

THE GATEWAY TO GLOBAL CHINA: HONG KONG AND THE FUTURE OF CHINESE LAW FIRMS

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ABSTRACT

China's rapid rise as a global power in the early twenty-first century has significant economic and political consequences to markets and legal systems across the world, particularly in Asia. Focusing on the rapid growth of Chinese law firms in Hong Kong in recent years, this article examines how a contested gateway for the globalization of Chinese law is being constructed through China's outbound investments, the overseas expansion of Chinese law firms, and the mobility of lawyers between Western and Chinese firms. Based on empirical analyses of the career profiles of all partners in a sample of sixteen Chinese law offices and their associated local law firms in Hong Kong as of May 2018, as well as archival data on partner moves to and from Chinese law firms during 2009-2018, this study captures the dynamics of a critical moment for both Hong Kong and the future of Chinese law firms.

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INTRODUCTION

The rise of “global China” is shaking the international legal order on multiple fronts in the early twenty-first century. While globalization is retreating or under attack in many parts of the world, China has emerged as its newest and most powerful advocate. The Belt and Road Initiative (“BRI”) launched in the mid-2010s aims to expand China’s economic influence on adjacent Asian and Eurasian countries as well as other regions of the globe.¹ Its state-owned and private enterprises—many of which are publicly listed in Shanghai, Hong Kong, and New York—are investing billions of dollars outbound in technology, finance, energy, entertainment, and other industries. Following client needs and favorable government policies, Chinese corporate law firms have set up more than a hundred overseas offices across the world, not only in global cities such as London, New York, and Tokyo but also in emerging markets such as Brazil, Mexico, Poland, Thailand, and Turkey.² Chinese lawyers and law firms have become increasingly influential actors in cross-border transactions and commercial dispute resolution.³

How to make sense of the emerging global influence of Chinese law? Although we are only witnessing the beginning of global China, legal scholars and social scientists have already proposed a variety of theoretical arguments on whether and to what extent Chinese capital and institutions are different from their Western counterparts. Ching Kwan Lee, for instance, argues in her book *The Specter of Global China* that China is neither an imperialist hegemon nor an egalitarian partner of win-win development.⁴ Using the case of copper and construction industries in

¹ See Weifeng Zhou & Mario Esteban, *Beyond Balancing: China’s Approach Towards the Belt and Road Initiative*, 27 J. CONTEMP. CHINA 487, 487 (2018); Min Ye, *Fragmentation and Mobilization: Domestic Politics of the Belt and Road in China*, 27 J. CONTEMP. CHINA 696, 696–97 (2019).

² Sida Liu & Hongqi Wu, *The Ecology of Organizational Growth: Chinese Law Firms in the Age of Globalization*, 122 AM. J. SOC. 798, 809–10 (2016); see also Jing Li, *All Roads Lead to Rome: Internationalization Strategies of Chinese Law Firms*, 6 J. PROF. & ORG. 156, 162 (2019).

³ Gregory Shaffer & Henry S. Gao, *China’s Rise: How it Took on the US at the WTO*, 1 U. ILL. L. REV. 115, 118 (2018); Sida Liu & David B. Wilkins, *The Chinese Legal Profession in the Age of Globalization: The Rise of the Corporate Legal Sector and Its Impact on Lawyers and Society* (forthcoming).

⁴ CHING KWAN LEE, *THE SPECTER OF GLOBAL CHINA: POLITICS, LABOR, AND FOREIGN INVESTMENT IN AFRICA* 152–54 (2017).

Zambia, she demonstrates that Chinese state capital has its peculiar logic of accumulation, labor regimes, and management ethos, which is distinctive from the global private capital in advanced economies. In the field of Chinese law, Matthew S. Erie recently coined the term “new legal hubs” to describe the “one-stop shops” for cross-border commercial dispute resolution that China is building to facilitate BRI investments in places like Dubai, Lahore, Singapore, etc.⁵ These new legal hubs, though still in an early stage of development, have the potential of exercising influence on the legal systems of developing countries in the future. A common question across these emerging studies is whether and to what extent Chinese capital and institutions are different from their Western counterparts in transnational legal and social processes.

In this article, we adopt a spatial approach to law and globalization and ask two related questions. First, how are Chinese capital and institutions transforming the global spaces of law? Second, what roles do Chinese lawyers and law firms play in this process? The global spaces that we refer to here include both *geographic spaces* (global cities, financial districts, etc.) in which legal actors and institutions are physically located and *social spaces* (transnational legal orders, legal services markets, etc.) in which those actors and institutions emerge, move around, and interact with one another.⁶ Corporate lawyers and global law firms often concentrate in conspicuous geographic locations (e.g., Wall Street in New York or Central in Hong Kong), where they compete and collaborate to produce the shape of their social spaces, such as the field of international arbitration or the ecology of law firms.⁷ These spaces and interactions are key to understanding the globalization of Chinese law and, more generally, the meanings and implications of global China.

For the globalization of Chinese law, there is no space as important as Hong Kong. A mature global financial center, Hong Kong is a Special Administrative Region under the sovereignty of the People's

⁵ See generally Matthew S. Erie, *The New Legal Hubs: The Emergent Landscape of International Commercial Dispute Resolution*, 59 VA. J. INT'L L. 1, 1 (forthcoming) [<https://perma.cc/2GPE-HARR>].

⁶ ROBERT E. PARK ET AL., *THE CITY: SUGGESTIONS FOR THE INVESTIGATION OF HUMAN BEHAVIOR IN THE URBAN ENVIRONMENT* 1 (1967); SASKIA SASSEN, *THE GLOBAL CITY: NEW YORK, LONDON, TOKYO* 19 (1991); Sida Liu & Mustafa Emirbayer, *Field and Ecology*, 34 SOC. THEORY 62, 63 (2016).

⁷ YVES DEZALAY & BRYANT GARTH, *DEALING IN VIRTUE: INTERNATIONAL COMMERCIAL ARBITRATION AND THE CONSTRUCTION OF A TRANSNATIONAL LEGAL ORDER* 18–29 (1996); Sida Liu & Hongqi Wu, *supra* note 2, at 825–26.

Republic of China (“PRC”) since its 1997 handover from the United Kingdom. This makes Hong Kong a unique and irreplaceable gateway to global China, not only for the flow of capital but also for the diffusion of professional services, especially lawyers and law firms. While most other global spaces of Chinese law are still in the making, such as the new legal hubs along the BRI map⁸ and frontier markets for Chinese investments in Africa or Southeast Asia, Hong Kong has already played a dominant role for the export of Chinese capital and legal institutions in the past two decades. Since the mid-2010s, it has also become a hotspot for Chinese law firms to open branch offices and form associations with Hong Kong law firms.

This article uses the case of Chinese law offices in Hong Kong to demonstrate how a global space of Chinese law is being constructed in East Asia’s primary financial center and arguably the most critical gateway to both mainland China and global China. Our analysis in the following pages discusses the various paths that Chinese law firms have taken to expand overseas and examines the history, current status, and future prospect of Chinese law offices in Hong Kong, focusing on the profiles and career trajectories of their partners. Part I provides a general overview of China’s rise as a global economic and political power in the early twenty-first century and the critical role of Hong Kong in this process. Part II traces the overseas expansion of Chinese law firms since the 1990s and discusses the different models that law firms have adopted in their globalization. Part III examines the large-scale entrance of Chinese law firms into Hong Kong in recent years and how they make various types of associations with local law firms. Part IV analyzes the career trajectories of law firm partners who moved to or from Chinese law offices in Hong Kong. Part V concludes the article by contemplating on the future of Chinese law firms in Hong Kong and discussing its theoretical and policy implications for the study of Chinese law and international law.

I. HONG KONG’S ROLE IN CHINA’S RISE AS A GLOBAL POWER

The rise of China as a global power in the twenty-first century should come as no surprise to anyone following the *longue durée* patterns of world history, yet much of the world is still unprepared for the speed

⁸ Erie, *supra* note 5, at 24–25.

and magnitude of this development. After a quarter century of rapid GDP growth since the 1990s, China is now the world's second largest economy and is poised to surpass the United States as the largest in the near future.⁹ Xi Jinping's leadership since 2013 has brought notable changes to China's economic and foreign policies.¹⁰ Most importantly, Xi adjusted the "hiding the strength, biding the time" (*taoguang yanghui*) strategy prescribed by Deng Xiaoping in the early 1990s and adopted a more aggressive approach in asserting its power internationally. In the mid-2010s, China substantially increased its investments in Europe and the Americas, while maintaining its economic clout in Africa and the Asia-Pacific region.¹¹ Currently, the Chinese government is playing an increasingly active role in international affairs such as the Paris Agreement on climate change, the New Development Bank of the BRICS countries (i.e., Brazil, Russia, India, China, and South Africa), and the Forum on China-Africa Cooperation, to name a few.

Yet no project has caught more attention than the Belt and Road Initiative ("BRI"), a \$1 trillion investment initiative across Asia, Eurasia, Africa, and beyond.¹² The BRI has alarmed many Western observers, who view it as China's version of the Marshall Plan, with the ultimate aim to assert Chinese hegemony in the world. However, Yuen Yuen Ang argues that it is perhaps more appropriate to perceive this massive initiative as a vague campaign-style vision rather than a finely orchestrated plan.¹³ The implementation of the BRI in concrete projects has varied greatly from country to country and from project to project, with mixed success and failure. While the China-Pakistan Economic Corridor ("CPEC") is seeking to connect Xinjiang in western China with Gwadar Port in the Indian Ocean through a complex of railways and roadways,¹⁴ Chinese investments have encountered compromises and resistance elsewhere.

⁹ Paul Davidson, *China, India Close Gap with U.S. as World's Top Economy*, USA TODAY (Jan. 11, 2019) [https://perma.cc/CD9E-UAZM].

¹⁰ See generally CARL MINZER, *THE END OF AN ERA: HOW CHINA'S AUTHORITARIAN REVIVAL IS UNDERMINING ITS RISE* (2018); ELIZABETH C. ECONOMY, *THE THIRD REVOLUTION: XI JINPING AND THE NEW CHINESE STATE* 5 (2018).

¹¹ FROM WORLD FACTORY TO GLOBAL INVESTOR: A MULTI-PERSPECTIVE ANALYSIS ON CHINA'S OUTWARD DIRECT INVESTMENT 7–22 (Xuedong Ding & Chen Meng eds., 2017).

¹² Weifang Zhou & Mario Esteban, *supra* note 1, at 488; Min Ye, , *supra* note 1, at 707.

¹³ Yuen Yuen Ang, *China's Belt and Road is a Campaign, Not a Conspiracy*, BLOOMBERG, (Sept. 27, 2018), <https://www.bloomberg.com/opinion/articles/2018-09-27/china-s-belt-and-road-initiative-is-a-campaign-not-a-conspiracy> [https://perma.cc/2D9X-5VCK].

¹⁴ See the official website of CPEC, <http://cpec.gov.pk/> (last visited Feb. 1, 2020) [https://perma.cc/W5LJ-43F9].

Malaysia, for example, put two major BRI projects on hold in April 2018 due to corruption and fiscal mismanagement and only resumed them a year later after China agreed to some major adjustments, including reducing the price tag by about a third.¹⁵ Even in Pakistan—China’s “iron brother” for decades—controversy over the BRI’s debt trap for the country has risen since the election of a new Prime Minister in July 2018.¹⁶ The BRI’s grand vision, in other words, has proved more difficult to convert into tangible economic growth in hosting states than what the Chinese state’s domestic projects and fiscal stimuli have done for the Chinese economy in the past.

The excitement and controversy generated by the BRI, the “Made in 2025” plan,¹⁷ and other components of China’s global ambition have overshadowed a critically important location for the globalization of Chinese capital and institutions: Hong Kong. As Yasheng Huang pointed out a decade ago, since the 1997 handover, Hong Kong has served as a key site through which Chinese state-owned enterprises (“SOEs”) and private companies go international.¹⁸ Hundreds of Chinese business corporations have been publicly listed in the Hong Kong Stock Exchange (“HKSE”) and have raised more than \$300 billion in equity,¹⁹ while many are using Hong Kong as a gateway to channel their overseas investments. Lenovo, one of the first Chinese technology companies that gained global recognition, was incorporated in Hong Kong in 1988 and then publicly listed in the HKSE in 1994.²⁰ Since the 1997 handover of Hong Kong’s sovereignty from the United Kingdom to the PRC, waves of Chinese

¹⁵ Amanda Erickson, *Malaysia Cancels Two Big Chinese Projects, Fearing They Will Bankrupt the Country*, WASH. POST (Aug. 21, 2018) [<https://perma.cc/S7CX-XMDV>]; Prashanth Parameswaran, *Malaysia’s Evolving Approach to China’s Belt and Road Initiative*, THE DIPLOMAT (Apr. 23, 2019), <https://thediplomat.com/2019/04/malaysias-evolving-approach-to-chinas-belt-and-road-initiative/> [<https://perma.cc/V7HL-LNSS>].

