



THE
LAW SOCIETY
OF HONG KONG
香港律師會



中山大學
SUN YAT-SEN UNIVERSITY

**FIRST PHASE REPORT ON SURVEY OF THE CURRENT SITUATION OF
HONG KONG LEGAL PRACTITIONERS
UNDER THE DEVELOPMENT OF THE GUANGDONG-HONG KONG-
MACAO GREATER BAY AREA**



**CITIES OF THE GUANGDONG - HONG KONG -
MACAO GREATER BAY AREA**

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Executive Summary

Executive summary

On July 1, 2017, President Xi Jinping personally witnessed in Hong Kong the signing of the “Framework Agreement on Deepening Guangdong-Hong Kong-Macao Cooperation in the Development of the Bay Area” by the National Development and Reform Commission (“NDRC”) and the governments of Guangdong, Hong Kong and Macao, which kicked off the promotion of the development of the Guangdong-Hong Kong-Macao Greater Bay Area (“GBA”) at a national level.

In February 2019, the Central Committee of the Chinese Communist Party and The State Council issued the “Outline Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area”, which clearly proposed “to expedite the development of the legal services industry, ...expand pilot areas for Guangdong, Hong Kong and Macao law firms to operate in the form of partnership associations, study matters relating to practice qualification and scope of practice for Hong Kong and Macao legal practitioners in the nine Pearl River Delta (“PRD”) municipalities, set up a multi-faceted dispute resolution mechanism”.

In September 2021, the Central Committee of the Chinese Communist Party and The State Council successively promulgated the “Master Plan for the Development of the Guangdong-Macao Intensive Cooperation Zone in Hengqin” and the “Plan for Comprehensive Deepening Reform and Opening Up of the Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone”, symbolising the in-depth promotion of the development of the GBA.

On September 28, 2023, with the consent of the State Council, the General Office of the State Council published the “Pilot Measures for Hong Kong and Macao Legal Practitioners to Obtain Mainland Practice Qualifications and to Practise as Lawyers in the Nine Mainland Municipalities in the GBA”, which came into effect on October 5, 2023, further promoting the opening up of legal services in the GBA.

In the new stage of the development of the GBA, we conducted a survey on legal services industry in the GBA and the status of Hong Kong legal practitioners in the GBA, to explore the status and roles of Hong Kong legal practitioners in the development of the GBA, and to put forward recommendations conducive to the starting up of business by Hong Kong legal practitioners in the GBA.

Based on the data obtained from the survey of GBA law firms, Hong Kong local law firms, judicial departments and organisations and clients in the GBA, the survey report consists of five parts. Part I introduces the macro-environment of the GBA and the current status of the legal profession in the area. Part II summarises and analyses the status quo and cooperation basis of Hong Kong legal practitioners in the GBA. Part III mainly analyses the obstacles faced by Hong Kong legal practitioners in entering the GBA and collaborating with

Mainland law firms. Part IV explores the demand for GBA lawyers in the GBA, and provides feedback from Mainland legal practitioners and clients on their evaluation of Hong Kong legal practitioners. In the last part, the report looks forward to the development prospects of Hong Kong legal practitioners in the GBA and proposes strategies for expanding business into the region.

The macro-environment of the GBA and the status of the legal profession

- The competitiveness of the GBA is increasing and the economy of the GBA has become an important growth engine for the development of the global economy. The city's strength and regional economic influence are gradually increasing.
- The Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone and the Guangdong-Macao In-Depth Cooperation Zone in Hengqin promote the connection of deep-level rules in the GBA, and the "Bay Area Connection" project promotes the regulatory interface and connectivity for the economic operation of the three regions.
- The legal services industry in first-tier cities in the GBA is relatively more mature, with increasing scale and enhanced specialisation. The integrated construction of the legal service market in the GBA is being promoted, but law firms in the GBA still face the problem of low internationalisation level.

Status quo and basis of cooperation of Hong Kong legal practitioners in the GBA

- The legal services market in Hong Kong is relatively more mature, with many law firms and a wide range of business types, but the legal service business in the Mainland needs to be developed further.
- Currently, Hong Kong law firms concentrate on some specific business types in the GBA, with obvious competitive advantages. However, limited channels for business promotion and differences in the environments between the two regions hinder business development. At the same time, there are still many Hong Kong legal practitioners who have limited understanding of the collaboration of legal services in the GBA.
- Hong Kong legal practitioners have a solid foundation in collaborating with others in the GBA, and law firms in the GBA and Hong Kong should fully utilise their competitive advantages, strengthen communication, and seek diversified forms of cooperation.

Problems in cooperation

- Hong Kong law firms face many difficulties when establishing offices and partnerships in the GBA, such as insufficient supporting facilities, admission conditions for partnerships, their eligible scope of business, law

firm service fees, share of liability and supervision.

- GBA lawyers may not have an in-depth understanding about the cooperation in the legal services sector in the region. Issues such as conflicting professional conduct rules and differences in legal service standards limit the room for cooperation between law firms in the GBA.
- The difference in profession management among the three regions requires coordination, and the format and contents of the GBA Legal Professional Examination for Hong Kong legal practitioners also need to be improved.

Demand for and evaluation of legal services in the GBA

- Currently, GBA lawyers are involved in less cases, and the types of cases they deal with mostly involve foreign-related factors from Hong Kong, Macao, and Taiwan. GBA lawyers are still not familiar with the relevant procedures of Mainland matters and some need to improve their proficiency level in Putonghua when handling cases in the Mainland. There is a significant demand for GBA lawyers to practise in the GBA.
- At present, there is relatively little contact and cooperation between law firms in the Mainland and Hong Kong legal practitioners. The modes of contact are mainly direct business dealings, and the cooperation mode is mainly through ad-hoc or fixed partnerships; but many law firms in the GBA are keen for cooperation.
- Within the GBA, Hong Kong legal practitioners have the advantages of being familiar with foreign laws and customs, fluent in English, and having international business network. They are often praised by legal practitioners in the Mainland. Meanwhile, Hong Kong legal practitioners also face relative disadvantages, such as unfamiliarity with the Mainland environment, relatively high fees, and difficulties in communication.

Analysis of the development prospects and strategies for Hong Kong legal practitioners in the GBA

- National policies and Hong Kong's vibrant financial market bring new opportunities for legal practitioners, and the legal services sector in Hong Kong has market opportunities and ample room to expand its business in the GBA.
- Lawyers from the three regions should be encouraged to exchange ideas and enhance their understanding about each other. Each entity should actively promote cooperation, leveraging on the existing legal service cooperation policies in the GBA, innovate new cooperation models, and actively promote the integration between practice methods and industry supervision to promote win-win cooperation in legal services in the GBA.

I. The Macro-environment of the GBA

Stepping into the new era, to achieve better development in the GBA, Hong Kong legal practitioners must enhance their knowledge about building up a top-notch Bay Area and its significance in the world. They should make good use of their important position and unique advantages. The GBA is one of the most open and economically vibrant regions in the Mainland, and holds an important strategic position in the new development pattern of the country. During his visit to Guangdong from April 10 to 13, 2023, President Xi Jinping stressed that “GBA has an important strategic position in the new development pattern of the country”, and that it is necessary to “make the GBA a strategic fulcrum of the new development pattern, a demonstration site of high-quality development, and a leading region for Chinese-style modernization”.¹

1.1 Increasing competitiveness of the GBA

The GBA is a major national strategy personally planned, deployed, and promoted by President Xi Jinping. Since the announcement of the Outline Development Plan for the GBA, there have been many positive developments to enhance its construction. In recent years, the GBA has made significant progress in promoting the people’s wellbeing, connecting soft and hard environments, promoting the synergy between scientific and technological innovation and finance, constructing major cooperation platforms, and facilitating the flow of personnel. The development of the GBA has shifted from comprehensive coordination to deep integration, and its competitiveness is becoming stronger each day.²

1 ZHENG Xiancao: “Grasping the new positioning of the development of the GBA as the strategic fulcrum of the new development pattern (featured topic)”, People’s Daily, (September 5, 2023), <http://theory.people.com.cn/n1/2023/0905/c40531-40070708.html>

2 REN Zhihong, ZHONG Yun, “From comprehensive collaboration to deep integration - construction and development of the GBA from 2021 to 2022”, “GBA Construction Report” (2022), p.36, published in April 2023.

1.1.1 The GBA economy has become an important growth pole for the development of global economy

The statistics departments of Guangdong, Hong Kong, and Macao successively announced the economic data for 2022 in the first quarter of 2023. Data shows that in 2022, the total economic aggregate of the GBA exceeded RMB 13 trillion, and its comprehensive strength has significantly increased. It is accelerating towards the established goal of building an international first-class bay area and a world-class city cluster.

The Outline Development Plan for the GBA has been issued for over four years, achieving very fruitful results. According to the data from the Guangdong Provincial Bureau of Statistics, the Gross Domestic Product (“GDP”) of the nine regions in the GBA in 2022 was RMB 10,468.1 billion. According to the data released by the Census and Statistics Department of the Government of Hong Kong Special Administrative Region (“SAR”), Hong Kong has achieved a regional GDP of HKD 2,827 billion, which is approximately RMB 2,428 billion based on the average exchange rate in 2022. According to the data released by the Government of the Macao SAR, Macao has achieved a regional GDP of MOP 177.3 billion, approximately RMB 147 billion. As a result, the total economic output of the GBA exceeded RMB 13 trillion.³

The GBA offers great prospects and wider space for development. On November 8, 2023, at the 2023 GBA Global Investment Promotion Conference held in Guangzhou, 859 investment and trade projects with a total amount of RMB 2.2 trillion were confirmed. In addition to the RMB 2.5 trillion investment achieved at the first GBA Global Investment Promotion Conference last year, the GBA has attracted nearly RMB 5 trillion of investment in just these two sessions of global investment promotion conferences.⁴

As an important growth pole for the development of the global economy, the GBA economy has a diversified industrial structure and has become an important indicator and barometer of global economic development trends. According to the 2021 Fortune Global 500 list, the GBA surpassed the New York Bay Area for the first time among the Fortune Global 500 companies in 2021, expanding the number of companies on the list to 25. Statistics show that in the past five years, Guangdong has over 250 large projects with actual investment exceeding USD 100 million, and actual foreign investment exceeding USD 80 billion. Major projects such as

³ The total economic output of the GBA has exceeded RMB 13 trillion, Xinhua News Agency (March 22, 2023), https://www.gov.cn/xinwen/2023-03/22/content_5747768.htm

⁴ GBA becomes one of the most promising growth poles in the world, China Economic Network (November 14, 2023), http://district.ce.cn/newarea/roll/202311/14/t20231114_38790725.shtml

BASF and ExxonMobil have progressed smoothly. Up till now, Guangdong has established over 310,000 foreign investment projects, with an actual utilisation of foreign investment of USD 570 billion. Among the Fortune Global 500 companies, 350 are investing in Guangdong.⁵ The city strength, technological strength, and social development strength of the GBA have greatly increased, with more and more attributes being on par with the world's three major bay areas. For example, according to the latest Research Report on the World Bay Area Development Index (2023), based on a comprehensive evaluation of the Index, Shenzhen ranks second in terms of living quality, followed by Hong Kong and Guangzhou. This indicates that the GBA has a high living quality, especially in terms of the development of ports, which is a unique advantage of the GBA.⁶

1.1.2 City strength and regional economic influence gradually increasing

In October 2023, the State Council approved the Guangdong Territorial Spatial Planning (2021-2035) (hereinafter referred to as the “Plan”). The Plan mentions “building the Pearl River Delta into a world-class city cluster and creating a modern industrial highland with global competitiveness”, “taking the Pearl River Delta port cluster as the core, leveraging the leading and driving role of the GBA, and building a refined sea land corridor network”.

