

THE LAWYER
MARKET
REPORTS

Asia-Pacific 150 2015



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Editor

Catrin Griffiths
020 7970 4637
@thelawyercatrin

Deputy editor

Matt Byrne
020 7970 4558
@thelawyermatt

News editor

Joanne Harris
020 7970 4615
@thelawyerjoanne

Senior writers

Margaret Taylor
020 7970 4676
Katy Dowell
020 7970 4614
@thelawyerkaty

Asia editor

Yun Kriegler
020 7970 4756
@thelawyerasia

Reporters

Natasha Bernal
020 7970 4722
@thelawyertasha

Tabby Kinder
020 7970 4557
@thelawyertabby
Jonathon Manning
0207 970 4561

@TheLawyerJonny
Rachel Moloney
020 7970 4529
@thelawyerrachel

Lawyer 2B/Careers editor

Richard Simmons
020 7970 4559
@richlawyer2B

Lawyer 2B reporter

Becky Waller-Davies
020 7970 4641
@lawyer2bmag

Head of production

Claire Fear
020 7970 4536

Production manager

Teresa Waddington
020 7970 4117

Senior sub-editor

Stephen Godson
020 7970 4616

Sub-editor

Alison Walker
020 7970 4610

Art editor

Alison Bartlett
020 7970 4565

Digital content producer

Carlo Nassetti
020 7970 4043

Sales director

Richard Edwards
020 7970 4672

Commercial manager, The Lawyer and Lawyer 2B

Victoria Reynolds
020 7970 4621

Account manager

Shamil Bhoyroo
020 7970 8060

Recruitment executive

Taku Ratcliff
0207 970 4660

Account Manager, Lawyer2B

Perine Lorut
0207 970 4798

Business development director

Mark Philbrick
020 7970 4647

Business development manager

Daniel Goodwin
020 7970 4678

Business development manager (international)

Matthew Owen
020 7970 4612

Business development manager

Azmi Elkholy
020 7970 4582

CPD/events service

Matt Peterson
020 7943 8083

Head of marketing

Stephanie Boukhari
020 7970 4260

Marketing manager

Kate Reavill
020 7970 4158

Ad production manager

Amanda Shaw
020 7943 4844

Commercial director

Ed Tillotson
020 7970 4658

The Asia-Pacific 150 was written and researched by Emma Vere-Jones. Additional reporting by Margaret Taylor and Yun Kriegler. Additional research by Angharad Carrick

Email: forename.surname@centaur.co.uk

The Lawyer is published weekly by Centaur Media plc, Wells Point, 79 Wells Street, London W1T 3QN

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Overview

International law firms have been in the Asia-Pacific since the early 1970s, but in the past decade or so, their presence has dramatically expanded. Local firms have also grown in response to the region becoming increasingly important in the global economy.

The Lawyer Asia-Pacific 2015 includes a round-up of the largest 100 local law firms in the region by number of qualified lawyers, and the 50 international firms with the largest regional presence by headcount.

For the purposes of this report, firms are assigned a home jurisdiction based on the location of the headquarters. Accordingly, 'international firms' are any that have their headquarters outside the Asia-Pacific region. Therefore, **King & Wood Mallesons** (KWM), despite its significant size and multi-jurisdictional presence, is regarded as a 'local' Asia-Pacific firm. Hogan Lovells, which has two HQs, is referred to as a UK/US firm.

This year there are 50,136 lawyers housed at the 150 firms included in our survey: 40,008 in the top 100 local firms, and 10,128 in our 50 international firms. Both the local firms and the international firms recorded significant growth in the past two years, but the local firms expanded at a faster rate, growing at about 9.5 per cent compared with the international firms' 5.7 per cent between 2013 and 2014.

When local and international data is combined to create an Asia Top 50 (see table, page 16), it shows that international firms now make up 16 per cent of them – the same number as two years ago. This trend looks set to continue as international firms push on with mergers or form alliances with outfits in Asia-Pacific jurisdictions, despite measures by some to trim headcount in an attempt to increase profitability.

Across both international and local firms, the Chinese firms remain the largest. Half of the top 10 hail from the People's Republic of China and a sixth, KWM, is also heavily rooted in China. Chinese firms **Yingke** and **Dacheng** take the number one and two spots respectively, and **KWM** is in third place. The other top 10 players include **Bakers**, **Herbert Smith Freehills** (HSF) and Australian firms **Minter Ellison** and **Clayton Utz**. (This year we have included all offices in the integrated Minter

Ellison Group plus those offices in New Zealand and the Northern Territories of Australia, which are 'associated offices' and not financially integrated).

ECONOMIC OUTLOOK

The economic outlook for the Asia-Pacific region as a whole remains strong. The IMF predicted earlier this year that the Asia-Pacific would remain the global growth leader in the medium term.

It predicts growth of 5.6 per cent in 2015 and 5.5 per cent in 2016 across the region as a whole, compared to global growth of just 3.3 per cent.

Meanwhile, announced M&A activity with Asian involvement reached a record

high in 2014, according to Thomson Reuters, grossing \$743.9bn (£473.6bn) from 10,416 deals – a 62 per cent improvement on 2013.

UK magic circle firm **Freshfields Bruckhaus Deringer** topped the M&A deal tables by value, advising on \$84.2bn worth of deals, including a CITIC Group's \$36.5bn asset injection into CITIC Pacific. Japanese firm **Mori Hamada & Matsumoto** topped the table by deal volume, advising on 146 deals over the course of the year (see table, overleaf).

Freshfields Asia managing partner Robert Ashworth is generally bullish about the region.

"China remains an important area of

Top firms for 2014 M&A in Asia-Pacific, by value

Firm	Value (\$bn)	Number of Deals
Freshfields Bruckhaus Deringer	84.26	44
Haiwen & Partners	56.53	22
Jia Yuan Law Offices	52.52	27
King & Wood Mallesons	51.94	101
Clifford Chance	46.65	52
Allen & Gledhill	41.09	48
Fangda Partners	38.57	77
Sullivan & Cromwell	34.42	18
Davis Polk & Wardwell	33.76	25
Herbert Smith Freehills	32.54	100
Allens	30.55	58
Kim & Chang	28.42	128
Tian Yuan Law Firm	26.56	14
Baker & McKenzie	26.37	105
Grandall Law Firm	25.36	56
AllBright Law Offices	23.10	43
Kirkland & Ellis	22.80	18
Lee & Ko	20.04	104
Ashurst	19.84	68
Morrison & Foerster	18.83	23

Source: Thomson Reuters

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focus for us and we expect to see further growth across most practice areas,” he says. “In addition, India and the ASEAN region as a whole is growing impressively and we see the prospect of increasing activity in the coming years, including intra-Asia, with the Japanese banks and trading houses contributing to much of it.”

INTERNATIONAL INVESTMENT

Overall, investment by the international firms into the Asia-Pacific continues. While there may have been some streamlining and retrenchment by firms in certain jurisdictions – and others even pulling out – as a general trend, investment in the region is up.

This year’s figures reveal a 5.7 per cent rise in lawyer numbers at international firms over the past 12 months. There are now 10,128 lawyers at the top 50 international firms across the region, compared with 9,584 in 2014 and 9,207 in 2013 (an increase of 10 per cent over the two years).

Almost half (46 per cent) of the top 50 international firms saw their headcount increase in the past 12 months, while 36 per cent decreased their headcount and 8 per cent remained static. (A further 10 per cent were new entries and therefore did not have an increase or decrease recorded).

The fastest growing include **Bird & Bird** which grew 87.3 per cent, partly as a result of its merger with Australian firm **Truman Hoyle**, and **Allen & Overy** (A&O) which grew 35.2 per cent and now has 369 lawyers in the region. Meanwhile, behemoth **Baker & McKenzie** added 164 lawyers in the region – a growth of 15.4 per cent.

Those trimming their headcount include **DLA Piper**, which cut 83 lawyers (13.3 per cent) and **Ashurst**, which reduced headcount by 55 lawyers (6.7 per cent). Meanwhile in January, US firm **Fried Frank Harris Shriver & Jacobson** announced it was closing its Hong Kong and Shanghai office and pulling out of Asia all together. Other firms to pull out of Asia-Pac jurisdictions include **Milbank Tweed Hadley & McCoy**, which wound up its local practice in Hong Kong (although still maintains an office there) and **Stephenson Harwood**, which closed its local Guangzhou office and opted instead to enter into a local alliance later in the year.

For newcomers there can be a difficult first few years following entry to the market.

“Competition is steep, and it’s a long-

Top firms for 2014 M&A in Asia-Pacific, by volume

Firm	Number of deals	Value (\$bn)
Mori Hamada & Matsumoto	146	18.02
Kim & Chang	128	28.42
Baker & McKenzie	105	26.37
Lee & Ko	104	20.04
King & Wood Mallesons	101	51.94
Herbert Smith Freehills	100	32.54
Nishimura & Asahi	87	9.26
Nagashima Ohno & Tsunematsu	85	11.63
AZB & Partners	81	12.69
Minter Ellison	78	18.6
Fangda Partners	77	38.57
Ashurst	68	19.84
Bae Kim & Lee	59	18.44
Allens	58	30.55
Grandall Law Firm	56	25.36
Zhong Lun Law Firm	56	12.19
Khaitan & Co	53	6.91
Shin & Kim	53	8.30
Clifford Chance	52	4.65
Yulchon LLC	52	7.61

Source: Thomson Reuters

term game,” K&L Gates Asia managing partner David Tang says. “Newcomers face a steep learning curve and firms that are unfamiliar with the business culture and are not committed to the region will soon find it hard to justify staying.”

That said, expansion of global footprints also continues to be a focus for international firms. In the past 18 months, there have been around 50 new offices opened, and many mergers, alliances and joint ventures from them across the Asia-Pacific region.

CHINESE DOMINATION

Chinese firms also remain the dominant players among the local Top 100 table, making up 34 per cent of the largest firms in the region and housing 18,938 qualified lawyers. This compares with 35 per cent

last year and 18,092 lawyers.

Australia continues to be the second largest player in the region, with 24 firms in the top 100, housing 8,137 lawyers.

As well as having greatest representation in the top 100 firms, the Chinese outfits have also increased in size most dramatically. Altogether, the 34 firms added almost 1,000 lawyers to their headcount, up 4.7 per cent from the 18,092 lawyers housed by these firms last year. Notable increases include **Hylands**, whose lawyer numbers grew by more than 64 per cent, **Tian Yuan**, whose headcount grew 47.7 per cent and **Tahota**, which grew 42.6 per cent.

A number of mergers between local firms were agreed over the past 18 months. **Zhong Lun, Boss & Young** and **DeHeng Law Office** all sealed deals, significantly

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increasing their overall headcount in the process.

With an economy that is predicted by the IMF to grow 5.6 per cent over the coming 12 months, plus a number of cities that are expected to become increasingly important in the next decade, China continues to be of interest to the international firms. There have been a number of new openings in the Chinese mainland since the beginning of 2014.

The most notable, of course, is January's merger between UK firm **Dentons** and Chinese giant **Dacheng**, which increased Dentons' Asia presence by 3,112 qualified lawyers. **Bakers** recently launched a joint operation with local firm **FenXun Partners** through Shanghai's Free Trade Zone.

Meanwhile, local giant **King & Wood Mallesons** (which was born out of a merger between Chinese firm King & Wood, Australian firm Mallesons Stephen Jacques, and later UK firm SJ Berwin), also increased its footprint in the mainland, opening an office in Sanya. It is the only truly global firm to have its office in the Asia-Pacific, and houses 570 lawyers in Beijing and Shanghai alone. Around 71 per cent of its \$1.04bn revenue comes from the Asia-Pacific.

But the difficult nature of making Chinese operations work well has meant that – Dentons aside – many firms have continued to keep their presence relatively small in the region and, to date, local tie-ups have been few and far between. KWM's global managing partner Stuart Fuller notes it can be very hard for UK or US firms to achieve successful mergers in the region.

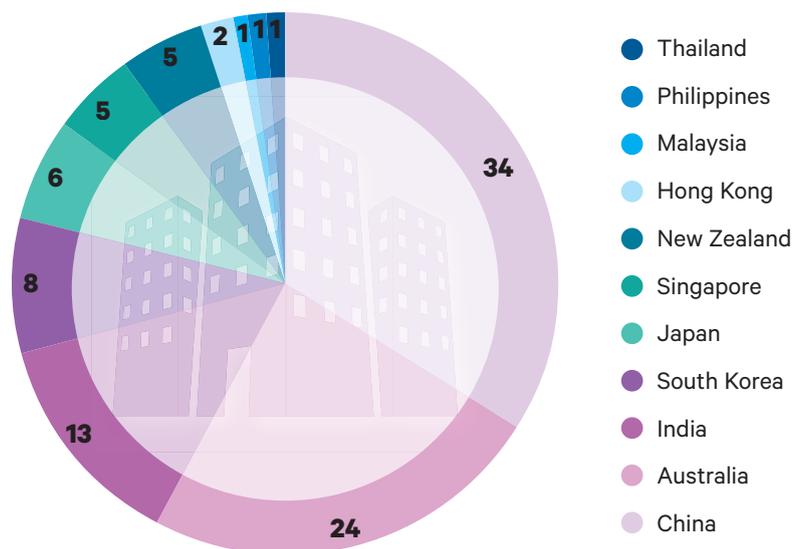
"King & Wood was unusual [for a Chinese firm] in that it had strong central management and was a partnership with a lockstep. Lots of other Chinese firms operate like a franchise, so income can be quite disparate," Fuller adds.

AUSTRALIA'S PERFORMANCE

This year there were 24 Australian firms in our local top 100, housing 8,137 lawyers, compared to 21 firms housing 6,906 lawyers the year before. Although competition remains tough in the region, activity in the market has picked up significantly since 2014, with lawyers noticing considerably more M&A work than in the previous 12 months.

That said, the lack of work in the previous 12 months, plus increased price

Breakdown of local firm numbers by jurisdiction



Source: *The Lawyer*

pressure and more competition from the internationals, led to a reduction in headcount among the largest Australian firms. Overall headcount at **Clayton Utz** fell 5.3 per cent to 786 lawyers while **Allens** lost 7.2 per cent to fall to 696 lawyers. Even more noticeable was the drop at **Gadens**, whose figure fell 13.5 per cent to 462 lawyers this year.

This trend was reversed, however, by those firms in the mid-tier, many of which grew significantly over the past 12 months. **Mills Oakley** was the fastest growing firm of all those in the local 100. It grew an astonishing 95.9 per cent in 2014, and has continued its lateral hiring spree in 2015, making good on its promise to become a top 10 Australian firm.

Others to significantly increase their headcount include **Thomson Lawyers** which merged with local firm **Herbert Geer**, to become **Thomson Geer** and in doing so boosted headcount by 27.6 per cent. **Moray & Agnew** also grew significantly – by 15.8 per cent to 264 lawyers.

Meanwhile, international firms continued to open in the region, with **Hogan Lovells** and **Pinsent Masons** both making lateral hires to set up shop later in the year. **Withers** also formed an alliance late last year, and **Bird & Bird** merged with its former alliance partner **Truman Hoyle**.

Among those already on the ground down under, some, such as **DLA Piper**, have trimmed headcount. Others, such as **Clifford Chance** and **A&O**, have cautiously expanded.

Clifford Chance's Asia managing partner Peter Charlton says: "It's a pretty competitive legal market across the whole of Asia, but Australia has been affected by two factors which are unique [to that jurisdiction]: the commodities downturn and lower energy prices. We're pretty small on the ground, but I still see opportunities in Australia."

INTEREST IN THE ASEAN

Local firms in Singapore continue to make up just 5 per cent of our top 100 table, with five firms employing 1,485 lawyers, compared with 1,477 lawyers housed at the same firms last year. But the jurisdiction continues to be of particular interest to international firms and other Asian firms, because it is a hub to the rest of the ASEAN region.

While overall headcount at the Singapore firms remained largely static, there was a noticeable increase in firms' global footprints in 2014/15.

Allen & Gledhill and **WongPartnership** both opened in Myanmar, while the latter also sealed an alliance with Indonesian firm **Makes & Partners**. Meanwhile **Rajah & Tann** brought its alliance offices in Cambodia, Indonesia, Malaysia, Myanmar and Vietnam together under the name **Rajah & Tann Asia**.

Foreign firms continue to invest heavily in the region. Notable was **Morgan Lewis & Bockius'** merger with **Stamford Law Corporation** in March 2015. Meanwhile, **Stephenson Harwood** and **Withers**

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both sealed joint law ventures (JLVs) with **Virtus Law** and **KhattarWong** respectively. **KWM** also recently launched a Singapore office by relocating three partners and a team of lawyers.

The remaining nine of the 10 ASEAN countries also continue to be an increasing source of work both for local Asian firms and international ones. According to a report by McKinsey Consulting last year, if viewed as a single economic block the association will be fourth largest in the world by 2050. No wonder law firms are trying to secure a presence in the region.

Just three local firms made it into our top 100 this year – the same number as in 2014's report. They are Malaysia's **Zico Law**, which has 165 lawyers, Philippines firm **Angara Abello Concepcion Regala & Cruz**, which has 143 lawyers and Thailand's **Tilleke & Gibbins** with 139 lawyers. The ASEAN firms have tended to be relatively expansionist with a number of firms, both big and small, launching offices in other ASEAN jurisdictions.

Meanwhile, there were at least nine new entries into the ASEAN region by international firms over the past 18 months, with Indonesia and Myanmar proving of particular interest. **Clifford Chance**, **Bird & Bird, White & Case** and **Berwin Leighton Paisner** (BLP) all announced joint ventures in Indonesia, while **Bakers**, BLP, and **A&O** tested the waters in Myanmar's biggest city Yangon. Other Asian firms also showed interest in the region, with firms from South Korea, Japan, China and Singapore all launching in the past 12 months.

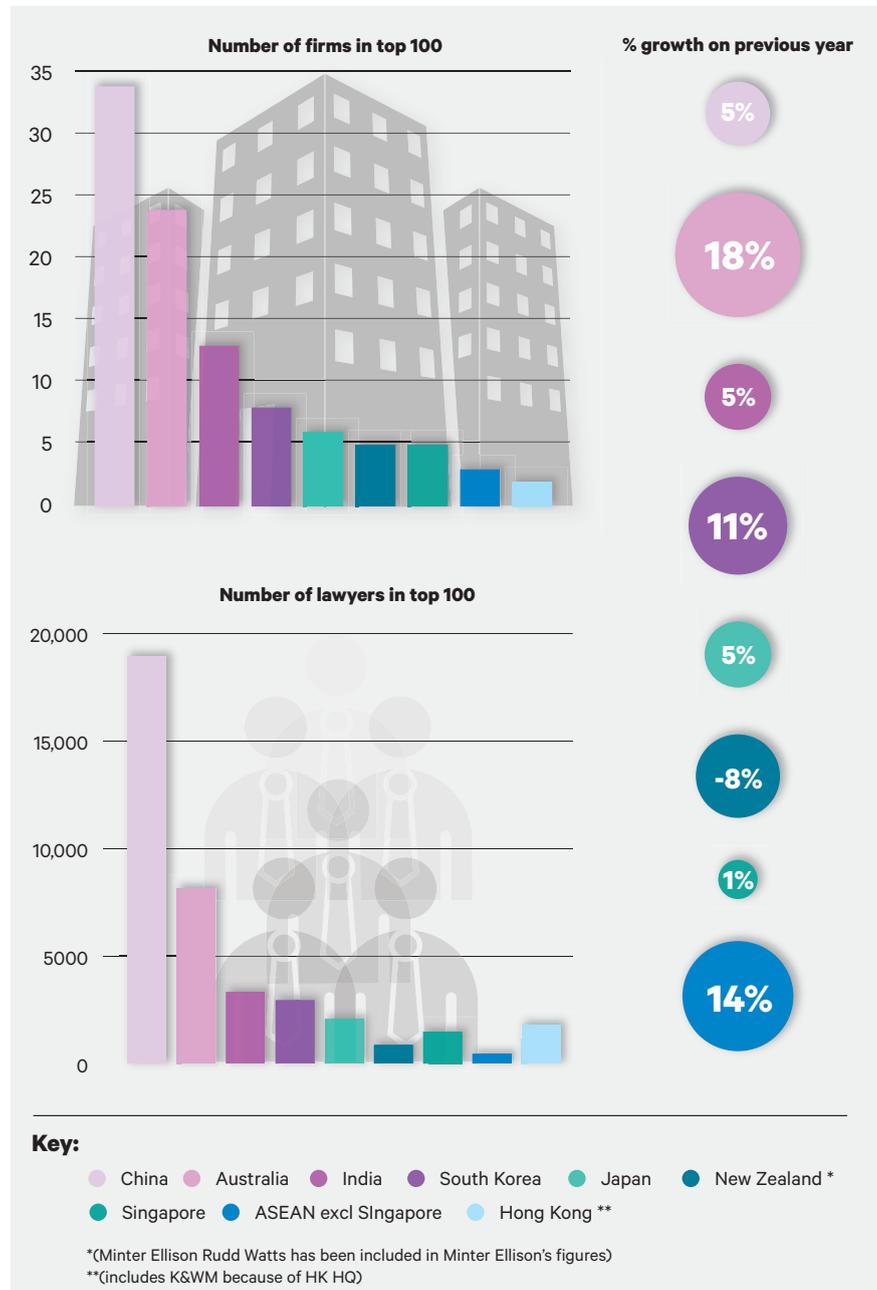
SOUTH KOREA

South Korea saw marginally better than expected growth in 2014, with the economy – Asia's fourth largest – expanding by 3.9 per cent. Likewise, South Korean firms continued to grow in terms of headcount and footprint.

The eight firms included in our top 100 grew a combined total of 11.4 per cent and now house 2,946 qualified lawyers, up from 2,643 the previous year. **Kim & Chang**, the country's largest firm, now makes it into the local top 10 with 760 qualified lawyers under its roof.

Local firms are also expanding their global horizons. **Bae Kim & Lee** launched in Myanmar and Hong Kong, and also announced plans to open in Ho Chi Minh City and Hanoi. **Yulcohn** also opened in Myanmar, while a number of firms

Regional breakdown for Asia-Pacific's top 100



Source: *The Lawyer*

expanded in Europe and the Middle East.

Interest by European firms also continues. Under liberalisation of the market, European firms will be allowed to set up shop next year, with US firms given permission to open from the year after – although there has been some talk about possible amendments to the liberalisation laws).

In the past 18 months **Milbank Tweed Hadley & McCloy**, **Stephenson Harwood** and **Skadden Arps Slate Meagher & Flom** all opened local offices in Seoul. UK firms **Taylor Wessing** and **Bird & Bird** formed strategic alliances with two mid-sized local firms **DR & AJU** and **Hwang Mok**

Park respectively. **EY Legal** announced an alliance with **Apex Legal** in April.

JAPAN

Despite a stagnant economy, which is only just beginning to show signs of life thanks to 'Abenomics' the economic policy of the new government, headcount at the six Japanese firms in our Top 100 grew 5.6 per cent last year. These firms now house 2,074 lawyers, 107 more than the previous year.

Local firms have also been expanding their footprint both at home and offshore. In 2015 alone **Mori Hamada & Matsumoto** launched offices in Bangkok, **Nagashima**

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Ohno & Tsunematsu opened in Hanoi and **Anderson Mori & Tomotsune** opened in Ho Chi Minh City.

Meanwhile **Mori & Hamada**, **TMI** and **Nagashima** all launched new local offices as well.

After dramatically downsizing in Japan in the wake of the global financial crisis, international firms are cautiously eyeing the region again. This year US outfits **King & Spalding** and **Greenberg Traurig Maher** launched in Tokyo, while last year **Morgan Lewis** took 16 lawyers from **Bingham Sakai Mimura Aizawa** and **Squire Patton Boggs** merged with Tokyo corporate boutique **Mamiya Law Offices**.

HONG KONG

While only one truly local firm **Deacons**, which has 138 lawyers, makes it into our top 100, Hong Kong is home to a number of sizeable practices run by the international outfits, including **Mayer Brown JSM** which has 195 lawyers in the region and **Bakers** which has 136 lawyers. Hong Kong is also home to the headquarters of Asia-Pacific giant **KWM**, which has 158 lawyers in the region.

Economic growth in the region was a healthy 7.4 per cent in 2014, although marginally down from 7.7 per cent in 2013 and 2012.

That said, there was little investment by foreign firms in the region this year. US outfits **Debevoise & Plimpton** and **Kobre & Kim** and the UK's **Osborne Clarke** were the only internationals to open in the region. Chinese firms **Longan** and **Han Kun Law Offices** also opened there.

INDIA

So far, 2015 has been a volatile year for Indian firms following the split of the country's largest and most well established firm **Amarchand Mangaldas Suresh A Shroff & Co.**

From the ashes rose two new firms, which have both been intent on bulking up as quickly as possible. As a result, a hiring war has ensued, with partner movement across the country at its highest level.

That said, the economy is flourishing and work in the jurisdiction remains plentiful. Indeed in its 2015 Asia-Pacific Regional Economic Outlook report, the IMF describes India as a 'bright spot' in the global economy, predicting growth of 7.5 per cent in 2015/16.

Indian firms continue to make up 13 per cent of our top 100, accounting for 3,333

of the top 100's lawyers. This represents an increase of 4.7 per cent on the previous year. Fastest growing firm was **Khaitan & Co**, which grew by 54 per cent over the past 12 months.

Meanwhile, there is talk, although not for the first time, of possible liberalisation of the legal market. Rajiv Luthra, managing partner of **Luthra and Luthra**, says: "This is an interesting time with respect to foreign firms operating in India, because processes have been set in motion to allow for the phased entry of foreign law firms into the Indian market, and an inter-ministerial group is actively considering the issue."