¹⁶ Drazen Jorgic, *Fearing Debt Trap, Pakistan Rethinks Chinese ‘Silk Road’ Projects*, REUTERS (Sept. 30, 2018), <https://www.reuters.com/article/us-pakistan-silkroad-railway-insight/fearing-debt-trap-pakistan-rethinks-chinese-silk-road-projects-idUSKCN1MA028> [<https://perma.cc/YD64-XAN9>].

¹⁷ James McBride & Andrew Chatzky, *Is ‘Made in China 2025’ a Threat to Global Trade?*, COUNCIL ON FOREIGN REL. (May 13, 2019), <https://www.cfr.org/background/made-china-2025-threat-global-trade> [<https://perma.cc/B2V3-4KPA>] (detailing how the “Made in 2025” plan is a policy initiative aimed at upgrading the manufacturing capacities of Chinese industries and expanding China’s high-tech sectors).

¹⁸ YASHENG HUANG, CAPITALISM WITH CHINESE CHARACTERISTICS: ENTREPRENEURSHIP AND THE STATE 5 (2008).

¹⁹ Natasha Khan & Yasufumi Saito, *All About the Money: Why Hong Kong Matters So Much to China*, WALL ST. J. (Oct. 22, 2019), <https://www.wsj.com/articles/all-about-the-money-why-hong-kong-matters-so-much-to-china-11571736607> [<https://perma.cc/RX2C-3GCX>].

²⁰ HUANG, *supra* note 18, at 3.

companies have followed the path of Lenovo. By the mid-2010s, approximately 60% of all Chinese outbound investments landed in Hong Kong.²¹ In other words, Hong Kong has served as a primary channel through which Chinese capital flows abroad. Once a city regarded as foreign capital's gateway to mainland China, now Hong Kong has also become a gateway for China's global expansion.

But Hong Kong's transition into this two-way gateway has not been a smooth one. Accompanying the massive inflow of Chinese capital is Beijing's rising influence in Hong Kong's political and legal affairs, which has led to strong resistance from local citizens and legal professionals alike. For example, the Umbrella Movement in 2014, which occupied the financial district Central for seventy-nine days, was a prominent display of the public discontent toward the Chinese government's undermining of Hong Kong's democracy and the rule of law.²² Further, the massive anti-extradition bill protests in 2019, which drew over a million local residents into the streets and turned into increasing animosity and violence toward mainland Chinese businesses and migrants, also demonstrated the deep concerns of Hong Kong people over the uncertainty of the political and economic future of their city.²³

However, the tide of political resistance runs deeper than a few conspicuous social movements. It permeates the two branches of the Hong Kong legal profession. Since the 1997 handover, many Hong Kong barristers and solicitors have run for political elections and some prominent barristers founded the pro-democracy Civic Party in 2006.²⁴

²¹ *Report on Development of China's Outward Investment and Economic Cooperation*, CHINA MINISTRY OF COMMERCE (2016), <https://www.yidaiyilu.gov.cn/wcm.files/upload/CMSydlgw/201705/201705240923004.pdf>.

²² Man Yee Karen Lee, *Beyond the 'Professional Project': The Political Positioning of Hong Kong Lawyers*, 50 INT'L J.L., CRIME, & JUST., 1, 7 (2017); Sida Liu et. al., *Law as a Sword, Law as a Shield: Politically Liberal Lawyers and the Rule of Law in China*, CHINA PERSP. 65, 70 (2019); see generally Poll, H.K.U., *Categorical Ethnic Identity (per poll)* (Aug. 1997 – Dec. 2018), HKU POP SITE (Feb. 27, 2019, 10:30PM), https://www.hkpop.hku.hk/english/popexpress/ethnic/eidentity/poll/eid_poll_chart.html [<https://perma.cc/C2LT-LS2N>] (indicating that over the past fifteen years self-identification of "Chinese" has dropped and ethnicities to do with "Hong Konger" have increased).

²³ Tony Cheung, *What Is Behind Hong Kong's Anti-Extradition Protests?*, S. CHINA MORNING POST, (June 13, 2019) <https://www.scmp.com/news/hong-kong/politics/article/3014261/what-behind-hong-kongs-anti-extradition-protests> [<https://perma.cc/S2D6-QK2L>].

²⁴ Waikung Tam, *Political Transition and the Rise of Cause Lawyering: The Case of Hong Kong*, 35 L. & SOC. INQUIRY 663, 676–78 (2010); Man Yee Karen Lee, *supra* note 22, at 5; Ching-Fang Hsu, *Taiwan and Hong Kong: Localisation and Politicisation*, in LAW IN 21ST CENTURY SOCIETIES: VOL. 1 NAT'L REP., 801, 801–02 (Richard L. Abel & Ole Hammersley eds., 2020).

Many lawyers volunteered to defend the students and activists who participated in the Umbrella Movement, the oath-taking controversy in 2016,²⁵ the anti-extradition bill protests in 2019, and other political events. Both the Bar Association and the Law Society have actively supported pro-democracy movements against China's authoritarian influence on Hong Kong's judicial independence and the rule of law.²⁶ During the 2019 anti-extradition bill protests, for example, thousands of legal professionals in Hong Kong, including two former Bar Association chairmen, marched in silence on June 6 to call for the withdrawal of the bill.²⁷

Generally speaking, solicitors in Hong Kong law firms are less politically active or vocal than barristers in chambers. Many are caught between their liberal political orientation and the heavy reliance on business and clients from mainland China. Professional service firms including investment banks, law firms, and accounting firms are major facilitators in foreign investments, capital markets, and other cross-border transactions.²⁸ In recent years, the flow of Chinese capital into and through Hong Kong has generated abundant legal work for corporate lawyers in the city.. Traditionally, high-end transactional work has been monopolized by elite Anglo-American law firms such as the Magic Circle firms from London and the Wall Street firms from New York.²⁹ Major local firms in Hong Kong also undertake sizable proportions of China-related business. Until the global financial crisis in 2008, law firms from mainland China mostly handled the parts of these cross-border transactions concerning PRC law and collaborated with local and global law firms in Hong Kong for the parts concerning Hong Kong law, English law, or New York law.³⁰ However, this traditional division of labor is currently undergoing a major

²⁵ Eddie Lee et al., *Courting Controversy in Hong Kong over the Legislative Council Oath-Taking Fiasco*, S. CHINA MORNING POST (Nov. 4, 2016), <https://www.scmp.com/news/hong-kong/politics/article/2042822/courting-controversy-hong-kong-over-legislative-council-oath> [https://perma.cc/MP34-QKER].

²⁶ Liu et al., *supra*, note 22, at 71.

²⁷ Alvin Lum & Sum Lok-kei, 'Record 3,000' Hong Kong Lawyers in Silent March against Controversial Extradition Bill, S. CHINA MORNING POST (June 7, 2019) <https://www.scmp.com/news/hong-kong/politics/article/3013461/thousands-hong-kong-lawyers-launch-silent-march-against> [https://perma.cc/5S29-KY4K].

²⁸ Mehdi Boussebaa & James R. Faulconbridge, *Professional Service Firms as Agents of Economic Globalization: A Political Perspective*, 6 J. PROFS. & ORGS. 72, 72–73 (2019).

²⁹ John Flood, *Lawyers as Sanctifiers: The Role of Elite Law Firms in International Business Transactions*, 14 IND. J. GLOB. LEGAL STUD. 35, 50 (2007).

³⁰ Sida Liu, *Globalization as Boundary-Blurring: International and Local Law Firms in China's Corporate Law Market*, 42 L. & SOC'Y REV. 771, 772–73 (2008).

shift, as Chinese corporate law firms launched a strong wave of overseas expansion in the 2010s.

II. CHINESE LAW FIRMS GOING ABROAD

The globalization of Chinese law firms is a twenty-first century phenomenon. Although the pioneering Chinese corporate law firm Jun He had already opened a small office in New York as early as 1993, only four years after it was founded in Beijing in 1989, the first major wave of international expansion did not occur until the mid-2000s.³¹ Not surprisingly, major global cities like New York, Tokyo, Paris, and Hong Kong became the initial targets of Chinese law firms. By 2008, when the global financial crisis struck, Jun He, King & Wood, and DeHeng had set up offices in New York; King & Wood and Zhong Lun in Tokyo; DeHeng in Paris; and Jun He and Grandall in Hong Kong.³² Most of these offices were small outposts with only one or two partners and few associates.³³ Some even shared spaces with local law firms to save office expenses.³⁴ To a large extent, the overseas offices served the symbolic function of showing clients and other firms that Chinese corporate law firms had international coverage and future ambition.

The 2008 global financial crisis was a critical turning point because it not only curbed the rising flow of foreign investments into China, but also changed the direction of capital flow. The outbound investments of Chinese SOEs and private companies skyrocketed in the next decade, until the Chinese government started to rein in the outflow of capital in 2017.³⁵ Not surprisingly, Chinese law firms followed their clients abroad, just like US law firms did in the 1970s–1980s when many large US corporations went global.³⁶ From 2009 to 2018, the global footprint of Chinese law firms had been greatly expanded to not only major global cities like Berlin, London, Los Angeles, and Singapore but also less conspicuous cities like Bangkok, Detroit, Istanbul, Mexico City,

³¹ Sida Liu & Hongqi Wu, *supra* note 2, at 808.

³² *Id.* at 809.

³³ *Id.* at 810.

³⁴ *Id.*

³⁵ Emily Feng, *China Tightens Rules on State Groups' Foreign Investments*, FIN. TIMES (Aug. 3, 2017), <https://www.ft.com/content/3251987c-7806-11e7-90c0-90a9d1bc9691> [https://perma.cc/G3VR-EJX4].

³⁶ Sigrid Quack, *Recombining National Variety: Internationalisation Strategies of American and European Law Firms*, 5 J. STRATEGY MGMT. 154, 160 (2012).

Sao Paolo, Seattle, Warsaw, and so on.³⁷ To this date, most of those offices remain small outposts with a variety of office-sharing or alliance arrangements with local firms.³⁸

However, a few Chinese law firms have larger ambitions in their global expansion than small outposts abroad. In March 2012, King & Wood, one of the most elite “Red Circle” law firms in China,³⁹ merged with Mallesons Stephen Jaques, a large Australian law firm.⁴⁰ At the time of this merger, King & Wood had approximately a thousand lawyers in eleven offices in mainland China, as well as offices in Hong Kong, New York, Silicon Valley, and Tokyo.⁴¹ The merger was officially called a “strategic alliance” and followed the Swiss *verein* structure to comply with the Chinese government’s restrictions on foreign law firms in mainland China.⁴² Sharing the new brand King & Wood Mallesons (“KWM”), the two firms remained financially independent and King & Wood kept its Chinese brand and organizational structure within mainland China.⁴³ The only place where the offices of the two firms fully merged into one partnership was Hong Kong, which became the headquarters of the new multinational law firm KWM, with about 1,800 lawyers in total, mostly in the Asia-Pacific region.⁴⁴

³⁷ Jing Li, *supra* note 2, at 162; Sida Liu & Hongqi Wu, *supra* note 2, at 809–10.

³⁸ Jing Li, *supra* note 2, at 163.

³⁹ See generally Jingqi Zhu et al., *Inside the “Red Circle”: The Production of China’s Corporate Legal Elite*, 7 J. PROFS. & ORGS. 87, 91 (2020).

⁴⁰ Jessica Seah, *King & Wood and Mallesons Confirm Ambitious Merger Plans*, THE AM. LAW. (Dec. 15, 2011), https://www.law.com/americanlawyer/almID/1202535701845/King_Wood_and_Mallesons_Confirm_Ambitious_Merger_Plans/ [<https://perma.cc/4RJV-5MD5>].

⁴¹ Sida Liu & Hongqi Wu, *supra* note 2, at 808–09.

⁴² Foreign law offices in mainland China are forbidden to employ licensed PRC lawyers or to engage in Chinese legal affairs, though they are permitted to provide information concerning the impact of China’s legal environment. See Regulations on the Management of Representative Offices set up by Foreign Law Firms in China (promulgated by the State Council, Dec. 19, 2001, effective date Jan. 1, 2002), at art. 15, 16. The Swiss *verein* structure that King & Wood Mallesons adopted is a form of association under Swiss law that allows its member firms to remain separate while allowing branding, information technology, and other core functions to be shared between them. See Megan E. Vetula, *From the Big Four to Big Law: The Swiss Verein and the Global Law Firm*, 22 GEO. J. LEGAL ETHICS 22 1177, 1180–82 (2009).