In 2021, five cities in the GBA entered the GDP trillion RMB club, and the regional economic influence continued to rise. Among them, after Shanghai (2017) and Beijing (2018), Shenzhen has become the third city in China with a regional GDP exceeding RMB 3 trillion. In addition, the GDP of Dongguan in 2021 was RMB 1.08554 trillion, making it the fourth city in Guangdong Province with a GDP exceeding RMB one trillion, following Guangzhou (2010), Shenzhen (2011), and Foshan (2020).⁷

In the “Ministry of Commerce of the People’s Republic of China ‘14th Five-Year’ Business Development Plan”,⁸ “cultivating various international consumption centre cities with international competitiveness and

5 “GBA becomes one of the most promising growth poles in the world, China Economic Network (November 14, 2023), http://district.ce.cn/newarea/roll/202311/14/t20231114_38790725.shtml

6 CHEN Nengjun, HU Yue, “Analysis report on World Bay Area development index from 2022 to 2023”, Research Report on World Bay Area Development Index (2023), published in December, 2023.

7 REN Zhihong, ZHONG Yun, “From comprehensive collaboration to deep integration - construction and development of the GBA from 2021 to 2022”, GBA Construction Report (2022), p.36, published in April, 2023.

8 Ministry of Commerce of the People’s Republic of China ‘14th Five-Year’ Business Development Plan <http://images.mofcom.gov.cn/zhs/202107/20210708110842898.pdf>

influence, and driving the formation of a group of special regional international consumption centre cities radiating to surrounding countries and regions” are listed as important aspects in strengthening domestic demand and promoting a new development pattern of mutual facilitation of domestic and international dual circulation. The GBA, as one of the important economic regions where the first batch of international consumption centre cities are located, plays a significant role in promoting the two-way flow of resources both domestically and internationally, and promoting the formation of a high-quality pattern of opening up to the outside world.⁹

The GBA aims to enhance the resilience and security level of its industrial and supply chains, maintain strong economic growth resilience, promote smooth domestic circulation, and achieve mutual promotion of domestic and international circulation. This will serve as a demonstration nationwide, driving neighbouring areas to accelerate the construction of a new development pattern.

1.2 Promoting in-depth regulatory interface in the GBA through the construction of “Cooperation Zones”

On July 1, 2017, President Xi Jinping witnessed in person the signing of the “Framework Agreement on Deepening Guangdong-Hong Kong-Macao Cooperation in the Development of the GBA” in Hong Kong by the NDRC, People’s Republic of China (“PRC”) and the governments of Guangdong, Hong Kong and Macao, signifying the development of the GBA on a national level. Following the issuance of the Outline Development Plan for the GBA by the Central Committee of the Chinese Communist Party and the State Council in February 2019, the Central Committee of the Chinese Communist Party and the State Council promulgated the “Master Plan for the Development of the Guangdong-Macao Intensive Cooperation Zone in Hengqin” and the “Plan for Comprehensive Deepening Reform and Opening Up of the Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone” in September 2021¹⁰, marking the continuous in-depth development of the GBA.

⁹ The first batch of international consumer centre cities in five regions, Chinese government website, (August 17, 2021), https://www.gov.cn/xinwen/2021-08/17/content_5631627.htm

¹⁰ CE welcomes promulgation of Qianhai Plan and Hengqin Plan, September 6, 2021, <https://www.info.gov.hk/gia/general/202109/06/P2021090600594.htm?fontSize=1>

1.2.1 Construction of Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone and Guangdong-Macao Intensive Cooperation Zone in Hengqin

The construction of the Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone and Guangdong-Macao Intensive Cooperation Zone in Hengqin are both important parts in promoting the integration of deep-level rules in the GBA. The development and construction of the Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone is an important measure to support Hong Kong's economic and social development, enhance the level of Guangdong-Hong Kong-Macao cooperation, and build a new pattern of opening up to the outside world. The construction of the Guangdong-Macao Intensive Cooperation Zone in Hengqin is a major deployment to enrich the practice of "one country, two systems", and an important driving force for Macao's long-term development. It is conducive to promoting Macao's long-term prosperity, stability, and integration into the overall development of the country. Speaking at the celebration of the 40th anniversary of the establishment of the Shenzhen Economic Special Zone, President Xi Jinping pointed out that Shenzhen is an important engine for the construction of the GBA, and he asked Shenzhen to actively promote the development of the GBA and accelerate the development of the Guangdong-Macao Intensive Cooperation Zone in Hengqin. At the same time, Shenzhen should make full use of major cooperation platforms among Guangdong, Hong Kong and Macao to attract more young people from Hong Kong and Macao to study, work and live in the Mainland.¹¹

The Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone (after expansion) had a total regional GDP of RMB 175.57 billion in 2021, with a 13.7% increase in tax revenue and a 20.3% increase in total import and export volume in the customs area. A total of 75 new institutional innovation achievements have been launched, totalling 685, and 7 new reform pilot experiences have been replicated and promoted nationwide, with a grand total of 65 items. After the announcement of the Plan for Comprehensively Deepening the Reform and Opening Up of the Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone was announced, Shenzhen and Hong Kong jointly promulgated the "18 Measures for Supporting the Linked Development of Shenzhen and Hong Kong Venture Capital Investments in Qianhai" for the first time in September 2022. In February 2023, the People's Bank of China and four other government authorities jointly issued the "Qianhai 30 Financial Measures", from which Shenzhen then launched the "115 Refinement Measures" to achieve

¹¹ Xi Jinping: Accelerating in-depth cooperation between Hengqin, Guangdong, and Macao, Ministry of Commerce of the People's Republic of China (October 15, 2020), <http://www.mofcom.gov.cn/article/i/jyj/j/202010/20201003008052.shtml>

breakthroughs in Shenzhen-Hong Kong's financial services relating to people's livelihood, cross-border finance, and financial opening up, promoting the accelerated formation of a new pattern of financial cooperation between Shenzhen and Hong Kong, represented by the "six links" between Shenzhen-Hong Kong accounts, remittance, financing, trade, financial services, and cross-border wealth management. Data shows that since its launch in October 2021, the Qianhai Shenzhen-Hong Kong International Financial City has attracted 312 financial institutions, including 82 Hong Kong funded and foreign-funded ones. The cross-border revenue and expenditure of the Qianhai Free Trade Account ("FT") exceeded RMB 464.8 billion, accounting for 82.1% of the cross-border revenue and expenditure with Hong Kong. The financial industry is continuously increasing its opening-up efforts.¹²

The mechanism for Hong Kong-invested enterprises to adopt Hong Kong law and choose for arbitration to be seated in Hong Kong is an innovative legal policy implemented by the Central Government in designated areas, which aims at strengthening the integrated development of the Mainland, Hong Kong, and Macao economies. In 2021, Qianhai encouraged choosing Hong Kong arbitration institutions for conducting arbitration, aiming to fully implement the measures of "allowing Hong Kong-invested enterprises to adopt Hong Kong law and choose for arbitration to be seated in Hong Kong". Then Secretary for Justice of the Government of the Hong Kong SAR, Ms Teresa Cheng, S.C., highly appreciates Qianhai's pioneering trial measures of "allowing Hong Kong-invested enterprises to adopt Hong Kong law", which allows Hong Kong funded enterprises currently registered in the Qianhai Cooperation Zone to use Hong Kong law as the applicable law for civil and commercial contracts which do not involve "foreign-related" factors.¹³ The Department of Justice of the Government of the Hong Kong SAR will continue to actively strive for the implementation of "allowing Hong Kong-invested enterprises to adopt Hong Kong law and choose for arbitration to be seated in Hong Kong" in the GBA. It is hoped that in the near future, when one party to a civil and commercial contract is a Hong Kong-invested enterprise, and no "foreign-related factors" are involved, the parties to the contract will still be free to agree that Hong Kong law will be the applicable law of the contract, and for Hong Kong to be designated as the forum for conducting arbitration in the dispute resolution clause. This will provide relevant parties with more options for

12 Hong Kong Policy Address 2023 mentions Qianhai 8 times, with a focus on "Shenzhen-Hong Kong Cooperation", GBA Portal website (November 1, 2023). http://www.cnbayarea.org.cn/homepage/ttdt/content/post_1138197.html

13 Qianhai plans to fully implement "allowing Hong Kong-invested enterprises to adopt Hong Kong law and choose for arbitration to be seated in Hong Kong", Website of the Liaison Office of the Central People's Party of Hong Kong, reproduced from Southern Daily (December 17, 2021), http://www.locpg.gov.cn/jsdt/2021-12/17/c_1211490669.htm

choice of applicable law and dispute resolution, and help build a market-oriented and law-based international business environment in the GBA.¹⁴ As of 2023, more than a hundred arbitrators from Hong Kong and Macao have been employed by the GBA International Arbitration Centre, promoting the implementation of the measure to “allow Hong Kong-invested enterprises to adopt Hong Kong law and choose for arbitration to be seated in Hong Kong”, while also improving the level of legal services opening up in Qianhai. Among the 14 Guangdong-Hong Kong-Macao partnership associations nationwide, 9 of them have set up offices in Qianhai and can provide a full range of services including judicial services, mediation, arbitration and notarization for enterprises and residents.¹⁵

The GDP data of the Hengqin region is also very impressive, with its GDP growth rate significantly higher than the average of the country, Guangdong and Zhuhai, reaching RMB 45.46 billion, an increase of 8.5%. Its import and export volume of foreign trade reached RMB 31.47 billion, an increase of 53.3%. From January to December 2021, fixed assets investment increased by 12.9% year on year. In the past two years, the Guangdong-Macao In-depth Cooperation Zone has focused on the “four new” strategic positionings, vigorously developing the “four major industries” of technology research and development and high-end manufacturing, Macao brand industries such as traditional Chinese medicine, cultural tourism and trade and commerce derived from conventions and exhibitions, and modern financial industry. As of the first half of 2023, the revenue of the “four new” industries above in the Hengqin Cooperation Zone reached nearly RMB 8 billion, a year-on-year increase of 29.9%. As of August, there were 5,763 Macao funded enterprises in the Cooperation Zone, an increase of 23.5% compared to the period before listing.¹⁶ Since February 2023, in order to better build a market access system and market environment to promote the moderate and diversified development of Macao’s economy, a series of heavy-weight policies such as the “Regulations for Promoting the Development of Guangdong-Macao In-Depth Cooperation Zone in Hengqin”¹⁷ and “Opinions on Easing Special Measures for Market Access in

14 Actively strive for the implementation of Hong Kong arbitration for Hong Kong-invested enterprises in the Bay Area, Hong Kong Government News Network, (November 23, 2021),

https://sc.news.gov.hk/TuniS/www.news.gov.hk/chi/2021/11/20211123/20211123_130055_221.html

15 Guangdong Public Legal Service, in Guangdong Legal Service Website (March 13, 2023),

<https://gd.12348.gov.cn/jsp/web/legalservicerces/legalserviceorg.jsp?fwOrgType=100&flag=org>.

