, the rubber price dropped, and the rubber share market followed. Labour costs increased, which affected the dividends of the rubber companies. The chairman of the Shanghai Stock Exchange, N.W. Hickling, together with some minor shareholders of the rubber companies, formed the Shanghai Shareholders' Protection Association in 1935 to protect their interests in the shares investment.³⁸⁵ L. Soyka, an influential shareholder in Shanghai,³⁸⁶ also served on the executive committee of the association.³⁸⁷

The association was set up because of alleged dissatisfaction with how the affairs of various companies were handled, particularly the rubber companies administered by J.A. Wattie & Co. and A.R. Burkill & Sons, Ltd. The association investigated the constitutions, administrations and working accounts of the Shanghai rubber companies and asked them to explain various administration policies and expenses. The investigation report suggested that the two groups of rubber companies whose agents were J.A. Wattie & Co. and A.R. Burkill & Sons, Ltd. could be collectively

³⁸⁵ Noel Wallace Hickling was the chairman of the Shanghai Stock Exchange from 1932 to 1936. He was compelled to retire from the chairman in December 1936 owing to illness. He died in 1937 at the age of 56. Source: "Obituary Mr. N.W. Hickling," *The North China Herald*, 13 January 1937, 65.

³⁸⁶ Ludwig Soyka was well-known to Shanghai directors and shareholders. He was born in Austria in 1867. He came to China in 1895 as a delegate in China to the Vienna Chamber of Commerce. During the Boxer Rising, he organized supplies to the foreign troops. He was in jail for seven years as he humiliated an Austrian official. Leaving the Vienna Chamber of Commerce, Soyka started his own importing and exporting business in Shanghai, and also engaged in many other lines of business, dealing with firms in Hamburg, Vienna and other places. He also had a large interest in the Koo Pung Soap Factory. He estimated that he held shares in no less than 30 companies in Shanghai. Since 1920, he had been vigorous in putting forward the interests of shareholders at every company meeting which he attended. Source: "Mr. L. Soyka Leaving for Australia," *The North China Herald*, 9 June 1937, 414.

³⁸⁷ "Shareholder Needs: Association Wanted," *The North China Herald*, 16 October 1935, 113.

administered by a single office and by a single board of directors to reduce costs.³⁸⁸ Hickling suggested that directors should consult shareholders before renewing agents' agreements.³⁸⁹ Many small shareholders were dissatisfied with the rubber companies in Shanghai but were unable to attend the annual meeting to voice their concerns. To look after the shareholders' interests, the association was to collect the views of individuals and shareholders and to provide advice as necessary in meetings.³⁹⁰

Hickling and Soyka represented the small shareholders, voicing their opinions in the meetings of the rubber companies in Shanghai. For example, in a meeting of the Shanghai Klebang Rubber Estate, Ltd., there was direct conflict between the directors and the shareholders, and Hickling and Soyka urged an investigation into the company's affairs. The chairman, A.J. Welch, and the major shareholder, Horace Kadoorie, voted against the proposal. Soyka protested that the directors had no rights to vote in the matter because they were involved.³⁹¹ Hickling and Soyka conducted

³⁸⁸ The Association realised that J.A. Wattie & Co. and Burkill & Sons Ltd. had combined their agent firms in Penang to save the local agent fee. Therefore, the Association suggested combining these two agent firms in Shanghai and amalgamating all rubber companies in Shanghai into one or two large units in order to save the administrative fee such as agent commission. (Kennedy, Burkill and Co. Ltd. was the subsidiary of J.A. Wattie & Co., Ltd. and A.R. Burkill and Sons in Penang. The company acted as the local agent of the rubber companies from J.A. Wattie & Co., Ltd. and A.R. Burkill and Sons in Penang. This Company was formed in 1921. It was an agency house for rubber companies and the agencies of all those companies for which J.A. Wattie & Co. and A.R. Burkill and Sons acted in Shanghai as agents and secretaries. Kennedy, Burkill and Co. Ltd. acted as the agent of 13 companies of Wattie group such as Shanghai Seremban, Cheng, Kapayang, Chemor and 9 companies of Burkill group such as Padang, Kota Bahroe, Sungei Duri and Consolidated.) Source: "N.W. Hickling, Mr. Hickling Replies," *The North China Herald*, 27 November 1935, 365. "Rubber Companies: Proposed Association," *The North China Herald*, 18 March 1936, 497. "Rubber Companies: Mr. Welch's Denial," *The North China Herald*, 25 March 1936, 541. "Mr. Hickling's Statement," *The North China Herald*, 25 March 1936, 541.

³⁸⁹ "Rubber Companies: Need for Economy," *The North China Herald*, 13 November 1935, 283.

³⁹⁰ "Shareholder's Group Holds Meeting Here: Protection Association to be Operated as Co-operative Club," *The China Press*, 18 March 1936, 9.

³⁹¹ N.W. Hickling claimed that he represented a group of nearly 50 shareholders holding

similar attacks in the meetings of other rubber companies.³⁹²

approximately 90,000 shares, while the major shareholders held 177,562 shares, in the meeting of the Shanghai Klebang Rubber Estate, Ltd. in 1936. (N.W. Hickling complained that 11.45 a.m. was the most inconvenient time for shareholders to be present at meetings and suggested that meetings should be held in the afternoon, not earlier than 4.30 p.m.) The company had not paid a dividend since 1929, but the local office expenses had amounted to Ch.\$33,657 and directors' fees to Ch.\$12,572. N.W. Hickling thought that Ch.\$1,500 to Ch.\$2,000 per year for local office expenses and Ch.\$1,000 a year for directors' fees would have been ample. He also attacked the general charges in Malaya, and said that if Kennedy, Burkill & Co.'s charges had been reasonable, a total of Ch.\$36,000, or roughly Ch.\$6,000 a year, could have been saved, so he opposed the passing of the accounts. L. Soyka seconded his proposal. Moreover, they urged to investigate: 1. How much agent fee and commission the Kennedy Burkill & Company charged on the sale of Rubber. He put his proposal of investigating into the accounts to the meeting, and on a show of hands, eight were for the amendment, and seven against, including the directors' votes. 2. What the respective salaries of the managers of Shanghai Klebang and Chemor Estates were. He also suggested one manager for both estates which were only a few miles apart. N.W. Hickling made an inquiry about the amalgamation or absorption of the company by some larger unit, as the estate was an uneconomic unit. A.J. Welch replied that they had been working on a scheme with regard to the amalgamation with Chemor. Finally, L.E. Canning was defeated in the re-election of a director, N.W. Hickling was appointed in his stead. The re-election of L.E. Canning was opposed by L. Soyka, who proposed and seconded Hickling: on a show of hands, the latter was elected. (Those who voted against were two men from Wattie group.) Hickling then said that in view of his appointment to the board of directors, he would withdraw his proposal. Source: "Shanghai Klebang Rubber Estate, Ltd.," *The North China Herald*, 3 June 1936, 416.

³⁹² L. Soyka also fought for the small shareholders in the meeting of the Repah Rubber & Tapioca Estates, Ltd. (A.J. Welch was the chairman and Horace Kadoorie was one of the directors of this Company.) He raised questions concerning the financial interests in the agreements with the agents and secretaries and Kennedy, Burkill & Co., Ltd., Penang. He demanded the Penang agent (Kennedy, Burkill & Co.) reduce the agent fees. N.W. Hickling joined Soyka in asking about the agent fees of the company. They believed that the agent fee should be considerably less. Soyka queried the increase in expenses (St.\$6,000), under bad economic situation in 1936. The directors replied that St.\$3,700 of the St.\$6,000 was spent in 1935. Besides, Soyka urged the directors to look after the interests of the shareholders who did not get any dividend while supplying the capital and taking all the risks. Furthermore, Soyka considered the fees for four directors (Ch.\$6,000) a year too high and suggested a reduction. On the other hand, Hickling raised the question of agent fees paid by Shanghai rubber companies were too high in the annual meeting of the Shanghai Seremban Rubber Estates Ltd. A.J. Welch, the chairman declared that the fees paid were "very reasonable." He criticized the statements and allegations made by the Shareholders' Protection Association. Not only in the Wattie's companies, Hickling and Soyka representing the Association protested in the meetings of the rubber companies of Burkill's group. For example, in the Shanghai Kedah Plantations, Ltd., the attack was led by Hickling (he held 300 shares in this Company). The directors criticized Hickling's action of applying for a transfer of shares just before the company's books were closed, in order to be able to speak at the meeting. Hickling as the chairman of the Shanghai Stock Exchange got shares of a company at short notice, when ordinary buyers were unable to do so. Hickling said that in comparison with other Shanghai rubber companies, the agent fees of this Company were low (it amounted to Ch.\$10,562). But in comparison with the marketing of other commodities, it appeared to the excessive. He believed that shareholders had the right to ask about the agreements signed with the companies, A.R. Burkill & Sons, Ltd. and the Straits agents, Kenndy, Burkill & Co., Ltd. Hickling submitted an amendment to the first resolution, to the effect that the report and accounts would not be passed until after a meeting between the directors and the shareholders' committee. He withdrew the amendment after discussion and receiving the directors' assurance that they would meet with the committee when formed. Source: "Rubber Shareholders' Impatience: Protective Association Members Lead Attack on Repah Estates Directors," *The North China Herald*, 22 April 1936, 157. "Shareholders' Group is Again Hit by Welch Seremban Rubber Reports Profit of \$17,944," *The China Press*, 22 March 1936, 15.

Wattie and Burkill showed no interest in the suggested merger. Hickling gathered signatures from small shareholders to support his proposal, but some shareholders considered Wattie and Burkill responsible and experienced rubber company managers and did not know about Hickling's plan. The discussion went on until August 1936. The rubber price rose again and when Hickling died in January 1937, the proposal was dropped. The rising rubber share prices in Shanghai kept their momentum until mid-1937. In a meeting of the Rubber Trust, Soyka accused Sir Elly Kadoorie & Sons of borrowing money from the Rubber Trust at a low interest rate of 6%.³⁹³ The Kadoories insisted that this was untrue and pointed out that he had repeatedly helped Soyka in other companies' meetings.³⁹⁴ Soyka raised the issue of the Wattie-Burkill again in 1938 and 1939, but because of a lack of support from the public, it was dismissed both times,³⁹⁵ mainly because of the rise in rubber share prices and the sound dividends the shareholders again received. Soyka did not challenge the high agent fees paid by the rubber companies in Shanghai again.

³⁹³ Company Meetings: Rubber Trust, Limited, *The North China Herald*, 29 December 1937, 500.

³⁹⁴ 1. The Kadoorie supported the points raised by L. Soyka which were rejected by others in a Langkat meeting. L. Soyka found that many shareholders sold their shares cheaply because they did not know the negotiations of disposal of the rights by the company. In the Langkat meeting, L. Soyka proposed that the meeting had to adjourn so that the shareholders had time to study Soyka's suggestion properly. Horace Kadoorie also thought that it was reasonable for the shareholders to have more time to consider the proposal. 2. The Kadoories supported the amalgamation of Chemor and Klebang as L. Soyka requested. 3. Assisted L. Soyka in amalgamating Alma and other companies. Source: "Langkats Concessions to be Sold: Unanimous Resolution Passed by Shareholders After Sessions," *The North China Herald*, 16 December 1936, 457.

³⁹⁵ "L. Soyka, Exorbitant Fees in Rubber," *The China Press*, 14 April 1938, 12.

8. The effectiveness of 'trusts' in the surging share market in Shanghai's Island Period (1937-1941)

i. A giant financing institution attracts larger investments

The Marco Polo Bridge incident near Beijing in July 1937 marked the start of the Second Sino-Japanese War. The Battle of Shanghai (the Battle of Songhu) in August 1937 interrupted the Shanghai Stock Exchange. It was restored in October with a small number of transactions being made. When Chinese troops retreated from Shanghai at the end of November 1937, the military situation eased, river traffic resumed and the public utilities began to restore operation. Commercial and industrial activities in Shanghai recovered gradually, and foreign and Chinese investors in gradually returned to the Shanghai market. The International Settlement and the French Concession in Shanghai were still occupied by Japan, and capital was comparatively safer in Shanghai than in occupied areas in other parts of China. Thus, capital flowed into Shanghai to escape the war.³⁹⁶

With this refugee capital, rubber shares soared, and the rubber companies paid attractive dividends to draw more investors. During the Island Period, the Rubber Trust distributed high dividends. It paid interim and final dividends starting in 1937, both at Ch.\$0.2 per share.³⁹⁷ The Kadoories received Ch.\$84,400 from the interim and final dividends on their investment (422,000 shares) in the Rubber Trust. Horace

³⁹⁶ W.A Thomas, *Western Capitalism in China, A History of the Shanghai Stock Exchange* (Burlington: Aldershot, 2001). 218-220.

³⁹⁷ Public Records Office, HKRS111-4-17, *The Rubber Trust, Ltd.*

Kadoorie followed the upward trend of the rubber stock market and invested more in Shanghai rubber shares.

In 1938, with the depreciation of the Chinese currency, the share market in Shanghai continued to climb. In March 1938, the Chinese government introduced exchange-controlling measures to prevent the Chinese currency system from being damaged by the Japanese Federal Reserve Bank in North China. To hedge against the inflation of the exchange rate, more capital was injected into the stock market. When China's currency fell further, the share market in Shanghai became more active as speculation increased. Although share prices fluctuated because of the volatility of the Chinese dollars, they eventually flattened out and rebounded quickly.³⁹⁸ In January 1940, the volume of transactions in the Shanghai Stock Exchange surged to a new high and exited 10,000,000, of shares in which rubber shares had the largest transaction volume. Rubber share prices surged as the rubber price increased with the rising demand for raw rubber. Share prices continued to soar, peaking in March 1941.³⁹⁹

³⁹⁸ The British government implemented the Defense Finance Regulations in the colonies in September 1939. The people in the British Empire were required to purchase foreign currency from the appointed merchants. It affected the confidence of the rubber investors, as the rubber companies in Malaya and Singapore might be difficult to convert their profit from Strait dollars to Chinese dollars. Although there was foreign currency exchange control, the rubber share prices were only shortly affected. In May 1939, the war in Europe was eased. The investors restored their confidence towards the market. In October 1939, the regulation was repealed in most of the British colonies, such as British Malaya. Hong Kong, Canada and Newfoundland were not inclined though. Source: Office of the Parliamentary Counsel, *The Defence (Finance) Regulations 1939*, Third Edition 3 June 1941. “Gonggu zhanshi jinrong, gang shishi tongzhi waihui, you gang huikuan shou xiangdand xianzhi, you zhengdang yongtu fang de goumai 鞏固戰時金融，港實施統制外匯，由港匯欸受相當限制，有正當用途方得購買 (Consolidating the Wartime Finance, Hong Kong Implementing Restrictions on Foreign Exchange),” *Nanyang Siang Pau*, 3 October 1939, 15.

³⁹⁹ “Shanghai zhongyegongsuo zhi chengjiaoe ji zhengquan zhishu 上海眾業公所之成交額及證券指數 (The Turnover and Index of the Shanghai Stock Exchange), *Jingji tongji yuezhì*, 1938-1941.

The Rubber Trust was a target of share speculation because of its outstanding performance. While the share prices in the Shanghai Stock Exchange were surging in the Island Period, investment companies including International Investment Trust Co. of China, Ltd., Shanghai Loan & Investment Co., Ltd. and Yangtze Finance Co., Ltd., conducted frequent large-volume transactions on the shares of the Rubber Trust. For example, Shanghai Loan & Investment Co., Ltd. (McBain's interests, A.J. Welch was one of the major shareholders and directors) bought 8,000 and 12,000 shares in 1937 and 1938, respectively, and sold them all in 1939. To attract more investors, the rubber companies distributed more dividends. Wattie Group paid around three million Chinese dollars in dividends for the year 1939. Chinese investors actively speculated, increasing their shares in the Rubber Trust until they accounted for 18.6% of its total capitalisation in 1940.⁴⁰⁰

ii. Trust company: Ideal for managing huge amounts of idle capital

With the refugee capital, the rubber companies in Shanghai had considerable financial muscle for new opportunities, and the Rubber Trust was no exception. Instead of leaving the money lying idle, the Rubber Trust established a pool of capital to which all of the rubber companies earning profits had to contribute so that companies that had money could lend to others at a fair rate of interest. Under the Rubber Trust, rubber estates with profit joined the pool and financed the estates that were in need of funds.⁴⁰¹

⁴⁰⁰ Public Records Office, HKRS111-4-17, *The Rubber Trust, Ltd.*

⁴⁰¹ Ibid.

With efficient funds management, the Rubber Trust was in good condition. In 1939, the increase in the export quota and the higher price for raw rubber made the prospects of the Rubber Trust attractive. As Japan redeemed Chinese dollars (*fabi*/ Chinese standard dollars) in the Japanese-occupied areas, Chinese dollars were devalued, resulting in a decreased exchange rate of Straits dollars to Chinese dollars. As the rubber companies earned Straits dollars, the Rubber Trust profit was in a favourable position when converted into Chinese dollars. The trust's profit in 1939 was Ch.\$508,518.96 compared with Ch.\$329,745.96 in 1938. In 1940, the trust's profit rose to Ch.\$2,659,743.06 a five-fold increase from the previous year.⁴⁰²

iii. The Kadoories hold some stocks of rubber companies for sound dividends

Although there were advantages in merging the rubber companies, there was exception to this rule. The Kadoories did not intend to amalgamate all rubber companies under the Rubber Trust. As the share prices and dividends of some of the rubber companies were outstanding, the Kadoories inclined to hold these rubber companies to obtain good dividends return. It was because the rubber share prices were jumping and there were enormous transaction activities taking place.

The stock market in Shanghai had been surging since the end of 1939. In November 1939, the share market in Shanghai became very active. The price of all shares rose considerably. In December 1939, the rubber market was extremely vigorous and the rubber share prices surged. The share prices jumped up further in the

⁴⁰² "Company Meetings: Rubber Trust, Limited," *The North China Herald*, 27 December 1939, 535. "Company Meetings: Rubber Trust, Limited," *The North China Herald*, 25 December 1940, 502.

new year of 1940. It was due to the large amount of money staying idle in Shanghai. Over HK\$300,000,000 came to Shanghai due to the taxation scare. The public was lacking in confidence in the Chinese currency, so the idle capital flew into the stock market. After a soaring period, in March 1940, the stock market began to fluctuate and change unpredictably.⁴⁰³ At the beginning of 1940, the price of rubber share dropped substantially and remained dull after the terrific excitement. In view of the serious European situation, people were afraid that the Netherlands and Belgium would be drawn into the war with Germany at that time in Western Europe. It affected the investors' sentiment and the rubber market collapsed in Shanghai. Practically no rubber shares were changing hands. All share prices dropped, as they had been pushed up too much and too rapidly. Besides, although the rubber share market was fluctuating, the Kadoories was still investing in rubber shares because the value of Chinese dollars was getting lower. No matter how dull the market was, the share prices jumped again a few months later.⁴⁰⁴ The investors went mad as they saw the

⁴⁰³ The reason for this was that there were a large number of Chinese purchasers buying shares while foreigners were selling. As a result, a great deal of money was passed from Chinese banks into the hands of foreign banks. After the Chinese investors found money to be rather tight, the share market became inactive and quiet again. Moreover, the rubber share market was also affected by the panic brought by the war with Germany. On the other hand, all the rubber estates at that time were having satisfactory profits due to the increasing demand of rubber. The rubber industry was performing well in the Dutch East Indies. The export quota of the rubber estates in the Dutch East Indies for the first half of 1940 was approximately 60% above that for the corresponding period of 1939. This improvement was because of the various changes in the Netherlands Indies economy, such as the development of a trade policy far less dependent on relations with Holland. However, the increased activity and higher financial reward of Netherlands Indies enterprises failed to influence the prices of shares of these companies as some new taxes such as war profits tax were introduced. Also, Holland was in an unfortunate position. Some said that there was a possibility of a German invasion of Holland. It brought into question the fate of the Dutch East Indies. The rubber shares suffered from the decline in May 1940. The number of shares changing hands was still large, but with such a decrease in the price, the value of the turnover was not much. Only the rubber companies situated in Perak were less affected. (Refer to the chart "The share prices of some of the rubber companies invested by the Kadoorie from 1934 to 1941".) Source: "Netherlands Indies Trade Strength," *The Straits Times*, 11 April 1940, 4. "Holland's Colonies," *The North China Herald*, 24 April 1940, 121. "Shanghai Stock Exchange Official Weekly Share Report with Closing Quotations," *The North China Herald*, 23 May 1940, 198.

⁴⁰⁴ "Shanghai zhongyegongsuo zhi chengjiao ji zhengquan zhishu 上海眾業公所之成交額

share prices go up again. It was mainly due to the further influx of refugee capital, to Shanghai, the lack of confidence in Chinese currency and the expectation of high dividend yields in 1940. The Kadoories gained sound dividends, approximately more than one million Chinese dollars, from rubber dividend in the Island Period.⁴⁰⁵ This amount of money was comparable to the market value of the Rubber Trust in 1934. Except Shanghai, the Kadoories also invested in the rubber companies registered in Singapore such as the Kapala Rubber Estates of Malaya, Ltd. and the Indragiri Rubber Limited.⁴⁰⁶

及證券指數 (The Turnover and Index of the Shanghai Stock Exchange), *Jingji tongji yuezhì*, October 1940.

⁴⁰⁵ Public Records Office, HKRS114-6-248, *The Bute Plantations 1913 Ltd.* HKRS114-6-196, *The Chemor United Rubber Co. Ltd.* HKRS111-4-14, *The Java Consolidated Rubber and Coffee Estates, Ltd.* HKRS114-6-200, *Repah Rubber & Tapioca Estates, Ltd. The Semambu Rubber Estates, Ltd.* HKRS1114-6-203, *The Shanghai-Malay Rubber Estate Ltd.* HKRS1114-6-203, *Shanghai-Malay Rubber Estate Ltd.* HKRS111-4-8, *Anglo-Dutch (Java) Plantations, Ltd.* HKRS114-6-250, *The Dominion Rubber Co., Ltd.* HKRS1114-6-208, *Ziangbe Rubber Co., Ltd. The North China Herald*, 1941.

⁴⁰⁶ 1. Kapala Rubber Estates was registered in 1934 with a capital of £320,000 divided into 1,600,000 shares. The company was formed to acquire two rubber estates and several small holdings making a compact area of 5,154 acres in the Kuala Muda district of Kedah. 2. Indragiri Rubber Limited was founded and registered in Singapore in 1917. The company acquired the estates in the Naamlooze Vennoostchap Exploitatie Maatschappij Soengei situated in the Dutch East Indies. Elly Kadoorie held 65,000 shares and 75,000 shares in 1932 and 1940 respectively out of the total issued shares of 977,513. That means, Elly Kadoorie held 7.7% shares of the company in 1940. He was one of the major shareholders of the company. However, there were some unfavourable factors affecting the Kadoories' rubber investment in Singapore due to the Defence Finance Regulations 1940. (Defence Finance Regulations was first imposed in September 1939. A further regulation was imposed in February 1940. The sending out of foreign currency was prohibited. Companies were fined if found offending the regulation.) According to the Defence Finance Regulations, the remittance of the capital was restricted. The Straits Control Exchange Regulations allowed dividends from Straits companies to be remitted abroad, but did not allow proceeding from the sales of any securities to leave the country. Source: Singapore National Archives, ROC 776-02, 1917/0020, V1&V2, "Indragiri Rubber Ltd.," *List of Person Holding Shares in Indragiri Rubber Limited*, 26 January 1932, 19 January 1940. "Kapala Rubber Estates," *The Straits Times*, 5 October 1935, 8. "New Malayan Company," *The Singapore Free Press and Mercantile Advertiser*, 10 November 1934, 2. "Indragiri Rubber," *The Straits Times*, 24 July 1917, 8. "Finance Regulations Amendments," *The Straits Times*, 1 February 1940, 10. "Company Fined Under Defence Regulations," *The Singapore Free Press and Mercantile Advertiser*, 7 March 1940, 5.

9. The epilogue of the rubber shares in Shanghai

In the second half of 1940, the rubber companies kept on benefiting from the refugee capital and the devaluating Chinese dollars. Although the fixed exchange rate of Chinese dollars was imposed at the end of 1940, the black market was thriving in the occupied areas. The value of Chinese dollars in 1940 became only a small fraction of its original value before 1937.⁴⁰⁷ As long as most of the assets of the Shanghai rubber companies were in Singapore and Malaya, the devaluing of Chinese dollars against the Straits dollars had resulted in the increasing value of these Shanghai rubber companies.⁴⁰⁸ In addition, the investors in Shanghai were glad that Franklin Delano Roosevelt (1882-1945) was re-elected as President of the United States in November 1940. The general opinion in Shanghai was that war would not take place within the next few months. The share market on the whole became firmer and the rubber share prices went up again. Investors in Shanghai believed that there was likelihood of a boom in rubber shares.⁴⁰⁹

A series of Shanghai stock corporations reported the highest profits and distributed the highest dividend yields in their history. In December 1940, general stock prices in Shanghai averaged over 30% more than those at the beginning of the year. The optimistic market sentiment resulted in the surging of the price of rubber

⁴⁰⁷ “Fabi yiyou guding jiazhi 法幣已有固定價值 (The Fixed Price of the Chinese Dollars), *Shenbao*, 23 December 1940, 9.

⁴⁰⁸ “Waishang xiangpi gongsi gupiao zhi diaocha: xiangpi xintuo gongsi 外商橡皮公司股票之調查: 橡皮信託公司 (Foreign Rubber Companies’ Share: The Rubber Trust),” *Jingji yanjiu*, vol.3, issue 9, 1942, 43-46.

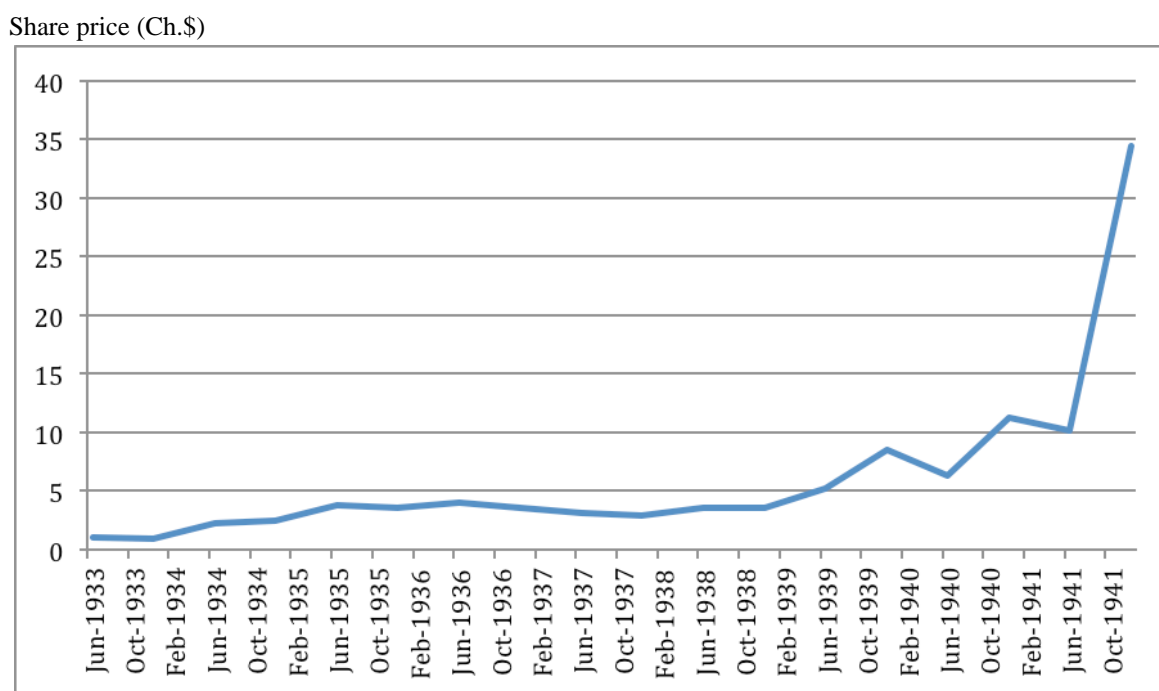
⁴⁰⁹ “How U.S. Election was Regarded on the Shanghai Front,” *The China Weekly Review*, 9 November 1940, 319.

shares and good returns of the dividends of many rubber plantation companies, despite the Shanghai stock operators' worries about the exchange controls in the British Malaya and Netherlands Indies that might obstruct the transfer of profits of rubber companies to Shanghai in future.⁴¹⁰ In the mid-1941, almost all rubber share prices soared to an extremely high level.⁴¹¹ For example, the share price of the Rubber Trust increased 3.4 times at the end of 1941 compared with the price in mid-1941.

⁴¹⁰ It was difficult to remit money from Singapore to Shanghai for paying dividends under the Defence Finance Regulations. (But there was no difficulty in remitting money from Shanghai to London, so the Kadoories chose to remit some of their money to London and deposit to the Westminster Bank there.) Because of that, the dividend of some of the rubber companies in Shanghai fell slightly. The public feared that there would be a smash in rubber shares if the situation went on. The final dividend of the rubber companies such as Almas, Samagaga, Rubber Trust (Wattie's group) and Kedah (Burkill's group) fell in 1939. Wattie's Penang Agents were trying their best to deal with the matter that Singapore companies and Shanghai companies were treated in a less fair manner than the Dutch Companies, where the government was refusing to allow fair remittances. Source: "New Defence (Finance) Regulations: Orders for Sale of Securities in U.K.," *Hong Kong Daily Press*, 18 May 1940, 5.

⁴¹¹ John Ahlers, "Shanghai's Trade Trends Determined by Vicissitudes of War and Exchange Markets During Year of Upheavals," *The China Weekly Review*, 28 December 1940, 115.

Figure 4. The share prices of the Rubber Trust from 1933 to 1941



Source: “Shanghai Stock Exchange Official Weekly Share Report with Opening Quotations,” *The North China Herald*, 1931-1941.

* The share prices were collected from *The North China Herald* on the first day of transaction every month from 1931 to 1941.

10. Concluding remarks

Shanghai became China’s financial centre in the early 20th century. Here, the influx of capital resulted in vigorous economic development, and the capital market expanded accordingly. The vast number of share transactions encouraged the appearance of the stock market and various financial instruments such as derivatives, loans and deposit services. The case study of the rubber shares investment of the Kadoories in the Shanghai stock market, shows how the capital market in Shanghai operated and developed in the first half of the 20th century and the role of the Jewish

merchants in its development.

A historical analogy can be drawn between the United States in the late 19th century and Shanghai from the mid-1920s to the early 1930s. In the late 19th century, when the United States was experiencing vigorous industrial development and inflow of capital, financial institutions such as trust companies emerged as the times required. Similarly, in Shanghai, there was an influx of capital when silver dropped to a historically low price in the mid-1920s. Different sectors, such as real estate development and public utilities in the stock market, grew rapidly. Jewish merchants such as the Sassoons and the Kadoories actively conducted business in Shanghai, using 'investment trusts' to absorb idle capital. From the mid-1920s to the early 1930s, the Sassoons established a number of investment trusts and real estate investment trust companies and attracted a large volume of capital to Shanghai. These were the first foreign trust companies in China.

In the context of the vigorous growth of Shanghai's capital market, the rubber estates situated in the Southeast Asia whose companies were listed on the Shanghai Stock Exchange were starved for funds because of the changes made to the rubber policy by the British government. When rubber share prices fell, an investment trust was ideal for the situation. The Rubber Trust was established in 1931 with J.A. Wattie & Co., Ltd. as its agent. The Kadoorie family went from being a single financier to a founder and the largest shareholder of the largest rubber financing trust company in Shanghai. The concept of collective investment was introduced to and reinforced in

the Chinese market.⁴¹² With the Rubber Trust, the Wattie Group enlarged its market shares in Shanghai's rubber share market and, together with another large agent, the Burkill Group, achieved a near-monopoly in the Shanghai rubber shares market, making it difficult for small shareholders to challenge them.

Unlike the trust departments that appeared within the Chinese banks, the Rubber Trust was a giant trust company with various investment tools. Acting as a financial institution, it specialised in loans, investment risk diversification and rubber company mergers. The Rubber Trust eventually made satisfactory profits and successfully enlarged its market shares. On the grounds that by floating companies in the market, the rubber estates could be used as additional securities for margin loans, the Kadoories did not amalgamate all of their rubber companies into the Rubber Trust. In 1939 and 1940, speculation reached its highest point but ended with the outbreak of the Second World War in 1941. A new era began for the Shanghai stock market after the war.