NEW MODEL PROVIDERS

In line with other parts of the world, the Asia-Pacific legal market has witnessed a rise in new models of law firms, as a response to increased pressure on price and an increasingly competitive market.

This trend is particularly of note in the more mature markets, such as Australia, where legal spend in the market has dropped 25 per cent over the past two years, according to an organisation for in-house counsel.

In light of this, the Australian market has seen a rise of firms adopting new models and alternatives to billable hours. Some, such as **Hive Legal**, which launched with partners from DLA Piper and Minter Ellison and has since hired a partner from King & Wood Mallesons, are already attracting big names from national or international firms.

The large national firms are also looking at more flexible models, with **Corrs Chambers Westgarth** launching a flexible lawyering venture, Orbit, in 2014, similar to A&O's Peerpoint.

Corrs CEO John Denton says the venture already has around 50 lawyers and is growing rapidly.

"Our clients' interest in Orbit has been even greater than we expected," he says. "So we're building the Orbit team faster than we originally planned."

Firms are also looking at new ways of raising capital. The most obvious example of this is the listing of **Slater & Gordon** on the stock exchange. While only a couple of other firms have followed suit in Australia, a number are considering it.

Listing or raising capital through other means such as private equity gives firms the ability to better meet clients' needs through the acquisition of new

technologies or increased footprint and the ability to better attract and retain quality partners through share schemes.

"The industry as a whole needs to evolve or go the way of the dinosaurs," argues **Sparke Helmore** corporate head Nick Humphrey. "Listing is one way of making some of those changes."

Elsewhere in the Asia-Pacific, the large international firms are introducing their own low-cost models. **A&O** launched its flexible resourcing division Peerpoint in Hong Kong in December, while **HSF** is also understood to be looking at a low-cost legal services centre in the Asia-Pacific region similar to the one it runs in Belfast.

Meanwhile a further variety of legal provision comes in the form of the large accountancy firms, which have all returned to the Asia-Pacific legal market, following their retreat in the early 2000s (see Accountants: the second coming, on page 12).

But the rise of the new firms will never replace the need for large international players.

"There is a lot of public discourse about increasing competition from 'new firms' or 'disruptors' who offer automated or generic services for low prices," says **K&L Gates'** Tang. "There may be a place for them in the market but clients still need sound legal judgment, experience operating across jurisdictions and the knowledge and ability to harmonise efforts to achieve business objectives."

And with the Asia-Pacific economy predicted to be the global growth leader in the medium term, law firms continue to see that opportunity in the region and accordingly will continue to expand.

Clifford Chance's Peter Charlton says the firm continues to see the area as a growth market.

"We certainly think there are opportunities to grow faster [in Asia-Pacific] than some other markets," Charlton says.

That said, not every firm will get it right. There will undoubtedly be some other internationals that are forced to retrench or pull out because their strategy isn't working. But across the region as a whole, growth among the international firms looks set to continue.

Meanwhile, local Asian firms, which are growing at an even more rapid rate than the international competitors, are well placed to continue their expansion and enjoy the fruits of a flourishing economy.

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ATTITUDINAL RESEARCH

NEW JURISDICTIONS: MERGERS, STARTING SMALL OR NOT AT ALL?

Which is the best way to enter a new jurisdiction – through merger, the launch of a small office with lateral hires, or is it preferable to service clients from larger hubs elsewhere and use local firms where necessary? The answer of course depends on who you ask. It also depends on strategy, the jurisdiction, and, critically, which local firms are prepared to say ‘I do’.

A number of firms clearly think large global footprints and large local offerings are the best strategy. **Bakers** and **DLA Piper** spring to mind. **Dentons**, too, has signalled to the world a similar strategy with its **Dacheng** deal in China, its merger with **McKenna** in the US and news that it is in non-disclosure talks with an incredible 21 firms around the globe.

The Dentons model is more similar to that of the accountancy firms or arguably **Bakers**, and the firm says it is looking for merger partners rather than opening small offices with internal relocations.

“If there’s one message [in our strategy] it’s our respect for the quality of the law firms in Asia. We don’t think we could do it better than them,” says Dentons chairman Joe Andrew.

It is worth noting here that the word ‘merger’ can mean very different things, with some such as the Dentons-Dacheng deal opting for a Swiss *verein* (where firms operate as one but remain financially independent) while others have financially integrated their merger partners.

The former arguably makes the integration process easier. It allows for differences in profitability between jurisdictions and some would say for more independence within local arms.

But there are arguments for having a single profit pool.

“We have true financial integration,” says **HSF** regional managing partner Justin D’Agostino. “There’s a very big difference in mindset when you have just one profit pool globally because then you have all the partners pulling in the same direction.”

He argues this ‘one team’ approach not only benefits lawyers in the firm but is also evident to clients.

Meanwhile, many firms are opting for joint ventures and alliances, often because they are hampered by local markets that are still not fully liberalised. Such alliances, of course, have the benefit of allowing firms to test the water before any kind of fully fledged merger – as was the case with **Bird & Bird** in Australia, which spent 18 months in a joint venture with **Truman Hoyle** before the two firms formalised their arrangement.

Certainly in some jurisdictions, such as China, there are a number of local firms with a real appetite for at the very least an alliance with an international player. Of China’s big players, **Boss & Young**, **Commerce & Finance**, **DeHeng Law Offices** and **Jingtian & Gongcheng** are all looking to open joint ventures like the one signed by **Bakers** and **VenXun** in April this year.

But international firms also have reason to be cautious about tying the knot with overseas outfits too quickly. For a start it is a hugely costly process. Integration is bound to take time, with newly merged firms needing to rid themselves of any less profitable parts of the new organisation. There will also be departures of those individuals not wishing to be governed by an international firm.

For this reason a number of firms have chosen to enter the market by cherry-picking a quality local team, thereby keeping launch costs and integration costs considerably smaller. Think of **Hogan Lovells’** and **Pinsent Masons’** launches in Australia as good examples of this.

What’s more, it can be hard to find a good and, more importantly, interested partner in some of the Asia jurisdictions. Many of the top local independent firms do not see mergers with international players to be of real benefit.

In markets such as South Korea, which have a handful of well established, top quality firms that are currently receiving a strong flow of instructions from a variety international firms, it’s hard to see the benefit of a merger or tie-up with just one firm. As such, the top-tier firms are arguably less keen to enter into an exclusive deal with an international firm, and thereby considerably reduce their number of referrals.

Kevin Kim, **Bae Kim & Lee’s** head of international arbitration and litigation says: “Many Korean firms are very independent. We don’t want to be an international firm,

we want to be a Korean firm with an international presence.”

He predicts it will be the second-tier firms that are more likely to look at such deals.

“If the small to medium-size firms do a joint venture with international firms, then that could have more of an impact on the [local] market. That would be interesting,” he adds.

This is mirrored in the Japanese market – another region that is mature and well serviced by a number of large high-quality top-tier independent firms, says **Mori Hamada & Matsumoto** managing partner Yasuzo Takeno.

“Perhaps the big four to five Japanese firms are just not in the mood to have a close exclusive relationship,” Takeno adds. “It’s the small to mid-tier firms that are more likely to have that close relationship.”

Corrs Chambers Westgarth CEO John Denton says his firm remains “fiercely and proudly independent”, and argues mergers do not necessarily have a real benefit to clients.

“We don’t think a global merger is the best way to meet the needs of our clients. We think the best way is to be the most globally connected law firm based in Australia.”

Furthermore by remaining independent, good referrals can be gained from those firms without a local presence who avoid giving work to Australian firms that may be competitors (or allies to competitors) in other markets.

“We get a lot of work from firms that do not have tie-ups with Australian firms and that’s working very well for us,” points out **Clayton Utz** managing partner Rob Cutler. “There’s a lot of referrals and a lot of joint co-bidding opportunities.”

All that said, most conversations with managing partners about this topic end in the catch-all caveat “but, never say never”. Let’s not forget, 12 months prior to its merger with Dentons, Dacheng chairman Peng Xuefeng told *The Lawyer* that the Chinese profession had not matured enough to start doing international mergers in any big way.

At the end of the day, it seems, almost all firms have their price. The question is, will the global players be prepared to meet it?

International firms

If you thought that international firms were scaling back in the Asia-Pacific region, think again. The figures from *The Lawyer* Asia-Pacific 150 2015 emphatically show that international firms have continued to expand their footprint and grow their offerings in the region over the past 12 months.

Undoubtedly the region remains a growth area. According to the International Monetary Fund (IMF) Asia-Pacific accounted for two-thirds of global growth last year. It predicts that the region will continue to be the global growth leader for the medium term, forecasting 5.6 per cent growth this year and 5.5 per cent in 2016, compared with predictions of world growth of 3.5 and 3.6 per cent respectively.

That said, Asia is not necessarily an easy place to make money. Although firms continue to open in the region, these offices are not necessarily the cash generators once hoped. Often firms have failed to realise the cultural challenges they may face or the fact that large corporations who are clients in the UK or US may not automatically become clients in Asia.

Over the past few years, many

international firms have had to rethink their Asian strategies, trimming headcount in some areas, bulking up in others and generally reshaping in order to be more streamlined and more profitable in what is a highly competitive market. Others have left the market altogether.

Undeniably there will be further growth in the region, but translating that growth into profit will be tricky. Firms have to weigh up whether having a physical presence in a jurisdiction makes good financial sense, and balance that against the possible risk of losing clients if they aren't in that jurisdiction.

What is evidenced in this year's Asia-Pacific 150 is that international firms continue to believe that Asia represents a good investment for the future – even if it's not paying dividends just yet.

HEADCOUNTS

This year's figures reveal a 5.7 per cent increase in lawyer numbers at international firms over the past 12 months. There are now 10,128 lawyers at the top 50 international firms across the region, compared with 9,584 in 2014 and 9,207 in

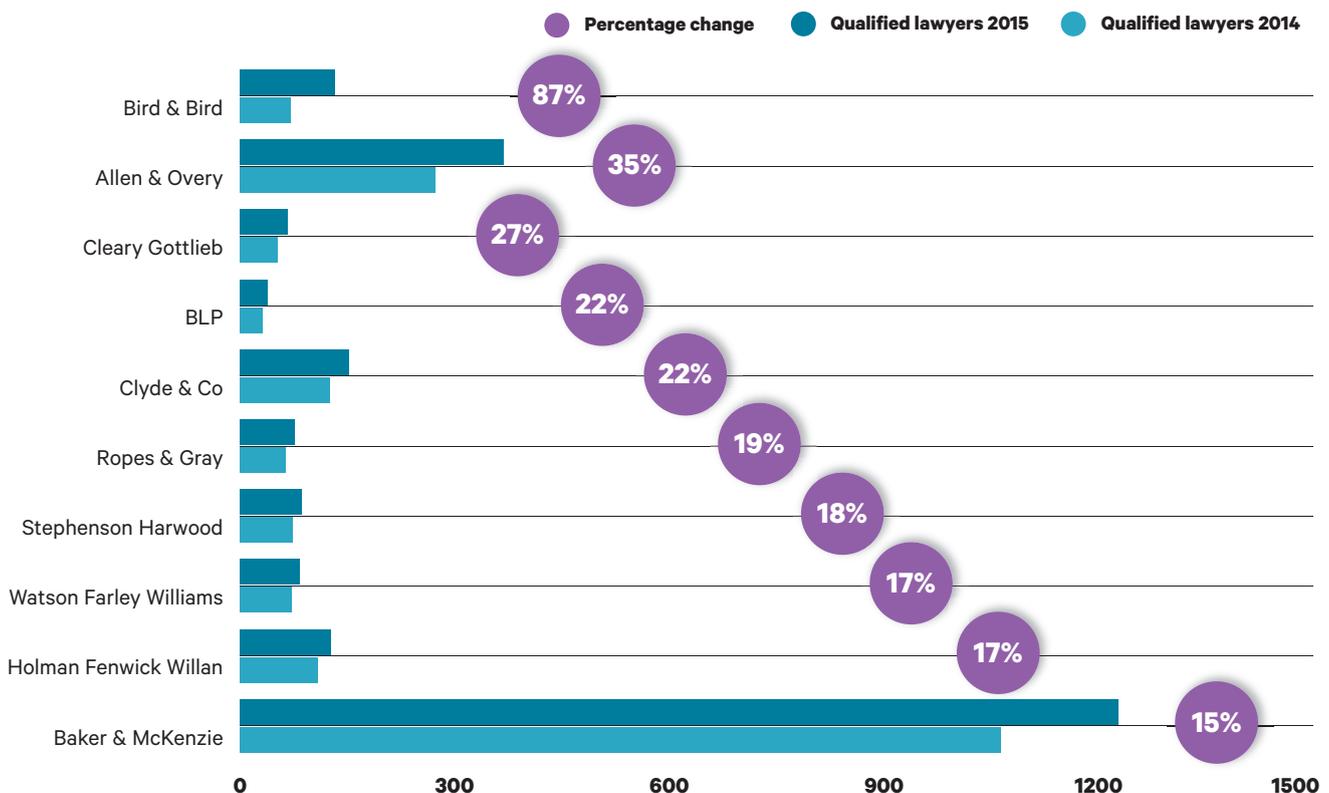
2013 (an increase of 10 per cent over the past two years).

Almost half the top 50 international firms saw their headcount increase over the past 12 months, while 36 per cent decreased headcount and 6 per cent remained static. (A further 10 per cent were new entries and therefore did not have an increase or decrease recorded).

What's more, there have been significant new mergers and joint ventures since our headcount figures were recorded. Most obvious, of course, is January's audacious merger between **Dentons** and **Dacheng**. If that merger had taken place a few days earlier, our headcount figures for 31 December 2014 would have swelled to 13,353 – which would have represented 40 per cent increase on the previous year.

Retaining its number one spot on the table this year is **Baker & McKenzie** with 1,227 qualified lawyers in the Asia-Pacific region, while **Herbert Smith Freehills** (HSF) stays in second place with 960 lawyers. **Bakers** extended its lead over HSF, with the former growing 15.4 per cent while the latter reduced its headcount marginally, by 2.6 per cent. That said,

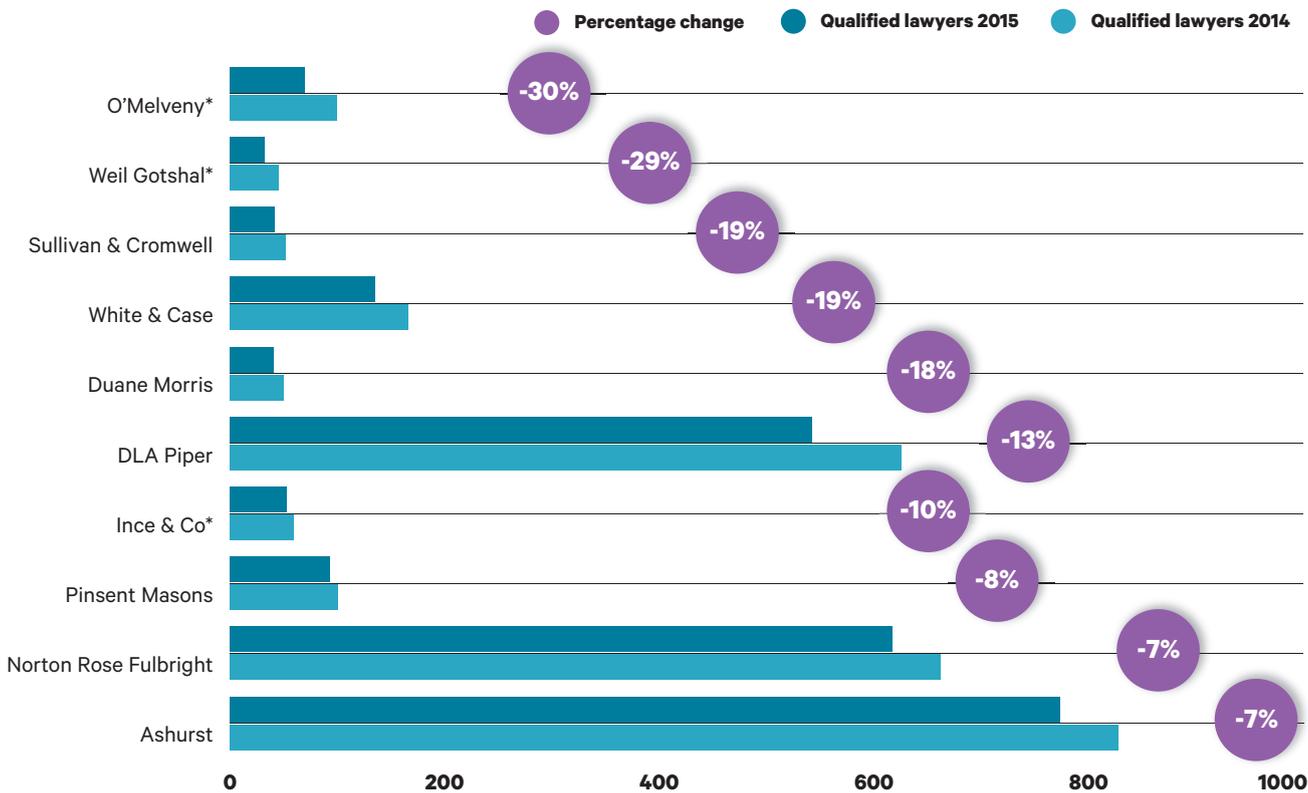
Asia-Pacific's fastest international growers



Source: *The Lawyer*

International firms

Asia-Pacific's most rapid international shrinkers



Source: The Lawyer *estimated

Bakers is only likely to hold its number one spot for 12 months, with **Dentons** set to leapfrog up the table 43 places to number one (unless of course another firm has a Chinese mega merger in the offing).

New entry to the top 10 this year is accountancy firm **PWC Legal**, which has been making considerable strides across the Asia-Pacific region. It has 324 lawyers in the region and plans for further expansion in the coming 12 to 24 months (see Accountants, the second coming, page 12).

Of the 10,128 lawyers in our top 50 this year, 77.3 per cent (7,875) are employed in the top 20 firms, down from 79 per cent last year. Two years ago the top 20 per cent housed a little over 80 per cent of the total number of lawyers, revealing a slightly greater spread across the table this year.

PARTNER PROMOTIONS

Another sign of firms' commitment to Asia is evidenced by partner promotions in the region. Of our top 10 firms, **Bakers'** addition was the biggest by total number while **HSF's** was the biggest by proportion. Bakers added 19 lawyers across its Asia Pac offices, 29 per cent of the total partnership round, while **HSF** made up 11, a notable 52 per cent of its total round. **Freshfields Bruckhaus Deringer** also indicated its

commitment to the region. The six lawyers it made up, represented 35 per cent of this year's round.

Those whose commitment was noticeably smaller included **Allen & Overy**, which made up just one Asia-Pacific partner in the latest round (5 per cent of total promotions) and **Linklaters** and **Hogan Lovells**, both of which made up two partners in the region (9 per cent and 8 per cent of total promotions respectively).

INCREASED FOOTPRINT

As well as growing headcount, a considerable number of firms increased their Asian Pacific footprint over the past 12 months. The ASEAN region was of particular interest, with seven new mergers or alliances in Singapore in the past 18 months, and a further nine in the rest of the ASEAN region.

Singapore is seen as a the gateway to the ASEAN region and has seen five new launches and alliances in 2015 alone. Most notable of these moves was **Morgan Lewis & Bockius'** merger with **Stamford Law** in March, the first fully integrated merger between a local and international firm. It will boost the US firm's numbers in the region by approximately 80 lawyers. Other notable moves included **Withers FLA** with **Khattarwong**, a joint law

venture for **Kennedys** and the arrival of **PWC Legal** and **Ernst & Young**.

Elsewhere in the ASEAN region, the first half of 2014 was particularly busy, with three outfits moving into Myanmar, two into Indonesia and another into Vietnam. Over the past 12 months, that rate of entry has slowed, however, with just three new deals so far this year. **White & Case** and **Bird & Bird** both completed tie-ups in Indonesia and **Trowers & Hamlins** became the first foreign firm to receive its practising licence in the newly liberalised jurisdiction of Malaysia.

There were nine new office openings and alliances in mainland China, the most notable of which was undoubtedly **Dentons'** headline grabbing merger with **Dacheng**. The move gives the combined firms a total of 41 offices in China alone. The merger was met with a mixture of shock and astonishment, particularly by managing partners at rival firms who questioned both the quality of the Chinese firm and the logic of having more than 3,000 lawyers in a country where making profit is notoriously difficult. The structure is a Swiss verein, allowing greater independency for the Chinese firms, and doesn't require shared finances. Even so, many believe integration will be tricky.

Chairman Joe Andrew explains that

International firms

rather than looking for a red circle partner, Dentons wanted a large second tier domestic-focused firm. The theory being, that rather than focusing on international work, these firms maintain excellent relationships with domestic Chinese clients, many of which are based outside Shanghai and Beijing – the geographic focus of international firms to date.

As well as giving the firm sizeable a presence in Shanghai and Beijing, the Dentons thinking is that the merger will also allow the firm to capture the market in those cities which are as yet largely unknown to international firms, but which are predicted to become part of the world's supercities by 2025.

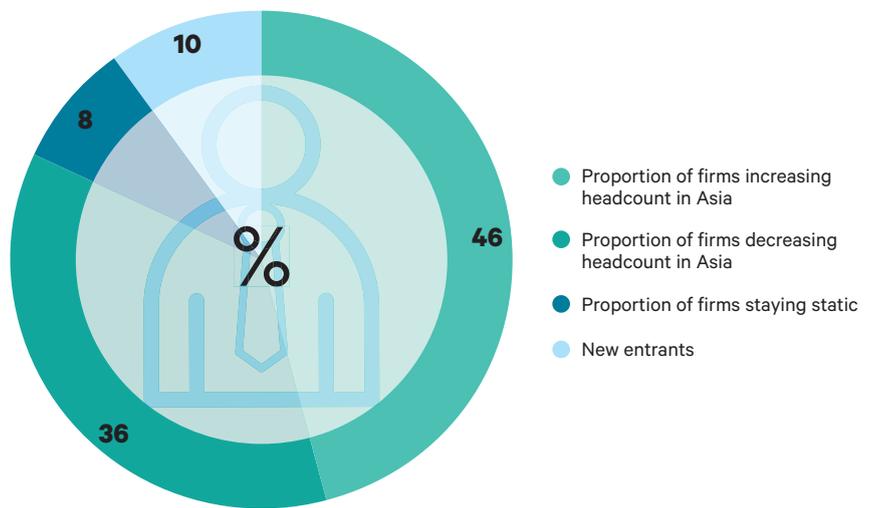
Other notable moves in the region saw **Bakers** gain approval for its joint operation with local Shanghai firm **FenXun**, the first foreign firm to do so. Meanwhile three US outfits launched in mainland China, all opening offices in Shanghai (see Launches, Mergers and Alliances, page 15).

But while launches in mainland China continue, the majority of firms are cautious about being too large there, purely because it is currently a very hard place to be profitable.

Nick Seddon, a partner at legal consultancy Beaton Capital, says: "Firms are coming to their senses about China. Ten years ago all the firms were talking about upsizing in China and downsizing in Hong Kong. Now the reverse is true. It's very difficult to make money and the playing field is not at all level."

South Korea remains of interest to

Asia-Pacific headcount changes



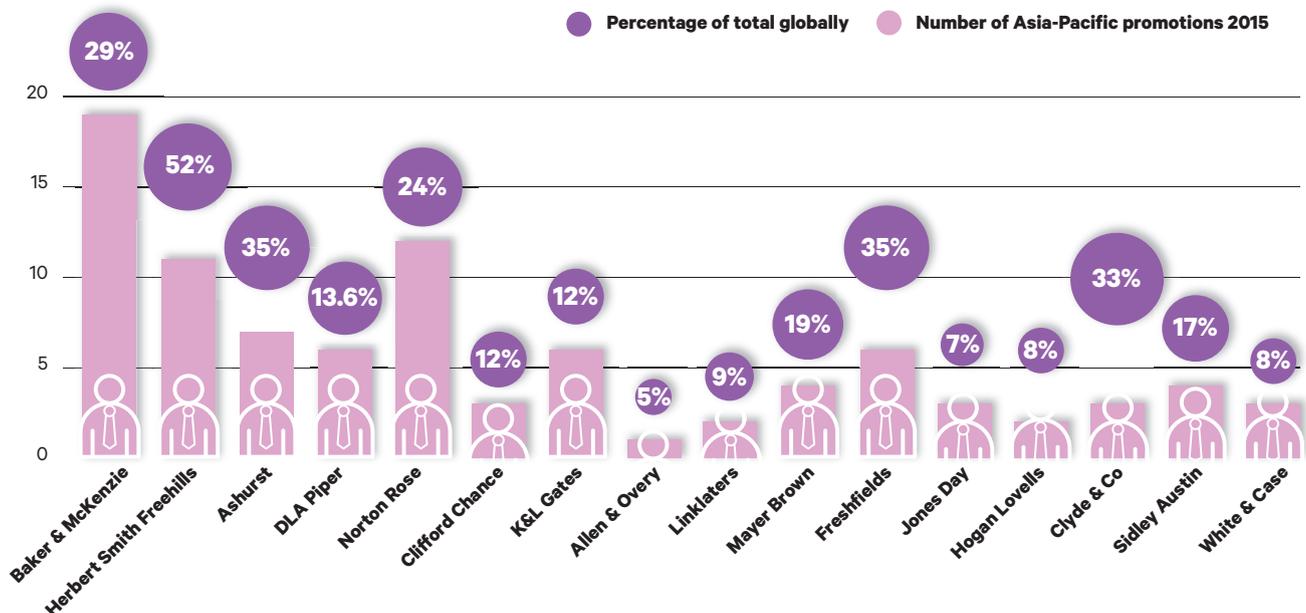
Source: The Lawyer

the global firms, with the promise that the market will open up to European firms in 2016 and to US firms the following year, as part of the country's phased liberalisation plan. Six international firms either launched or entered an alliance in the jurisdiction. However the leading Korean outfits, which are increasing their global footprint in other parts of Asia, have to date shown no interest in merging with global players, although it increasingly seems to be an option for those in the mid-tier.