16 The Hengqin Cooperation Zone’s industry, academic and research model transforms more scientific research achievements, and Macanese and Macao Enterprises Have Wider Development Space, 21st Century Business Herald (November 9, 2023),

<https://www.163.com/dy/article/IJ48JU9G05199NPP.html>

17 Regulations for Promoting the development of Guangdong-Macao In-Depth Cooperation Zone in Hengqin, InvestHK (February 8, 2023),

<https://gba.investhk.gov.hk/en/supporting-policies/regulations-promoting-development-guangdong-macao-depth-cooperation-zone-hengqin/>

the Guangdong-Macao In-Depth Cooperation Zone in Hengqin”¹⁸ have been introduced to further promote the regulatory interface and mechanism connectivity between Hengqin and Macao, and inject strong impetus into the development of the Cooperation Zone.¹⁹ According to the Overall Development Plan for the Guangdong-Macao Zone in Hengqin issued by the NDRC on December 21, 2023 with the approval of The State Council, the integrated development system and mechanism of Hengqin and Macao will be improved, the flow of factors in Hengqin and Macao will be free and convenient, and about 80,000 Macao residents will work in the Cooperation Zone, and about 120,000 Macao residents will live there. The “four new” industries strongly support the diversified development of Macao’s industries, and the strategic goal of the Cooperation Zone to promote the moderately diversified development of Macao’s economy has been basically achieved.²⁰

1.2.2 “Bay Area Connection” project promotes regulatory interface and mechanism connectivity for economic operation in the three regions

In the GBA, the “Bay Area Connection” project is steadily moving forward. The super project crosses the seas and oceans, connecting the city agglomeration on the east and west sides of the Pearl River Estuary. The expansion of airports and construction of world-class airport clusters in the GBA have attracted much attention, and there is mutual recognition of data resources such as the Bay Area Access and the GBA identity authentication. The flow of production factors and personnel in the GBA is becoming increasingly convenient through “hard connectivity” and “soft connectivity”.²¹ The 7th Plenary Session of the 12th Guangdong Provincial Party Committee proposed to take the “Bay Area Connection” project as the starting point, focusing on the overall situation and selecting the right cut, to actively take action and take lead in breaking through livelihood issues concerned by the people such as transportation, communication, and food safety, and continuously make substantial progress in promoting the integration of rules among the three regions. The introduction of measures to improve people’s livelihoods through interconnectivity in the GBA has deepened the integration of rules and

18 CS attends press conference on topic of developments of Guangdong-Hong Kong-Macao GBA, Information Services Department of the Government of the HKSAR (December 28, 2023),

<https://www.info.gov.hk/gia/general/202312/28/P2023122800297.htm?fontSize=2>

19 The State Council Information Office held a press conference about the status of the GBA development, the State Council Information Office website, (December 28, 2023), https://www.gov.cn/lianbo/fabu/202312/content_6923316.htm

20 Overall Development Plan for the Guangdong-Macao In-depth Cooperation Zone in Hengqin released, Xinhua News Agency, (December 21, 2023), https://www.gov.cn/lianbo/bumen/202312/content_6921762.htm

21 Accelerating “hardware connectivity” and “software connectivity” in the GBA, Chinese government website (August 19, 2021), https://www.gov.cn/xinwen/2021-08/19/content_5632257.htm

mechanisms among Guangdong, Hong Kong, and Macao, and helped to enhance the integration level of the GBA.²²

The “GBA Combined Port” project, jointly implemented by Shenzhen and multiple regions in the GBA, has expanded the cargo source hinterland of Shenzhen Port to the river trade terminals along the Pearl River Delta. The traditional customs transfer model has been simplified to “one declaration, one inspection, and one release”, and the integrated development of the GBA port group has reached a new level. After the implementation of the “Northbound Travel for Macao Vehicles” policy on January 1, 2023, over 20,000 people have registered in the first month, making it more convenient for people and vehicles to travel between Guangdong and Macao. The policy has facilitated the rapid flow of production and innovation factors within the GBA, effectively enhancing the international competitiveness of the GBA port cluster.

1.3 Development of the legal profession in the GBA

1.3.1 The current development status of the legal profession in the GBA

Since the reform and opening up, in order to promote economic development, the legal profession in nine regions in the Mainland has developed rapidly. The implementation of “The Belt and Road Initiative” and the construction of the GBA also brings new development opportunities to the economy of the nine Mainland cities.

(a) Development of Guangzhou legal profession

According to the 2021 Guangzhou Legal Profession Big Data Report launched by the Guangzhou Lawyers Association in April 2022, the scale of Guangzhou law firms has been continuously enlarged, with enhanced professionalization. The number of branch offices established in Guangzhou has increased significantly, foreign-related services have developed well, and business cooperation among Guangdong, Hong Kong and Macao has expanded. There are 55 Hong Kong and Macao resident lawyers in Guangzhou, 12 Hong Kong and Macao lawyers who have passed the GBA Legal Professional Examination, and nearly 1,100 foreign-related lawyers. The service level of civil and commercial dispute resolution has been continuously improved. “The Belt and Road Initiative” Lawyers Alliance Guangzhou Centre, Guangzhou International Commercial Mediation Centre and Guangzhou International Commercial Legal Service Centre have officially opened and settled in the

²² The implementation of the “Bay Area Connection” project in Guangdong Province to promote the integration of Guangdong-Hong Kong-Macao rules and mechanisms, and the “Soft” and “Hard” connection to help improve the integration level of the Bay Area, Southern Daily (May 10, 2022), <https://cagd.gov.cn/v/2022/05/1005.html>

Guangzhou Lawyer's Building. 11 law firms have established 17 overseas branches, covering multiple regions around the world. The channels and mechanisms for extending legal services overseas or connecting with overseas legal service institutions have become smoother, forming a new advantage of legal services with multi-point layout, multi-line radiation, internal and external expansion, and full process escort.²³

(b) Development of Shenzhen legal profession

Located at the intersection of three different jurisdictions, Qianhai was the first in the country to explore cross-border legal cooperation, almost simultaneously experimenting in multiple fields such as legislation, judiciary, arbitration, and law firms. From groundbreaking permission to apply extraterritorial law to hear cases in Qianhai, establishing the first Shenzhen-Hong Kong registered association of law firms, to pioneering the “Hong Kong jury” and “Hong Kong mediation” systems, conducting pilot cooperation between Chinese and foreign law firms, and allowing Hong Kong lawyers to participate in Qianhai international arbitration in five regions: arbitrator, mediator, agent, expert, and witness, the openness of Qianhai's rule of law is unparalleled in the country. At present, Qianhai has launched more than 170 innovative achievements in the rule of law, with more than half being replicated and promoted nationwide, on provincial, and municipal levels. Qianhai Shenzhen-Hong Kong International Legal-services District has introduced 182 legal institutions in six categories, and the Qianhai Court has the highest number of cases tried under Hong Kong law in the country. In 2022, the total amount of disputes accepted by the Shenzhen Court of International Arbitration (SCIA) reached RMB 127.2 billion, ranking first in Asia and among the top three in the world. Since 2023, the number of new cases accepted by the court has increased by 43% year-on-year, and the total number of countries and regions where the parties involved in foreign-related cases originate has reached 140.²⁴

(c) Development of the Hong Kong legal profession

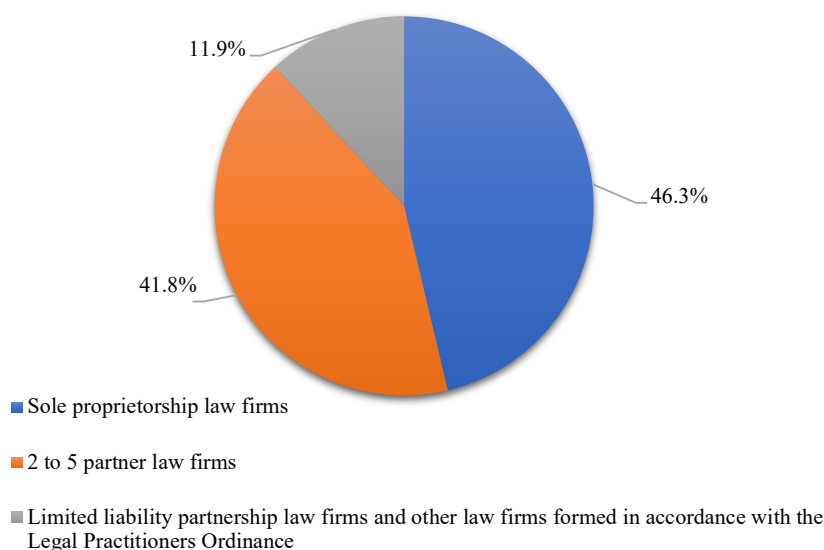
Hong Kong's open-door policy has successfully attracted legal talents from all around the world, enriching the diversity of the Hong Kong legal services market. The steady increase in the number of Hong Kong and foreign lawyers also indicates the increasing demand for legal services to complement Hong Kong's rapid

23 The rule of law in Greater Guangdong: Guangzhou Lawyers Association releases the “2021 Guangzhou Lawyer Industry Big Data Report”, Guangzhou Lawyers Association (April 30, 2022), <http://www.gzlawyer.org/info/ca69f70fe58a47cea49b0ca80066e364>

24 The Hong Kong 2023 Policy Address mentions Qianhai 8 times, with a focus on “Shenzhen-Hong Kong Cooperation”, GBA Portal website (November 1, 2023), http://www.cnbayarea.org.cn/homepage/ttdt/content/post_1138197.html

development as an international legal service and dispute resolution hub.²⁵ According to the statistics of The Law Society of Hong Kong, as of February 29, 2024, there are a total of 11,264 members holding practising certificates in Hong Kong, and 1,484 registered foreign lawyers from 31 jurisdictions. There are 924 Hong Kong law firms, of which 46.3% are sole proprietorships, 41.8% are law firms with 2 to 5 partners, and 59 law firms are limited liability partnerships formed pursuant to the Legal Practitioners Ordinance. There are 72 registered foreign law firms from 19 jurisdictions, including 14 limited liability partnerships formed pursuant to the Legal Practitioners Ordinance. There are 29 registered associations between Hong Kong law firms and registered foreign law firms (including Mainland law firms).²⁶ The case statistics released by the Hong Kong International Arbitration Centre indicate that Hong Kong accepted 500 cases in 2023. Among them, 281 cases were arbitration cases, which is the highest number of cases received in the past decade.²⁷