⁴¹² According to the "Shanghai Stock Exchange Official Weekly Share Report" published in "*The North China Herald*", the total share transaction of the Rubber Trust was always in the top five of the rubber shares in the Shanghai Stock Exchange.

Chapter 6

Retreat to Hong Kong – the Kadoories’ and the Shanghai Gas Company, 1930s-1950s

1. Introduction

One of the Kadoorie family’s crucial investments of in Shanghai was the Shanghai Gas Company, a British public utility company established by a group of British merchants in the International Settlement. In the second half of the 19th century, British merchants in the Shanghai International Settlement felt optimistic about the future of the Shanghai economy. As the economy thrived, numerous public utilities companies were established. For example, the Shanghai Gas Company was set up in 1865, the Shanghai Electric Company was founded in 1882 and the Shanghai Water Works Company was founded in 1883.⁴¹³

These public utility companies were British industrial concerns. The International Settlement in Shanghai was one of the principal settlements in the Far East, and Britain believed that these public utility companies favoured the further development of economic relations in the Far East which was one of the world’s most promising markets.⁴¹⁴ The International Settlement was administered by the SMC,

⁴¹³ Public Records Office, HKRS111-4-4, “Certificate of Incorporation of the Shanghai Gas Company Limited,” *The Shanghai Gas Co. Ltd.*

⁴¹⁴ The population of Shanghai tripled from 1910 to 1930, increasing from approximately one million to three million. Population increase in the foreign settlements was even more dramatic. The population of the International Settlement reached just over one million in 1930. The increase in population was because of the influx of immigrants from other parts of China, mainly from the Yangtze River Delta. Source: Brian G. Martin, *The Shanghai Green Gang: Politics and Organized Crime, 1919-1937* (Berkeley: University of California Press), 1996, 28.

the members of which were elected annually by foreign land-renters and ratepayers. Most of the members of the SMC, were British, which indicated the importance of Britain's holding.⁴¹⁵

Through a case study of the Kadoories' investments in the Shanghai Gas Company, this chapter examines why the Jewish merchants chose to invest in British public utility companies in Shanghai in the late 1920s and early 1930s, what their strategies and the emergence process were and how they dominated managing power in the Shanghai Gas Company. This chapter also explores the massive capital flight in China beginning in the 1940s and how the British public utility companies acted as a safe haven through which Jewish merchants could transfer their assets to Hong Kong to minimise their losses amidst China's political unrest in the aftermath of the Second World War. Finally, international capital flow entails the global cross-border movement of money for investment. This chapter highlights the strategies used by the Kadoories in transferring their assets from Shanghai to Hong Kong to reveal their decision making and methods of retreat by investing outside China during time of political and economic instability.

⁴¹⁵ The International Settlement's public utilities were owned and run by private business corporations of British and American residents in Shanghai. The privilege of the public utility companies were protected under the SMC. In return, those companies were obligated to enlarge the interests of the SMC. The board of directors of the public utility companies had to obtain the approval of the SMC before issuing securities. At the same time, the SMC appointed accountants to check the account balances of the public utility companies. The public utility companies did not only bring respectable profit, but also helped the SMC expand economic and political influence by building public facilities along the extra-Settlement roads at the International Concession. Source: FO371/5348, "Memorandum on British Interests in China and our Competitors," 18 November 1920.

2. Origin of the Shanghai Gas Company

The Shanghai Gas Company was founded by a successful group of British and American merchants in the International Settlement and French Concession.⁴¹⁶ In

⁴¹⁶ All the International Settlement's public utilities were owned and run by private business corporations in Shanghai. C.J. King, British merchant, the partner of the Chapman, King & Co. C.J. King, was the first chairman and one of the founders of the Shanghai Gas Company. He was also the chairman of the Hongkew Wharf Company. The merchants and commission agents company Chapman, King & Co. was established in 1860. Chapman, King & Co. the agent of Hongkew Wharf Company from 1871 to 1875. Chapman, King & Co. was specialised in running wharves in Shanghai. They found that a waterway was needed for transporting coal to generate gas. Finally, the factories of Shanghai Gas Company were built near the Soochow River. Wharves were built to ship coal by water transport. Dockyards, offices, staff accommodation facilities were also built. C.J. King resigned as the chairman of the Shanghai Gas Company in 1866. Chapman, King & Co. was also engaged in machinery trading business. Some godown delivery orders of Hongkew Wharf Company were hypothecated to this Company. Hongkew Wharf Company was founded in 1871. The company was established to purchase a property with a plant called the Hongkew Wharf, consisting of 57 *mows* of land with extensive Godown and Wharf accommodation, with a River frontage of 628 feet; and the adjoining property comprising approximately six *mows* of land, with a river frontage of 105 feet, giving in all a Wharf frontage of 733 feet, with a back lot comprising approximately four *mows* of land immediately to the rear of the aforesaid adjoining property. Chapman, King & Co. was closed down in 1873. Jardine, Matheson & Co. became the agent of Hongkew Wharf Company from 1875 onwards. Edward Whittall, C.D. Nye and Nichol Latimer were the members of the first board of directors of the Shanghai Gas Company. Edward Whittall was the manager of Jardine, Matheson and Company. C.D. Nye was from the American import and export firm Bull, Nye & Company. Nichol Latimer was the founder of the Nichol Latimer & Co. and member of the board of directors in the SMC. The directors of the Shanghai Gas Company searched for a suitable place to set up the gas factories. The company continued to develop under the leadership of Edward Jenner Hogg (1938-1920). Edward Jenner Hogg was the oldest resident and one of the big landlords in Shanghai. He spent totally sixty-three years in China. E.J. Hogg and his brother James Hogg founded a trading company, Hogg Brothers, in 1861. E.J. Hogg was the owner of Unkaza, the plot of land occupied by St. John's University and Jessfield Park. E.J. Hogg came to China in 1857 at the age of 19 three years after the Battle of Muddy Flat. He saw the establishment of the first foreign inspectorate of customs in 1861, lived through the Taiping Rebellion and actively watched the tremendous growth of Shanghai since 1857. Besides business field, Hogg also participated in a variety of social activities. He was an ardent lover of flowers and keenly interested in horticulture, he planted practically all the trees now in Jessfield Park and for years had been the moving spirit of the Shanghai Horticultural Society. Hogg also saw the inception of practically every club and organization in the settlement and at various times held membership in nearly all of these companies. He was a member of the Shanghai Club, Shanghai Race Club, the Country Club, Cricket Club and numerous other organisations. He became member of the board of directors of many local firms and was active in practically every movement toward civic betterment for more than 40 years in Shanghai. Besides, he was one of the founders of the Shanghai Land Investment Company and became the chairman of the board of directors for a number of years. E.J. Hogg joined the board of directors of the Shanghai Gas Company in 1870 and was named its chairman in 1895. The Shanghai Gas Company grew tremendously in order to keep pace with the progress of the settlement. The use of incandescent gas burners was spreading considerably in Shanghai. The cost of incandescent electric lighting was considerably cheaper than lighting by kerosene oil. The reduction the price of gas was made in the agreement between the SMC and the Shanghai Gas Company. Electric lighting was getting more common in Shanghai. The generating of

1866, the SMC granted the Shanghai Gas Company a franchise to light the International Settlement with gas.⁴¹⁷ The Shanghai Gas Company raised capital by issuing shares and taking a loan from Mercantile Bank.⁴¹⁸ The company, which owned gas-generating plants, provided gas for lighting and household cooking in the Shanghai International Settlement and the French Concession. The company also produced coal tar as a by-product and sold it to the factories situated near the lower course of the Yangtze River.⁴¹⁹ The Shanghai Gas Company was obligated to cooperate with the SMC to develop the concession area.⁴²⁰

In 1900, the Shanghai Gas Company was registered in Hong Kong as a new company and was incorporated as a company limited by shares under the Companies Ordinance of Hong Kong to limit shareholder liability and prepare for expansion. The

gas showed a satisfactory increase with the increased demand for gas for heating and cooking. Source: "Public Meetings: The Hongkew Wharf Company," *The North China Herald*, 12 April 1871, 260. "Notice," *The North China Herald*, 5 May 1860, 70. "Law Reports: Supreme Court Jury Trial before C.W. Goodwin esq. Deputy Chief Judge," *The North China Herald*, 25 January 1871, 57. "Machinery," *The North China Herald*, 18 October 1862, 168. "Shanghai Gas Company," *The North China Herald and Supreme Court & Consular Gazzette*, 26 April 1873, 359. "The Shanghai Gas Company, Limited: General Meeting," *The North China Herald*, 13 March 1901, 488. "The Shanghai Gas Company: Annual Meeting Extraordinary Meeting," *The North China Herald*, 18 April 1900, 689. "Death of Mr. Jenner Hogg: In His Eighty-third Year-In China for three Years," *The Shanghai Gazette*, 27 February 1920, 2. "Qingzhu Gongheyang Matou Jingli Fuwu Wushi Zhounian 慶祝公和洋碼頭經理服務五十週年 (50 Years of Service the Manager of the Hongkew Wharf)," *Shenbao (申報)*, 20 November 1924, 14. Zhou Taitong, Hu Wei and Fan Hongtao, (周太彤, 胡煒范, 洪濤), *Huangpu qu zhi 黃浦區志 (History of Whampoa)* (Shanghai: Shanghai she hui ke xue yuan chu ban she, 1996), 452-453.

⁴¹⁷ "Municipal Council," *The North China Herald*, 16 June 1866, 95.

⁴¹⁸ "Shanghai Gas Company: Report of Loan Committee," *The North China Herald*, 23 June 1866, 99.

⁴¹⁹ FO671/538, "China: Chinese court cases involving British subjects and interests: general correspondence," June 1927.

⁴²⁰ In the following year, there were considerable activities in the building of roads and in other Municipal developments. For example, the Shanghai Tramway Company and the Public Works Department of the SMC changed the tramway tracks at the junction of Nanking Road and the Bund to cope with road widening. The Shanghai Gas Company presented the assistance to the underground works. Source: FO371/13239, "Shanghai Publicity Bureau News Bulletin," 27 November 1928. "Bund-Nanking Road Tram Tracks," *The North China Herald*, 4 August 1928, 198.

company also fell under the jurisdiction of the British Supreme Court in Shanghai according to British law.⁴²¹

3. Jewish merchants and the Shanghai Gas Company in the 1920s

In the 1920s and 1930s, Jewish merchants invested large amount of capital and occupied important positions in a number of public utility companies in Shanghai. E.I. Ezra was the first to invest in the Shanghai Gas Company in 1916 and became a member of the board of directors.⁴²² However, his chairmanship lasted less than a

⁴²¹ The Hong Kong Company Ordinances were created in 1865 based on the English Company Acts. The Ordinances were framed to afford facilities for the registration and working of companies wishing to trade under the limited liability laws. Under the Hong Kong Company Ordinances, the Companies registered in Hong Kong, but working in China, could be brought under the jurisdiction of the British Supreme Court at Shanghai. The old company was a co-partnership constituted at Shanghai under a deed of Settlement. In 1890, those companies carrying out business outside Hong Kong were also allowed to register under the Hong Kong Company Ordinance. In 1900, the directors decided to register the Shanghai Gas Co. as a Limited Liability Company under the Hong Kong Ordinances in order to prepare for the expanding of the company's. The company therefore fixed the authorized capital at double the old figure, which was Tls.400,000. The new capital was Tls.800,000. Source: Public Records Office, HKRS111-4-44, "Memorandum of Agreement," *The Shanghai Gas Co., Ltd.* HKRS111-4-44, "Certificate of Incorporation of the Shanghai Gas Company Limited," *The Shanghai Gas Co. Ltd.* HKRS111-4-44, "From Registrar of Companies", *The Shanghai Gas Co. Ltd.* "Company promotion in Hongkong," *The North China Herald*, 14 August 1909, 395. "The Shanghai Gas Company: Extraordinary General Meeting," *The North China Herald*, 26 December 1900, 1344. "Readings for the Week," *The North China Herald*, 16 January 1901, 92.

⁴²² The scale of the Shanghai Gas Company was expanding, the output of gas greatly increased in the late 1920s due to the rapid development of Shanghai. The competition led to an increase in gas use for industrial purposes. The reasons were, first, the continued demand for flats in apartment buildings in Shanghai changed the living conditions rapidly. Large apartment buildings were erected for private dwellings. The traditional solid fuels for heating and cooking were substituted by gas fuel because the latter was more environmental friendly. It advanced the selling of gas. The Shanghai Gas Company also supplied gas to residents in the Chinese territory adjoining the Foreign Settlement on the northern boundary. Second, there were keen competitions among Shanghai industrial sectors. According to FO371/5348, British industrial concern including 28 enterprises in Hong Kong, 44 in Shanghai, 24 in Tien-tsin, 10 in Hankow and 23 in other cities in 1920s. For example, British companies owned two important shipbuilding works in Shanghai, Japanese had three cotton mills in Shanghai while British had seven. The merchants from the United States were also the competitors of British merchants. Besides, there were dockyards, sugar refineries, cement works, and rope works run by British interests in Shanghai.

The principal competitor of Britain in the past was Germany, since Germany traded largely in the same lines as Britain. German competition was swept away because of the Second World War. French trade was chiefly concerned with silk and Russian trade with tea while British merchants had little share in

year, as he died in December 1921.⁴²³ The Sassoons invested in the China General Omnibus Co. through the subordinate companies of the Sassoon Group and in Shanghai Electric Construction Co., Ltd. in 1930s,⁴²⁴ while the Kadoories invested in the Shanghai Gas Company.⁴²⁵

Amidst the drastic development of the land market in Shanghai, public utility companies flourished. Some Jewish merchants who were latecomers to Shanghai earned their first fortunes from Shanghai's land market and stock market, and they subsequently invested in various fields. The first Jewish merchant on the board of the Shanghai Gas Company was a Shanghai property developer, Edward Isaac Ezra, who held a leading position in the Jewish community in Shanghai.⁴²⁶ Ezra possessed a 'commanding position in the business world', as *South China Morning Post* declared.

these two businesses. The United States of America were in silk, hides and egg products, and Japan in beans, beancake and bean oil, raw cotton, iron ore and pig-iron, flour, wheat, wool, fibres, ground-nuts, sesame seed. They each took a very large share of China's export trade. Source: FO371/5348, "Memorandum on British Interests in China and Our Competitors," 18 November 1920. "Shanghai Gas Co., Ltd.," *The North China Herald*, 8 April 1930, 58. "The Shanghai Gas Company, Ltd.," *The North China Herald*, 26 March 1927, 500. "Company Meeting, Shanghai Gas Co.," *The North China Herald*, 26 April 1932, 13.

⁴²³ "Sudden Death of Mr. Edward Ezra: Collapse at his Office from Hemorrhage of the Brain," *The North China Herald*, 17 December 1921, 767.

⁴²⁴ J. A. Fredericks, a British businessman, a member of Shanghai Sharebrokers Association, obtained the franchise of bus service in Shanghai from the SMC in the 1920s. In 1923, he transferred the franchise to Jewish merchant H.E. Arnhold. H.E. Arnhold then established the China General Omnibus Co. Later, Arnhold & Company became the subordinate company of the Sassoons. Since then, the China General Omnibus Co. was operated by the Sassoons. Jewish merchants H.E. Arnhold, W.R. McBain, E. Hayim and R.E. Sassoon were the directors of this company. Source: Shanghai Municipal Council, *Report for the Year 1923 and Budget for the Year 1924* (Shanghai: Kelly & Walsh, Ltd., 1924).

⁴²⁵ Zhang Zhongli, and Chen Cengnian (張仲禮, 陳曾年), *Shaxu jituan zai jiu zhongguo* 沙遜集團在舊中國 (*The Sassoon Group in Old China*) (Beijing: Renmin chubanshe, 1985).

⁴²⁶ The lists of chairman of the Shanghai Gas Company and their terms: C.J. King (1864-1866), W. Cameron (1866-1871), J.I. Miller (1872), J.G. Purdon (1873-1876, 1880, 1883-1885), F.B. Forbes (1877-1879), F.D. Hitch (1881), E.P. Hague (1882-1883), R. Francis (1885-1889), E.J. Hogg (1895-1903, 1905-1920), J.L. Scott (1903-1904), F. Ayscough (1920-1921), E.I. Ezra (1921), L.E. Canning (1922-1939), H. Kadoorie (1939-1952). Source: *The North China Herald*.

After successfully investing in numerous enterprises, Ezra increased his fortune by speculating in the Shanghai real estate market beginning in the late 1910s.⁴²⁷ Ezra and S.A. Hardoon undertook a massive rebuilding project in Szechuen Road and Nanking Road, which was the most valuable piece of land in Shanghai, and Ezra built some new blocks there.⁴²⁸ Land prices in Shanghai continued to surge in the late 1910s. Ezra was a member of the SMC from 1911 until 1918.⁴²⁹ He invested in the Shanghai Gas Company in 1916 and became chairman in 1921.⁴³⁰

i. China's silver crisis: The Kadoories invest in the Shanghai Gas Company

In the early 1930s, countries on the gold standard suffered from the Great Depression. The financial situation in Chinese rural areas deteriorated as the export of goods decreased. As a result, more silver flowed into China, especially into the financial centre of Shanghai. As a way out, local money targeted the Shanghai share

⁴²⁷ E.I. Ezra's father came to Shanghai and set up his business in Indian imports in 1860s. On the death of his father, Ezra continued his father's business. Under his hand, the business prospered immensely and he went on to engage in many enterprises. His interests included the Shanghai Hotels Ltd., of which he became managing director in 1907. Ezra was the vice-president of the Jewish Communal Organization of China, and vice-president of the Synagogue. It was chiefly on his initiative that Rabbi Hirsch came out from England to be a leader in Shanghai Jewry. Another of Ezra's intimate interest was Masonry. He attained high degree in the craft, and was an influential member of Lodge Saltoun, of which he was Past Master. He was also a member of the Shanghai Club, the Shanghai Race Club, the Masonic Club and Cercle Sportif Francais, and also he was a most hospitable host. Ezra was director of numerous companies in Shanghai. He was the chairman of the Far Eastern Insurance Co., Ltd. and China Motors Ltd. He also held large proprietary interests in the China Press and the Evening Star. Source: "The Late Mr. Edward Ezra: Shanghai Condolences," *South China Morning Post*, 21 December 1921, 7.

⁴²⁸ "The Nanking Road Narrows: Question of Mr. Hardoon's Frontage," *The North China Herald*, 19 August 1916, 355.

⁴²⁹ E.I. Ezra gained the membership of the SMC because he was appointed as chairman of the Chinese Educational Committee. Source: "The Late Mr. Edward Ezra: Shanghai Condolences," *South China Morning Post*, 21 December 1921, 7.

⁴³⁰ The next chairmanship returned to the hands of a British merchant, L.E. Canning.

market, and capital flowed into various local Shanghai companies.⁴³¹ However, the British government's announcement to end the Stevenson Scheme sent the rubber share price down sharply from 30% to 50% in 1928.⁴³² Investors' calls for the sale of rubber shares led to a further plunge in share prices. Shanghai investors deserted the rubber market, and many put their money into the shares and debentures of the SMC, land investment companies, dock and transport companies and local utility companies such as the Shanghai Gas Company and the Shanghai Water Company, as these companies offered comparatively good dividend returns.⁴³³ Public utility companies

⁴³¹ The newspaper in 1925 recorded that: "The capacity of the local market to absorb capital issues has provided much food for thought among those in financial circles within the last two or three years. From the time when the expansion of the community necessitated ever larger calls for public money on the part of the Municipal Council there has been doubt expressed whether Shanghai could provide it in any given time, whether local resources were sufficiently ample to meet such demands, and it was gratifying to see that confidence in Municipal finance was so high that these doubts were not fulfilled. At the same time while certain flotations in the past were readily taken up, the moment the sum total went beyond a particular point there appeared to be a certain straining of the market to meet the requirements. For instance we believe that last year – considered a very successful one – a flotation of four millions of Municipal debentures was extended over seven months. This year we see an extraordinary change in the market, for within only two weeks a sum not far short of that total has been absorbed by local investors. "Absorbed" is altogether too mild a word to express the position, and it would be almost true to say that the debentures thus floated were scrambled for. On April 27 the Municipal Council floated a million taels of debentures in an hour and a half, and repeated the performance on April 30. French Municipal debentures to the extent of Tls.800,000 were all taken up before the date of public issue, while very nearly the same thing happened to Tls.500,000 of Waterworks loan. In the meantime, also, Shanghai acquired quite a large interest in a flotation of Tls.200,000 by the British Municipal Council. One reason for the plentiful supply of cash for these issues is that there is a surplus of money in Shanghai today, stocks of silver and dollars being very heavy as compared with a year ago. A year or more ago money was very tight in Shanghai, and to ease the situation fresh supplies of silver were imported, while these received reinforcement owing to the outbreak of war last summer, when as a natural consequence supplies flowed in from the interior, for safe keeping practically...this money is lying to a large extent idle, whereas it should be used for the financing of trade between the ports and the interior. As, however, Chinese bankers and merchants put little trust in the political situation, they will not adventure it in commerce...Part of this money lies in foreign banks earning no interest at all...to seek a medium in long term securities when normally it would be used in financing business...the disinclination of Chinese today to adventure their money in commerce...its effect is seen on the local Stock Exchange." Source: "Shanghai's Surplus Money," *The North China Herald*, 16 May 1925, 267.

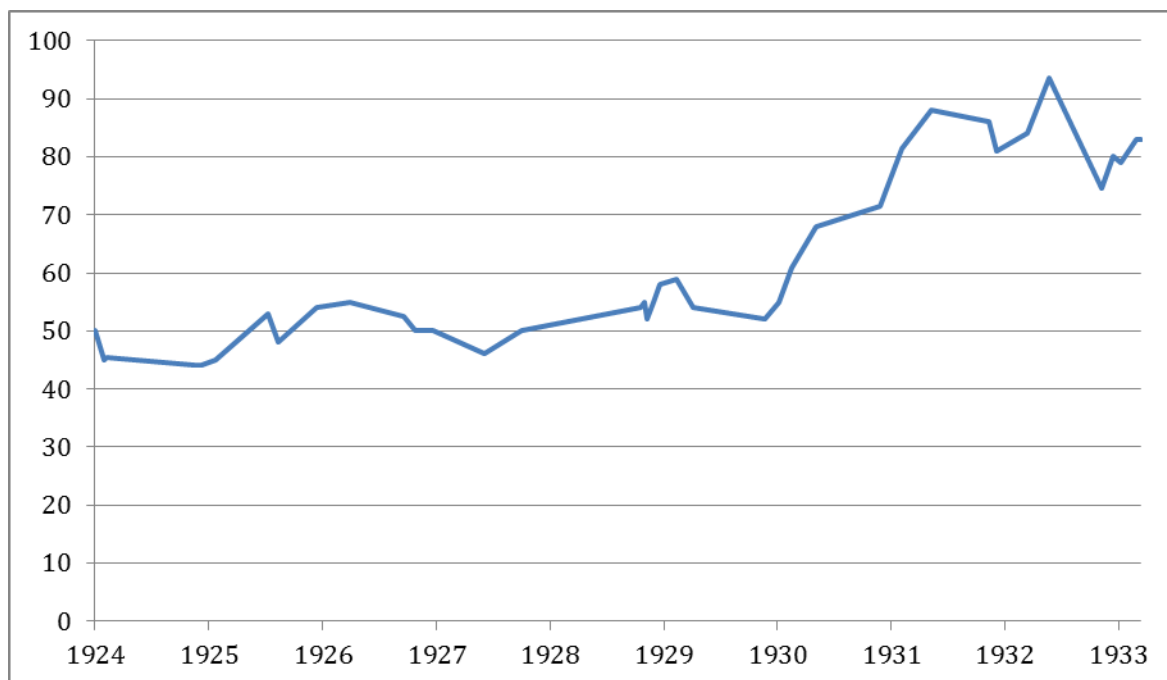
⁴³² The Stevenson Scheme was imposed by the U.K. The purpose of the scheme was to stabilise the rubber price. With the American intervention, the scheme was terminated in 1928. John H. Drabble, *Malayan Rubber: The Interwar Year* (Sydney: University of Sydney, 1991), 38.

⁴³³ The rubber share was in a difficult situation in the late 1920s. The newspaper in 1928 described that "Stock exchange almost disrupted". "The great majority of those who found themselves with shares on their hands or shares contracted for, found that they had been paying many times too

such as the Shanghai Gas Company raised capital to absorb the hot money. From 1929 to 1940, the Shanghai Gas Company increased capital five times, using these funds build new sites. The share price of the Shanghai Gas Company rose, reaching a high point in June 1932.⁴³⁴ (See Figure 5 below)

Figure 5. The share price of the Shanghai Gas Company from January 1924 to April 1933

Share price (Tls.)



Source: “Shanghai Stock Exchange Official Weekly Share Report with Opening Quotations,” *The North China Herald*, 1924-1933.

* The share prices were collected from *The North China Herald* on the first day of transaction every month from 1924 to 1933.

much for their holdings. Few of the companies were downright swindles, but the great majority could never hope to pay any dividends on the basis of the original capital, and the great majority of the holders had paid several times the par value for their shares - or at least had contracted to pay. In those days when one noted that this or that person who had been for many years a resident of the port had suddenly left, the explanation was whispered in the one word: Rubber.” Source: Geo W. Missemer, “Shanghai’s Interest in Rubber,” *The China Weekly Review*, 14 April 1928, 202. W.A. Thomas, *Western Capitalism in China, A History of the Shanghai Stock Exchange* (Burlington: Aldershot, 2001), 209.

⁴³⁴ The investment in shares of the public utilities company in Shanghai was comparatively larger guarantee. The share price of the Shanghai Gas Company was stable between 1934 and 1938 even though Shanghai was going through an economic crisis. Source: “Shanghai Stock Exchange Official Weekly Share Report with Opening Quotations,” *The North China Herald*, 1924-1933.

The Shanghai Gas Company expanded its business in the late 1920s and early 1930s. The Kadoories first invested in the Shanghai Gas Company in 1929 and enlarged their managing power throughout the 1930s. They gained controlling power by increasing their shareholdings through new share allotment when the company was expanding.⁴³⁵

In 1930, the profit from gas production increased, and in 1931, the company started to build new works to cope with the increasing consumption of gas. It purchased 33.324 *mows* of riverfront land in the Yangtszepoo district at Tls.1,005,505.15 to build a modern and efficient gas manufacturing plant capable of meeting Shanghai's rapidly increasing gas requirements, whether domestic or industrial loads, under the reasonable resumption of normal trading conditions. The financing of the land purchase involved an overdraft arrangement with the company's bankers and the sale of the old site.⁴³⁶ An additional station was purchased in the French Concession, and 1.85 miles of 18-inch-diameter Cast Iron Main was laid from the station to the junction of Rue Paul Beau and Avenue Joffre.⁴³⁷

The Shanghai Gas Company raised capital in 1931 to pay for the construction of the new plant. The Kadoories took up 40% of the new shares and became one of the major shareholders. With the Joseph family, they held the largest number of shares of the Shanghai Gas Company from 1930s onwards. Horace Kadoorie joined board of

⁴³⁵ The Shanghai Gas Company increased capital in 1929 and 1931. Source: Public Records Office, HKRS111-4-44, *The Shanghai Gas Co. Ltd.*

⁴³⁶ "Company Meeting, Shanghai Gas Co.," *The North China Herald*, 26 April 1932, 13.

⁴³⁷ Public Records Office, HKRS111-4-44, "Report for 1931," *The Shanghai Gas Co., Ltd.*, 17 March 1932.

directors in 1932.⁴³⁸

ii. The 1935 financial crisis

The Shanghai Gas Company suffered from the Sino-Japanese hostilities in 1932.⁴³⁹ Japanese troops invaded Shanghai resulting in the destruction of some of the Shanghai Gas Company's assets and severely increased the cost of transporting coal. The quantity of gas sold in 1932 was 4.75% lower than in 1931, and the net profit for 1932 was also down from 1931.⁴⁴⁰ This was the first retrogression for the company since the 1920s. In addition, from 1933 to 1934, the real estate market in Shanghai collapsed with the fall of the silver price. Shanghai's economic situation was deteriorating. The old plant on the west side of Tibet Road was difficult to sell, but the

⁴³⁸ Among the Jewish merchants in Shanghai, Joseph brothers shared a similar family background with the Kadoories. Joseph brothers, Raymond Menashih Joseph and Ellis Joseph, were close business partners of the Kadoories in the Shanghai Gas Company. They were also Jewish merchants from Baghdad and worked in E.D. Sassoon & Co. as an assistant after their migration to Hong Kong in the 1900s. R.M. Joseph and Ellis Joseph had an elder brother Edward Menashih Joseph, who established a firm "Joseph Bros." in 1913 in Hong Kong. (R.M. Joseph's brother, Edward Menashih Joseph was also born in Baghdad.) In the meantime, Joseph brothers received a local certificate of naturalisation in Hong Kong in 1912. Same as Elly Kadoorie, the Joseph brothers were granted British nationality in 1926. The British government granted them a certificate or Imperial naturalisation under Section 8 and 6 of the British Nationality and Status of Aliens Act 1914. The British government regarded the Joseph brothers as reliable as R.M. Joseph's wife, Hannah Joseph, was a British born subject at Calcutta on 2 July 1882. Besides, R.M. Joseph wanted to live in the British Empire after his retirement from business. The Governor of Hong Kong believed that R.M. Joseph was a respectable merchant and that nothing known about him was negative. Also, R.M. Joseph opened a firm "Joseph, R.M." in 1917. They acted as a commission agent in import and export trade in Shanghai and invested in the stock market in Hong Kong. Joseph brothers participated actively in the Shanghai business field from 1920s onwards. They had been the directors of Zoong Sing Cotton Mill since the late 1920s. R.M. Joseph passed away in 1941. Source: FO671/461, "China: National Status: General Correspondence, Letter to H.B.M. Consulate-General Shanghai," March 1926. "The Desk Hong List, A General and Business Directory for Shanghai," *The North China Daily News*, 1931, 178. "Zoong Sing Cotton Mill Has Meeting: Unfavourable Result is Ascribed to Adverse Circumstance," *The China Press*, 20 October 1928, 10.

⁴³⁹ Tomoko Shiroyama, *China During the Great Depression: Market, State, and the World Economy, 1929-1937* (Cambridge, Mass.: Harvard University Press), 2008, 3-4.

⁴⁴⁰ Public Records Office, HKRS111-4-44, "Annual Meeting," *The Shanghai Gas Co., Ltd.*, 27 April 1933.

construction of the new Yangtszepoo plant continued. The Shanghai Gas Company spent a further Tls.667,122.5 on buildings and machinery in 1932. The foundation for the Gas Holder and Retort House was completed, and the erection of the plant commenced.⁴⁴¹ Expenditures increased in 1935 as the Yangtszepoo new plant began operation, and the company's financial situation became difficult.

The board of directors financed the equipment for the new works through an overdraft of Ch.\$5,600,000 from the Hong Kong & Shanghai Bank at high interest.⁴⁴² The following table shows the increase in the overdraft between 1933 and 1936, when the new plant was built under financial difficulties. (See Table 30) The Shanghai Gas Company renewed its Franchise Agreement with the SMC and negotiated a similar agreement with the French Municipal Council.⁴⁴³

⁴⁴¹ Public Records Office, HKRS111-4-44, "Report for 1932," *The Shanghai Gas Co., Ltd.*, 29 March 1933.

⁴⁴² Public Records Office, HKRS111-4-44, "Annual Meeting," *The Shanghai Gas Co., Ltd.*, 27 April 1933. "Company Meeting, Shanghai Gas Co.," *The North China Herald*, 3 May 1933, 182.

