

An Investigation into the Protection of Investor Rights of Tsingtao Brewery During the German Occupation Period (1903-1914)

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Abstract: In 1903, British and German merchants jointly funded the establishment of the Germania Brewery. In accordance with the British law, the Hong Kong Companies Ordinance, they registered the Anglo-German Brewing Company in Hong Kong and then set up a branch in Qingdao. This corporate organizational model, together with the colonial legal environment, jointly constituted the institutional foundation for the protection of investor rights of Tsingtao Brewery. At that time, multiple associations in Qingdao possessed independent property and thus sought to obtain legal capacity. During the German occupation period, the colonial authorities adopted relatively lenient institutional arrangements for foreign companies in terms of real estate acquisition, equity organization, and commercial operation, which enabled the confirmation of enterprise property rights and the operation of enterprises in a relatively stable commercial environment. Relevant studies show that the output of the brewery increased from about 300 tons in the initial stage to more than 1,000 tons, and its sales scope gradually expanded to coastal markets such as Shanghai and Tianjin. After Japan occupied Qingdao in 1914, the original legal order was interrupted, and the equity, dividends and asset control rights of Tsingtao Brewery investors subsequently entered the post-war declaration and liquidation procedures. During the Weimar Republic period, the German side continued to provide relief for relevant rights and interests through mechanisms such as stock and dividend registration and loss declaration, but the original property rights were difficult to restore to their original state. Based on this, this paper investigates the choice of applicable law, institutional operation and post-war liquidation logic of the protection of investor rights of Tsingtao Brewery during the German occupation period, and reveals the operational boundary and historical limits of foreign-related investment protection in the colonial context.

Keywords: property rights system; investor rights protection; applicable law

1. Research Background and Problem Formulation

1.1 Research Background

The signing of the Convention of Lease of Kiaochow in 1898 established Germany's colonial rule over Qingdao and provided an institutional foundation for its commercial investment in the Kiaochow Leased Territory. Driven by colonial governance goals, Germany gradually built an institutional system covering ports, railways, customs and commercial laws, making Qingdao an important trade hub facing the Far East and forming a relatively stable business environment.

Against this background, the Anglo-German Brewing Company, jointly funded by German and British merchants in 1903, founded a brewery in Qingdao, becoming a typical case of German industrial investment in China. The company registered in accordance with the Hong Kong Companies Ordinance, reflecting the legal choice of investors to reduce transaction costs and strengthen property rights protection. At the same time, relying on colonial legislation and local commercial law, Germany established a commercial legal protection system applicable to the Kiaochow Leased Territory. Through norms such as the Commercial Regulations of the Kiaochow Leased Territory, the German Civil Code, and the German Commercial Code, it provided institutional protection for investors' rights and interests such as property rights, equity and profit distribution.

However, after the outbreak of World War I in 1914, Japan sent troops to occupy Qingdao, and German colonial rule collapsed accordingly. The original legal system was interrupted, and the protection of the rights and interests of investors of Tsingtao Brewery fell into a dilemma. A series of complex post-war disputes emerged around issues such as asset takeover, equity disposal and loss compensation, involving the application of applicable law and the game of interests of multiple parties. Although the German side later provided relief through compensation and diplomatic channels, the overall effect was limited.

Thus, the case of Tsingtao Brewery presents a complete historical context from institutional construction, rights protection to order disintegration and post-war handling, providing an important sample for investigating the legal logic of foreign investor rights protection in the colonial context.

1.2 Problem Formulation

The protection of investor rights of Tsingtao Brewery during the German occupation period is not an abstract issue of "foreign investment protection", but a specific legal history issue unfolding between colonial legal system, joint-stock company system and war impact. In 1903, Tsingtao Brewery was established in the form of a Sino-British joint venture joint-stock company, and completed company registration with the help of the Hong Kong Companies Ordinance in the British concession. This choice reflects the institutional rationality of investors in transnational capital organization, and also shows that its right structure was built on a specific applicable law arrangement from the very beginning.