Business models of Hong Kong law firms



²⁵ Speech by Mr. C. M. Chan, President of The Law Society of Hong Kong, at the Opening Ceremony of the 2022 Legal Year (January 24, 2022). https://www.hklawsoc.org.hk/-/media/HKLS/Press-statement/SC/2022/20220124_SC.pdf

²⁶ Monthly statistics of The Law Society of Hong Kong (as of February 29, 2024), <https://www.hklawsoc.org.hk/zh-CN/About-the-Society/Profile-of-the-Profession>

²⁷ HKIAC releases statistics for 2023 (March 6, 2024), <https://www.hkiac.org/zh-hans/news/hkiac-releases-statistics-2023>

(d) Development of legal profession in Macao and other cities in the GBA

The system of lawyers in the Macao SAR is mainly composed of the “Macao Lawyers General Regulations” promulgated by the SAR government and a series of rules, regulations, and codes of conduct issued by the Macau Lawyers Association, which comprehensively regulate the qualifications, rights and obligations, business scope, and modes of practice of the lawyer community.²⁸ Historically, the legal profession in Macao was once monopolised by Portuguese or Portuguese born in Macao. After the 1980s, the Macao Government began to regulate the legal profession. In 1991, the “Macao Lawyers General Regulations” was promulgated, which for the first time regulated the lawyer management system such as the recognition of lawyer qualifications and practise management in Macao.²⁹ As of April 30, 2024, there are a total of 447 lawyers, 173 interns, and 103 law firms listed on the official website of the Macao Lawyers Association in Macao. On September 6, 2023, Southern Finance learned that as of August 31, 2023, the Guangdong-Macao In-depth Cooperation Zone had gathered 22 law firms and 332 lawyers, including 5 partnership associations and 47 Hong Kong and Macao lawyers. After the establishment of the Cooperation Zone, the number of law firms and lawyers have increased by 100% and 49.5% respectively, with Macao lawyers increasing by 65%.³⁰

Dongguan, Foshan, Huizhou, Zhuhai, Zhongshan, Jiangmen, and Zhaoqing have also made continuous efforts, achieving outstanding results in accelerating the construction of foreign-related legal service institutions, building foreign-related legal cooperation and exchange platforms, and developing and strengthening legal service teams.

1.3.2 Integrated construction process of legal service market in the GBA

Lawyers are an important symbol of the rule of law in society and an indispensable social link for the open operation of modern society. In November 2019, the Ministry of Commerce and representatives of the Hong Kong and Macao SAR governments signed an agreement under the Mainland and Hong Kong Closer Economic Partnership Arrangement (“CEPA”) to amend the CEPA Agreement on Trade in Services³¹, which further opened

28 GUO Yuewen, WANG Tinghui, REN Zhihong, “Report on the Development of the Legal Profession in the GBA”, GBA Construction Report (2022), published in April, 2023.

29 Li Ke, “Analysis of the Liberalization of Legal Services in Guangdong, Hong Kong, and Macao under the GATS Framework”, Macao Law, published in July, 2023.

30 Looking at Hengqin with Legal Eyes: Macao Lawyers Increase by 65%, Deeper Innovation in the Rule of Law in Macao, 21 Finance, (September 6, 2023). <https://m.21jingji.com/article/20230906/herald/7918155f307d32408a4a74c58164f9ce.html>

31 Closer Economic Partnership Arrangement, DOJ (Point 16), https://www.doj.gov.hk/en/mainland_and_macao/cepa.html

up the service industry market and updated commitments to facilitate service trade, reducing the barriers for Hong Kong and Macao enterprises and professionals to enter the Mainland market.

It has been more than three years since the General Office of the State Council published the “Pilot Measures for Hong Kong and Macao Legal Practitioners to Obtain Mainland Practice Qualifications and to Practise as Lawyers in the Nine Mainland Municipalities in the GBA” (“Pilot Measures”). Since the pilot measures were launched, with close cooperation from all aspects, all work has been steadily and orderly progressing. As of November 23, 2023, three GBA Legal Professional Examinations have been successfully conducted, with over 1,500 Hong Kong and Macao lawyers enrolled. Among them, 372 Hong Kong and Macao lawyers have obtained the Lawyer’s License (GBA).³² This measure is of great significance for promoting the development of the GBA, leveraging the professional roles of Hong Kong legal practitioners and Macao practising lawyers, breaking down exchange and cooperation barriers among the legal profession of Guangdong, Hong Kong, and Macao, deepening the connection and cooperation in the legal field among the three regions, promoting the development of high-end legal services in the GBA, and enhancing the overall international competitiveness of lawyers in the GBA.

The setup of partnership associations between Guangdong and Hong Kong/Macao law firms is a significant practice in the integrated construction of the legal service market in the GBA. As of April 30, 2024, there are a total of 20 partnership associations in Guangdong Province, located in Shenzhen, Guangzhou, Dongguan and Zhuhai respectively.

Number of Partnership Associations in Guangdong Province	
City	Number of partnership associations
1. Shenzhen	10
2. Guangzhou	4
3. Dongguan	1
4. Zhuhai	5
Total:	20

Source: Guangdong Legal Services Website³³

³² Ministry of justice: Study and refine the supporting measures and mechanisms for mainland practice pilot of Hong Kong and Macao lawyers in the GBA, GBA Portal, (November 23, 2023), https://www.cnbayarea.org.cn/news/focus/content/post_1142365.html

³³ Guangdong Public Legal Service, in Guangdong Government Legal Service Website (June 1, 2024), <https://gd.12348.gov.cn/jsp/web/legalserviceress/legalserviceorg.jsp?fwOrgType=100&flag=org>

1.3.3 Development opportunities and challenges for the legal profession in the GBA

The development prospects of the legal profession in the GBA are bright and positive. On one hand, the legal profession in the GBA is strongly supported by policies issued by the Central Committee of the Chinese Communist Party, giving a sense of security in driving its rapid development in the GBA. Ms HUANG Ting, Director of the Lawyer Administration Division of the Guangdong Justice Department said in an interview in October 2023 that the Guangdong Justice Department will continue to strengthen protection for legal practice. Collaborating with multiple departments, the Justice Department have sent letters to 11 provincial units such as the People's Court and Public Security Department of the Guangdong Province to comprehensively safeguard the practising rights of lawyers in the GBA. They will cooperate with China's Ministry of Justice, Liaison Office of the Central People's Government in Hong Kong, and the Department of Justice of the Government of the Hong Kong SAR to hold multiple thematic policy promotion conferences, and collaborate with nine Mainland cities in the GBA to hold provincial practice promotion conferences. They will also invite lawyers from the GBA to participate in various seminars, research, and forums, building a platform for communication and cooperation between market participants and government departments, and continuously increasing social awareness.³⁴ On the other hand, the implementation of "The Belt and Road Initiative" will create bright market prospects for foreign-related legal services in the GBA. On November 15, 2023, an exchange session aiming at promoting the business opportunities arising from "The Belt and Road Initiative" and gathering lawyers who provide legal services in the GBA together for exchange and networking was held in Guangzhou. In an interview, Mr LEI Wun Kong, a member of the Basic Law Committee of the Macao SAR of the Standing Committee of the National People's Congress and Chairman of the Macao Legal Exchange and Promotion Association, stated that with the development of the GBA and its continuous involvement in the international markets, the demand for composite legal talents who understand both domestic and foreign laws is constantly increasing. As one of the first batch of Hong Kong lawyers awarded with the GBA Lawyer License, Mr HO Kwan Yiu Junius stated that GBA lawyers can not only serve the GBA, but can also serve as a platform to provide legal services to overseas Chinese worldwide.³⁵

34 "How is the Practice and Management of Lawyers in the GBA?", Administration of Justice in Guangdong (October 11, 2023), http://sft.gd.gov.cn/sfw/xwdt/sfxz/content/post_4266023.html

35 Injecting "the Power of Rule of Law" into the service for overseas Chinese, the 2023 "The Belt and Road Initiative" and the GBA Overseas Chinese Legal Service Exchange Conference will be held in Guangzhou, Yangcheng Evening News, Yangcheng School, (November 15, 2023), https://www.sohu.com/a/736646265_120046696

The development of the legal profession in the GBA also faces enormous challenges. Firstly, to ensure the orderly progress of the integrated construction of the legal service market in the GBA, the international competitiveness of legal services in the nine Mainland cities still needs to be improved. We need to increase efforts to support Chinese lawyers in going global and accelerate the building of world-class law firms. We need to enhance the international influence of arbitration and commercial mediation institutions, and establish a brand image for foreign-related legal services. In addition, to build a highly credible and competitive regional or international arbitration brand as a pivot, we need to comprehensively enhance the overall strength, international credibility, and influence in dealing with commercial arbitration. Secondly, we need to further enhance the training of foreign-related legal talents in the nine Mainland cities and build a high-quality foreign-related legal service team. According to statistics from the Guangdong Justice Department, as of July 2023, Guangdong Province, as the province in China with the largest number of lawyers, has nearly 74,000 lawyers. Among them, only 98 top leading professionals were selected to be included in the “List of 1,000 Elite Lawyers specialising in foreign-related legal matters” of the Ministry of Justice of the PRC.³⁶ The GBA needs to resolutely implement the important instructions of President Xi Jinping on cultivating a group of international first-class arbitration institutions and law firms, and promoting the construction of a high-quality foreign-related legal service team and a group of high-level foreign-related legal service institutions in accordance with the requirements of the “Plan on Building the Rule of Law in China (2020-2025)”. Finally, the legal profession in the GBA needs to strengthen self-regulation and interactive communication. Mr CHAN Chak Ming, Then-President of The Law Society of Hong Kong, has pointed out that self-regulation is vital in buttressing the independence that lawyers need to fulfil their professional and legal roles.³⁷ Meanwhile, due to regional restrictions, there is still room for innovation in the exchange, interaction, and cooperation development models among lawyers in Guangdong, Hong Kong, and Macao. In actual practice, some partnership associations operating in the GBA have encountered certain difficulties in business cooperation and development, and there are situations where the “association” is nominal and not real. To improve the cooperation and exchange mechanism, it is necessary to improve and implement the mechanism of the Joint Meeting for Lawyers Associations in the GBA, as mentioned by Mr CHEN Fang, Vice-

36 Guangdong Justice Department of Justice: Actively Building a High Ground for Foreign-related Legal Services to Facilitate the Opening up of Guangdong’s High-Level legal services to the Outside World, Guangdong Justice Department (July 17, 2023), http://sft.gd.gov.cn/sfw/xwdt/sfxz/content/post_4219418.html

37 Speech by Mr. CHAN Chak Ming, President of The Law Society of Hong Kong, at the Opening Ceremony of the 2022 Legal Year (January 24, 2022), https://www.hklawsoc.org.hk/-/media/HKLS/Press-statement/SC/2022/20220124_SC.pdf

President of the Guangdong Lawyers Association, in an interview. A series of activities to build the professional brand in the GBA needs to be organised, such as promoting the GBA Mentorship Program, establishing a lawyer network in the GBA and publishing a directory of recommended lawyers from Hong Kong and Macao, carrying out regular professional exchanges and other activities to promote the diversified development of cooperation and communication mechanism in the GBA.