Firms are also keeping an eye on Japan. Despite the country's somewhat stagnant economy, it is still one of the

world's largest exporters and international firms are clearly keen to access the large cash-rich Japanese corporates which are investing all around the world. The legal market is mature, and like the South Koreans, the top-tier firms have to date seemed reluctant to form any alliances with a single global player. As this report went to press **King & Spalding** announced its launch with a four-lawyer team from **Ashurst. Greenberg Traurig** and **PWC Legal** also launched in the region while **Squire Patton Boggs** and **Morgan Lewis & Bockius** both bulked up in the region through local mergers.

Asia-Pacific partner promotions



Source: The Lawyer

International firms

ACCOUNTANTS – THE SECOND COMING

It's more than a decade since the accountancy firms' first assault on the legal market was halted in its tracks as a result of the introduction of Sarbanes Oxley legislation and the messy implosion of **Garretts**, the legal firm of former accountancy firm Andersons. Three of the remaining big four got rid of their legal offerings completely, with only PWC retaining its outfit in a much more minor capacity.

But it seems the profitable legal sector is too tempting to resist. After a few years licking their wounds, the accountants are back. And in Asia, they've already made considerable progress.

PWC Legal's 324 lawyers, spread through 10 jurisdictions, already puts the firm in the top 10 of international firms in the region. It has biggest coverage in Australia where it boasts 132 lawyers, including 32 partners, Taiwan with 68 lawyers and two partners, and China where it currently has 30 lawyers and four partners.

The firm's most notable lateral hires of last year were those of Tony O'Malley and Tim Blue, former Australian managing partners of King & Wood Mallesons, who are now understood to be bulking up PWC Legal's Australian practice.

Eric Chin, associate at professional services advisers Beaton Capital, described the hires by PWC as one of the most important lateral moves in the Australian market in the past 12 months. "It was huge," he says, predicting that growth by the accountants will continue apace.

More recently PWC launched an office in Japan, after sealing a local tie-up with Singapore firm **Camford Law** last July.

And you can be sure it hasn't finished its global expansion plans just yet. The firm has publicly stated it wants to reach approximately 500 lawyers in the region within five years. It is understood to be looking at Hong Kong and China, as well as Korea and Indonesia.

EY Law has similarly global ambitions. It now has approximately 190 lawyers and 20 partners across the region, and like PWC Legal, continues to grow at a rapid rate. Key deals for the firm have included last year's acquisition of Chinese firm **Chen & Co**, which has around 90 lawyers and focuses mainly on capital markets and IPO work, and this year the addition of 55 lawyers from South Korean firm **Apex Legal**, which also has a presence in Cambodia and Indonesia. It also formed an alliance with **PK Wong** in Singapore and in June gained a foreign law licence for its affiliated firm **DA Partners**. EY Law also has a close alliance with rapidly growing start-up **PDS Legal** in India.

Deloitte Lawyers has a more moderate headcount in the region but a

footprint the size of a giant's.

It provides legal services in a staggering 27 jurisdictions across Asia-Pacific. Its ambitions focus more closely on practice areas where it has particular synergies, rather than looking to build up a full service firm. This means it can provide legal services from its current offices, rather than opening whole new outfits for its legal services in the region.

Meanwhile **KPMG Legal** has focused its efforts on the Australian market where it currently has 32 lawyers and 10 partners. It also has a best friends relationship with Indian firm **Advaita** which was launched in 2013 and has offices in Delhi and Mumbai. The firm has increased its number of qualified lawyers in the region by 200 per cent in the past 12 months, and its partner numbers have doubled from five to 10.

EY Law's Asia-Pacific leader, Howard Adams, argues that the accountants are at the forefront of firms developing new models of legal service – providing a greater focus on business consultancy – a model which he says is more attractive to clients and many young lawyers.

Accountancy firms

	Qualified Lawyers	Partners
PWC Legal	324	58
EY Law	190	20
Deloitte Lawyers	140	15
KPMG Legal	32	10

Source: *The Lawyer*

And then there's Australia, a legal market that is very well developed and highly competitive. Like China, it has been a region international firms can lose money. However, our research shows that international firms still consider it to be an attractive market. Not only because the total revenue for the region's legal market is estimated to be A\$23bn (£11bn), but also because it is viewed as an important platform for the Asia-Pacific region as a whole.

In recent months **Hogan Lovells** and **Pinsent Masons** have both made lateral hires for launches in the jurisdiction. Pinsent Masons' hired a team from **Maddocks** which included the Australian firm's former CEO, while Hogan Lovells

nabbed a couple of high-profile partners from **Allens**.

Meanwhile, India looks set for a bright future in the region, with the IMF predicting growth of 7.5 per cent for 2015/16. But India is a notoriously tricky market to negotiate, not least because of the very stringent practising restrictions. Although there are signs that the new government may be taking preliminary steps towards liberalisation, such measures will take time to come to fruition.

UK outfit **Osborne Clarke** sealed a 'formal best friend relationship' with new local firm **BTG Legal**, which has been launched by the former co-head of Osborne Clarke's India practice group

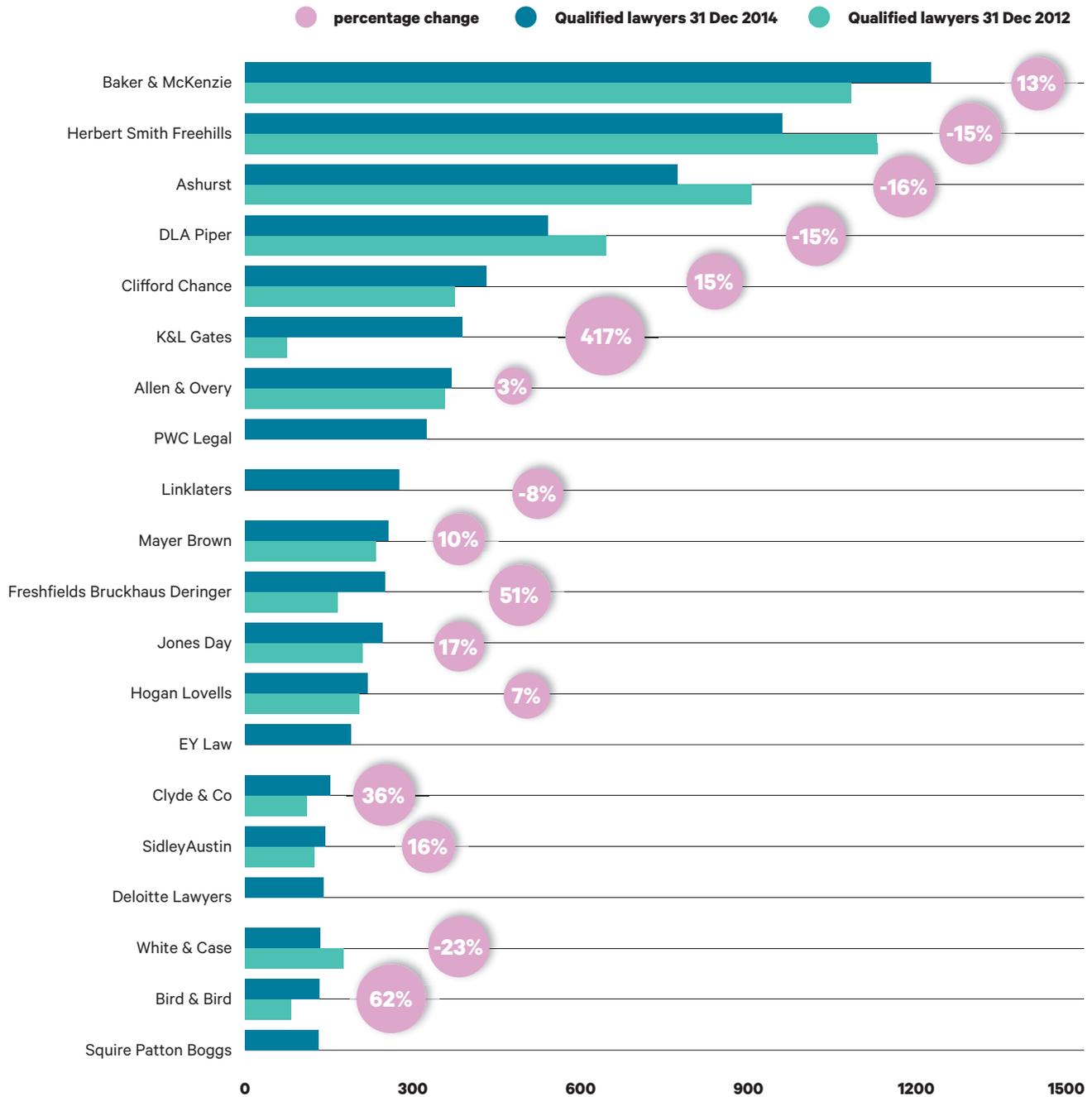
(although under the current rules the relationship is not allowed to be exclusive).

Other firms to maintain best friend relationships include **Linklaters** which has maintained its current relationship with **Talwar Thakore & Associates** for eight years, and **Ashurst** which maintains its relationship with **India Law Partners**, despite having to shut down its Delhi liaison office because of tightened India regulation. A couple of the accountancy firms also have best friend firms there (see Accountants box, above).

Other international firms have sizeable Indian desks, **Baker & McKenzie** for example has more than 300 lawyers dedicated to its India practice and **A&O** has more than 100.

International firms

Top 20 firms for two-year growth



Source: *The Lawyer*

BIGGER NOT NECESSARILY BETTER

Despite continued increases in economic growth and footprint, success in Asia-Pacific is no easy task. A number of firms have learned the hard way that growth does not always equal profit.

Accordingly, we have seen continued streamlining and trimming by some of the international big players in the region as well as one departure from the region altogether.

In January US firm **Fried Frank Harris Shriver & Jacobson** announced its decision to close its Hong Kong and Shanghai office and pull out of Asia

altogether. The firm had opened in Hong Kong in 2006 and in mainland China a year later, but it is understood the offices failed to be profitable.

Other firms to pull out of Asia-Pacific jurisdictions include **Milbank Tweed Hadley & McCoy**, which wound up its local practice in Hong Kong (although still maintains an office there) and **Stephenson Harwood** which closed its local Guangzhou office and opted instead to enter into a local alliance later in the year.

Meanwhile some of the larger firms to scale back in the region were **DLA Piper**, which reduced its headcount in the region

by 83 lawyers (13.3 per cent) and **Ashurst**, which reduced headcount by 55 lawyers, (6.7 per cent). The former is understood to have streamlined its organisation across the Asia-Pacific to increase profitability. Terry O'Malley, head of DLA Piper's Asia advisory committee, points out that it is not unusual for headcount fluctuations from year to year. While not commenting specifically on any managed exits, O'Malley did say: "Our performance standards are high and we accept that not everyone is able or willing to make the commitment to clients that we require."

Indeed while reducing headcount,

International firms

Top international firms for 2014 M&A, by value

Firm	Value (\$bn)	Top 20 rank by value
Freshfields Bruckhaus Deringer	84.26	1
Clifford Chance	46.65	5
Sullivan & Cromwell	34.42	8
Davis Polk & Wardwell	33.76	9
Herbert Smith Freehills	32.54	10
Baker & McKenzie	25.37	14
Kirkland & Ellis	22.80	17
Ashurst	19.84	19
Morrison & Foerster	18.83	20

Source: Thomson Reuters

Top international firms for 2014 M&A, by deal number

Firm	Number of deals	Top 20 rank by volume
Baker & McKenzie	105	3
Herbert Smith Freehills	100	6
Ashurst	68	12
Clifford Chance	52	19=

Source: Thomson Reuters

the firm made a considerable number of high-profile lateral hires in the Asia-Pacific region over the past 12 months, including Gibson Dunn & Crutcher corporate heavyweight John Viverito who joined to head up the Singapore office, and O'Melveny & Myers partner Mark Fairbairn to head up the Asian restructuring group. The firm also expects to add to its corporate and regulatory compliance practice in Hong Kong, while also adding to depth and breadth in North Asia. But O'Malley says the focus will be on quality rather than quantity of additions.

BIG DEALS

Furthermore, being small on the ground does not necessarily mean small ticket work, as the Asia-Pacific deal tables from Thomson Reuters reveal. International firms took nine of the top 20 spots on the 2014 table by deal value. In the number one spot was **Freshfields** advising on US\$84.3bn (£53bn) worth of deals, despite having just 250 lawyers in the region. **Clifford Chance** was next of the

international firms, coming in at 5th place and advising on \$46.7bn worth of deals. Not far behind it, at eight on the table, was Sullivan & Cromwell which advised on \$34.4bn worth of deals.

However if we look at the tables by volume rather than value, those with the big headcounts start to appear. Just four of the international firms made the tables, when it came to volume of deals. **Bakers** came in at third spot with 105 Asia-Pacific deals for the year, **HSF** was in sixth spot with 100 deals, and **Ashurst** came in twelfth with 68 deals.

Lawyers reported an increase in M&A activity in the second half of 2014, and 2015 looks set to be a bumper M&A year with a record value of deals recorded in the region for the first quarter, up 67.5 per cent on the first quarter of 2014, according to Thomson Reuters.

International arbitration work has also been particularly fruitful for many firms in 2014, as increased trade in the region results in increased disputes. The region is well served with venues for these disputes,

with arbitration centres in Hong Kong, Singapore, China, Malaysia and South Korea all competing for the work.

The other boom area for law firms is infrastructure work, which is particularly busy in Southeast Asia. A report by consultancy firm McKinsey & Company estimates that infrastructure development in the ASEAN region will be worth around \$8tr during the course of this decade.

All in all it seems the promise of big-ticket work is too tempting for many international firms to resist. The tricky thing is ensuring offerings in the region remain profitable. In a market where many jurisdictional playing fields remain decidedly uneven, there will inevitably be casualties along the way. Some firms, like Fried Frank, will decide that in the meantime anyway, profit is easier won elsewhere in the world. But if the first half of 2015 is anything to go by, we will see continued investment by law firms into the Asia-Pac region in the next 12 months, and a continued expansion of global footprints.

International firms

LAUNCHES, MERGERS AND ALLIANCES SINCE JUNE 2014

SINGAPORE

- 2014:** EY Law wins foreign law practice licence (June 15) and enters alliance with PK Wong (2014)
- MARCH 2014:** Stephenson Harwood forms FLA with Virtus Law
- JULY 2014:** PWC Legal launches alliance with Camford Law
- AUGUST 2014:** Dechert launches with lateral hires
- FEBRUARY 2015:** Withers enters FLA with KhattarWong
- MARCH 2015:** Morgan Lewis merges with Stamford Law; Kennedys launches JLV with Legal Solutions

SOUTHEAST ASIA

- JANUARY 2014:** Clifford Chance enters Indonesia with local tie-up
- FEBRUARY 2014:** Taylor Wessing's Singapore partner launches in Vietnam, Baker & McKenzie launches in Myanmar
- MARCH 2014:** Berwin Leighton Paisner enters Myanmar through no exclusive venture with local outfit
- APRIL 2014:** Berwin Leighton Paisner enters Indonesia through local tie-up
- MAY 2014:** Allen & Overy launches in Myanmar
- JUNE 2014:** Bird & Bird enters Indonesia with two firm local tie-up
- APRIL 2015:** Trowers & Hamblins awarded first Qualified Foreign Law Firm licence in Malaysia
- MAY 2015:** White & Case forms new Indonesia alliance May 2015

AUSTRALIA

- JULY 2014:** Baker & McKenzie opens Brisbane office
- OCTOBER 2014:** Bird & Bird merges with Truman Hoyle, Clyde & Co opens fourth office in Brisbane
- DECEMBER 2014:** Withers launches through alliance and lateral hires
- MARCH 2015:** Hogan Lovells launches with hires from Allens, Pinsent Masons hires Maddocks team for 2015 launch

JAPAN

- JULY 2014:** Squire Patton Boggs merges with Tokyo boutique Mamiya Law Offices
- NOVEMBER 2014:** PWC Legal opens Tokyo office with lateral hire
- DECEMBER 2014:** Morgan Lewis takes on 16 lawyers from ex-Bingham outfit
- JANUARY 2015:** Greenberg Traurig launches in Tokyo with lateral hires
- JUNE 2015:** King & Spalding launches with four lawyers from Ashurst, Withers launches with team from Morrison & Foerster

SOUTH KOREA

- FEBRUARY 2014:** Bird & Bird enters alliance with Hwang Mok Park
- MARCH 2014:** Skadden Arps Slate Meagher & Flom launches with relocated partner
- MAY 2014:** Taylor Wessing enters Alliance with DR&AJU
- OCTOBER 2014:** Stephenson Harwood launches with lateral hire
- FEBRUARY 2015:** Milbank Tweed, Hadley & McCoy launches with partner from HK office
- APRIL 2015:** EY Law launches alliance with Apex Legal

CHINA

- JANUARY 2014:** Duane Morris Selvam launches in Shanghai
- MARCH 2014:** Curtis Mallet-Prevost Colt & Mosle launches in Beijing
- APRIL 2014:** Baker & McKenzie granted first Chinese joint operation licence with FenXun Partners
- AUGUST 2014:** Fenwick & West opens in Shanghai with lateral hire, Pillsbury opens in Beijing with lateral hires
- DECEMBER 2014:** Stephenson Harwood enters alliance in Guangzhou after closing local office
- JANUARY 2015:** Dentons merges with Dacheng, Kennedys signs co-operation agreement with mainland firm AnJie
- MAY 2015:** Quinn Emanuel Urquhart & Sullivan hires lateral to launch in Shanghai

HONG KONG

- AUGUST 2014:** Osborne Clarke opens with lateral hires
- OCTOBER 2014:** Debevoise & Plimpton launches local Hong Kong practice, Kobre & Kim launches local legal practice
- DECEMBER 2014:** Akin Gump takes Bingham's Hong Kong team

Asia-Pacific's Top 50 international firms

Top firms 1-30						
Rank 2015	Rank 2014	Rank change	Firm	Total lawyers 2014	Total partners 2015	No. of offices 2015
1	1		Baker & McKenzie	1,227	352	17
2	2		Herbert Smith Freehills	960	221	13
3	3		Ashurst	773	207	14
4	4		Norton Rose Fulbright	617	184	8
5	5		DLA Piper	542	142.6	15
6	6		Clifford Chance	432	91	10
7	7		K&L Gates	388	122	11
8	8		Allen & Overy	369	81	11
9	NE		PWC Legal	324	58	10**
10	10		Linklaters	275	55	7
11	9	-2	Mayer Brown	257	80	8
12	11	-1	Freshfields Bruckhaus Deringer	250	33	9
13	12	-1	Jones Day	246	86	9
14	13	-1	Hogan Lovells	219	56	8
15	14	-1	Morrison & Foerster	190	58	5
15=	NE		EY Law	190	20	10**
17	18	+1	Clyde & Co	152	38	10
18	17	-1	SidleyAustin	144	40	11
19	NE		Deloitte Lawyers	140	25*	6
20	15	-5	White & Case	135	32	27 **
21	34	+13	Bird & Bird	133	38	6
22	16	-6	Squire Patton Boggs	132	47	6
23	21	-2	Holman Fenwick Willan	127	44	8
24	20	-4	Davis Polk & Wardwell	118	14	6
25	19	-6	Reed Smith	113	34	3
26	22	-4	Latham & Watkins	101	32	5
27	27		Skadden Arps Slate Meagher & Flom	95	23	5
28	23	+5	Pinsent Masons	93	27	7
29	26	-3	Shearman & Sterling	88	20	4
30	32	+2	Stephenson Harwood	86	26	5

Asia-Pacific's Top 50 international firms

Top firms 31-50						
Rank 2015	Rank 2014	Rank change	Firm	Total lawyers 2014	Total partners 2015	No. of offices 2015
31	33	+2	Watson Farley & Williams	84	23	8
32	31	-1	Kennedys*	83	31	3
33	30	-3	Orrick Herrington & Sutcliffe	82	21	4
34	29	-5	Paul Hastings	79	27	5
35	28	-7	Simmons & Simmons	78	26	5
36	38	+2	Ropes & Gray	76	21	5
37	35	-2	Kirkland & Ellis	75	36	4
38	36	-3	Taylor Wessing	73	29	6
39	24	-14	O'Melveny & Myers*	70	14	3
40	40=		Cleary Gottlieb Steen & Hamilton	66	9	3
41	37	-4	Simpson Thacher & Bartlett*	62	16	4
42	39	-3	Ince & Co*	53	18	4
43	40=	-3	Eversheds	52	20	5
44	NE		Dentons	51	12	4
45	44	-1	Slaughter and May	48	13	2
46	40=	-6	Sullivan & Cromwell	42	9	4
47	43	-4	Duane Morris	41	14	5
48	50	+2	Berwin Leighton Paisner	39	16	5
49=	45	-4	Weil Gotshal & Manges*	32	10	3
49=	NE		KPMG	32	10	2**

Source: *The Lawyer* *estimated **represents jurisdictions rather than total offices

Asia-Pacific's Top 100 local firms

Local firms 1-30					
Rank	Firm	Total lawyers 2015	Total partners 2015	No. of offices 2015	Jurisdiction
1	Yingke	3,257	1,046	27	China
2	Dacheng	3,112	1,156	45	China
3	King & Wood Mallesons	1,634	380	19	Asia-Pacific
4	Grandall	1,120	235	15	China
5	Minter Ellison** (includes entire Minter Ellison Group)	1,085	277	14	Australia
6	Deheng Law Offices	1,004	300	15	China
7	Allbright Law Offices	1,002	289	13	China
8	Zhong Yin	996	187	25	China
9	Clayton Utz	786	184	6	Australia
10	Kim & Chang	760	120	6	South Korea
11	Allens (Linklaters)	696	155	10	Australia
12	Amarchand Mangaldas Suresh A Shroff & Co*	680	84*	8*	India
13	Zhong Lun	641	283	10	China
14	Corrs Chambers Westgarth*	600	120	4	Australia
15	Longan Law	589	189	15	China
16	Jun He Law Offices	538	190	7	China
17	Nishimura & Asahi	526	108	12	Japan
18	Beijing DHH	521	52	13	China
19	HWL Ebsworth Lawyers	514	184	9	Australia
20	Kangda	480	104	1	China
21	Gadens	462	135	7	Australia
22	Lee & Ko	451	224	2	South Korea
23=	Tahota	418	61	6	China
23=	TMI Associates	418	85	8	Japan
25	Allen & Gledhill	416	162	1	Singapore
26	Zhongcheng Renhe (Jointide Law)	399	94	7	China
27	Bae Kim & Lee	394	135	4	South Korea
28	Khaitan & Co	362	86	4	India
29	Shin & Kim	361	132	3	South Korea
30	Mori Hamada & Matsumoto	352	95	8	Japan

Source: *The Lawyer* *estimated **represents jurisdictions rather than total offices

Asia-Pacific's Top 100 local firms

Local firms 31-65					
Rank	Firm	Total lawyers 2015	Total partners 2015	No. of offices 2015	Jurisdiction
31	Nagashima Ohno & Tsunematsu	351	93	10	Japan
32	Yoon & Yang	350	109	3	South Korea
33	W&H Lawyers	349	114	15	China
34	Slater & Gordon	345	0	68	Australia
35	Rajah & Tann	339	181	9	Singapore
36=	Hylands Law Firm	330	70	8	China
36=	Fangda Partners	330	60	4	China
38	Sparke Helmore	329	65	9	Australia
39	King & Capital	323	83	4	China
40	J Sagar Associates	315	77	7	India
41	Guanghe	310	113	7	China
42	Gilbert & Tobin	299	63	3	Australia
43=	AZB & Partners*	290	20	5*	India
43=	Anderson Mori & Tomotsune	290	93	5	Japan
45	Jincheng Tongda & Neal	288	115	7	China
46=	Mills Oakley	284	63	5	Australia
46=	Guantao	284	86	11	China
48=	East & Concord Partners	280	70	4	China
48=	Luthra & Luthra	280	48	3	India
48=	Yulchon	280	116	4	South Korea
51	WongPartnership	277	96	6	Singapore
52	Thomsons Geer	273	59	5	Australia
53	Moray & Agnew	264	78	6	Australia
54	Drew Napier	260	81	3	Singapore
55	JunZeJun Law Offices	258	57	8	China
56	Guangdong Huashang	253	82	2	China
57	Dua Associates*	250	52*	9	India
58	Global Law Office	245	60	3	China
59	Hunt & Hunt*	240	59	10	Australia
60	Tian Yuan	226	78	4	China
61	Co-effort	223	49	5	China
62	Maddocks	217	65	3	Australia
63=	McCullough Robertson	205	50	3	Australia
63=	Maurice Blackburn*	205	47	25+	Australia
65=	Johnson Winter & Slattery	200	60	5	Australia

Source: *The Lawyer* *estimated **represents jurisdictions rather than total offices

Asia-Pacific's Top 100 local firms

Local firms 65-100					
Rank	Firm	Total lawyers 2015	Total partners 2015	No. of offices 2015	Jurisdiction
65=	Simpson Grierson	200	48	3	New Zealand
67=	Rodyk & Davidson	193	93	2	Singapore
67=	Zhong Wen*	193	79	1	China
69	Lander & Rogers	192	64	3	Australia
70	Barun Law*	190	83	1	South Korea
71	Russell McVeagh	188	34	2	New Zealand
72	Jingtian & Gongcheng	185	90	4	China
73=	Desai & Diwanji	180	28	2	India
73=	Kochhar & Co	180	35	8	India
75	Gaopeng & Partners	179	58	10	China
76	Henry Davis York	176	45	2	Australia
77	Trilegal*	175	23*	4	India
78=	Colin Biggers & Paisley	172	59	3	Australia
78=	Zhonghao	172	39	6	China
80	Wadia Ghandy & Co*	170	27*	7	India
81=	Boss & Young	166	64	5	China
81=	Bell Gully	166	43	2	New Zealand
83=	Lakshmikumaran & Sridharan*	165	35	11	India
83=	Zico Law	165	50	5	Malaysia
83=	Chapman Tripp	165	54	3	New Zealand
86	Zhejiang T&C	161	36	2	China
87=	M+K Lawyers	160	55	8	Australia
87=	Hall & Wilcox*	160	43	3	Australia*
87=	Jipyong*	160	54	10	South Korea
90	MV Kini*	155	11*	10	India
91=	Buddle Finlay	150	44	3	New Zealand
91=	SyCip Salazar Hernandez & Gatmaitan	150	41	4	Philippines
93	DibbsBarker*	143	47	3	Australia
94	Beijing Grandway Law Offices	140	33	5	China
95	Tilleke & Gibbons	139	20	6	Thailand
96	Deacons	138	53	4	Hong Kong
97	City-Yuwa Partners *	137	43	1	Japan
98	Commerce and Finance Law Office	136	70	2	China
99	Fox Mandal	131	38	11	India
100	HopgoodGanim	130	35	3	Australia

Source: *The Lawyer* *estimated **represents jurisdictions rather than total offices

ASEAN

For law firms based in the 10 countries that make up the Association of Southeast Asian Nations (ASEAN), 2015 is a landmark year.