During the German occupation period, the Qingdao colonial authorities did not regard Qingdao as an ordinary commercial port, but built a commercial legal framework serving the colonial economic order through special colonial regulations, German local commercial law, and the flexible application of foreign capital real estate acquisition rules. It was within this framework that the property rights, equity and usufruct rights of Tsingtao Brewery investors obtained relatively stable institutional confirmation and were transformed into actual benefits in operation. This system was not a direct transplantation of a single legal source, but the result of selective integration of German law, special colonial laws and British-related commercial rules under the framework of colonial rule. Among them, the determination of applicable law is not only related to the issue of law application, but also reflects the institutional logic oriented to safeguarding the investment interests of the suzerain. At the same time, this legal mechanism

showed a distinct practical orientation in operation: through the coordinated operation of administrative power, judicial adjudication and commercial rules, it realized the effective protection of investors' rights and interests.

However, after Japan occupied Qingdao in 1914, the existing legal order quickly collapsed. The post-war handling of issues such as asset takeover, equity disposal and loss compensation further exposed the structural limitations of this system under political impact. Investors' rights and interests shifted from "substantive protection" to "liquidation relief". Around 1920, the German government required the stocks and dividends of the Anglo-German Brewing Company to be declared through bank intermediaries and national liquidation agencies, indicating that the original property rights could no longer be directly restored, but could only be transformed into loss claims through post-war declaration procedures.

Based on this, this paper intends to answer three key questions: First, how was the applicable law for the protection of investor rights of Tsingtao Brewery selected and applied during the German occupation period? Second, how did this system play a specific role in company establishment, property right acquisition and operating income? Third, after the war and sovereignty change, why did investors' rights and interests shift to declaration, liquidation and compensation procedures, and what kind of boundaries and limitations did this system show in history? By sorting out these issues, this paper attempts to reveal the real operation logic of foreign investment rights protection in the colonial context.

2. The Selection and Application of Applicable Law for the Protection of Investor Rights of Tsingtao Brewery During the German Occupation Period

2.1 The Power Logic and Institutional Foundation of Applicable Law Selection in the Colonial Context

The selection of applicable law for the protection of investor rights of Tsingtao Brewery during the German occupation period was not simply a legal technical issue, but an institutional arrangement based on the dual goals of colonial rule and capital protection. Tsingtao Brewery was founded in 1903, and its early capital structure itself was transnational: jointly funded by merchants from Britain, Germany and other countries, registered in Hong Kong in accordance with the Hong Kong Companies Ordinance, and then set up a branch in Qingdao. This choice shows that investors had already conducted legal system comparison at the company establishment stage, trying to use a rule framework more suitable for stock raising, capital dispersion and overseas operation to reduce transaction costs and enhance the stability of property rights.

From the perspective of the legal structure of Qingdao colonial rule, the German authorities did not regard Qingdao as an ordinary commercial port, but built a set of commercial order specially serving the management of the protected area through special colonial regulations. Colonial regulations such as the Commercial Regulations of the Kiaochow Leased Territory and the Company Law of the Kiaochow Leased Territory constituted the direct normative basis for foreign investors to conduct business activities in Qingdao. At the same time, Germany's local German Civil Code and German Commercial Code played a supplementary role in corporate organization, contract performance, equity relations, commercial liability and other aspects. The resulting system was not a single legal source system, but a hierarchical

structure with colonial regulations first and local commercial law supporting, whose core function was to provide predictable and enforceable legal protection for German capital and its cooperative capital.

Behind this choice of applicable law, it essentially reflects the shaping of commercial law by colonial power. Qingdao was not a neutral market space, but was transformed into an investment field with a strong institutional orientation under German control, and also an oriental window to show the comprehensive national strength of the Weimar Republic.

The colonial authorities' control over land acquisition, enterprise registration, production and operation and judicial jurisdiction made the application of law highly consistent with political rule. For typical foreign-related enterprises such as Tsingtao Brewery, the determination of applicable law first served the long-term safety and effectiveness of German investors' property rights, and then the maintenance of general commercial order to reduce transaction costs. Therefore, the choice of applicable law in this period did not reflect the legal coordination between equal subjects, but was closer to a rule configuration with colonial exclusivity.

2.2 The Legal Mechanism of Applicable Law Application and the Realization of Investors' Rights

At the specific application level, the applicable law was first implemented as the confirmation of property right boundaries. As a production entity composed of capital, land, plant and equipment, the land use, plant possession and ownership of production equipment of Tsingtao Brewery all needed to be clearly defined under the framework of colonial regulations and German commercial law. The German colonial authorities provided corresponding conveniences in site selection, cadastral registration, import of equipment and raw material licenses, which enabled investors to transform the originally scattered production factors into relatively stable legal rights and

interests. In other words, the applicable law not only defines "who owns", but also determines "how to possess, how to use, and how to dispose".