II. The Status Quo and Basis of Cooperation of Hong Kong Legal Practitioners in the GBA

2.1 The status quo of legal practitioners in Hong Kong

2.1.1 An overview of Hong Kong law firms

(a) Year of establishment

Among the surveyed law firms, 58% of the Hong Kong law firms were established before 2010, with the earliest one established in 1863. Compared to Mainland law firms, Hong Kong law firms generally have a longer history. As of 2005,³⁸ there were already 688 law firms in Hong Kong, which indicates that the Hong Kong legal services market is more mature than the Mainland.

(b) Number and composition of personnel

According to data from a 2023 survey, among 926 law firms, 46.4% are sole proprietorships, 41.5% has 2 to 5 partners, 5.5% has 6-10 partners, 4.9% has 11-20 partners, and only 1.7% have more than 20 partners. According to statistics from The Law Society of Hong Kong,³⁹ as of February 29, 2024, there are a total of 924 law firms in Hong Kong. Among them, 46.3% are sole proprietorships, 41.8% are law firms with 2 to 5 partners, including 59 limited liability partnerships formed pursuant to the Legal Practitioners Ordinance.

Among the 53 Hong Kong law firms surveyed on, sole proprietorships accounted for 20.8%, firms with 2 to 5 partners accounted for 32.1%, those with 6 to 10 partners accounted for 20.8%, those with 11 to 20 partners accounted for 5.7%, and firms with more than 20 partners accounted for 18.9%.⁴⁰ In addition to partners, most

³⁸ The Law Society of Hong Kong, Annual Report 2006,

https://www.hklawsoc.org.hk/-/media/HKLS/pub_c/annual_report/2006/report6.pdf?rev=f364411916e1461aa8e7e8ea24ba7415

³⁹ Profile of the Profession, <https://www.hklawsoc.org.hk/en/About-the-Society/Profile-of-the-Profession>

⁴⁰ One law firm did not provide information on this question, so the data sum is not 100%.

law firms hired 1 to 5 consultants and assistant solicitors. 7.6% of the law firms hired more than 20 consultants, and 22.6% hired more than 20 assistant solicitors. 58.5% did not hire foreign lawyers, while 15.1% hired more than 20 foreign lawyers.

This data indicates that the majority of Hong Kong law firms have a small number of practitioners with a simple structure. However, there are also some firms of larger scale with more complex personnel structures. These bigger firms often handle a wider range of business areas with sources of business from various regions.

Size of law firms and number of trainee solicitors in 2022 and 2023

Size of firm	No. of firms		No. of trainee solicitors	
	2023	2022	2023	2022
Sole proprietorships	430	436	66	80
2 – 5 partners	384	386	276	321
6 – 10 partners	51	48	174	179
11 – 20 partners	45	47	287	308
Over 20 partners	16	14	245	237
Total	926	931	1,048 [#]	1,125 [*]

[#] excluding 26 working in government and 4 working “in-house”

^{*} excluding 24 working in government and 4 working “in-house”

Source: The Law Society of Hong Kong

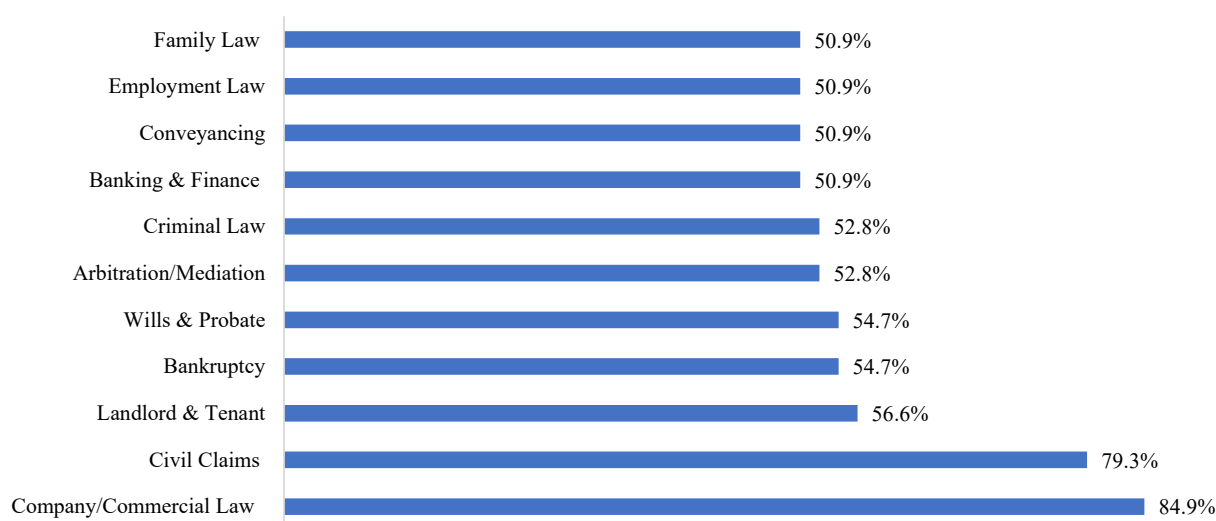
2.1.2 Main business situation of Hong Kong law firms

(a) Diverse business types, primarily civil and commercial cases

According to the survey, the business of surveyed Hong Kong law firms includes both litigation and non-litigation matters. The responses from the survey questionnaire for Hong Kong law firms indicate that 37.7% of the firms primarily focus on litigation, with non-litigation as secondary, while 39.6% prioritise in non-litigation, with litigation as secondary. Only 7.6% and 15.1% exclusively handle litigation or non-litigation matters respectively. Meanwhile, the scope of services of Hong Kong law firms is extensive, with a predominant emphasis on civil and commercial cases. Among them, the most common types of cases by business volume are:

- i. Company/Commercial Law (84.9%);⁴¹
- ii. Civil Claims (79.3%);
- iii. Landlord and Tenant (56.6%);
- iv. Bankruptcy (54.7%), Wills and Probate (54.7%);
- v. Criminal Law (52.8%), Arbitration/Mediation (52.8%);
- vi. Employment Law (50.9%), Family Law (50.9%), Banking and Finance (50.9%), Conveyancing (50.9%).

Main types of legal services provided by surveyed Hong Kong law firms



When discussing the most lucrative business types, 23.5% of the law firms say that cases on company law/commercial Law⁴² are their most profitable business. According to the survey, 17.6% of the law firms considered civil claims as their most profitable business, while a smaller portion of firms (9.8%) opted for conveyancing.

⁴¹ The questionnaire allowed multiple selections, so the cumulative results exceed 100%. This indicates that 84.9% of surveyed law firms are involved in company law/commercial law, and similarly for the following categories.

⁴² According to the survey, 23.5% of the Hong Kong law firms listed this as the most profitable business type. The same applies to the following options.

(b) Development opportunities for Mainland legal services

It is noteworthy that the proportion of Mainland-related legal services in the business portfolio is 32.1%, with a small percentage (4%) of surveyed law firms considering it as among the top three profitable areas. At the same time, nearly half of the law firms have more than 50% of their revenue coming from the Mainland and overseas, and these firms typically have a significant number of foreign lawyers.

This phenomenon indicates a preference among Mainland clients to engage Hong Kong law firms to handle cross-border cases, suggesting a considerable allure of the Mainland market for some Hong Kong law firms. However, the survey findings show that the majority of law firms derive their income primarily from Hong Kong, indicating yet untapped business potential in the Mainland market. Some law firms have a diversified income source from the Mainland, Hong Kong, and overseas, with only a small number relying predominantly on income from the Mainland.

2.2 Status of collaboration between Hong Kong law firms and GBA law firms

2.2.1 Business status of Hong Kong law firms in the GBA

(a) Concentrated business types with clear competitive advantages

According to statistics from The Law Society of Hong Kong,⁴³ as of April 30, 2024, there are currently a total of 88 Hong Kong law firms with representative offices in the Mainland, and among them, 20 law firms have representative offices in the GBA, mainly concentrated in Guangzhou, Shenzhen and Zhuhai. It shows that Hong Kong law firms are actively expanding their business in the GBA.

Regarding the types of business activities in the GBA, according to the questionnaire of the law firms, 20.8% of them indicated that they have not been involved in GBA-related business. Nearly half (49.1%) have handled litigation cases in Hong Kong for clients from the GBA, 41.5% of the law firms have provided China-

⁴³ Representative Offices of Hong Kong Law Firms in the Mainland,

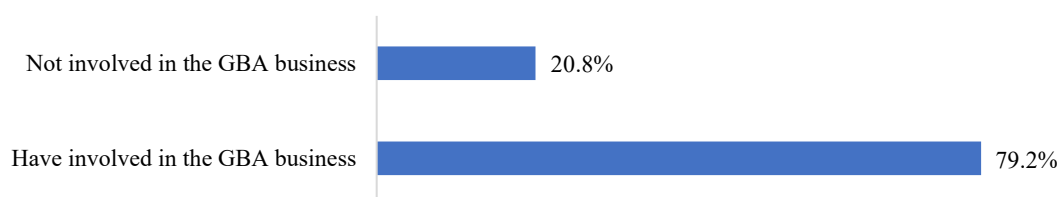
<https://www.hklawsoc.org.hk/en/Serve-the-Public/The-Law-List/Representative-Offices-of-Hong-Kong-Law-Firms-in-the-Mainland>

appointed attesting officers' services in the GBA, 35.9% have been involved in foreign-related transactions in the GBA, 34% have assisted GBA clients in the establishment of Hong Kong or overseas companies and in handling probate matters, and 32.1% have served as general legal consultants for GBA clients. In addition, almost thirty percent of the law firms have assisted GBA enterprises in listing or attracting foreign investment, conducting due diligence check, and so on. Only 7.6% of the law firms have been involved in profit transfer, tax planning, immigration or application for overseas student visas services in the GBA, 9.4% have handled labour disputes in the GBA, and no surveyed law firms have been involved in the settlement of Mainland taxation and remittance business.