After much planning and discussion, a unified market – the ASEAN Economic Community (AEC) – will launch at the end of this year to allow the free movement of goods, services, investments and labour between the member states.

Firms, whether local, regional or international, have been positioning themselves to take advantage of the change, with pan-ASEAN coverage becoming a must-have for anyone with an interest in the region.

THE ECONOMY

Although it is made up of 10 countries with vastly different wealth profiles, ASEAN is something of an economic powerhouse when viewed as a single block. According to a McKinsey report published last year, if the association was one country, its economy would be the seventh-largest in the world and would likely be fourth-largest by 2050.

Its constituent parts include super-developed regional hub Singapore, manufacturing leaders Thailand and Vietnam, Islamic finance centres Indonesia and Malaysia, and India-China gateway Myanmar. Indonesia, whose economy was valued at \$889bn (£574bn) in 2014, according to International Monetary Fund (IMF) figures, is more than twice the size of next-largest member, Thailand (GDP \$374bn for 2014), and 74 times larger than the poverty-stricken smallest member, Laos (GDP \$12bn for 2014).

However, what Cambodia, Laos, Myanmar and the Philippines lack in size, they make up for in growth prospects, with the IMF expecting the economies of each to expand by 7-8 per cent this year. With once-booming China expected to report growth of about 7 per cent in 2015, while both the US and UK are predicted to grow by around 3 per cent, these figures are compelling.

INTERNATIONAL INVESTMENT

It is against this backdrop that a number of international firms have been eyeing the

ASEAN region. Even though international players are barred from opening in countries such as Brunei and the Philippines, while in Indonesia they must form alliances with established local firms, parts of the region are liberalising fast.

Myanmar's legal system has undergone rapid change since the transition from military rule to civilian democracy began in 2011. A growing number of firms believe servicing the country's infrastructure needs justifies the expense of opening there. Among those that have taken the plunge are Singapore's **Allen & Gledhill** and **WongPartnership**, magic circle firm **Allen & Overy** (A&O), international outfit **Baker & McKenzie** and the UK's **Berwin Leighton Paisner**.

Allen & Gledhill opened in Yangon in February 2014, while WongPartnership followed suit four months later. For Allen & Gledhill, the launch came after it opened in Laotian capital Vientiane the previous year, while for WongPartnership it was part of a regional expansion that included alliance deals with Malaysia's **Foong & Partners** and Indonesia's **Makes & Partners**. Like

Top international firms in ASEAN by lawyer headcount

Rank	Firm	Offices	Number of lawyers (including partners)	Number of partners	Revenue per partner (RMB¥m)
1	Baker & McKenzie	Bangkok, Hanoi, Ho Chi Minh City, Jakarta*, Kuala Lumpur*, Manila*, Singapore**, Yangon	427	130	12.5
2	Allen & Overy	Bangkok, Hanoi, Ho Chi Minh, Jakarta*, Singapore, Yangon	142	22	9.9
3	Clifford Chance	Bangkok, Jakarta*, Singapore**	100	23	10
4	Norton Rose Fulbright	Bangkok, Jakarta*, Singapore	95	24	5.8
5	Clyde & Co	Jakarta*, Singapore**	94	21	4.6
6	Herbert Smith Freehills	Bangkok, Jakarta*, Singapore	88	27	3.1
7	Linklaters	Bangkok, Jakarta*, Singapore	86	17	3.3
8	Hogan Lovells	Hanoi, Ho Chi Minh City, Jakarta*, Singapore **	82	16	6.06
9	DLA Piper	Bangkok, Jakarta*, Singapore	78	13	5.29
10	Ashurst	Jakarta*, Singapore	72	19	2.03

Source: *The Lawyer*. *Associated office **Joint law venture/formal law alliance

ASEAN

fellow Singapore player **Rajah & Tann**, which established a Southeast Asian network last year, both are keen to position themselves as regional specialists ahead of the launch of the AEC.

At the more developed end of the ASEAN spectrum, Malaysia opened its doors to foreign competition in 2014 after passing laws allowing non-indigenous firms to set up in the country, either through an association with an established Malaysian firm or by obtaining one of five qualified foreign law firm (QFLF) licences. These will be issued to firms that have proven expertise in international Islamic finance.

Trowers & Hamblins was the first firm to be granted a QFLF when the Malaysian Bar Council licensed it for three years from April 2015.

Elsewhere in the region, **Taylor Wessing** expanded into Vietnam when its Singapore member, RHTLaw Taylor Wessing, established an alliance with **PBC Partners**, a Vietnamese firm with offices in Ho Chi Minh City and Hanoi. On a smaller scale, **Hogan Lovells** added the first partner to its Vietnam practice at the end of 2014, elevating A&O senior associate Jeff Olson, a US-qualified corporate lawyer.

THE FIRMS

While international firms are keen to tap into the ASEAN story, local firms are embracing the opportunity too. Several have transformed themselves from single-country practices to pan-regional players in recent times. The big Singapore firms are late to the party in this respect. Cambodia's **DFDL** and Malaysia's **Zicolaw** – which have a presence in seven and eight ASEAN countries, respectively – began to think regionally more than a decade ago. DFDL, which first focused on the Mekong region when it launched in 1994, began looking beyond those borders in 2002, when it opened a base in Thailand. This was followed four years later with a Vietnam opening and plans are afoot to complete ASEAN by expanding into Brunei, Malaysia and the Philippines.

Zicolaw, which began life in 1987 as Zaid Ibrahim & Co, started its regional expansion in 2003 with the launch of a Singapore base. Over the past decade it has added own-branded offices and associated firms in almost every year and now boasts a presence in all ASEAN countries except Brunei and the Philippines.

Others in the region are beginning to play catch-up. Thailand's **Tilleke &**

Top firms for M&A deals with ASEAN involvement, by value (2010-2014)

Rank	Firm	Value (\$bn)	Number of deals
1	Allen & Gledhill	69.2	266
2	Baker & McKenzie	58.4	241
3	WongPartnership	49.8	256
4	Freshfields Bruckhaus Deringer	46.8	51
5	Allen & Overy	34.1	98
6	Linklaters	29.3	63
7	Clifford Chance	25.0	75
8	Stamford Law (now Morgan Lewis Stamford)	23.3	88
9	Shook Lin & Bok	21.6	107
10	Herbert Smith Freehills	20.8	66
11	Sullivan & Cromwell	19.7	11
12	Norton Rose Fulbright	19.0	48
13	Zaid Ibrahim & Co	18.6	6
14	Kadir Andri & Partners	18.6	5
15	Slaughter & May	16.1	18
16	Latham & Watkins	15.7	31
17	Rajah & Tann	14.5	101
18	Davis Polk & Wardwell	13.6	21
19	Allens	12.7	43
20	Zul Rafique & Partners	10.3	4

Source: Thomson Reuters

Gibbins, for example, expanded into Indonesia, Laos and Myanmar in 2013 and will open in Cambodia this year, while in 2014, Malaysia's **Zul Rafique & Partners** formed an alliance with Indonesia's **Bahar & Partners**, with the pair launching in Brunei under the banner Zul Rafique Bahar & Partners.

DEALS

With Singapore still serving as an entry point to the rest of ASEAN, the city-state's firms feature heavily in the deals tables for the region. **Allen & Gledhill** had the highest value of deals over the five years from 2010 to 2014, while **WongPartnership**, Stamford Law (now

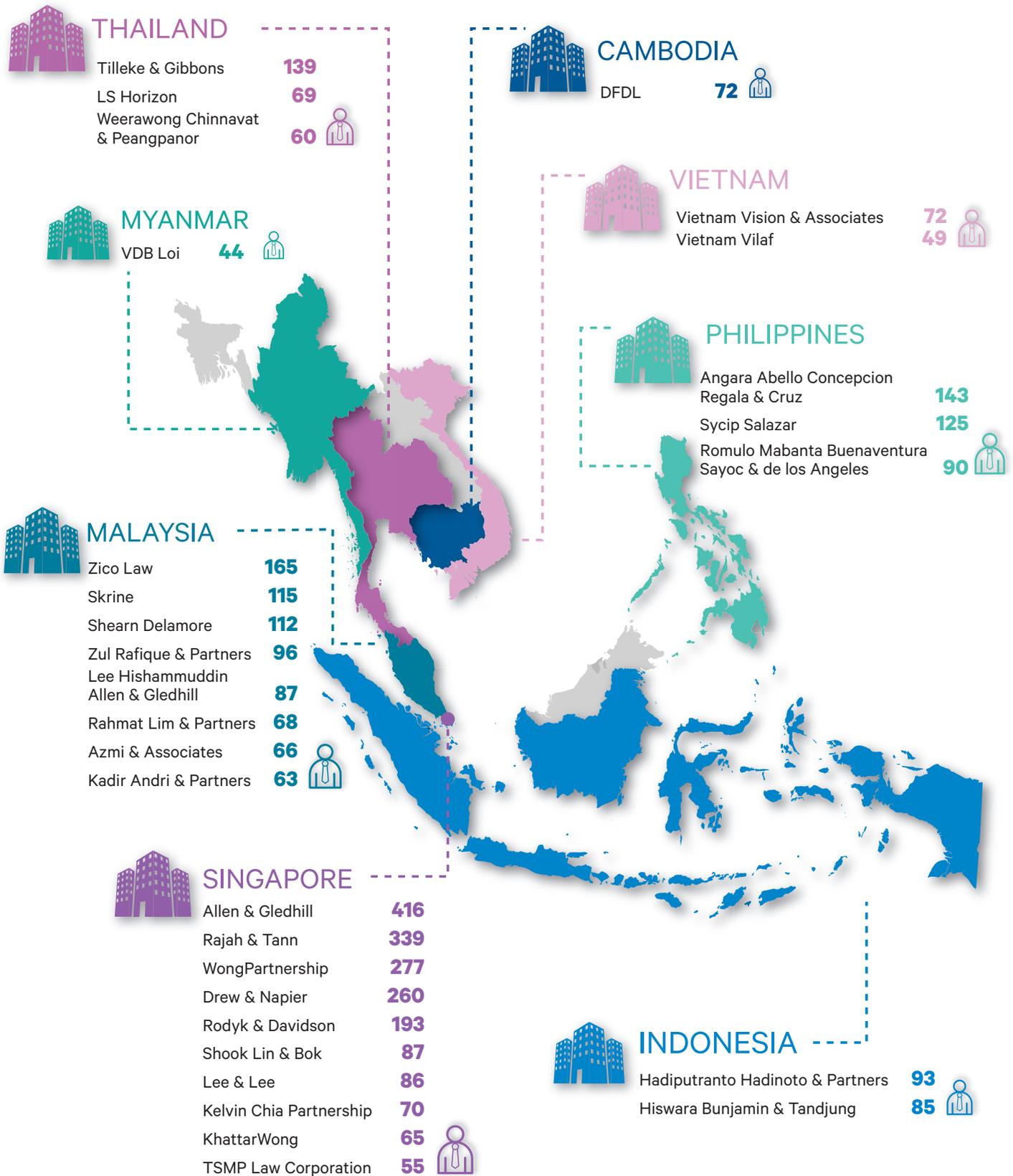
Morgan Lewis Stamford), **Shook Lin & Bok** and **Rajah & Tann** all also featured.

When it comes to international firms, those with the largest presence in ASEAN have won the largest share of the mandates. **Baker & McKenzie** has by far the greatest coverage of any international player in the region, with offices in Myanmar, Thailand and Vietnam as well as associations in Indonesia, Malaysia, the Philippines and Singapore. The firm advised on 241 deals with a combined value of \$58bn between 2010 and 2014, giving it a second-place ranking behind Allen & Gledhill.

A&O, **Clifford Chance**, **Herbert Smith Freehills** (HSF), **Linklaters** and **Norton**

ASEAN

ASEAN's largest independent firms, by lawyer headcount



- Key:**
- Cambodia
 - Indonesia
 - Malaysia
 - Myanmar
 - Philippines
 - Singapore
 - Thailand
 - Vietnam



ASEAN

Rose Fulbright have also benefited from investing in their ASEAN networks. They all feature in the table of top international firms in the region by lawyer headcount, as well as the deal-value legal adviser ranking.

Like Bakers, A&O has benefited from having a larger ASEAN network than its competitors. While Clifford Chance, HSF, Linklaters and Norton Rose Fulbright have a presence in Indonesia, Singapore and Thailand, A&O is also present in Myanmar and Vietnam. As a result, its advice on 98 deals with a combined value of \$34bn outstrips nearest rival Linklaters' advice on

63 deals worth a total of \$29bn.

Among the ASEAN deals that **Bakers** advised on in 2014 was online employment platform SEEK's MYR1.9bn (£332m) acquisition of JobStreet, a similar site operating in Indonesia, Malaysia, the Philippines, Singapore and Vietnam. The firm fielded a team from across ASEAN and beyond, partnered by Brian Chia at Malaysian associated firm **Wong & Partners**, Mark Innis at Indonesian association **Hadiputranto Hadinoto & Partners**, Andrew Martin and Emmanuel Hadjidakis at Singaporean joint law

venture **Baker & McKenzie. Wong & Leow**, Elizabeth Opeña at Philippines member **Quisumbing Torres** and Yee Chung Seck in Vietnam, working alongside partners in Australia and Hong Kong.

A&O, which acted on 98 ASEAN deals worth a combined \$34.1bn between 2010 and 2014, advised Telenor on its successful bid for a telecoms licence in Myanmar, while **Clifford Chance**, which advised on 75 deals worth \$25bn, represented a consortium of Japanese and Thai banks on the financing of a hydroelectric power project in Laos.

Australasia

Competition in the Australian market continued to be fierce in 2014. An ongoing influx of new entrants to the market, the after-effects of the global financial crash and the post mining boom, plus the rise of new model firms with lower overheads and better technology, are all factors that are changing the Australian legal landscape permanently.

“The legal market is shrinking,” says **K&L Gates Australia** managing partner Nick Nichola. “Eleven consecutive quarters of declining demand has led to increased competition, price pressure and predatory behaviour on a scale we have not previously seen.”

Despite this, Australia continues to be a key market for global firms, not least because it is viewed by many as a critical platform for the Asia-Pacific region as a whole. Accordingly, there continued to be new entries to the market and some firms increased their investment in the region. Others maintained their status quo or downscaled slightly, largely through natural attrition, while they waited for market conditions to improve.

M&A

Australia’s economy grew at a better-than-expected 0.9 per cent in the first quarter of 2015. The market is hardly vibrant, however, and although the economy has not crashed following the mining boom, growth is still at a low 2.3 per cent.

That said, lawyers have been enjoying a revival in M&A activity. According to Thomson Reuters, Australian M&A activity

increased by 20 per cent in 2014, reaching \$119.8bn (£76bn), the highest full-year total since 2011. Australian cross-border activity recorded \$65.2bn, while outbound activity amounted to \$26.8bn.

Conditions are certainly looking more favourable, with strong equity markets, a falling Australian dollar and cash interest rates at a 50-year low. In 2014 the proportion of overseas bidders increased, once again outnumbering Australian bidders.

The real estate sector has seen a lot of inbound foreign investment from Asian countries, while government activity is increasing activity levels in the TMT sector and on construction and infrastructure projects.

Big deals in 2014 included the A\$7.12bn (\$5.47bn) acquisition of the Queensland Motorway Group, with **Allens** and **Linklaters** advising Queensland Motorway Group and **Herbert Smith Freehills** and **King & Wood Mallesons** advising the investors. At the end of the year, gas infrastructure company APA Group agreed to acquire Brisbane-based oil and gas company QCLNG Pipeline for A\$6.01bn. **Freshfields Bruckhaus Deringer** advised QCLNG’s UK parent company, BG Group, in the deal, which completed in June 2015. **Allens** advised APA.

Allens won the lion’s share of work in 2014 for deals with an Australian target and those with an Australian acquirer, advising on \$28.3bn and \$16.8bn respectively. **Herbert Smith Freehills** also enjoyed a bountiful year, ranking second

on both tables, advising on \$26.2bn and \$15.6bn respectively.

The healthy M&A market looks set to continue this year, with the first quarter of 2015 getting off to a bumper start. There was an 88 per cent increase on the first quarter of 2014, with \$37.1bn worth of deals announced. Cross-border activity rose to \$24bn and outbound activity reached \$15bn.

DROPS AT THE TOP

Despite the revival of the M&A market and improved economic growth, law firms continue to face significant price pressures in an increasingly competitive market. A May report by the Australian Corporate Lawyers Association, a body for in-house lawyers, found that the median external spend of in-house teams had fallen by a whopping 25 per cent since the last study was carried out in 2012.

Accordingly, some of the larger local law firms have been shedding lawyers (through natural attrition and redundancies) and are increasingly looking at alternative fee arrangements and lower-cost models for providing legal services.

The three largest Australian firms at the top of the table experienced either static numbers or a fall in headcount. **Minters**, currently the largest independent Australian firm, saw qualified lawyer numbers remain static, while both **Clayton Utz** and **Allens** saw headcount fall by 5.3 per cent and 7.2 per cent respectively. Top 10 firm **Gadens** also experienced a considerable slide of 13.5 per cent, which

New Zealand’s largest local firms

Firm	Total lawyers 2014	Total lawyers 2013	Percentage change	Total partners 2014	Total partners 2013	Percentage change
Simpson Grierson	200	218	-8.3	48	47	+2
Russell McVeagh	188	191	-1.6	34	37	-0.08
Minter Ellison Rudd Watts*	182	168	+8.3	42	39	+7.7
Bell Gully	166	190	-12.6	43	46	-6.5
Chapman Tripp	165	160	+3.1	54	53	+1.8

Source: Thomson Reuters *Minter Ellison Rudd Watts included in the figures, but NZ figures have been extracted to give a local picture

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the firm said was natural attrition.

Maddocks, a former top-10 firm, saw numbers fall by 17.2 per cent to 212. The firm came very close to merging with **Pinsent Masons** earlier in the year, but in the end partners locally voted against the deal. As well as losing its former CEO and two partners to the new Pinsent Masons outfit, it saw the departure of most of its

tax controversy practice to **Minter Ellison**. Not surprisingly, the firm reported a fall in both headcount and revenue, which in 2013-14 fell by 4.2 per cent to A\$112.

But partners are positive – not least because there was a 7.3 per cent increase in net profit in 2013/14.

Led by new CEO Michelle Dixon, the firm has made a number of

significant lateral hires and is, for now, focusing its energies on the local Australian market.

RISE OF THE MID-TIER

Smaller to mid-sized firms continue to capitalise on the strife of those at the top of the table. Many experienced considerable growth over the past 12

Australia's largest local firms

Firm	Qualified lawyers Dec 2014	Qualified lawyers Dec 2013	Percentage change	Partners Dec 2014	Partners Dec 2013	Percentage change
Minter Ellison**	1085	791	NA	277	203	NA
Clayton Utz	786	828	-5.3	184	196	-6.3
Allens	696	750	-7.2	155	164	-5.5
Corrs Chambers Westgarth***	600*	505	-	120*	122	-
HWL Ebsworth	514	480	7.1	184	166	10.8
Gadens	462	534	-13.5	135	145	-6.9
Slater & Gordon	345	230	50	0	66	NA
Sparke Helmore	329	314	4.8	65	60	8.3
Gilbert & Tobin	299	280	6.8	68	67	1.5
Mills Oakley	284	145	95.9	67	45	48.9
Thomson Geer	273	214	27.6	59	60	1.7
Moray & Agnew	264	228	15.8	78	67	16.4
Hunt & Hunt*	240	212	13.2	59	52	13.5
Maddocks	217	262	-17%	65	67	-3
McCullough Robertson	205	210	-2.1	50	50	0
Maurice Blackburn	205	-	-	-	47	-
Lander & Rogers*	192	184	4.3	64	61	4.9
Henry Davis York	176	209	-15.8	45	51	-11.8
Colin Biggers & Paisley	172	-	-	59	-	-
DibbsBarker	143	148	-3.3	47	44	6.8
HopgoodGanim	130	-	-	35	-	-
Piper Alderman	111	175	-36.6	48	61	-21.3
Hall & Wilcox	-	152	-	-	42	-
Johnson Winter & Slattery*	200	140	-	60	71	-

Source: Thomson Reuters *estimated **this year's Minters figures include associated Australian offices so are not comparable with 2013 figures ***Figures include estimates for new organisation Orbit

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months. Most noticeable of these have been **Mills Oakley** and **Slater & Gordon**.

The latter has grown aggressively in recent years. Aided by its 2007 listing on the stock exchange (the first law firm ever to do so), it has completed a string of UK mergers with firms, including **Russell Jones & Walker**, **Fentons** and **Pannone**, among others. Most recently it acquired the professional services division of ailing company **Quindell** for A\$1.2bn.

The firm, which is best known for its personal injury work and class actions, now employs around 345 qualified lawyers in Australia – a 50 per cent increase on the previous year. It also has a further 135 lawyers in the firm in non-client-facing roles, such as general management, general counsel, professional standards and risk. It has done away with the traditional partner model and instead rewards senior lawyers with an ownership stake in the firm through tradeable shares.

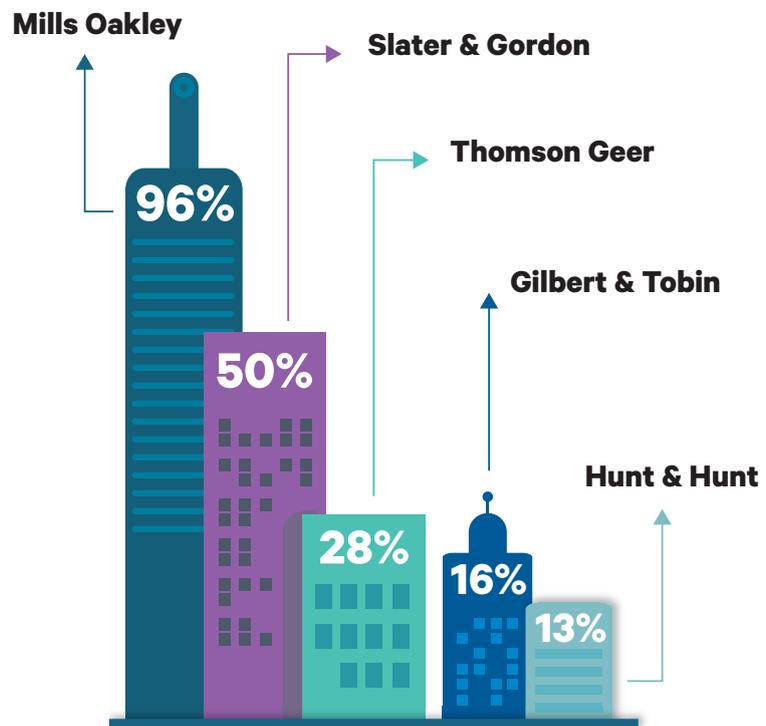
Australian revenue for the financial year 2013/14 was A\$236mn and it is on track to increase that figure in the current financial year, reporting a half-year revenue of A\$127.7m. While the company predicts the personal injury market in Australia will continue to grow at about 5 per cent a year, it is predicting substantial growth in the areas of conveyancing, family law and succession planning, where it currently only holds around 1 per cent of local market share.

Meanwhile, **Mills Oakley**, which three years ago publicly stated its intention to become a leading national firm, for the first time this year breaks into our Australian top 10. The firm's headcount near doubled in 2014, growing numbers from 145 to 284 qualified lawyers. Significant moves included the opening of an office in Canberra with the former **Norton Rose Fulbright** team, plus extras from **Ashurst** and local firm **DibbsBarker**. It also opened its doors in Perth with a 15 strong team of laterals.