In terms of contract and equity relations, the organizational structure of Tsingtao Brewery reflected the typical characteristics of a joint-stock company. Investment agreements, share subscription arrangements, share capital payment, share transfer and profit distribution all need to be interpreted and implemented in accordance with the company's articles of association and relevant rules of British law, German civil law and commercial law. The early archives of Germania Brewery show that it had a large number of shareholders, and the board of directors and management also showed the participation of multinational merchants; while the role played by the Deutsch-Asiatische Bank in underwriting, financing and fund clearing shows that financial institutions have become important intermediaries for the operation of applicable law (Qingdao Archives, 1988). For investors, legal protection is not limited to post-dispute resolution, more importantly, it continuously provides calculable income expectations in the process of capital raising and operation.

At the dispute resolution level, colonial courts and relevant administrative institutions constituted an important pivot for the implementation of applicable law. Disputes between investors, or between investors and the colonial authorities, were usually adjudicated in accordance with colonial regulations and German local law, supplemented by administrative enforcement power to ensure the implementation of judgments. This mechanism of coordination between legislation, judicature and administration made the protection of the rights and interests of Tsingtao Brewery investors have strong certainty and enforceability, and also made the applicable law no longer just abstract legal provisions, but an institutional tool that can directly affect the operation of enterprises. However, the effective operation of this mechanism is based on the premise of the stable existence of German colonial rule. Once the political order (such as war) changes

drastically, its legal protection function will also be quickly weakened.

2.3 The Hierarchical Structure and Internal Tension of the Applicable Law System

Table 1.

Comparison Project	German Domestic/Colonial Law	Hong Kong Companies Ordinance	Impact on Tsingtao Beer
par value of stock	≥1000 marks	No high limit	forced to register in Hong Kong
Registration Period	An average of 14 months	Approximately 3 weeks	Significantly reduce setup costs
Foreign capital land acquisition	Requires special permission	Free and convenient	Obtain exemption from the colonial authorities
Capital Threshold	100,000 marks	HKD 5,000	Suitable for small-scale international fundraising

Overall, the applicable law system for the protection of investor rights of Tsingtao Brewery during the German occupation period showed a relatively clear hierarchical structure: special colonial law took precedence, German law provided institutional support, British commercial practices were absorbed, and Chinese local commercial customs were basically excluded from the core application. Such an arrangement improved the predictability of rules and facilitated capital operation under colonial rule, but its institutional goal was not to equally protect all market subjects, but to give priority to serving German capital and the commercial interests under its control. It was recorded in the German archives of the brewery: the beer company could complete cadastral registration without government permission. Because Article 2 of Part 7 of the General Prussian State Law (the provision that foreign legal persons need government permission to purchase real estate), combined with Article 1 of the Imperial Territory Real Estate Decree and Article 19 of the Consular Jurisdiction Law, only applies to subjects under the jurisdiction of German private law. However, this clause is essentially of public security management nature and should be classified as public law. I (the Governor of the Kiaochow Department of Justice) have no intention of changing the current system by issuing decrees, so as not to hinder foreign capital from participating in industrial investment in the protected area. It has been found that other protected areas (such as Samoa) also do not require foreign companies to

obtain government permission to purchase land. In view of the proposed beer company choosing to register as a British company on the grounds that German company law has drawbacks, I (the Governor of the Kiaochow Department of Justice) must point out: German company law is actually not suitable for the business environment of the coastal areas of East Asia. The German Commercial Code requires a minimum share capital of 100,000 marks for joint-stock companies (with a stock face value of 1,000 marks), while the Hong Kong Companies Ordinance allows a registered capital of 5,000 Hong Kong dollars. This institutional difference directly led Tsingtao Brewery to adopt the British capital model (the actual capital was 440,000 Mexican Silver Dollars) (German Federal Archives, 1903).

From a positive perspective, this applicable law system provided a relatively stable legal environment for the early development of Tsingtao Brewery, enabling the enterprise to complete financing, construction and expansion with relatively clear property right expectations; from a limitation perspective, it had obvious exclusivity and dependence, that is, its effectiveness relied on the colonial regime itself. The Kiaochow Governor's Office never stopped mutual trust with the German local Ministry of Justice, requesting to change the relevant provisions of the German Civil Code on investment in the colony, so as to reduce transaction costs and help improve the efficiency of enterprise operation. This phenomenon caused double damage to interests: the use of British law weakened

the authority of the German national interest legal system and culture in the colony. Second, the interests of colonial governance were also damaged: German law was out of touch with colonial reality, leading to the inability of local law to be effectively implemented overseas.