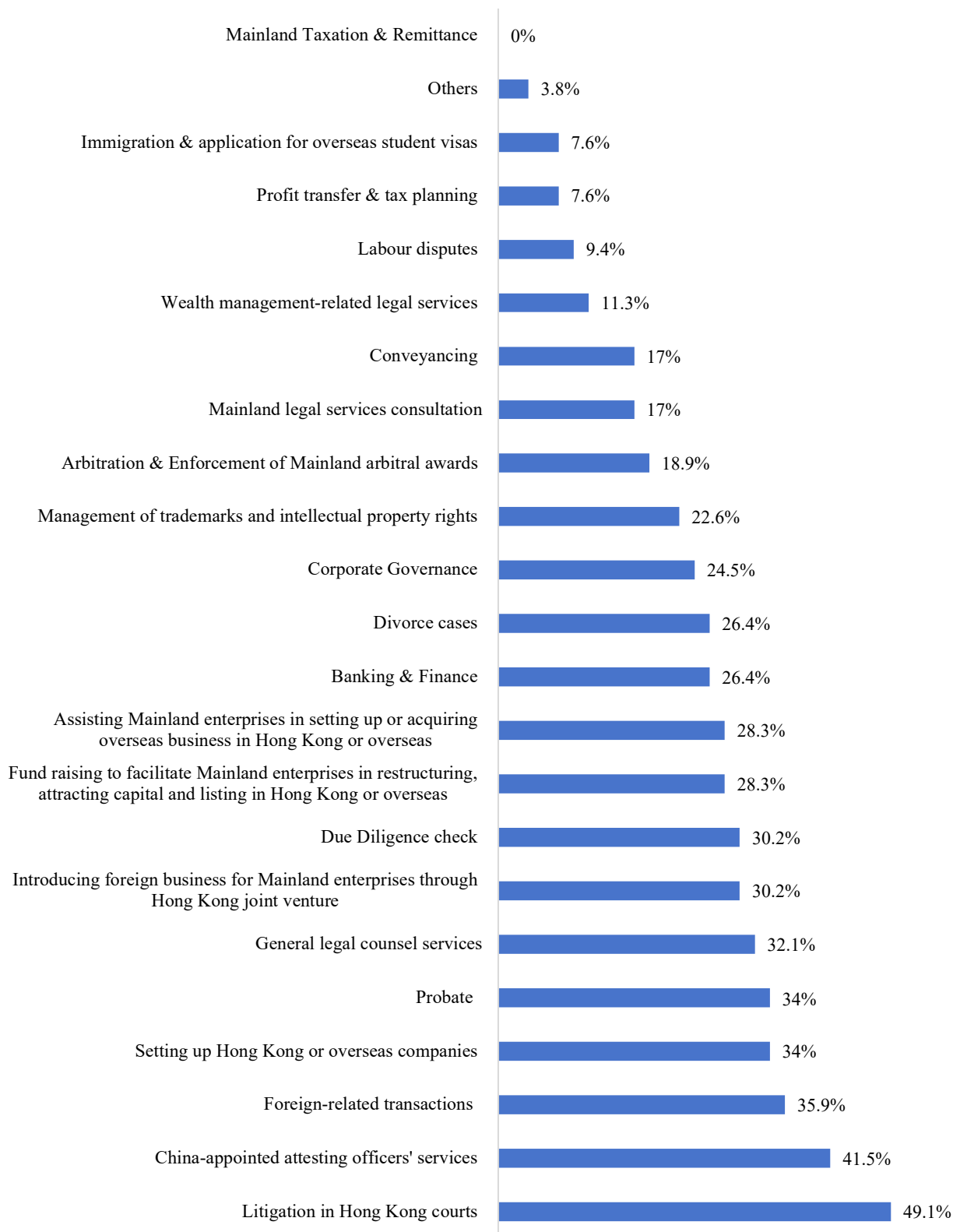
It is evident that the business focus of Hong Kong law firms in the GBA primarily revolves around cross-border dispute resolution and foreign-related commercial activities. This is attributed to the competitive advantages that Hong Kong lawyers possess in these areas. Approximately 77.4% of the surveyed law firms believe that the competitive advantages of Hong Kong law firms in the GBA lie in their proficiency in English, facilitating the handling of foreign-related matters. Another 66.1% attribute these advantages to the high quality and expertise of their personnel. In addition, almost 60% of the respondents consider the familiarity with foreign laws and the common law system as strengths of Hong Kong lawyers.

Among the surveyed companies in the GBA, all respondents have had varying degrees of interaction with Hong Kong lawyers, with 33.3% having frequent contact. Respondents tend to choose Hong Kong lawyers for handling Hong Kong, overseas, and cross-border legal matters. Regarding the reasons for selecting Hong Kong lawyers for legal services, 95% of the respondents believe that Hong Kong lawyers are more familiar with foreign laws and practices, and 65% state that Hong Kong lawyers can provide cross-border legal services.

Whether surveyed Hong Kong law firms involved in the GBA business



Types of legal services provided in the GBA by surveyed Hong Kong law firms



(b) Limited business promotion channels

During the survey, it was found that many GBA companies get acquainted with Hong Kong lawyers through referrals from acquaintances or recommendations from lawyers' associations in the Mainland, with a notable absence of online promotion and media coverage. For Hong Kong law firms that have not previously built up a client base in the Mainland, the lack of online promotional channels hinders their ability to expand business and increases visibility.

(c) Differences in various areas impede business operations

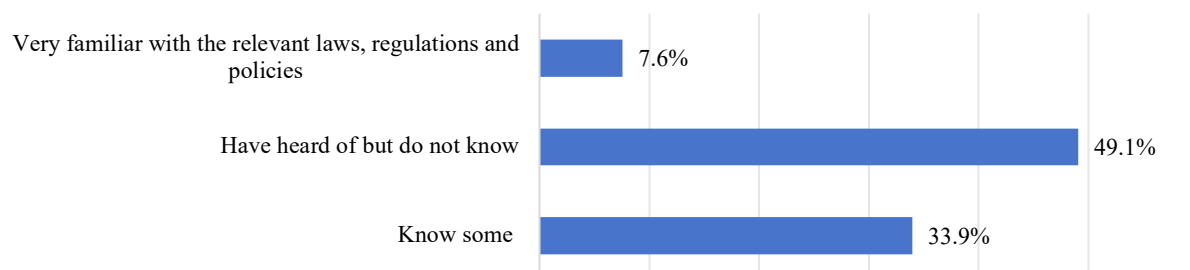
Survey data indicates that the unfamiliarity of Hong Kong lawyers with the Mainland's environment is a major obstacle to expanding the Mainland business. Firstly, the legal system of the two regions are different, and Hong Kong lawyers may not be familiar with Mainland litigation procedures and legal policies, affecting their proficiency in handling the business. Secondly, there is a difference in the language environment in the two regions, and language barriers increase communication costs. As mentioned above, while Hong Kong lawyers can use English as a working language, which is a consideration for Mainland clients when choosing Hong Kong lawyers for handling foreign-related cases, the importance of Putonghua in client communication should not be overlooked. Lastly, the system for legal professionals differ in the two regions, and the fee standards are not uniform. Some companies express concerns that hourly billing by Hong Kong lawyers is not conducive to cost control. 81.8% of the respondents state that the relatively high fees of Hong Kong lawyers is a reason for not choosing them.

2.2.2 Views of Hong Kong legal practitioners on legal service cooperation in the GBA

(a) General understanding of legal services in the GBA

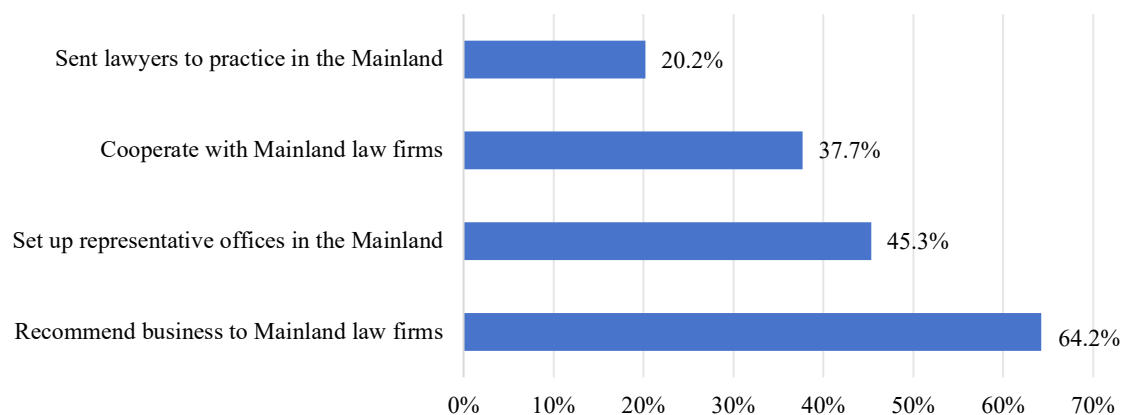
According to the results of the 53 questionnaires received, only 7.6% of Hong Kong lawyers are very familiar with the legal services in the GBA, especially the relevant laws, regulations and policies governing the cooperation of legal practitioners. The majority of respondents (49.1%) reported being aware of these laws, regulations and policies but lacked a comprehensive understanding, or have some level of understanding (33.9%).

Hong Kong lawyers' general understanding of legal services in the GBA



Regarding the ways of starting business in the Mainland, more than half (64.2%) of the respondents would recommend business to Mainland law firms, while the rest have either set up representative offices in the Mainland (45.3%) or formed partnership associations with Mainland law firms (37.7%). A small percentage (20.2%) have sent lawyers to Mainland law firms to practise as GBA lawyers.

The ways to conduct business in the Mainland



(b) The difficulties for Hong Kong law firms to set up offices or form joint ventures with Mainland law firms in the GBA

39.6% of Hong Kong lawyers do not understand the operation of legal business in the Mainland. 35.9% of Hong Kong lawyers think that there is little meaning to establish offices in joint operation with Mainland law firms, believing that similar results can be achieved through alternative forms of cooperation. Some respondents (33.9%) believe that the scale of their law firms is too small to establish a new one, while others (30.2%) consider the operating costs of opening offices or joint ventures in the GBA to be too high. 24.5% mention that Hong Kong lawyers who have obtained GBA qualifications need to cancel their practising certificates of their representative offices or their Hong Kong Macao lawyers' work permits for the partnership associations. As a result, they are reluctant to set up offices and partnership associations with Mainland law firms. Some (26.4%) believe that the level of openness in the Mainland's legal services industry is inadequate.

As for the requirement that the capital contribution of the parties in a partnership association be no less than RMB 5 million, 52.8% of respondents consider the requirement reasonable, while 43.4% think it is too high. Regarding the view that "(lawyers) shall not undertake legal matters involving criminal procedural law applicable to the Mainland", 79.3% of Hong Kong lawyers consider it reasonable, 18.9% finds the requirement too narrow and suggest that it be relaxed gradually and be expanded to other Mainland cities to facilitate the development of foreign-related legal services in those cities.