⁴³ The Chinese brand of King & Wood Mallesons has remained 金杜 (the Chinese original for “King & Wood”) to this date. See the Chinese language version of the firm’s official website: <https://www.kwm.com/zh/cn> [<https://perma.cc/DC2W-5A7N>].

⁴⁴ Seah, *supra* note 40; Jennifer Smith, *Shake-Up Hits Newly Joined Sino-Aussie Law Firm*, WALL ST. J. (May 24, 2013), <https://www.wsj.com/articles/SB10001424127887323336104578503451144956838> [<https://perma.cc/JZQ8-YG9F>].

Less than two years later, in November 2013, KWM merged again with SJ Berwin, a “Silver Circle” UK law firm with offices across Europe and the Middle East.⁴⁵ This merger followed the same Swiss *verein* structure, but SJ Berwin gave up its firm brand to join the KWM system as its fourth constituent partnership.⁴⁶ The total number of KWM lawyers grew to about 2,700 after the SJ Berwin merger and it was one of the largest law firms in the world.⁴⁷

While KWM’s rapid expansion generated much attention in the global legal services market, it also raised eyebrows from lawyers in other elite Chinese law firms. Many were skeptical of this aggressive strategy of internationalization. For example, Jun He, arguably a peer of King & Wood in China, decided that “there is no place like home” after its partners met to discuss whether or not to follow the KWM model.⁴⁸ A major concern for Jun He, Zhong Lun and other elite Chinese corporate law firms is that merging with only one foreign law firm would limit their future options for collaboration with other global law firms. Furthermore, Chinese law firms do not have the state-of-the-art expertise in English law or New York law, which is the gold standard in most cross-border transactions,⁴⁹ and thus a merger with a major UK or US law firm would cause its Chinese partners lose control over the new firm. Indeed, this was an important reason why King & Wood chose an Australian firm rather than a US or UK firm as the first target of its overseas expansion. Even its subsequent UK merger with SJ Berwin was based on the assumption that King & Wood would maintain its dominant position over the new alliance.⁵⁰

The honeymoon between KWM and SJ Berwin did not last for long. The managing partner of KWM Europe and the Middle East (KWM EUME, formerly SJ Berwin) stepped down in January 2016 and the firm started to restructure its seventeen practice areas into three divisions in

⁴⁵ *King & Wood Mallesons and SJ Berwin Combine to Create the First Global Law Firm Headquartered in Asia*, KING & WOOD MALLESONS: NEWS (July 31, 2013), <https://www.kwm.com/en/cn/knowledge/news/king-wood-mallesons-and-sj-berwin-combine-to-create-first-global-law-firm-headquartered-in-asia-20130731> [<https://perma.cc/27K5-8MUD>].

⁴⁶ Caroline Binham, *SJ Berwin Merges with King & Wood Mallesons in Asia Push*, FIN. TIMES (July 31, 2013), <https://www.ft.com/content/ea9ce7c6-f9d2-11e2-b8ef-00144feabdc0>.

⁴⁷ *Id.*

⁴⁸ Jessica Seah, *Jun He Decides There’s No Place Like Home*, THE AM. LAW. (June 17, 2013, 11:54 AM), <https://www.law.com/americanlawyer/almID/1202603158738/> [<https://perma.cc/F4EA-P5VB>].

⁴⁹ See Flood, *supra* note 29, at 48.

⁵⁰ Sida Liu & Hongqi Wu, *supra* note 2, at 816.

March 2016, with the goal of cutting 15% of the partners.⁵¹ Soon afterward, a number of high-billing partners departed over the summer of 2016 and the firm went into serious financial difficulty.⁵² Due to the Swiss *verein* structure, the Chinese and Australian branches of KWM were not impacted financially, yet they were unable to provide support either.⁵³ In January 2017, KWM Europe finally went into administration (i.e., became insolvent) and it was called by *The Lawyer* magazine as “the biggest ever UK law firm collapse” in the history of the English legal profession.⁵⁴ To control its damage to the KWM alliance, KWM China promptly decided to take over the remaining partners and offices of KWM EUME and sent a senior partner from Shenzhen to London to rescue the failing firm.⁵⁵ As a result, KWM EUME was merged into KWM China as one partnership.

The collapse of KWM EUME was a major setback for King & Wood’s global ambition and it also made other Chinese law firms more cautious in their overseas expansion. Yet, another firm made a bold move while the KWM crisis was looming. In November 2015, Dacheng, the largest Chinese law firm with more than four thousand lawyers and offices in every province of China, combined with Dentons, an equally large and fast-growing Anglo-American law firm.⁵⁶ The merger followed a similar Swiss *verein* structure as the KWM mergers and it created the largest law firm in the world by the total number of lawyers, expanding to 183 locations in seventy-five countries by February 2020.⁵⁷ The new firm adopted “Dentons” as its English name and “Dacheng” as its Chinese

⁵¹ Max Walters, *From Billion-Dollar Firm to Administration – What Went Wrong at KWM*, LAW SOC’Y GAZETTE (Jan. 19, 2017), <https://www.lawgazette.co.uk/practice/news-focus-from-billion-dollar-firm-to-administration—what-went-wrong-at-kwm/5059446.article> [https://perma.cc/79FK-M6JP].

⁵² Sol Dolor, *King & Wood Mallesons Partner Exits Continue*, AUSTRALASIAN LAW. (July 22, 2016), <https://www.thelawyer.com.au/news/general/king-wood-mallesons-partner-exits-continue/200309> [https://perma.cc/Z6UA-WBY4].

⁵³ Walters, *supra* note 51.

⁵⁴ Tabby Kinder, *King & Wood Mallesons LLP Shuts Down as Administrators Take Control*, THE LAW. (Jan. 17, 2017), <https://www.thelawyer.com/issues/online-january/king-wood-mallesons-llp-shuts-administrators-take-control/> [https://perma.cc/26WZ-DZY3].

⁵⁵ Anna Zhang, *KWM Sends China Partner to London as First Post-Collapse Head of European Business*, LEGAL WEEK (Aug. 2, 2017, 4:40 AM), <https://www.law.com/legal-week/sites/legalweek/2017/08/02/kwm-sends-china-partner-to-london-as-first-post-collapse-head-of-european-business/> [https://perma.cc/SN9B-QB38].

⁵⁶ Dentons, *Dentons and 大成 Formalize Combination*, DENTON NEWS (Nov. 10, 2015), <https://www.dentons.com/en/whats-different-about-dentons/connecting-you-to-talented-lawyers-around-the-globe/news/2015/november/formalize-combination> [https://perma.cc/2WJG-HLFE].

⁵⁷ Dentons, *Introducing Dentons*, DENTON NEWS, <https://www.dentons.com/en/whats-different-about-dentons/introducing-dentons> [https://perma.cc/MBT2-UP57].

name. And the Chinese characters of Dacheng were put on the firm's logo as a symbol of its partially Chinese origin.

Unlike the KWM mergers in which the Chinese firm King & Wood maintained a dominant position, Dacheng and Dentons were equal partners within a loose global network, as most of Dacheng's business and clients were in mainland China, whereas Dentons had an extensive global coverage. Underneath the seemingly unlikely combination is the fact that both firms were growing at a fanatic speed in the early 2010s and their senior partners shared similar visions regarding law firm development.⁵⁸ Furthermore, Dacheng's predominantly domestic client base turned out to be a blessing for the merger. It did not face the dilemma of other elite Chinese firms like Jun He or Zhong Lun on how to maintain collaborative relationships with multiple foreign firms in inbound foreign direct investment ("FDI") projects or cross-border transactions.

While both King & Wood and Dacheng adopted the Swiss *verein* structure, other elite Chinese law firms explored alternative models in their overseas expansion. In August 2015, Jingtian & Gongcheng formed an association with Mayer Brown JSM, the Hong Kong office of the US firm Mayer Brown and one of the largest and most prestigious law firms in Hong Kong.⁵⁹ This association followed the rules of the Law Society of Hong Kong, which requires foreign law offices to form an association with a Hong Kong law firm for at least three years before a full merger.⁶⁰ As Part III will discuss in detail, several elite Chinese law firms, including Jun He and Zhong Lun, formed such associations with smaller local firms in Hong Kong and then merged several years later. Nevertheless, the Jingtian & Gongcheng-Mayer Brown JSM association was different because it was part of a global cooperation between the two Chinese and US firms and the association provided Jingtian & Gongcheng access to Mayer Brown's vast global network beyond Hong Kong. In August 2018, Jingtian & Gongcheng decided to establish its own Hong Kong office to further strengthen its competitive advantage in overseas capital markets and concluded the three-year association with Mayer Brown without a

⁵⁸ Sida Liu & Hongqi Wu, *supra* note 2, at 799.

⁵⁹ Shangjing Li, *Mayer Brown JSM, Jingtian & Gongcheng to Form Hong Kong Alliance*, ASIAN LEGAL BUS. (July 8, 2015) [<https://perma.cc/JC9V-A3E9>].

⁶⁰ THE LAW SOCIETY OF HONG KONG, INFORMATION FOR REGISTRATION AS AN ASSOCIATION BETWEEN A HONG KONG SOLICITORS' FIRM AND A REGISTERED FOREIGN LAW FIRM 1 (2016); Ching-Fang Hsu, *supra* note 24, at 810.

merger. The two firms signed a global cooperation agreement in July 2018 and have maintained a collaborative relationship since then.⁶¹

Another notable development occurred in Shanghai in May 2015 between Baker & McKenzie, a pioneering global law firm, and FenXun Partners, a Chinese elite boutique law firm founded in Beijing in 2009 by a former partner of Jingtian & Gongcheng. Taking advantage of the China Free Trade Zone (“FTZ”) in Shanghai, Baker & McKenzie and FenXun formed a “Joint Operation Office” inside the FTZ, which legally bypassed the PRC Ministry of Justice’s long-standing restrictions on foreign law firms’ merger with Chinese law firms in mainland China.⁶² Through this joint operation office in Shanghai, FenXun became Baker & McKenzie’s de facto China branch and the firm subsequently poached several high-profile partners from other elite Chinese firms.⁶³ This joint operation has not only expanded the scope of Baker & McKenzie’s China practice to litigation—a forbidden area for a foreign law office in mainland China—but also considerably elevated FenXun’s status in the Chinese corporate bar in recent years.

As these mergers, alliances, and joint operations have made headlines in legal news, a silent shift in the targets of Chinese law firms’ overseas expansion is underway. After the rush into global cities like New York and London for symbolic purposes, some firms are redirecting their attention to Southeast and South Asia, such as Thailand, Vietnam, Cambodia, India, and Pakistan, where Chinese investments are pouring in under the umbrella of the BRI. Since the mid-2010s, the PRC Ministry of Justice and the All-China Lawyers Association (“ACLA”) have also promulgated a series of policies to cultivate a group of “cross-border legal experts” among Chinese law firms to facilitate the BRI and other outbound investment initiatives.⁶⁴ Nevertheless, few elite Chinese law firms have opened offices in key BRI locations to this date. Even Singapore, the

⁶¹ Mayer Brown JSM and Jingtian & Gongcheng Sign Global Cooperation Agreement, MAYER BROWN NEWS (July 11, 2018), <https://www.mayerbrown.com/en/news/2018/07/mayer-brown-jsm-and-jingtian-gongcheng-sign-globa> [https://perma.cc/SRM6-9GU4] [hereinafter *Global Cooperation Agreement*].

⁶² Toh Han Shih, *Baker & McKenzie and FenXun Partners Launch Joint FTZ Law Venture*, S. CHINA MORNING POST (Apr. 16, 2015, 9:20 PM), <https://www.scmp.com/business/china-business/article/1767906/baker-mckenzie-and-fenxun-partners-launch-first-joint-ftz> [https://perma.cc/R3NW-64UV].

⁶³ FenXun Partners, *FenXun Partners Bolsters Litigation Practice with a New Team of Ten*, FENXUN PARTNERS NEWS (Jan. 19, 2018), <http://www.fenxunlaw.com/page.aspx?node=20&id=345&f=en> [https://perma.cc/NHV7-RS57].

⁶⁴ Lawrence J. Liu, *The Role of PRC Lawyers and Law Firms in Chinese Outbound Initiatives*, CHINA, L. & DEV., RES. BRIEF NO. 7, July 12, 2019, at 2 [https://perma.cc/KNG6-W2AQ].

financial hub of Southeast Asia, merely has a handful of Chinese law offices, mainly through the KWM and Dentons mergers. By contrast, Hong Kong is where the action is for the globalization of Chinese law firms, with dozens of mainland firms rushing into the city and forming associations with local firms in the 2010s. The next two parts of the article examine this development with empirical data.