The deeper problem is that it reflects the dilemma of German colonial rule at that time: (1) Insufficient legal adaptability. The rigid German local legal system was difficult to adapt to the economic needs of overseas colonies. (2) Crisis of cultural identity: the use of other countries' laws in the colony was regarded as an impact on German nationalism. (3) Anxiety about the legitimacy of Germany's eastern colonization: it implied that Britain's actual influence in East Asia had threatened the discourse power of German colonial rule.

This is essentially a debate within the colonial empire about how to balance the instrumentality of law and ideology, reflecting the contradictory mentality of Germany in colonial expansion, which had to maintain the nationalist narrative but had to compromise with the realistic economy.

Once the war broke out and the rule changed, the original legal order would quickly become invalid, and investors' rights and interests would face the problem of redefinition and redistribution. That is why the case of Tsingtao Brewery does not show an abstract and neutral sample of commercial rule of law, but a set of investment protection mechanism based on colonial power, and its institutional tension precisely constitutes the root of the follow-up Weimar Republic government's post-war handling of entrepreneurs damaged by the war.

3. The Institutional Operation and Post-War Liquidation of the Protection of Investor Rights of Tsingtao Brewery During the German Occupation Period

3.1 The Realization of Investors' Rights Under the Colonial Legal System and Joint-Stock Company Structure

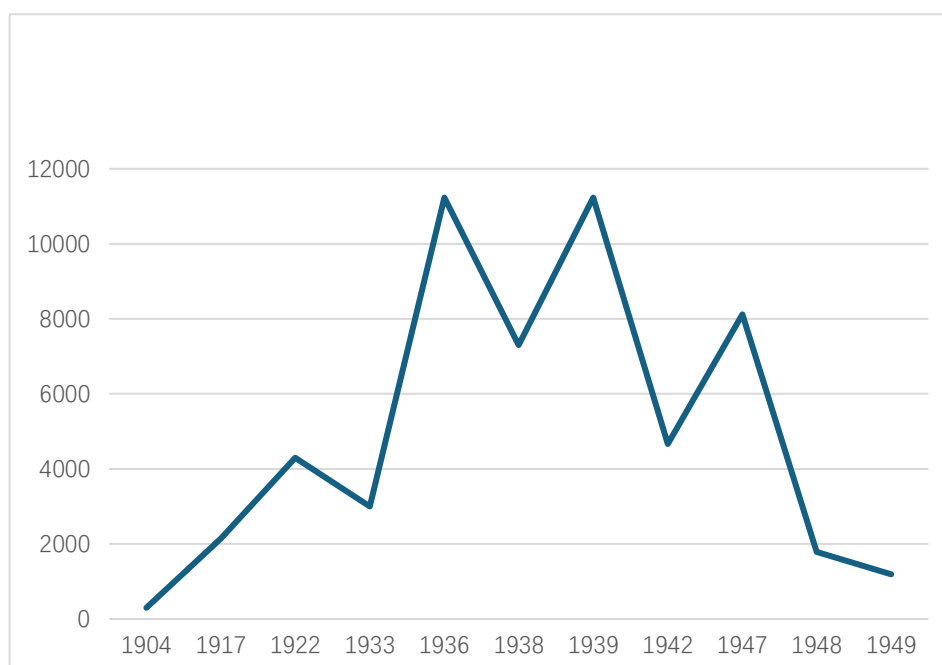


Figure 1. Tsingtao Brewery Annual Output Table before the Founding of the People's Republic of China (Corporate Culture Center of Tsingtao Brewery Co., Ltd., 2003; National Committee of the Chinese People's Political Consultative Conference Cultural and Historical Data Research Committee, 1982; Qingdao Archives, 1947; Shandong Provincial Local History Compilation Committee, 1993; South Manchuria Railway Co., Ltd., Economic Research Department, 1936; South Manchuria Railway Co., Ltd., North China Office Research

Office Industry Department, 1938; The Supervision Committee of Factories of the Administrative Court Shandong Qingdao Enemy and Puppet Industry Processing Bureau, 1947; Tianjin Japanese Chamber of Commerce, 1939; Tsingtao Brewery Factory, 1993; Tsingtao Brewery Museum, 2010)