(c) Views on the GBA Legal Professional Examination

As to the conditions for taking the GBA Legal Professional Examination, most interviewees (83.1%) consider them reasonable; a minority (13.2%) think they are too strict, as the number of years of post-qualified experience required is too long. They recommend lowering the threshold to allow junior lawyers to practise in the GBA. One respondent considers the requirements too lenient, resulting in oversupply, vicious competition and unsustainable development.

On the assessment method of the GBA Legal Professional Examination, if a similar format to the Judicial Examination in the Mainland is adopted, that is, with Paper 1 on objective questions and Paper 2 on subjective questions, 62.3% thinks the level of difficulty is reasonable, and suggest to provide an English version of the exam questions based on the needs of the candidates. However, 30.2% of Hong Kong lawyers think that it is too difficult or consider the subjective questions unnecessary. A very small number of respondents find the exam too easy, and suggest incorporating substantive law to enhance understanding of the legal system.

In terms of the training for Hong Kong lawyers participating in the GBA Legal Professional Examination, surveyed Hong Kong lawyers suggest: (1) arranging more cross-border exchange activities; (2) extending the

training period, but in a phased manner; (3) extending the application period for applying for the practising licence; (4) designing training sessions that include law lectures and case drills to simulate and familiarise participants with the actual implementation of relevant laws and regulations; (5) conducting centralised training without requiring the trainees to stop working and providing more interactive physical courses rather than online ones.

When asked if they are willing to send lawyers from their law firms to take the GBA Legal Professional Examination, 60.4% of Hong Kong lawyers expressed their willingness. Reasons include expanding the market and improving lawyers' competence, as it is an important skill set for young lawyers to be able to practise in the GBA, given the current trend. However, 37.7% do not want to participate in the examination, citing reasons such as insufficient preparation time, language barriers in a pure Chinese examination environment, no plans for market expansion, or a lack of suitable candidates.

2.3 Analysis on the foundation for cooperation for Hong Kong legal practitioners in the GBA

2.3.1 Policy basis and objective conditions for cooperation in legal service

(a) Comprehensive policy support to promote the development of the legal service industry in the GBA

On January 30, 2023, the Ministry of Justice of the PRC issued the Notice No. 2 on “2023 Guangdong-Hong Kong-Macao GBA Legal Professional Examination”. On September 28, 2023, The General Office of the State Council published the “Notice on the Pilot Measures for Hong Kong and Macao Legal Practitioners to Obtain Mainland Practice Qualifications and to Practise as Lawyers in nine Mainland municipalities in the GBA”.

During the interviews, Hong Kong lawyers demonstrated a tendency to establish ties with governments and industry associations in the Mainland. By gaining market information and staying updated on policy dynamics, it is more convenient to establish strategic cooperation with Mainland enterprises and stabilize the foothold in the Mainland legal market.

Hong Kong lawyers have different preferences for policy support. In terms of expanding business to the GBA, over half (66.1%) support “improving the legal basis of cooperating with local governments, and formulating a unified solution for resolving interregional conflicts”. 60.3% support “improving the nurturing of legal talents in the GBA, increasing the supply of cross-regional legal talents” and “establishing more flexible

ways of cooperation, such as allowing Hong Kong law firms to set up legal consultancy service companies in the Mainland”. 52.8% support “having preferential rent or tax benefits for law firms” and “improving the interregional dispute mediation and resolution mechanism”.

Specifically, the interviewed Hong Kong lawyers first wish to have simpler methods in tax and law firm income calculation, such as tax filing support, mutual recognition of Continuing Professional Development (“CPD”) schemes, policies for allowing lawyers to work without a visa in Hong Kong, and the establishment of electronic systems. Secondly, to help Hong Kong lawyers in the GBA to better integrate into their local legal work environment, one suggestion is to organise visits to local land registries, notary public offices, trade and commercial institutions and other activities to familiarise them with the operation of relevant government departments in legal work. In addition, to address the difficulties faced by lawyers in housing and transporting goods in the GBA, suggestions include rental and tax incentives. Finally, to alleviate the financial burden of law firms when starting their business, the interviewed Hong Kong lawyers propose government policies that offer low-interest loans or other preferential terms.

As to what kind of open policies should be provided by the Mainland government to help Hong Kong lawyers expand their business in the Mainland, the interviewees suggest the following aspects: Firstly, setting English as the working language to facilitate business communication. Secondly, simplifying the process for setting up law firms, reducing the relevant administrative procedures to promote the establishment of law firms; in terms of finances, Hong Kong lawyers call for more financial support from the government, such as tax exemptions to reduce the operating costs of law firms. Regarding arbitration, they advocate free participation of Hong Kong lawyers in Mainland arbitrations governed by Hong Kong laws and reducing the restrictions and threshold for arbitration in the Mainland. For Mainland legal practitioners working in Hong Kong, they propose considering to relax the required ratio of Mainland lawyers to Hong Kong lawyers in Hong Kong law firms. They also suggest to relax the requirements for Mainland support staff to work in Hong Kong law firms, especially the technical support personnel and clerical staff, so as to reduce the operating costs and facilitate the exchange and cooperation of talents between the two regions. Others suggest to encourage Mainland companies to engage small and medium-sized Hong Kong law firms to provide legal services, setting up offices similar to the Hong Kong Legal Aid Scheme, and providing financial assistance to eligible litigants in legitimate cases.

(b) Diversified supervision and management

Regarding the supervision and management of Hong Kong law firms and lawyers in the GBA, the interviewees suggest that the services should be supervised by the relevant authorities of the PRC to ensure compliance with national regulations. Meanwhile, Hong Kong solicitors are still regulated by The Law Society

of Hong Kong. To strengthen the implementation of international standards, they propose setting up a special working group and the implementation of clear annual audit review arrangements. They also recommend the establishment of committees within the lawyers' associations to improve the effectiveness and transparency of the legal profession, and to ensure that the legal services in the GBA meet international standards.

(c) Objective conditions for legal service cooperation

First, setting up offices in the Mainland or partnership associations with Mainland lawyers can bring many benefits. The most obvious advantage is that it can strengthen the connections with Mainland lawyers, which helps to establish regular communication channels and deepen the cooperation with Mainland lawyers. It would also promote the sharing and learning of professional knowledge through organising legal seminars and training courses. Secondly, it expands the service scope and client base, tapping into the Mainland business segment. Setting up offices or partnership associations not only help open up new service areas such as Mainland mergers and acquisitions and legal consultations, to provide more comprehensive legal services, it also facilitates Hong Kong law firms to formulate marketing strategies, increase exposure in the Mainland, grasp Chinese culture and business etiquette and attract more potential Mainland clients. Moreover, for Hong Kong law firms accustomed to using Cantonese and English as working languages, setting up a Chinese service team removes the communication barrier and improves efficiency in communicating with Mainland clients. Lastly, through gaining in-depth understanding of the characteristics and trends of the Mainland legal service market, Hong Kong law firms will gradually adjust their business strategies in a timely manner, which is conducive to adapting to the Mainland legal market.

2.3.2 Make full use of competitive advantages and strengthen communication and exchanges

(a) Mutual assistance between GBA and Hong Kong law firms

For Hong Kong law firms, setting up offices and partnership associations in the GBA will facilitate cross-referral of business between GBA and Hong Kong law firms. It allows exploration of strategic cooperation and the establishment of mutually beneficial relationships with Mainland law firms to achieve win-win situations in business ventures, and can provide targeted training on new types of legal services for GBA lawyers, especially in financial technology, intellectual property such as in artwork trading, and maritime law. The advantages of Hong Kong legal practitioners include possessing extensive professional knowledge and practical experience,

familiarity with regulations in common law jurisdictions, language proficiency enabling seamless communication with domestic and foreign clients in Chinese and English, familiarity with international commercial rules, and the ability to provide legal services that align with international standards. They also have strong connections between the Mainland and overseas countries, which enable them to act as intermediaries to coordinate in handling foreign-related legal matters.

For the specific areas of mutual assistance between law firms in Hong Kong and the GBA, more than half of the Hong Kong lawyers support “cross-regional dispute resolution”, “foreign exchange management and cross-border capital flows” and “listing and financing”. Other areas of interest include “intellectual property”, “data and cybersecurity”, “trade compliance” and “infrastructure construction”.

(b) Diversified forms of cooperation between Hong Kong and the GBA law firms

On the process of fostering cooperation between Hong Kong and GBA law firms, the interviewees suggest adopting various forms, including partnerships, joint ventures and formal associations. To help law firms cope with rapid changes in the legal market and achieve sustainable and healthy development, they recommend exploring new models of cooperative operations, such as cross-industry or group limited company structures (rather than partnerships or sole proprietorships). Reference could be made to models from Singapore or other Commonwealth regions, such as Australia, New Zealand and so on. There should also be more convenient arrangements for the payment of the costs in cases involving cooperation between law firms from both regions. Hong Kong and GBA law firms should engage in open discussions to reach consensus on the collaboration model, determine the contribution ratios and sharing of responsibilities, and establish a clear mechanism to facilitate cross-regional training and collaboration.

III. Problems in Cooperation

The differences in social systems, applicable international treaties and legislative systems within the GBA, coupled with the weak basis for legal cooperation in the GBA, have resulted in certain stagnation in the process of cooperation amongst legal practitioners in the GBA. The analysis below is based on the information collected in the survey.

3.1 Obstacles to Hong Kong practitioners practising in the GBA

In 2020, the General Office of the State Council published the “Pilot Measures for Hong Kong and Macao Legal Practitioners to Obtain Mainland Practice Qualifications and to Practise as Lawyers in the Nine Mainland Municipalities in the GBA” (hereinafter “the Pilot Measures”). According to the Notice on the Pilot Measures, Hong Kong and Macao legal practitioners who meet certain application requirements can participate in the training and examination on relevant legal knowledge organised by the Ministry of Justice (“MOJ”). Those who pass the examination can obtain a lawyer’s licence to practise as lawyers in the GBA.⁴⁴

3.1.1 Major difficulties for Hong Kong law firms establishing offices and non-partnership associations

In November 2003, the MOJ published the “Measures for the Management of Associations Formed by Law Firms of the Hong Kong SAR or the Macao SAR and Mainland Law Firms” (“the Management Measures”), which was last amended in 2012 and have been in force for more than 10 years. According to the Management Measures, the associations formed by a Hong Kong or Macao law firm with a Mainland law firm shall not be in the form of partnership or legal entity. Therefore, in practice, cooperation between Mainland and Hong Kong law firms is mainly based on non-partnership associations. This involves many problems related to industry development, such as insufficient ancillary facilities, entry requirements for partnership associations, scope of

⁴⁴ Pilot Measures for Hong Kong and Macao Legal Practitioners to Obtain Mainland Practice Qualifications and to Practise as Lawyers in the Nine Mainland municipalities in the Guangdong-Hong Kong-Macao Greater Bay Area (GBA) , The General Office of the State Council (October 22, 2020), https://www.gov.cn/zhengce/content/2020-10/22/content_5553309.htm

business acceptance, service charges of the law firms, sharing of responsibilities and supervision, etc.