III. THE GROWTH OF CHINESE LAW OFFICES IN HONG KONG

The arrival of Chinese law firms in Hong Kong is a complex and challenging process, even after Hong Kong's first two decades under the PRC sovereignty since the 1997 handover from the United Kingdom. The legal profession in Hong Kong follows the English common law tradition, divided into two separate branches: barristers and solicitors.⁶⁵ The vast majority of Hong Kong lawyers were educated in common law jurisdictions such as Hong Kong, England and Wales, Australia, Canada, the United States, etc. Although both branches go through similar processes of professional education and qualification, barristers are the only law practitioners who are members of the Bar Association and work in chambers, whereas solicitors are members of the Law Society and can form partnerships. Most importantly, clients are not permitted to directly contact barristers, but must do so through a solicitor, and the rights of audience to the higher courts belong solely to barristers.

In contrast, the PRC legal system follows the civil law tradition and lawyers are a unified profession under the administration of the PRC Ministry of Justice, which has no jurisdiction over the Hong Kong legal profession. Although most Chinese law firms have become partnerships after the privatization of lawyers from the state in the 1990s, their organizational structures and business models are distinctive from the English-style law firms in Hong Kong.⁶⁶ Many Chinese law firms adopt commission fee-based systems of remuneration for their partners and the lockstep system popular in Anglo-American law firms is rarely found except in a few elite firms such as KWM and Haiwen.⁶⁷ Some large

⁶⁵ Ching-Fang Hsu, *supra* note 24, at 801.

⁶⁶ Ethan Michelson, *Lawyers, Political Embeddedness, and Institutional Continuity in China's Transition from Socialism*, 113 AM. J. SOC. 352, 367 (2007); Sida Liu, *Lawyers, State Officials and Significant Others: Symbiotic Exchange in the Chinese Legal Services Market*, 206 CHINA Q. 276, 283 (2011).

⁶⁷ Sida Liu & Hongqi Wu, *supra* note 2, at 812.

Chinese law firms (e.g., Dacheng and Yingke) are loose coalitions across mainland China with limited structural integration between offices.⁶⁸ Any merger or association between mainland Chinese and Hong Kong law firms, therefore, must overcome many legal, organizational, and cultural differences.

After the handover of Hong Kong's sovereignty to the PRC on July 1, 1997, the Basic Law became Hong Kong's constitution. Throughout the change in sovereignty, the expectation remained that Hong Kong's political and legal institutions would not change for fifty years until June 30, 2047, whereby the city continues to exist as an economic and financial hub with its judicial autonomy preserved. This sovereign transition opened new work opportunities from the 1990s onwards that provided the conditions for overseas legal professionals to practice in Hong Kong. For instance, it triggered the migration of international human rights lawyers to Hong Kong, many of whom were attracted by the local underdeveloped human rights laws and the tension surrounding the issue of human rights after China's crackdown on the 1989 Tiananmen student movement.⁶⁹

In the meantime, as the regional economy strengthened in the early twenty-first century, particularly with China's economic rise, Hong Kong liberalized its legal profession to meet market demand. The Chinese economic growth described in Part I drew many foreign lawyers intent on servicing Chinese companies exclusively accessed through Hong Kong. These lawyers were trained in a variety of jurisdictions, especially common law jurisdictions such as England and Wales, the United States, Australia, Canada, and so on. They either practiced foreign law or were admitted into the Hong Kong legal profession through different qualification schemes.⁷⁰ In 1994, the Legal Practitioners Ordinance, responsible for the regulation of foreign law practices in Hong Kong, was amended to liberalize the registration of foreign lawyers by instituting an Overseas Lawyers Qualification Examination.⁷¹ Subsequently, the number of foreign solicitors (including PRC lawyers) practicing in Hong Kong steadily grew in size from 382 lawyers in 1996 to 1,358 in 2016.⁷²

⁶⁸ *Id.* at 819.

⁶⁹ Man Yee Karen Lee, *supra* note 22, at 4; Waikeng Tam, *Political Transition and the Rise of Cause Lawyering: The Case of Hong Kong*, 35 L. & SOC. INQUIRY 663, 665 (2010).

⁷⁰ Ching-Fang Hsu, *supra* note 24, at 810–12.

⁷¹ *Standing Committee on Standards and Development*, LAW SOC'Y H.K. ANNUAL REPORT 1, 35 (1994).

⁷² See Ching-Fang Hsu, *supra* note 24, at 811.

Amidst the steady inflow of foreign law firms, Anglo-American firms dominated Hong Kong's global legal services sector in the first decade of the twenty-first century, especially the Magic Circle firms from London and elite US firms such as Davis Polk & Wardwell, Simpson Thacher & Bartlett, and Sullivan & Cromwell. Despite the high-profile moves and the surge in salaries since their arrival in Hong Kong, the dominance that Western law firms held over the market that went relatively unchallenged began to wane in the late 2000s with the 2008 global financial crisis and the concurrent rise of the Red Circle Chinese law firms described in Part II.⁷³ From 2006 to 2008, seven Chinese law firms established offices in Hong Kong, mostly in association with local law firms, which allowed those in association to jointly provide both mainland and Hong Kong legal services to meet market needs.⁷⁴ The King & Wood takeover of Mallesons Stephen Jaques to form King & Wood Mallesons in 2012 was another signal of the advancement of Chinese law firms in Hong Kong.⁷⁵ Around and closely following this merger, other elite Chinese firms like Fangda, Zhong Lun, and Jun He expanded their presence in the Hong Kong legal services market and successfully recruited local partners from elite UK or US firms. Even some regional law firms in China started to establish a presence in Hong Kong through associations with local firms.

It is important to note that this recent wave of Chinese law firms' expansion in Hong Kong is the result of a long process of integration between the Hong Kong and mainland Chinese legal practices and markets. Prior to the handover in 1997, accessing the mainland market was not a priority for Hong Kong law firms. Not until 1995 did the Law Society of Hong Kong begin efforts to build a bilingual legal system by supporting more use of the Chinese language and creating the first legal education courses in Cantonese in the world.⁷⁶ Serious investment in cross-border exchanges between Hong Kong and mainland Chinese legal services markets was only jumpstarted by a timely coupling of the handover in

⁷³ Felix Lee, *The Rise of the Chinese Law Firms in Hong Kong - The Who, Where, When and Why*, SSQ OP. (Sept. 23, 2014), <https://ssq.com/hk-en/publications/the-rise-of-the-chinese-law-firms-in-hong-kong—the-who—where—when-and-why> [<https://perma.cc/8D6X-D5BZ>].

⁷⁴ Anthony Chow, *Moving towards the Era of Greater China Law Firms*, H.K. LAW. (Aug. 2008), <http://hk-lawyer.org/tc/content/moving-towards-era-greater-china-law-firms> [<https://perma.cc/5E2M-WGK2>].

⁷⁵ Lee, *supra* note 73, at 2.

⁷⁶ Roderick B. Woo, *Presidential Report*, LAW SOC'Y H.K. ANNUAL REPORT 1, 9 (1995).

1997 and the Asian financial crisis when it reached Hong Kong in 1998.⁷⁷ Economic downturn from this major financial crisis intensified competition, to the effect of sinking some practice areas like conveyancing to wartime prices and depriving many solicitors of work.⁷⁸ It was then that the Law Society urged Hong Kong lawyers to diversify their practices by accessing the lucrative, newly opened mainland Chinese market after the handover.

As Hong Kong began to pull out of the recession, the Law Society worked with key organizational governing bodies for lawyers in the mainland⁷⁹ and accelerated its efforts to help Hong Kong lawyers access the Chinese legal services market and vice versa, particularly with the expected accession of China to the World Trade Organization.⁸⁰ From 2000 onwards, the Law Society continued to actively foster links between Hong Kong and PRC lawyers by supporting delegations between the two markets, and holding seminars by China experts to educate its members on how to enter the mainland market.⁸¹ These efforts culminated in the establishment of the Working Party on Closer Economic Partnership Arrangement (“CEPA”) in 2003. Over the years, the Law Society strived to liberalize the Hong Kong legal profession to the mainland by relaxing requirements on associations between firms and collaborations between lawyers, as well as broadening the areas of law that lawyers could practice for clients, from and across the two jurisdictions.⁸² By 2006, for instance, the minimum residency requirement for lawyers based in Hong Kong firms’ representative offices in the mainland had been removed.⁸³

The Law Society’s stated strategy for expanding market share and legal practice in the mainland had evolved into practice localization by 2011, which was effected by loosening partnership and qualification requirements between Hong Kong and Chinese law firms, allowing them to work as one partnership and implementing a new examination that

⁷⁷ See generally YU CHING JAO, *THE ASIAN FINANCIAL CRISIS AND THE ORDEAL OF HONG KONG* (2001).

⁷⁸ Anthony W.K. Chow, *Presidential Report*, LAW SOC’Y H.K. ANNUAL REPORT 1, 6 (1998).

⁷⁹ These organizations included the Hong Kong and Macau Affairs Office, All-China Lawyers Association, PRC Ministry of Justice, China Economic & Trade Arbitration Center. See *id.* at 8–10.

⁸⁰ Herbert H. K. Tsoi, *Presidential Report*, LAW SOC’Y H.K. ANNUAL REPORT 5, 7–9 (2000).

⁸¹ *Id.* at 7.

⁸² Ip Shing Hing, *Presidential Report*, LAW SOC’Y H.K. ANNUAL REPORT 8, 9–10 (2003).

⁸³ *Report of the Council*, LAW SOC’Y H.K. ANNUAL REPORT 8 (2006) [<https://perma.cc/4TLD-RF6Z>].

would allow Hong Kong solicitors to gain PRC qualifications.⁸⁴ These regulatory changes, in turn, coincided with and paved the way for the rush of Chinese law firms into Hong Kong observed in recent years. In other words, the rapid proliferation of Chinese law offices in Hong Kong and their associations with local law firms in the 2010s was the result of a long process of regulatory liberalization between Hong Kong and mainland China since the 1997 handover.

A. ORGANIZATIONAL STRATEGIES

To empirically understand the arrival of Chinese law firms in Hong Kong's legal services market, we first collected information on all registered foreign lawyers and law firms in Hong Kong from the annual reports of the Law Society of Hong Kong from 1998 to 2017. We then comparatively analyzed this data with frequency analysis to scope out the differences between PRC and non-PRC lawyers and firms. Figure 1 shows that the proportion of PRC-licensed lawyers to the total number of registered foreign lawyers remained relatively stable—around 9%—from 1998 to 2010, before steadily rising up to roughly 14% in 2014, where it stayed until 2017.⁸⁵ While this appears to be a moderate increase over two decades, the growth of Chinese presence among registered foreign law firms has been notably more drastic in the same period. As Figure 2 shows, the proportion of Chinese law firms compared to the total number of registered foreign law firms remained just under a marginal 3% from 1998 to 2004, before leaping to 14% in 2006, then gradually rising up to 20% by 2013, and finally skyrocketing to nearly 30% in 2015, where it remained until 2017.⁸⁶ Note that in both figures, registered foreign lawyers and foreign law firms do not include those firms that are already localized as Hong Kong firms or those lawyers who are licensed to practice in Hong Kong in addition to their foreign licenses. Therefore, the total numbers of PRC-licensed lawyers and Chinese law firms in Hong Kong are even higher than the two figures illustrate.

⁸⁴ Junius K.Y. Ho, *Presidential Report*, LAW SOC'Y H.K. ANNUAL REPORT 9 (2011) [<https://perma.cc/ZN9X-K98T>].

⁸⁵ See *infra* Figure 1.

⁸⁶ See *infra* Figure 2.