The protection of investor rights of Tsingtao Brewery during the German occupation period was first reflected in the prudent choice of legal form at the company establishment stage. This choice is not only related to whether the enterprise can be established, but also directly determines the institutional basis of investors' equity, scope of liability and income distribution mechanism. In 1903, the German merchant Hans Christian August, together with British, German, American and French merchants, jointly invested 400,000 Mexican Silver Dollars, divided into 4,000 shares at 100 yuan per share, and registered the Anglo-German Brewing Company in Hong Kong in accordance with the Hong Kong Companies Ordinance, and then established the Germania Brewery Qingdao Joint-stock Company in Qingdao. The Anglo-German Brewing Company was established in the form of a joint-stock company, adopting the method of dividing capital into shares and paying in installments, which not only reduced the risk of a single investor, but also made the equity transferable, thus forming a typical modern capital organizational structure. Why register as a British company under the Hong Kong Ordinance? It is recorded in an archive: Tsingtao Brewery chose to register as a British-style joint-stock company in accordance with the Hong Kong Companies Ordinance because German law had strict restrictions on the issuance of stocks with a face value of less than 1,000 marks, and foreign companies did not need government permission to purchase land in the protected area, and German company law was not suitable for the coastal business environment of East Asia. Second, German-funded enterprises (such as Carlowitz & Co.) used such [Hong Kong Registration Ordinance, the 1903 Hong Kong Companies Registration Amendment Act, which allowed foreign businessmen to register in the form of "Ordinance"] to circumvent the restrictions of Article 22 of the

German Civil Code on overseas companies. Only in this way can the transaction cost of enterprise property rights be reduced (Qingdao Archives, 2005a). Therefore, German company law has adaptations to stock face value, the application of overseas companies and the East Asian business environment, so the adoption of the Hong Kong Companies Ordinance has obvious institutional convenience. This raises a new question: Do foreign joint-stock companies need government approval to purchase real estate in the protected area? The answer is yes. The Real Estate Acquisition Regulations promulgated by the German colonial government in 1900 stipulated that foreign enterprises needed the approval of the Governor's Office to purchase real estate in the concession, which was in sharp contrast to the British land system in Hong Kong.

From the perspective of law and economics, the core significance of this enterprise institutional arrangement is that investors' rights and interests were "institutionally embedded" at the company establishment stage. Shareholders' rights no longer rely on individual contracts, but are confirmed through the company's articles of association, equity structure and registered legal system, making them stable and predictable.

This is essentially different from the partnership enterprises under traditional commercial customs. Further, the protection of investor rights of Tsingtao Brewery also relied on the practical application of the colonial legal system to the rules of property right acquisition. The archival materials you provided have made it clear: when dealing with the issue of foreign companies' acquisition of real estate, the colonial authorities did not strictly enforce the restrictions on foreign legal persons' land purchase in local law, but adopted a lenient interpretation, enabling the enterprise to successfully complete land registration and plant construction. This practice is legal interpretation in form, but

essentially constitutes an institutional opening to foreign investment.

The availability of property rights played a key role in this, which is the premise of all investment rights protection. Without the legal possession of land, plant and equipment, the equity itself would lose the object of real attachment. Therefore, the protection of investor rights of Tsingtao Brewery is not the result of a single legal provision, but is reflected in the linkage of three aspects: company establishment (equity confirmation), land acquisition (realization of property rights), and production and operation (income generation).

In addition, at the operation and income level, Tsingtao Brewery achieved relatively stable development during the German occupation period. Relevant studies show that its output increased from about 300 tons in the initial stage to more than 1,000 tons (Tsingtao Brewery Co., Ltd., 1998), and its sales scope gradually expanded from Qingdao local to coastal markets such as Shanghai and Tianjin. This fact shows that the protection of investors' rights and interests is not only reflected in the formal confirmation of property rights, but also transformed into effective and stable operating income through the cooperation of the company system, market environment and colonial governance structure. It can be seen that the protection of investors' rights and interests during the German occupation period is essentially a comprehensive institutional arrangement based on the company system, supported by the colonial legal system, and realized through market operation.

However, it should be pointed out that this kind of protection is not "universally applicable", but obviously serves colonial capital. Chinese local subjects did not have the same institutional status.