Mills Oakley's hiring has continued apace in the first six months of 2015. So far it has taken seven lawyers from DLA's Australian arm, including two partners, and an of counsel from Norton Rose Fulbright. The firm is on track to announce revenue for the year 2014/15 of A\$105m, up 39 per cent on the 2013/14 financial year.

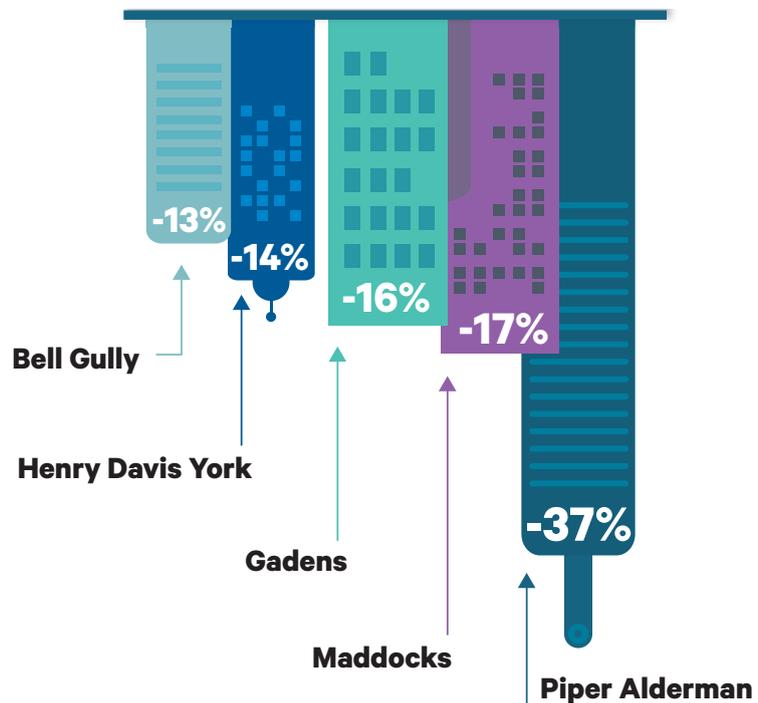
HWL Ebsworth also enjoyed a year of significant growth, with lawyer numbers increasing by seven per cent and putting the firm in the fifth-largest

Fastest-growing firms



Source: *The Lawyer*

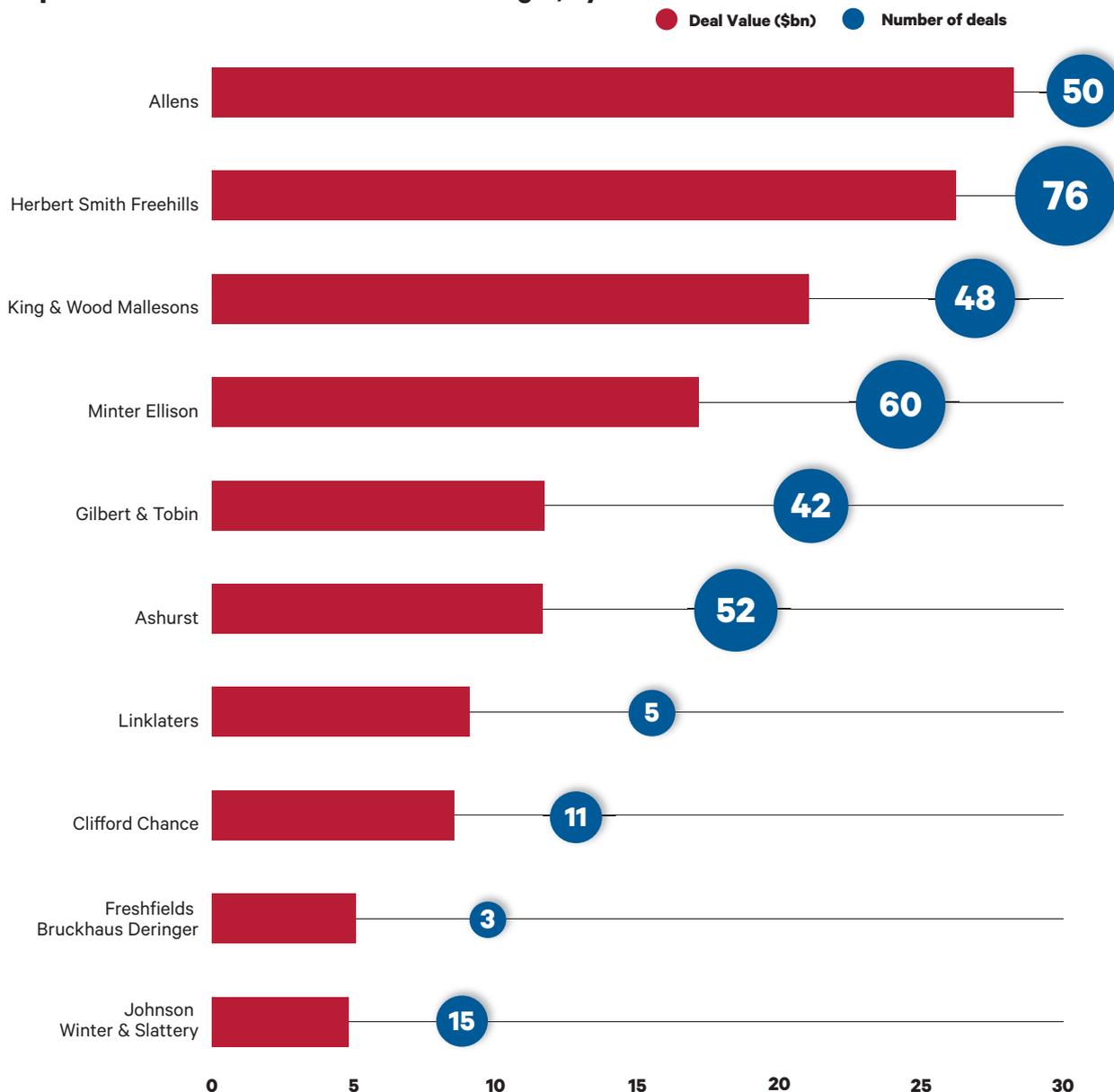
Fastest-shrinking firms



Source: *The Lawyer*

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Top firms for 2014 M&A with Australian target, by value



Source: Thomson Reuters

position behind **Corrs Chambers and Westgarth**. It acquired a firm in Adelaide last April, bulked up its Adelaide office with the addition of insurance and litigation boutique **Lawson Smith**, and in December last year announced plans to expand into the Northern Territory with the acquisition of **Cridlands MB**.

Another mid-tier firm, **Thomsons**, merged with **Herbert Geer** to become **Thomson Geer**. That deal pushed it up to the number 11 spot on the Australian table, with lawyer numbers up 30 per cent to 274 and a turnover for the 2013-14 year of A\$105.5m.

Another firm making waves in the

market in the last couple of years is **M+K Lawyers**, which has acquired four boutique firms in the past two years alone. Its strategy has been to unashamedly focus on mid-market work – companies with revenues of between A\$5m and A\$500m. It has adopted a corporate rather than a traditional partnership model, where one in three staff are shareholders. It has 10 lawyers and 50 principals (partner equivalents) with offices in eight locations around Australia.

THE GLOBAL PLAYERS

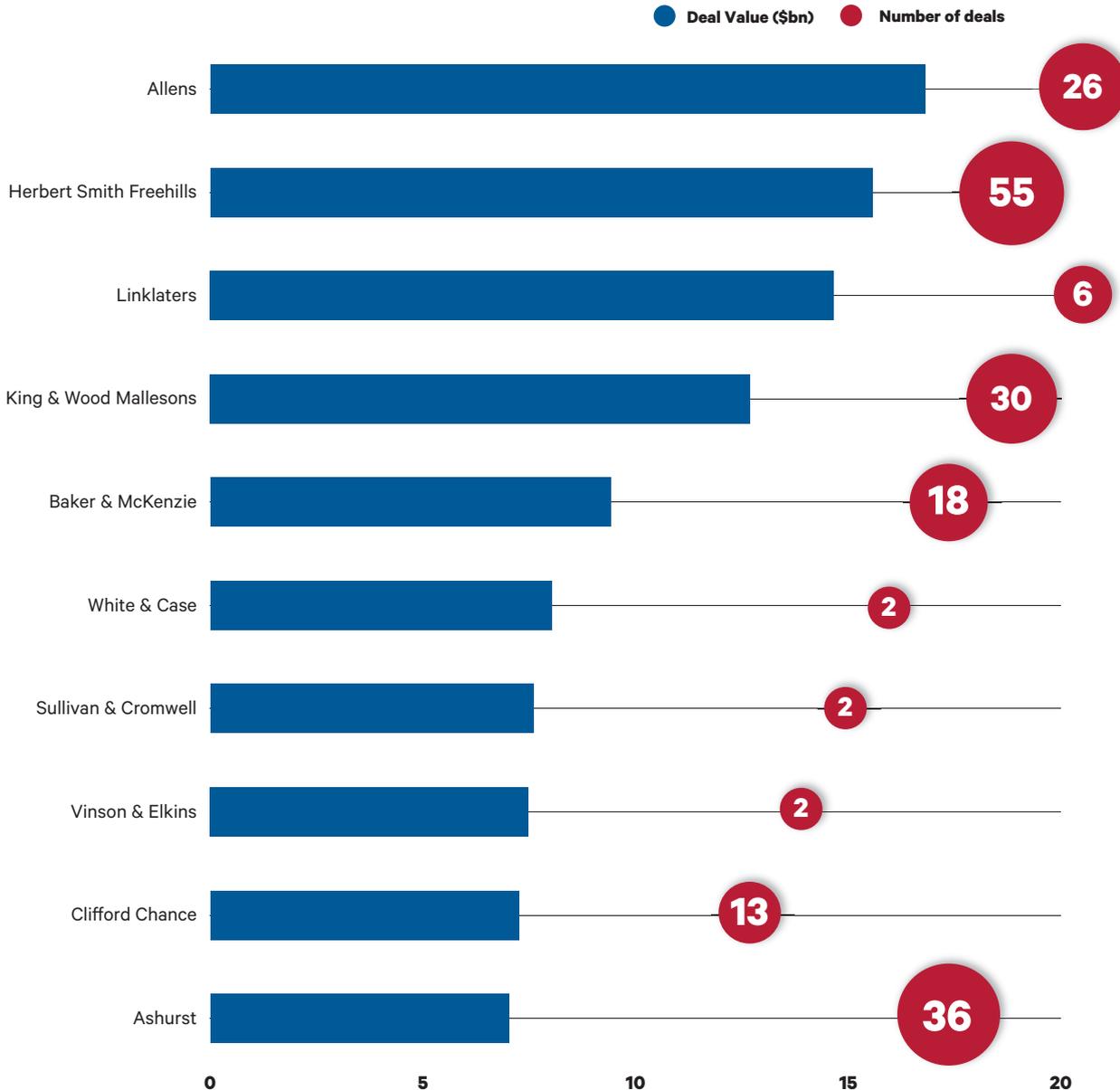
The interest of global firms continues in the region, although some have

downscaled significantly since they first entered the market. Australia continues to be an important region for global firms, not just because of the size of the local market but because the jurisdiction represents a solid platform for work in the Asia-Pacific region.

Recent entries to the market include **Hogan Lovells** and **Pinsent Masons**. Hogan Lovells nabbed a couple of **Allens'** heavyweights – banking and finance partner Nicky Lester and corporate partner Tim Lester – to launch its Australian base in July. Pinsent Masons is launching in Sydney and Melbourne later this year, with the aforementioned **Maddocks**

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Top firms for 2014 M&A with Australian acquiror, by value



Source: Thomson Reuters

hires, in-house counsel from Australian infrastructure company **Leighton** and some relocation of other **Pinsents** lawyers.

Bird & Bird formalised its presence in the region through a merger with its alliance firm, Truman Hoyle, 18 months after the two firms started working together. And **Withers** formed a strategic alliance with tax firm **Balazs Lazanas & Welch** as well as hiring immigration partner Rita Chowdary and former **Ashurst** corporate partner Justin Shmith.

Other firms, already in the region, expanded their operations. In October, **Clyde & Co** opened its fourth Australian office with the hires of three **Sparke Helmore** insurance lawyers in Brisbane.

Earlier in the year, **Baker & McKenzie** also opened an office in the city, with lateral hires from **Clayton Utz** and **Allens. Allen & Overy**, which suffered a slew of defections following its initial launch in 2009, is now up to 23 partners and nearly 100 lawyers in the region, while **Clifford Chance** has seen its partnership in Australia expand slightly from 15 to 17 partners over the past two years.

Dentons is also looking closely at Australia. It is currently holding merger talks in the region – although global chief executive officer Elliott Portnoy stresses that a deal will only be done when the right merger partner can be found.

LARGE INTERNATIONALS' HEADCOUNT

Like the larger firms at the top of the Australian table, several global firms with significant local presence have reduced the size of their offerings.

Norton Rose Fulbright closed its Canberra office and saw its partnership reduced from 140 at the end of 2012 to approximately 130 in our most recent survey. **Ashurst**, which merged with **Blake Dawson** in 2012, has seen partner numbers fall from 180 to 159 over the past two years.

King & Wood Mallesons, which had more than 170 Australian partners at the time of merger in 2012, now has just 146 partners in the region and a total of

Australasia

758 qualified lawyers. **DLA Piper**, which currently has 225 lawyers, including 87 partners, is almost a third of the size of the legacy **Phillips Fox Australia**, which had around 600 lawyers, including 135 partners, at the time of merger in 2011.

Legal headhunters confirmed a significant trend over the past 12 months of partners moving out of large global firms and into boutique or mid-tier Australian firms. This is partly as a result of downsizing by local firms. But headhunters noted that there was also a sense of dissatisfaction among many lawyers at the global firms. They are looking to mid-tier firms, boutiques and New Law firms for new homes.

“The mid-market is benefiting from leakage [from the large international firms]. Whether it’s managed or not, it’s definitely happening,” says Eric Chin, associate at professional services advisers Beaton Capital.

ACCOUNTANTS ON THE RISE

Also growing in the Australian market are the accountancy firms, in line with a

pan-Asia-Pacific trend.

Biggest of the four is **PWC Legal** with 132 qualified lawyers in the region and 32 partners, which means it is knocking on the door of the country’s top 20 biggest firms. It put itself in the spotlight last year when it hired former **King & Wood Mallesons** managing partners Tony O’Malley and Tim Blue. The other three firms also have a significant and growing presence in the region. **KPMG Legal** boasts 32 lawyers and **Deloitte** has 34.

NEW ZEALAND

Across the Tasman, March 2015 saw the first large global firm put a stake in New Zealand soil. **DLA Piper** merged with the NZ arm of **Phillips Fox** – although the merger does not include full financial integration. Overseas firms now in the region include UK firms **DAC Beachcroft** and **Kennedys**, and Australian firms **Norton White** and **Minter Ellison**, the latter of which has a local offering via **Minter Ellison Rudd Watts**.

So are we likely to see other international firms following suit? **DLA**

Piper NZ chairman Martin Wiseman says it depends on a firm’s vision and focus.

“If your vision is to be a leading global business law firm, a global focus goes without saying,” he says. “But having a local focus, having bench strength in local markets and being networked in local markets is still very important.”

Most others argue that it’s unlikely. The New Zealand market remains very small compared to its Australian cousin. Most global players are happy to service what little New Zealand work needs to be done from Australia or London in conjunction with one of the well established and well regarded local firms.

Although headcount growth among the firms has been relatively static, lawyers are starting to notice increased activity in the M&A market again over the past 21 months. Increased M&A activity over the future year seems likely, given Australian interest in New Zealand assets, the comparative strength of the New Zealand economy and the low interest rate.

China

The Chinese economy may be slowing, but the country's law firms are expanding fast, with several almost doubling their lawyer headcounts in the last two years.

International firms continue to be attracted by the superpower too, with Baker & McKenzie and Dentons in particular signing eye-catching deals with PRC firms in the early part of 2015.

THE ECONOMY

The recent cooling of China's economic growth has been well documented, with the once-booming country experiencing a double-digit GDP increase just once since the global economic crash of 2007.

That said, its current growth rate of between 7 and 8 per cent far outstrips that of either the UK or US, which both grew by just over 2 per cent in 2014, while its nominal GDP of \$10.4bn made it the world's second-largest economy in 2014 after the US.

Although it is still expanding at an enviable level, the fact that Chinese growth is slowing has led to a reduction in the rate at which international investors are piling into the country. While inbound foreign direct investment (FDI) jumped by \$42.3bn in the five years between 2005 and 2010, in the three years between 2010 and 2013, the increase was \$9.3bn, taking the figure to \$124bn.

Outbound FDI, on the other hand, has shot up and looks set to overtake inbound investments in the near future, as Chinese corporates seek to invest their cash away from their own cooling economy.

Between 2005 and 2010 outbound investments grew from \$12.3bn to \$68.8bn, with the figure rising to \$101bn in 2013.

Sub-Saharan Africa, which as a region is growing by around 4.5 per cent according to the IMF, was the main beneficiary of this, with the rest of Asia and South America also receiving significant levels of Chinese cash.

INTERNATIONAL INVESTMENT

For international firms the combination of a still-growing economy with near-equal levels of inbound and outbound FDI means that China remains attractive.

Of the firms already in the People's Republic of China (PRC), few have large footprints, with many using Hong Kong as a base from which to handle China-related work.

Clifford Chance is the largest internationally headquartered firm in Beijing with 53 lawyers, while **Hogan Lovells** is the largest in Shanghai with 33.

Although a mixture of cultural differences and local regulatory restrictions have prevented firms from expanding their on-the-ground presences further, they have not put off other firms from entering the market.

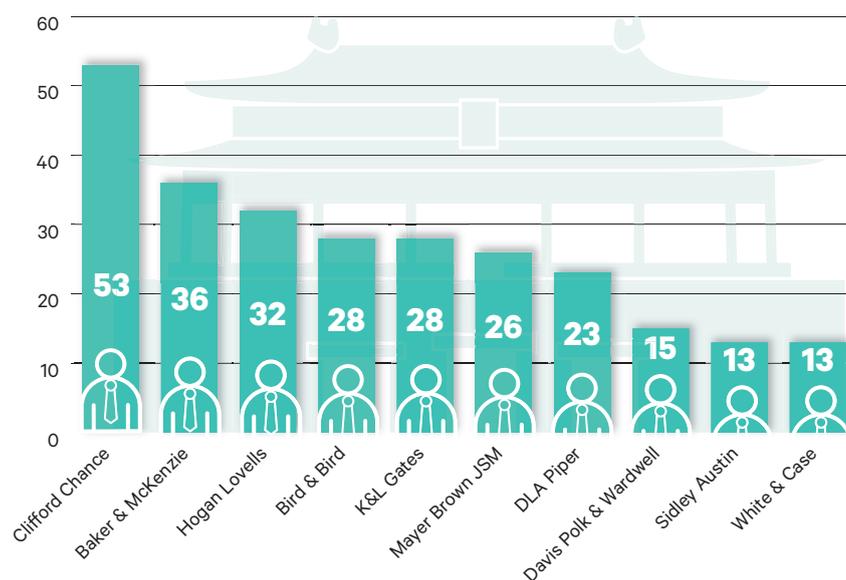
Indeed, at a time when **Fried Frank Harris Shriver & Jacobson** pulled out of Shanghai after failing to see a return on

its investment, three US firms entered the Chinese market for the first time in 2014.

Duane Morris and **Fenwick & West** opened foreign representative offices in Shanghai, the former via its Singapore joint venture Duane Morris & Selvam, while New York's **Curtis Mallet-Prevost Colt & Mosle** made its first foray into East Asia with the launch of an international trade-focused Beijing base.

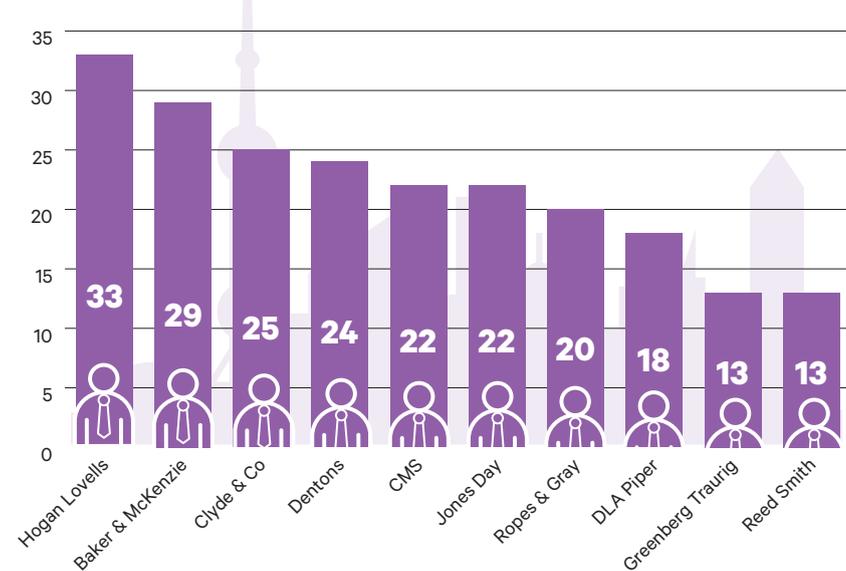
From the UK side **Stephenson Harwood**, which had closed its Guangzhou office in September 2014, re-entered the

Largest international firms in Beijing by lawyer headcount



Source: *The Lawyer*

Largest international firms in Shanghai by lawyer headcount



Source: *The Lawyer*

China

southern city by signing a strategic alliance with **Wei Tu** – a local firm set up by former Stephenson Harwood shipping lawyer Xianming Lu – while **Kennedys** formalised a long-term relationship with China's **AnJie** by entering into a co-operation agreement with the Beijing-headquartered firm.

These deals paled in comparison, however, with those sealed by **Dentons** and **Baker & McKenzie** in the early part of 2015, with the former merging with China's second largest firm by headcount **Dacheng** while the latter entered into a joint venture with local firm **FenXun Partners**.

Described by Dentons global chair Joe Andrew as “a once-in-a-lifetime opportunity”, the Dacheng deal made even more of a splash than the King & Wood-Mallesons one did, given that Dentons already had a sizeable presence in Europe and the US and has since unveiled plans to merge with US outfit McKenna Long & Aldridge and expand further across Asia and Latin America.

LIBERALISATION OF THE MARKET

Though it was touted as a merger, the Dentons-Dacheng deal, like the King & Wood Mallesons (KWM) tie-up, was in fact a combination of the two firms under a Swiss *verein* structure, with Chinese laws preventing full mergers between domestic and international firms.

As with the constituent parts of KWM, Dentons and Dacheng are essentially separate entities under the *verein* structure but go to market with a one-firm approach that allows Dacheng to access a network of international lawyers for the growing number of Chinese clients looking to make outbound investments.

While the *verein* structure allows firms to sidestep Chinese regulatory hurdles, there has been some liberalisation in the Shanghai legal market since the launch of the Shanghai Free Trade Zone (FTZ) in 2013.

Having received the backing of the Chinese Ministry of Justice, the FTZ began exploring cooperative mechanisms between Chinese and foreign law firms in early 2014, handing the first joint operation licence to Bakers and FenXun Partners in April 2015.

The alliance allows clients of both firms to receive international and PRC advice from one single entity, allowing Bakers to get over the problem of not being allowed to practise PRC law and giving FenXun Partners' clients access to legal services from Bakers' global network.

Top firms for 2014 Chinese M&A deals, by value

Rank	Law firm	Deal value (\$bn)	Number of deals
1=	Jia Yuan Law Offices	51.6	26
1=	Haiwen & Partners	51.6	20
3	Freshfields Bruckhaus Deringer	50.1	14
4	Fangda Partners	36.1	69
5	King & Wood Mallesons	28.1	43
6	Davis Polk & Wardwell	27.2	16
7	Grandall	25.3	53
8	Tian Yuan	24.9	13
9	AllBright Law Offices	23.1	42
10	Sullivan & Cromwell	22.1	8
11	Clifford Chance	18.3	9
12	Kirkland & Ellis	16.7	10
13	Morrison & Foerster	16.5	8
14=	Baker & McKenzie	15.4	11
14=	Allen & Gledhill	15.4	2
16	Jingtian & Gongcheng	14.0	13
17	Zhong Lun	12.0	52
18	Llinks Law Offices	9.0	11
19	Skadden	6.5	17
20	Hairun	4.6	14

Source: Thomson Reuters

THE LOCAL FIRMS

The Dacheng-Dentons deal may have fired domestic firms' imaginations as to what could be achieved on the global scene, but the feeling on the ground is there is only room for one such operation right now.

Of more interest is the type of joint venture favoured by Bakers and FenXun Partners, with **Boss & Young, Commerce & Finance, DeHeng Law Offices** and **Jingtian & Gongcheng** all looking at similar deals.

Whereas previously firms were afraid of allying themselves to one firm in particular for fear of stemming the flow of inbound

referrals, China's shift towards becoming a net exporter of capital, coupled with the earlier moves from Dacheng and King & Wood, has prompted a change of attitude.

Jingtian & Gongcheng is thought to be in talks with a US firm regarding some kind of deal, while Shanghai firm Boss & Young is looking to put together a multi-firm international alliance to tap into opportunities that will arise as part of China's One Belt, One Road (OBOR) development strategy.

The OBOR concept, which seeks to promote greater co-operation between 66 countries along the so-called silk road

China

economic belt and 21st century maritime silk road, was announced in 2013 and focuses on developing countries across Asia, Africa, the Middle East and Europe.