Figure 1. Percentage of PRC lawyers among all registered foreign lawyers in Hong Kong, 1998-2017.⁸⁷

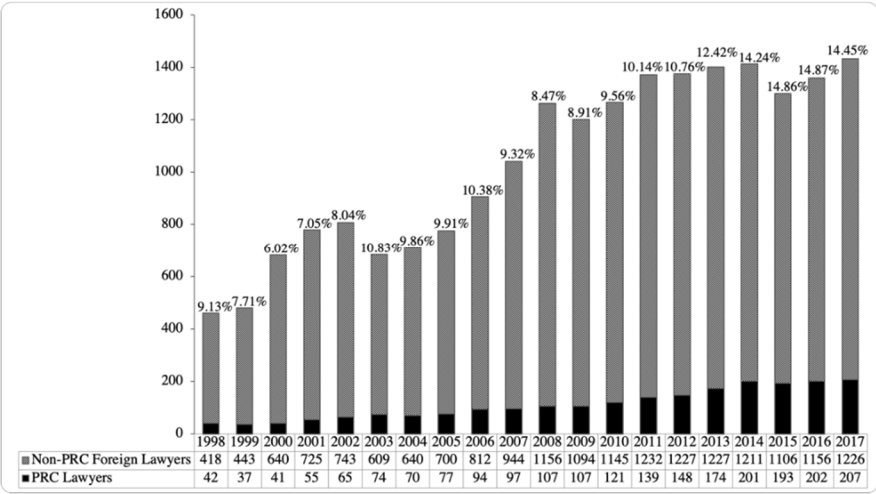
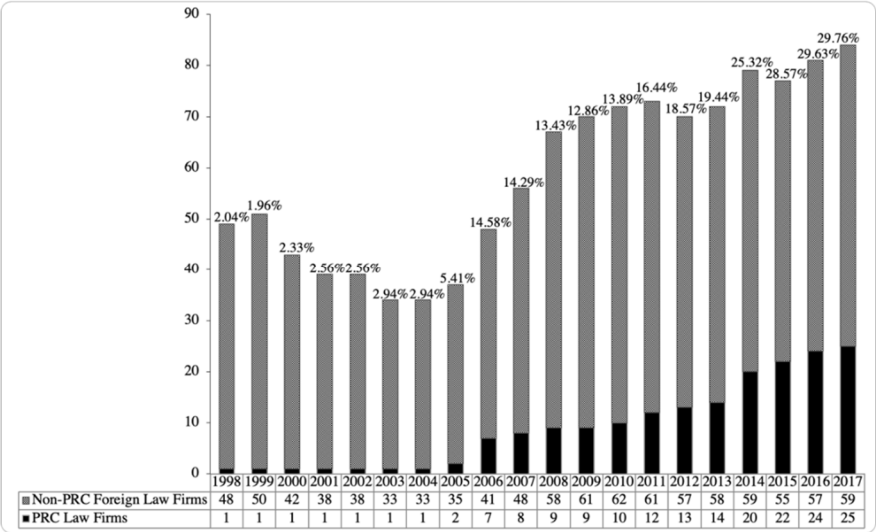


Figure 2. Percentage of PRC law firms among all registered foreign law firms in Hong Kong by year.⁸⁸



⁸⁷ Hong Kong Law Society Annual Reports, 1998–2017.

⁸⁸ Hong Kong Law Society Annual Reports, 1998–2017.

What organizational strategies did Chinese law firms adopt when they entered into the Hong Kong legal services market? We observed three models used by different firms. The first and most commonly used model was laterally hiring individual partners to set up a new local law firm for the sake of association with the Chinese law firm. Fangda, for example, expanded in Hong Kong by recruiting high-profile partners in different areas of practice, first with Peter Yuen from Freshfields Bruckhaus Deringer that established its local office in 2012, then Arnold Pang from Shearman & Sterling, among others.⁸⁹ The office was named “Peter Yuen & Associates in Association with Fangda Partners” and it has remained an association without a full merger to this date. Several other elite Chinese law firms such as Haiwen, Han Kun, and Llinks also adopted this model in their Hong Kong expansion.

The second model was to merge with established local firms. For example, Zhong Lun opened its Hong Kong office in 2010 in association with local law firm Roger Ho & Co. and then signed an agreement of association and merger in 2011 with Boughton Peterson Young Anderson, a Hong Kong law firm with Canadian origins.⁹⁰ After four years of association, the Hong Kong office of Boughton Peterson Young Anderson fully merged into Zhong Lun in 2015. Compared with the first model, this model has the advantage of acquiring the mature institutional structure of a local firm at once, yet it is also more difficult to accommodate and integrate the two firms’ distinct cultures and personnel. As a result, the Hong Kong law office that merged with the Chinese firm often maintains a higher degree of autonomy than the new firm founded through the first model.

The third model was to make strategic alliances with other foreign law firms in Hong Kong. As discussed in Part II, King & Wood Mallesons represents one of the most prominent cases. In 2012, King & Wood merged with the Australian law firm Mallesons Stephen Jaques to form the largest law firm in the Asia-Pacific region, a key turning point in Chinese law firms’ expansion into Hong Kong.⁹¹ Before the KWM

⁸⁹ Lee, *supra* note 73, at 2.

⁹⁰ *Zhong Lun Law Firm, Boughton Peterson Yang Anderson Join Hands in Legal Services*, ZHONG LUN NEWS (Jan. 12, 2011), <http://www.zhonglun.com/Content/2016/10-14/1718018485.html> [https://perma.cc/RFP4-4PKC].

⁹¹ See Jessica Seah, *King & Wood and Mallesons Confirm Ambitious Merger Plans*, THE AM. LAW. (Dec. 15, 2011), https://www.law.com/americanlawyer/almID/1202535701845/King_Wood_and_Mallesons_Confirm_Ambitious_Merger_Plans/ [https://perma.cc/X4TX-T6J4].

merger, King & Wood already merged with the local law firm Arculli Fong & Ng in 2009 after a seven-year association since 2002 following the second model.⁹² Yet the combination with Mallesons elevated its status in Hong Kong to a global law firm. Dacheng's merger with Dentons in 2015 had a similar effect—the Hong Kong office of the new firm Dentons was widely regarded as a global law firm rather than a Chinese firm.⁹³ Jingtian & Gongcheng's association with the US firm Mayer Brown's Hong Kong office Mayer Brown JSM in 2015 also followed this model, yet the three-year association ended in 2018, when Jingtian & Gongcheng decided to set up its own Hong Kong practice following the first model. In comparison with the other two models, Chinese law firms following the third model have the least control over their Hong Kong offices because they need to coordinate with a global law firm in setting up their Hong Kong presence.

B. PARTNER PROFILES

In addition to examining organizational strategies at the firm level, we conducted both quantitative and qualitative analyses on the partner profiles of a sample of Chinese law firms with offices in Hong Kong. In May 2018, when we collected our empirical data, there were five Chinese law firms with localized offices in Hong Kong, namely Dentons, Guantao & Chow, Jun He, King & Wood Mallesons, and Zhong Lun. In addition, there were twenty-six Chinese law firms registered as foreign law offices in Hong Kong, twenty-two of which were in association with local firms.

Among these thirty-one firms, we selected sixteen and classified them into three categories: (a) localized offices, including all five firms mentioned above; (b) ten offices in association with a Hong Kong law firm, including 1) AllBright in association with Stevenson, Wong & Co., 2) EY in association with LC Lawyers, 3) Fangda in association with Peter Yuen & Associates, 4) Fujian Jian Da in association with Rowland Chow,

⁹² King & Wood, *King & Wood Expanding Its Presence in Hong Kong*, KING & WOOD NEWS (July 15, 2009), <https://www.kwm.com/en/cn/knowledge/news/king-and-wood-expanding-its-presence-in-hong-kong-20090715> [<https://perma.cc/XH8P-XUHM>].

⁹³ See, e.g., the description of the Hong Kong office on the official website of Dentons: "Our Hong Kong team has a track record of assisting clients with business issues across the Asia Pacific region, including the People's Republic of China, Taiwan, Korea, Japan, the Philippines and India. Given the ease of doing business in Hong Kong and its status as an international financial hub, we have become highly skilled in working with specialist colleagues from around the world on truly cross-border transactions." About, *Our Hong Kong Office*, DENTONS, <https://hongkong.dentons.com/en/office-details/hong-kong> [<https://perma.cc/E5PC-XFU6>].

Chan, & Associates, 5) Grandall in association with Ambrose Lam & Co., 6) Haipai in association with Lims Solicitors, 7) Haiwen in association with Lu & Partners, 8) Han Kun in association with Miao & Co., 9) Llinks in association with Vivien Teu & Co., and 10) Tahota in association with Yip, Tse, & Tang; and, (c) the alliance of Jingtian & Gongcheng and Mayer Brown JSM, which was a unique China-Hong Kong-US association. All five localized firms are headquartered in Beijing. Among the ten firms in association, three are headquartered in Beijing, four in Shanghai, and three in other provinces (i.e., Fujian, Guangdong, and Sichuan).

Mayer Brown JSM was singled out as a category of its own because Mayer Brown is a major US law firm that merged with the Hong Kong law firm JSM in 2008, and then entered into an association with the elite Beijing law firm Jingtian & Gongcheng in 2015 as part of their global alliance, as discussed in Part II. In July 2018, two months after our data collection, Jingtian & Gongcheng ended the association and went on to set up its own Hong Kong office shortly afterwards.⁹⁴ Furthermore, Mayer Brown JSM was one of the largest law firms in Hong Kong and the number of its partners was already comparable to the total number of partners in each of the other two categories. Singling out Mayer Brown JSM provides a rough baseline of a major Hong Kong corporate law firm against which to measure the other two law firm categories, in order to gauge the extent to which foreign credentials and experience compared with varying levels of localized credentials and experience.

We created a dataset of all 178 partners in the Chinese law firms and their associated Hong Kong law firms within these three categories. In total, sixty partners worked in the localized offices, fifty-eight worked in the offices in association, and sixty worked in Mayer Brown JSM. We then recorded the publicly available information on each of these partners to determine the following variables: gender, education (where they obtained any of their law degrees, where and what year they obtained their most recent law degree, and other related diplomas/certifications they obtained), professional qualifications (the jurisdictions in which they are qualified to practice and the years they obtained their first and last qualifications), the year of their first job, the countries in which they worked previously, the types of organizations in which they worked previously (corporation, financial institution, government, law firm, higher education, or others), whether they have been an in-house counsel,

⁹⁴ *Global Cooperation Agreement*, supra note 61.

the title and the country of their most recent job (prior to the current one), the country or jurisdiction of their current law firm's headquarters, the year they joined the current firm, and their areas of expertise.

Frequency analyses were conducted to determine how many partners fell into the categories of every variable as a proportion of the total number of partners within each category of law firms.⁹⁵ The first variable we analyzed was gender. Corresponding with the literature on gender in the legal profession, women were generally less represented than men among all three categories of law firms.⁹⁶ In localized offices, 27% of all partners were women. In offices in association, 35% of all partners were women. In Mayer Brown JSM, 28% of all partners were women. This largely corresponds to the gender ratio among all partner solicitors in Hong Kong, which fluctuated in the range of 20-30% from 2005 to 2016.⁹⁷

We also analyzed patterns across several other variables, including where partners obtained any of their law degrees, the year of their first qualifications, the year of their most recent job before the present one, and areas of expertise. These are the key variables for understanding the professional status and career trajectories by which the lawyers in our sample obtained their current positions. In addition to the quantitative results reported below, a qualitative analysis illustrating these processes of career mobility will follow in Part IV.

For law degrees, we developed six coding categories: Hong Kong, the United States, China, the United Kingdom, other Commonwealth countries (Australia, Canada, etc.), and non-Commonwealth countries. As Figure 3 shows, across all three law firm categories the most popular jurisdictions where partners obtained law degrees were Hong Kong and the United Kingdom.⁹⁸ Mayer Brown JSM had notably higher percentages of partners with law degrees from those two jurisdictions than the other two categories. Localized offices had the largest percentage of partners with law degrees from the United States and other Commonwealth countries compared to the other two law firm categories. Another notable difference between the law firm categories was that, in localized offices and offices in association, the number of partners who obtained law degrees from mainland China rivaled or even surpassed that of the United Kingdom. In stark contrast, only one partner had a Chinese law degree in

⁹⁵ Missing data were adjusted by removing the missing cases in the analysis.

⁹⁶ Fiona Kay & Elizabeth Gorman, *Women in the Legal Profession*, 4 ANN. REV. L. SOC. SCI. 299 (2008).

⁹⁷ Ching-Fang Hsu, *supra* note 24, at 827.

⁹⁸ See *infra* Figure 3.

Mayer Brown JSM. These findings suggest that, in terms of partners' education, Chinese law firms in Hong Kong have less British colonial legacy than major local law firms like Mayer Brown JSM, and significantly more expertise in PRC law and US law.