3.2 The Interruption of Investor Rights Protection Caused by the Outbreak of War and the Fall of Qingdao

The investor rights protection system formed during the German occupation period was essentially attached to the colonial ruling power, so it had obvious structural vulnerability. After the outbreak

of World War I in 1914, Japan sent troops to occupy Qingdao, the original legal order quickly disintegrated, the factory was taken over by the Japanese side during the war, and was acquired and reorganized into its Qingdao Workshop by Dai Nippon Brewery Co., Ltd. in 1916.

From the perspective of law and economics, this major change can be defined as: the overall interruption of the investor rights system caused by sovereignty change. This "interruption" has three meanings: First, the disappearance of the basis for the realization of rights. The colonial courts, administrative systems and legal norms on which the original rights and interests relied no longer existed, leading to the lack of enforcement mechanism for rights. Second, the separation of the object of rights. The enterprise assets and operation control rights were taken over by the occupation authorities, and the connection between investors and the enterprise entity was cut off. Third, the change of the nature of rights. The originally organizational and dominant equity was transformed into a "to-be-confirmed interest claim". After the war, it was not "restoring equity", but procedures such as "stock declaration" and "dividend registration" appeared. The equity and asset control rights, which originally had the characteristics of real right and organization, lost the basis of direct dominance under the occupation state, and instead needed to be confirmed through post-declaration and liquidation procedures. Therefore, this period cannot be simply understood as the enterprise being taken over by Japan, but should be clearly stated as: investors' rights and interests shifted from "directly realizable state" to "to-be-liquidated state". It changed the realization way and legal form of investors' rights and interests.

3.3 Post-War Declaration, Liquidation and Relief for Investors' Losses

After the collapse of the German legal system, the German side did not completely abandon the maintenance of the investment rights and interests of Tsingtao Brewery, but reorganized the original

rights and interests through the declaration and liquidation system.

According to German archives, around 1920, the German government established a relatively systematic declaration mechanism: on the one hand, it required the stocks of the Anglo-German Brewing Company to be declared to designated institutions through bank intermediaries (Qingdao Archives, n.d.); on the other hand, the payable dividends must be registered with the national liquidation agency; at the same time, it clearly stipulated that the losses caused by overdue declaration or incomplete materials shall be borne by the obligee himself (Qingdao Archives, 2005b). This institutional arrangement has important legal significance: (1) The “creditorization transformation” of right form. The rights originally belonging to the equity category were transformed into: the right of claim to the liquidation agency, and the compensatory claim to the state after the war. In other words, shareholders are no longer the main body of corporate governance, but loss declarants. (2) The proceduralization of rights confirmation. Before the war: rights were automatically realized through the company system. After the war: rights must be “re-recognized” through the declaration procedure. This change marks the shift of rights from “operation within the system” to “reconstruction outside the system”. (3) The administration and politicization of the handling mechanism. Archives show that the relevant handling involved the cooperation between the financial department, the liquidation agency and the special committee (East Asia Observer, 1920; “Letter to the Naval Leadership,” n.d.). This shows that the post-war handling was not led by judicial adjudication, but the result of administrative coordination and diplomatic game. In other words, the “legal basis” at this stage was not stable, but highly dependent on national political and diplomatic power. (4) The limitation of relief effect. From the results, this liquidation mechanism did not restore the original rights and interests of the investors of Germania Brewery, mainly including that the enterprise control right had been permanently transferred, the

equity could not be restored to its original state, and the compensation was incomplete. Therefore, an important conclusion can be drawn: post-war liquidation is not a right restoration mechanism, but a loss distribution mechanism.

After the collapse of the colonial legal order, the German side did not abandon the claim for the relevant rights and interests of Tsingtao Brewery, but transformed the original investment rights into recoverable legal claims through the declaration and liquidation mechanism. According to the relevant announcement on May 12, 1920, the stocks of the Anglo-German Brewing Company must be declared to the designated institutions through bank intermediaries, and the payable dividends as of January 10, 1920 must be registered with the Berlin National Liquidation Office (Qingdao Archives, 2005b). At the same time, the materials clearly stipulated that if the declaration information is incomplete or submitted overdue, the relevant losses shall be borne by the obligee (legal person) himself [Applying the provisions of the association law in the Civil Code (which has been repealed by Article 3 of the Protected Area Law and Article 31 of the Consular Jurisdiction Law). There are multiple associations in the protected area with independent assets].