⁴⁴³ The company only concluded with the SMC with the terms of royalty, which were to pay an annual royalty of Tls.1,000 to the SMC, and to contribute to the cost of repairing roads and mains. There were various franchises granted in regard to public utilities in the International Settlement in Shanghai in 1929. Agreement between the SMC and the New Shanghai Electric Company, Limited, whereby the council purchased the whole business and undertaking of the company etc., for the supply of electric power to the settlement. Besides, there were franchise agreements between the SMC and the Shanghai Mutual Telephone Company, Limited, the Shanghai Waterworks Company, Messrs. Bruce Peebles and Company, Limited, (Tramway agreement), the Shanghai Construction Company, Limited, the French Municipal Council and the Shanghai Mutual Telephone Company. The negotiations were opened with the SMC with regard to a franchise in 1934. Finally, in April 1935, the Shanghai Gas Company concluded a Franchise Agreement with the SMC, which covered a period of forty years. On the other hand, the French Municipal Council broached the subject of a franchise agreement on similar terms in May 1935. These Agreements involved the company in heavy expenditure under the head of Royalties. The amount of royalty payable to the French Municipal Council was Ch.13,248.18. The amount paid to the French authorities in 1936 was double totaling Ch.\$100,000. There were Ch.\$80,000 in 1935, Ch.\$63,000 in 1934 and only Ch.\$2,000 in 1933. Source: FO371/13956, "Franchises Granted in Regard to Public Utilities in International Settlement at Shanghai," 18 July 1929. "Company Meetings, Shanghai Gas Co., Ltd., Capital to Be Increased from Tls.2,500,000 to \$7,000,000" Dividend Declared," *The North China Herald*, 20 May 1935, 353. "Shanghai Gas Co.'s Good Year Nett Profit for 1935 Total \$317,091: Council Grants Franchise for Forty Years," *The North China Herald*, 29 April 1936, 201. "Company Reports, Shanghai Gas Company, Ltd., Dividend of Four Per Cent for 1935 on Old Shares and for Four-Month on New Shares," *The North China Herald*, 22

Table 28. The overdraft of the Shanghai Gas Company from the Hong Kong & Shanghai Bank between 1930 and 1940

1930	Tls.208,121.35 (approximate Ch.\$291,078.8 in Chinese standard dollars) ⁴⁴⁴
1931	Tls.1,385,493.36 (approximate Ch.\$1,856,561.1 in Chinese standard dollars)
1932	Tls.2,071,354.73 (approximate Ch.\$2,775,615.3 in Chinese standard dollars)
1933	\$5,600,004.78
1934	\$6,687,581.68
1935	\$6,131,764.51
1936	\$6,044,873.09
1937	\$4,639,718.06
1938	\$4,460,907.46
1939	\$4,158,517.41
1940	\$5,880,695.13 (secures by mortgage on the assets of the company)

Source: Public Records Office, HKRS111-4-44, "Company Annual Report," *The Shanghai Gas Co., Ltd.*

In line with China's national plan to abandon the tael and unify the currency system with Chinese dollars, the Shanghai Gas Company abolished taels and adopted Chinese dollars in 1935. The board of directors decided to issue further capital. A reconstruction scheme was promoted, which was confirmed by the British Supreme Court for China in Shanghai on 7th June 1935. The company's nominal capital was increased to Ch.\$7,000,000: 700,000 shares of Ch.\$10 each. (See Table 31) The old paid-up capital of 40,000 shares of Tls.50 each, plus a special dividend of Ch.\$0.06993 per share, was converted into 280,000 shares of Ch.\$10 each, and a further 420,000 new shares were issued. Of the new shares offered to shareholders, 135,492 (of Ch.\$10 each) were taken up, making the company's paid-up capital

April 1936, 158.

⁴⁴⁴ Owing to the adoption of Chinese Standard Dollar by the Chinese government as standard currency in April 1933, the company decided to keep its records in dollars from 1 July 1933, onwards. In accordance with this decision the accompanying accounts were presented in Chinese Standard Dollars into which currency Tael amounts had been converted at the official rate of Shanghai Tael 0.715 to 1 Chinese Standard Dollar. Source: Public Records Office, HKRS111-4-44, "Report for 1933," *The Shanghai Gas Co., Ltd.*

Ch.\$4,154,920, on 31st December 1935.⁴⁴⁵

Table 29. The nominal share capital of the Shanghai Gas Company from 1931 to 1940

Year	Nominal share capital	Dividend into	Total number of shares taken up by shareholders	Paid up capital
1931	Tls.2,500,000	50,000	36,000	Tls.1,800,000 (approximate Ch.\$2,571,428.5)
1932	Tls.2,500,000	50,000	36,000	Tls.1,800,000
1933	Tls.2,500,000	50,000	40,000	Tls.2,000,000 (approximate Ch.\$2,797,202.8)
1934	Tls.2,500,000	50,000	40,000	Tls.2,000,000
1935	Tls.2,500,000	50,000	40,000	Tls.2,000,000
1936	Ch.\$7,000,000	700,000	420,700	Ch.\$4,207,000 (approximate Tls.3,005,060.1)
1937	Ch.\$7,000,000	700,000	560,000	Ch.\$5,600,000
1938	Ch.\$7,000,000	700,000	560,000	Ch.\$5,600,000
1939	Ch.\$7,000,000	700,000	560,000	Ch.\$5,600,000
1940	Ch.\$7,000,000	700,000	560,000 *	Ch.\$5,600,000

Source: Public Records Office, HKRS111-4-44, "Company Annual Report," "List of Persons Holding Shares," *The Shanghai Gas Co., Ltd.*

* The figures reflect the total number of shares before the new shares allotment in 1940.

Among the 135,492 new shares taken up by shareholders, Sir Elly Kadoorie & Sons took up 70,000.⁴⁴⁶ In 1937, 139,300 new shares were allotted, of which Sir Elly Kadoorie & Sons took up 10,000.⁴⁴⁷ The following table shows that the Kadoories took up a large number of new shares in every new share allotment. Another Jewish merchant family, the Josephs also took up some of the new shares, enlarging their shareholdings to gain managing power. (See Table 32)

⁴⁴⁵ Public Records Office, HKRS111-4-44, "Report for 1935," *The Shanghai Gas Co., Ltd.*, 30 April 1936.

⁴⁴⁶ Public Records Office, HKRS111-4-44, "New Share Issue of 1935," *The Shanghai Gas Co., Ltd.*, from 1-20 September 1935.

⁴⁴⁷ Public Records Office, HKRS111-4-44, "Return of Allotments New Share Issue," *The Shanghai Gas Co., Ltd.*, from 18 March to 8 April 1937.

Table 30. New share allotment of the Shanghai Gas Company from 1929 to 1940

Year Name of shareholder	1929	1931	1935	1937	1940
L.E. Canning	111	14	/	/	7
Kadoorie & Sons	2450	1,000	70,000	10,000	37,375
Elly Kadoorie	500	/	/	/	875
Lawrence Kadoorie	300	/	/	/	875
Horace Kadoorie	200	/	/	/	875
Total new shares taken up by the Kadoorie family	3,450	1,000	70,000	10,000	40,000
R.M. Joseph	1,698	507	36,010	3,737	19,250
E.M. Joseph	1,987	292	/	35,000	5,450
Mozelle Joseph (R.M. Joseph's Wife)	/	111	/	/	2,120
R.M. Joseph and E.M. Joseph	/	/	2,100	800	200
Total new shares taken up by Joseph family	3,685	910	38,110	39,537	27,020
Total new shares taken up by other shareholders	4,865	2,090	27,382	89,763	72,980
Total number of new shares taken up by shareholders	12,000	4,000	135,492	139,300	140,000

Source: Public Records Office, HKRS111-4-44, "New Share Issued," *The Shanghai Gas Co., Ltd.*

The following table shows the change of the number of shares held by the Kadoorie family from 1929 to 1940. The Kadoories bought in shares of the Shanghai Gas Company since the late 1920s and largely increased the holding through every new shares allotment.

Table 31. The changing of the number of shares owned by the Kadoories from 1929 to 1940

	1929	1931	1932	1933	1934	1935	1936	1937	1938	1939	1940
Elly Kadoorie & Sons	2,450	7,500	8,500	8,500	8,500	8,400	128,800	149,500	149,500	149,500	149,500
Elly Kadoorie	500	500	500	500	500	500	3,500	3,500	3,500	3,500	3,500
Horace Kadoorie	200	500	500	500	500	500	3,500	3,500	3,500	3,500	3,500
Lawrence Kadoorie	300	500	500	500	500	500	3,500	3,500	3,500	3,500	3,500
Total number of share taken up by Kadoorie family	3,450	9,000	10,000	10,000	10,000	9,900	139,300	160,000	160,000	160,000	160,000

Source: Public Records Office, HKRS111-4-44, "List of Persons Holding Shares," *The Shanghai Gas Co., Ltd.*

Horace Kadoorie and R.M. Joseph⁴⁴⁸ were invited to join the board after A.W. Burkill (of A.R. Burkill & Sons) resigned in 1936 and Alexander Dunlop Bell, the chairman of the SMC (term of service 1932-1934), died in 1937.⁴⁴⁹ The Jewish merchants dominated the board of the Shanghai Gas Company from 1937 onwards. (See Table 34) By 1940, the two families held about 48% of the total shares of the Shanghai Gas Company: the Kadoories held 28.6% and the Josephs held 19.8%.

Table 32. The board of directors of the Shanghai Gas Company 1937 and 1938

Name	Nationality	Other Business Occupation (written on the Gas Company documents)
Lionel Edger Canning	British	Director, Oculists Institute Co. Ltd.
Raymond Menashih Joseph	British (Jews)	Merchant
Horace Kadoorie	British (Jews)	Financier

Source: Public Records Office, HKRS111-4-44, "Particular of the Directors of the Shanghai Gas Company," *The Shanghai Gas Co. Ltd.*, 8 April 1937, 8 April 1938.

⁴⁴⁸ The following table shows the shares which Joseph brothers held in the Shanghai Gas Company (The figures reflect the number of shares before the new shares allotment in 1940) (Table 42)

	1931	1932	1933	1934	1935	1936	1937	1938	1939	1940*
Ellis Joseph	2,635	3,005	3,005	3,005	3,005	21,035	56,035	21,035	21,035	21,035
Mozelle Joseph	1,000	1,111	1,111	1,111	1,111	7,777	7,777	7,777	7,777	8,477
R.M. Joseph	9,769	5,070	5,070	5,070	5,070	71,500	76,000	77,000	77,000	77,000
E.M. Joseph and R.M. Joseph	/	300	300	300	300	4,200	4,200	4,200	4,200	4,200
Total Shares taken up by Joseph family	13,404	9,486	9,486	9,486	9,486	104,512	144,012	104,512	104,512	110,712

Source: Public Records Office, HKRS111-4-44, *The Shanghai Gas Co., Ltd.*

⁴⁴⁹ Public Records Office, HKRS111-4-44, "Report for 1931," *The Shanghai Gas Co., Ltd.* HKRS111-4-44, "Particular of the Directors of the Shanghai Gas Company," *The Shanghai Gas Co. Ltd.*, 24 April 1936.

The taking up of the new shares by the Jewish merchants, the Kadoories and Joseph families, had greatly increased the paid up capital of the Shanghai Gas Company.⁴⁵⁰

4. Jewish merchants dominate the board of directors of the Shanghai Gas Company in the Island Period

i. The devaluation of the Chinese currency from 1937 to 1941

The refugee capital in Shanghai was diverted into various local investments during the Island Period. The public utilities continued to prosper despite not being able to operate in Japanese-occupied parts of Shanghai. There was little direct physical damage to the Shanghai Gas Company, so gas was supplied normally after the hostilities. Many refugees entered the International Settlement and the French Concession, boosting gas consumption. The total sales of gas reached a record high in the Island Period. (See Table 35) Along with the sales of gas, the net profit of the company increased especially in 1940. (See Table 36) Domestic and industrial consumption increased despite the continuous rise in the price of gas.⁴⁵¹

⁴⁵⁰ SEK-6-012, D03/16, "Letter from Lawrence Kadoorie to Sir Arthur," *British Shanghai Gas Company - Statistical Information Concerning World Production of Electricity, 1935-1938*, 6 February 1936.

⁴⁵¹ Public Records Office, HKRS111-4-44, "Report for 1940," *The Shanghai Gas Company, Ltd.*, 14 March 1941.

Table 33. Gas sold by the Shanghai Gas Company during 1930 to 1947 (cubic feet)

Year	The amount of gas sold
1930	650,946,000 cu. ft.
1931	725,226,800 cu. ft.
1932	690,768,425 cu. ft.
1933	755,717,032 cu. ft.
1934	818,617,310 cu. ft.
1935	784,693,986 cu. ft.
1936	880,801,129 cu. ft.
1937	746,172,372 cu. ft.
1938	724,501,056 cu. ft.
1939	993,054,234 cu. ft.
1940	1,158,166,512 cu. ft.
1946	1,227,513,049 cu. ft.
1947	1,463,155,171 cu. ft.

Source: Public Records Office, HKRS111-4-44, *The Shanghai Gas Co., Ltd.* Shanghai Municipal Archives, Document No.: Q5-3-5418, *Shanghaishi gongyongju guanyu wusong meiqichang yingye ji gongcheng baobiao shixiang an* 上海市公用局關於吳淞煤氣廠營業及工程報表事項案(上海煤氣公司) (*shanghai meiqi gongsi*) (*Document of the Shanghai Public Utilities Bureau on the Woosung Gas Plant*).

Table 34. The net profit of the Shanghai Gas Company

Year	Net profit
1930	Tls.66,801.33
1931	Tls. 45,792.99
1932	\$670,363.55
1933	\$887,431.78
1934	\$288,798.63
1935	\$317,091.01
1936	\$519,492.90
1937	\$365,573.59
1938	\$707,217.56 (Included the war loss claim from the British Consulate General)
1939	\$352,197.48
1940	\$564,842.94

Source: Public Records Office, HKRS111-4-44, *The Shanghai Gas Co., Ltd.*

However, according to the above figures, the net profit made by the company was not in direct proportion to the volume of gas it sold from 1930 to 1940. Although the volume of gas sold was growing, the net profit remained low because of a rise in

operating costs due to increasing commodity prices.⁴⁵² The increased operating expenses and cost of raw materials affected the business of the local utility companies. Most of Shanghai's utility companies depended on machinery and raw materials from abroad. A consequence of currency devaluation was a rise in the import prices of machinery and raw materials. (The details of the exchange rate in Island Period are tabulated in Appendix 7.) Moreover, some of the sea transport routes were blocked because of the war, limiting the supply of raw materials such as coal. Some coal merchants in Shanghai, where the coal supply was tight, stockpiled coal for speculation, and the price surged. The Shanghai Gas Company, which depended heavily on coal for the generation of gas, had to increase the price of gas.⁴⁵³ The company purchased coal from the Calcutta agent in Shanghai. The directors knew that if the company used Indian coal, the production of gas could be greatly increased but that the cost would increase substantially. The solution was to purchase coal not only from India but also from Australia to meet demand.⁴⁵⁴

The escalated Japanese hostilities continued to delay the recovery of the company's business.⁴⁵⁵ The net profit decreased throughout the latter half of the 1930s. Intense aerial bombardment and shell fire in the vicinity of the Yangtszepoo works, resulted in a loss of appliances and equipment to the company. The plant was

⁴⁵² Public Records Office, HKRS111-4-44, "Report for 1940," *The Shanghai Gas Co. Ltd.*, 14 March 1941.

⁴⁵³ "Meitan, yindu mei reng juqi 煤炭, 印度煤仍居奇 (The Price of Indian Coal Rise), *Shenbao* (申報), 12 April 1940, 9.

⁴⁵⁴ Public Records Office, HKRS111-4-44, "Report for 1940," *The Shanghai Gas Co. Ltd.*, 14 March 1941.

⁴⁵⁵ Public Records Office, HKRS111-4-44, "Report for 1938," *The Shanghai Gas Co., Ltd.*, 19 April 1939.

temporarily shut down in August 1937, and the supply of gas resumed in September. The value of the losses due to the Sino-Japanese hostilities was estimated to be Ch.\$689,908.13. The Company lodged a war loss claim with the British Consulate General for about Ch.\$33,685 in 1938, and the consulate paid back the loss to the Gas Company.⁴⁵⁶

ii. Financial difficulties after the Japanese hostilities in 1937

In the late 1930s, after heavily buying shares of the Shanghai Gas Company, the Kadoories fought for the company's chairmanship to enlarge their managing power and protect their interests, working closely with R.M. Joseph. Chairman L.E. Canning owned only a small portion of shares of the company, and it was not enough to maintain his position. (See Table 37) He had become chairman because of his reputation in British merchant society and his membership in the British Chamber of Commerce.

Table 35. The number of shares L.E. Canning owned in the Shanghai Gas Company

Year	1931	1932	1933	1934	1935	1936	1937	1938	1939	1940
Number of shares	130	156	10	10	10	70	100	100	100	100

Source: Public Records Office, HKRS111-4-44, *The Shanghai Gas Co., Ltd.*

In 1938, Henry Cyril Davies, the foreign ledger clerk of the Shanghai Gas Company, was charged with embezzling for defalcating Ch.\$36,683.55. Davies argued that he had always been an honest and hard-working man and that he had rendered steady and faithful service to the Shanghai Gas Company for 23 years. After

⁴⁵⁶ "Company Meetings, China's Currency Situation, Deplorable Condition Criticized by Mr. L.E. Canning at Gas Co. Annual Meeting." *The North China Herald*, 10 May 1939, 247.

the Japanese hostilities in 1937, the Shanghai Gas Company was forced to cut costs, and in October 1937, W.J. Barker, the engineer-in-chief and manager of the company, decided to dispense with Davies' services because the company could easily obtain the services of a much younger man at a reduced salary. During his service, Davies had worked his way up to a salary of Ch.\$500 per month. However, if he were to keep his position, it was to be cut to Ch.\$300, which he found unacceptable. Davies applied for retirement and asked for a pension, which the company refused to provide the pension, although it had done so in other cases. Davies had a wife and four grown children to support, he argued, and his salary was insufficient to cover all of his expenses, including his children's schooling. He was harassed by Indian moneylenders. His mother died in 1938, further adding to his burden. All of the money he embezzled was paid to the moneylenders, he said, and not squandered. The judge empathised with his story and stated that it was disgraceful for an old employee to be cast aside for a younger man at a lower wage and sentenced Davies to six months' imprisonment.⁴⁵⁷

Although the defalcation case was a minor incident in the history of the Shanghai Gas Company, the revelation of the company's treatment of an old employee had far-reaching effects. It showed that the Shanghai Gas Company was in a difficult financial position. In the economically chaotic 1930s, British public utility companies in Shanghai suffered from financial difficulty, and even British companies in the International Settlement, a privileged area for foreigners, were unable to protect their staffs' interests. The Davies scandal provided Horace Kadoorie with an opportunity to

⁴⁵⁷ "Shanghai Law Reports: H.M. Supreme Court," *The North China Herald*, 30 August 1939, 378. "Second High Court Embezzlement," *The North China Herald*, 1 September 1939, 205.

force Canning to abdicate the chairmanship because of his mediocre leadership.

The directors believed that the public had lost confidence in the Shanghai Gas Company because of Davies' defalcation case. They carefully looked into the financial statement from the company's auditor, the chartered accounting firm Lowe, Bingham & Matthew.⁴⁵⁸ In the company meeting, the directors stated that in view of this report, they had lost confidence in the system by which the company was being run. By a majority vote, it was determined that the company would be reorganised.⁴⁵⁹

Horace Kadoorie took Lawrence Kadoorie's advice and familiarised himself with the technical side of the business and the members of the staff to promote better understanding between members of the council and to resolve individual consumer complaints. By doing so, Horace Kadoorie equipped himself to compete for the chairmanship. The directors agreed that Horace Kadoorie should be the next chairman. They believed that the company would gain back the public's respect if the Kadoories were able to run it properly. Horace Kadoorie was appointed chairman in November

⁴⁵⁸ Lowe, Bingham & Matthew became the auditor of the Shanghai Gas Company since 1916. Arthur Rylands Lowe (1873-1924), chartered accountant, was one of the founders. He was born in Manchester and received his education there. Afterwards, he joined Parkinson Mather and Company, a firm of chartered accountant of Manchester and London. He came to Hong Kong in 1898 and for 4 years served with the well-known firm of Butterfield and Swire. He then started in practice as a chartered accountant as a partner in the firm of Lowe Bingham and, Matthews of Shanghai and Hong Kong. Lowe Bingham & Matthews acted as the auditor of a lot of companies in Shanghai and Hong Kong, which included the companies invested by the Kadoories such as China Light & Power Company. The Kadoorie family was one of the most important clients of the company until today. Sidney Gordon, the senior partner of the firm from 1956 to 1970, was the right-hand man of the Kadoorie family. He was part of a tight-knit team with Lawrence Kadoorie in post-war Hong Kong. Source: "Death of Hon Mr. A.R. Lowe: Success to Typhoid A Noted Business Man," *South China Morning Post*, 2 June 1924, 10. "Obituary of Sir Sidney Gordon Accountant who was right-hand man and successor to the Hong Kong taipan Lord Kadoorie," *The Daily Telegraph (London)*, 11 May 2007, 27.

⁴⁵⁹ "Company Meetings, China's Currency Situation, Deplorable Condition Criticized by Mr. L.E. Canning at Gas Co. Annual Meeting," *The North China Herald*, 10 May 1939, 247.

1939, and G.H. Wright joined the board in 1940.⁴⁶⁰ (See Table 38)

Table 36. The board of directors of the Shanghai Gas Company 1940 and 1941

Name	Nationality	Other Business Occupation (written on the Gas Company documents)
Horace Kadoorie	British (Jews)	Financier
Raymond Menashih Joseph	British (Jews)	Merchant
Geoffry Herbert Wright ⁴⁶¹	British	Solicitor

Source: Public Records Office, HKRS111-4-44, "Particular of the Directors of the Shanghai Gas Company," *The Shanghai Gas Co. Ltd.*, 13 April 1940, 4 April 1941.

iii. The financial strategies of the Shanghai Gas Company under the chairmanship of Horace Kadoorie

The influx of refugee capital in the Island Period caused rampant speculation in the Shanghai stock market, as companies seized the opportunity to obtain more capital. Under the chairmanship of Horace Kadoorie, the Shanghai Gas Company obtained capital through several channels.

⁴⁶⁰ Public Records Office, HKRS111-4-44, "Particular of the Directors of the Shanghai Gas Company Ltd.," *The Shanghai Gas Co. Ltd.*, 13 April 1940.

⁴⁶¹ G.H. Wright, a British subject, was a solicitor of the Supreme Court of China from the firm of Hanson, McNeill, Jones & Wright. He was also the law consultant of the SMC. He associated with the Kadoories since he engaged in the reconstruction of the J.A. Wattie & Co. in 1920. While the case of H.C. Davies was pending, Horace Kadoorie appealed that the Judge was unfair to Davies without obtaining the true facts. The British Court sentenced Davies to a prison term. Soon after that, Horace Kadoorie sent the Judge the true facts and sought Wright to help in Davies' defalcation case. He was the law consultant of the SMC, familiar with the law, the SMC and public utility companies, tried to help Davies. Davies was still sentenced to six months imprisonment by the Court in November 1939 after the appeal. Horace Kadoorie was in close association with Wright afterwards. Wright associated with the Shanghai Gas Company since the late 1930s until he died in 1947. Source: Public Records Office, HKRS111-4-9, *J.A. Wattie & Co., Ltd.*

a. Selling the old Tibet Road plant properties

In 1940, foreign exchange was favourable for buyers outside China, and they were able to buy land in Shanghai cheaply.⁴⁶² The Shanghai Gas Company thus sought to sell the old Tibet Road plant properties, located by the Soochow River, as quickly as possible. Meanwhile, Shanghai dollars had reached a new low rate against Hong Kong dollars in August 1939, and conditions appeared to be favourable for the purchase of real estate in Shanghai by Hong Kong interests.⁴⁶³ Eventually, R.M. Joseph and Ellis Joseph purchased the 28-mows site for Ch.\$70,000 per mow,⁴⁶⁴ a favourable price compared with other land sales in Shanghai during the same

⁴⁶² John Ahlers, "Position and Prospects of Shanghai Real Estate: Rogues Gallery," *The China Weekly Review*, 14 September 1940, 46.

⁴⁶³ HK\$100 converted Ch.\$415 in August 1939.

⁴⁶⁴ The Joseph brothers felt optimistic about the real estate market in Shanghai in the Island Period. They actively speculated on the Shanghai real estate market in the late 1930s. Besides the old works site of the Shanghai Gas Company, Joseph brothers erected new buildings in Shanghai at that time. R.M. Joseph was the owner of the Empire Mansions, an apartment building, at the corner of Avenue Joffre and Route Sayzoong in the French Concession. R.M. Joseph erected the building in 1939, which provided 45 apartments and rented to a number of tenants. However, with the devaluation of the Chinese currency, rental business of Joseph in Shanghai was facing severe difficulty in 1940. Joseph informed the tenants that they were forced to evacuate the premises in September 1940. With the further devaluating of the Chinese currency, the costs of building materials as well as the maintenance cost were increasing and the income from the building was decreasing. The China Realty Company, the real estate's agents of Joseph, lost money by keeping the apartment house. Joseph planned to increase the rent. However, he was unable to obtain increased rentals from certain tenants. He had lost a case against one tenant, who had refused to pay an increase in rental, in the Second Special District Court (the local Chinese court). The building was a losing proposition, since Joseph could not get higher rents from the tenants. A decision was therefore reached to close the building entirely and forced the tenants to leave. But shops on the ground floor of the building remained open. Joseph planned to fill the building up with new tenants paying higher rentals. The decision of Joseph in this matter appeared to be a characteristic speculation. Source: "Breach of Contract: Judgment," *The North China Herald*, 6 December 1939, 420. "H.M. Supreme Court: Breach of Contract Action," *The North China Herald*, 1 November 1939, 204. "Decision Given by Consul in Rental Dispute," *The North China Herald*, 25 September 1940, 493. "Concession Apartment House to be Closed," *The North China Herald*, 24 April 1940, 132. "Tenants of Apartment Building Told to Leave," *The China Weekly Review*, 27 April 1940, 296.

period.⁴⁶⁵ The remaining portion of the old Dent Road gasholder site was also sold; the net amount realised was Ch.\$1,837,713.53 in excess of book value. All of the unparalleled amount of income from the land sales was credited to the special reserve account, which had been established in 1931 to meet the losses caused by Japanese hostilities and which later become available for other losses.⁴⁶⁶ (See Table 39 below)

Table 37. The income transferred to the special reserve account

Year	Money transfer to special reserve account (Tls./Chinese dollars \$)
1931	Tls.50,000
1932	Ch.\$50,000
1933	Ch.\$280,000
1934	Ch.\$13,860.4
1935	/
1936	/
1937	/
1938	/
1939	/
1940	Ch.\$1,837,713.53 (from selling the old plant)

Source: Public Records Office, HKRS111-4-44, "Company Annual Report," *The Shanghai Gas Co., Ltd.*

b. Issuing bonus shares

With the profit from the land sales, Horace Kadoorie proposed issuing bonus shares at the general meeting of the Shanghai Gas Company in July 1940. The Utility

⁴⁶⁵ For instance, the properties located also in central district of the International Settlement, the Military Hospital Building at 24 Central Road, owned by the Shanghai Land Investment Company was sold to a Hong Kong buyer at almost Ch.\$350,000 per *mow*. In Shanghai it was considered very favourable. The municipal assessment value for the land was Ch.\$254,000 per *mow*. The Shanghai Land Investment Company was justifiably satisfied with its big sale. Source: John Ahlers, "Position and Prospects of Shanghai Real Estate: Rogues Gallery," *The China Weekly Review*, 14 September 1940, 46.

⁴⁶⁶ Public Records Office, HKRS111-4-44, "Report for 1940," *The Shanghai Gas Company, Ltd.*, 14 March 1941. HKRS111-4-44, "Shanghai Gas Company Annual Meeting," *The Shanghai Gas Co. Ltd.*, 27 April 1933. "Land Sale by Shanghai gas Co., Ltd.," *The North China Herald*, 8 May 1940, 222.

Companies Committee, a subcommittee under the SMC, approved this bonus issue in June 1940. However, the decision was not unanimous, as two Japanese members dissented because they did not want British interests to obtain capital in Shanghai. The chairman of the SMC at that time was W.J. Keswick, who was a friend of Horace Kadoorie. The chairman of the Utility Companies Committee was the Briton G.E. Mitchell, who was the representative of John Swire & Sons. His voting intention always favoured British companies. He agreed that the Shanghai Gas Company had the financial strength to issue bonus shares because the company had raised capital in 1935 and 1937 and sold the old works site for a considerable price.⁴⁶⁷

A total of 140,000 bonus shares were issued on 15th July 1940, and the capital was taken from the special reserve account.⁴⁶⁸ The bonus share distribution was in proportion to the number of shares that the shareholders owned. The Kadoorie and Joseph families were allotted 40,000 and 27,020 shares, respectively.⁴⁶⁹ Share prices rose again, and the final dividend in 1940 was 2% higher than in the previous year. With the bonus shares, the Kadoories were able to issue more dividends.

⁴⁶⁷ *The Minutes of Shanghai Municipal Council, Volume XXVIII.* (Shanghai, Shanghai Classics Publishing House), 1940-1943, 26 June 1940.

⁴⁶⁸ In accordance with the resolutions passed at an Extraordinary General Meeting of Shareholders held on 15 July 1940, 140,000 Bonus Shares were issued to shareholders, on register as on 5 July 1940, in the ratio of one bonus share for every four old shares held, The new shares Ch.\$1,400,000 were from special reserve account, which were Ch.\$10 per share. Source: Public Records Office, HKRS111-4-44, "The Shanghai Gas Company Limited and P. G. Keogh, Esq. Agreement," *The Shanghai Gas Co. Ltd.*, 16 July 1940. HKRS111-4-44, "Report for 1940," *The Shanghai Gas Co. Ltd.*, 14 March 1941.

⁴⁶⁹ In 1939, the Kadoorie family held 60,000 (28.6%) and the Joseph family held 110,712 shares (19.8%) out of 560,000 shares. They owned 48.3% out of the total shares. After the new shares allotment in 1940, Kadoorie family owned 200,000 shares and the Joseph family owned 137,732 out of the total 700,000 shares. Same as the pervious year, the Kadoorie family and the Joseph family held 28.6% and 19.8% respectively and the two Jewish families owned 48.3% out of the total shares. Source: Public Records Office, HKRS111-4-44, *The Shanghai Gas Co. Ltd.*

How did the Shanghai Gas Company benefit from issuing bonus shares? A bonus share is a free additional share granted to current shareholders in a company. The issuance of bonus shares apportioned the value of the shares so that the market price of shares of the Shanghai Gas Company decreased. It broadened the shares' marketability and attracted more small investors. It also improved the company's reputation during strike and the economic down turn. Thus, the issuing of bonus shares increased investors' confidence in the company's prospects and encouraged speculative dealing in the company's shares.

c. The issuing of bonus shares and the variation in share prices during strikes

Under the rampant speculation in the stock exchange in the Island Period, the share price of the Shanghai Gas Company rose to a new high, Ch.\$25, in 1935.⁴⁷⁰ However, because of political tension between the KMT and the Communist party, waves of strikes – 275 strikes 1940 – spread across Shanghai.⁴⁷¹ The General Strike affected Shanghai's public utility companies. Chinese staff at the Yangtszepoo plant went on strike on 27th July 1940 for increases in salary. The strike caused the Shanghai Gas Company's share price to plunge, and dividend payments were deferred

⁴⁷⁰ Changes in the capital structure of the Shanghai Gas Company, converting of the company's capital from taels to dollars, were approved in British Supreme Court. Also, the company capital increased from Tls.2,500,000 to Ch.\$7,000,000, and subdivided shares in harmony with the new capitalisation. The company then had 700,000 shares of a value of Ch.\$10 each. Persons who previously held Ch.\$70 share or original Tls.50 share by then possessed seven Ch.\$10 shares for each of the old stock represented. Source: "Shanghai Gas Capital Structure is Altered: British Court Okehs Change from Taels to Dollars," *The China Press*, 8 Jun 1935, 5 June 1935, 5.

⁴⁷¹ According to Elizabeth J. Perry, Communist's labor organizations emphasized the importance of class struggle as it was one of the reasons for the widespread strikes from 1920s and 1930s. But it was not the only reason for the happening of strikes. KMT also made efforts to enter the labor scene and mobilised labor activities in the early 1920's in order to compete with Communist party. Source: Elizabeth J. Perry, *Shanghai on Strike: The Politics of Chinese Labor* (California: Stanford University Press, 1993), 67.

for two weeks.⁴⁷²

The Kadoories were afraid that a prolonged strike would further lower the share price, although the issuance of bonus shares in July boosted the price slightly.⁴⁷³ Finally, a Chinese director of the Shanghai Gas Company, Yu Ya-ching, gave up on negotiations with the workers, and the matter was left in the hands of the Municipal Police. The strikers' demands were all rejected.⁴⁷⁴ The strike ended in August 1940, the staff returned to work, and the share price increased slightly in September 1940. (See Figure 6) To prevent another strike in the near future, some of the Chinese staff were permanently replaced with Jewish refugees at the Yangtzepoo plant.⁴⁷⁵

⁴⁷² "Stock Exchange: Lack of Support for Popular Stocks Latest Quotations," *South China Morning Post*, 14 August 1948, 13.