For the jurisdictions of professional qualifications (i.e., the jurisdictions in which the partner was called to the bar and/or obtained the professional license to practice law), we developed eight categories: Hong Kong, the United Kingdom, China, the United States (New York Bar), the United States (non-New York Bar), Australia, Canada, and other jurisdictions. The New York Bar was separated from other US jurisdictions because of its dominance in the field of international business law. As Figure 4 shows, across all three law firm categories, the most popular jurisdiction was Hong Kong and the second most popular was the United Kingdom.⁹⁹ The other jurisdictions were significantly less common. Localized offices had the largest percentage of partners with PRC qualifications—at least double that of the other two law firm categories. They were also the only law firm category that had any partners with qualifications from Canada, which is a result of Zhong Lun's 2015 merger with the Hong Kong-Canadian firm Boughton Peterson Yang & Anderson. Another striking result is that Mayer Brown JSM had no partners with PRC qualifications, but had almost double the number of partners with qualifications from Australia and other jurisdictions compared to the other two law firm categories. In other words, even after three years of association with Jingtian & Gongcheng, Mayer Brown JSM remained a traditional Hong Kong firm without incorporating any PRC-qualified partner into its practice.

⁹⁹ See *infra* Figure 4.

Figure 3. The jurisdictions of law degrees obtained by partners according to three firm categories.

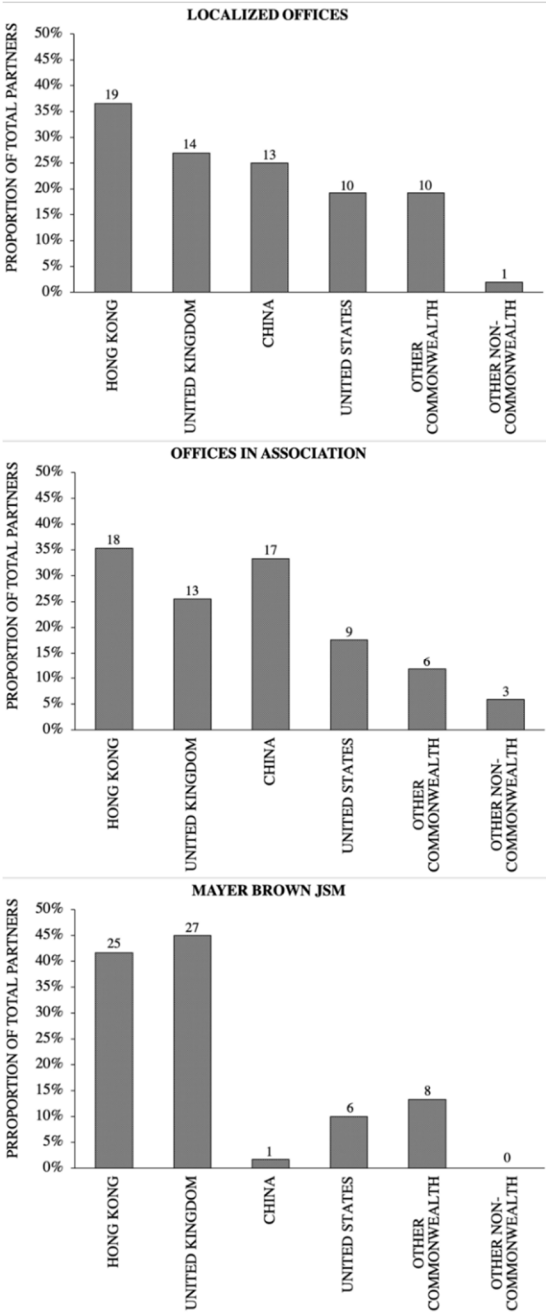
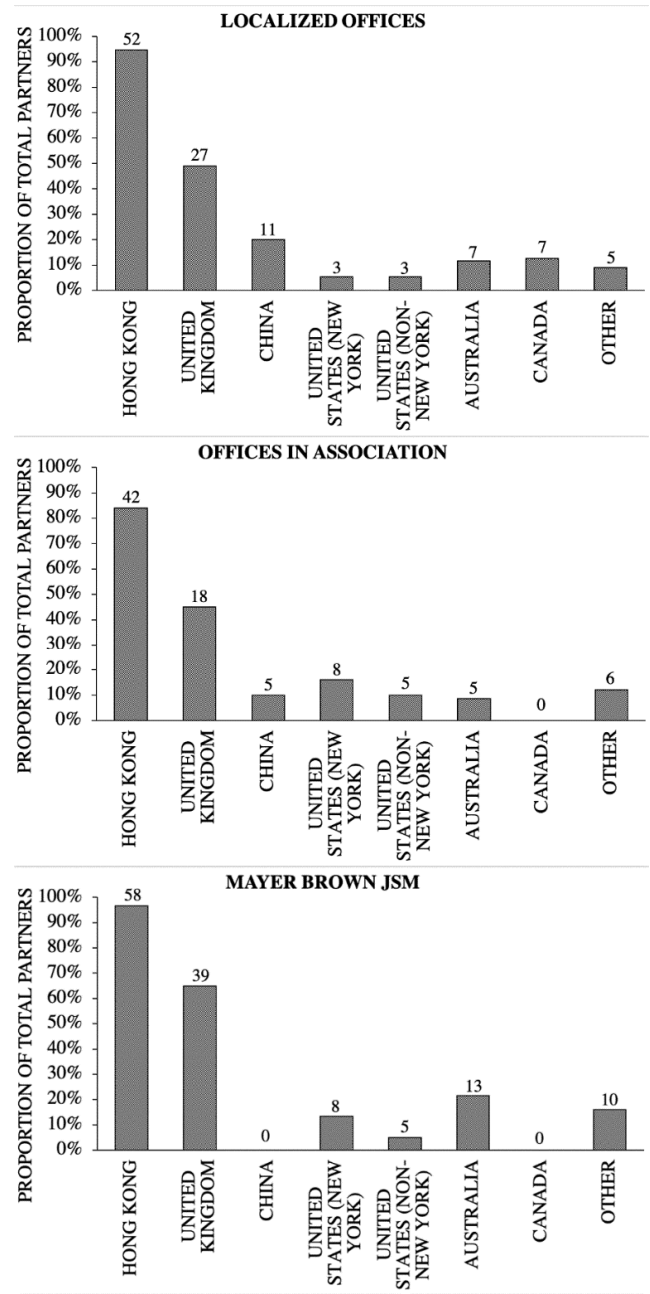


Figure 4. The jurisdictions of all qualifications obtained by partners according to three firm categories.



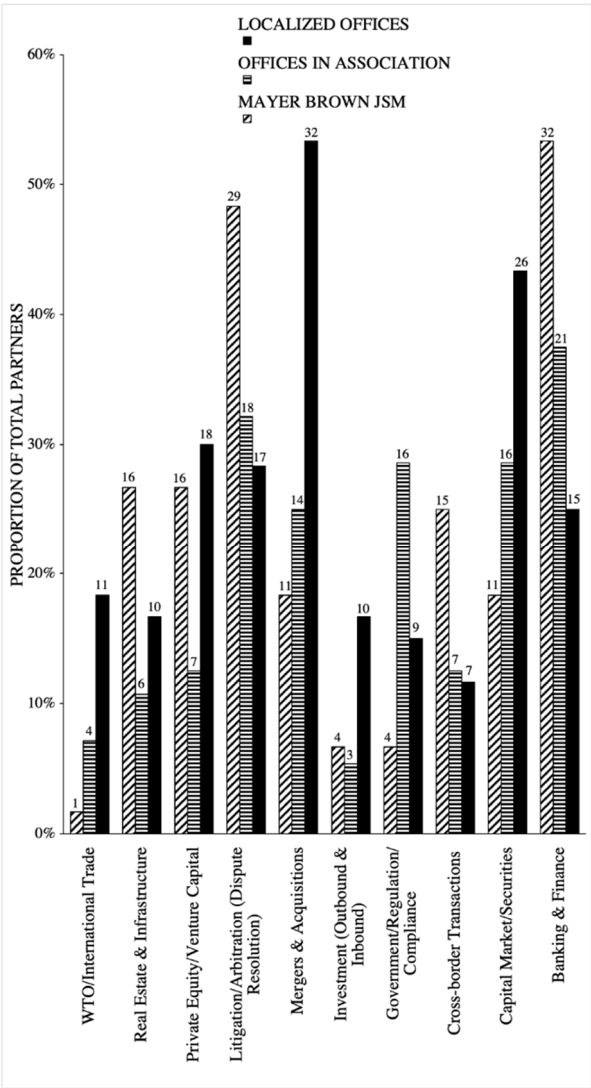
For the year of partners' first qualification and first job, we coded five categories based on decades from the 1970s until the 2010s. In particular, KWM and AllBright in association with Stevenson, Wong & Co. illustrate patterns representative of all firms in our sample. KWM had two partners obtain their first qualification in the 1980s, five in the 1990s, and four in the 2000s. AllBright in association with Stevenson, Wong & Co. had five partners obtain their first qualifications in the 1980s, five in the 1990s, and three in the 2000s. Much like these two examples, the majority of the partners in our sampled law firms obtained their first qualifications in the 1980s and 1990s, with virtually none in the 1970s and fewer towards the 2000s. Identical patterns were found for the years of partners' first job across all firms. Representative of trends among all the law firms, Mayer Brown JSM had two partners whose first jobs were in the 1970s, spiking to seven in the 1980s and six in the 1990s. Combined, patterns across two variables indicate that many of the law firm partners in our sample began their careers in the 1980s and 1990s. In contrast to the case of Beijing, where partners in elite Chinese law firms are generally younger than their Western counterparts,¹⁰⁰ there is no significant difference in terms of partners' seniority across the three categories of firms in Hong Kong.

In terms of expertise, however, there are some notable differences across the three categories. As shown in Figure 5, based on information from law firms' official websites, partners identified ten principal areas of corporate law expertise: (1) World Trade Organization ("WTO") and international trade, (2) real estate and infrastructure, (3) private equity and venture capital, (4) litigation and arbitration (dispute resolution), (5) mergers and acquisitions, (6) investment (outbound and inbound), (7) government, regulation, and compliance, (8) cross-border transactions, (9) capital market and securities, and (10) banking and finance.¹⁰¹

¹⁰⁰ Jingqi Zhu et al., *supra* note 39.

¹⁰¹ See *infra* Figure 5.

Figure 5. Areas of expertise represented among partners.



Mayer Brown JSM had considerably higher percentages of partners with expertise in real estate and infrastructure, litigation and arbitration (dispute resolution), cross-border transactions, and banking and finance, having nearly 30% to 50% more partners in each area than the other two law firm categories. By contrast, localized offices led in WTO and international trade, capital markets and securities, and most of all

mergers and acquisitions, where this category led by 50% to 66% more partners compared to the other two law firm categories. Mayer Brown JSM and localized offices roughly tied in private equity and venture capital. Offices in association lagged behind either or both of the two other categories in almost every area of expertise, leading only in government, regulation, and compliance. The variations strongly indicate that, in comparison to major local firms like Mayer Brown JSM, Chinese law firms in Hong Kong specialize more in international-oriented areas of corporate law and less in more localized areas that require expertise in Hong Kong law. In other words, rather than building a localized legal practice in Hong Kong, Chinese law firms are using Hong Kong mainly as a gateway to facilitate international trade, cross-border transactions, and capital market activities.

IV. THE MOBILITY OF LAWYERS TO AND FROM CHINESE FIRMS

Part III provided an overview of Chinese law firms in Hong Kong and the descriptive statistics detailing the composition of their partners as of May 2018. In Part IV, we proceed to examine the career trajectories of lawyers who moved to and from Chinese law offices in Hong Kong in the early twenty-first century. Studying lawyers' career mobility is not only a major topic in the sociology of the legal profession,¹⁰² but is also a useful tool for understanding the interactions between Chinese law firms and other law firms, as well as how these interactions are changing the landscape of the legal services market in Hong Kong. Our analysis in this section draws on publicly available information about the lateral mobility of law firm partners from the Law Society of Hong Kong, law firm websites, LinkedIn profiles, and other media sources. Although Sida Liu conducted preliminary interviews with law firm partners in Hong Kong in July 2018, these interviews only serve as background information and none of the interviewees are discussed in this article in order to fully protect their identities according to the ethics of social science research.

First, we collected all the partner moves to and from the six major Chinese law offices from 2009 to 2018 using the monthly reports on

¹⁰² See generally Ronit Dinovitzer & Bryant G. Garth, *Lawyer Satisfaction in the Process of Structuring Legal Careers*, 41 L. SOC. REV. 1 (2007); Bryant G. Garth & Joyce Sterling, *Exploring Inequality in the Corporate Law Firm Apprenticeship: Doing the Time, Finding the Love*, 22 GEO. J. LEGAL ETHICS 1361 (2009).

partner moves in the *Hong Kong Lawyer* magazine, the official journal of the Law Society of Hong Kong.¹⁰³ The six offices include all of the five localized firms (Dentons, Guantao & Chow, Jun He, KWM, and Zhong Lun) and Peter Yuen & Associates, which is the de facto Hong Kong office of Fangda since 2012. We did not include other Chinese law firms in association with local law firms in this analysis because the affiliations of their partners are sometimes ambiguous (e.g., listed on the websites of either or both firms).

