



We are pleased to present GRMSearch's annual market review and salary survey for 2015 within the People's Republic of China (PRC).

Combining the analysis of both private practice and in-house markets, we will compare the current situation against what we observed last year and conclude with our predictions for the coming year.

All information included in this survey has been thoroughly researched, using our existing knowledge and understanding of the legal market in the PRC, with many thanks to our clients and candidates.

Please note that, as with all surveys, the results are based on the mean average rounded up to the nearest RMB\$1,000, thus may differ according to each individual situation and should only be used as a guide.

We are happy to assist with any queries that you may have so please do not hesitate to contact us.

Q & A WITH ROBERT GREEN



PRIVATE PRACTICE

HOW HAS THE LEGAL JOB MARKET BEEN IN THE PRC SINCE 2015?

Since 2015 and throughout this year, the private practice job market has been flourishing. 2015 has been an important milestone for the economy. Surprisingly, we have seen a significant rise in the amount of "hot money", particularly in outbound investments, especially in the first three quarters of 2015.

We have also seen growth in the deal pipelines of law firms, in particular those who have advised on various investment corporations and funds in the first three quarters of 2015.

The PRC team at GRMSearch has seen an increase in the number of instructions and mandates from a number of international law firms, particularly for mid to senior-level hires.

Law firms were retained to work on mid-sized overseas acquisitions, this corresponds to our prediction in our 2014 salary survey. In addition, there was a significant increase in the number of M&A lawyer hires in the first three quarters of 2015, especially at the senior level.

Towards the end of 2015 the hiring in the PRC market became relatively more economy sensitive. We noticed there was a sudden slow-down in the number of law firms hiring during the fourth quarter of 2015. We believe that such changes in hiring attitudes could be attributed to:

1. The "wait and see" attitude of law firms over the economy of China in year 2016 and 2017.



2. The needs to digest the high level of hiring in year 2015.
3. The needs to diversify the practice, to reduce reliance on specific practice areas.

There is no doubt that mid to senior level lawyers have been in demand throughout the year. However, we have a conservative outlook with regards to the hiring needs in the private practice market in the PRC throughout the rest of 2016 and in to 2017.

WOULD YOU SAY THAT THE PRC MARKET IS STILL ATTRACTIVE FOR EXPATS OR LAWYERS OVERSEAS?

Definitely.

GRMSearch has placed more than 15 senior lawyers to Shanghai and Beijing from Hong Kong, US, UK and Singapore in year 2015. Such movement is unprecedented.

We have found that more and more international lawyers who are inclined to work in Asia have no preference between Hong Kong and China, despite the higher tax rates in China. According to the candidates we have placed during this period it appears that many are moving to China for the following reasons:

- a) Overseas returnee, especially the senior candidates. Those who received legal training overseas and want to return to the PRC to re-unite with family; or
- b) The huge potential and opportunities in the PRC market; or
- c) The attractive cost of living subsidy and tax benefit, or
- d) a combination of the aforementioned reasons.

TELL US ABOUT THE SALARY AND BONUS PATTERNS WITHIN PRIVATE PRACTICE IN THE PRC.

We did not see a huge increment in the junior to mid-level lawyers, with the average increment in remuneration packages being around 5%. With regard to senior level hires, private practice salaries across the board have seen salary increments ranging from 8 to 10%.

We have found that candidates with a Juris Doctor degree are becoming more attractive to employers in China, especially those who have overseas working experience.

Several US law firms are more generous in giving a Cost of Living Allowance to overseas candidates as well.

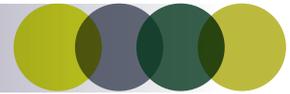
The circumstances are rather unique in China, considering most lawyers are PRC and US dual qualified. The usual practice with international law firms, especially US law firms, was to discount 3-5 years of pre-US qualified experience in the salary and seniority assessment. In year 2015 we observed that some international law firms have reduced the number of years that have been discounted, and have become more generous in salary packages and in recognising seniority.

International law firms are becoming more confident with regards to the quality of lawyers in the China market. As the market was becoming more driven by the candidates, the bargaining power of law firms became lower.

Furthermore, we found that firms were willing to pay higher salaries to lawyers who they were hiring from their competitors so as to avoid the chance of the lawyer in question being counter-offered with a better package and to ultimately secure their hire.

Generally speaking, we have seen more of an increase in salaries offered to those at the senior end as opposed to the junior end.

Bonuses ranged between one to two months, depending on the firm and the practice area, we did not see any changes from the past few years.



SALARY GUIDE

The salary structure in international firms is quite complicated. UK firms do not have a standard salary track system like the US firms operate. Furthermore, their payment scale is made more complicated by the hiring of common law qualified lawyers. The packages on offer by UK firms need to be competitive when compared to the US Firms.

Most non-US international firms arrange their package scale in reference to the US scale. Most non-US international firms have its own payment scale, and will adjust the individual package by considering individual circumstances.

For the payment scale of common law qualified lawyers, please refer to our salary survey of Hong Kong. For the payment scale of US qualified lawyers, please refer to the US track salaries detailed in the table below.