⁴⁷³ Table 43. The share price of the Shanghai Gas Company in June and July 1940

The week of	Highest in the week	Lowest in the week
21 June 1940	19.5	15.6
28 June 1940	19.1	17.1
12 July 1940	15.7	15
19 July 1940 (After the paying of bonus share)	17	15.5

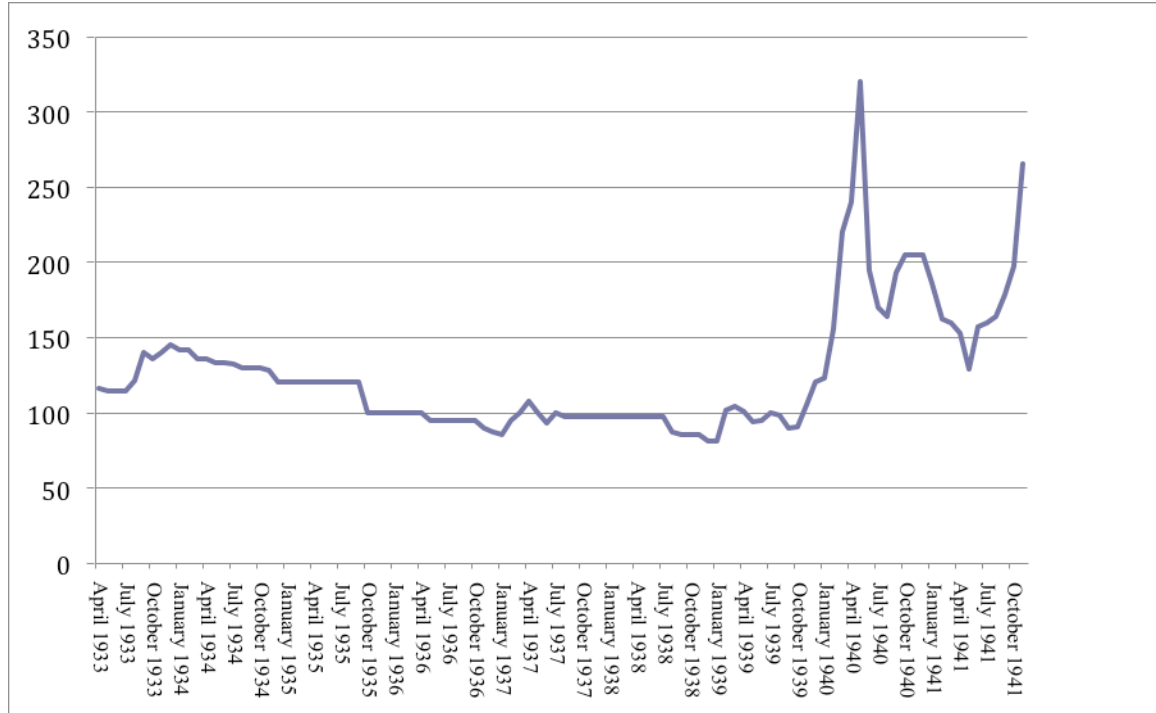
Source: *The North China Herald*, June and July 1940.

⁴⁷⁴ SEK-6-013, ES4, D03/16, 5/18, Document No.: S.245/40, "Letter from Horace Kadoorie to Lawrence Kadoorie," *British Shanghai Gas Company*, 14 August 1940.

⁴⁷⁵ While the negotiations were taking place between the company and the strikers, the Kadoories employed untrained Russian labours at the Yangtzepoo plant. Unexpectedly, the Shanghai Gas Company produced 10% more gas than before. Salary of the Russian staff at the works was higher than that of the Chinese labourers. Jewish refugees received less salary, so the Kadoories engaged nine Jewish refugees as permanent staff in the post, clerks and meter-readers. The Kadoories was also helping the Jewish refugees from Europe at that time. After the strike, the Yangtzepoo Works of the Shanghai Gas Company replaced some Chinese staff with Jewish refugees. However, the nine Jews were dismissed because the Russian workmen would have walked out if the Kadoories had to keep them. At last, the Kadoories succeeded in keeping three of the Jews and placed over twenty Jews in the company on permanent post. As the temporary Russian workmen tried to create agitation amongst the Chinese staff, the Kadoories dismissed the Russian workmen after the strike. Source: SEK-6-013, ES4, D03/16, 5/13, Document No.: S.235/40, "Letter from Horace Kadoorie to Lawrence Kadoorie," *British Shanghai Gas Company*, 8 August 1940. SEK-6-013, ES4, D03/16, 5/15, Document No.: S.241/40, "Letter from Horace Kadoorie to Lawrence Kadoorie," *British Shanghai Gas Company*, 13 August 1940. SEK-6-013, ES4, D03/16, 5/19, Document No.: S.248/40, "Letter from Horace Kadoorie to Lawrence Kadoorie," *British Shanghai Gas Company*, 19 August 1940. SEK-6-013, ES4, D03/16, 5/24, Document No.: S.257/40, "Letter from Horace Kadoorie to Lawrence Kadoorie," *British Shanghai Gas Company*, 22 August 1940.

Figure 6. The share price of the Shanghai Gas Company from April 1933 to November 1941

Share price (Ch.\$)



Source: “Shanghai Stock Exchange Official Weekly Share Report with Opening Quotations,” *The North China Herald*, 1933-1941.

* The share prices were collected from *The North China Herald* on the first day of transaction every month from 1933 to 1941.

d. Benefitting from high dividends

By taking up bonus shares, the Kadoories increased their shareholdings without extra costs and enjoyed high dividend returns. The dividend payouts of the Shanghai Gas Company were stable, hovering between 4% and 8% throughout the 1930s, and the company thus attracted a sizable group of investors. The following table shows the dividends of the Shanghai Gas Company throughout 1930s.

Table 38. Dividend disturbed by the Shanghai Gas Company from 1930 to 1940

	Interim dividend	Final dividend for year
1930	4%	4%
1931	4%	4%
1932	No dividend was paid	4%
1933	4%	4%
1934	4%	4%
1935	4%	4%
1936	No dividend was paid	4%
1937	No dividend was paid	4%
1938	No dividend was paid	6%
1939	No dividend was paid	6%
1940	No dividend was paid	8%

Source: Public Records Office, HKRS111-4-44, *The Shanghai Gas Co., Ltd.*

Investors were attracted by the dividends and the surging share price, and capital flowed to Shanghai from other parts of China. The shareholdings of Chinese investors increased sharply in 1941 from 1940. Chinese investors, most of whom identified as merchants, took up 18,004 of the 560,000 shares issued in 1940 (3.2%). In 1941, Chinese investors took up 68,249 of the 700,000 shares issued (9.7%), more than triple the Chinese capital investment of the previous year. Most of this capital was from small shareholders who held between 100 and a few hundred shares.⁴⁷⁶

To raise further capital, the Shanghai Gas Company mortgaged its securities against the overdraft to the Hong Kong & Shanghai Bank. The company further mortgaged its office, workshop and factory, including all of its buildings, machinery, general stores and stocks of coal to the Hong Kong & Shanghai Bank on 11th

⁴⁷⁶ Public Records Office, HKRS111-4-44, "List of Persons Holding Shares in 1940," *The Shanghai Gas Co. Ltd.*, 13 April 1940. HKRS111-4-44, "List of Persons Holding Shares in 1941," *The Shanghai Gas Co. Ltd.*, 4 April 1941.

November 1940.⁴⁷⁷ Because of the devaluation of the local dollar, the Shanghai Gas Company applied to the SMC for an increase in the surcharge to meet the greatly increased costs of operation. The SMC frequently authorised public utilities companies to increase their rates sharply in the Island Period.⁴⁷⁸ To enable the company to meet its rising operating costs, the SMC authorised the increase of the surcharge in July 1941, doubling the selling price of gas from 80.5% to 158%.⁴⁷⁹

However, it was the eve of the Second World War. During the war, the International Settlement and French Concession of Shanghai and Colonial Hong Kong were occupied by Japan, business activities were eased, merchants' assets were taken over by Japanese interests, and the Kadoories were sent to a concentration camp, where Elly Kadoorie died on 8th February 1944.⁴⁸⁰

⁴⁷⁷ Public Records Office, HKRS111-4-44, "Particulars to be supplied to the Registrar Pursuant to Section 79 of the Companies Ordinance 1932 of a Mortgage or Charge Created by the Shanghai Gas Company Limited," *The Shanghai Gas Co. Ltd.*, 16 November 1940.

⁴⁷⁸ Ahlers, "John, Shanghai Utilities Grow Despite Costly Operation," *The China Weekly Review*, 6 July 1940, 191. "Company Meetings, China's Currency Situation, Deplorable Condition Criticized by Mr. L.E. Canning at Gas Co. Annual Meeting," *The North China Herald*, 10 May 1939, 247.

⁴⁷⁹ At first, the French Municipal Council was unwilling to consider the proposal of increasing surcharge of the Shanghai Gas Company unless the company promised to distribute 8% dividends in 1941. After the SMC of the International Settlement negotiating with the French Municipal Administration, the Shanghai Gas Company was allowed to increase the surcharge. The Shanghai Gas Company distributed 8% that year. Source: *The Minutes of Shanghai Municipal Council, Volume XXVIII*. (Shanghai, Shanghai Classics Publishing House), 1940-1943, 3 January 1941. Public Records Office, HKRS111-4-44, "Report for 1940," *The Shanghai Gas Co. Ltd.*, 14 March 1941.

⁴⁸⁰ C00150, "Xiao Jiadaoli bansui ri jichongying 小嘉道理半歲入集中營 (Michael Kadoorie was Sent to Concentration Camp)," *Sir Elly Kadoorie & Sons*, 13 September 1993.

5. The Shanghai Gas Company, rubber companies and Shanghai Land

Investment Company in post-war period

i. The Shanghai Gas Company re-registers and moves its head office to Hong Kong

After the Second World War, because of the economic and political unrest in post-war China, an increasing number of foreign companies decided to re-register in Hong Kong and launch branches in China. Companies like the Shanghai Gas Company that had previously been incorporated under the Hong Kong Ordinance and were temporarily registered in the United Kingdom during the war under the Wartime Defence Regulations were required by the British government to re-register in Hong Kong. The Shanghai Gas Company first came considered moving its head office to Hong Kong and registering as a Chinese company in Hong Kong at the end of 1945.⁴⁸¹

The Shanghai Gas Company was re-incorporated on 9th August 1946 as a Hong Kong company under the Hong Kong Companies Ordinance. In November 1946, the Governor of Hong Kong and H.M. Consulate General in Shanghai recommended legislation in the colony regarding the registration of ‘China companies’, and the Association of the British Chamber of Commerce in Shanghai submitted the proposal to the Colonial Office. A meeting had taken place at the British Board of Trade offices in Shanghai among representatives of the Association of the British Chamber of

⁴⁸¹ Shanghai Municipal Archives, Document no.: Q5-3-5411, *Shanghaishi gongyongju guanyu wusong meiqichang yingye ji gongcheng baobiao shixiang an (shanghai meiqi gongsi)* 上海市公用局關於吳淞煤氣廠營業及工程報表事項案(上海煤氣公司) (*Report of Woosung Gas Plant*).

Commerce in Shanghai, the Colonial Office and the British Board of Trade to discuss the proposed legislation in Hong Kong, particularly the question of the capitalisation of companies.⁴⁸²

However, there was a long delay in the registration process caused by a prolonged legislation process in Hong Kong. The legislation was to enable China companies to convert their capital from Chinese currency to foreign currency, such as sterling or Hong Kong dollars.⁴⁸³ ‘The Registration of China Companies Regulations, 1947’ was passed in Hong Kong in 1947.⁴⁸⁴ The Shanghai Gas Company’s capital conversion was finally completed on 21st August 1947.⁴⁸⁵ The authorised capital of the company was converted from Ch.\$7,000,000 to HK\$10,500,000, with each Ch.\$10 share becoming a HK\$15 share.⁴⁸⁶

⁴⁸² FO371/63437, “China Companies, Letter from G. Mitchell to Colonial Office,” 29 May 1947.

⁴⁸³ The company was anxious to incur a capital of Ch.\$7,000,000 converted to Hong Kong dollars and complete the re-registration process. The Shanghai Gas Company was informed that the chartered accountants from the Central government at Nanking would conduct a minute examination of the company’s books, and that unless the conversion of the capital and re-registration had carried out before the inspection took place, the interests of the company would be prejudiced as the Chinese authorities did not allow the column “depreciation” on the balance sheet in a sterling basis. This practice had been in force for some years. Source: Ibid.

⁴⁸⁴ Shanghai Municipal Archives, Document No.: Q5-3-5418, *Shanghaishi gongyongju guanyu wusong meiqichang yingye ji gongcheng baobiao shixiang an (shanghai meiqi gongsi)* 上海市公用局關於吳淞煤氣廠營業及工程報表事項案 [上海煤氣公司] (*Document of the Shanghai Public Utilities Bureau on the Woosung Gas Plant*).

⁴⁸⁵ In accordance with the Registration of China Companies Regulation 1947, China companies under the proclamation could effect registration in Hong Kong. After registration, these companies could convert their capital into Hong Kong currency. A China Company under the proclamation, meant “a company limited by shares or by guarantee incorporated under the Companies Ordinance, 1911, of the Hong Kong Colony or any Ordinance amending or substituting for the same and the operations of which are directed or controlled from a place within the limits of the China Order in Council, 1925.” Source: “The Grand Hotel Des Wagons-Lits Limited (Capital Conversion) Bill, 1948,” *Hong Kong Hansard*, 10 March 1948.

⁴⁸⁶ Shanghai Municipal Archives, Document No.: Q5-3-5418, *Shanghaishi gongyongju guanyu wusong meiqichang yingye ji gongcheng baobiao shixiang an (shanghai meiqi gongsi)* 上海市

ii. Rubber companies listing on the Hong Kong Stock Exchange

As the fixed assets of the rubber companies in Shanghai were mainly located in Malaya, the Strait Settlement and Java, the only things to consider was the relocation of the head office and the shares listing of these companies. After the war, the Chinese national government intended to tighten up the control of the foreign companies in China. The companies with assets all in Shanghai had to register with the Chinese government and maintain the head offices there. Also, Chinese income tax was strictly enforced against foreign companies. Since the assets of the rubber companies were not in China but mainly in Malaya and Java, the Kadoories was struggling whether to move their head offices to Hong Kong or Singapore.

One of the choices was moving the rubber companies' head offices to Singapore. The head offices should not be moved as far away as Singapore in order to facilitate business, but if the head offices were in Hong Kong, there was no great inconvenience particularly if there was good air service between Singapore, Hong Kong and Shanghai. Besides, the Kadoories considered that it was difficult to remit funds from Penang and Singapore to Shanghai as the Strait government was still applying the pre-war restrictions.⁴⁸⁷

If the rubber companies stayed in Shanghai, it would be an advantage for employing funds at that time. Free funds could be used for better purposes in

公用局關於吳淞煤氣廠營業及工程報表事項案 [上海煤氣公司] (*Document of the Shanghai Public Utilities Bureau on the Woosung Gas Plant*).

⁴⁸⁷ "Business Foot-Notes," *The China Weekly Review*, 8 June 1946, 43.

Shanghai than Hong Kong as the market for the shares was in Shanghai and it was easier to sell them there. There was a bigger and better market for shares in Shanghai at that time.⁴⁸⁸ The rubber shares were held ‘free’ in the banks in Shanghai. There were many business opportunities for a man with ready cash in Shanghai, and having shares held ‘free’ was advantageous. Furthermore, taxes duties were higher in Hong Kong than in Shanghai.⁴⁸⁹

However, there were advantages in sending the rubber shares to Hong Kong because the prosperity of Hong Kong depended so much on the Colony being a free port, free from unnecessary restrictions. Also, it was better to receive dividends in Hong Kong dollars instead of Chinese dollars, which was depreciating in value. Besides, profits tax was less in Hong Kong than in Shanghai. Shanghai was losing ground.⁴⁹⁰

After weighting the pros and cons, finally, the rubber companies decided to move their head offices to Hong Kong. Wattie & Co. also moved the head office to Hong Kong to avoid interference from the Chinese national government. Rubber companies under Burkill followed suit. The rubber companies completed their relocation in 1947.⁴⁹¹ Rubber companies continued their business in Southeast Asia with the head

⁴⁸⁸ “Money Plentiful in Shanghai,” *South China Morning Post*, 17 August 1946, 8.

⁴⁸⁹ “Taxes in China: Early Foreign Trade Revival Unlikely British Firms May Come to Hong Kong,” *South China Morning Post*, 27 January 1946, 1.

⁴⁹⁰ John W. Powell, “H’kong Regaining Pre-War Position as Shipping, Commercial Center,” *The China Weekly Review*, 14 December 1946, 44.

⁴⁹¹ “Rubber Companies: Malayan Estates Being Rehabilitated Prices Improve,” *South China Morning Post*, 25 October 1947, 9.

office in Hong Kong. Meanwhile, heavy rehabilitation was carried out in the rubber estates after war due to the Japanese occupation of Southeast Asia during the Second World War.⁴⁹² In the end of 1947, the output of the Rubber Trust's estates in Malaya and Burma was even more than pre-war and the company's estates were all operated at a profit.⁴⁹³ Finally, rubber companies including Rubber Trust were registered in Hong Kong and their shares were listed on the Hong Kong Stock Exchange in January 1948.⁴⁹⁴

The technology on producing synthetic rubber had become more mature in the 1960s, which had negative impact to the market share of natural rubber plantation industry.⁴⁹⁵ Two decades later, the Kadoories' rubber investments came to an end in the 1980s. The Rubber Trust confirmed the reduction of the capital from HK\$40,000,000 to HK\$14,307,294 in 24th April 1980.⁴⁹⁶ Three Kadoorie-controlled rubber companies, Rubber Trust, Amalgamated Rubber⁴⁹⁷ and Shanghai Kelantan,

⁴⁹² "The Rubber Trust: Replanting with High Yielding Stock," *South China Morning Post*, 2 December 1947, 11.

⁴⁹³ FO371/53648, "Re-establishment of British trade in China: position of British China Companies under the new Chinese Company Law: text of revised Chinese Income Tax law: visit of British Trade Mission to China (Folder 8)," 1946. "Rubber Trust Meeting," *The China Mail*, 2 December 1947, 8.

⁴⁹⁴ "Company Shares: Former Shanghai Firms Registered Here," *South China Morning Post*, 18 January 1948, 10.

⁴⁹⁵ "Rencao xiangjiao de xin yanjiu dongxiang 人造橡膠的新研究動向 (The Latest Research on Synthetic Rubber)," *Nanyang Siang Pau* (南洋商報), 24 May 1959, 14.

⁴⁹⁶ "1980 M.P. No. 198 in the Supreme Court of Hong Kong Miscellaneous Proceedings," *South China Morning Post*, 26 April 1980, 37.

⁴⁹⁷ Amalgamated Rubber Estates was incorporated in August 1953. This company aimed at purchasing or acquiring rubber companies and properties such as lands, buildings, mines, mining rights, oil fields, timber and plantations. The Kadoories and W.A. Welch had interests in it. Source: "New Public HK Company: Amalgamated Rubber Estates Incorporated," *South China Morning Post*, 18 August 1953, 13.

were sold together to a wholly-owned subsidiary of Genting Berhad, a Malaysian company with shares quoted on the Kuala Lumpur and Singapore Stock Exchange, in 25th April 1980.⁴⁹⁸ (The Kadoorie family controlled about 43% of these three companies' capital before the transaction.)⁴⁹⁹ Finally, the Rubber Trust was voluntarily wound up in April 1981.⁵⁰⁰

iii. Shanghai Land Investment Company: Selling properties and purchasing shares in Hong Kong Stock Exchange

The Kadoories kept the chairmanship after the war. They still held 300,000 shares of the Shanghai Land Investment Company.⁵⁰¹ Meanwhile, Victor Sassoon was pessimistic about the situation in Shanghai. The Sassoons actively sold the shares in the black market and inclined to keep a little bit shares to maintain his directorship. The Sassoons was trying to create a demand for the shares and distributed them sparingly to an unknown Chinese syndicate who was very keen on the purchase. It was because Chinese investors intended to buy shares rather than to hold a currency which was devaluating. At last, the shareholding of E.D. Sassoon & Co., Ltd. was reduced from 137,207 in 1941 to 4,000 shares in 1951.⁵⁰² A sum of Ch.\$4,000,000 of

⁴⁹⁸ "Green Light for Rubber Bid," *South China Morning Post*, 12 April 1980, 45.
"Amalgamated Rubber Estates Limited," *South China Morning Post*, 25 April 1980, 42.

⁴⁹⁹ "New Bid for Rubber Firm," *South China Morning Post*, 26 February 1980, 27.

⁵⁰⁰ "Advertisement for Creditors in the Matter of the Rubber Trust Limited in Voluntary Liquidation Members' Winding up and in the Matter of the Companies Ordinance Chapter 32," *South China Morning Post*, 16 March 1981, 63.

⁵⁰¹ SEK-6-157, D03/02, S.12-A-1, 1945-50, *Shanghai Land Investment Co. Ltd.*

⁵⁰² SEK-6-158, S.12-A-2/69, "Letter from Lawrence Kadoorie to John Gadsby," *Shanghai Land Investment*, 20 November 1951.

the Shanghai Land Investment Company under fixed deposit with E.D. Sassoon Banking Company, Ltd. was mature and withdrawn in January 1946.⁵⁰³

The Shanghai Land Investment Company sold their properties in Shanghai and remitted money to Hong Kong. The godown of the Ben's site was sold in 1947 and to effect payment in New York estimated at US\$200,000 in US dollars.⁵⁰⁴ The cash of the Shanghai Land Investment Company outside China was increasing and was deposited in US dollars, sterling and Hong Kong dollars in the New York, London and Hong Kong branches of Hong Kong & Shanghai Bank respectively.⁵⁰⁵ All deals were made in Chinese dollars and the funds were remitted abroad through the purchase of shares.⁵⁰⁶ The free funds in New York could also be invested in bank shares or shares with market in the United States or England.⁵⁰⁷ For example, the company subscribed to a sum of US\$79,000 'U.S. Treasury Bonds' in 1948 and a sum of US\$180,000 'Commonwealth of Australia 5% Bonds' in 1950.⁵⁰⁸ The company also purchased shares in stock market. Between 1947 and 1949, the company mainly invested in the

⁵⁰³ SEK-6-158, S4/64, "Minutes of a Meeting of Directors Held in the Company's Office on Wednesday," *Shanghai Land Investment*, 30 January 1946.

⁵⁰⁴ SEK-6-158, S4/74, "Letter from Horace Kadoorie to Lawrence Kadoorie," *Shanghai Land Investment*, 27 September 1947.

⁵⁰⁵ SEK-6-158, S4/94, *Shanghai Land Investment*, 2 December 1948. SEK-6-158, S4/140, "Exact Balances," *Shanghai Land Investment*, 31 March 1950.

⁵⁰⁶ The board decided to sell one of the smaller company's properties in the French Concession for US\$50,000 to be deposited in the company's account in New York. Source: SEK-6-158, S4/74, "Extract of letter received from J.W. Morcher to Lawrence Kadoorie," *Shanghai Land Investment*, date missing (Circa 1947). SEK-6-158, S4/64, "Letter received from J.W. Morcher to Lawrence Kadoorie," *Shanghai Land Investment*, 9 July 1947.

⁵⁰⁷ SEK-6-158, S4/126, "Letter from J.W. Morcher to Horace Kadoorie," *Shanghai Land Investment*, 17 December 1949.

⁵⁰⁸ SEK-6-158, S4/140, "Exact Balances," *Shanghai Land Investment*, 31 March 1950.

rubber shares listed on the Hong Kong Stock Exchange.⁵⁰⁹

The head office of the Shanghai Land Investment Company moved to Hong Kong in 1948 and the main accounts of the company were kept in Hong Kong.⁵¹⁰ The total investments and current assets was HK\$2,491,015.48 as shown in the balance sheet of 1950.⁵¹¹ It indicated that approximately 71.3% of the investments and current assets of the company had been located outside China (in Hong Kong and the U.S.) at that time.⁵¹² The company continued to sell their properties in Shanghai. The profit on selling of investments was HK\$149,428.02 in 1950.⁵¹³ The branch office of the company was in Shanghai and discontinued to operate in 1951.⁵¹⁴

After the major shareholders relocated their assets to Hong Kong, the shareholders list of the Shanghai Land Investment Company showed that the registered addresses of the holders of 1,051,178 shares were in Shanghai and that of 1,335,622 shares were outside Shanghai. In other words, 55.86% of the shares were

⁵⁰⁹ SEK-6-158, S4/64, *Shanghai Land Investment*, 8 July 1947. SEK-6-158, S4/106, *Shanghai Land Investment*, 16 February 1949.

⁵¹⁰ SEK-6-157, D03/02, S.12-A-1, 1945-50, *Shanghai Land Investment Co. Ltd.*

⁵¹¹ The value of Hong Kong dollars was decreasing against US dollars from 1949 to 1950. U.S.\$1=HK\$6.95 in the mid-1949. The exchange rate returned to HK\$1 to US\$5.8 by the end of 1950. “Gangbi jiage xu biandi 港幣價格續貶低 (The value of Hong Kong Dollars was Decreasing),” *Shenbao (申報)*, 23 May 1949, 1. SEK-6-158, S.12-A-2/69, “Profit and Loss Account for the Year Ended,” *Shanghai Land Investment*, 31 December 1950.

⁵¹² However, loss was unavoidable for the foreign real estate companies in Shanghai after 1949. Although around 71.3% of the Shanghai Land Investment Company’s investment located outside China, the company still held HK\$16,852,669.93 land properties and HK\$5,281,977.14 buildings in Shanghai in 1951, which was around 77% of the Company’s total assets. Source: SEK-6-158, S.12-A-2/69, “Profit and Loss Account for the Year Ended,” *Shanghai Land Investment*, 31 December 1950.

⁵¹³ SEK-6-158, S.12-A-2/69, “Profit and Loss Account for the Year Ended,” *Shanghai Land Investment*, 20 November 1951.

⁵¹⁴ “Notice,” *South China Morning Post*, 21 December 1950, 13.

held outside Shanghai in 1951.⁵¹⁵ In 1956, the company's assets in Shanghai were forced to sell to Chung Hwa Enterprise Company (an agency of the Chinese government) and the company no longer had an office in China. The company's assets outside China were not affected.⁵¹⁶ In 1982, First Pacific Investments Ltd. purchased the company.⁵¹⁷

6. Concluding remarks

Shanghai's public utility companies were crucial British concerns, and many of the founders, shareholders and members of the boards of directors of these British companies were British merchants. Many Jewish merchants had initially invested in these public utility companies in the 1920s via the stock market and explored different fields.

The case study of the Kadoories' investment in the Shanghai Gas Company shows that the Jewish merchants seized the opportunity provided by Shanghai's changing macroeconomic environment to expand their economic influence. The decrease in the silver price in the 1920s led to an influx of capital from abroad and from the area around Shanghai. Many companies were established in Shanghai,

⁵¹⁵ SEK-6-158, S.12-A-2/69, "Letter from Lawrence Kadoorie to John Gadsby," *Shanghai Land Investment*, 30 November 1951.

⁵¹⁶ The Chung Hwa Enterprise Company, a Chinese government agency, took possession of all the land, property and other assets in Shanghai belonging to Shanghai Land Investment Company. Source: "Taken Over By Chinese: Assets Of Shanghai Land Investment Company," *South China Morning Post*, 12 July 1956, 12.

⁵¹⁷ "First Pacific's Shanghai Offer," *South China Morning Post*, 15 April 1982, 31.

raising capital by issuing new shares. The Kadoories invested their fortune astutely and purchased a large number of shares of the Shanghai Gas Company, a British leading public utility firm in Shanghai, during the economic boom. Through their purchases of new share allotments, the Kadoories became the major shareholder of the Shanghai Gas Company by the end of the 1920s. Before the Second World War, the Kadoories sought the chairmanship when the company experienced difficulty. Horace Kadoorie became chairman and led the Shanghai Gas Company through economic crises when Shanghai suffered from China's political instability and the global economic downturn after the mid-1930s.⁵¹⁸ During this time, British interests were decreasing in Shanghai, and the Japanese invasion brought an influx of capital into Shanghai. The worsening exchange rate in Shanghai encouraged investors from outside China to purchase the assets there, and the Shanghai Gas Company sought to absorb this capital. The Kadoories tended to sell the company's fixed assets to maintain the cash flow, which enable the Shanghai Gas Company to leave Shanghai when necessary. The Kadoories also issued bonus shares to increase interest in the company's share to boost the share price.

The most influential factor affecting the company's operating strategies and the decision to leave Shanghai was the fluctuation of the exchange rate in China. The currency system changed twice from 1935 to 1949, from the Chinese dollars (*fabi*) to the gold yuan note and from the gold yuan note to JMP. The currency was seriously devalued during this period. In addition, the International Settlement and the French Concession were dissolved in 1943, and after the war, China sought to control the

⁵¹⁸ The increase in the world silver price resulted in the Shanghai real estate crisis. The Japanese hostilities, the continuing strike in the major cities, the Sino-Japanese War, the Civil War, the founding of the Communist government and so on followed one after another.

public utilities in Shanghai to protect its sovereignty. All these factors led foreign merchants to move their investments out of Shanghai, including the Kadoories, who decided to relocate the Shanghai Gas Company to Hong Kong.

Also of note were the methods the Kadoories used to move their assets of China to minimise their losses. To transfer their capital, the Kadoories kept the Shanghai Gas Company highly liquid and its cash flow flexible. In 1940, the Shanghai Gas Company improved its cash flow by selling its old plant for Ch.\$1,960,000 and its old gasholder site for Ch.\$1,837,713.53, a total of Ch.\$3,797,713.53, which was equal to 36.7% of its fixed assets that year.⁵¹⁹

After the war, the company's cash deposits in Chinese banks were transferred to foreign banks to ensure that enough cash was on hand to purchase sterlings, which was transferred overseas. The cash was also used to purchase shares in the Hong Kong stock market. The investment of the Shanghai Gas Company in Hong Kong helped to transfer the company's interests to free market and minimised the losses during their retreat.

The capital floating from Shanghai was invested in Hong Kong through the purchase of shares of companies listed on the Hong Kong Stock Exchange. The Kadoories also diversified their investments in the world market, as the Shanghai Gas Company invested in companies involved in international and long-term investments. After the Second World War, the property market in Hong Kong became an

⁵¹⁹ Public Records Office, HKRS111-4-44, "Report for 1939," *The Shanghai Gas Co., Ltd.*, 12 April 1939.

investment target. At the same time, the Shanghai Gas Company sold shares of Shanghai-based industrial companies. With the relocation of the business to Hong Kong and their investments in the world market, the Kadoories further strengthened their position in the business world.

The Kadoories scheduled the company's assets flexibly to avoid losses. In the Shanghai Gas Company's final years in Hong Kong, the Kadoories sold the company without great loss. The company reduced capital and returned shares to the shareholders when the share market in Hong Kong flourished in 1960. As major shareholders, the Kadoories benefited from the share return. The company then maintained a minimum investment and waited for compensation for the requisitioned inventories from China. However, in 1975, the Kadoories were informed that the likelihood of receiving compensation was low. In 1976, the Shanghai Gas Company was restructured and renamed Gasco Investment Limited. The Kadoories became non-beneficial shareholders and controlled the company indirectly under the auspices of Hong Kong Engineering & Construction Company. The company sold most of its assets in 1978, and Gasco Investment Limited changed ownership in the same year.⁵²⁰

An overview of the Kadoories' investment in the Shanghai Gas Company reveals that the company benefited from the devaluing of silver, as the Kadoories used this

⁵²⁰ HKE-03-001, E0508, "Cash Offer by Joseph Sebag & Co. (Far East) Limited on Behalf of Berriedale Investment Limited for that Part of the Issued Share Capital of Gasco Investments Limited not Already Agreed to be Purchased by Berriedale Investment Limited," *The Shanghai Gas Co., Ltd. Statement of Account & Directors' Report*, 5 October 1978. "Jianxin shougou jaishigao gongsi, jiashigao zanting guapai jiaoyi 建新收購加士高公司, 加士高暫停掛牌交易 (Hong Kong Engineering & Construction Company purchased Gasco Investments Limited), *Wah Kiu Yat Po* (華僑日報), 25 July 1978, 5.

opportunity to invest in public companies listed on the Shanghai Stock Exchange. However, starting in the mid-1940s, amidst economic instability (especially an unstable exchange rate) and under the political control of the Chinese national government, a large amount of capital flowed from Shanghai to Hong Kong, which allowed Hong Kong to develop into a financial centre. Some of the Shanghai companies were listed on the Hong Kong Stock Exchange, as shown in the table below. (See Table 41) The Kadoories' investment strategy changed accordingly, and today, the Kadoories are based in Hong Kong and conduct business in Mainland China and worldwide.