This institutional arrangement shows that the post-war protection of investors’ rights and interests has changed from “directly dominating the company’s assets” to “confirming losses and requesting compensation through administrative procedures”. In other words, the original equity and usufruct rights no longer exist in the form of substantive rights after the war, but were reconstructed into creditor-type claims. This transformation not only reflects the realistic status of the defeated country in the international order, but also reflects the procedural characteristics of the post-war property right handling mechanism.

In addition, relevant archives also show that the German financial department, liquidation agency and arbitration committee checked and coordinated the stocks, dividends and related losses through correspondence, and tried to contact relevant parties

to supplement factual materials. This shows that the post-war handling did not mainly rely on judicial adjudication, but was promoted through administrative and diplomatic channels, and its result largely depended on the international political pattern and the game of all parties. In May 1920, shortly after the entry into force of the Treaty of Versailles (signed in June 1919), Germany was forced to handle the liquidation of overseas assets. At this time, Qingdao had been occupied by Japan (which replaced Germany in 1914), but Germany was still handling the post-war affairs of enterprises in the former protected area at the legal level. The special declaration situation of the liquidation procedure at this time shows that most shareholders were scattered in Germany and overseas, and the specific situations included: (1) Information reception obstacles: some shareholders had not learned of the aforementioned announcement. Other shareholders tried to declare, but were told that they would not be accepted without the registered equity certificates (some of the certificates are still stored in Shanghai, or deposited in the Dutch Consulate General, or kept by private individuals). (2) Difficulties in dividend declaration: most shareholders could not declare the final dividend of the brewing company, especially the information of the last dividend was unknown, and the liquidation procedure of Qingdao Anglo-German Brewing Co., Ltd. was still pending (as mentioned in the previous letter). (3) Risks of temporary declaration: the current declaration requirements may lead to shareholders declaring based on rumors, the key reason is that they have not received the official notice of the liquidation procedure (the announcement in **East Asia Observer** did not reach all interested parties).

There are the following core problems in the current declaration of stocks and interest: (1) Defects in the declaration basis: it is impossible to provide a complete position list (because only some stocks have been sold, and the remaining unsold securities are marked as "to be settled"). The existing declaration is only applicable to shareholders applying for advance payment, otherwise it will

lead to repeated labor for all interested parties. (2) Practical operation obstacles: considering the geographical distance between China and Germany and the difficulty of asset valuation caused by the sharp drop in silver price (the silver exchange rate fell by 60% in 1920), the declaration of German shareholders in China involving British enterprise stocks should be postponed as much as possible. (3) Impact of market fluctuations: high-quality securities have depreciated severely due to the sharp fluctuation of silver price (there is significant uncertainty in the current valuation), and the issuance of advance payments needs to be extremely prudent (it is recommended to use the London spot silver average price as the pricing benchmark). (4) Administrative optimization suggestions: postponing such declarations can greatly reduce the ineffective workload of regulatory authorities (it is estimated that administrative costs can be saved by about 80%). After consulting the professional opinion of Dr. Wallweck (Professor of Law at the University of Bamberg) (Qingdao Archives, 2005c), it is recommended to suspend all declaration procedures until a legal declaration benchmark is established. I have followed his advice and have not carried out any form of declaration so far. The basis is: the Sino-German Special Compensation Act (which is still in the legislative deliberation stage and has not been submitted to the Imperial Parliament for voting) will specifically regulate various compensation claims of German nationals in China (including comprehensive rights claims such as securities losses and property damage) (Posner, 2003).

Overall, although this liquidation mechanism formally provided a path for the continuation of rights for investors, it did not restore their original property right status. The operation control right of Tsingtao Brewery has been substantially transferred, and investors can only strive for partial interest compensation through declaration and negotiation to a certain extent, and their rights protection has been significantly weakened.

3.4 The Effectiveness and Limits of Colonial Investment Protection

On the whole, the protection of investor rights of Tsingtao Brewery during the German occupation period showed the institutional characteristic of “effective but unsustainable”. During the German occupation period, through the combination of the company system, property right rules and colonial legal system, investors’ rights and interests were stably realized and transformed into continuous operating income, reflecting high institutional efficiency. However, after the war and sovereignty change, this protection system quickly collapsed, and investors’ rights and interests were forced to enter the declaration and liquidation procedures, and their legal form, realization path and protection degree all changed fundamentally. Therefore, from the perspective of law and economics, the following summary can be made: the protection of investors’ rights and interests during the German occupation period is essentially a “conditional legal protection mechanism attached to colonial rule”. Its core limitations are that it is not independent (attached to the regime), not stable (vulnerable to war impact), and not universal (obvious exclusivity).