The payment scale of US firms is divided into two tracks: standard US track and non-US track:

US track salary detail:

Years of Experience	USD per annum
1 st Year Associate	\$160,000
2 nd Year Associate	\$165,000 - \$175,000
3 rd Year Associate	\$180,000 - \$185,000
4 th Year Associate	\$195,000 - \$210,000
5 th Year Associate	\$220,000 - \$230,000
6 th Year Associate	\$240,000 - \$250,000
7 th Year Associate	\$260,000 - \$270,000
8 th Year Associate	\$280,000 - \$290,000
9 th Year Associate	\$300,000 - \$310,000

The Dual Qualified (PRC + US) Associate in International firms

Years of Experience	RMB per annum
1-3 years	\$300,000 - \$550,000
4-6 years	\$550,000 - \$900,000
7-9 years	\$900,000 - \$1,500,000

There are many dual qualified candidates in the PRC. Within the US law firms in the PRC, the pay scale varies a lot compared with the US pay scale standard in the US. Packages tend to be adjusted by individual circumstances.

WHAT ARE THE PROJECTIONS FOR 2016 FOR THE PRIVATE PRACTICE JOB MARKET?

Our projections for the rest of this year are that the more proactive and successful law firms will continue to hire mid-to-senior level associates in all practice areas. They will not only limit their candidate pool from China but will also look for overseas commonwealth qualified lawyers.

WHAT WILL BE THE SPECIFIC GROWTH AREAS?

We anticipate that the growth areas will be in FCPA, banking and finance practices.

IS 2016 A GOOD TIME TO MOVE WITHIN IN PRIVATE PRACTICE?

Yes, we consider it always being worthwhile to explore other options within Private Practice. This especially applies if you are a mid-level lawyer. Some law firms are now faced with difficulties after not bringing through newly-qualified US lawyers during the global financial crisis (GFC) in 2008/2009. This is now leading to a shortage of mid-level lawyers. Thus if you consider yourself a lawyer who falls into this PQE bracket, now is the time to move to gain big pay rises and potentially promotions.



THE VIEW FROM IN-HOUSE

HOW WAS THE IN-HOUSE LEGAL & COMPLIANCE MARKET IN 2015?

The in-house market in PRC during the course of 2015 was booming with countless openings and hires across different sectors. This includes multinational corporations, private equity firms, domestic investment corporations, private banks and insurance companies in particular.

WHICH AREAS HAVE BEEN THE MOST ACTIVE OVER THE PAST YEAR?

The most active in-house sectors for hiring in 2015 were investment corporations and private equity funds, especially lawyers with outbound investment and funds investment experience.

ANNUAL SALARY RANGE (IN RMB)

The remuneration packages in the in-house market differ regionally. For the purposes of this salary survey, we have only focused on Beijing and Shanghai. The details of the package vary depending on whether the employer is a domestic company or a MNC. The MNCs are relatively more generous compared to the domestic firms.

PRC sole qualified lawyer

Years of Experience	Package in RMB per annum
1-3 years	\$180,000 - \$250,000
4-7 years	\$300,000 - \$800,000
8-11 years	\$700,000 - \$1,100,000
12-15 years	\$1,200,000 - \$1,700,000
12+	\$1,800,000 +

Dual Qualified Lawyers

Years of Experience	Package in RMB per annum
1-3 years	\$190,000 - \$280,000
4-6 years	\$300,000 - \$800,000
6-8 years	\$700,000 - \$1,300,000
9-12 years	\$1,400,000 - \$1,800,000
12+	\$1,800,000 +

WHAT WERE BONUSES LIKE?

Depending on the level of seniority, bonuses were within the range of 1-4 months. On the more senior end, bonuses were between 3-5 months. Funds, especially private funds, were paying rather generous bonuses of 4+ months, yet the base salaries in these companies may be lower.

MOVING IN-HOUSE IS HAPPENING REGULARLY; WHAT CAN PEOPLE EXPECT IN TERMS OF SALARY WHEN DOING SO?

When moving in-house, lawyers need to take a lot of different factors into careful consideration.

The lawyers have to take a slight pay cut on their base salaries, in exchange for an improved work/life balance. However, there might be some financial institutions that tend to provide an increment to base salaries, which essentially depends on the seniority of the candidate, the more senior the level or more niche the practice, the better increment the lawyer may have when they move to in-house.



WHAT ADVICE WOULD YOU GIVE SOMEONE IN PRIVATE PRACTICE LOOKING TO MOVE IN-HOUSE?

Here at GRM, we would always suggest lawyers to take a cautious, well thought out approach in making sure that they have done a thorough research on various aspects before considering a new in-house role.

Key examples would include the department in which they would be working, the team and its members, the transactions and the type of work they have been doing, as well as of course the actual company's performance over the years and their business strategies for the future.

That said, an open mind is key when exploring in-house opportunities. Lawyers have a tendency to be slightly more favourable towards certain brands and names – we always advise lawyers to consider other, perhaps more important factors such as the type of work and the company's ethos and values.

WHAT ARE THE PROJECTIONS FOR 2016 FOR THE IN-HOUSE LEGAL MARKET?

For senior lawyers, we predict that there will be a decrease in in-house opportunities as companies look to cut costs and favour lawyers at the mid-level, namely those around 5 years of experience. Depending on how the markets are, we see some increase in salaries but they will most likely stay flat with most financial institutions and funds.

CONCLUSIVE COMMENTS

To conclude, it has been fantastic to see such a large volume of responses to our salary survey. It is evident the last couple of years have definitely been particularly interesting with the ever changing market conditions. Our analysis has certainly proved that there will always be a demand for lawyers of different backgrounds, seniority and skill sets. We are more than happy to arrange a confidential consultation session to discuss some of the findings in detail. In this regard, please contact us in our Hong Kong office to arrange such a discussion.