Table 39. Shares listed on the Hong Kong Stock Exchange at the end of the year 1949

Categories	Name of company	Remarks
Banks	Hong Kong & Shanghai Bank	/
	Chartered Bank	/
	Mercantile Bank	/
	Bank of East Asia	/
Insurances	Canton Insurance	/
	Union Insurance	/
	China Underwriter	/
	Hong Kong Fire Insurance	/
Shipping	Douglas S. S. Co.	/
	Hong Kong & M. Steamboat	/
	Indo China	/
	Shell	/
	Union Waterboat	/
	Asia Navigation	Former Shanghai firm
Docks, wharves, godowns	Hong Kong & Kowloon Wharf & Godown	/
	North Point Wharves	/
	Shanghai Hongkew Wharf	Former Shanghai firm (The Kadoories' investment)
	Hong Kong Dock	/
	China Provident	/
	Shanghai Dockyards	Former Shanghai firm (The Sassoons' investment)
	Wheelock	Former Shanghai firm (The Sassoons' investment)
Mining	Raub Miner	/
	Hong Kong Miner	/
Lands, hotels and buildings	Hong Kong & Shanghai Hotel	The firm had interests both in Shanghai and Hong Kong (The Kadoories' investment)
	Hong Kong Land	/

	Shanghai Land Investment Company	Former Shanghai firm (The Kadoories and Sassoons' investment)
	Humphrey	/
	Hong Kong Reality	/
	Chinese Estate	/
Public Utilities	Hong Kong Tramway	/
	Peak Tram	(The Kadoories' investment)
	Star Ferry	/
	China Light & Power	(The Kadoories' investment)
	Hong Kong Electric	/
	Macao Electric	/
	Sandakan Light	/
	Hong Kong Telephone	/
	Shanghai Gas Company	Former Shanghai firm (The Kadoories' investment)
	Industrials	Cald Maeg
Canton Ice		/
Cements Co. Ltd.		/
Hong Kong Rope Manufacturing Company		(The Kadoories' investment)
Stores	Dairy Farm	/
	Watson	/
	Lane Crawford	/
	Sincere	/
	China Emporium	/
	Sun Co. Ltd.	/
	Kwong Sang Hong	/
	Wing On (H.K.)	/
	Wm. Powell. Ltd.	/
Miscellaneous	China Entrainments	/
	Hong Kong Engineering & Construction	(The Kadoories' investment)
	Vibro Piling	/
	Marrman Investment	/
	Marsman (H.K.)	/
	Shanghai Loan	/
	Yangtsez Finance	Former Shanghai firm (The Sassoons' investment)
Cottons	Ewo Cotton Mills	Former Shanghai firm
Rubber	Alma Estate	Former Shanghai firm (The Kadoories' investment)
	Anglo-Dutch	As above
	Anglo-Java	As above
	Batu Anam	As above
	Bute Plantations	As above
	Chemor United	As above
	Cheng Rubber	As above
	Consolidated Rubber	As above
	Dominion Rubber	As above
	Langkats	As above
	Repah Rubber	As above
Rubber Trust	As above	

	Samagaga Rubber	As above
	Semambu Rubber	As above
	Shanghai Kedah	As above
	Shanghai-Malay	As above
	Shanghai Sumatra	As above
	Sungei Duri	As above
	Tanah Merah	As above
	Tebong Rubber	As above
	Ziangbe Rubber	As above

Source: "Hong Kong Stock Exchange," *The China Mail*, 12 October 1949, 12.

Chapter 7

Conclusion

Through a case study of the Kadoories' enterprises, this dissertation accomplishes several things. It focuses on the financial side of the Jewish merchants' community to explore the emergence, development and transformation of the Jewish merchants' community in Shanghai and their retreat from China. It further examines how they seized the opportunities to build their status among the foreign community in Shanghai through enlarging their economic influence. It also examines the business strategies they employed during China's political and economic upheaval, and how their business development contributed to the development of the Shanghai economy. Based on the above, this dissertation then explores the transformation of China's economy by analysing how these Jewish merchants, as a trading diaspora who had high mobility, adapted to global business changes, made decisions and located their investments; how the Jewish merchants survived by attaching to the foreign communities in a foreign country and what were their sense of identification; how did the nationality matter affect the Jewish history. At last, this dissertation presents a picture of the capital flow in China in the first half of the 20th century. Through the Kadoories' story in the Far East, it concluded the characteristics of the Jewish merchants' community in Shanghai as follow.

1. Challenges encounter by the Jewish merchants in Shanghai business field – Dealing with the identity problem

- i. A delicate relationship between British and Jews in Shanghai– Competitor or business partner?

By capitalising on the flourishing development of Shanghai's economy in the first half of the 20th century, Jewish merchants originating in Baghdad migrated via India and Hong Kong to Shanghai, 'the city of adventure' following British settlers. They followed the footsteps of the British merchants to search for business opportunities in the International Settlement, where British merchants were protected under British law and extraterritoriality. Under these circumstances, the Jewish merchants had to obtain the legal status of carrying out business in the International Settlement.

As a latecomer, the Jewish merchants had to rely on the British merchants, who had already gained the privilege in Shanghai since 1843. Therefore, British legal tools, British nationality, British firms as well as the relationship with British tycoons and bankers were important for the Jewish merchants to get into the business world of the foreign merchants in International Settlement. In order to qualify themselves as managing directors of public companies in the International Settlement under the 1915 British regulation, many Jewish merchants tried hard to naturalise as British. They utilised the British sophisticated legal tools – the Companies Ordinance to start

up their business and look for fortune in the Far East.⁵²¹ The Jewish merchants in Shanghai invested in British firms meanwhile endeavoured to gain the British nationalization. No matter whether the Sephardi Jews in Shanghai were described as Sephardi or Baghdadi, they were later successfully naturalised as British and known as ‘British Jews in Shanghai’, and invested under the protection of British law – Hong Kong Companies Ordinances.⁵²²

On the other hand, British merchants had a competitive relationship with Jewish

⁵²¹ With the development of trade and inflow of foreign capital, regulations on enterprise were improved. The Joint Stock Companies Act, the Limited Liability Act and the Companies Act were enacted in 1844, 1855 and 1856, respectively, in Britain. Foreign merchants increased their investments in Shanghai in the second half of the 19th century. Increasing numbers of leading British companies in the Far East established joint stock firms instead of partnerships to raise further capital for their growing business in the 1860s. Before the enactment of the company ordinance in Hong Kong, British law governed British companies in China and there were no local companies in Hong Kong. There was a large volume of investment in Hong Kong and in China’s treaty ports, and British company law and the practice of limited liability were transplanted to the Far East. In February 1865, the Hong Kong Legislative Council passed the Companies Ordinance, which formed the basis of company registration in China. This ordinance provided easier and cheaper registration services to British firms operating in the Far East compared to London. After registration, the companies limited by shares were provided with a legal basis for issuing shares and debentures to raise funds in the capital markets of Hong Kong and China’s treaty ports. Amendments to the ordinance were made as the political and economic situation changed. In 1890, an amendment allowed companies to transact business in other locations than the Hong Kong Colony. Companies carrying on their business entirely outside Hong Kong and having no property or business in the Colony were also liable to the ordinance. Limited liability was then adopted at the International Settlement in Shanghai. A number of companies registered under the Hong Kong Companies Ordinances and carried out their business with their head offices in Shanghai. The total capital raised by the Hong Kong companies in Shanghai was over Tls.30,000,000 (taels) in 1908. These companies were legal persons that could sue and be sued in courts, whether in Hong Kong or in the International Settlement. Prior, British officials had no effective control over companies in China whose directors resided outside British Dominions. The 1915 amendment had a substantial influence on merchants who were not British subjects because Britain sought to increase its control over Hong Kong companies that carried on business in China. The new British regulation ‘The King’s Most Excellent Majesty in Council’ in 1915 required the managing directors of British corporations in China to be British subjects. The amendment also restricted the nationality of non-managing directors, auditors and liquidators: the directorates of companies had to be composed of a majority of British subjects or all British subjects. Source: “The Amended Company Law,” *The North China Herald*, 6 March 1908, 537. S.H. Goo, “Study Report on History of Company Incorporation in Hong Kong, Companies Registry,” (Hong Kong: Hong Kong Special Administrative Region, 2013), 6-18. C.R. Maguire, *China Stock and Share Handbook 1926* (Shanghai: North-China Daily News & Herald, Limited, 1926), 13. W.A. Thomas, *Western Capitalism in China, A History of the Shanghai Stock Exchange* (Burlington: Aldershot, 2001), 18-32.

⁵²² Sander L. Gilman and Milton Shain, *Jewries at the Frontier: Accommodation, Identity, Conflict* (Urbana: University of Illinois Press, 1999), 266.

merchants. There was keen competition in Shanghai business field in the late 19th and early 20th centuries. When the Jewish merchants arrived Shanghai in the late 19th century, a lot of business fields in Shanghai had already been dominated by British merchants. Among them were founders, major shareholders and members of the boards of directors of important interests such as real estate and public utilities companies in Shanghai. Taking the rubber shares market in the late 1910s as an example, the Cathay Trust of J.A. Wattie being a British company was the main competitor of the Kadoories in rubber companies financing business. The Kadoories obtained larger shares in the rubber financing market while the Cathay Trust lost its market as they suffered from financial difficulties due to the rubber crisis in 1910. The Kadoories took market shares from the Cathay Trust and became the biggest rubber financier in Shanghai. Hence, Jewish capital became one of the most crucial sources of foreign capital in Shanghai. The Cathay Trust closed down in 1918. Since then, Wattie concentrated their business mainly in rubber agency. Meanwhile, some rubber agent companies closed down as they were facing financial difficulties in the fluctuation of rubber market. Also, some of the rubber agent companies failed to fulfill the British new regulation. J.A. Wattie & Co. took the opportunity to expand their rubber agent business and took over a dozen of rubber companies. As the Kadoorie family was the biggest shareholders of these rubber companies, they had a close business relation with Wattie since the 1920s. Wattie's new chairman, a British merchant, A.J. Welch became a close business partner of the Kadoories. Although the Kadoories became the biggest financier of the rubber companies in Shanghai, they never acted as rubber agent. Both Wattie and Kadoories had their own specialised fields in Shanghai rubber market. Moreover, to enlarge their market share in Shanghai rubber market, the Kadoories co-operated with A.J. Welch and established the Rubber

Trust, which was an investment trust for rubber companies in Shanghai. Wattie acted as the agent of the Rubber Trust with the Kadoories as the largest shareholder and financier. It can be seen that the Kadoories had turned their business competitor to business partner.

Meanwhile, the board of directors of the SMC, being the governing power and presiding body of the International Settlement, was dominated by British and American. The members of the board of directors of the SMC were elected by ratepayers in the International Settlement, and the ratepayers were mainly British. It shows that economic power had direct relationship with political power in the International Settlement. As a result, there were only few Jewish merchants in the board of directors of the SMC throughout the SMC history. (There were only seven Jewish out of 315 members sitting on the board of directors.)⁵²³ Therefore, the Jewish merchants had to keep better relationship with British merchants if they wanted to get established in the International Settlement.⁵²⁴ The influence of Jews in the SMC gradually increased since the 1920s when the Jewish merchants gained a greater economic power in Shanghai. (H.E. Arnhold was the chairman of the SMC in 1929 and from 1934 to 1936.)

After 1927, British merchants had to struggle for their foreign privileges under

⁵²³ *The Minutes of Shanghai Municipal Council*. (Shanghai: Shanghai Classics Publishing House), 1854 to 1943.

⁵²⁴ For example, the Kadoories had a good relationship with William Johnstone Keswick from the Jardines, who was the chairman of the SMC and as well an influential person in Shanghai since the late 1930s. The Kadoories worked closely with British merchants all the time. Other than rubber market, in real estate market, when the Shanghai Land Investment Company was in a down turn, the Kadoories together with the Sassoons and Ho Tung, gained the managing power and reorganised the company. The Kadoories gained the British directors such as W.J. Keswick to support his moves to achieve success.

the changing political situation in Shanghai. At that time, the Jewish merchants enlarged their influence in British companies by multiplying their investments in the real estate and public utilities markets in Shanghai. They seized the opportunity of the boom of issuing new shares with the influx of silver and subscribed to a large number of new shares. The status of the Jewish merchants became higher in the late 1930s, and even higher after the Second World War. Having good relationship with the Shanghai consulate and the Hong Kong government, the Kadoories represented British interests in Shanghai and Hong Kong to deal with the political and economic problems after the war.

ii. Difficulty brings by nationality embarrassment in carrying out business

The Jewish merchants in Shanghai encountered different challenges, which especially revolved around their nationality problem. Some scholars pointed out that the identity of Jewish merchants in Shanghai fell between oriental and western, or just at the 'fringe of the British community', although they were wealthy and endeavoured to naturalise as British. However, due to anti-semitic prejudices, the western community, especially the Britons, always challenged the identity of the Jewish merchants' community in Shanghai in the late 19th and early 20th centuries. Also, the British merchants regarded the wealthy Jewish merchants as their competitors. This embarrassing situation was also found in the case of the Kadoories.

The Jewish merchants in Shanghai tried hard to overcome the nationality problem by naturalisation. Elly Kadoorie first applied to become a British subject in 1913. However, because of rising tensions in Europe before the First World War, and

the Ottoman Empire joined the First World War in alliance with Germany in August 1914, Elly Kadoorie's attempt to obtain British nationality failed. In Shanghai, his eligibility for director of the rubber companies was challenged on the basis of his nationality by other major shareholders. To overcome this, Elly Kadoorie lived in Britain for four years in the early 1920s and gained the British nationality in 1927. Meanwhile, he expanded his influences in the rubber companies by taking up shares to become the biggest shareholder of these companies during the rubber crisis. Since the late 1910s, a lot of rubber companies had relied on capital from the Kadoories. As a result, the role of the Kadoories as a financier in the rubber companies was difficult to be replaced later. The Kadoories succeeded in enlarging economic strength to ensure their status in Shanghai business field.⁵²⁵

iii. A tight Jewish business network in the Far East

Apart from gaining the support from the British tycoons in Shanghai, the Jewish merchants built up their own business network. Most of the Jewish merchants in Shanghai were of Baghdad origin, and they were known as Sephardi Jews. In the late 19th century, they migrated from Baghdad to India and from India to Hong Kong. In the turn of the 20th century, they migrated from Hong Kong to Shanghai, adapted to the political and economic environment in Shanghai and invested there while

⁵²⁵ HO144/7052, "Nationality and Naturalisation: Kadoorie, (K.B.E.) Eleazer Silas, From Iraq, Resident in London and Shanghai, Certificate 14309," 27 January 1927. "Aliens Restriction Act, 1914," accessed 20 October 2016, <http://www.legislation.gov.uk/>. "Aliens Restriction (Amendment) Act, 1919," accessed 20 October 2016, <http://www.legislation.gov.uk/>. John Clement Bird, "Control of Enemy Alien Civilians in Great Britain," (PhD diss., University of London, 1981). "The Anglo-Dutch (Java) Plantations, Ltd.: Annual Meeting," *The Shanghai Times*, 2 May 1914, 5. "The Anglo-Dutch (Java) Plantations Limited," *The North China Herald*, 17 April 1915, 173. "Chemor United Rubber Co., Ltd.," *The North China Herald*, 1 May 1915, 311. "Chemor United Rubber Co., Ltd.: Mr. Mordhorst and Mr. Kadoorie," *South China Morning Post*, 4 May 1915, 8.

Shanghai was flourishing as a trading hub. The Sassoons was the first Sephardi Jewish family to China who settled there in the mid-19th century. Later, more and more Jewish merchants arrived in China, and most of them were Sephardi Jews. Some of them first worked at the Sassoon's firm and later started their own business in China. The Kadoories was one of the best examples, and also the Harpoons and the Joseph were also Sephardi Jews who worked for the Sassoons at the beginning. Gradually, the Sephardi Jews formed a firm network in Shanghai. In Shanghai Land Investment Company the Kadoories worked closely with the Sassoons. In Shanghai Gas Company the Kadoories became the chairman with the support from the Josephs. This is one of the characteristics of trading diaspora, who worked closely together after settling at a new place.

2. Establishing their status as affluent traders – A golden chance for Jewish merchants' community to build up their economic influence in Shanghai

i. Seizing the Rubber crisis – The Kadoories become the largest financiers in Shanghai rubber share market

The case study of the Kadoorie enterprise shows how the Jewish merchants took advantage of the development of stock market to achieve success in the Shanghai business circle. In the 1890s, the Kadoories joined the brokerage firm, Benjamin Kelly & Potts, as a partner in Hong Kong. In 1901, the Kadoories followed the firm to Shanghai, where there were more business opportunities, and they were among the founders of the Shanghai Stock Exchange in 1904. In 1906, the partnership of Benjamin, Kelly & Potts was dissolved, and the Kadoories opened their own

brokerage firm, E.S. Kadoorie & Co. The firm dealt with share transactions in Shanghai and Hong Kong. In the early 1910s, the rubber share crisis in Shanghai provided an opportunity for the Kadoories to take up large numbers of shares at low prices. Throughout the 1910s, the Kadoories took market shares from the Cathay Trust and became the biggest rubber financier in Shanghai, and Jewish capital became one of the most crucial sources of foreign capital in Shanghai.

In the early 1920s, the Kadoories successfully transformed from stockbrokers to rubber financiers. A number of rubber agent companies dropped out of the Shanghai rubber shares market because they failed to comply with the new British Companies Ordinance which required the managing director of a company to be a British subject. J.A. Wattie & Co., a British rubber agent company, seized the opportunity to become the largest rubber agent in Shanghai. The Kadoories, the largest financier of the rubber companies, became a close business partner of J.A. Wattie & Co. They used this partnership to further expand their rubber financing business in Shanghai.⁵²⁶ A decade later, the Kadoories became the co-founders and the largest shareholder of the Rubber Trust, with J.A. Wattie & Co. as the company's agent.

ii. Seizing the devaluation of silver – The Kadoories enlarge their shares in British public companies in Shanghai

In the mid-1920s, China was still on the silver standard, and with the decrease in the global silver price, the cost of building materials dropped. The depreciation of

⁵²⁶ J.A. Wattie & Co. was one of the referees of Elly Kadoorie's application on the naturalisation. Source: FO671/465, "Shanghai National Status," 8 April 1927.

silver resulted in an influx of capital into China, especially into the financial centre of Shanghai. With the advancement of building technology and the emergence of skyscrapers, Shanghai's real estate market boomed. Companies in Shanghai absorbed idle capital by issuing new shares to support the flourishing building activities. Meanwhile, the rubber market in Shanghai was affected by the abolition of the Stevenson Scheme in 1928 and the Great Depression in 1929. The Kadoories then shifted their investments into Shanghai's real estate market. In the late 19th and early 20th centuries, the British merchants dominated the business circle in the International Settlement, especially important interests such as real estate and public utilities. In 1927, the return of Hankow treaty port to the KMT aroused fear among British merchants in Shanghai, and British government suggested ending extraterritoriality in China. In 1931, the Feetham Report on the possibility of continuing the foreign status of the settlement was submitted to the SMC.⁵²⁷ A number of major British interests in the real estate market in Shanghai petitioned the British Foreign Office to protect their real estate investments.⁵²⁸ British merchants, especially those who had invested in the real estate market, struggled with their privilege in the International Settlement.⁵²⁹

In the meantime, the Jewish merchants enlarged their influence in British companies, multiplying their investments in the real estate and public utilities markets in Shanghai by taking up new shares. By seizing the opportunities created by the influx of silver into China and the issuance of many new shares in Shanghai, the

⁵²⁷ "The Feetham Report – Its Practical Value," *The China Weekly Review*, 27 June 1931, 129.

⁵²⁸ FO371/13946, "Mr. Huntley Davidson's Mission on Behalf of British Interests in Shanghai," 12 August 1929.

⁵²⁹ "Boom in Shanghai Land Values," *South China Morning Post*, 16 February 1932, 16.

Kadoorie family became one of the major shareholders of the Shanghai Land Investment Company, which was one of the largest real estate companies in Shanghai. In the early 1930s, the Kadoories and the Josephs became major shareholders in the Shanghai Gas Company by aggressively taking up new shares. The global economic changes also helped E.S. Kadoorie & Co. develop from a stockbroker into the largest rubber financier in Shanghai and, after becoming Sir Elly Kadoorie & Sons, a major investor in real estate and public utilities companies in the Shanghai market. The Sassoons and Ho Tung also seized the opportunities to enlarge their investments in the real estate market in Shanghai in the 1920s. The Kadoories, the Sassoons and Ho Tung cooperated on the board of the Shanghai Land Investment Company and became close business partners in the Shanghai real estate business.

iii. Seizing the economic crisis – The Kadoories enlarge their managing power in British companies

The Silver Purchase Act imposed by the United States led to a real estate crisis in Shanghai in 1934. The Shanghai Land Investment Company experienced a downturn in 1934. Due to the downturn of the Shanghai's economy, the Kadoories allied with the Sassoons and Ho Tung to compete for the chairmanship. The Kadoories prevailed in the power struggle and enlarged their managing power in the company. At last, Horace Kadoorie, representing the Kadoories as the largest shareholder, was elected chairman of the company in 1939. By using similar tactics, in mid-1930s, when the Shanghai Gas Company faced a crisis caused by Japanese hostilities, the directors criticised the leadership of the chairman L.E. Canning, expelled him from the board of directors and obtained the managing power of the company. Horace Kadoorie became

the chairman of the Shanghai Gas Company in 1939.

One of the advantages of being chairman or member of board of directors of a company is having the rights to participate in financial and managerial decision making process. The Kadoories played a vital role in the management of the companies which they invested. In the rubber financing business in Shanghai, the Kadoories was the biggest financier and company director in the rubber companies in Shanghai. They especially concerned about the capital raising and the financial status of the rubber companies as it directly related to the share price and dividends. Similarly, as the chairman of the Shanghai Land Investment Company and Shanghai Gas Company, and one of the biggest shareholders, they concerned about the companies' financial status to ensure the share price and dividends. The chairman of a company had rights in managing the company account, to intervene the financial and investment policy of the companies, and to suggest raising capital plan. During the Japanese military's invasion of China in 1937, the Shanghai Land Investment Company was facing a massive lost. The Kadoories suggested that Shanghai Land Investment Company issue new shares to cover the overdraft and acquire assets from defaulting mortgagors. Meanwhile, to enlarge their shareholding in the company, the Kadoories took up a large portion of new allotment in 1937. As the chairman of the Shanghai Gas Company, Horace Kadoorie settled the company's crisis brought by the strike in 1940. Also, the Kadoories used to rely on the technical staff for the engineering works. In the Shanghai Gas Company, the Kadoories as the chairman, kept good relationship with the engineers, and promoted a trusted right-handed man to be the chief engineer.

The Kadoories improved the financial status of the Shanghai Land Investment Company and Shanghai Gas Company by taking advantage of the influx of capital to Shanghai in the Island Period. A huge volume of idle capital improved market sentiment as the Chinese dollar depreciated. Investors used real estate to hedge against the Chinese dollar. The Shanghai Land Investment Company and the Shanghai Gas Company sold their land assets at favourable prices to pay off large amount of overdrafts, lower their financial leverage ratios and distribute dividends.

From 1945 to 1949, the Kadoories represented British public utility interests in Shanghai to the Chinese national government. Sir Elly Kadoorie & Sons applied for membership of the British Chamber of Commerce in 1947. As Sir Elly Kadoorie & Sons was not operating in Shanghai in 1947, it gave up its office in Shanghai and was accepted into membership.⁵³⁰

3. New investment methods for expanding business – The Kadoories’ contribution to the emergence of investment trusts in China in the 1930s

Shanghai was developed to a financial centre since the late 19th century. The Shanghai Stock Exchange was established. One of the initial members was from the Kadoories. Share market developed rapidly, raising capital by issuing new share in

⁵³⁰ J.W. Keswick noticed that the Kadoories’ firm, as an important British trading interest in Shanghai, was not represented in the British Chamber of Commerce (The number of members of the British Chamber of Commerce was 150 firms in 1947.) He then recommended the Kadoories to apply for membership. Source: SEK-3B-039, Document No.: S.10-A-1, “Letter from J.W. Morcher to J.W. Keswick,” *Shanghai British Chamber of Commerce Old Ref. No. S.9.*, 13 January 1947. “Letter from J.W. Keswick to J.W. Morcher,” *Shanghai British Chamber of Commerce Old Ref. No. S.9.*, 18 February 1947. “Letter from J.W. Morcher to J.W. Keswick,” *Shanghai British Chamber of Commerce Old Ref. No. S.9.*, 5 February 1947.

Shanghai capital market was more common in the 1920s. Jewish merchants participated actively in the financing market in Shanghai. To expand their economic power in the business field of the International Settlement, which was dominated by British and American merchants, the Jewish merchants introduced new investment tool – investment trust to Shanghai, such as the Rubber Trust established by the Kadoories. The Jewish merchants used various new investment tools to expand their business and, at the same time, contributed to the financial market in China.

In the 1930s, investment trust was a popular investment tool in Shanghai. It could be found that there were a lot of investment trust companies listed in the Shanghai Stock Exchange. These investment trust companies helped to absorb large amount of capital, and also earned large amount of profit during the share boom in the Island Period in Shanghai. Same as the Kadoories, the Sassoons also owned investment trust companies in Shanghai. The Sassoons established the Hamilton Trust Co., Ltd. and the International Investment Trust Co. of China, Ltd. in 1929 and 1930, respectively. These firms were the pioneer foreign investment trust companies in Shanghai. The Rubber Trust, established in 1931 by the Kadoories, was a typical investment trust that focused on a single industry. Through the Rubber Trust, the Kadoories introduced collective investment, amalgamation of companies and risk diversification to China. The Rubber Trust achieved a near-monopoly in the Shanghai rubber shares market, making it difficult for small shareholders to challenge them. The Kadoories profited through the trust especially when rubber shares surged to historic highs during the Island Period. Meanwhile, the Jewish merchants such as the Kadoories became one of the most important financiers in Shanghai. As the role of financier, Jewish merchants enlarged their managing power in the

companies which they invested.

4. From Shanghai to Hong Kong – The Kadoories' retreat

The Kadoories suffered losses during the Japanese invasion from 1941 to 1945. Some properties of the companies which they invested were destroyed. However, as the Kadoories kept their shareholdings properly, they restored their business quickly after the Second World War. (There were both positive and negative impacts of Japanese invasion in China on Jewish merchants. On one hand, the Japanese enlarged their influence in Shanghai economy and the SMC, which affected the British and Jewish merchants' influences and market shares in Shanghai. Besides, the 'Sino-Japanese hostilities' in 1932 and 1937 in Shanghai destroyed some properties of British and Jewish interests. Japanese also tried to distribute propaganda to attack the Jewish merchants as mentioned in previous chapter. On the other hand, the Island Period created a best speculation environment in Shanghai which the Jewish merchants such as the Kadoories gained a big deal of money from the Shanghai stock market.)

Actually, substantial losses were caused by the political and economic situation after the war. After 1945, the Chinese nationals sought greater control over the Chinese economy. Meanwhile, the value of the Chinese dollars was decreasing. It became extremely difficult for foreign merchants to carry out their business in China. The Chinese national government imposed measures on controlling the foreign merchants and the surge of capital flight which could result in economic instability. Before 1941, the capital flowed to Shanghai from different parts of China. The

situation reversed after 1945. The total amount of capital flight from China to Hong Kong from 1947 to 1949 was around HK\$500,000,000.⁵³¹

Amidst this political and economic instability, the action the Kadoories could take was to minimize the losses. The Kadoorie family was investing in high mobility way. They decided to withdraw their assets from Shanghai but maintained their shareholdings in public companies. To transfer the capital, the Kadoories kept their investments, such as Shanghai Gas Company, highly liquid and their cash flow flexible. The assets were transferred to Hong Kong by paying off overdrafts from Hong Kong banks and purchasing shares in the Hong Kong Stock Exchange. The Shanghai Gas Company transferred 69.5% of its assets from Shanghai to Hong Kong between 1946 and 1949.⁵³² Also, the Shanghai Land Investment Company sold as many fixed assets of as it could, and moved the liquid assets to Hong Kong. Meanwhile, the headquarters of Sir Elly Kadoorie & Sons was moved back to Hong Kong where they had started their business in the late 19th century. Thus, by the late 1940s, Hong Kong had substituted Shanghai and became a major financial centre. The footprints of the Jewish merchants reveal the ups and downs of the economic history of contemporary China.

However, huge losses were inevitable. After 1949, the Kadoories was facing the problem of prolong waiting for the compensation from the Chinese government, but the compensation at last never happened. Both foreign merchants and the Jewish

⁵³¹ Catherine R. Schenk, "Asian Financial Crisis: Monetary Links between Hong Kong and China 1945-50," (Modern Asian Studies, Vol. 34, No. 3, July 2000), 739-764.

⁵³² SEK-6-157, D03/02, S.12-A-1, 1945-50, *Shanghai Land Investment Co. Ltd.*

merchants suffered huge losses at that time, for example, the Sassoons lost heavily on real estate market.

5. Different retreat strategies and the diverse results of the Jewish merchant families – The Kadoories sustain their business in Hong Kong

i. The retreat strategies of different Jewish families

The Sassoons sold more than 60% of their shares before the Second World War. After the war, the Sassoons moved their subsidiaries and associated companies to Hong Kong.⁵³³ Between 1941 and 1951, the Sassoons even dropped 97% of the Shanghai Land Investment Company's shares. In 1950, E.D. Sassoon & Co. re-registered in Nassau in the Bahamas and gave up its business in the Far East.⁵³⁴

⁵³³ According to the book by Zhang Zhongli and Chen Cengnian, the changes of the shareholdings of the Sassoons in some of the associated companies between 1936 and 1941. (Table 44)

Company	1936		1941		Shareholdings change
	No. of share	Value (Ch.)	No. of share	Value (Ch.)	
Auto Palace Co., Ltd.	17,085	215	9,895	119	-42.1%
Caldbeck, Macgregor & Co., Ltd.	1,200	24	1,700	30	+29.4%
China General Omnibus	115,653	2,231	17,458	335	-84.9%
China Import & Export Lumber Co. Ltd.	75,151	1,001	26,403	364	-64.9%
Hankow Press Packing Co., Ltd.	18,600	260	39,000	546	+52.3%
New Engineering & Shipbuilding Works, Ltd.	63,961	461	5,100	158	-92%
Shanghai Electric Construction Co., Ltd.	16,610	769	2,615	119	-84.3%
The International Investment Trust Co. of China	57,666	988	5,750	140	-90%
Union Brewery, Ltd.	21,850	364	21,950	365	+0.46%
Yangtze Finance Co., Ltd.	51,190	672	13,940	167	-72.8%
Total value/ value change		6,985		2,343	-66.5%

Source: Zhang Zhongli, and Chen Cengnian (張仲禮, 陳曾年), *Shaxu jituan zai jiuzhingguo* 沙遜集團在舊中國 (*The Sassoon Group in Old China*) (Beijing: Renmin chuban she, 1985), 150.

⁵³⁴ Ibid., 153-159.

The Sassoons lost heavily in the real estate market in Shanghai, where their properties were confiscated by the Chinese government. The properties directly under the name of the E.D. Sassoon & Co., such as Sassoon House,⁵³⁵ and eight of the E.D. Sassoon & Co.'s affiliated companies were closed down and handed over to the Chinese government in 1958.⁵³⁶ The China Enterprises Company and the European staff of the former E.D. Sassoon & Co. had to sign papers to show their willingness to be discharged, although the E.D. Sassoon & Co. claimed that the transfer was entirely unauthorised and therefore 'invalid'.⁵³⁷ Other Jewish families in Shanghai also gave up their business in the Far East. For example, the Hardoons were embroiled in estate fighting from 1931 to 1947, and members of the family migrated to different parts of the world. In 1947, the Arnholds left Shanghai and settled in America, where H.E. Arnhold died in 1950. The Ezra family gave up its business and worked for the Kadoories' interests in Hong Kong after 1949.

