

# China Legal Salary Survey & Guide 2016



[Private Practice](#)  
[In-house Commerce](#)



## INTRODUCTION

Aquis Search is pleased to present our annual in-house legal 2015-2016 salary survey for China. This survey provides an overview of current compensation levels and offers insight into how we see the market shaping up over the coming year. Our information has been researched and collated with the help of our clients and candidates in addition to our working knowledge of the market. As with all surveys we represent the mainstream, and recognise there will be individual situations that fall outside of the data published. This survey is therefore a guide to the general movement in the sectors we recruit in. Please contact us for further information.

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# PRIVATE PRACTICE

## MARKET UPDATE

Most international law firms have had a very busy year in 2015 with the corporate practice still the most significant source of work. Yet the deal flow has not commensurately translated into hiring within China as most international law firms continue to exercise caution around hiring, especially on the associate level. A significant observation is a number of international law firms, most notably US firms, hired a greater number of junior lawyers with exemplary qualifications.

Recruitment requirements from the international law firms in China still focus on mid-level associates with strong education and high level experience from a peer international law firm. Most of them are replacement roles, largely due to the loss of personnel to in-house positions. Hiring at the senior end is often thwarted by concerns around managing progression. Lateral senior associate to partner hires are exceptionally rare, although by way of comprise, of counsel lateral promotions do occur.

Partner level hiring has proved to be reasonably conservative in 2015. The appetite for partner level hiring in China continues to be opportunistic rather than growth driven, with many of the mid tier players actively looking for partners with a credible book of business along with the necessary technical skills. The bulk of partner mobility is within corporate and capital markets practices.

International law firms still prefer candidates from a peer international law firm. However, we have seen more and more candidates from top PRC firms joining top foreign firms, especially those with US qualifications. The prospect of joining an international law firm remains attractive to junior to mid-level PRC lawyers where the expectation is that they can acquire truly cross-border deal exposure as well as the training and development for which international law firms are known.

Yet, in 2015, we have seen more mid-senior international law firm candidates moving into top PRC firms to take up senior or management roles. Local firms are developing very quickly and they are catching up with their foreign counterparts in terms of compensation as well. Thus, they are now competing with international law firms as law firms of choice.

In 2015, the merger between international and local Chinese law firms continued, most notably with the announcement of a US law firm tie-up with the largest PRC law firm. However, the pursuit of China left a handful of firms struggling to maintain the competitive edge as they found themselves in a saturated market. Intensified aggressive poaching behavior from rival players ultimately led to several well-known US firms pulling out from the China market altogether. In the coming year, we anticipate the polarization among law firms will continue and that law firms will respond cautiously to the increasingly challenging landscape by reassessing, and possibly restructuring, their business operations in China.

## CORPORATE/CAPITAL MARKETS

China's outbound deals hit a record high in 2015 while inbound work is still the staple business for many small and mid-sized firms. We also noticed a boom in M&A and private equity activity especially in such high growth areas as e-commerce and technology. UK and US law firms continued to vie for bilingual US or common law qualified lawyers in the precious corporate practice, and we received more instructions for transactional lawyers within the M&A and private equity practice areas.

Throughout the year, the Hong Kong IPO market was buoyant, which consequently translated into a pressing need for corporate finance lawyers in China. It has been another difficult hiring space because of the workload and the concerns candidates have over the limitations pure IPO experience will have for their career development. As a result, to retain or laterally hire corporate finance lawyers, HK IPO lawyers are generally better compensated or put on a faster track than lawyers in other practice areas. We expect HK capital market lawyers to be still very busy in 2016 as the A-share market is still in the chaos.

Hiring across the US securities is less active compared with other practice areas as only 14 Chinese companies were listed on US Exchanges in 2015, while a record number of 38 US-listed Chinese companies were seeking to take their companies private. We noticed many US firms diversifying their US corporate lawyers to shift from pure capital markets work and focusing on a mix of securities and M&A.

## BANKING

Banking and finance stayed busy throughout the year. Niche financing skills, including project finance, real estate finance and asset finance remains a challenging hiring space due to the small pool of talent available. Throughout the year, we received many instructions for banking lawyers with common law background. International law firms still opt to relocate lawyers from other jurisdictions to fill the vacancies. However, the worsening air quality has deterred many. As a result, there has been a degree of flexibility from some law firms to hire junior-mid banking lawyers from PRC firms.

## DISPUTE RESOLUTION

FCPA investigations continue to inundate law firms with work. Law firms have significantly boosted their capabilities in this space, investing in larger teams and promoting partners to run these practices. Many associates have retooled themselves as regulatory and investigations experts to take advantage of the growing demand.