Boss & Young is targeting firms that are already members of the International Referral network, with the aim of setting up a loose referral programme for firms working on OBOR-related projects.

PRC GROWTH

Less than a year before his firm signed its deal with Dentons, Dacheng chairman and founder Peng Xuefeng told *The Lawyer* that the Chinese profession had not matured enough to start doing international mergers in any big way.

In many respects this is still true, but with cross-border transactions into and out of China happening on daily, clients have become much more sophisticated buyers of legal services. As a result firms have had to bulk up to ensure they have teams focused on a wide range of specialised areas.

Most of the largest PRC firms have therefore continued to expand at a dramatic rate, with fastest-grower **Global Law Office's** lawyer numbers swelling by 88.5 per cent between 2013 and 2015.

One of the oldest law firms in China, Global Law Office was founded in 1979, initially serving as the legal department of the China Council for the Promotion of International Trade. It has a strong corporate bias, with the practice group accounting for 55 per cent of its RMB280 (£28m) turnover in 2014.

Although the firm has grown rapidly in absolute terms, it has been more restrained in swelling its partner ranks: it added just 10 partners in two years, taking the total to 60 and altering its partner-to-lawyer ratio from 1:1.6 in 2013 to 1:3 in 2015.

This approach has not been taken by every firm, with **Hylands, Zhong Lun, Yinke, Dacheng** and **AllBright Law Offices** all featuring in the top 10 fastest-growing firms by lawyer headcount as well as by partner headcount.

For Zhong Lun, the bulk of the growth was achieved through the 2014 acquisition of legacy Beijing firm **Kaiwen**, which two years previously had merged with Beijing-based capital markets boutique **Grandway**. The deal added 22 partners and 140 staff to Zhong Lun's roster and had the knock-on effect of making Grandway one of just a handful of Chinese firms in the Asia Pacific 150 to shrink between 2013 and 2015.

Over the two-year period the firm's lawyer headcount contracted by 22 per

Top firms for 2014 Chinese M&A deals, by volume

Rank	Law firm	Number of deals	Deal value (\$bn)
1	Fangda Partners	69	36.1
2	Grandall	53	25.3
3	Zhong Lun	52	12.0
4	King & Wood Mallesons	43	28.1
5	AllBright Law Offices	42	23.1
6	Han Kun Law Offices	31	3.8
7	Jia Yuan Law Offices	26	51.6
8	Grandway Law Offices	24	4.3
9=	O'Melveny & Myers	20	2.1
9=	Haiwen & Partners	20	51.6
11	Skadden	17	6.5
12	Davis Polk & Wardwell	16	27.2
13=	Jun He Law Offices	14	3.4
13=	Freshfields Bruckhaus Deringer	14	50.1
13=	Hairun	14	4.6
16=	Jingtian & Gongcheng	13	14.0
16=	Tian Yuan	13	24.9
16=	Simpson Thacher & Bartlett	13	3.1
19	Commerce & Finance Law Offices	12	2.1
20	Llinks Law Offices	11	9.0

Source: Thomson Reuters

cent while its partnership shrank by 51 per cent. **GuangHe, Commerce & Finance** and **Guantao** all also saw a reduction in overall lawyer numbers, although no other firm saw its partner numbers decrease.

Boss & Young also sealed a merger during the year, joining forces with **JoinWay** to create a 166-lawyer, 65-partner firm, while **DeHeng Law Office** launched in south eastern city Wenzhou by taking over and combining four local firms.

KWM REMAINS

With 401 lawyers in Beijing and 169 in Shanghai respectively, King & Wood

Mallesons (KWM) remains a major player in China, although it now has an international focus thanks to its overseas presence through the legacy of Australia's Mallesons and the UK's SJ Berwin.

DEALS

Deals-wise, Chinese firms dominate Thomson Reuters' 2014 league tables both by value and by volume. With nine international firms featuring in the value table against six in the volume table it is clear that international firms are winning instructions on bigger-ticket type work.

Jia Yuan Law Offices and **Haiwen**

China

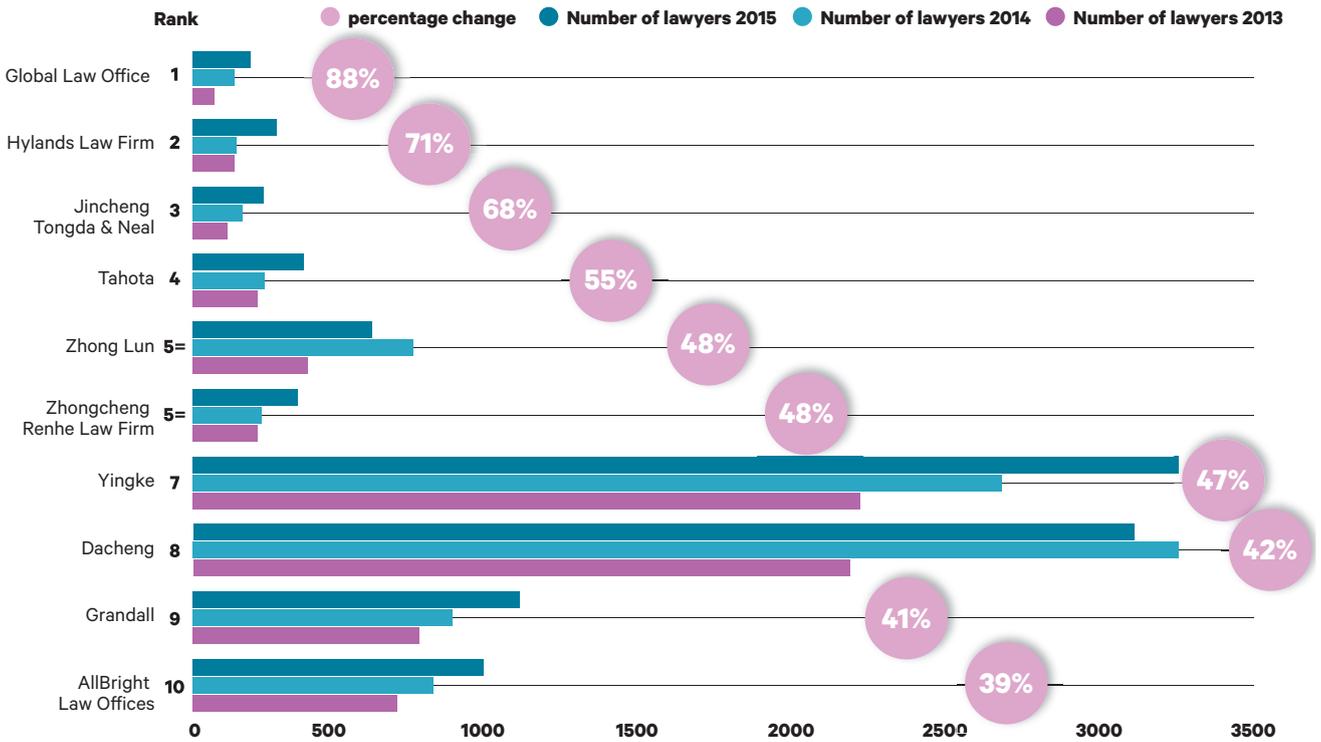
& Partners, neither of which feature in the Asia Pacific 150, jointly top the value table, having each advised on deals worth a combined \$51.6bn in 2014. The former achieved the total by advising on 26 transactions, two of which were among the 10 biggest of the year, while Haiwen acted

on 20 deals in total, five of which were among the 10 largest.

Jia Yuan won a role on the largest deal of the year, advising Hong Kong-based CITIC Pacific on the \$42.3bn acquisition of all of the issued share capital of CITIC Limited from mainland-

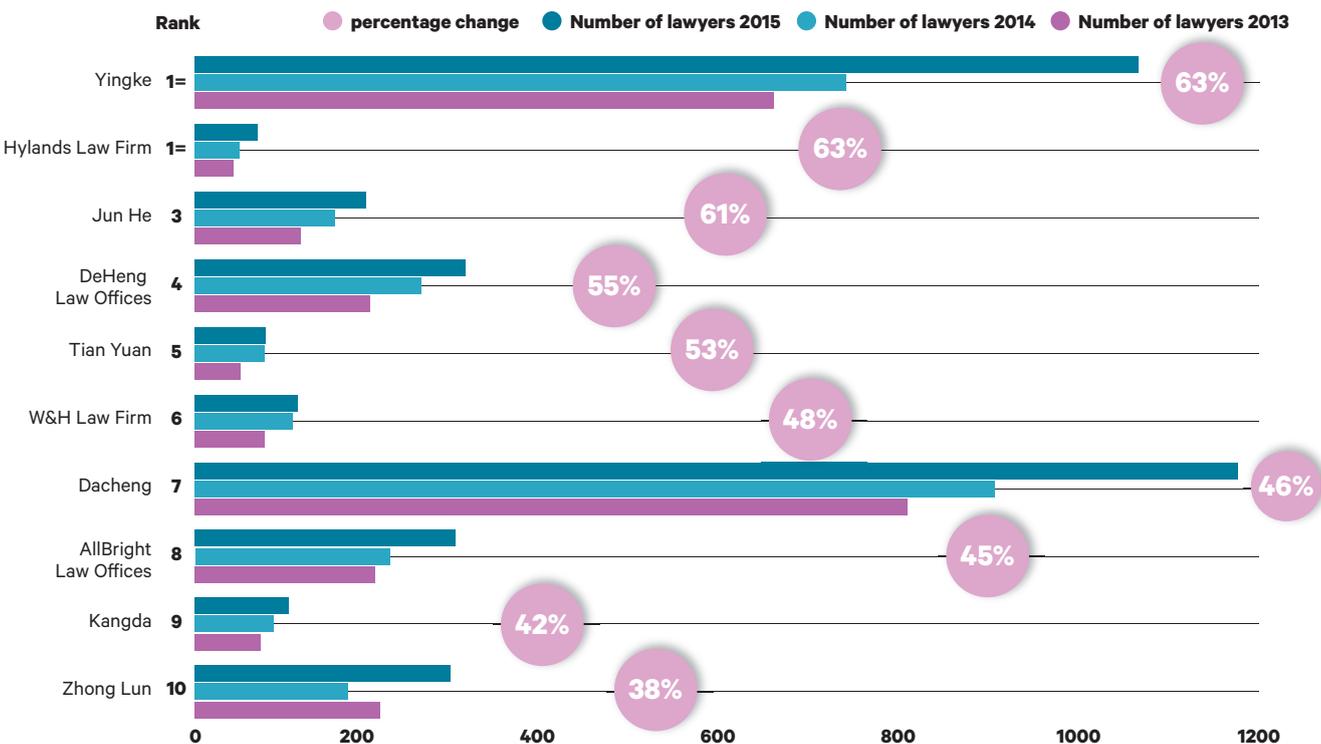
based CITIC Group. **Freshfields Bruckhaus Deringer** also acted for CITIC Pacific, with Hong Kong-based China chair Teresa Ko working alongside Beijing corporate partner Richard Wang and Hong Kong-based US corporate partner Calvin Lai.

Fastest growing Chinese firms by lawyer numbers, 2013-2015



Source: *The Lawyer*

Fastest growing Chinese firms by partner numbers, 2013-15



Source: *The Lawyer*

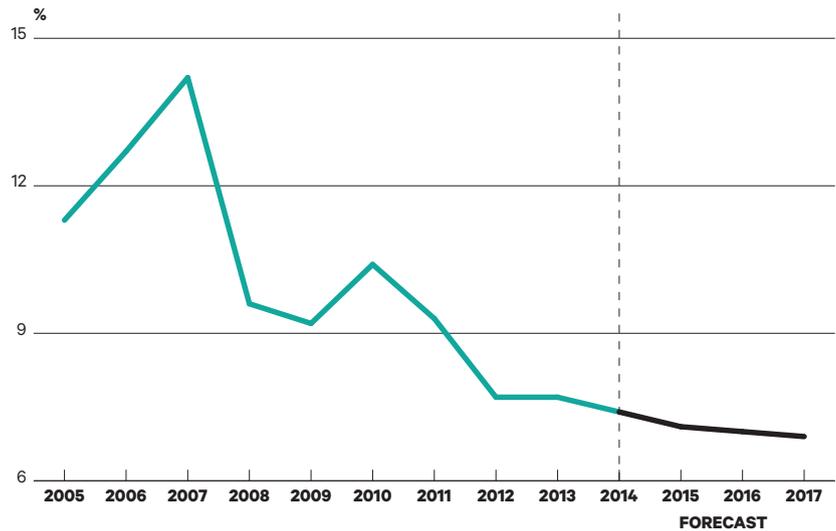
China

Haiwen acted on the second largest deal of the year, advising Sinopec on the \$17.5bn sale of a stake in retail business Sinopec Sales, with the consortium of investors getting advice from PRC firms AllBright Law Offices, **Fangda** and **Tian Yuan Law Firm** as well as international outfits **Clifford Chance**, **Davis Polk & Wardwell** and **Sullivan & Cromwell**.

Haiwen also acted for Beijing-headquartered Hong Yuan Securities when it paid \$6.4bn for Shenzhen-listed Shenying & Wanguo Securities, which was advised by KWM.

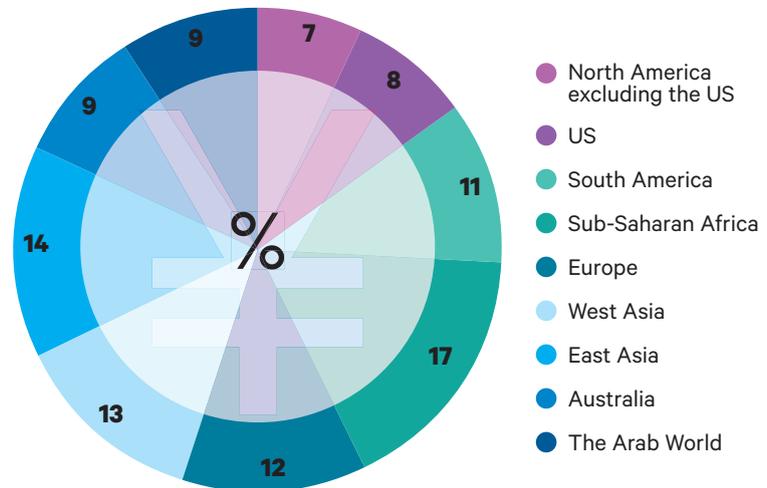
Fangda topped the volume table, having advised on 69 deals with a combined value of \$36.1bn. Six international firms – KWM, **O'Melveny & Myers**, **Skadden**, Davis Polk & Wardwell, Freshfields and **Simpson Thacher & Bartlett** – feature in this table while just three firms – KWM, Hogan Lovells and **DLA Piper** – feature in both the volume and value tables.

Chinese GDP growth 2005-2017



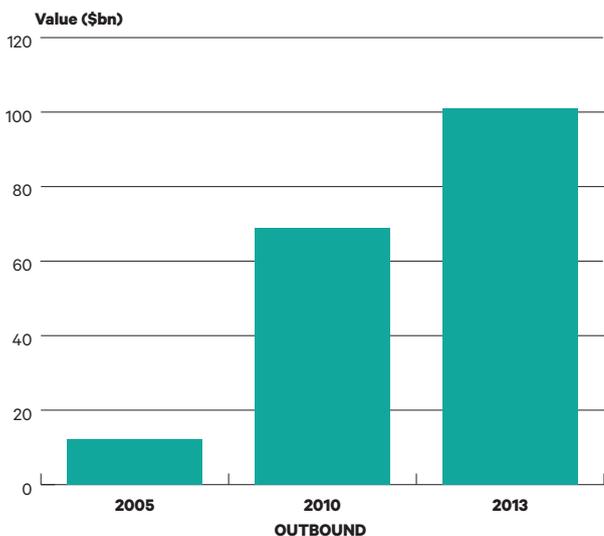
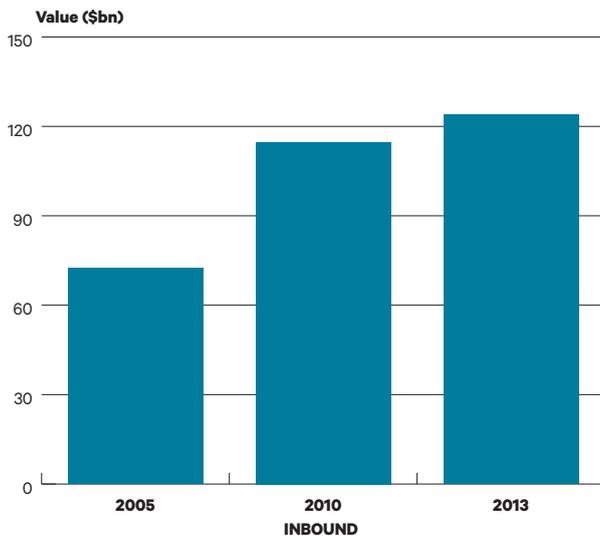
Source: The World Bank

Where does China invest its cash?



Source: The Heritage Foundation

Foreign direct investment to China



Source: UN Conference on Trade & Development

Hong Kong

Generally seen as a beacon of stability in what can be a choppy Asian market, Hong Kong was rocked in 2014 by political demonstrations that brought the Chinese special administrative region's financial district to a virtual standstill. Pro-democracy demonstrators were eventually removed from the streets after the courts were asked to intervene, but not before causing disruption to business.

The disorder affected the Hong Kong legal market. International firms such as **DLA Piper** saw a high turnover of staff while others, such as **Fried Frank Harris Shriver & Jacobson**, chose to leave the jurisdiction altogether.

THE ECONOMY

As Hong Kong lives in the shadow of neighbouring superpower and ultimate master China, the local economy is heavily influenced by what is happening there. Although Chinese GDP continued to grow in 2014, official figures show that it did so at its slowest rate in 24 years. Not having fallen below 7.5 per cent since 1990, GDP growth came in at 7.4 per cent for 2014 – down from 7.7 per cent in both 2012 and 2013.

With Hong Kong acting as a conduit between China and the rest of the world, the slowdown had a knock-on effect. Government figures showed that real GDP growth in the jurisdiction fell from 3.1 per cent in 2013 to 2.5 per cent in 2014.

Services account for nearly 90 per cent of Hong Kong's GDP, with visitors from the Chinese mainland contributing the bulk of tourism spending in the jurisdiction, so the local economy was affected by a slowdown in tourist arrivals and weaker tourist spending. Commodities were also heavily influenced by the Chinese market. A reduction in imports of iron ore and other commodities into China caused a downturn in the bulk shipping market and a drop in the price of those commodities.

THE FIRMS

Thanks to its history as a former British dependency, as well as its proximity to China, Hong Kong is home to a large number of international firms with practices of a similar size to the local independents' offices. The two largest firms by lawyer headcount – **Mayer Brown JSM** (195 lawyers) and **King & Wood Mallesons** (158 lawyers) – dwarf the biggest local outfit, **Deacons**, which is the

only Hong Kong firm in the Asia Pacific 150, with 138 qualified lawyers. That said, **Baker & McKenzie**, which is just behind Deacons, with 136 lawyers based in Hong Kong, is top in terms of partner numbers with a headcount of 69, beating Mayer Brown JSM's 65 and well ahead of King & Wood Mallesons' partnership of 20.

With 53 partners, Deacons has by far the largest partnership of the local Hong Kong firms. **Woo Kwan Lee & Lo** has 33 partners and **Wilkinson & Grist** 23. While Deacons' lawyer headcount has fallen year-on-year from 182 to 138, other firms have been bulking up, with Richards Butler spin-

out **Howse Williams Bowers** taking on Clifford Chance corporate finance lawyer Niall Tansey and Eversheds litigation partner William Leung.

DEALS

Predictably, the firms with the biggest footprint in the Hong Kong market are winning the lion's share of deals in the jurisdiction. As deals involving international parties are usually governed by international law and local firms tend to have their own specialisations – Deacons is known for its insurance and investment funds practices, Woo Kwan

Top firms for 2014 Hong Kong M&A deals, by value

Rank	Firm	Deal value including debt of target (\$m)
1	Freshfields Bruckhaus Deringer	17,981.4
2	Clifford Chance	11,874.1
3	Allen & Gledhill	8,902.5
4	Haiwen & Partners	4,962.7
5	Kirkland & Ellis	4,885.3
6	Slaughter & May	4,868.0
7=	AZB & Partners	4,000.0
7=	Han Kun Law Offices	4,000.0
9	Baker & McKenzie	2,610.9
10	King & Wood Mallesons	1,936.7
11	Jun He Law Offices	1,648.6
12	Reed Smith	1,208.8
13	Weil Gotshal & Manges	1,039.2
14	Fangda Partners	975.4
15	Skadden	952.5
16	Morrison & Foerster	942.2
17	Ashurst	874.4
18	Mori Hamada & Matsumoto	854.2
19	WongPartnership	840.9
20	Nishimura & Asahi	761.7

Source: Thomson Reuters

Hong Kong

Lee and Lo for M&A and real estate, and Howse Williams Bowers for shipping – the Thomson Reuters M&A tables for 2014 are dominated by international players. **Baker & McKenzie, Clifford Chance, Freshfields Bruckhaus Deringer** and **Reed Smith** all sit at the top end of the charts for deal value and deal volume.

Bakers acted on the largest number of deals, which was 19. This was significantly more than second-placed Clifford Chance and Freshfields, which both advised on nine M&A transactions during the year, although the combined value of \$2.6bn (£1.7bn) was significantly lower than the \$18bn Freshfields advised on.

Among the deals **Bakers** advised on was Chinese financial services company Yue Xiu Enterprises' acquisition of a 75 per cent stake in Hong Kong's Chong Hing Bank. The deal, in which Hong Kong corporate partner Dorothea Koo and special counsel Edmund Chan advised Yue Xiu, also featured **Deacons**, which advised Chong Hing's board.

Reed Smith, the fifth-largest international firm in Hong Kong, with 24 partners and a lawyer headcount of 80, and **Freshfields**, the eighth-largest with 20 partners among 65 lawyers, acted on the biggest Hong Kong IPO of 2014. Reed Smith acted for Beijing-based Dalian Wanda Commercial Properties on the Hong Kong and US aspects of its \$3.7bn Hong Kong Stock Exchange listing, while Freshfields advised the 19 financial institutions that served as joint bookrunners on the transaction. The Freshfields team was led by Hong Kong partners Theresa Ko and Calvin Lei, as well as Beijing partner Richard Wang, while the Reed Smith team was led by Hong Kong partner Ivy Lai, Beijing partner Michael Fosh and Gerard DiFiore, who divides his time between Hong Kong and New York.

Firms with smaller presences also won roles on some significant deals. US firm **Paul Hastings**, which has 12 Hong Kong partners among 43 lawyers, advised Chinese pork company WH Group on its Hong Kong listing. Fellow US firm **Cleary Gottlieb Steen & Hamilton**, which has five Hong Kong partners among 36 lawyers, acted for joint sponsors BOC International and Morgan Stanley on the listing. The Cleary team was led by Hong Kong partner Freeman Chan, the Paul Hastings team by greater China chair Raymond Li and Hong Kong partners Catherine Tsang, Steven Winegar and Zhaoyu Ren.

Top firms for 2014 Hong Kong M&A deals, by volume

Rank	Firm	Number of deals
1	Baker & McKenzie	19
2=	Clifford Chance	9
2=	Freshfields Bruckhaus Deringer	9
4	Reed Smith	8
5	King & Wood Mallesons	7
6	Mayer Brown	6
7=	Fangda Partners	5
7=	Allen & Gledhill	5
7=	Slaughter & May	5
10=	Sidley Austin	4
10=	Paul Hastings	4
10=	WongPartnership	4
13=	Rajah & Tann	3
13=	Jingtian & Gongcheng	3
13=	Linklaters	3
13=	Mori Hamada & Matsumoto	3
13=	Ashurst	3
13=	Norton Rose Fulbright	3
13=	Zhong Lun Law Firm	3
13=	Allen & Overy	3

Source: Thomson Reuters

INTERNATIONAL INVESTMENT

Hong Kong has long been a destination of choice for international firms, with many pouring resources into the jurisdiction over significant periods. But apart from US firms **Debevoise & Plimpton** and **Kobre & Kim** launching local law practices, and Chinese firms **Longan** and **Han Kun Law Offices** opening in the territory, 2014 stood out as the year when international outfits reassessed their position in Hong Kong.

DLA Piper was forced to rebuild its on-the-ground presence after suffering a string of partner departures that saw Asia corporate head Mabel Lui move to Winston & Strawn and corporate partner Esther

Leung join Chinese firm Jun He.

Milbank Tweed Hadley & McCloy, which has practised US law in Hong Kong since 1977, wound up its local law practice after just three years, while Australian firm **Clayton Utz** broke off its association with local outfit **Haley & Co** to focus on its domestic market.

At the beginning of 2015, US firm **Fried Frank** went one step further, announcing its intention to pull out of Hong Kong altogether, with disputes partner Alfred Wu finding a new home at Norton Rose Fulbright, while corporate partners Douglas Freeman and Victor Chen have since joined Paul Hastings.

Hong Kong

Hong Kong's top local firms, by headcount

Rank	Firm	Number of lawyers	Number of partners
1	Deacons	138	53
2	Woo Kwan Lee & Lo	86	33
3	Li & Partners	62	7
4	Howse Williams Bowers	60	16
5	Wilkinson & Grist	48	23
6	PC Woo & Co	43	15
7	Oldham Li & Nie	42	9
8	ONC Lawyers	38	9
9	Haldanes	31	15
10	Lu Lai & Li	31	11
11	Robertsons Solicitors	31	13
12	Tanner De Witt	27	10
13	Gall	16	1
14	Charltons	11	2
15	Robin Bridge & John Liu	9	3

Source: *The Lawyer*.