⁵³⁵ The most conspicuous real estate owner in China was E.D. Sassoon & Co., which own numerous hotels and other large properties in Shanghai. Consequently, the Sassoons suffered the heaviest loss on the real estate among the foreign merchants in Shanghai. The properties under the name of E.D. Sassoon & Co. were taken over by the Chinese government. The loss claimed by E.D. Sassoon & Co. was approximately ¥60,000,000 (approximately equal to HK\$142,857,142.9 at official price in 1957). Source: FCO21/1120, Claims by citizens of the United Kingdom against China, 1973. "Renminbi shi shi ke dui liu 人民幣市十可兌六 (10 Hong Kong Dollars to 6 Reminbi)," *Wah Kiu Yat Po* (華僑日報), 11 January 1957, 10.

⁵³⁶ The affiliated companies of the group were: The Cathay Land Co., Ltd., Far-Eastern Investment Co., Ltd., Shanghai Cathay Laundry, E.D. Sassoon Banking Co., Sun Sing Properties, and Central Properties, Ltd. Source: "Sassoons in Shanghai Close Down: Handed Over to the State Shanghai," *South China Morning Post*, 4 November 1958, 1.

⁵³⁷ The giant Jewish firm E.D. Sassoons & Company was one of the largest foreign real estate firms that ever existed in the former International Settlement and French Concession of Shanghai, and it was the one that had survived the longest period of time. The Sassoon Company had owned about sixty large estates in Shanghai, the best known among them were: the Sassoon House, the Grosvenor House and Gardens, the Cathay Mansions, the Metropole Hotel, the Hamilton House, the Embankment House, the Cavendish Court, all were erected between 1930 and 1940. With the closure of E.D. Sassoon & Company, there were no big foreign corporations owning and managing real estate in Shanghai. Source: "Sassoons in Shanghai Close Down: Handed Over to the State Shanghai," *South China Morning Post*, 4 November 1958, 1. "Invalid Transfer," *South China Morning Post*, 7 November 1958, 16.

Unlike other Jewish merchant families, the Kadoories still conduct business in Hong Kong. They did not sell many of the shares they had invested, most of which were held under the Hong Kong office of Sir Elly Kadoorie & Sons after the war. The Kadoories held around HK\$2,000,000 rubber shares in 1949 (market value at that time).⁵³⁸ In addition to the shares of the rubber companies of which the assets were mainly in Southeast Asia, the Kadoories held 300,000 shares of the Shanghai Land Investment Company and 200,000 shares of the Shanghai Gas Company, with market values of approximately HK\$900,000 and HK\$800,000 respectively at the mid-1949.⁵³⁹ The directors sold as many fixed assets of the Shanghai Land Investment Company and the Shanghai Gas Company as they could and moved their liquid assets to Hong Kong. There, these companies were transformed into an investment company and continued their business.

⁵³⁸ Public Records Office, HKRS114-6-248, *The Bute Plantations 1913 Ltd.* HKRS114-6-196, *The Chemor United Rubber Co. Ltd.* HKRS111-4-14, *The Java Consolidated Rubber and Coffee Estates, Ltd.* HKRS114-6-200, *Repah Rubber & Tapioca Estates, Ltd.* *The Semambu Rubber Estates, Ltd.* HKRS114-6-203, *The Shanghai-Malay Rubber Estate Ltd.* HKRS114-6-203, *Shanghai-Malay Rubber Estate Ltd.* HKRS111-4-8, *Anglo-Dutch (Java) Plantations, Ltd.* HKRS114-6-250, *The Dominion Rubber Co., Ltd.* HKRS114-6-208, *Ziangbe Rubber Co., Ltd.* *The North China Herald*, 1941.

⁵³⁹ The Shanghai Gas Company and Shanghai Land Investment Company were the biggest investments among the investments of the Kadoories in Shanghai. The Kadoories kept the chairmanship of these two companies after war. Besides, the Kadoorie held 100,000 shares of Shanghai & Hongkew Wharf (valued around HK\$180,000 in the mid-1949) which was the Jardine's interests and moved the listing to the Hong Kong Stock Exchange in the late 1940s. If the assessment made by the Kincheng Bank in 1948 about the Kadoories' assets in Shanghai and Hong Kong (approximately HK\$15,000,000) was close to accurate, it could be inferred that around one-third of the Kadoories' total assets in the Far East was the company shares which transferred from Shanghai to Hong Kong along with the re-registration of the listing of the public companies in the Hong Kong Stock Exchange. Source: Shanghai Municipal Archives, Document No.: Q264-1-1164, *Jincheng yinhang youguan geguo duihua touzi gaiyao (san) wenjian* 金城銀行有關各國對華投資概要 [三] 文件 (Document of Kincheng Bank about the Foreign Investment in China (3)).

- ii. A brief overview of the Kadoories' investments in Hong Kong in pre-war time

The Kadoories started their business in Hong Kong since the late 19th century. While they developed their business in Shanghai in the early 20th century, the Kadoories kept investing their interests in Hong Kong. They expanded their business in Hong Kong throughout the first half of the 20th century by investing in the Hong Kong companies including shares in China Light & Power Co., the Hong Kong and Kowloon Wharf and Godown Company, Hong Kong & Shanghai Hotel and Hong Kong Engineering & Construction.

Although there were uncertainties in the political situation in the pre-war Hong Kong, the Kadoories still took an optimistic view towards the future of Hong Kong. It was because there were a lot of construction works and manufacturing activities being carried out in Hong Kong in 1939 and 1940. China Light & Power Co. opened a new power station (Hok Un Power Station).⁵⁴⁰ In the meantime, the Kadoories built a bungalow at Boulder Site at Castle Peak, a residence of the Kadoories, which was constructed by Hong Kong Engineering & Construction Co.⁵⁴¹ One of the most important interests of the Kadoories, the St. George's Mansions, controlled by Hong Kong Engineering & Construction Co. was fully leased.⁵⁴²

⁵⁴⁰ "Heyuan xindian chang cuo juxing kaimudianli (鶴園新電廠昨舉行開幕典禮 The Opening Ceremony of Hok Un New Power Station)," *Ta Kung Pao* (大公報), 27 February 1940, 6.

⁵⁴¹ "History in the Making: Hon. Mr. J.P. Braga Traces Growth of Kowloon and New Territories Sir Henry Pollock on Defence," *South China Morning Post*, 24 April 1935, 10.

⁵⁴² "Steady Progress: Hongkong Engineering and Construction Co. Kowloon Developments," *South China Morning Post*, 1 May 1941, 12.

The Kadoories especially paid a lot more attention to China Light & Power Co., which has been a major public utility company in Hong Kong.⁵⁴³ For the sake of the development of Hong Kong, the Hong Kong government accorded great importance to the opening of the new power station of China Light & Power Co. which was built by Hong Kong Engineering & Construction and was opened in 1940.⁵⁴⁴ China Light & Power Co. issued new shares for the new construction works in 1939, which absorbed about HK\$1,063,485.⁵⁴⁵ The governor, Geoffry Northcote (1881-1948), visited the power station in October 1940, and was particularly interested in the possibilities of the company supplying electricity to the whole of the New Territories.⁵⁴⁶ Co-operating with the Hong Kong government on providing electricity not only offer the Kadoories profit opportunities, but also contributed to the development of Hong Kong.

iii. The Kadoories' contribution to post-war Hong Kong

Whether or not Hong Kong would remain a British Colony was the most important issue affecting the Kadoories' business after the war. The biggest concern of the businessmen in Hong Kong at the time was that there was rumour that the British

⁵⁴³ Other than the Kadoories, Ho Tung also had interests or business relationship with China Light & Power Co. M.K. Lo, the son-in-law of Ho Tung, represented Ho Tung interests, sitting on the board of director of this company. Source: "Honours List: Sir Man-kam Lo Col. Owen Hughes Awarded O.B.E. Service Awards," *South China Morning Post*, 10 June 1948, 1.

⁵⁴⁴ "Mordern Power Plant: Governor Opens New China Light Station at Hok Un Early Kowloon Days Recalled," *South China Morning Post*, 27 February 1940, 8.

⁵⁴⁵ "China Light Profit: Annual Report Reveals Prosperous Year," *South China Morning Post*, 14 December 1939, 18.

⁵⁴⁶ "Mordern Power Plant: Governor Opens New China Light Station at Hok Un Early Kowloon Days Recalled," *South China Morning Post*, 27 February 1940, 8.

government would give up the Hong Kong colony.⁵⁴⁷ Although Hong Kong was facing political uncertainty and economic difficulties in the post-war period, the Kadoories moved their investments from Shanghai to Hong Kong. The Kadoories bet that Hong Kong would become another Shanghai with international characteristics under British rule and had tremendous prospects.⁵⁴⁸

Since the Kadoories had decided to move their interests to Hong Kong, the rehabilitation of the post-war Hong Kong was crucial before any investment move. The facilities of the China Light & Power Co. were damaged during the war, and the output of the company largely diminished.⁵⁴⁹ The Kadoories had to restore the family businesses which had been occupied by the Japanese. Furthermore, the Kadoories believed that the Hong Kong government was sympathetic towards industrialists like him as they would assist in the rehabilitation work.⁵⁵⁰ Restoring the electricity supply was the first thing to do in the rehabilitation programme of Hong Kong.⁵⁵¹ The

⁵⁴⁷ “H.K. Recovery: An Indirect Tribute to Administration Problems Facing China of Her Own Making Shanghai Warning,” *South China Morning Post*, 5 February 1946, 2. “Plebiscite,” *South China Morning Post*, 18 May 1949, 8.

⁵⁴⁸ “Gaol for Snatchers,” *South China Morning Post*, 13 July 1946, 5.

⁵⁴⁹ The output of China Light & Power Company was largely diminished during the war. The rehabilitation of the works and the repurchase of the plant in Hong Kong were carried out after the liberation. The board of directors of the China Light & Power Company decided to distribute new shares in October 1948 to raise capital to build a new plant. After the distribution of new shares, China Light & Power Company performed well on the Hong Kong Stock Exchange. The company’s plant was expanded and distribution system was overhauled in 1949. Source: “China Light Losses: Five and a Half Millions War Damage,” *South China Morning Post*, 23 November 1946, 2. “China Light Losses: Five and a Half Millions War Damage,” *South China Morning Post*, 23 November 1946, 2. “Zhonghua dianli fagei xing (New shares of the China Light & Power Company (中華電力發給新股),” *Wah Kiu Yat Po* (華僑日報), 28 October 1948, 5. “Stock Exchange: China Light Again Leaders of Market,” *South China Morning Post*, 16 November, 1948, 13. “Annual Meeting of Local Power Company,” *The Hong Kong Sunday Herald*, 4 December, 2.

⁵⁵⁰ *A Philanthropic Tradition, The Kadoorie Family* (Hong Kong: The Hong Kong Heritage Project, n.d.), 52.

⁵⁵¹ Another investment of the Kadoories in Hong Kong – Hong Kong & Kowloon Wharf &

Kadoories restored the business of China Light & Power Co. and obtained more capital for the rehabilitation works by increasing in authorised capital.⁵⁵²

After Japan surrendered, the Kadoories contributed to the rehabilitation of Hong Kong through their private owned assets, they also co-operated closely with the Hong Kong government to stabilise the economy. The Kadoories served as a ‘government agent’ on government sanctioned committees, including Building Reconstruction Committee,⁵⁵³ Development and Welfare Committee⁵⁵⁴ and Labour Advisory Board.⁵⁵⁵ Besides, the Kadoories worked for the Hong Kong government in obtaining food and raw materials. Hong Kong faced a serious shortage of raw materials for rehabilitation, which were globally scarce but largely in the hands of the U.S. military. The Kadoories represented the Hong Kong government to negotiate with the U.S.

Godown Co., which was also the interests of Jardine, Matheson & Co., restored after the Second World War. As the Hong Kong government encouraged rehabilitation, most of the companies endeavored to obtain the banks to authorize a grant loan at a cheap rate of interest towards rehabilitation works. Also, issuing new share was one of the ways for obtaining capital for the docks. The docks had to close down for repairing from a technical point of view, but it was not in the interests of Hong Kong for closing the docks entirely. Source: “Wharf & Godown Meeting: More Effective Control of Cargo Thefts Than at Other Ports Negotiations with Government,” *South China Morning Post*, 8 August 1947, 4.

⁵⁵² “Zhonghua dianli fagei xingu 中華電力發給新股 (New shares of the China Light & Power Company),” *Wah Kiu Yat Po* (華僑日報), 28 October 1948, 5.

⁵⁵³ Lawrence Kadoorie acted as the Chairman of the Building Reconstruction Committee in 1946. He evaluated the damage done by the Japanese occupation to Hong Kong and made recommendations to the Hong Kong government on the policies of the rehabilitation. Source: *A Philanthropic Tradition, The Kadoorie Family* (Hong Kong: The Hong Kong Heritage Project, n.d.), 52.

⁵⁵⁴ After the Second World War, the British Secretary of State for the colonies recommended to found a Development and Welfare Committee in the British colonies to allocate the Colonial Development Funds properly. Lawrence Kadoorie was one of the committee members of the Housing and Planning Sub-committee, which suggested and investigated the ways to improve housing and town planning after the war. Source: *Ibid.*, 52.

⁵⁵⁵ The Labour Advisory Board was founded in 1945, which aimed as investigating the labour conditions and costs for the Hong Kong government. Lawrence Kadoorie was appointed a member in 1946, representing the China Light & Power Company. He also served as the Chairman of a Labour Advisory Sub-committee, which helped to draw up a grading scheme and wage scale for artisans and semi-skilled labourers. Source: *Ibid.*, 52.

military to obtain essential materials such as food, cement, cloth, paper, timber, pipes, prefabricated huts and electrical fittings.⁵⁵⁶ The Kadoories also worked for the housing, labour arbitration, provision of food, etc. in Hong Kong. The population of Hong Kong increased due to the influx of immigrants from China after the Second World War. The Kadoories established the Kadoorie Agricultural Aid Association (KAAA) in 1951 to help farmers to get through the difficult period. Besides, the Kadoorie Agricultural Aid Loan Fund (KAALF) became a statutory organization in 1955, which offered loans with low interest or interest free to farmers. The Kadoorie Farm run under KAALF was established in 1956, which carried out farm experiments of crop planting, livestock rearing and selective breeding, and offered agricultural training to local farmers.⁵⁵⁷ Lawrence Kadoorie was appointed an unofficial member in the Legislative Council of Hong Kong from 1950 to 1951 and 1954. Holding the assets in Hong Kong, the Kadoories settled down and resumed their business and considered Hong Kong as their home.⁵⁵⁸

⁵⁵⁶ Private capital, such as the Kadoories and the Jardines, was employed to assist in acquiring the U.S. surplus supplies. Besides, Hong Kong & Shanghai Bank also advanced the money for this. Horace Kadoorie was sent to Shanghai on behalf of the Civil Affairs Administration to confer with the U.S. Army regarding the U.S. surplus supplies for Hong Kong. The Kadoorie wished to contribute the Colony without thought for remuneration. Source: "Comings and Goings: Mr Kadoorie to Confer with Gen. Johnson Agent General Leaves," *South China Morning Post*, 8 March 1946, 4.

⁵⁵⁷ *A Philanthropic Tradition, The Kadoorie Family* (Hong Kong: The Hong Kong Heritage Project, n.d.), 60.

⁵⁵⁸ There were charity works of the Kadoories in post-war Hong Kong. For example, the Kadoorie Aid Association was financing a fertiliser loan scheme. Source: "Aid to N.T. Farmers: Contribution of the Kadoorie Association, Talk at Rotary Meeting," *South China Morning Post*, 4 April 1956, 16. "Far-Reaching, Revolutionary Housing Legislation: Around Hong Kong," *South China Morning Post*, 2 May 1954, 10.

6. Concluding remarks

Comparing with the British firms in the Far East, such as Jardines, it cannot be denied that the British firms were the most important component on composing the International Settlement of Shanghai rather than the Jewish merchants' community. But the Jewish merchants, such as the Kadoories, as a latecomer, challenged the British interests there, and became one of the important interests group in Shanghai since the late 1920s. They enlarged their power among British interests in the Shanghai economy, and successfully gained a significant share in British companies, although the British merchants still dominated the political institution such as the SMC. Meanwhile, the Kadoories kept a good relationship with the British merchants such as the Jardines and A.J. Welch from Wattie for their business.

As a 'marginal community' with embarrassing identity in Shanghai, Jewish merchants built up their social status by enlarging economic power and influence in Shanghai especially in the late 1920s to the late 1930s. The Jewish merchants' community seizing the chance of the boom and crises of the global and Chinese economy, using their business network and new investment methods to build up their identity of 'British Jews in Shanghai' and affluent status among the foreign community in the Far East through enlarging their economic influence among the British interests. The Kadoories had become indispensable members of British society in the Far East. This story reveals how the Jewish merchants, a traditional trading diaspora, a latecomer in Shanghai, a marginal westerner, developed into a vital community in the Far East and became a force to be reckoned with.

Although the Sephardi Jews had migrated to Shanghai where far away from their origin, they maintained their Jewish identity there by cultural recognition and also involving in charity works for Jews in the Middle East and Jewish refugees in Shanghai. They retained the Jewish identity and worked closely together in expanding their economic power in Shanghai business field and formed a tight investment network. On the other hand, they tried hard to obtain British nationality and mimicked British way of life by receiving English education for their business convenience. However, it was not implying that they inclined to give up their Jewish identity. On the contrary, the Jewish merchants utilised their British nationality to expand their economic power so as to get themselves out of being a ‘marginal community’ in Shanghai business field. Since the 1920s, the Jewish merchants’ community – ‘British Jews in Shanghai’ – emerged in different business fields in Shanghai, and became one of the prominent branches of Jews. It also appears that the Jewish merchants were flexible on adopting different business environments.

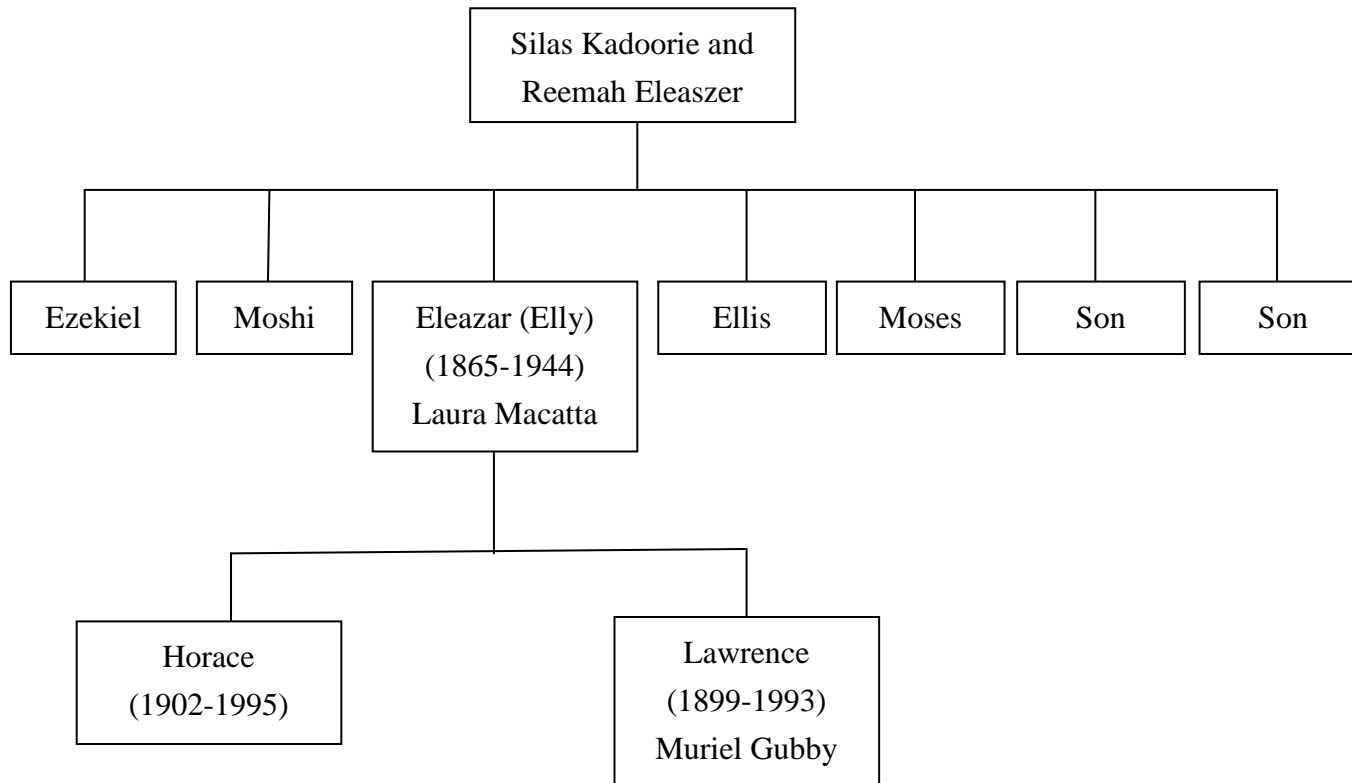
‘A Philanthropic tradition’ is the spirit of the Kadoorie family. They earned a big money and built up their business network in the Far East, meanwhile, they donated parts of their wealth to the poorer in China and Hong Kong, and their ‘home cities’ including Baghdad, India, Turkey and Israel, and also Syria, Palestine and Nepal. Furthermore, it cannot be overlooked that the Kadoories and the Sassoons spent a substantial time and capital on helping the Jewish refugees during the Second World War. By carrying out charitable work, the Kadoories not only helped the poor in Asia and the Middle East, but also contributed to maintain the good relationship of Jews in different parts of the world. It appears that the Jewish merchants’ community in

Shanghai retained a strong cultural recognition despite naturalisation as British citizens.⁵⁵⁹

⁵⁵⁹ *A Philanthropic Tradition, The Kadoorie Family* (Hong Kong: The Hong Kong Heritage Project, n.d.), 2.

Appendices

Appendix 1: Family tree of the Kadoories



Source: C00125, *Jiadaoli jiazū* 嘉道理家族 (*The Kadoorie Family*).

Appendix 2: The agents of the rubber companies in the Shanghai Stock Exchange from the 1910s to 1930s

	1917	1926	1932	
Company name	Agent/ Secretary and General Manger			Location
Alma Estates, Ltd	Hugo Reiss & Co.	J.A. Wattie & Co., Ltd	J.A. Wattie & Co., Ltd	Perak
Amherst Rubber Estates, Ltd.	Gande, Price & Co.	J.A. Wattie & Co., Ltd	/	Province of Wellesley
Anglo-Dutch (Java) Plantations, Ltd.	R.N. Truman & Co.	J.A. Wattie & Co., Ltd.	J.A. Wattie & Co., Ltd.	Java
Anglo-Java Estates, Limited	J.A. Wattie & Co., Ltd.	J.A. Wattie & Co., Ltd.	J.A. Wattie & Co., Ltd.	Java
Ayer Tawah Rubber Company, Ltd.	Geddes & Co.	Geddes & Co.	Geddes & Co.	Province of Wellesley
Batu Anam (Johore) Rubber Estates, Ltd.	R.N. Truman & Co.	J.A. Wattie & Co., Ltd.	J.A. Wattie & Co., Ltd.	Johore
Bukit Toh Alang Rubber Estates, Ltd.	Hugo Reiss & Co.	J.A. Wattie & Co., Ltd.	/	Province of Wellesley
Bute Plantations, Ltd.	A.R. Burkill & Sons	A.R. Burkill & Sons	A.R. Burkill & Sons	Negri Sembilan
Chemperdak Rubber and Gambier Estate, Ltd.	J.A. Wattie & Co., Ltd.	J.A. Wattie & Co., Ltd.	J.A. Wattie & Co., Ltd.	Malacca
Cheng Rubber Estates, Ltd.	Hugo Reiss & Co.	J.A. Wattie & Co., Ltd.	J.A. Wattie & Co., Ltd.	Malacca
Consolidated Rubber Company, Ltd.	China Reality Co.	A.R. Burkill & Sons	A.R. Burkill & Sons	Perak
Dominion Rubber Company, Ltd.	Meyer & Measok Co.	A.R. Burkill & Sons	A.R. Burkill & Sons	Perak
Gula-Kalumpang Rubber Estates, Ltd.	Ilbert & Co.	Ilbert & Co.	Ilbert & Co.	Perak
Java Consolidated Rubber & Coffee Estates, Ltd.	J.A. Wattie & Co., Ltd.	J.A. Wattie & Co., Ltd.	J.A. Wattie & Co., Ltd.	Java
Kali Glidik Coffee Estates, Limited	/	/	J.A. Wattie & Co., Ltd.	Java
Kapala Islands Estates, Ltd.	Meyer & Measor	/	/	
Kamunting Rubber Co., Ltd.	A.R. Burkill & Sons.	/	/	Near Kedah, F.M.S.
Karan Rubber Estate Co., Ltd.	A.R. Burkill & Sons.	/	/	Perak
Kapayang Rubber Estates Company, Limited	M.G. Beck	J.A. Wattie & Co.	J.A. Wattie & Co. Ltd.	Selimban
Kota Bahroe Rubber Estates, Ltd.	Meyer & Measor	A.R. Burkill & Sons	A.R. Burkill & Sons	Perak
Kroewoek Java Plantations, Ltd.	J.A. Wattie & Co., Ltd.	J.A. Wattie & Co., Ltd.	J.A. Wattie & Co., Ltd.	Java
Maatschappij, ETC., in Langkat	George McBain & Co.	George McBain & Co.	George McBain & Co.	Sumatra
Padang Rubber Estates, Limited	A.R. Burkill & Sons	A.R. Burkill & Sons	A.R. Burkill & Sons	Perak
Pengkalan Durian Estates, Ltd.	J.P. Bisset & Co.	J.P. Bisset & Co.	J.P. Bisset & Co.	Negri Selimban
Permata Rubber Estates, Limited	E. Richards., Esq.	Mortimer Reid and Slee	Frost, Bland & Co.	Malacca

Repah Rubber Estates, Limited	Hopkins, Dunn & Co.	J.A. Wattie & Co., Ltd.	J.A. Wattie & Co., Ltd.	Negri Selimban
Samagaga Rubber Company, Ltd.	Scott, Harding & Co.	Scott, Harding & Co.	J.A. Wattie & Co., Ltd.	Perak
See Kee Rubber Estates, Ltd.	WM. Martin & Co.	/	/	Negri Sembilan
Semambu Rubber Estates, Ltd.	R.N. Truman & Co.	J.A. Wattie & Co., Ltd.	J.A. Wattie & Co., Ltd.	Pahang
Senawang Rubber Estates Co., Ltd.	Hugo Reiss & Co.	J.A. Wattie & Co., Ltd.	J.A. Wattie & Co., Ltd.	Seramban
Shanghai-Kedah Plantations, Limited	/	A.R. Burkill & Sons	A.R. Burkill & Sons	Kedah
Shanghai-Kelantan Rubber Estate, Ltd.	Meyer & Measor	Meyer & Measor	Meyer & Measor	Kelantan
Shanghai-Klebang Rubber Estate, Ltd.	Hugo Reiss & Co.	J.A. Wattie & Co., Ltd.	J.A. Wattie & Co., Ltd.	Perak
Shanghai-Malay Rubber Estates, Ltd.	M.G. Beck	J.A. Wattie & Co., Ltd.	J.A. Wattie & Co., Ltd.	Perak
Shanghai-Sumatra Tobacco, Ltd./ Shanghai-Sumatra Rubber Co., Ltd.	George McBain & Co.	George McBain & Co.	George McBain & Co.	Sumatra
Sua Manggis Rubber Co., Ltd.	Band Bros.	Scott, Harding & Co.	J.A. Wattie & Co.	Negri Selimban
Sungala Rubber Estate, Ltd.	C. Holliday & Co.	C. Holliday & Co.	C. Holliday & Co.	Selimban
Sungei Duri Rubber Estates, Ltd.	Meyer & Measor	A.R. Burkill & Sons	A.R. Burkill & Sons	Province of Wellesley
Taiping Rubber Estates	Hopkins, Dunn & Co.	Hopkins, Dunn & Co.	/	Perak
Tanah Merah Estates, Ltd.	A.R. Burkill & Sons	A.R. Burkill & Sons	A.R. Burkill & Sons	Johore
Tebong Rubber & Tapioca Estates, Ltd.	J.A. Wattie & Co., Ltd.	J.A. Wattie & Co., Ltd.	J.A. Wattie & Co., Ltd.	Malacca
The Chemor United Rubber Company, Ltd.	R.N. Truman & Co.	J.A. Wattie & Co., Ltd.	J.A. Wattie & Co., Ltd.	Perak
The Shanghai-Pahang Rubber Estates, Limited	Meyer & Measor	A.R. Burkill & Sons	A.R. Burkill & Sons	Pahang
The Shanghai-Seramban Rubber Estates, Limited	Hugo Reiss & Co.	J.A. Wattie & Co., Ltd.	J.A. Wattie & Co., Ltd.	Seramban
Ulobri Rubber Company, Ltd.	Meyer & Measor	/	/	Singapore
Ziangbe Rubber Company, Ltd.	J.A. Wattie & Co., Ltd.	J.A. Wattie & Co., Ltd.	J.A. Wattie & Co., Ltd.	Java

Source: C.R. Maguire, *China Stock and Share Handbook 1917* (Shanghai: North China Daily News & Herald, Limited, 1917). C.R. Maguire, *China Stock and Share Handbook 1926* (Shanghai: North China Daily News & Herald, Limited, 1926). C.R. Maguire, *China Stock and Share Handbook 1932*, (Shanghai: North China Daily News & Herald, Limited, 1932).

Appendix 3: The extract of the Kadoories' investment (number of shares) in the rubber companies in the Shanghai Stock Exchange from the 1920s to 1950s (partial list)*

Bute Plantations 1913

	1931	1932	1933	1934	1935	1936	1937	1938	1939	1940	1953
Kadoorie & Sons	50,500	50,500	50,500	51,000	59,000	59,000	59,000	59,000	59,000	59,000	59,000
Lawrence Kadoorie	500	500	500	500	500	500	500	500	500	500	500
Horace Kadoorie	500	500	500	500	500	500	500	500	500	500	500
Total issued shares	300,000	300,000	300,000	300,000	353,698	353,698	353,698	353,698	353,698	353,698	353,698

Source: Public Records Office, HKRS111-4-120, *The Bute Plantations (1913) Ltd.* HKRS114-6-248, *The Bute Plantations 1913 Ltd.*

The Chemor United Rubber Company, Limited

	1931	1932	1933	1934	1935	1936	1937	1938	1939	1940	1941
Kadoorie & Sons	49,000	49,000	27,500	27,500	235,000	235,000	235,000	235,000	209,250	209,250	209,250
Elly Kadoorie	1,000	1,000	5,000	5,000	5,000	5,000	5,000	5,250	5,250	5,250	5,250
Lawrence Kadoorie	1,000	1,000	5,000	5,000	5,000	5,000	5,000	5,250	5,250	5,250	5,250
Horace Kadoorie	1,000	1,000	5,000	5,000	5,000	5,000	5,000	5,250	5,250	5,250	5,250
Total issued shares	400,000	400,000	799,000	800,000	800,000	800,000	800,000	956,747	956,747	956,747	956,747

Source: Public Records Office, HKRS111-4-12, *The Chemor United Rubber Company, Ltd.* HKRS114-6-196, *The Chemor United Rubber Co. Ltd.*

Java Consolidated Rubber & Coffee Estates Ltd.

	1931	1932	1933	1934	1935	1936	1937	1938	1939	1940	1941
Kadoorie & Sons	128,500	135,000	135,000	135,500	138,500	138,500	98,500	98,500	98,500	98,500	98,500
Elly Kadoorie	500	500	500	500	500	500	500	500	500	500	500
Lawrence Kadoorie	500	500	500	500	500	500	500	500	500	500	500
Horace Kadoorie	500	500	500	500	500	500	500	500	500	500	500
Total issued shares	750,000	750,000	750,000	750,000	714,290	750,000	750,000	750,000	750,000	750,000	750,000

Source: Public Records Office, HKRS111-4-14, *The Java Consolidated Rubber and Coffee Estates, Ltd.*

Repah Rubber & Tapioca Estates, Limited

	1931	1932	1933	1934	1935	1936	1937	1938	1939	1940	1941
Kadoorie & Sons	163,000	167,500	760,000	760,000	685,000	685,000	685,000	680,000	680,000	680,000	680,000
Elly Kadoorie	500	500	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Lawrence Kadoorie	1,000	1,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Horace Kadoorie	1,000	1,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Total issued shares	450,000	450,000	1,350,000	1,350,000	1,350,000	1,350,000	1,350,000	1,350,000	1,350,000	1,350,000	1,350,000

Source: Public Records Office, HKRS111-4-16, *Repah Rubber & Tapioca Estates, Ltd.* HKRS114-6-200, *Repah Rubber & Tapioca Estates, Ltd.*

The Semambu Rubber Estate Limited

	1931	1932	1933	1934	1935	1936	1937	1940	1941
Kadoorie & Sons	101,500	102,700	520,000	520,000	495,000	495,000	495,000	418,000	73,500
Elly Kadoorie	500	500	5,000	5,000	5,000	5,000	5,000	5,000	500
Lawrence Kadoorie	500	500	5,000	5,000	5,000	5,000	5,000	5,000	500
Horace Kadoorie	500	500	5,000	5,000	5,000	5,000	5,000	5,000	500
Total issued shares	300,000	300,000	900,000	900,000	900,000	900,000	900,000	900,000	325,000

Source: Public Records Office, HKRS111-4-19, *The Semambu Rubber Estates, Ltd.* HKRS1114-6-202, *The Semambu Rubber Estates, Ltd.*

The Shanghai-Malay Rubber Estates, Ltd. (Ord.)