In the ten years from 2009 to 2018, there were 118 moves in total, including ninety-six moves to Chinese law offices and twenty-two moves from Chinese law offices. In other words, the six elite Chinese law firms made a net gain of seventy-four partners in Hong Kong during the ten-year period. A majority of the partner gains were made through King & Wood's merger with Mallesons Stephen Jaques in 2012 and Zhong Lun's merger with Boughton Peterson Yang & Anderson in 2015. Meanwhile, in recent years other elite Chinese firms like Jun He, Fangda, and Han Kun also poached several high-profile partners from elite UK or US firms such as Freshfields Bruckhaus Deringer, Latham & Watkins, Sherman & Sterling, and so on. For the twenty-two partners who moved from Chinese law offices during the time period, the majority joined local Hong Kong firms and a few moved to Anglo-American firms such as O'Melveny & Myers and Stephenson Harwood. Comparatively, partner moves between Chinese law offices in Hong Kong were surprisingly rare.

Who are these lawyers? How and why did they move to or from Chinese law offices in Hong Kong? The *Hong Kong Lawyer* data only provides a bird's-eye view of lawyer mobility to Chinese law firms. The second step in our analysis is to closely examine the career profiles of the individual partners who joined a Chinese law firm during this ten-year period. Our qualitative analysis of their profiles suggests three parallel social processes that structure lawyers' career trajectories: (1) *elite circulation*; (2) *gradual scaling*; and (3) *native mobility*. For each process, we use the career trajectories of two or three partners as examples to illustrate these mobility patterns.

¹⁰³ See HONG KONG LAWYER, <http://www.hk-lawyer.org/journal> [<https://perma.cc/HS5V-DBBT>] (follow "Table of Contents" down to "Professional Moves").

A. ELITE CIRCULATION

For *elite circulation*, law firm partners' professional career trajectories consisted of circulating within the top-tier local or global law firms, where they would typically remain for extended periods of time, with little mobility to or from firms beyond this elite circle. The prestige that stabilized these partners' legal careers and insulated their mobility within top law firms drew from different social bases, including not only law firm experiences but also elite education and other experiences prior to law practice.

There were different patterns through which partners leveraged elite status and prestige in their career trajectories to reach their positions in elite Chinese law firms. In this section, we analyze the trajectories of three partners who joined a Chinese law office in Hong Kong in the 2000s, early 2010s, and late 2010s as examples to illustrate the process of elite circulation in three periods of Chinese law firms' expansion in Hong Kong.

In the 2000s, the small number of pioneering Chinese law firms in Hong Kong mainly recruited PRC-trained lawyers to set up their Hong Kong offices. A good example of elite circulation in this early period is Mr. Wang Xiao Jun, a partner at Jun He until his retirement from the firm in 2019.¹⁰⁴ Mr. Wang obtained his bachelor's degree in law ("LLB") from Renmin University of China in 1983, the very first cohort of law graduates at Renmin after the Cultural Revolution, and then his master's degree in law from the Chinese Academy of Social Sciences in 1986. After practicing in a Beijing law firm from 1986–1988, and then working as a Chinese legal consultant for an English firm in London, Mr. Wang obtained the Postgraduate Certificate in Laws ("PCLL") in 1992 and became the first PRC lawyer to qualify to practice law in Hong Kong.

For nearly a decade after moving to Hong Kong in 1991, Mr. Wang leveraged his expertise in PRC law, such as mergers and acquisitions in mainland China, to gain membership into and advise prominent investment banks and financial services corporations in Hong Kong, including the Hong Kong Stock Exchange. In 2001, Mr. Wang established his own law firm, X.J. Wang & Company, which was associated with Jun He in 2005, before merging later to become Jun He's Hong Kong office. Mr. Wang was among the first to shape and build a

¹⁰⁴ *Xiao Jun Wang*, ASIA L., <https://www.asialaw.com/lawyers/junhe/wang-xiao-jun/beaa8849> [<https://perma.cc/LZ7U-Y4YY>].

Chinese law office locally, arguably a pioneering elite among Chinese law firm partners in Hong Kong.

In the early 2010s, the recruitment targets for Chinese law firms began to shift to Hong Kong lawyers with elite education and work experience. A prominent example of elite circulation in this period is Mr. Peter Yuen, now a partner at Fangda's Hong Kong office, which has been associated with Peter Yuen & Associates since 2012.¹⁰⁵ Mr. Yuen obtained his BA and MA degrees in chemistry from the prestigious Worcester College at Oxford University, after which he obtained a MS degree in bioorganic synthetic chemistry from Cornell University and then a Common Professional Examination ("CPE"; a law conversion course for non-law graduates) with distinction from the Guildford College of Law in England.

After obtaining his CPE in England, Mr. Yuen started his career in law at the Hong Kong office of Freshfields Bruckhaus Deringer, a Magic Circle law firm, from 1996 to 2012 and was promoted to partner in 2007. At Freshfields, he was responsible for the firm's China-related dispute resolution practice, which provided him many opportunities to work with some of the most elite Chinese corporate law firms, including Fangda. In 2012, he left Freshfields to establish Peter Yuen & Associates, which soon entered into an association with Fangda and became Fangda's de facto Hong Kong office. Mr. Yuen was one of the first high-profile partners who moved from a Magic Circle UK firm to a Red Circle Chinese firm in Hong Kong.¹⁰⁶ His move further facilitated the business cooperation between Freshfields and Fangda in later years as he served as a key bridge between the two elite law firms.

If Mr. Yuen's move to Fangda represented a shift of Chinese law firms' recruitment targets from associates to partners in elite Anglo-American law firms, then Ms. Elaine Lo's move from Mayer Brown JSM to Jingtian & Gongcheng in 2018 signaled another notable shift. Ms. Lo began her legal career in 1983 when she was sent by Johnston Stokes & Master ("JSM"), where she would remain for close to forty years, to Beijing to negotiate a contract a shipbuilding corporation had with a

¹⁰⁵ Peter Yuen, FANGDA LAW, http://www.fangdalaw.com/images/stories/Fangda_BIO_Peter-Yuen.pdf [<https://perma.cc/N2PC-GCYM>].

¹⁰⁶ See Lee, *supra* note 73.

Norwegian company.¹⁰⁷ Shortly after her promotion to partner in 1986, she was again sent to China to manage JSM's first office in Beijing, cementing her expertise for decades to come as one of the first few lawyers who entered the Chinese market during a period when China was at the initial stage of opening up to foreign businesses and investments.¹⁰⁸

In 2007, Ms. Lo led the negotiations for JSM's combination with the US firm Mayer Brown, after which she became the newly-formed Mayer Brown JSM's first female senior partner.¹⁰⁹ In August 2018, a month after the Chinese firm Jingtian & Gongcheng announced the conclusion of its three-year association with Mayer Brown JSM, she left Mayer Brown JSM to open a new firm L&C Legal in Hong Kong, in association with Jingtian & Gongcheng.¹¹⁰ Ms. Lo's profile as a central figure in opening up the Chinese market for foreign investors, as well as her prestige as one of the most prominent female partners in Hong Kong, was key to her career trajectory in an elite Hong Kong/US firm for most of her career and then the recent association with an elite Chinese firm.

The order in which these three prominent partners were recruited by Chinese law firms (Mr. Wang Xiao Jun, then Mr. Peter Yuen, and finally Ms. Elaine Lo) from 2005 to 2018 is indicative of the firms' growing influence and ambitions in Hong Kong. That is, each of these partner profiles is representative of a category of lawyers with varying levels of work experience and prestige in the field. First, the recruitment of Mr. Wang, who had extensive experience in corporate transactions but had not worked in any major Hong Kong firm or global firm,¹¹¹ represents Chinese firms' capability to access elite PRC lawyers in the 2000s, but not lawyers in major Hong Kong or global firms. Then, the hiring of Mr. Yuen, a mid-career lawyer and graduate from an elite UK institution followed by continuous experience in a Magic Circle law firm for sixteen years,¹¹² represented an increase in their capacity to recruit elite global lawyers. Finally, that a Chinese firm most recently headhunted Ms. Lo, who was

¹⁰⁷ Mukul Munish, *Elaine Lo, the Pioneering Lawyer on Her Way Up*, S. CHINA MORNING POST (Oct. 8, 2013), <https://www.scmp.com/magazines/style/people-events/article/1319169/elaine-lo-pioneering-lawyer-her-way> [<https://perma.cc/K4JH-YZJA>].

¹⁰⁸ *Id.*

¹⁰⁹ *Id.*

¹¹⁰ John Kang, *Ex-Mayer Brown JSM Senior Partner Leaves Firm After Nearly Four Decades*, LAW.COM: THE AMERICAN LAWYER (Aug. 6, 2018), <https://www.law.com/2018/08/06/former-hong-kong-senior-partner-elaine-lo-leaves-mayer-brown-jsm-after-39-years/> [<https://perma.cc/677H-P99M>].

¹¹¹ *Xiao Jun Wang*, *supra* note 104.

¹¹² *Peter Yuen*, *supra* note 105, at 5.

immensely influential as an old guard of an elite Hong Kong firm and a pioneering lawyer in the cross-border exchanges between the Chinese and Hong Kong markets, characterized their access to a category of elite lawyers by both PRC and Hong Kong standards.

For lawyers in elite circulation, joining a Chinese firm was a strategic move that represented a process of *lateral mobility*. The lawyers were already established partners at prestigious Hong Kong or global law firms before the move, which did not change their professional status in any significant way. These elites all partook in an important strategy to advance their careers, that is, accessing niche professional influence activities outside of, yet related to law (e.g., teaching in elite universities or working in major investment banks), to build their influence, reputation, and professional profile. Such professional activities contributed to, gleaned from, and legitimized their legal expertise and personal prestige in the corporate legal market, but were acquired in industries apart from their legal work. Furthermore, all three of these partners accumulated rich China-related experience over the years before finally moving to a Chinese law office.

To illustrate, Mr. Yuen continues to build, legitimize, and accumulate influence by publishing and teaching in legal education. He publishes regularly in a number of leading arbitration and dispute resolution journals and is a contributing editor of the Hong Kong White Book, an annual court companion on civil procedure in Hong Kong. He has been an active teacher of law in local and mainland Chinese institutions as a Visiting Lecturer at Peking University Law School (in 2011, 2012, and 2014) and the University of Hong Kong Faculty of Law (in 2010–2012, and 2014).¹¹³ Although elite law firm partners had access to different niche professional activities, where they accumulated influence and prestige, all of those activities recursively yielded benefits to their legal careers. The legal and non-legal components of their elite status mutually strengthen each other.

B. GRADUAL SCALING

In contrast to elite circulation, another social process by which lawyers became partners in Chinese law offices in Hong Kong was *gradual scaling*. This process is typically characterized by a non-elite, foreign education and associate-level law firm experience before joining a

¹¹³ *Id.*

Chinese firm. Lacking the institutional prestige of elite education and employment that institutionalized elite circulation, these lawyers frequently switched between positions at different law firms in a bid for gradual upward mobility, with partnership in an elite Chinese law firm as an important milestone in their careers.

Mr. Felix Miao, who is a partner at Miao & Co. in association with Han Kun Law Offices, is an example of this career trajectory. Mr. Miao obtained a BA in International Finance in 1995 from the University of International Business and Economics (“UIBE”) in Beijing, a MS in Statistics and Computer Sciences in 1997 from the University of Louisiana, and a JD in 2005 from Emory University School of Law. Prior to his law practice, Mr. Miao worked as a senior statistician for several health care, pharmaceutical, and life sciences companies in the United States and Hong Kong. In 2010 he entered the legal profession practicing as an associate in Hong Kong for two elite US law firms, Latham & Watkins and Morrison & Foerster, for two years each.¹¹⁴ In 2015, he founded his own law firm, Miao & Co. in association with Han Kun, an elite boutique Chinese law firm, where he has since been a partner and principal.¹¹⁵

Mr. Miao successfully leveraged his international experience in foreign investments and healthcare industries to gradually advance his profile in the areas of equity capital market transactions involving PRC corporations and international underwriters. However, without an elite legal education, Mr. Miao began his career in a non-legal sector, where he continued to work for an extended period of time before finally joining an elite US law firm as an associate. Moving to the Chinese law firm Han Kun was not a lateral move, but an upward move with the prize of partnership.