Throughout the year, we have received a number of instructions for US qualified FCPA/investigation lawyers. Due to the shortage of such talent in China, even junior-mid level dispute resolution lawyers from PRC firms are quite marketable, despite having limited compliance experience. We expect 2016 to continue to boom but also as the government launches its own anti-corruption campaigns, lawyers with local regulatory expertise will be in greater demand.

## INTELLECTUAL PROPERTY

The IP practice continues to grow rapidly in China, predominantly in patent, trademark, copyright, brand protection, licensing and related fields. Candidates with both science and law backgrounds are sought after. Since the IP team in most firms is relatively stable, hiring activity in this practice is quite moderate.

## OTHER REVALENT AREAS

We have generally seen moderate hiring activity across the

anti-trust, tax, employment, and real estate practices. As with other niche areas of practices, there has been a shortage of mid- senior level lawyers competent in offering advisory work related to PRC China. International law firms are willing to hire junior candidates with PRC qualifications from top local firms. We anticipate this trend will continue.

## COMPENSATION

With the diversity of education, qualifications and experience in China, it has traditionally been difficult to pinpoint the range of compensation offered by the firms. In order to better reflect the capacity of their lawyers, international law firms have a large number of different job titles, such as legal consultant (legal adviser or legal assistant), international associate (China associate, special associate), associate. Accordingly, they have different salary bandings. In addition to these factors, lawyers are further assessed on their level of seniority, training, prior law firm experience and the extent of their deals list. Law firms tend to assess each lawyer on a case-by-case basis in China.

A select few US law firms continue to pay NY rates plus COLA to their US associates. Other US firms are now reviewing their benefits in order to retain and attract the best talent, with some adjusting associates' class years up in lieu of, or in addition to, allowances and benefits.

Firms on average increase salaries by 5-10%, though UK firms tend to award slightly more, paying around 7-10%, with star performers reaching the low double-digit pay increases. For those who are not on the associate track, the annual salary increments generally tend to be far higher in percentage terms (unto 20 and even 30%) compared with their peers on the international track. This is reflective of their much lower salary starting point, which means those that perform can expect a steep earning curve.



UK firms pay an annual discretionary bonus based on individual and firm performance that typically ranges from one to three months' salary.

PQE	RMB per annum
0 – 2	300,000 – 500,000
3 – 5	500,000 – 750,000
6 – 8	800,000 – 1,000,000
9 – 11	1,200,000 – 1,500,000
12+	1,500,000 +

US firms still pay bonuses based on the target of billable hours met. In the US offices of Wall Street Firms, the payouts for associates range from less than and up to \$15,000 for newly qualified lawyers and may go up to \$100,000 for those who have been at the firm for seven years or more. In China, most US law firm including some Wall Street Firms do not follow their US bonus scheme and generally award bonuses in the amounts of to one to three months' salary.

**US Firms (PRC Associates)**

PQE	RMB per annum
1 – 3	250,000 – 500,000
4 – 6	450,000 – 800,000
7 – 9	800,000 – 1,100,000

**US Firms**

PQE	USD per annum
1	160,000
2	165,000 – 175,000
3	180,000 – 185,000
4	205,000 – 210,000
5	225,000 – 230,000
6	240,000 – 250,000
7	260,000 – 270,000
8	280,000 – 290,000

## OUTLOOK

China is rolling out a series of reforms and restructurings, which will create opportunities for law firms. Despite the slowing economy, the corporate practices of most international law firms in China will remain active with the capital markets and M&A markets keeping partners and associates busy. The FCPA practice continues to perform well and we anticipate this trend will continue. Many firms will continue to focus on niche yet profitable practices such as IP, antitrust or tax to retain their commercial edge. We look forward to updating you further later in this year as the market develops.



# IN-HOUSE COMMERCE

## MARKET UPDATE

2015 kicked off much the same way as 2014 with a steady flow of hiring across all sectors. Confidence dipped mid-year with the fall in the Chinese stock market and we noted continued declines in manufacturing, real estate, and construction along with the boom coming out of the retail industry. Appetite for hiring eased back and there was limited approval for new headcount. However, given the size of the China market there was still significant movement as many companies continued with their longer term investment plans along with the natural attrition and turnover in the market. We have highlighted below some of the more active hiring spots in the market despite the economic news coming out of China.

The growth of the M&A market has been unprecedented with numerous domestic Chinese enterprises looking for strategic ways to expand their business both domestically and in the international markets. We witnessed a spike in the demand for M&A lawyers with many taking up roles covering outbound investment projects. Alongside this, local PRC enterprises were also more active in hiring compared with their international peers. Salaries have also risen and among the larger firms compensation can and does compete with the international players, although not always. There has been increased recognition amongst candidates that an opportunity with a Chinese platform can be an exciting one given the growth trajectory and increasing global recognition. However, challenges remain with the legal culture and infrastructure which may take some time to adjust, especially for those coming from a traditional US or European legal environment.