	1925	1926	1927	1928	1929	1930	1931	1932	1933	1934	1935	1936	1937	1938	1939	1940	1941
Kadoorie & Sons	/	/	/	12,700	13,050	13,050	13,050	13,050	13,050	13,150	13,550	13,550	13,550	13,550	13,550	13,550	13,550
Elly Kadoorie	12,400	12,500	12,500	/	/	/	/	/	/	/	/	/	/	/	/	/	/
Lawrence Kadoorie	/	/	/	250	250	250	250	250	250	250	250	250	250	250	250	250	250
Horace Kadoorie	/	/	/	200	200	200	200	200	200	200	200	200	200	200	200	200	200
Total issued shares	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000

Source: Public Records Office, HKRS1114-6-203, *The Shanghai-Malay Rubber Estate Ltd.*

The Shanghai-Malay Rubber Estates, Ltd. (Pref.)

	1927	1928	1929	1930	1931	1932	1933	1934	1935	1936	1937	1938	1939	1940	1941
Kadoorie & Sons	/	/	/	18,750	18,750	18,750	18,750	18,750	18,750	18,950	19,025	18,250	17,750	17,750	17,750
Elly Kadoorie	17,650	17,650	18,517	250	250	250	250	250	250	250	250	250	250	250	250
Total issued shares	27,380	27,380	27,380	27,380	27,380	27,380	27,380	27,380	27,380	27,380	27,380	27,380	27,380	27,380	27,380

Source: Public Records Office, HKRS1114-6-203, *Shanghai-Malay Rubber Estate Ltd.*

The Anglo Dutch (Java) Plantations, Ltd.

	1931	1932	1933	1934	1935	1936	1937	1938	1939	1940	1941
Kadoorie & Sons	128,500	145,750	129,000	145,750	149,000	153,000	154,000	158,000	154,000	153,000	156,000
Elly Kadoorie	500	500	500	500	500	500	500	500	500	500	500
Lawrence Kadoorie	500	500	500	500	500	500	500	500	500	500	500
Horace Kadoorie	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Total issued shares	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000

Source: Public Records Office, HKRS111-4-8, *Anglo-Dutch (Java) Plantations, Ltd.*

The Dominion Rubber Company Limited

	1924	1925	1926	1927	1928	1929	1930	1931	1932	1933	1934	1935	1936
Kadoorie & Sons	/	/	/	/	36,500	36,500	39,000	39,000	39,000	39,500	39,500	39,500	38,500
Elly Kadoorie	15,000	31,000	25,000	25,000	500	500	500	500	500	500	500	500	500
Lawrence Kadoorie	/	/	/	/	500	500	500	500	500	500	500	500	500
Horace Kadoorie	/	/	/	/	500	500	500	500	500	500	500	500	500
Total issued shares	166,745	166,745	166,745	166,745	166,745	166,745	166,745	166,745	166,745	200,000	200,000	200,000	200,000
	1937	1938	1939	1940	1941								
Kadoorie & Sons	38,500	38,500	38,500	38,500	38,500								
Elly Kadoorie	500	500	500	500	500								
Lawrence Kadoorie	500	500	500	500	500								
Horace Kadoorie	500	500	500	500	500								
Total issued shares	200,000	200,000	200,000	200,000	200,000								

Source: Public Records Office, HKRS111-4-122, *The Dominion Rubber Co., Ltd.* HKRS114-6-250, *The Dominion Rubber Co., Ltd.*

Ziangbe Rubber Company Limited

	1931	1932	1933	1934	1935	1936	1937	1938	1939	1940	1941
Kadoorie & Sons	53,500	58,500	58,500	58,500	58,500	58,500	58,500	58,500	58,500	58,500	58,500
Elly Kadoorie	500	500	500	500	500	500	500	500	500	500	500
Lawrence Kadoorie	500	500	500	500	500	500	500	500	500	500	500
Horace Kadoorie	500	500	500	500	500	500	500	500	500	500	500
Total issued shares	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000

Source: Public Records Office, HKRS111-4-29, *Ziangbe Rubber Co., Ltd.* HKRS1114-6-208, *Ziangbe Rubber Co., Ltd.*

* The above table are partial list. Not all rubber companies' documents are stored in Hong Kong Public Records Office.

Appendix 4: Particulars of the directors of the Rubber Trust and the Shanghai Land Investment Company in the 1930s

List of first directors of the Rubber Trust Limited 9 April 1931

Name	Nationality	Self-reported occupation
Elly Kadoorie	British	Financier
L.E. Canning	British	Company director
A.J. Welch	British	Company director

Source: Public Records Office, HKRS111-4-17, "List of First Directors of the Rubber Trust Limited," *The Rubber Trust, Ltd.*, 20 April 1931.

Particulars of the directors of the Shanghai Land Investment Company in 1938

Harry Edward Arnhold (chairman)	British	Arnhold Trading Co.
Leonard John Davies	British	Managing director of Gibb, Livingston & Co. Ltd.
Edward Sai Kim Ho Tung	British	Company director
Horace Kadoorie	British	Merchant
John Henry Keswick	British	Director of Jardine, Matheson & Co., Ltd.
Philip Walmsley Massey	British	Director of Investment Trust Co. of China Ltd.
Lucian Issac Ovadia	British (origin nationality Spanish)	Banker
Yu Ya Ching	Chinese	Managing director of San Peh S.N.Co. Ltd.

Source: Public Records Office, HKRS111-4-106, "Particulars of the Directors of the Shanghai Land Investment Company Limited," *The Shanghai Land Investment Company Limited*, 14 June 1938.

Particulars of the directors of the Shanghai Land Investment Company in 1939

Harry Edward Arnhold (chairman)	British	Arnhold Trading Co.
Leonard John Davies	British	Managing director of Gibb, Livingston & Co. Ltd.
Edward Sai Kim Ho Tung	British	Company director
Lawrence Kadoorie	British	Merchant
John Henry Keswick	British	Director of Jardine, Matheson & Co., Ltd.
Philip Walmsley Massey	British	Director of Investment Trust Co. of China Ltd.
Frederick Richard Davey	British	Banker
Yu Ya Ching	Chinese	Managing director of San Peh S.N.Co. Ltd.

Source: Public Records Office, HKRS111-4-106, "Particulars of the Directors of the Shanghai Land Investment Company Limited," *The Shanghai Land Investment Company Limited*, 21 March 1939.

Particulars of the directors of the Shanghai Land Investment Company in 1940

Horace Kadoorie (chairman)	British	Merchant
Leonard John Davies	British	Managing director of Gibb, Livingston & Co. Ltd.
Edward Sai Kim Ho Tung	British	Company director
John Henry Keswick	British	Director of Jardine, Matheson & Co., Ltd.
Philip Walmsley Massey	British	Director of Investment Trust Co. of China Ltd.
Frederick Richard Davey	British	Banker
Yu Ya Ching	Chinese	Managing director of San Peh S.N.Co. Ltd.

Source: Public Records Office, HKRS111-4-106, "Particulars of the Directors of the Shanghai Land Investment Company Limited," *The Shanghai Land Investment Company Limited*, 15 May 1940.

Appendix 5: The Rebuilding Scheme and the Properties Transaction of the Shanghai Land Investment Company from 1920 to 1940

Year	New Construction	Rebuilding	Purchase/Acquisition	Sale
1919	A building scheme of semi-detached four and five room houses in Jessfield Estate were under negotiation.	/	/	/
1920	Completion of forty houses on Kinnear Road. Of these houses, twenty were leased to local firms for twenty-five year. Completion of one house in Great Western Road Estate Completion of four houses on Dixwell Road. 43 houses in Jessfield Estate were under construction.	/	/	/
1921	Commencement of adding further houses to the Dixwell Road extension.	Completion of the re-building of Chinese houses in Broadway Estate. All these houses were let at satisfactory rents. Commencement of the re-building of 30 to 35 years old houses in Hanbury Road Estate.	About 26 <i>mow</i> of undeveloped land on Avenue Foch (at the junction of Avenue du Roi Albert)	A piece of land at Avenue du Roi Albert An undeveloped piece of property near the Connaught Road and Jessfield Road corner Another small lot of undeveloped land in the Eastern district.
1922	Completion of 31 small foreign houses on Dixwell Road.	Broadway Estate, Hanbury Road Estate, parts of Will's Estate and Chwang Hoong Estate were under	Property on Yangtsepoo and Thorburn Road	The Ferry Road estate was sold to the SMC for a children's playground.

		construction.	Small lots on Zang Pang Estate. The land from the east of Avenue du Roi Albert to the west side of Zang Pang Estate.	Yuen Ming Yuen Road was sold to the Yakahama Specie Bank.
1923	A further 15 new foreign houses on Dixwell Road were under construction.	Completion of the re-development of Wills and Chwang Hoong Estates. Commencement of the re-development of a further block of 150 Chinese houses in the Chwang Hoong Estate.	North Fokien Road at the junction of the Tong Dong Ka Loong. Part of this estate was re-sold to the SMC for the purpose of a market, and the remaining part was re-development with Chinese shops and houses. Chinese houses near the junction of Wuchow and Hailar Roads.	Mchawk Road Estate.
1924	Completion of the buildings in North Fokien Road Estate. The Municipal Market on the portion sold to the SMC was opened.	Re-development of the Chinese houses in Chwang Hoong Estate was under construction. Commencement of the re-construction of a small block in Will's Estate and Hanbury Road Estate.	The old British Post Office site at the corner of Peking and Museum Roads.	Semi-detached houses on Yates Road Estate were sold to the tenant.
1925	Completion of a four stories reinforced concrete godown in Chaoufoong Road Estate Completion of a foreign dwelling in Zang Pang Estate. Completion of the semi-detached four and five room houses in Jessfield Estate	Completion of the development of Hanbury Road Estate. Completion of the redevelopment of a part of Wills' Estate. Commencement of the reconstruction of a second godown near the Broadway Estate. Commencement of the conversion of	Central district Properties.	Land surrendered for road improvement schemes. A bungalow on Zang Pang Estate.

	Completion of further block of small foreign dwellings on Dixwell Road extension.	a row of dwellings in North Szechuen Road Estate for occupation as shops and dwellings with attached godowns or workrooms. Planning for the redevelopment of the site with a block of seven-storeyed godowns and small office suites.		
1926	Completion of two large office and godown buildings on Museum Road. Completion of shops, hong and small godowns in Wills Estate, Woosung Road. Commencement of the construction of a new seven apartment buildings in Chwang Hoong Estate. Commencement of the construction of the Pearce Apartment at the corner of Boone and Chapoo Roads to meet the demand for modern flats from foreign residents.	Conversion of a row of dwellings on North Szechuen Road for occupation as shops with attached godowns was in progress. Re-development of a part of Will's Estate and a further block of small foreign dwellings on Dixwell Road Extension was underconstruction. Completion of modernizing a new wing of two foreign houses (Lyceum Building and Museum Building) at the south side of Peking Road. Planning to redevelop Paoshan Estate with shops and hong	The Ben Estate situated at one of the best sites in the settlement consisted of the Ben Buildings and the Ben Godown.	Avenue Foch and the vacant land to the west of that house. The old British Post Office site.
1927	/	Completion of the redevelopment of apartment buildings at Ben Estate on the Avenue Edward VII.	The Muirhead Road Estate situated in a rapidly improving district at the junction of Point and Muirhead Roads.	A piece of land at Kinnear Road, and a small piece of vacant land on Avenue Foch. Disposed of Avenue Du Roi Albert with a satisfactory profit.
1928	Commencement of construction of	Completion of the Lyceum Building	/	Two pieces of land situated beyond the

	<p>the Central Hotel on Canton Road and the erection of a building for the temporary use of the Shanghai Road Hospital on the Ben Site.</p> <p>Commencement of a seven storey apartment building in Chwang Hoong Estate</p>	<p>and Museum Building at Peking Road.</p> <p>Completion of further erecting of shops, honges and small godowns in Wills Estate, Woosung Road.</p> <p>Completion of redevelopment of Paoshan Estate with shops and honges.</p> <p>Commencement of a rebuilding scheme for the Old Customs Club on Boone Road with a large modern apartment building.</p>		<p>limits of the settlement.</p> <p>A piece of land at the Northern district, situated between Haining and Quinsan Roads.</p>
1929	<p>Completion of the Pearce Apartment. Pearce Apartment was 7 storeys high. The building had ten shops on the ground floor. The upper floors contained 72 flats. It also had six staircases and lifts.</p>	<p>Commencement of the re-construction of houses on the west side of Quinsan Gardens into modern flats.</p> <p>Commencement of the rebuilding of the Hongkew Hotel on the North Szechuen Road.</p> <p>Commencement of a big project on the development of the Hongkew Creek Estate with new Chinese shops and houses. This project was for Chinese tenants with 950 shops and houses, a private market, bathhouses, cinema, godown and five artesian wells. The old houses were out-of-date so the aim of the project was to replace the old Chinese houses with modern houses. The whole work</p>	/	<p>Certain properties outside the settlement limits and a small estate situated near Yates Road were disposed of at very good prices.</p>

		was carried out with the co-operation of the Municipality of Greater Shanghai and the SMC.		
1930	<p>Planning to build a very large modern apartment building of 18 storeys on the North Soochow Road near the Garden Bridge for businessmen. It was proposed to commence and name as 'Broadway Mansions'.</p> <p>Planning to build further blocks on the west side of the Pearce Apartment. An additional 105 flats would be built.</p>	<p>Hongkew Creek Estate was underconstruction.</p> <p>Completion of the re-construction of houses into modern flats on the west side of Quinsan Gardens. The houses were almost fully let.</p> <p>Completion of the rebuilding of the Hongkew Hotel on the North Szechuen Road.</p>	<p>An important purchase including the Majestic property, the German Church on Whangpoo Road and a large interest in the San Sing Cotton Mill.</p>	<p>The properties consisted of a portion of Paoshan Estate situated on the Dixwell Road, outside and inside the settlement, mostly undeveloped land.</p> <p>A vacant land on Tangshan Road.</p> <p>Two properties on the North Szechuen Road.</p> <p>A small lot on Jinkee Road.</p>
1931	<p>New blocks of Pearce Apartment were underconstruction.</p> <p>Commencement of the construction of the Broadway Mansions at the corner of North Soochow Road. It was 22 storeys in height with garage. The two lower floors were used as shops, shows-rooms, cafe and restaurant; the third floor as offices and club premises; and the remaining floors were developed with apartments and flats of varying sizes. The apartments were designed with modern ideas and equipment.</p> <p>Commencement of the construction of the cinema at the intersection of East Kashing and Thorne Roads. It</p>	<p>Hongkew Creek Estate was underconstruction.</p>	<p>The property held under the Ezra Lease with approximately six and a quarter <i>mow</i>. This property was situated between Szechuen and Central Roads adjacent to Nanking Road. It was at in the centre of the most valuable part of the International Settlement</p>	<p>The interests in the Ewo Bubbling Well property and in the San Sing Cotton Mill, both of the transactions showed a very considerable profit on the deal.</p> <p>The Majestic Hotel property was sold to a syndicate. The company made a very large profit.</p> <p>A property at the Northern district on the North Szechuen Road within the settlement boundaries in view of the troubles arose in that district.</p>

	<p>contained seating accommodation for 900 people.</p> <p>Completion of blocks of 20 new houses with garages on Rue Rated near Rue Admiral Courbet in the French Concession. They were three-storeyed Chinese residences each containing nine rooms with modern bathroom fittings and steel windows construction.</p>			
1932	<p>The construction of the Broadway Mansions was temporarily held up as the Shanghai Land Investment Company decided to change the construction of the building from reinforced concrete to steel. The company was confident that it was in the best interests to construct a steel building, which was more adaptable to future requirements in regard to accommodation.</p>	<p>Completion of rebuilding of Hongkew Creek Estate was completed.</p>	/	/
1933	<p>Completion of adding two extra storeys to the Ezra building.</p> <p>The development of Broadway Mansions was in progress.</p>	/	/	<p>Disposed of a property in the Northern district on satisfactory terms. This property was a vacant land situated outside the International Settlement limits.</p>
1934	<p>Steady progress was made with Broadway Mansions.</p> <p>Planning to develop the undeveloped portion of the Ezra site.</p>	/	/	/

1935	Completion of Broadway Mansions.	/	Tsingtao Road Estate and Park & Burkill Roads Estate were acquired from a defaulting mortgagor.	Disposed of the Zang Pang Estate at Ch.\$1,500,000. As this property showed little development prospect, the company cashed in the Estate to strengthen the financial position of the company.
1936	Completion of a property on Burkill Roads (taken over by the company during 1935 from a defaulting mortgagor) with Chinese shops and houses and a modern apartment building known as the Carlton Apartments.	/	/	/
1937	/	/	/	/
1938	/	/	Hankow Road Estate was acquired from a defaulting mortgagor.	A small portion of Great West Road Estate was sold.
1939	/	/	Two small properties were acquired from defaulting mortgagors.	Broadway Mansions and a portion of Majestic Estate were sold.
1940	/	/	/	24 Central Road, 744 Rue Bourgeat and the Towa Cinema and portions of Wills Estate, Mohawk Road and Great Western Road properties were sold.

Source: *The North China Herald*, 1920-1940. HKRS111-4-106, "Report of Directors," *The Shanghai Land Investment Company*.

Appendix 6: The real estate properties of the Shanghai Land Investment Company

List of Estates as at 31st December 1940

No.	Name of estate	Details of estates	Changes between 1940 and 1950
1	Wills Estate	Situated on the north side of the mouth of the Soochow Creek, on the west side of Broadway and east of Astor Road and comprised:- Foreign shops on Broadway, Chinese shops and hong on the north and south sides of Fuh Teh Road, as well as Chinese shops and hong on the east and west sides of Woosung Road. On the east side of Astor Road the development comprised 14 terrace houses, five shops and godowns. Area Mow 23.704.	/
2	Chwang Hoong Estate	Situated east and west of north Szechuen Road between Haining and Boone Roads. To the west the Estate was developed with Chinese shops and hong. Both sides of the north Szechuen Road were developed with foreign style shops and flats and the Hongkew Hotel. To the east were the Pearce Apartments, three smaller apartments and 50 foreign residences in various terrace blocks. Area Mow 113.859.	/
3	Hanbury Estate	Situated in various blocks at the junction of East Hanbury and Point Roads. The bulk of this property comprised of Chinese shops and hong were destroyed in the 1937 hostilities. The number of Chinese shops and hong existing is 54. Area Mow 32.990.	/
4	Jinkee Estate	The property comprised the block of office, shop, residential and godown bounded by Szechuen, Peking, Yuen Ming Yuen and Jinkee Roads. Area Mow 13.318.	/
5	Hongkew Creek Estate	Situated on a parcel of land bounded by Dixwell Road, Mukden Road and Urga Road north of the Saw Gin Kiang and intersected by East Kashing and Thorne Roads, comprising Chinese shops and hong, cinema, bath-house and market. Area Mow 86,000.	Part of the property had been sold. The size was minimized to 82.285 Mow.
6	Broadway Estate	Situated on the north side of East Broadway, east of Kungping Road. The development comprised Chinese shops and hong, 85 in all. A number of shops and hong on this Estate were destroyed during the 1937 hostilities. Area Mow 13.429.	/
7	Paoshan Estate	Situated on Dixwell Road is comprised of one hundred and thirteen semi-detached foreign dwellings. None of the former Chinese property remained standing. Area Mow 145.959.	The whole property had been sold.
8	Yangtszepoo Estate	Situated on East Yangtszepoo Road and Macgregor Road, comprising 25 foreign dwellings. Area Mow 11.169.	/
9	Great Western Road Estate	Situated on the south side of Avenue Foach, east and west of Avenue du Roi Albert, comprising 11 detached foreign dwellings and garages. Area Mow 45.938.	Part of the property had been sold. The size was reduced to Area 41.585 Mow
10	Chaoufoong Road Estate	Situated on the north side of East Broadway and the corner of Chaoufoong Road. The development comprised four four-storey godowns on the west side of Chaoufoong Road together with 10 double and triple hong and ten shops. Area Mow 9.709.	/
11	Jessfield Estate	Situated west of Jessfield Road and consisted of foreign detached and semi-detached houses north and south of	/

		Kinnear Road and two blocks of garages. Area Mow 124.870.	
12	Chusan Estate	Situated on the east side of Chusan Road and north side of Tongshan Road, comprising 164 Chinese shops and hongts. Area Mow 16.706.	/
13	Yulin Road Estate	Situated on the south side of Yulin Road and west of Dalny Road, comprising factory premises with apartment above. Area Mow 2,209.	The whole property had been sold.
14	Szechuen Road Estate	Situated on the west side of Szechuen Road, south of Foochow Road, comprising two four-storey godowns. Area Mow 4.4.	/
15	Hoihow Road Estate	Situated at the junction of Canton, Hupeh and Hoihow Roads, comprising a Chinese Hotel known as 'Central Hotel'. Area Mow 2.277.	/
16	Thorburn Road Estate	Situated on the south side of Yangchow Road and the east side of Thorburn Road, having a frontage on east Yangtsepoo Road, the development comprised two hundred and eighty-six Chinese shops and hongts. Area Mow 27.697.	/
17	North Fokien Road Estate	Situated on the east side of north Fokien Road, with frontage on south side of Tsepoo Road and north side of Tiendong Road, comprising Chinese shops and hongts. Area Mow 11.828.	/
18	Wuchow Road Estate	Situated on the east side of Wuchow Road and the south side of Juikin Road, having a frontage on east Yalu Road and developed with two hundred and seventy Chinese shops and hongts. Only one hundred and nine remained after the hostilities in 1937. Area Mow 24.973.	/
19	Museum Road Estate	Situated on a parcel of land bounded by Museum Road, Yuen Ming Yuen Road, and a private road opposite Hongkong Road, comprising office and godown building known as 'The Lyceum Building'. Area Mow 2.379.	The whole property had been sold.
20	Ben Estate	Situated on a parcel of land on the east side of Museum Road, comprising a reinforced concrete godown known as 'Ben Godown', Area Mow 0.708. Also that parcel of land's situated on the south side of Avenue Edward VII and west side of Rue Montauban, comprising one seven-storey reinforced concrete godown and undeveloped land. Area Mow 5.083.	Part of the property had been sold. The size was minimized to 2.797 Mow.
21	Muirhead Road Estate **	A parcel of land on the north end of Muirhead Road at the junction of Point Road, the buildings were totally destroyed during hostilities of 1937. Area Mow 4.088.	/
22	Leased Estate	Situated on the east side of Museum Road between the Lyceum and Ben Godown and was a seven-storey office and godown building, known as the 'Museum Building'. A property held on ground lease only.	The whole property had been sold.
23	Ezra Estate	Situated on the land bounded by Kiukiang, Kiangse, Edward Ezra and Szechuen Roads, intersected by Central Road, developed with office buildings. Area Mow 7.293.	/
24	Majestic Estate	Situated on the south-east corner of Gordon and Avenue Roads, a temporary godown development. Area Mow 5.421.	/
25	Tsingtao Road Estate	Situated on a parcel of land bounded by Myburgh Road, Tsingtao Road and Park Road, comprising Chinese shops and hongts. Area Mow 23.516.	/
26	Park and Burkill Roads Estate	Situated at the north-west corner of Park Road and Burkill Road, comprising Chinese shops and hongts, two and three stories - the 'Calton Apartment Building'. Area Mow 7.520.	/
27	Kiukiang Road Estate	A parcel of land on the South-west corner of Kiukiang and Fokien Roads, let on a building lease. Area Mow 1.950.	/
30	Race Course	Situated on the south side of Burkill Road and the east side	/

	Market Estate	of Muburgh Road and comprised one reinforced concrete market and temporary godowns. Area Mow 14.125.	
31	Haig Estate	Situated on the south side of Avenue Haig, having a small road frontage on Route de Say Zoong. The property was developed with the Pax Apartments, Luck Apartments, thirteen Chinese houses, one large residence and twenty-eight garages. Area Mow 29.629.	The whole property had been sold.
32	Tongshan Road Estate	A small parcel of vacant land facing Point Road near junction of Paoting Road. Area Mow 2.216.	/
33	Hankow Road Estate	Situated on the north-west corner of Hankow and Fokien Roads and was developed with Chinese shops and honggs. Area Mow 3.874.	/

Source: Public Records Office, HKRS111-4-106, "Report of Directors," *The Shanghai Land Investment Company Limited*, 22 April 1941. SEK-6-158, S.12-A-2/55, "List of Estates," *Shanghai Land Investment*, 31 December 1950.

** Muirhead Road Estate was sold during the time the Shanghai Land Investment Company was under Japanese control. Supreme People's Court (Hwa Tung Branch) ruled that this Estate belonged to the Shanghai Land Investment Company (the appellant) on 24th April 1951.

The properties purchased between 1940 and 1945

34	Avenue Foch Estate: Situated on the south-east corner of Yanan Road Central (Avenue Foch) Juikin Road I (Route des Soeurs), comprising 75 shops and honggs. Area Mow 6.399
35	Avenue Road Estate Situated on the north-west corner of Peking Road West (Avenue Road) and Shihmen Road II (Carter Road) and is developed with Chinese and foreign style residences. Area Mow 17.245.)
36	Maresca Estate Situated on the north side of Wuyuan Road (Rue Maresca) practically opposite to Yungfu Road (Rue Pere Huc) and comprises a none-storey apartment building with 18 apartments and 10 garages. Area Mow 1.812.
37	Davies Estate Situated on the east side of Kiangse Road just north of Nanking Road and is developed with a four-storey office and godown building. Area Mow 2.548.

Source: SEK-6-158, S.12-A-2/55, "List of Estates," *Shanghai Land Investment*, 31 December 1950.

Appendix 7: Foreign exchange rate from 1937 to 1941

Year		British pound per 1 Chinese dollar	U.S. Dollar per 100 Chinese dollar
1937	August	1s 2d	30
1938	March	1s	29.16
	August	7.9687d	22.4
1939	March	8.25d	16.0625
	First half of August	1s 2.5d	30
	Second half of August	4d	7.75
1940	May	3.125d	4.4375
	June	3.6875d	4.90625
1941	June	3.25d	5.25
	August	3.0625d	5.125
	October	1.75d	2.625
	November	2d (black market)	3 (black market)
	December	2.4375d (black market)	3.625 (black market)

Source: Chang Kia Ngau, *The inflation spiral The experience in China 1939-1950* (Cambridge, Mass: The M.I.T. Press, 1958), p.300, 382. *South China Morning Post*, *The North China Herald*, 1937-1941.

* Some facts about foreign exchange rate from 1937 to 1941:

1. The rate of the foreign exchange in Shanghai was pricing through Central Bank. The Bank also limited the exchange amount.
2. British granted £5,000,000 loan for maintaining Chinese currency in 10 March 1939.
3. The Anglo-Chinese Stabilisation Fund was established by a group of banks including the Bank of China, Bank of Communications, Hong Kong & Shanghai Bank and the Chartered Bank in 24 March 1939.
4. The situation brought by the war was becoming desperate, the exchange rate dropped again in 1940.
5. Chinese dollar sank to new low as the Anglo-Chinese Stabilisation Fund ended support in May 1940.
6. Sino-British and Sino-American currency stabilisation fund agreements were signed in September 1941,
7. Japan declared war on the Alliance army in December 1941.⁵⁶⁰

⁵⁶⁰ "British Granted £5,000,000 Loan for Maintaining Chinese Currency," *The China Weekly Review*, 11 March, 39. "Chinese Dollar Sinks to New Low as Hongkong Fund Ends Support," *The China Weekly Review*, 11 May 1940, 388. "Chinese Currency: Stabilisation Plans by Chungking," *South China Morning Post*, 17 September 1941, 14.

Appendix 8: The Inventory of the Shanghai Gas Company for handing over in 1952

	Item and quantity	Explanation about conditions
Building structure		
1	One main office at Sitzang Road	Built in 1905
	One labour union and staff quarters at Sitzang Road	Built in 1905
	Two houses for boilers etc. at Sitzang Road	Built in 1905
	Two houses for garage etc. at Sitzang Road	Built in 1934
2	One workshop at Sitzang Road	Built in 1924
	One governor house at Sitzang Road	Built in 1928
	One booster house at Sitzang Road	Built in 1928
	One blacksmith shop at Sitzang Road	Built in 1923
	One garage at Sitzang Road	Built in 1934
	Four miscellaneous buildings at Sitzang Road	/
3	One garage at Soochow Road (southern)	Built in 1935
4	One office building and laboratory at Yangtszepoo Road	Built in 1933
	One workshop at Yangtszepoo Road	Built in 1933
	One exhauster room at Yangtszepoo Road	Built in 1933
	One boiler house at Yangtszepoo Road	Built in 1933
	One compressor room at Yangtszepoo Road	Built in 1933
	One dri-gas house at Yangtszepoo Road	Built in 1933
	One water-gas room at Yangtszepoo Road	Built in 1934
	One retort house at Yangtszepoo Road	Built in 1934
	One tar plant room at Yangtszepoo Road	Built in 1934
	One blacksmith shop at Yangtszepoo Road	Built in 1933
	One benzole manufacturing house at Yangtszepoo Road	Built in 1935
	One coal godown at Yangtszepoo Road	Built in 1933
	One coke godown (with coke screens) at Yangtszepoo Road	Built in 1933
	One plant building for continuous distillation at Yangtszepoo Road	Built in 1933
	Four houses for mess room and sundry uses at Yangtszepoo Road	Built in 1933
	One godown at Yangtszepoo Road	Built in 1946
	One open godown at Yangtszepoo Road	Built in 1948
Eight houses for workshop, quarters and sundry uses at Yangtszepoo Road	Separately built between 1949 and 1952	
Mechanical equipment:		
Yangtszepoo		
1	Thirty vertical retorts, one set of coke handling equipment and other accessories	Constructed in 1933 of which the brickwork of 14 retorts to be scrapped.
2	One set of mechanical coal handing equipment	Installed in 1933
3	One sets of water gas equipment, three condensers, one gas holder and accessories	Water gas equipment was reconstructed with material in 1934. Two of the condensers were leaking.
4	Three exhausters	Installed separately in 1920, 1931 (old machine) and 1934.
5	Three condensers	Two built in 1933 and one in 1940.
6	Two sections of wet purification composed of seven units	Partly built in 1910 and partly in 1933 with one Liversey washer out of

		order and one rotary scrubber under repair.
7	One set of electrostatic detarrer	/
8	Two sections of pruiifiers	Partly built before 1910 and in 1933
9	One set of benzole manufacturing and refining equipment	Installed in 1936
10	One set of dri-gas equipment	The cooling portion was out of order, the inside part of the rotary portion was out of order, this has stopped working for a long time.
11	Four meters	2 installed in 1933, one office flow meter was out of order, one B.M. meter installed at Uryang Road
12	Two gas holders and 3 silencers	Separately built in 1934 and 1938
13	Four gas compressors	Separately installed in 1921 and 1933
14	Three boiler	Separately installed in 1910, 1931 and 1933
15	Five distilling stills of various types, 25 tanks and troughs and other equipment for tar distillation	Built around 1933, three tar stills have deteriorated to such an extent as unfit for further use and the continuous tar still has lost normal working ability
16	One set of oil gas plant	Not in use since liberation, and seldom used before liberation.
17	One alternator driven by gas	Installed in 1933
18	Artesian well equipment; purification equipment for Whangpoo water and gravity tank	Installed in 1934
19	One governor	/
Sitzang Road		
1	Two gas holders	Separately built in 1907 and 1934
2	Two boosters and accessories	Installed in 1933
3	Twenty governors	/
Gas mains and consumers equipment		
1	High pressure mains	For the supply and use of 17583 consumers. (1) Because of being laid underground or scattered among consumers, there is no way of checking. (2) A large portion of high pressure mains, sub-mains, meters and appliances has exceeded normal working life.
2	Mains	
3	Sub-mains	
4	Meters and accessories	
5	Gas appliances	
Motor vehicles:		
1	Twenty-three sedan cars	Over half of the cars was being used in excess of normal working life. 13
2	Five Trucks	
3	One Motor Cycle	

		sedan cars of 1946 type mostly bought in that year, have already been completely depreciated.
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Source: SEK-6B-002, A0514, *Letters to John Gadsby of Sir Elly Kadoorie & Sons Ltd. regarding the Shanghai Gas Co., Ltd. (No original title)*, 5 December, 1952.