Largest foreign-headquartered firms in Hong Kong by headcount



Source: *The Lawyer*

Smallest foreign-headquartered firms in Hong Kong by headcount



Source: *The Lawyer*

India

The Indian legal market is currently experiencing one of its biggest upheavals of all time. The split of its largest, and arguably most prestigious firm, **Amarchand Mangaldas Suresh A Shroff & Co**, has resulted in an unprecedented storm of lateral hiring.

Partners, teams, even whole offices, are being swallowed up as managing partners Cyril and Shardul Shroff – who took approximately half the legacy firm each – battle it out to make their new firms number one in India. Add to this a new political regime that is serious about liberalising the legal market, and economic growth which is predicted to outstrip that of China in the near future, and you have all the makings of some kind of legal blockbuster. The next 12 to 18 months will undoubtedly see unprecedented change in the Indian market.

THE SPLIT

At the end of 2014, news emerged that Amarchand Mangaldas Suresh A Shroff & Co was to split following an argument between the two managing partners, brothers Shardul and Cyril, over their mother's will. Following mediation, the two brothers agreed to launch their own firms, with older brother Shardul taking the New Delhi arm of approximately 40 partners and 230 lawyers, and younger brother Cyril taking the Mumbai arm with around 40 partners and 430 lawyers.

On 10 May, Shardul launched **Shardul Amarchand Mangaldas (SAM)**, while a day later Cyril launched **Cyril Amarchand Mangaldas (CAM)**. With the respective launches came public announcements that **SAM** hoped to have around 450 lawyers by the end of the year, while **CAM** has claimed plans for 1,000 lawyers by 2017-18 (the original plan for the unified **Amarchand Mangaldas Suresh A Shroff & Co**).

And so the recruitment war began. Key hires by **SAM** have included **J Sagar Associates** rainmaker Akshay Chudasama, and a number of his team, to head up the firm's offering in Mumbai. More recently, he took **Dua Associates** heavyweight Shiraz Patodia and a two-partner team, as well as partners Abhishek Sinha and Deepto Roy, from **Khaitan and Co**.

Key hires for Cyril have included **Khaitan & Co New Delhi** litigation partner Gauri Rasgotra and almost the entirety of boutique firm **MNK Law Offices'** partners,

among many others. Both firms also made up 12 partners in March.

At the latest count, **SAM** is thought to have recruited around 12 partners and more than 50 lawyers in Mumbai, while **CAM** has managed to recruit around 30 partners and about 100 lawyers in Delhi. But these figures are changing daily and there's no sign of the hiring coming to a halt just yet.

IMPACT ON OTHER FIRMS

All this movement has been good news for lawyers' pay packets. The sudden demand for lawyers, particularly at associate level, has seen salary hikes of anything from 30 to 100 per cent on offer for those prepared to move. What's more, legal recruiters are saying the hiring war could leave a shortage of hundreds of mid-level lawyers in the market.

Accordingly, the dissolution of **Amarchand Mangaldas** has not only been an upheaval for the Shroff brothers, but also for the other Indian firms which, in the past couple of months, have seen their lawyers become recruitment targets for the warring factions. Firms have had to stage a rear-guard defence to keep their lawyers, although one managing partner points out that it has also provided an opportunity for people having problems in one firm to seek other opportunities elsewhere.

The flow has not all been one way, with a number of **SAM** and **CAM** lawyers, perhaps sick of all the fighting, finding homes elsewhere.

In the long run, larger firms will ultimately shrug off defections and continue apace, especially given the buoyant state of the local market and the economy. But smaller firms may face more serious ramifications as a result of lateral raids, both from the Shroff brothers and from other firms looking to fill any gaps that may have opened up as a result of the hiring war.

Our table shows headcount as at 31 December 2014, giving a picture of the market pre-**Amarchand** split. It paints a picture of a market that had been enjoying growth in terms of headcount and revenue.

What the tables will look like next year is anybody's guess – safe to say they will be significantly altered.

THE ECONOMY

Indian firms have been buoyed by the local economy over the past year, which has enjoyed continued growth and at some point looks set to outstrip growth in China. In June, the country reported growth of 7.5 per cent – although economists have warned caution about the figures, which were calculated using a different model to measure GDP.

India's largest local firms

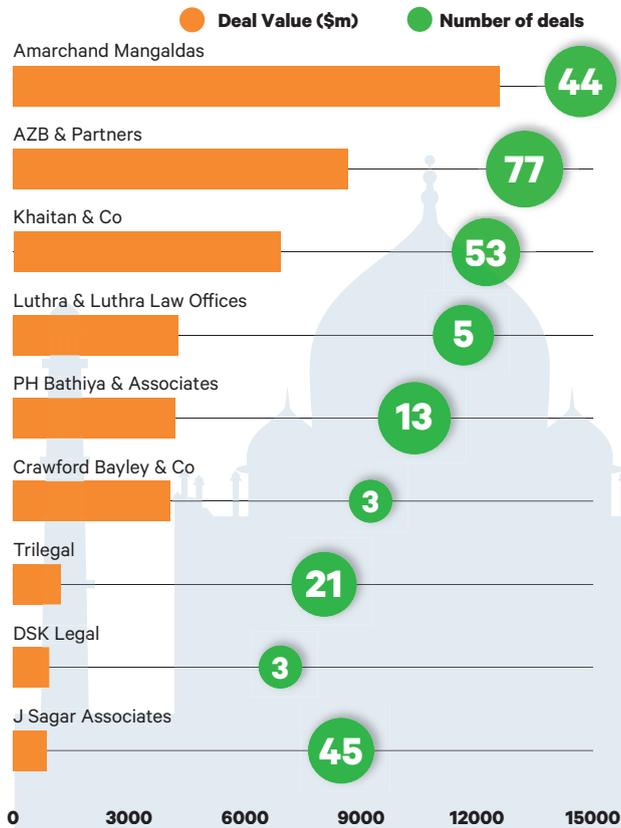
Firm	Qualified lawyers	Partners
Amarchand Mangaldas**	680	84
Khaitan & Co	362	86
J Sagar Associates	315	77
AZB & Partners*	290	20
Luthra & Luthra	280	48
Dua & Associates*	270	52
Desai & Diwanji	180	28
Fox Mandal	180	38
Kochhar & Co	180	35
Trilegal*	175	23

Source: Thomson Reuters *Estimated **Has since split to become Shardul Amarchand Mangaldas (SAM) and Cyril Amarchand Mangaldas (CAM)

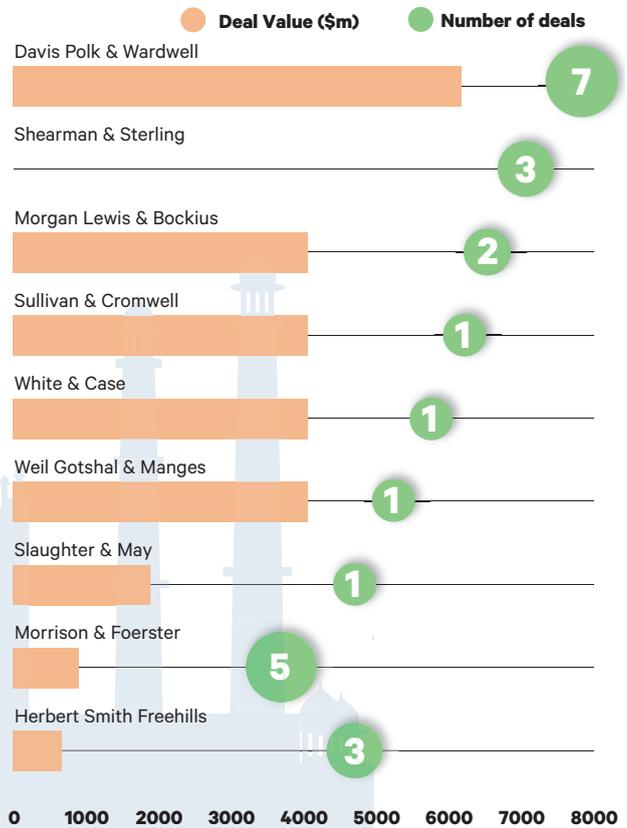
India

Top firms for 2014 M&A activity with Indian target, by value

Indian firms



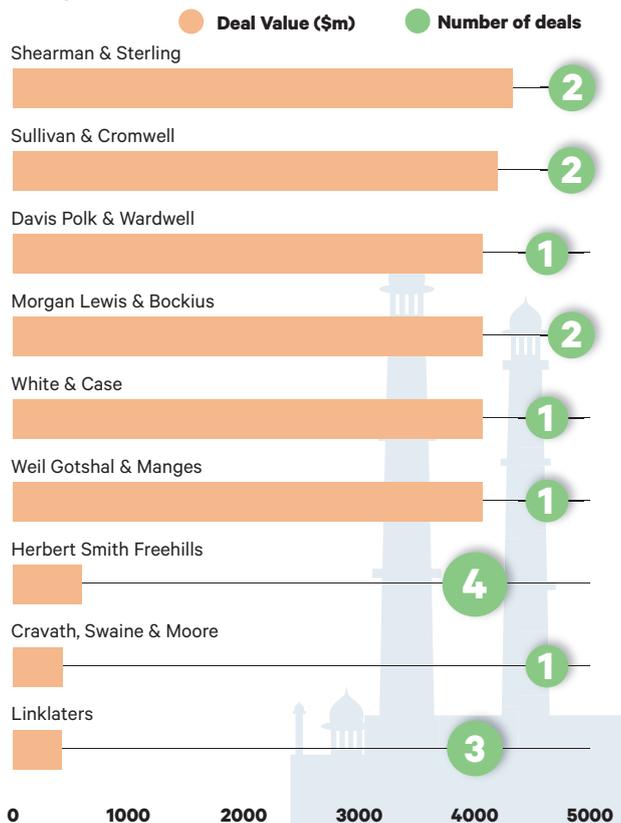
Foreign firms



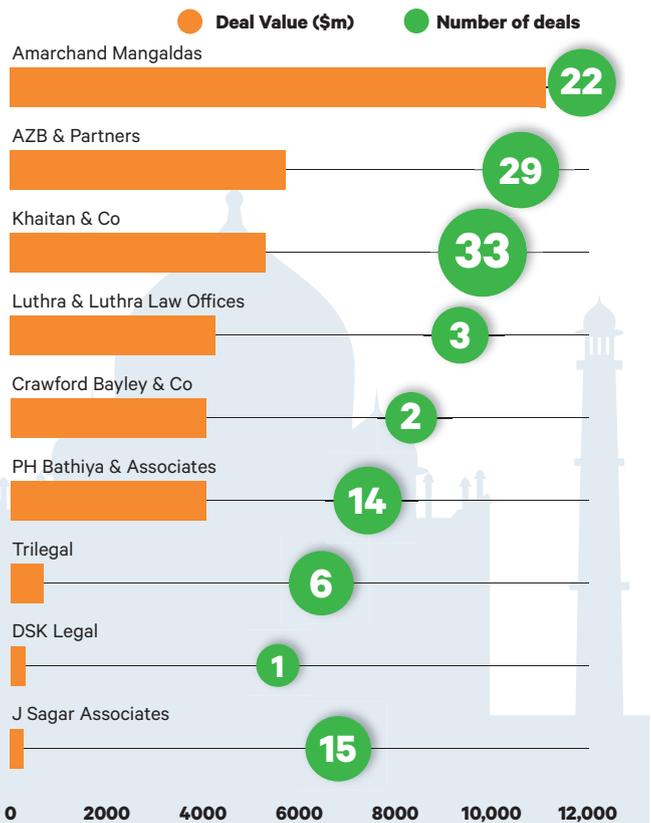
Source: Thomson Reuters

Top firms for 2014 M&A activity with Indian acquiror, by value

Foreign firms



Indian firms



Source: Thomson Reuters

India

As such, law firms enjoyed a very active M&A market in 2014. **Amarchand** was the dominant player, both for deals with Indian targets and those with Indian acquirers, holding 43 per cent and 54 per cent of market share respectively. **AZB & Partners** also maintained its position with 29 per cent and 28 per cent respectively.

How this will look in the post-split 2015 landscape will be interesting. There has been talk in the marketplace that some clients of **SAM** and **CAM** have been turning elsewhere for legal advice because of the disruption caused by the split. "It's a great opportunity for other firms to pick up quality work and clients," says **Khaitan & Co** partner Haigreve Khaitan.

But whether this talk translates into deals, cases, market share and revenue remains to be seen.

That said, it looks as though work will continue to be bountiful in the coming 12 to 24 months. In its June 2015 economic forecast, the OECD said: "Economic growth will remain high, supported by a revival in investment. The 2015/16 financial year fiscal

consolidation target has been replaced to allow for increased infrastructure investment, while structural reforms to improve the ease of doing business and [President Modi's] Make In India initiative should boost corporate investment."

LIBERALISATION

The Shroff battle is indicative of a market that remains fiercely local, whose practices are steeped in tradition and in which equity is often held tightly by a few very senior, often related, partners.

That is beginning to change, however. And that change may be expedited by the country's new political regime, led by President Modi, which is pressing for liberalisation of the legal market.

To date, one of the keenest opponents of liberalisation has been the Society of Indian Law Firms (SILF), but in December SILF's president penned an opinion piece in a local newspaper suggesting local firms were now better placed to face foreign entry and proposing a timeline of a phased liberalisation over five to seven years.

Furthermore, in February a news agency reported that the government had embarked on informal talks with the Bar Council of India about the possibility of such a measure. The wheels, it seems, are being put in motion – albeit rather slowly.

Even without being based in India, international firms are still picking up quite significant amounts of legal work, as our deal tables indicate, with **Shearman & Sterling, Davis Polk & Wardwell, Morgan Lewis & Bockius** and **Sullivan & Cromwell** all picking up big-value deals in 2014.

Meanwhile, a report by legal strategy consultant RSG found that **Linklaters, Allen & Overy, Herbert Smith Freehills, Clifford Chance, White & Case** and **Baker & McKenzie** were the firms to receive the greatest number of instructions on Indian matters in the past 18 months.

In the meantime, it seems large international firms will continue to watch and work from afar, waiting for the moment when they can make their move into a rapidly expanding legal market.

Japan

After years of stagnation, there are recent signs that the local economy is at last picking up, albeit very slowly.

Japan's economy grew 0.6 per cent in the first quarter of 2015, its second consecutive quarter of growth and a far better result than economists predicted. On an annualised basis, the economy grew 2.4 per cent. The Nikkei index reached a 15-year high at the end of May.

There's a suggestion that prime minister Shinzo Abe's plans to revive the flagging economy through a three-pronged approach of monetary easing, fiscal stimulus and structural reform may be having some impact – and that is good news for law firms.

LOCAL MARKET

"Partly thanks to the effect of 'Abenomics', the legal market in Japan is quite active," says Yuko Tamai, corporate partner at **Nagashima Ohno & Tsunematsu**. Locally, corporate M&A work and IPOs were busier than in the previous 12 months and, while not exactly flourishing, **Nishimura & Asahi** managing partner Masaki Hosaka describes the picture as certainly "less gloomy".

Firms were encouraged by increased inbound foreign direct investment (FDI). According to the Ministry of Finance, inbound investment rose 181 per cent to \$8.4bn (£5.4bn) in 2014 – the highest figure since 2009. In early 2013, as part of the economic reinvigoration strategy, the government announced plans to double Japan's inward FDI stock to ¥35trn (£184.2bn) by 2020. There are signs that this is starting to take effect.

Firms have been particularly active in real estate investment, partly as a result of the depreciation of the yen and increased work relating to the 2020 Tokyo Olympics.

In 2014, **Mori Hamada & Matsumoto** won the lion's share of M&A work for deals with Japanese targets, both in terms of value and volume. It advised on 120 deals worth \$14.2bn. The firm has also been busy with new IPO issues. It is advising issuers on the IPO of state-owned Japan Post Holdings, which plans to list on the Tokyo Stock Exchange in what will be the largest state-owned enterprise listing for two decades.

JAPANESE FIRM FOOTPRINTS

Nishimura & Asahi – 12 offices

November 2014: opens associate office in Jakarta

February 2014: opens Shanghai office

TMI ASSOCIATES – 11 offices

September 2014: opens Kobe office

July 2014: opens legal and consulting offices in Phnom Penh and Silicon Valley

MORI HAMADA & MATSUMOTO – 8 offices

April 2015: opens in Nagoya and Bangkok

April 2014: opens in Osaka and Yangon

NAGASHIMA OHNO & TSUNEMATSU – 7 offices

April 2015: opens Hanoi office

December 2014: forms alliance with Fukuoka-based firm Tokunaga, Matsuzaki & Saito

November 2014: opens Shanghai office

June 2014: opens Ho Chi Minh City office

April 2014: opens Bangkok office

ANDERSON MORI & TOMOTSUNE – 6 offices

May 2015: launches in Ho Chi Minh City; launches Jakarta desk within Indonesian firm Roosdiono & Partners

January 2015: takes on 45 lawyers from Bingham Sakai Mimura Aizawa (Bingham McCutchen's Tokyo office)

ATSUMI & SAKAI – 4 offices

January 2015: opens London office

O-EBASHI LPC & PARTNERS – 4 offices

September 2015: to open Nagoya office

INTERNATIONAL ARRIVALS AND MERGERS IN THE PAST 12 MONTHS

May 2015: Landers & Roger launches with first partner in Japan

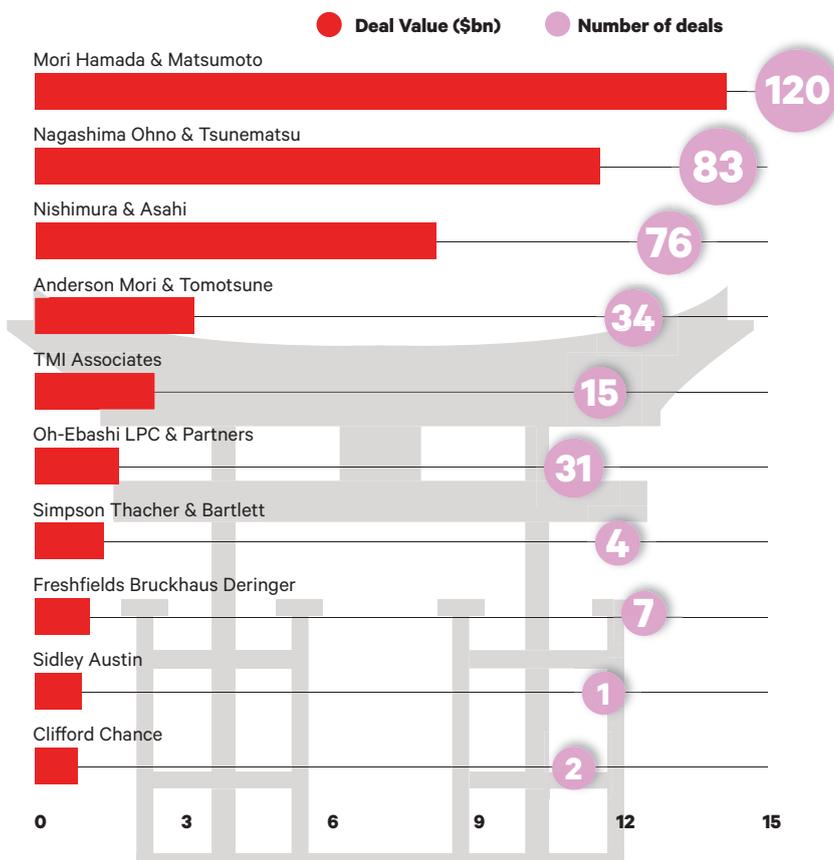
January 2015: Greenberg Traurig launches in Tokyo with three partners from DLA and White & Case. Norton Rose Fulbright hires first Japanese-speaking partner from Nishimura & Asahi

December 2014: PWC Legal opens Tokyo office with one local partner. Morgan Lewis takes on 16 lawyers from Bingham Sakai Mimura Aizawa

July 2014: Squire Patton Boggs merges with Tokyo corporate boutique Mamiya Law Offices

Japan

Top firms for 2014 Japanese M&A deals, by value



Source: Thomson Reuters

Nagashima Ohno & Tsunematsu ranked second on the 2014 deal table, both by value and volume. It advised on one of the year's largest property and inward investment deals – a \$1.6bn acquisition by Blackstone Group to buy residential assets in Japan from General Electric Co (GE)'s property unit.

HEADCOUNT GROWTH

Despite better news about the economy, headcount growth among the country's firms has largely remained minimal apart from the aggressively expanding **TMI Associates**. In 2013, TMI almost doubled its number of qualified lawyers, while in 2014 its ranks grew by a further 31 per cent, making it the second-biggest firm

in the local market after **Nishimura & Asahi**. **Nishimura & Asahi** and **Nagashima Ohno & Tsunematsu** reported more moderate growth among qualified lawyers of 4 per cent and 2 per cent respectively.

The only law firm reporting a significant drop in headcount in 2014 was **Anderson Mori and Tomutsune**, where qualified lawyer numbers fell by 7 per cent. This trend was reversed in early January 2015, when the firm took on 45 lawyers from **Bingham Sakai Mimura Aizawa**, the Tokyo arm of the now-defunct Bingham McCutchen.

EXPANDING FOOTPRINT

There has also been a noticeable trend by Japanese firms to expand their footprint, locally and globally. In the past 18 months, the big five Japanese firms have amassed between them an incredible 16 office openings and alliances.

In 2015, **Mori Hamada & Matsumoto** launched offices in Bangkok and Nagoya, and **Nagashima Ohno & Tsunematsu** opened in Hanoi. As well as its additions from Bingham's, **Anderson Mori & Tomutsune** opened in Ho Chi Minh City and launched a Jakarta desk inside Indonesian firm **Roosdiono & Partners**.

Local firms have not only been looking offshore, however. They have also expanded their footprint in Japan. **Mori Hamada** launched new outfits in Nagoya and Osaka, **TMI** opened in Kobe, and **Nagashima** formed a strategic alliance with Fukuoka-based firm **Tokunaga, Matsuzaki & Saito**.

This continued expansion, both locally and internationally, is a recognition by

Japan's top local firms, by headcount

Law firm	Qualified lawyers Dec 2014	Qualified lawyers Dec 2013	Change (%)	Partners Dec 2014	Partners Dec 2013	Change (%)
Nishimura & Asahi	526	506	4.0%	108	102	5.9%
TMI Associates	418	318	31.4%	85	70	21.0%
Mori Hamada & Matsumoto	352	356	-1.1%	95	96	-1.0%
Nagashima Ohno & Tsunematsu	351	344	2.0%	93	94	-1.1%
Anderson Mori & Tomotsune *	290	314	-7.6%	92	93	-1.1%

Source: Thomson Reuters *Excluding the 2015 incorporation of 45 Bingham Sakai Mimura Aizawa lawyers

Japan

Japanese firms that they need to be more globalised to service their clients, thereby following the huge flows of outbound FDI as Japanese corporates look to overseas markets for investment. In 2014 there was a \$116bn outflow of FDI from Japan. At 16 per cent, although this was lower than 2013's figure, it remained the second-highest in the world after the US.

Indications are that M&A work is set to increase throughout the course of 2015. During Japan's 2014 fiscal year – 1 April 2014 to 31 March 2015 – M&A transactions by Japanese companies hit record levels, both in terms of value and number.

INTERNATIONAL FIRMS

International companies, after dramatically downsizing in the region following the GFC, have been increasingly eyeing the Japanese market again.

“There's a refocusing of international firms' interest,” says Nick Seddon, partner at Asia professional services consultancy Beaton Capital.

“Japan Inc has a lot of money in the coffers. It's a bigger investor in the rest of the world than China. International firms have realised they are missing out and a lot are now going back into Japan to follow that investment out.”

This is backed up by a recent survey of finance directors from the UK's top 100 law firms, published in May by Thomson Reuters. The survey showed nearly two-thirds of respondents thought firms should be expanding in Japan. It is also being evidenced by international firms' growth in the region in the past 12 months.

In January, **Greenberg Traurig Maher** relaunched in Tokyo with two partners from White & Case and a third from DLA

Piper. **PWC Legal** and Australian firm **Landers & Roger** have also launched in Tokyo in the past year.

Other international firms have been bulking up in the region. At the end of last year, **Morgan Lewis** took 16 lawyers from Bingham Sakai Mimura Aizawa, and in July 2014 **Squire Patton Boggs** merged with Tokyo corporate boutique **Mamiya Law Offices** to bolster its local lawyer headcount to almost 40.

Norton Rose Fulbright and **Ashurst** also sought to bolster their presence in the region, with the former hiring its first ever Japanese speaking partner from Nishimura & Asahi, and the latter relocating Asia managing partner Mathew Bubb and banking and finance partner Dominic Gregory to Tokyo earlier this year. Increasingly, it seems, Japan is the place to be.

Singapore

As one of the most-developed markets in Southeast Asia, city-state Singapore acts as a hub for many foreign firms looking to access the less-westernised countries that make up the Association of Southeast Asian Nations (ASEAN).

As home to the Singapore International Arbitration Centre, the jurisdiction is rightly known as a centre of excellence for disputes while the Singapore Exchange attracts companies from around Asia, and China in particular.

With foreign direct investment both into and out of Singapore remaining healthy too, the jurisdiction remains of interest to international firms, which are continuing to invest despite the maturity of the market.

THE ECONOMY

Influenced in part by the slowdown in China, Singapore's economy has also slowed since its record year in 2010. Having rocketed by 15 per cent in that year, GDP growth currently sits at around the 3 per cent mark, with the IMF predicting no change in that figure for 2015 or 2016.