As growth continues to slow in China's manufacturing and construction industries, the market has been steadily building in other sectors including the much touted consumer and service industries. We saw new roles in e-commerce and digital platforms as well as healthcare and life sciences, all suggesting a reinvention of the economy to focus on other growing sectors instead of more traditional ones. Additional efforts by the government have been positive especially in its effort to boost local consumption. The retail and consumer markets have held up better than expected, however hiring has been sporadic and most legal hires were still replacement positions.

The pharmaceutical and life sciences sector remains a beacon

of hiring as firms looked to tap into China's growing affluent and ageing population. For such emerging sectors, the limited talent pool of qualified senior lawyers with leadership capabilities has forced many employers to hire from outside the industry. International education, experience working with a Fortune 500 company, demonstrable interpersonal and leadership skills, and an international mindset are all prerequisites when considering candidates who are making an industry switch.

Regulatory and compliance hiring in 2015 continued with a steady stream of mandates as most companies looked to ensure they were following best practices. Many compliance teams have split from the legal function with separate local reporting lines. Hiring has plateaued in recent years with an increase in mid-level replacement roles in the market rather than demand for leadership roles in previous years. Lawyers continue to remain popular for senior level or leadership opportunities and the majority of mid-level positions are being filled by business savvy professionals with finance, audit or Big Four experience.

Those with forensic accounting experience from the Big Four accounting firms are also sought after as internal investigations work continues to pick up. Reporting lines can be into legal but also into the finance team depending on the structure of a firm. Some multinationals may choose to have investigation teams operate independently in order to execute their jobs with minimal interference. Highly regulated sectors such as life sciences have matured resulting in replacement hires at the junior level and a move towards localising senior talent. Senior professionals in this sector are expected to operate as business partners, involved in advising and pre-empting compliance issues to save costs and reduce liabilities. Other less regulated industries have junior to mid-level compliance managers to oversee less complex internal and external policies. Heavy regulation such as the FCPA has seen many multinationals across various industries place a continued emphasis on effective compliance programs.

In 2015 the regulatory and compliance landscape continued to evolve with firmer enforcement in anti-trust legislation. The Chinese Ministry of Commerce (MOFCOM) has clamped down on both local and foreign corporations operating in China. In September 2015, MOFCOM named several major corporations, both foreign and Chinese that have been penalized for their anti-trust practices. The highly publicised

nature of MOFCOM's activities has forced companies to build up or refocus their relevant legal teams with appropriately skilled anti-trust specialists.

## HIRING TRENDS

Hiring decisions are being taken more cautiously and a more conservative approach to salary increments and headcount has become evident. The internal processes are taking much longer as companies become more selective in the skills set, experience, and qualifications of candidates. It is not unusual for the recruitment process to continue beyond three months as companies hold out for the perfect candidate and in doing so risk losing a candidate to other offers just to ensure all their internal stakeholders are happy.

The majority of openings have been replacement hires with a decrease in new headcount especially at senior levels, a trend that began before 2015. Towards the end of last year, most hiring was focused on mid-level positions often at the 5-8 PQE range, many of them coming out of law firms with limited in-house experience. Junior hires were cheaper and more easily approved with the added benefit of allowing senior lawyers to develop their people management skills. Companies are looking to retain their highly skilled workers and concentrate new hiring on more cost effective resources that can be trained and developed in the relevant areas.

As the market remains competitive for exceptional talent, some new hires at the General Counsel level were being filled with candidates below the usual level of experience required, with as little as ten years of experience. This new generation of lawyers is often more dynamic with strong leadership potential and an aptitude to successfully engage and partner with the business.

Companies continue to assess legal spend and where possible legal teams have been consolidated for efficiency and cost savings purposes. There is also a trend to recruit more local talent rather than expats to be more cost efficient but occasionally foreign lawyers are brought in mostly at leadership levels and often through internal transfers. The pool of available local candidates has developed in the market whilst reliance on foreign lawyers has decreased with the exception of those with strong bilingual proficiency in Mandarin. The more mainstream and well-known international

brands are paying less as they continue to capitalise on their reputations for attracting top talent. Interestingly, hiring managers are often operating with the belief that they are paying a fair market rate and do not have much oversight on the compensation, relying instead on the resourcing team to negotiate and close the offer.