Ms. Vivien Teu, who is a partner at Vivien Teu & Co in association with Llinks, a major corporate law firm in Shanghai, also engaged in gradual scaling. Vivien Teu obtained a LLB from the National University of Singapore in 1997 and a Master of Journalism from the

¹¹⁴ Felix Miao, HAN KUN LAW OFFICES, <https://www.hankunlaw.com/professionals/enProfessionalDetail.html?id=5f4aa8425cb04404015d3552f173012a> [https://perma.cc/SHX2-NYNV]; see also, Felix Miao, LINKEDIN, <https://www.linkedin.com/in/felix-miao-1798472/>.

¹¹⁵ Shangjing Li, *Han Kun Picks New HK Allied Firm*, ASIAN LEGAL BUS., <https://www.legalbusinessonline.com/news/han-kun-picks-new-hk-allied-firm/72326> [https://perma.cc/TPX4-YTQH].

University of Hong Kong in 2014. From the start of her career in 1998 onward, Ms. Teu largely occupied associate positions that each lasted one to three years at different law firms in Singapore, Hong Kong, and Shanghai.¹¹⁶ These associate experiences included three years at Deacons (2004–2007), the oldest and largest Hong Kong law firm; two years at Clifford Chance’s Shanghai office (2007–2008); and four years as the in-house counsel of the investment management firm Invesco Greater China. She is admitted as a solicitor of Hong Kong, Singapore, Malaysia, and of England and Wales.

In 2015, Ms. Teu founded and became the managing partner of Vivien Teu & Co., a boutique Hong Kong law firm in association with Llinks. Like Mr. Miao, Ms. Teu originally did not have a local background in Hong Kong, nor did she have any work experience in elite law firms until her mid-career.¹¹⁷ Consequently, she switched frequently between different positions across different firms and companies in different jurisdictions, never staying in one firm for more than four years until she founded her own.¹¹⁸ However, Ms. Teu’s experiences outside the legal profession later helped to inform certain areas of her legal expertise, such as leveraging her in-house experiences in investment management to provide legal counsel to investment funds.

Therefore, for those lawyers who engage in gradual scaling, the move to a Chinese firm was a process of *vertical mobility*: switching from a lower position (associate or of counsel) in their old firm to a higher position (partner) in a new firm. Although the diversity of their past work experiences gave them some advantages in terms of specific areas of legal expertise, their non-elite education and non-local backgrounds largely worked as barriers to entry and upward mobility in the Hong Kong legal profession. For Chinese law firms seeking to open a new office in Hong Kong, however, these mid-career lawyers were attractive options because the prize of partnership and the possibility of managing the branch office of a major Chinese firm were strong incentives for them to move away from their associate or of counsel positions in a US or UK firm. Their diverse work experiences in different countries and work settings were valuable assets for Chinese law firms aiming to globalize their practice through Hong Kong. As a result of gradual scaling, the Chinese firms

¹¹⁶ Vivien Teu, LINKEDIN, <https://www.linkedin.com/in/vivien-teu-7118662/?originalSubdomain=hk>.

¹¹⁷ Vivien Teu, VIVIEN TEU & CO LLP, <https://www.vteu.co/our-lawyers/vivien-teu/> [https://perma.cc/AV6C-MJ72].

¹¹⁸ Teu, *supra* note 116.

acquired the professional expertise and networks that lawyers like Ms. Teu or Mr. Miao accumulated over the years in a variety of jurisdictions, industries, and firms.

C. NATIVE MOBILITY

Native mobility was a social process that identified most strongly among Hong Kong local natives, those who were born, raised, educated, and developed their legal careers in Hong Kong without moving elsewhere. Such native practitioners were often the recruitment targets of regional law firms in China, which lacked the resources or business needs of elite Beijing or Shanghai firms in recruiting more global-oriented partners. Nevertheless, these regional firms still have local business needs and they mostly rely on native Hong Kong lawyers to set up their Hong Kong offices.

Mr. Alvin Lim is a good case in point. Mr. Lim obtained his law degrees and PCLL from the University of Hong Kong in 2004. He began his legal career in Hong Kong the same year by founding his own firm, Lims Solicitors, where he has since remained as principal partner and which is now in association with Haipai, a law firm in the neighboring Guangdong Province.¹¹⁹ He is also a consultant at Lim & Lok law firm, a local law firm in Hong Kong. As a general practitioner, Mr. Lim is a well-established expert in many aspects of Hong Kong law,¹²⁰ offering the institutional arrangements and substantive expertise needed for a Chinese regional law firm to establish a branch office in Hong Kong, culminating in his firm's association with Haipai.

Mr. Rowland Chow is another example, who is a partner at Rowland Chow, Chan & Co. in association with Fujian Jian Da Law Firm. Mr. Chow was a founding member and partner of the local law firm Messrs. Ng & Lee from 1984 to 1985, where he has remained as partner through its different transitions (e.g., it was known as Messrs. Chow, Griffiths & Chan from 1985 to 1997 and now Rowland Chow, Chan &

¹¹⁹ *Alvin Lim*, HAI PAI LAW FIRM, <http://www.haipai.com/en/article.aspx?no=2302&id=1800> [https://perma.cc/3NFP-24U4].

¹²⁰ *About Us*, LIMS SOLICITORS, http://www.lims.com.hk/?page_no=3&lang=1&show_case= [https://perma.cc/6ZQM-QMU6].

Co.).¹²¹ Rowland Chow, Chan & Co. entered into association with Jian Da in 2015 to consolidate their presence in Hong Kong, Fujian, Shanghai, and Taipei areas.¹²² Drawing on his localized legal expertise in Hong Kong, Mr. Chow has been a long-term advisor to local Hong Kong banks, insurance companies, and governmental statutory bodies, including the Hospital Authority and the Broadcasting Authority.¹²³ Thus, the localized expertise Mr. Chow's profile represented, from his decades of access to major institutions and government offices in Hong Kong, was key to his firm's association with Jian Da.

Within native mobility, the move to a Chinese law firm, often a regional firm from a province proximate to Hong Kong (e.g., Guangdong or Fujian), was a process of *lateral mobility*. Many Hong Kong lawyers within this category were already partners with their own law firms that then entered into associations with Chinese law offices. In many cases, the local advantages that their native legal experience provided were instrumental to their mobility to Chinese firms. For instance, by virtue of his local experience, Mr. Chow had invaluable familiarity with and access to different departments of the local Hong Kong government and financial institutions, as well as a great deal of experience with Hong Kong-PRC transactions, specifically.

V. CONCLUSION

The rise of "global China" is a historical event that involves not only the accumulation of capital and the diffusion of institutions, but also the creation of social spaces in which capital and institutions settle, move, and interact in complex ways. In the globalization of Chinese law and the legal profession, many such spaces are being constructed across the world, such as the CPEC in Pakistan or the Dubai International Financial Centre ("DIFC") courts in the United Arab Emirates,¹²⁴ yet no space has played a role as significant as Hong Kong as a gateway to global China. In this article, we have examined the growth of Chinese law firms in Hong Kong in the early twenty-first century and demonstrated how these firms made

¹²¹ *Mr. Chow Ting Kwan, Rowland*, ROWLAND CHOW, CHAN, & CO., http://www.cyberlawfirm.com.hk/eng/our_people/people-rowlandchow.htm [https://perma.cc/PL35-M8XY].

¹²² *Announcement*, ROWLAND CHOW, CHAN, & CO., <http://www.cyberlawfirm.com.hk/eng/index/index.htm> [https://perma.cc/3DHL-UVDY].

¹²³ *Mr. Chow Ting Kwan, Rowland*, *supra* note 121.

¹²⁴ *See* Erie, *supra* note 5.

associations with local law firms and recruited partners from major Anglo-American law firms. We have also analyzed the profiles and career trajectories of the partners working in these relatively new Chinese law offices in Hong Kong.

Our findings suggest that, while the growth of Chinese law offices in Hong Kong was slow and steady in the 2000s, since the mid-2010s a large number of new firms have set up offices in this global city and associations with local law firms have become a common practice. Some of the associations led to full mergers after the three-year period of legal requirement, whereas others remained loosely coupled or broke off after the trial period. Nevertheless, the increasing presence of Chinese law firms is rapidly re-landscaping the Hong Kong legal services market, and this article has documented only the beginning of this process. The process presents lawyers in local or other foreign law firms more opportunities for lateral or upward career mobility. However, it also makes it more likely for other players in this market, such as Anglo-American law firms or major Hong Kong law firms, to perceive Chinese law firms as direct competitors of business and legal talent. As more Chinese firms get localized in the next a few years, their traditional advantage in bringing Chinese clients will be combined with their newly acquired expertise in Hong Kong law. That is likely to make them a more formidable force in the legal services market in Hong Kong and potentially lead to the future hybridization of PRC law and Hong Kong law.¹²⁵

It is certainly too soon to predict the future shape of the Hong Kong legal profession, but there are a few possibilities. In the short term, the most elite UK and US law firms probably are able to maintain their monopoly of the most high-end corporate transactions, and the large-scale arrival of Chinese law firms will generate more disruptions to the local law firms and less prestigious foreign law firms in Hong Kong. However, as Chinese law firms continue to build up their expertise in Hong Kong law and foreign law, it is possible that Chinese clients will gradually give them more preference in future transactions—both the King & Wood Mallesons and Dacheng-Dentons combinations have facilitated the clients' move in that direction. Furthermore, whether or not major Hong Kong law firms such as Deacons will seek mergers or associations with their mainland counterparts is another open question. Finally, how will barristers in Hong Kong, a powerful group of English-style advocates, react to the increasing

¹²⁵ See generally KWAI HANG NG, *THE COMMON LAW IN TWO VOICES: LANGUAGE, LAW, AND THE POSTCOLONIAL DILEMMA IN HONG KONG* (2009).

weight of Chinese law firms in the solicitors' branch? That question is closely related to Hong Kong's legal and political future.

Our preliminary inquiry on this ongoing process of transforming Hong Kong into a gateway for the globalization of Chinese capital and professional services suggests that the creation of a social space of Chinese law in Hong Kong is accompanied by the reproduction of elite status and social stratification of not only Chinese law firms, but also the lawyers working in them.¹²⁶ The career trajectories of Chinese law firm partners in Hong Kong present three notable patterns, namely *elite circulation*, *gradual scaling*, and *native mobility*. It is evident that, when staffing their Hong Kong offices, different types of Chinese law firms are replicating some of their recruitment strategies in mainland China, such as granting partnership to senior associates in foreign law firms or building local coalitions with Hong Kong law firms.¹²⁷ As a result, the emerging ecology of Chinese law firms in Hong Kong is taking a shape that resembles the ecology of law firms in the mainland. Observing the development of Chinese law offices in Hong Kong, therefore, also provides a glimpse into the global future of Chinese law firms.

Finally, Hong Kong's gateway status must be situated in the rising global spaces of Chinese law. To date, most overseas spaces for Chinese lawyers and law firms, including global cities like New York, London, Tokyo, and Singapore, remain small outposts with limited numbers of offices and practitioners. None of these spaces have Hong Kong's unique combination of a mature financial center under China's sovereignty, an overwhelmingly ethnic Chinese population, and a close geographic proximity to mainland China. In developing countries along the "Belt & Road" blueprint, the presence of Chinese law firms remains scarce and most Chinese lawyers still work on a "fly-in, fly-out" basis, just like foreign lawyers did in China in the 1980s.¹²⁸ As the global environment for international trade and international governance deteriorates after the Brexit vote and the US presidential election in 2016, China's global ambitions are facing new challenges and stronger backlashes across the Western world, both economically and politically. This is likely to make

¹²⁶ See generally YVES DEZALAY & BRYANT G. GARTH, *THE INTERNATIONALIZATION OF PALACE WARS: LAWYER, ECONOMISTS, AND THE CONTEST TO TRANSFORM LATIN AMERICAN STATES* (2002); YVES DEZALAY & BRYANT G. GARTH, *ASIAN LEGAL REVIVALS: LAWYERS IN THE SHADOW OF EMPIRE* (2010); RONIT DINOVITZER, *THE FINANCIAL REWARDS OF ELITE STATUS IN THE LEGAL PROFESSION*, 36 L. & SOC. INQUIRY 4, 971 (2011).

¹²⁷ See Sida Liu, *supra* note 30, at 780–84; Sida Liu & Hongqi Wu, *supra* note 2, at 818–22.

¹²⁸ See generally Sida Liu, *supra* note 30; Rachel E. Stern & Su Li, *The Outpost Office: How International Law Firms Approach the China Market*, 41 L. & SOC. INQUIRY 1, 184 (2016).

the gateway of Hong Kong even more critical for the future of global China, despite the continuing protests, social cleavages, and political uncertainties in this post-colonial city. And it is the lawyers' job not only to guard the rule of law and fight for human rights, but also to facilitate the flow of capital and institutions through this unique gateway, in both directions.