This historical experience shows that an investment protection mechanism divorced from the principles of sovereignty stability and legal equality is difficult to continue to play a role in institutional changes.

4. Historical Enlightenment

The century-long property right circulation of Tsingtao Brewery shows that the protection of investors’ rights and interests is not a technical problem that exists independently of the political order, but is always embedded in a specific institutional environment. In 1903, Tsingtao Brewery was established in the form of an Anglo-German joint venture joint-stock company, and during the German occupation period, it realized property right confirmation and market expansion relying on the colonial legal system, company system and relatively stable commercial environment. Academic studies on the colonial

governance of German-owned Qingdao, urban space construction and the development of the beer industry all point to the same conclusion: in an environment with clear property right boundaries, predictable law application and low transaction costs, capital is more likely to form long-term investment incentives, and enterprises are more likely to accumulate sustainable competitiveness.

However, after the war and occupation interrupted the original legal order in 1914, the equity, dividends and asset control rights of Tsingtao Brewery investors were not continued as they were, but were forced to enter the post-war declaration, liquidation and compensation procedures. Around 1920, the German side had incorporated the relevant stocks and payable dividends into the declaration and liquidation mechanism, and the original property right relationship was thus transformed into creditor-type loss claims that can be registered, calculated and recovered.

This shows that truly effective investment protection not only needs to clarify the right ownership in advance through clear applicable law, company law and commercial rules, but also needs to maintain the continuity of procedural justice, right relief and loss liquidation even under extreme situations such as war, occupation and regime change. Stable and efficient economic organizations need stable and effective property right protection systems. Legal protection of stable enterprise property rights creates incentives for efficient use of resources, and law, as the core tool for property right definition, its evolution quality directly determines the improvement space of resource allocation. In other words, the historical experience revealed by the case of Tsingtao Brewery is that the stability of investors’ rights and interests ultimately depends on a rule of law order that can transcend specific power structures, and has neutrality, enforceability and anti-shock risk ability, rather than attachment to a single political force or colonial rule. The current expansion of Tsingtao Brewery in the global market is exactly the latest example of the upgrading of the property right system from “territorial protection” to “international rule

docking”, providing a typical sample for the interdisciplinary research of legal history and economic analysis.

Notes

(1) Survey on Supply and Demand of Industrial Products in Japan, Manchuria and China, Vol.1: The annual output was 200,000 cases, with 4 dozen (48 bottles) per case, equivalent to 56.16 liters. The conversion is: $200,000 \times 56.16 \div 1,000 = 11,232$ tons.

(2) List of Major Factories in North China: The maximum annual output was 130,000 cases, with 4 dozen (48 bottles) per case, equivalent to 56.16 liters, and 1.17 liters per bottle. The conversion is: $130,000 \times 56.16 = 7,300,800$ liters, $7,300,800 \div 1,000 = 7,300.800$ tons.

(3) Economic Situation of North China (Revised Edition): The annual output was 200,000 cases, with 4 dozen (48 bottles) per case, equivalent to 56.16 liters. The conversion is: $200,000 \times 56.16 \div 1,000 = 11,232$ tons.

(4) According to the Total Business Volume Statement of Tsingtao Brewery Factory from February to May 1947, the business volume in February was 123,512,000.00 yuan, March was 225,753,200.00 yuan, April was 522,976,000.00 yuan, and May was 142,810,000.00 yuan, with a total of 1,015,051,200.00 yuan. Calculated based on the tax rate of 37,500 yuan per dozen of Tsingtao beer recorded in the first phase of 1947 Tax Schedule of Foreign Beer and Beverages, the output in February was about 2,530 tons, March was about 4,623 tons, April was about 10,710 tons, and May was about 2,925 tons. Calculation process: Business volume $\div$ (Price per dozen of beer $\times$ 2) $\times$ 24 bottles $\times$ 0.64 (specification: 640 ml) $\div$ 1,000 = the corresponding tonnage.

(5) Letter on Inspection of Empty Bottles Entering the Factory and Production and Sales Certificates: Number of dozen of beer $\times$ 12 bottles $\times$ 640 ml/bottle $\div$ 1,000,000 (The density of beer is approximately the same as water, 1 cubic meter = 1,000,000 ml).

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