Talent retention is still crucial as poaching remains commonplace especially amongst industry competitors. Turnover rates remain relatively high as candidates in the market are opportunistic and will consider a move quickly if it can improve their financial situation or career prospects. Most employers are willing to make counter-offers to keep their workforce stable and staff turnover low. On occasion, we find a majority of the candidates who accept counter-offers end up leaving for the same reasons initially cited. In addition to replacement hiring, we have also seen teams being upgraded when a new Head of Legal is hired into the company. We have continued to see a number of strategic upgrades as employers sought to upskill in a weaker market. These mandates were often sensitive to undertake and required covert market mapping and anonymous approaches. The limited but developing pool of suitably qualified specialists and local practitioners means legal teams can be fine tuned as the business needs change over time.

Shanghai continues to grow as an international hub with many companies basing their North Asia or pan Asia office in the city. Consequently we have seen a steady demand for international lawyers whom can work beyond Chinese borders. Local talent with an international outlook is still challenging to find and this has created opportunities for expat lawyers who have Mandarin fluency and knowledge of the local working culture. These lawyers have a natural advantage over their local peers given their broader exposure but might struggle to understand the local dynamics in comparison to PRC lawyers with more local experience.



## SKILL REQUIREMENTS

Companies continue to look for lawyers who have a solid foundation working for an international US or UK law firm plus multinational experience. Typically an overseas LLM from the US or an additional foreign qualification are still valued by employers. A lawyer who is properly trained, commercially savvy and has the cultural skills to work in a MNC environment is still highly desired. There continues to be significant challenges around finding stable candidates for mid-level positions that have the right balance of private practice and in-house experience, given the demand at that level. Where budgets are lean, the legal team tends to comprise of senior level lawyers with a more hands on approach in their day to day duties. Other established legal teams may have a flat structure of junior, mid, and senior lawyers reporting into the General Counsel.

The intellectual property (IP) sector has seen significant growth and subsequent hiring activity particularly within Chinese companies, filing more patents than any other nations in recent years. The tightening and updating of IP laws is set to continue and many organisations are investing in additional resources to significantly expand their legal departments to protect their products. Accordingly, the number of newly created intellectual property focused legal roles (predominantly in patent, copyright, brand protection, and licensing) continues to grow because of this trend.

The candidate IP market is dominated by locally admitted lawyers with a distinct opportunity for multilingual and experienced technical lawyers that have both US/European and PRC qualifications along with an understanding of international IP systems. We have also seen various IP roles filled by those with a technical background such as engineering or sciences rather than legal for technical businesses. In an effort to reduce costs, some companies may hire lawyers with knowledge in patents who are able to handle some of these issues but have the flexibility to engage the assistance of a law firm when needed. In other areas of IP, there is a steady demand for Brand Protection Managers in the consumer goods sector to enforce infringements on the company's products and mitigate financial loss. We foresee the overall quality of candidates in the intellectual property market to continue to improve as demand for such talent remains in the market.

## ATTRACTING TALENT

Candidates are still expecting high and sometimes above market increments, believing employers are willing to pay more to secure the best talent. However, employers remain constrained on budget and have placed more emphasis on candidates who are motivated by branding, career prospects and stability rather than financial rewards. As experienced lawyers look for ways to further develop their career, there has been an increase to seek out roles that offer a regional focus beyond Greater China.

Salary remains a key determinant for private practice lawyers seeking their first in-house role, expecting an increase or parity with their current salary. Whilst it is widely accepted that an in-house move will lead to a reduction, lawyers often are not willing to take more than a 10-15% pay cut. For existing in-house counsels, the expectations ranged between 20-30% but ultimately 15-25% is a more realistic figure. Other factors such as job title, office location, range of responsibilities and company benefits are all taken into account when considering an offer.



## SALARY SCALE

### Legal

PQE/ Experience	Annual Package ( RMB )	
	PRC Only Admitted Counsels	International Admitted Counsels
0-2 years	100,000-240,000	150,000-360,000
3-5 years	180,000-500,000	280,000-600,000
6-8 years	450,000-800,000	550,000-900,000
9-11 years	640,000-1,000,000	800,000-1,200,000
12-14 years	750,000-1,500,000	1,000,000-1,800,000
15+ years	1,200,000 – 2,200,000+	1,500,000-3,000,000+

### Compliance

Experience	Annual Package ( RMB )	
	Legal Background	Fiance Background
3 – 5 years	350,000-700,000	300,000-500,000
6 – 8 years	450,000-1,000,000	400,000-700,000
9 – 12 years	700,000-1,500,000	650,000-1,000,000
12+ years	1,000,000-2,500,000+	800,000-1,500,000+