Appendix 9: The number of shares taken up by the major shareholders of the Rubber Trust and Shanghai Land Investment Company

The major shareholders in the return of allotments made on the
20 April 1931 of Rubber Trust

Name of allottees	Shares
L.E. Canning	5,000
A.W. Burkill	2,000
A.J. Welch	5,000
Elly Kadoorie	5,000
Horace Kadoorie	5,000
Lawrence Kadoorie	5,000
Sir Elly Kadoorie & Sons	171,600

Source: Public Records Office, HKRS111-4-17, "Return of Allotments Made on the 20 April, 1931," *The Rubber Trust, Ltd.*, 15 May 1931.

The number of shares taken up by the major shareholders of the Rubber Trust in the return of allotments of new shares in 1931, 1934 and 1937

	May 1931	June 1931	July 1931	April 1934	May 1937	July 1937
A.W. Burkill	2,000	/	/	/	/	/
C.R. Burkill	/	/	/	/	3,167	/
L.E. Canning	5,000	/	/	/	/	/
A.J. Welch	5,000	/	/	/	5,000	/
J.A. Wattie & Co., Ltd.	/	/	2,300	267	1,292	/
Ho Tung Edward Sai Kim	/	/	/	/	2,500	/
International Investment Trust Co. of China, Ltd.	/	/	/	/	6,268	107
Shanghai Loan & Investment Co., Ltd.	/	/	/	/	4,500	/
Yangtze Finance Co., Ltd.	/	/	/	/	6,269	106
Elly Kadoorie	5,000	/	/	/	/	/
Horace Kadoorie	5,000	/	/	/	/	/
Lawrence Kadoorie	5,000	/	/	/	/	/
Sir Elly Kadoorie & Sons	171,600	/	25,000	236	/	214,193

Lawrence Kadoorie & Horace Kadoorie	/	19,300	/	/	/	/
Total shares issued	250,000	22,300	27,700	503	282,499	258,501

Source: Public Records Office, HKRS111-4-17, *The Rubber Trust, Ltd.*

The allotment of 39,000 new shares of the Shanghai Land Investment Company in 1924 (partial list)

Name of the major shareholders	Financial group	No. of share (Tls. 50 per share)
Harry Edward Arnhold	Arnhold	25
Benjamin David Fleming Beith	Jardine	137
Jardine Matheson & Co., Ltd		725
Albert William Burkill	Burkill	250
Charles Reginal Burkill		25
Maurice Benjamin	Benjamin	1,132
Solomon Sassoon Benjamin		250
Gibb Livingston, Co. Ltd.	Gibb Livingston, Co. Ltd.	2,062
C.G.S. Mackie		32
Ho Tung	Ho Tung	2,387
E.S. Kadoorie	Kadoorie	2,600

Source: Public Records Office, HKRS111-4-106, "List of Persons Holding 39,000 Shares New Shares in Addition to 78,000 Existing Shares," *The Shanghai Land Investment Company*, 30 December 1924.

The allotment of 23,400 new shares of the Shanghai Land Investment Company in 1929 (partial list)

Name of the major shareholders	Interests associated with	1929 (Tls.50 per share)
H.E. Arnhold	Arnhold	123
Arnhold & Co., Ltd.		15
C.H. Arnhold		10
Mrs. Mary Arnhold		48
Benjamin David Fleming Beith	Jardine	62
Benjamin David Fleming Beith & Johnstone Paterson		106
Jardine Matheson & Co., Ltd		681
John Johnstone Paterson		20
Albert William Burkill	Burkill	15
Albert William Burkill and Charles Reginal Burkill		150
Charles Reginald Burkill and Henry James Clark		30
Sidney Raymond Maw & Charles Reginald Burkill		2
Robert Cecil Phillippo and Albert William Burkill		12
Charles Reginal Burkill and Oswald Liddell		15
Maurice Benjamin		Benjamin
Solomon Sassoon Benjamin	150	
Gibb Livingston, Co. Ltd.	Gibb Livingston, Co. Ltd.	580
Angus Murray Cannan		80
Ho Tung	Ho Tung	1,614
E.S. Kadoorie	Kadoorie	1,800
E.D. Sassoon & Co., Ltd.	Sassoon	15
Frederick Richard Davey		240
Chun Bing Him	Chinese directors	300

Source: Public Records Office, HKRS111-4-106, "Return of Allotment," *The Shanghai Land Investment Company*, 11 April 1929.

The allotment of 982,800 new shares of the Shanghai Land Investment Company in 1937 (partial list)

Name of the major shareholders	Interests associated with	Number of shares (Amount paid on each such ordinary share Ch.\$9, amount to be treated as paid on each such share Ch.\$7)
H.E. Arnhold	Arnhold	9,030
Arnhold Trust Limited ⁵⁶¹		10,493
Mrs. Mary Arnhold		1,596
Jardine Matheson & Co., Ltd	Jardine	53,132
John Johnstone Paterson		350
Keswick, William Johnston		3,864
Keswick, John Henry		350
Albert William Burkill and Charles Reginal Burkill	Burkill	3,500
Albert William Burkill and Oswald Liddell		630
Burkill Trusts, Ltd.		637
Gibb Livingston, Co. Ltd.	Gibb Livingston, Co. Ltd. (The agent of the Shanghai Land Investment Company)	18,900
Ho Tung	Ho Tung	146,077
Ho Tung, Edward Sai Kim		420
E.S. Kadoorie	Kadoorie	68,600
H. Kadoorie		23,831
L. Kadoorie		30,700
E.D. Sassoon & Co., Ltd.	Sassoon	45,194
Sassoon Banking Co. Ltd. E.D.		53,411
Ovadia, Lucian Issac		700
Frederick Richard Davey		3,500
Eastern Estates & Land Co. Ltd.		13,300
Shanghai Properties, Ltd.		70,119
Yangtze Finance Co. Ltd. ⁵⁶²		38,476

⁵⁶¹ Arnhold Trust, Ltd. was incorporated in December 1930. The company was a private company, which was only divided into 2 shares (1 share was taken by H.E. Arnhold and the other was taken by C.H. Arnhold.) This company held all properties including all of the shares, debentures, bonds, obligations and securities of H.E. Arnhold and C.H. Arnhold in China or elsewhere. Source: Hong Kong Public Records Office, HKRS111-4-5, *Arnhold Trust, Ltd.*

⁵⁶² Eastern Estates & Land Co. Ltd. and Shanghai Properties, Ltd. were Sassoons owned private companies. Yangtze Finance Co. Ltd. was a public investment company established in 1931. It

Yu Ya Ching	Chinese directors	500
Chun Bing Him		1,400

Source: Public Records Office, HKRS111-4-106, "Return of Allotments," *The Shanghai Land Investment Company*, 16 July 1937.

invested in the shares in Shanghai Stock Exchange. The Sassoons' interests were the biggest shareholder of this company. The E.D. Sassoon & Co. invested 56,665 shares and Sassoons' associated company the International Investment Trust Co. invested 100,000 shares in 1931, which occupied 30.7% of this company. Source: Public Records Office, HKRS111-4-96, *Eastern Estates and Land Co. Ltd.*, HKRS111-4-165, *Yangtze Finance Co. Ltd.*, HKRS111-4-92, *Shanghai Properties, Ltd.*

The number of shares held by the major shareholders of the Rubber Trust from 1933 to 1940

	1933	1934	1935	1936	1937	1938	1939	1940
A.W. Burkill	2,000	2,000	/	/	/	/	/	
C.R. Burkill	500	500	12,167	12,167	6,334	6,334	5,834	3,000
A.W. Burkill & C.R. Burkill	/	/	5,833	5,833	/	/	/	/
A.R. Burkill & Sons, Ltd.	/	/	/	/	500	500	500	/
L.E. Canning	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
A.J. Welch	5,000	5,000	5,000	5,000	10,000	5,000	5,000	5,000
J.A. Wattie & Co., Ltd.	5,175	5,442	2,292	2,292	2,584	2,584	2,584	2,584
Ho Tung Edward Sai Kim	/	/	/	/	4,000	3,000	/	/
Elly Kadoorie	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Horace Kadoorie	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Lawrence Kadoorie	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Sir Elly Kadoorie & Sons	237,858	216,000	216,000	216,000	407,000	410,000	385,000	385,000
Lawrence Kadoorie & Horace Kadoorie	19,300	/	/	/	/	/	/	/
Total shares issued	540,497	541,000	541,000	541,000	1,082,000	1,082,000	1,082,000	1,082,000

Source: Public Records Office, HKRS111-4-17, *The Rubber Trust, Ltd.*

The share held by the major shareholders of the Shanghai Land Investment Company from 1936 to 1941

Name of the major shareholders	Interests associated with	1936	1938		1939		1940		1941	
			Issued before 1937	Issued in 1937	issued before 1937	Issued before 1937	Issued in 1937	issued in 1937	issued before 1937	issued in 1937
H.E. Arnhold	Arnhold	12,500	12,900	10,493	225	475	7,230	2,030	/	/
C.H. Arnhold		1,000	/	/	/	/	/	/	/	/
Arnhold Trust Co. Ltd.		2,690	14,390	/	90	90	1,000	1,383	/	/
Mrs. Mary Arnhold		280	2,280	/	/	1,280	/			
Mrs. W.M. Arnhold		600	1,000	/	500	600	420	/		
Jardine Matheson & Co., Ltd	Jardine	22,400	16,400	57,020	13,000	13,500	51,328	51,328	13,000	51,328
Benjamin David Fleming Beith		5,430	/	84	3,000	/	175	175	4,000	175
John Johnstone Paterson		700	500	/	500	500	/	/	500	/
W.J. Keswick		1,340	5,270	3,689	5,270	5,270	3,689	3,689	5,270	3,689
J.H. Keswick		/	1,000	/	1,000	1,000	700	700	1,000	700
Albert William Burkill		Burkill	/	/	/	750	/	/	/	750
Charles Reginald Burkill	/		/	/	750	/	/	150	750	3500
A.W. Burkill and C.R. Burkill	/		5,000	/	/	5,000	3,500	/	/	/
Burkill Trust	910		910	637	1,050	910	637	/	1,050	/
C.R. Burkill and Henry James Clark	/		/	3,500	/	/	/	/	/	/
C.R. Burkill and Oswald Liddell	900		900	/	/	/	/	/	/	/
A.W. Burkill and Oswald Liddell	/		/	300	400	900	630	550	/	/
C.R. Burkill and S.R. Maw	140		/	/	/	140	/	/	/	/

Gibb Livingston, Co. Ltd.	Gibb Livingston, Co. Ltd.	28,500	27,400	19,180	18,400	27,400	19,180	3,900	17,100	2,900
C.G.S. Mackie		500	/	/	/	/	/	/	/	/
A.M. Cannan		/	/	/	7,800	/	2,000	/	1,150	500
Ho Tung	Ho Tung	130,780	141,030	154,827	19,780	140,030	154,827	122,577	5,750	11,577
Ho Tung E.S. Kim		/	600	/	2,500	1,400	420	/	1,000	13
E.S. Kadoorie	Kadoorie	98,000	98,000	2,000	98,000	98,000	2,000	/	98,000	2,000
L. Kadoorie		1,000	4,387	78,613	13,560	4,387	78,613	86,440	13,560	86,400
H. Kadoorie		1,000	15,402	84,598	15,402	15,402	84,598	84,598	15,402	84,598
E.D. Sassoon & Co., Ltd.	Sassoon	65,263	64,563	/	190,383	64,563	/	112,051	79,283	57,924
Sassoon Banking Co. Ltd.		/	400	91,014	/	400	90,014	70,751	/	20,828
Ovadia L.I.		/	1,000	/	700	1,000	/	/	1,000	/
Davey F.R.		27	5,000	/	500	5,000	3,500	/	/	/
Shanghai Properties		100,172	100,170	70,119	/	100,170	70,119	/	/	/
Yangtze Finance Co.		54,966	/	/	/	/	/	650	5,150	2,250
Eastern Estates & Land Co. Ltd.		19,000	19,000	13,300	/	19,000	13,300	/	/	/
International Investment Trusts		52,961	/	/	23,000	/	/	16,957	17,650	15,157
Hong Kong & Shanghai Banking Corporation		/	96,196	175,564	28,561	81,246	127,413	65,997	20,551	58,380
Chun Bing Him		Chinese directors	2,000	/	70	400	/	/	/	400
Yu Ya Ching	1,000		1,000	1,200	/	500	1,200	1,200	/	5,00
Total number of shares		1,404,000	1,404,000	982,800	1,404,000	1,404,000	982,800	982,800	1,404,000	982,800

Source: Public Records Office, HKRS111-4-106, *The Shanghai Land Investment Company*.

*The records of 1937 are missing in the archival documents.

Appendix 10: The market value of the rubber companies in the Shanghai Stock Exchange in the 1930s

The market value of the rubber companies in the Shanghai Stock Exchange in 1936 and 1941

Agent	Rubber company	December 1936	December 1941
		Market value (Ch.\$)	Market value (Ch.\$)
A.R. Burkill & Sons	Bute Plantations, Ltd.	1,503,217	4,598,074
	Consolidated Rubber Company, Ltd.	1,939,348	6,739,234
	Dominion Rubber Company, Ltd.	1,236,000	3,500,000
	Kota Bahroe Rubber Estates, Ltd.	3,703,668	3,694,432
	Padang Rubber Estates, Ltd.	352,113	2,300,000
	Shanghai-Kedah Plantations, Ltd.	704,000	5,400,000
	Sungei Duri Rubber Estates, Ltd.	1,210,000	16,800,000
	Tanah Merah Estates, Ltd.	243,100	7,475,000
	The Shanghai-Pahang Rubber Estates, Ltd.	743,085	2,217,460
Total market value (Ch.\$)		11,634,531	52,724,200
Total capitalisation in the market		15.5%	18.1%
J.A. Wattie & Co., Ltd	Alma Estates, Ltd.	1,242,500	8,750,000
	Anglo-Dutch (Java) Plantations, Ltd.	7,522,500	14,384,000
	Anglo-Java Estates, Ltd.	6,100,800	16,100,000
	Batu Anam (Johore) Rubber Estates, Ltd.	854,934	3,168,000
	Cheng Rubber Estates, Ltd.	820,122	2,786,311
	Java Consolidated Rubber & Coffee Estates, Ltd.	1,762,500	4,125,000
	Kapayang Rubber Estates Company, Ltd.	393,680	/
	Kroewoek Java Plantations, Ltd.	1,892,000	8,140,000

	Repah Rubber Estates, Ltd.	342,370	45,225,000
	Samagaga Rubber Company, Ltd.	450,000	4,044,000
	Semambu Rubber Estates, Ltd.	204,750	3,330,000
	Senawang Rubber Estates Co., Ltd.	1,087,800	/
	Shanghai-Malay Rubber Estates, Ltd.	Ord. 375,000 7,666	Pref. Ord. 2,160,000 1,752,320
	Sua Manggis Rubber Co., Ltd.	2,430,000	1,485,000
	Tebong Rubber & Tapioca Estates, Ltd.	2,680,000	13,000,000
	The Chemor United Rubber Company, Ltd.	944,000	4,401,298
	The Shanghai-Seramban Rubber Estates, Ltd.	614,250	/
	Ziangbe Rubber Company, Ltd.	3,125,000	8,000,000
	Rubber Trust	1,011,000	37,329,000
Total market value (Ch.\$)		33,860,872	178,179,929
Total capitalisation in the market		45.1%	60.1%
Other agents			
C. Holliday & Co.	Sungala Rubber Estate, Ltd.	576,000	3,060,000
Frost, Bland & Co.	Permata Rubber Estates, Ltd.	1,026,000	951,657
Geddes & Co.	Ayer Tawah Rubber Company, Ltd.	150,974	939,397
George McBain & Co.	Langkat	3,000,000	8,012,500
	Shanghai-Sumatra Rubber Co., Ltd.	904,163	3,418,020
Ilbert & Co.	Gula-Kalumpong Rubber Estates, Ltd.	23,607,500	41,230,000
Meyer & Measor	Shanghai-Kelantan Rubber Estate, Ltd.	280,000	3,150,000
Total market value (Ch.\$)		29,544,637	60,761,574
Total capitalisation in the market		39.4%	20.8%

Source: Shanghai Municipal Archives, Document No.: Q264-1-1200, Jincheng yinhang guanyu shanghai zhongyegongsuo gupiao shikuang 金

城銀行關於上海眾業公所股票市況 (Document of Kincheng Bank about the Shanghai Stock Exchange). Document No.: Q264-1-789-1, *Jincheng yinhang zonglichu guanyu shichang jinyin, wujia, zhongwai gupiao zhaiquan, shangqing he shanghai yin gongsi deng qiye de diaocha ziliao he jianbao* 金城銀行總理處關於市場金銀, 物價, 中外股票債券, 商情和上海銀公司等企業的調查資料和剪報 (Document of Kincheng Bank about the Newspaper Cutting on Gold and Silver Price, Commodities Price, Chinese and Foreign Stock Exchange and the Shanghai Loan and Investment Co., Ltd.). *The North China Herald*, 1936-1941.

The market value of the Rubber Trust from 1931 to 1941

Years (as at the end of December)	Market value
1931	Tls.324,298.2
1932	Tls.540497.85
1933	Tls.459,422.45 (approximately Ch.\$642,548.9)
1934	Ch.\$1,325,450
1935	Ch.\$1,893,500
1936	Ch.\$1,677,100
1937	Ch.\$3,137,800
1938	Ch.\$3,895,200
1939	Ch.\$9,197,000
1940	Ch.\$12,118,400
1941	Ch.\$37,329,000

Source: Public Records Office, HKRS111-4-17, *The Rubber Trust, Ltd. The North China Herald*, 1931-1941. *The China Press*, 1931-1941.

Appendix 11: The particulars of the Shanghai Gas Company from 1954 to 1963 (in Hong Kong Dollars)

	1954	1955	1957	1958	1959	1960	1961	1962	1963	1964	1966	1968	1969
Dividends from Investment-Hong Kong	75,310	105,823	177,435	190,652	182,851	42,583	42,239	45,047	46,185	46,073	60,523	112,286	88,185
Bank Interest-Hong Kong	1,535	-	-	2,526	17,783	24,634	15,987	21,972	20,150	20,459	31,707	11,313	39,182
Bank Interest - Overseas													
Profit on Sale of Investment	-	-	-	-	23,3342	99,050	-	-	-	-	-	17,741	272,121
Net Profit for the year	23,284	62,460	133,400	151,681	649,204	139,190	36,809	43,482	43,729	43,937	67,833	116,162	301,930
Investment quoted in Hong Kong at cost (in market value that year)	981,236	2,268,048	1,080,406	1,029,341	71,838	470,918	584,730	584,730	584,730	650,730	861,840	898,686	612,858
Funds with Banker (Outside China)	Stock in London - £320 (HK\$5,120)	114,400	338,712	254,486	2,828,329	470,918	436,128	453,905	487,041	469,945	571,341	686,769	1,304,368
	Bank Balances- HK\$979,731												

	1970	1971	1973	1975
Dividends from Investment-Hong Kong	\$60,189	64,888	59,479	75,127
Bank Interest-Hong Kong	109,145	82,082	109,452*	12,284
Bank Interest - Overseas		1,833		83,470
Profit on Sale of Investment	-	-	-	-
Net Profit for the year	128,487	56,848	26,502	139,444
Investment quoted in Hong Kong at cost (in market value that year)	612,858	408,266	414,139	723,694
Funds with Banker (Outside China)	1,348,706	1,600,607	1,548,554	1,436,427

Source: HKE-03-001, E0508, *The Shanghai Gas Co., Ltd. Statement of Account & Directors' Report, 1954-1975.*

*Bank Interest both in Hong Kong and overseas.

Appendix 12: Statistics showing the China's economic changes in the first half of 20th century

In the 1920s, Shanghai was the most outstanding port among the biggest ports in China in terms of the value of direct foreign trade. The following table compared the amount of imports and exports of the major ports in China between 1924 and 1927.

	1924			1925		
	Imports (Tls.)	Exports (Tls.)	Total (Tls.)	Imports (Tls.)	Exports (Tls.)	Total (Tls.)
Dairen	77,160,431	125,699,678	202,860,109	77,991,545	129,203,642	207,195,187
Tentsin	76,132,448	47,825,419	123,957,867	85,087,916	62,214,330	147,302,246
Kiaochow	34,619,743	36,913,628	71,533,371	35,015,853	32,708,722	67,724,575
Hankow	60,713,522	19,849,002	80,562,524	54,015,064	29,994,342	84,009,406
Shanghai	483,469,942	276,454,921	759,924,863	431,887,836	306,185,443	738,073,279
Canton	54,019,748	82,775,970	136,795,718	40,430,586	49,832,293	90,262,879

Source: *The China Year Book 1928* (Shanghai: North China Daily News & Herald, 1928), 110-111.

	1926			1927		
	Imports (Tls.)	Exports (Tls.)	Total (Tls.)	Imports (Tls.)	Exports (Tls.)	Total (Tls.)
Dairen	102,067,117	154,777,998	256,845,115	102,118,034	156,817,897	258,935,931
Tentsin	84,424,281	60,614,414	145,038,695	100,892,111	88,909,046	189,801,157
Kiaochow	37,082,943	35,798,166	72,881,109	41,062,804	37,261,212	78,324,016
Hankow	54,319,185	23,645,347	77,964,532	18,930,827	11,986,597	30,917,424
Shanghai	596,555,405	361,899,940	958,455,345	455,317,144	330,506,047	785,823,191
Canton	67,174,985	45,229,330	112,404,315	43,474,751	69,981,148	113,555,899

Source: *The China Year Book 1929-30* (Shanghai: North China Daily News & Herald, 1930), 158.

Official Sterling Quotations (to 1 Shanghai tael), 1915-1935

	High	Low
1915	2/7 ³ / ₄	2/2 ³ / ₄
1916	3/6 ¹ / ₂	2/6 ⁵ / ₈
1917	4/10 ¹ / ₂	3/3 ¹ / ₂
1918	5/7	4/2 ¹ / ₂
1919	7/10	4/6
1920	9/3	3/11
1921	4/1 ¹ / ₂	2/11
1922	3/7 ¹ / ₂	3/0
1923	3/4 ¹ / ₄	3/0
1924	3/5 ³ / ₄	3/1 ¹ / ₄
1925	3/3 ¹ / ₄	3/0 ¹ / ₄
1926	3/1 ¹ / ₄	2/3
1927	2/8	2/4 ³ / ₄

1928	2/10	2/6 ³ / ₄
1929	2/7 ¹ / ₄	2/1
1930	2/0 ³ / ₄	1/4 ³ / ₄
1931	1/11 ³ / ₄	1/1 ⁵ / ₈
1932	1/11 ¹ / ₂	1/7 ¹ / ₄
1933 (in \$)	1/3 ³ / ₄	1/2
1934	1/6 ¹ / ₄	1/2 ¹ / ₂
1935	1/8 ³ / ₈	1/2 ³ / ₈

Source: *The China Year Book 1936* (Shanghai: North China Daily News & Herald, 1936), 198.

Movement of silver to and from China from 1901 to 1915 and 1919 to 1935

Year	Net imports (Tls.)	Net exports (Tls.)	Year	Net imports (Tls./ Ch.)	Net exports (Tls./ Ch.)
1901	—	6,097,802	1919	53,125,289	—
1902	—	13,844,654	1920	92,638,978	—
1903	—	6,045,367	1921	32,430,713	—
1904	—	13,609,730	1922	39,572,012	—
1905	—	7,196,177	1923	67,196,227	—
1906	—	18,677,868	1924	26,002,538	—
1907	—	31,208,130	1925	62,523,626	—
1908	—	12,266,916	1926	53,203,679	—
1909	6,840,637	—	1927	65,083,357	—
1910	21,794,647	—	1928	106,395,696	—
1911	38,306,002	—	1929	105,825,976	—
1912	19,248,364	—	1930	67,005,918	—
1913	35,968,364	—	1931	45,445,016	—
1914	—	13,622,949	1932	Ch.\$38,893,115	—
1915	—	18,382,314	1933	—	Ch.\$14,154,259
1916	—	28,678,126	1934	—	Ch.\$259,941,414
1917	—	20,983,098	1935	—	Ch.\$59.397
1918	23,494,927	—			

Source: *The China Year Book 1928-1936* (Shanghai: North China Daily News & Herald, 1928-1936).

The volume of business of the real estate market in Shanghai throughout the 1930s
(Ch.\$1=Tls.0.7143)

Year	Volume of Business
1930	Tls.84,446,100
1931	Tls.183,216,700
1932	Tls.25,174,900
1933	Ch.\$43,136,200 (=Tls.30,812,187.7)
1934	Ch.\$12,990,150
1935	Ch.\$14,460,400
1936	Ch.\$12,001,350
1937	Ch.\$6,270,000
1938	Ch.\$14,070,000
1939	Ch.\$55,644,100

Source: Hugo Sandor, "Shanghai Real Estate Business in 1939," *Finance & Commerce*, 10 January 1940, 27. Hugo Sandor, "The Trade in Shanghai Real Estate in 1935," *Finance & Commerce*, 15 January 1936, 50.

Volume of real estate transaction in Shanghai month by month in 1935

Month	Volume of Business
January	Ch.\$1,858,000
February	Ch.\$667,600
March	Ch.\$1,611,000
April	Ch.\$326,000
May	Ch.\$467,900
June	Ch.\$385,100
July	Ch.\$351,900
August	Ch.\$319,500
September	Ch.\$1,118,100
October	Ch.\$374,400
November	Ch.\$4,041,000
December	Ch.\$2,939,900

Source: "The Exodus of Silver and the Economic Life of the Nation," *Finance & Commerce*, 4 September 1935, 255. Hugo Sandor, "The Trade in Shanghai Real Estate in 1935," *Finance & Commerce*, 15 January 1936, 50.

The New York silver price per ounce (in US dollars)

Year/ Month	Average price	Highest	Lowest
1922	67.521	74.1875	62.875
1923	64.873	69.0000	62.8750
1924	66.780	72.3750	63.0000
1925	69.065	73.1875	66.8125
1926	62.106	68.9375	51.8125
1927	56.370	60.3125	54.1875
1928	58.176	63.8125	56.8125
1929	52.993	57.9375	46.8125
1930	38.154	47.1875	31.0625
1931	28.701	37.250	26.000
1932	27.892	31.000	24.250
1933	34.727	45.000	24.375
January 1934	44.188	45.000	43.250
February 1934	45.232	46.750	43.375
March 1934	45.875	46.750	45.250
April 1934	45.180	46.750	42.500
May 1934	44.226	45.125	41.750
June 1934	45.173	46.250	44.500
July 1934	46.310	46.750	45.750
August 1934	48.986	49.750	46.125
September 1934	49.484	50.000	49.250
October 1934	52.375	55.625	49.875
November 1934	54.255	55.750	52.750
December 1934	54.390	55.000	53.250

Source: Shanghai Municipal Archives, Document No.: Q264-1-786-1, *Jincheng yinhang guanyu baiyin waihui bizhi guoneiwai jingji gaikuang 1926-1934 nian wujia deng yanjiu ziliao* 金城銀行關於白銀外匯幣制國內外經濟概況 1926-1934 年物價等研究資料 (*Document of Kincheng Bank about Silver Price, Foreign Exchange and Commodity Price During 1926-1924*).

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Q264-1-1360, Jincheng yinhang baocun de youguan zhanshi jingji jinrong caizheng he weichi fabi jiazhi de yijian de ziliao 金城銀行保存的有關戰時經濟金融財政和維持法幣價值的意見的資料 (Document of Kincheng Bank about the War Time Finance).

Q264-1-782-1, Geguo duihua touzi gaiyao 各國對華投資概要 (Summary of Foreign Investment).

Q264-1-789-1, Jincheng yinhang zonglichu guanyu shichang jinyin, wujia, zhongwai gupiao zhaiquan, shangqing he shanghai yin gongsi deng qiye de diaocha ziliao he jianbao 金城銀行總理處關於市場金銀、物價、中外股票債券、商情和上海銀公司等企業的調查資料和剪報 (Document of Kincheng Bank about the Newspaper Cutting on Gold and Silver Price, Commodities Price, Chinese and Foreign Stock Exchange and the Shanghai Loan and Investment Co., Ltd.).

Q264-1-804, Jincheng yinhang guanyu ge di jingji gaikuang diaocha baogao (fu 1944 nian fen) (yi) 金城銀行關於各地經濟概況調查報告 [附 1944 年份] [一] (Document of Kincheng Bank about the Economic Development in China [1944] [1]).

Q266-1-796-86 Zongyang yinhang fahai Shanghai dalu yinhang de xiangpi gupiao ji guonei waibi gupiao biao waihui zhengquan biao 中央銀行發還上海大陸銀行的橡皮股票及國內外幣股票表、外匯證券表 (The Stock Lists of Rubber Companies, Bonds and Foreign Exchange by Central Bank).

Q327-1-166, Shanghai zengquan jiaoyi suo guanyu geren jingjiren Dalu yinhang Shanghai xintuo bu, Shanghai xintuo gongsi, Shanghai guomin shangye chuxu yinhang and Lian yangxing, Hecheng yinhang shichang yingye shenqing shu 上海證券交易所關於法人經紀人大陸銀行上海信託部、上海信託公司、上海國民商業儲蓄銀行、利安洋行、和成銀行市場營業申請書 (Brokers Dalu yinhang Shanghai xintuo bu, Shanghai xintuo gongsi, Shanghai guomin shangye chuxu yinhang and Benjamin & Potts, Hecheng yinhang Registered with the Shanghai Stock Exchange).

Q331-1-2, Tongyi xintuo gongsi gezhong zhangcheng ji linian lai yingye baogao 通易信託公司各種章程及歷年來營業報告 [第 5-15 屆] (The Prospectus and the 5th-15th Annual Reports of Tongyi xintuo gongsi).

Q331-1-8, Guoanxhongyang xintuo gongsi: ben gongsi zhangcheng ji gezhong cunkuan zhangcheng 國安中央信託公司: 本公司章程及各種存款章程 (The Prospectus of Guoanxhongyang xintuo gongsi).

Q331-1-9, Guoanhengshun xintuo gongsi: Yingye baogao (1-10 jie) (30-34 jie) 國安恒順信託公司: 營業報告 [1-10 屆] [30-34 屆] (1st-10th, 30th-34th Annual Report of Guoanhengshun xintao gongsi).

Q331-1-9-16, Hengshun xintuo gongsi 1930-1934 niandu yingye baogao 恒順信託公司 1930--1934 年度營業報告 (Annual Report of Hengshun xintuo gongsi).

Q473-1-3019, Jingji bu shanghaiqu ranliao huanli weiyuanhui guanyu peiji shanghai meiqi gongsi meijin wenjian 經濟部上海區燃料管理委員會關於配給上海煤氣公司煤斤文件 (Document of Ministry of Economic Affairs Fuel Allotment).

Q473-1-302, Jingji bu shanghaiqu ranliao huanli weiyuanhui guanyu shanghai meiqi gongsi shenqing meijin wenjian 經濟部上海區燃料管理委員會關於上海煤氣公司申請煤斤文件 (Document of Ministry of Economic Affairs Fuel Application).

Q5-3-5411, Shanghaishi gongyongju guanyu wusong meiqichang yingye ji gongcheng baobiao shixiang an (shanghai meiqi gongsi) 上海市公用局關於吳淞煤氣廠營業及工程報表事項案 [上海煤氣公司] (Report of Woosung Gas Plant).

Q5-3-5418, Shanghaishi gongyongju guanyu wusong meiqichang yingye ji gongcheng baobiao shixiang an (shanghai meiqi gongsi) 上海市公用局關於吳淞煤氣廠營業及工程報表事項案 [上海煤氣公司] (Document of the Shanghai Public Utilities Bureau on the Woosung Gas Plant).

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