Despite this, the city-state is the beneficiary of a generally healthy level of foreign investment as well as the

infrastructure work going on across ASEAN, acting as it does as a gateway into the region for foreign investors.

Singapore itself received foreign direct investment (FDI) inflows of \$853.3bn (£550.4bn) in 2013, according to the Singapore government's department of statistics, with the US, Netherlands, BVI and Japan all being significant contributors.

Government statistics also reveal that FDI flows from Singapore's corporate sector into overseas territories stood at \$531.7bn in 2013, with China, the UK, Australia, Hong Kong and Indonesia all being beneficiaries.

INTERNATIONAL INVESTMENT

Many international firms have set up shop in Singapore over the years, although with local rules limiting how many firms can offer local law as well as the way in which they can offer it, the vast majority offer foreign law advice only.

For those that do want to provide clients with local advice as well, there are a number of avenues open to them. One is the qualifying foreign law practice scheme (QFLP), which was introduced in 2008 to allow foreign firms to advise on Singapore

law in certain commercial areas of practice. Singapore's Ministry of Law issues a limited number of licences, which are renewable every five years.

Foreign firms can also collaborate with Singaporean firms to provide joint international and local advice via either a joint law venture (JLV), which requires the establishment of a new legal entity, or a formal law alliance (FLA), which is essentially a best-friends relationship.

Despite the relative maturity of the Singapore market, international firms have continued to pour resources into the jurisdiction, with **Allen & Overy** (A&O), **Clifford Chance**, **Latham & Watkins** and **Norton Rose Fulbright** all renewing QFLP licences granted in 2008 at the beginning of 2014.

Herbert Smith Freehills, which saw a series of partner departures in Singapore following the 2012 merger of Herbert Smith with Australia's Freehills, chose not to renew its licence while **White & Case's** was renewed for just one year. This was subsequently extended for a further four years at the start of 2015.

On the FLA-front **Clifford Chance** and **Ince & Co** have longstanding arrangements while **Baker & McKenzie**,

Advisers to largest deals in Singapore in 2014

Deal value (\$bn)	Target name (and jurisdiction)	Acquiror name (and jurisdiction)	Law firm to target	Law firm to acquiror
4.4	Fraser's Centrepont (Singapore)	Shareholders of Fraser and Neave (Singapore)	N/A	Allen & Gledhill
2.5	CapitaMalls Asia (Singapore)	Sound Investment Holdings (Singapore)	Rajah & Tann	Allen & Gledhill
1.7	STATS ChipPAC (Singapore)	Jiangsu Changjiang Electronics Technology Co (China)	Allen & Gledhill, Lee and Li, WongPartnership,	Drew & Napier, Tian Yuan Law Firm
1.1	Goodpack (Singapore)	IBC Capital (US)	Allen & Gledhill, Rajah & Tann	Fangda Partners, Kim & Chang, Pinheiro Neto Advogados, Simpson Thacher & Bartlett, WongPartnership
1.1	AG Trust (Singapore)	Accordia Golf Co (Japan)	N/A	Allen & Gledhill, Miyakezaka Sogo Law Offices, Mori Hamada & Matsumoto

Source: Thomson Reuters

Singapore

Top firms for 2014 M&A deals with Singapore involvement, by value

Rank	Law firm	Deal value (\$m)	Number of deals
1	Allen & Gledhill	16,309	35
2	WongPartnership	6,415	27
3	Drew & Napier	2,901	14
4	Freshfields Bruckhaus Deringer	2,299	5
5	Rajah & Tann	2,037	11
6=	Tian Yuan Law Firm	1,714	1
6=	Lee and Li	1,714	1
8	Fangda Partners	1,508	3
9	Mori Hamada & Matsumoto	1,300	6
10=	Pinheiro Neto Advogados	1,114	1
10=	Kim & Chang	1,114	1
10=	Simpson Thacher & Bartlett	1,114	1
13	Miyakezaka Sogo Law Offices	1,103	1
14	Clifford Chance	1,101	7
15	Stamford Law (now Morgan Lewis Stamford)	995	15
16=	Argo BCVBA	980	1
16=	Gorrissen & Federspiel	980	1
18	Shook Lin & Bok	841	10
19	Corrs Chambers Westgarth	742	2
20	Shook Hardy & Bacon	690	1

Source: Thomson Reuters

Clyde & Co, Duane Morris, Hogan Lovells, Pinsent Masons and **Watson Farley & Williams** each have JLVs.

They were joined in 2014 by **Stephenson Harwood**, which sealed an FLA with **Virtus Law**, and at the beginning of 2015 by **Withers**, which agreed an FLA with **KhattarWong**, and **Kennedys**, which sealed a JLV with local firm **Legal Solutions**.

Perhaps the most eye-catching deal by a foreign firm came in March 2015, when America's **Morgan Lewis & Bockius** announced its merger with Singapore outfit **Stamford Law Corporation**, bringing a new structure from which to offer both foreign and Singapore advice.

Under the terms of the deal Morgan

Lewis Stamford, as the firm is known locally, continues to be a Singaporean firm staffed by Singaporean lawyers, but that firm has become part of the wider Morgan Lewis network with its directors being admitted to the US firm's partnership.

THE LOCAL LAW FIRMS

The local legal scene is dominated by Singapore's four largest firms by lawyer headcount – **Allen & Gledhill, Rajah & Tann, WongPartnership** and **Drew & Napier**.

Allen & Gledhill and Drew & Napier have long histories in the city-state, with each boasting more than a century of continuous practice. With respective launch dates of 1954 and 1992, Rajah &

Tann and WongPartnership may be relative newcomers to the market but the four win by far the largest share of the work being done out of Singapore.

With the exception of Drew & Napier, which in any case differs from the others in that it is known particularly for its contentious practices, all of these firms have started to look beyond their home state in recent times, with coverage of the ASEAN region seen as a priority.

Allen & Gledhill opened an own-branded office in Laotian capital Vientiane in 2013 and one in Myanmar city Yangon in 2014 and also has a longstanding association with Malaysia's **Rahmat Lim & Partners**.

Rajah & Tann, which has offices in

Singapore

Laos and Thailand, has brought together its associations in Cambodia, Indonesia, Malaysia, Myanmar and Vietnam under the banner Rajah & Tann Asia, while WongPartnership signed an alliance deal with Malaysian boutique **Foong & Partners** in November 2013, opened an office of its own in Yangon in June 2014 and sealed a strategic alliance with Indonesian firm **Makes & Partners** in August 2014.

DEALS

These four major firms sit at the top of Thomson Reuters' deals table for 2014 and all also feature on at least one of the largest deals of the year.

Allen & Gledhill, which is far and away the largest firm in the city-state, not only topped the deals table after advising on 35 transactions with a combined value of \$16.3bn, but featured on all five of the largest deals completed too.

Partners Rhys Goh, Lee Kee Yeng, Richard Young and Christopher Ong advised local conglomerate Fraser & Neave on the demerger and subsequent listing of property business Frasers Centrepoint while Jerry Koh and Long Pee Hua advised Japan's Accordia Golf Trust Management on the Singapore listing of a trust that invests in Japanese golf courses.

The firm also sat across from **Rajah & Tann** on Southeast Asian property developer Sound Investment Holdings' acquisition of shopping centre manager CapitaMalls, and worked alongside **WongPartnership** to advise Singaporean semiconductor business STATS ChipPAC on its acquisition by Chinese rival Jiangsu Changjiang Electronics Technology Co, which was advised locally by **Drew & Napier**.

Similarly, Allen & Gledhill was on the same side as Rajah & Tann when KKR-backed IBC Capital, which was advised locally by WongPartnership, acquired Singaporean packaging and logistics business Goodpack. Allen & Gledhill advised the company while Rajah & Tann acted for its executive chairman David Lam.

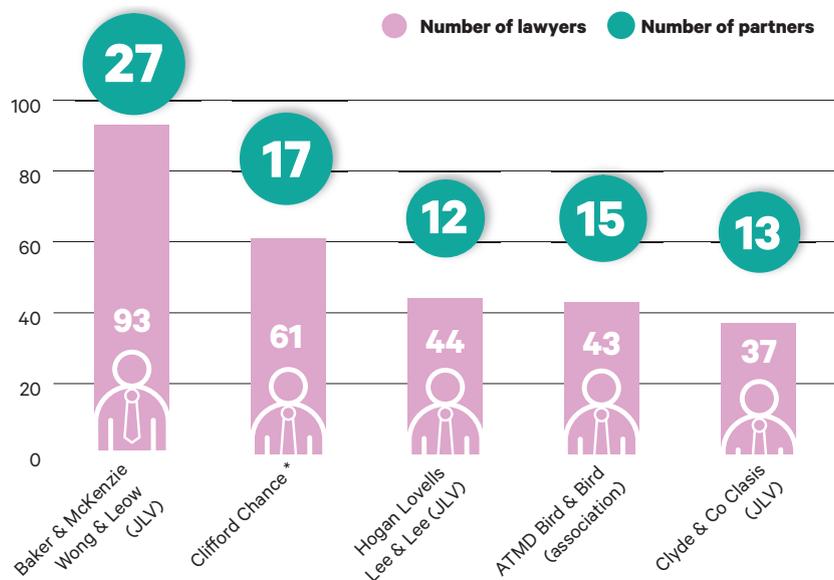
In terms of international firms, while those with JLVs or FLAs have the largest presences in Singapore, they are not the ones that feature heavily in the table of deals with Singapore involvement. Of the five biggest by lawyer headcount – **Baker & McKenzie Wong & Leow**, **Clifford Chance**, **Hogan Lovells Lee & Lee**, **ATMD Bird & Bird** and **Clyde & Co Clasis** – only Clifford Chance was among the top 20 advisers by deal value for the year.

Largest local firms in Singapore, by headcount

Rank	Firm	Number of lawyers	Number of partners
1	Allen & Gledhill	416	162
2	Rajah & Tann	339	181
3	WongPartnership	277	96
4	Drew & Napier	260	81
5	Rodyk & Davidson	193	93
6	Shook Lin & Bok	87	36
7	Lee & Lee (has JLV with Hogan Lovells)	86	33
8	Kelvin Chia Partnership	70	19
9	KhattarWong (has FLA with Withers)	65	28
10	TSMP Law Corporation	55	13

Source: *The Lawyer*

Largest international firms in Shanghai, by headcount



Source: *The Lawyer* *(Holds QFLP and also has FLA with Cavenagh Law)

South Korea

Local Korean firms have grown considerably in size and footprint over the past 12 months as they seek to solidify their dominant position in the local market as well as following their clients to overseas shores. Meanwhile foreign firms have continued to enter the market, albeit in a somewhat cautious manner.

THE ECONOMY

In the fourth quarter of 2014, South Korea's economic growth fell to a six-year low, expanding a seasonally adjusted 0.4 per cent in the October to December period. The numbers fuelled concerns over South Korea's faltering economic recovery, particularly as China's economy continues to slow.

This year got off to a brighter start when growth for the first quarter of 2015 expanded to 2.5 per cent, boosted by construction, construction investment and manufacturing. However figures in May revealed exports had slid 10.9 per cent in the previous year and imports had fallen 15.3 per cent.

At the time of publication there were also concerns that an outbreak of the Middle East Respiratory Syndrome may damage the economy, which is Asia's fourth-largest.

The country's finance minister Choi Kyung-hwan has promised a package of policies to combat the country's slowing growth. He has also introduced tax measures aimed at encouraging cash-rich South Korean corporates to use their money for increased investment and overseen new regulation of the mortgage market.

SOUTH KOREAN FIRM FOOTPRINTS

Jipyong – 11 offices plus strategic alliance with Russian firm YUST

March 2015: opens Moscow office and signs strategic alliance with YUST

November 2014: launches Dubai desk inside Pinsent Masons' local office

Yulchon – 6 offices

March 2015: opens in Moscow

Bae Kim Lee – 6 offices

June 2015: opens in Hong Kong and gains approval to open in Vietnam

May 2015: opens in Dubai

July 2014: opens in Myanmar

DR & AJU – 4 offices plus strategic alliance with Taylor Wessing

May 2014: agrees strategic alliance with Taylor Wessing

Yoon & Yang – 3 offices

Hwang Mok Park – 2 offices plus strategic alliance with Bird & Bird

February 2014: agrees strategic alliance with Bird & Bird

INTERNATIONAL ARRIVALS AND ALLIANCES IN THE PAST 12 MONTHS

April 2015: EY Law launches alliance with Apex Legal

February 2015: Milbank Tweed, Hadley & McCoy launches with native Korean partner from HK office

October 2014: Stephenson Harwood opens Seoul office with former DLA partner

May 2014: Taylor Wessing enters alliance with DR & AJU

March 2014: Skadden Arps Slate Meagher & Flom opens with native Korean partner from NY office

February 2014: Bird & Bird enters alliance with Hwang Mok Park

Korea's top local firms, by headcount

Firm	Lawyers 2014	Lawyers 2013	Percentage change	Partners 2014	Partners 2013	Percentage change
Kim & Chang	760	670	13.4%	120	120	0.0%
Lee & Co	451	392	15.1%	224	142	57.7%
Bae Kim & Lee	394	357	10.4%	135	136	-1.0%
Shin & Kim	361	326	10.7%	132	120	10.0%
Yoon & Yang*	350	321	9.0%	109	84	30.0%
Yulchon	280	250	12.0%	-	97	19.5%

Source: *The Lawyer* *estimated figures

South Korea

Hoin Lee, senior foreign consultant at Korea's largest firm **Kim & Chang** says: "We expect that the 'creative economy' under president Park Geun-hye's economic plan will provide many law firms with more opportunities from clients in the gaming, casino, medical tourism, film and entertainment industries."

Meanwhile, local firms have been particularly busy with employment law work after changes to the labour laws in 2013 as well as increased numbers of Korean companies facing economic challenges and forced restructurings.

International arbitration has been another major focus for local firms and is considered an emerging field for Korean legal services, largely as a result of the opening of the Seoul International Dispute

Resolution Centre (Seoul IDRC) in May 2013. Renewables also looks set to be a future source of work as a result of South Korea launching a new emissions trading scheme – the world's second biggest carbon market.

On the M&A front **Kim & Chang** took the lion's share of the work for deals with a South Korean target, followed by **Lee & Ko** and **Bae Kim & Lee** respectively. However the latter firm took the largest piece of the pie when advising on deals with a South Korean acquirer, suggesting that the firm's strategy to expand its global offering could be paying dividends.

LOCAL FIRMS

Despite a gloomy economic picture, local Korean firms have enjoyed considerable

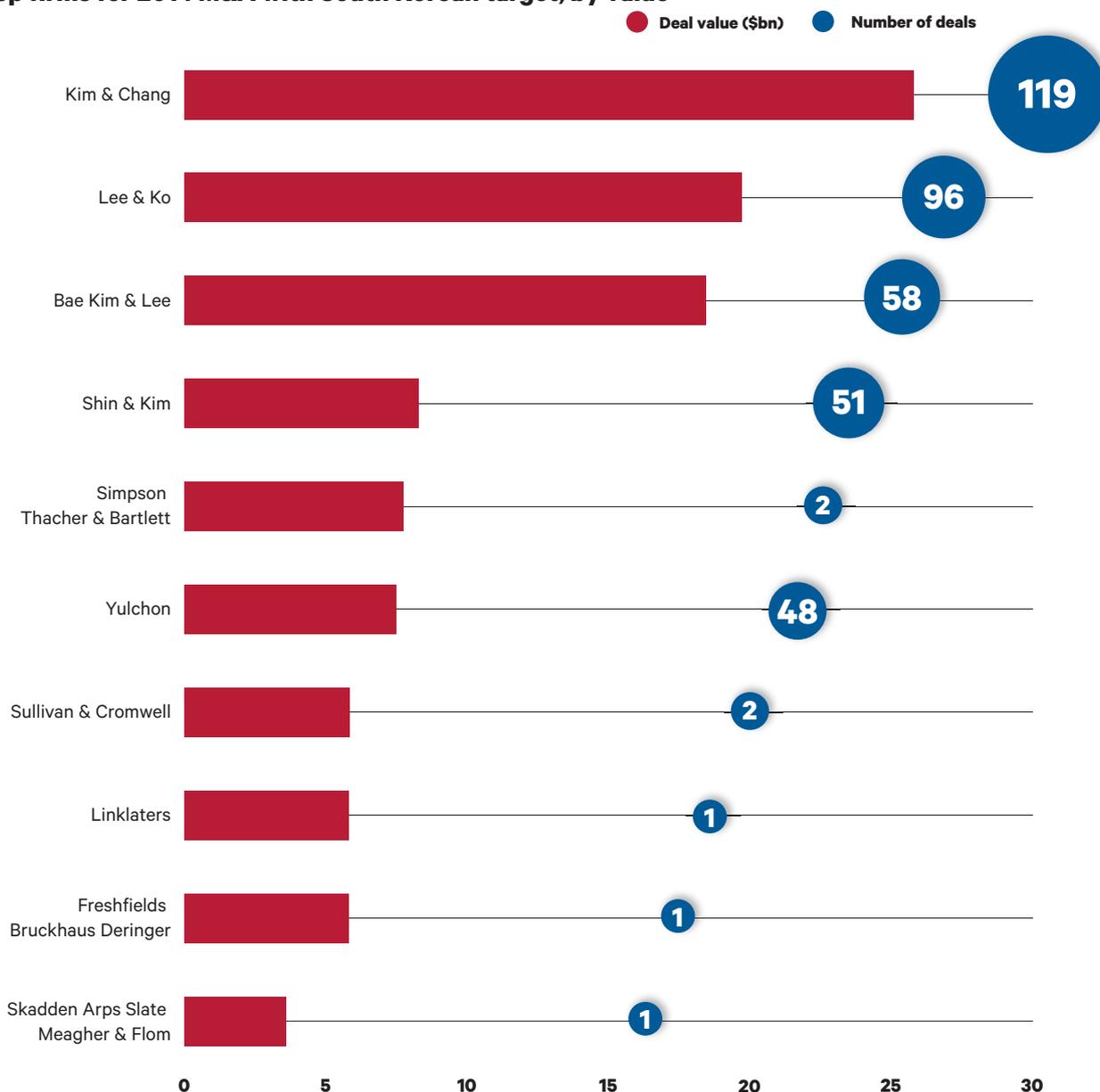
growth. Our research reveals the big six firms all grew their qualified lawyer numbers by between 9 and 15 per cent to the year ending 31 December 2014, reflecting local firms' desire to secure their position in the home market. Accordingly, local rankings by lawyer numbers remained the same as last year.

As well as continued organic growth, firms also sought to make a considerable number of lateral hires. The latter are becoming more common in a marketplace increasingly competitive as result of growth by local firms and the arrival of foreign ones.

LOOKING OFFSHORE

Until recently South Korean firms had largely been complacent about expansion

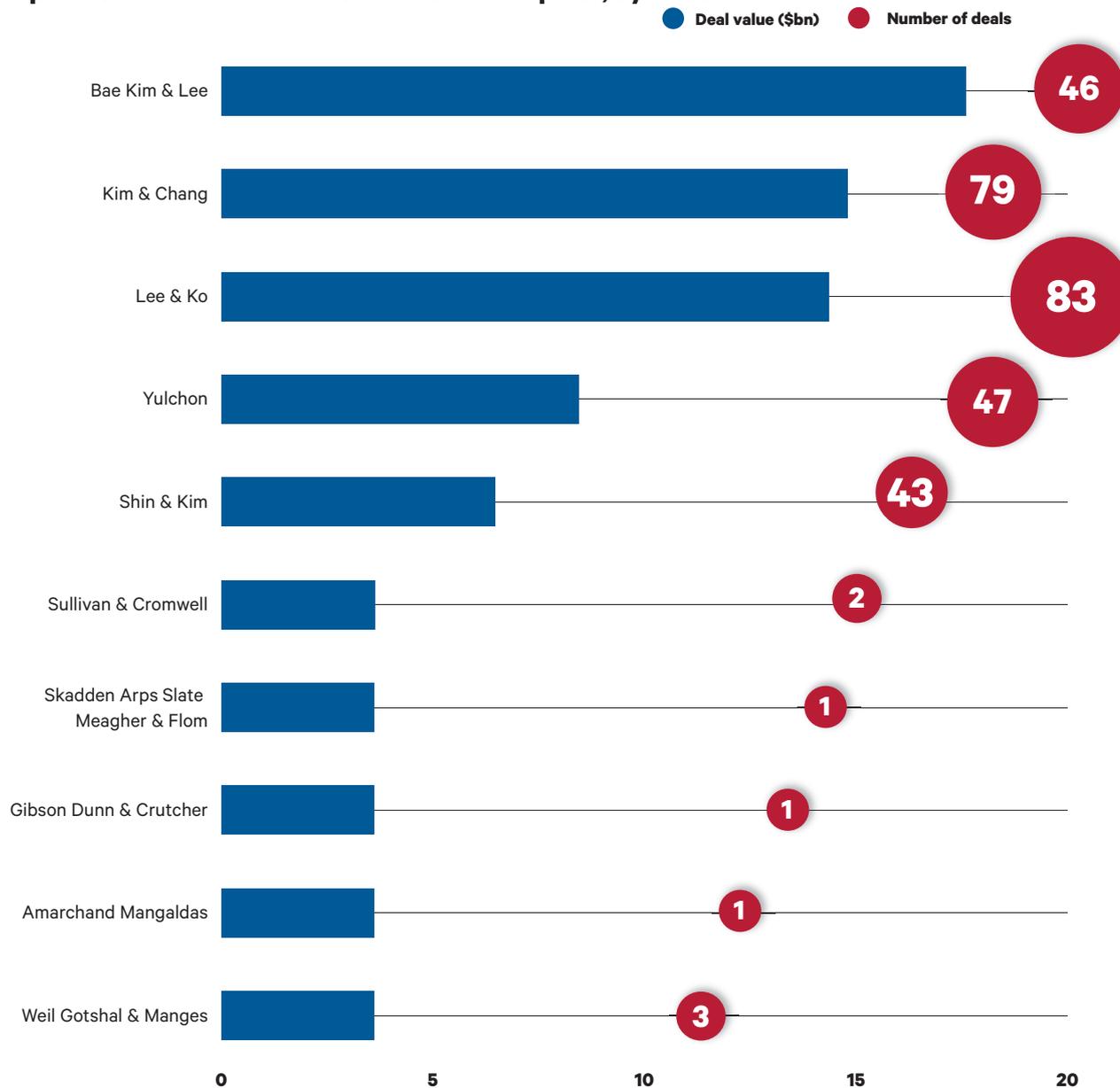
Top firms for 2014 M&A with South Korean target, by value



Source: Thomson Financial

South Korea

Top firms for 2014 M&A with South Korean acquiror, by value



Source: Thomson Financial

overseas, with **Jipyong** the only firm to have a considerable global presence. But there are signs in this year's research that that strategy is starting to change.

Last month **Bae Kim & Lee** received its licence to operate in Vietnam and plans to open in both Hanoi and Ho Chi Minh City. The news of the Vietnamese licence came at the same time as the firm opened an outfit in Hong Kong, a month after it opened in Dubai and less than a year after it launched in Myanmar.

"We decided to make a huge commitment to supporting Korean clients and companies overseas. The four new offices are a reflection of that commitment," says Kevin Kim, the firm's head of international arbitration and litigation.

As well as Bae Kim's international expansion, **Yulchon** turned its focus on the ASEAN region, opening an office in Myanmar earlier this year.

Meanwhile **Jipyong**, which now has a presence in nine countries worldwide, continued its global expansion. In March it launched in Moscow via a strategic alliance with Russian firm **YUST**, which has more than 80 lawyers and three other local offices outside the capital. And at the end of last year Jipyong bolstered its Middle East presence by putting a partner on the ground in Dubai, based within UK firm **Pinsent Masons**.

Such moves represent not only a recognition by Korean firms that the local market is slowing and increasingly competitive, but also a need to protect

their relationship with large cash-rich Korean clients. As foreign firms with large global offerings continue to enter Seoul, such relationships will become increasingly challenged.

INTERNATIONAL FIRMS STILL ARRIVING

Despite the slowing economy and the challenge of making money in the local Korean market, foreign firms continue to arrive in South Korea as the country progresses with a staged plan to liberalise the legal playing field.

Foreign firms have been able to open a representative office since 2012 and form strategic alliances since 2013. Under the liberalisation plans, EU firms will be able to practice Korean law from July 2016, with

South Korea

the market opening up to US competitors a year later in 2017. That said, the American Bar Association recently voiced concerns over possible amendments to phase three of the liberalisation plan, which may adversely affect foreign firms.

In the past 18 months **Milbank Tweed Hadley & McCloy**, **Stephenson Harwood** and **Skadden Arps Slate Meagher & Flom** all opened local offices in Seoul. Meanwhile **A&O** and **Latham & Watkins** are understood to be looking in the region.

The majority of the international offices are small outfits manned by just one or two partners, advising on outbound work and maintaining client relationships – recognition that making good money in the local market is not that easy for an expensive international firm.

Meanwhile UK firms **Taylor Wessing** and **Bird & Bird** formed strategic alliances with two of the mid-sized local firms – **DR & AJU** and **Hwang Mok Park** respectively. **EY Legal** also made its presence known

when it announced an alliance with **Apex Legal** in April.

Until the country is fully liberalised in 2017, lawyers say the current status quo will remain: large local players will continue to dominate the local market with international firms largely maintaining small offices for outbound work and client relationships.

But once liberalisation comes, it seems inevitable that mergers and tie-ups with local firms will change the nature of the Korean legal landscape.