### IPR

Experience	Annual Package ( RMB )	
	Patent-admitted Counsels	Commercial IP or Trade- mark-focused Counsels
0 – 2 years	300,000-450,000	250,000-350,000
3 – 5 years	400,000-700,000	350,000-600,000
6 – 9 years	500,000-900,000	550,000-850,000
10+ years	800,000-1,800,000+	750,000-1,200,000+

## FORECAST FOR 2016

We feel the market will continue to see activity in 2016 despite a wider economic slowdown. This will largely be fueled by replacement roles and continued expansion of key sectors in services, technology, and life sciences. Further enforcement of intellectual property laws and ever stringent compliance requirements together with antitrust regulations will see companies focusing on hiring specialists in these areas. We also expect to see other niche roles come into the market such as employment and dispute resolution, but the overall demand will still be for corporate lawyers with strong commercial acumen.

We look forward to updating you further later in the year. Please feel free to contact one of our consultants listed below for a more detailed confidential discussion on the market.



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Elaine is a Director of the In-House Legal & Compliance team focusing on mid to senior level and General Counsel hires across Asia.

She has over 8 years of experience recruiting for multinationals throughout Asia and her experience extends across the full remit of the legal and compliance functions. She has successfully placed a variety of Counsels, regulatory and compliance professionals as well as Associate roles for major UK and US firms in Shanghai, Beijing, Hong Kong and Singapore. Elaine has an in-depth market knowledge and her extensive networks in the region give her access to high-calibre candidates. She is also able to offer clients advice on market trends and compensation levels. Before joining Aquis Search, Elaine worked with a global legal recruiting brand for many years and held an in-house recruitment role with an international law firm.

Elaine has a Bachelor of Laws degree from Shanghai University where she majored in Intellectual Property Law. She speaks fluent English, Mandarin, Shanghainese as well as conversational Spanish



### **Jennifer Ng**

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Jennifer is a Managing Consultant with the Legal & Compliance team based in Shanghai.

She works with Fortune 500 multinationals and leading international law firms recruiting legal and compliance professionals at all levels in the Shanghai and Beijing markets. She has a wealth of recruitment experience, affording her access to leading in-house and private practice professionals in China. Jennifer has completed numerous assignments within the legal and compliance functions from traditional corporate commercial roles, transactional positions to specialist and niche roles in intellectual property, employment, data privacy, and anti-trust. She works within one of the largest legal recruitment teams in Asia and is able to network across Asia and the major global legal hubs to successfully complete the mandates she undertakes.

Jennifer previously worked for a leading international recruitment firm where she was placing legal and compliance professionals across Southeast Asia. Prior to her career in recruitment, she worked as a Professional Development Specialist in an international law firm in New York. She holds a Bachelor's degree in English Literature from Binghamton University, New York State.

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Yeca is a Senior Consultant covering Legal & Compliance recruitment across Greater China, based in Beijing.

Her role is part of the regional recruitment team conducting Executive Search and Search & Select services for clients looking for talent at mid-to-director levels. She has experience working with global and national conglomerates, financial institutions and start-up companies. Yeca has developed networks in both Beijing and Shanghai, maintaining long term relationships with clients and candidates alike.

Yeca has a LLB Degree from Southwest University of Political Science and Law. She has lived in Shanghai, Hong Kong and Beijing and is a native Mandarin speaker and is fluent in English.



### Sophie Chen

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Sophie is a Senior Consultant working in both the In-House Legal & Compliance and Legal Private Practice teams.

She is responsible for recruiting legal and compliance professionals in multiple industries including financial services, commerce and legal private practice in Asia with a focus on Hong Kong, Shanghai and Beijing.

Previously, Sophie worked for a global recruitment firm where she placed professionals in Legal, Compliance and Finance roles, and she has developed a strong network in China. Her clients included law firms and leading multinational companies, and she has experience recruiting for Legal Counsels, Compliance Counsels and Investigation Counsels and Associates.

Sophie has a Bachelor's degree in Process Equipment & Control Engineering from East China University of Science and Technology. She speaks fluent Mandarin and English.

## ABOUT AQUIS SEARCH

Aquis Search is a regional leader for Corporate Governance and Control functions recruitment covering roles in Finance, Human Resources & Corporate Services, Legal, Risk and Compliance. We operate from offices in Beijing, Hong Kong, Shanghai, Singapore and Mumbai handling search assignments in numerous Asian countries.

Our clients are members of a global network of prestigious financial institutions, leading UK & US law firms and many of the largest companies within the Fortune 500. Professional integrity is the key value on which our client relationships are built and the majority of our business is the result of personal referral. This is testament to the high level of professionalism for which we are known.

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