(a) Regulatory constraints and inadequate support facilities hinder the development of non-partnership associations

With regards to entry requirements, there are differences in the criteria for recognising practising lawyers. It is generally accepted that partners or principals of non-partnership associations must be practising lawyers of the firms. The recognition of Mainland practising lawyers is relatively simple and easy to implement. However, the recognition of practicing lawyers in Hong Kong and Macao requires a combination with Hong Kong standards.

(b) Conflicts of interest are handled differently by lawyers

Lawyers may provide services to clients in Hong Kong and the Mainland at the same time, which may lead to potential conflicts of interest for clients. The Law Society of Hong Kong and the Hong Kong Bar Association have published relevant codes of conduct and guidelines requiring lawyers to maintain a high level of professional ethics when dealing with conflicts of clients' interests. There are also corresponding provisions in the "Lawyers Law of the People's Republic of China". Precautions should be taken to ensure a balanced consideration of the interests of different clients in accordance with law and ethical principles.

(c) Differences in the scope of business acceptance and processing standards

Survey data reveals that Mainland enterprises believe that Hong Kong law firms apply different industry standards when handling particular types of businesses. Specifically, in relation to intellectual property and client data security, it is crucial to ensure confidentiality and security of the legal services. However, the level of protection varies between the two regions, which can easily lead to business disputes. For example, compared with Hong Kong, regulation of cross-border data in the Mainland is stricter and tighter. Their Cybersecurity Law, Data Security Law, and Personal Information Protection Law all impose requirements on cross-border data/ information transfer. This involves not only the interests of individuals but also national security, digital sovereignty, and the protection of public interests. Therefore, cross-border data transfer in the Mainland needs to satisfy a series of requirements including individual consent, passing of security assessment, and protection certification by professional institutions. On the other hand, there is no similar cross-border data transfer restrictions in Hong Kong, and the provisions on exemptions are more refined. To a certain extent, the Mainland's restrictions on cross-border data transfer have hindered judicial proceedings or investigations conducted by the Securities and Futures Commission in Hong Kong.

(d) Lack of clarity on the legal responsibilities of non-partnership associations

At present, the provisions on the liability of non-partnership associations mainly follow the provisions under the “Measures for the Management of Associations Formed by Law Firms of the Hong Kong SAR or the Macao SAR and Mainland Law Firms” and the “Lawyers Law of the PRC”. If a non-partnership association and the assigned lawyers cause losses to the clients as a result of illegal practice or negligence, they shall be solely or jointly liable for the compensation to the client in accordance with the partnership agreement.

3.1.2 Difficulties in cooperation arising from differences in business practises

There may be certain differences in how legal practitioners do business between Hong Kong and the Mainland, which are primarily influenced by the different legal systems, market conditions, and regulations in the two jurisdictions. Hong Kong law firms usually operate under the partnership system (general partnership and limited liability partnership), while some adopt the sole proprietorship form of operation. Mainland law firms, on the other hand, may have more diverse organisational structures, including partnership, limited liability company and company limited by shares.

One of the suggestions is that the two regions can draw on international experience with cross-regional law firm collaboration to explore a new model for cooperation and operation. The adoption of corporatisation of law firms breaks conventional governance structures and operation models of law firms, allowing them to adapt to the rapid changes in the legal market and achieve sustainable and healthy development. For example, the law firm Slater & Gordon in Australia was listed on the Australian Securities Exchange in 2007, Shine in 2013, and Gateley Plc in the United Kingdom in 2015.

Currently, the “Trial Measures on Hong Kong Law Firms and Macao Law Firms Operating in the Form of Partnership Association with Mainland Law Firms in Guangdong Province” has come into effect since 2014, which was amended in 2019. The document provides that Mainland law firms and Hong Kong and Macao law firms may cooperate to set up partnership associations in the form of special general partnership. This measure enriches the mode of cooperation between the two regions. However, for the corporatisation of law firms, the law must be amended to strengthen supervision.

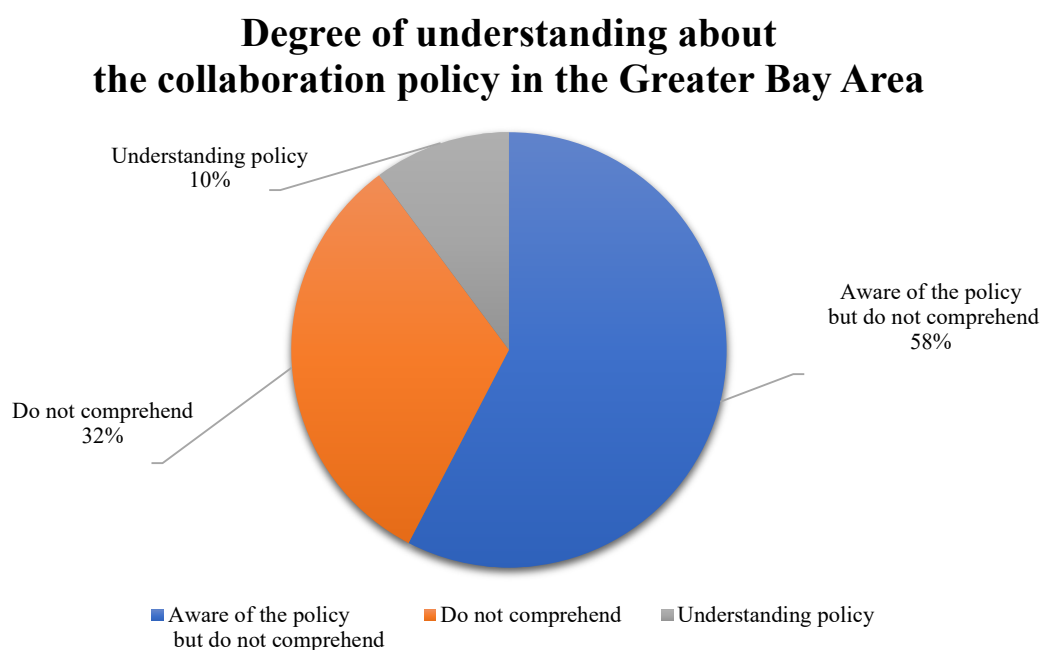
3.2 Obstacles to the cooperation between Mainland law firms and Hong Kong legal practitioners

The Outline Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area (“Outline Development Plan”) proposes to “expedite the development of the legal services industry...expand pilot areas for

Guangdong, Hong Kong and Macao law firms to operate in the form of partnership associations, study matters relating to practice qualification and scope of practice for Hong Kong and Macao legal practitioners in the nine municipalities in the GBA, set up a multi-faceted dispute resolution mechanism”.⁴⁵ Although cooperation between Hong Kong and the Mainland has gradually opened up and progressed since the return of Hong Kong and Macao, survey data shows that the scope of cooperation is relatively limited, and mainly through individual case collaboration, indicating that cooperation between the two regions is strained.

3.2.1 Degree of understanding about the collaboration policy in the GBA

Information from the survey suggests that Mainland law firms are more concerned about the regulatory papers issued by the government, but the comprehension of the Mainland law firms and Hong Kong legal practitioners about the collaboration policy is inadequate. 58% of Mainland legal firms are aware of the policy but not fully comprehend it, 32% have some understanding about it, and 10% have a better understanding. This shows that further promotion and publicity of the policy on cooperation of the legal services sector within the GBA is needed.



⁴⁵ Outline Development Plan for the Guangdong-Hong Kong-Macao GBA, the State Council (February 18, 2019), https://www.gov.cn/zhengce/2019-02/18/content_5366593.htm#1

The Guangdong-Hong Kong-Macao GBA Legal Departments Joint Conference has played a leading role in actively building a platform to promote synergistic development. For example, to fully utilise their professional strengths in various fields, interface sessions can be organised for the exchange of legal practices among lawyers from the three regions. Besides, a talent pool of lawyers can be established, and GBA lawyers can be recommended to enter the pools of professional talents in courts, arbitration institutions, human resources and social security departments. They can become arbitrators, mediators, etc. leveraging their professional expertise in various fields.

3.2.2 Factors hindering cooperation between Mainland law firms and Hong Kong legal practitioners

(a) The judicial examination is one of the thresholds for Hong Kong lawyers to practise and start cooperation in the Mainland, and Mainland lawyers are unable to practise in Hong Kong

According to the survey data, 51.7% of the law firms consider that the different qualification standards for legal practitioners in the two regions was one of the factors hampering collaboration. On one hand, the Pilot Measures clearly state that eligible Hong Kong and Macao legal practitioners who have passed the GBA Legal Professional Examination and obtained the qualification to practise in the Mainland can engage in a specific range of legal matters in the Mainland. The eligibility criteria are divided into three categories, namely, identity qualifications, ethical requirements and practice experience. On practice experience, it includes (3) according to the relevant laws of the HKSAR, solicitors and barristers admitted by the High Court of the Hong Kong SAR and properly registered respectively on the roll of solicitors and the roll of barristers, and who have not been suspended from practice, or practising lawyers registered and confirmed by the Macao Lawyers Association; and (4) one must have 3 years or above post-qualification practice experience. It can be seen from the practice experience requirements that Hong Kong lawyers practising in the Mainland are in fact subject to a “double-entry” system. On the other hand, Mainland lawyers are also required to obtain a qualification certificate to practise in Hong Kong. Mainland lawyers with five years or more practising experience may sit for the recognised qualifying examination, and may apply for exemption for certain subjects. After passing the examination, they may become Hong Kong lawyers without the need for internship.

(b) Fewer Hong Kong law firms meet the conditions for cooperation

According to the survey data, 28.3% of the law firms indicate that relatively few Hong Kong law firms seek to fulfil the conditions for cooperation between the two regions, despite the willingness for business cooperation. This may be attributed to the higher admission standards and practising qualification requirements for lawyers in the Mainland.

(c) Conflicts of expertise

21.7% of the Mainland law firms believe that differences in professional knowledge also hinder cooperation between the two regions. The two legal systems differ greatly in terms of legal origin, legal structure, legislative techniques, legislative procedures, litigation procedures, and law enforcement models, and so on. To address the differences in professional knowledge, legal practitioners in the GBA can collaborate to provide targeted training in new types of legal services, particularly in financial technology, intellectual property such as artwork trading, and maritime law, among others, in order to master common legal language, further break down communication and cooperation barriers, and achieve greater resonance and synergy.

(d) Differences in standards and quality certification of legal services

There are some differences in the standards and quality certification of legal services between the Mainland and Hong Kong, and it may be a challenge to ensure that consistent professional standards are followed in cooperation. For example, in terms of market access, the Mainland legal services market may have certain restrictions on the entry of foreign law firms, while Hong Kong law firms may need to fulfil a series of regulatory and approval requirements to start business in the Mainland.

3.3 Supervision and self-regulation of the lawyers

3.3.1 Industry management gaps in the three jurisdictions need to be coordinated

The disparity in industry regulation among the three regions mainly stems from the differences in legal systems and institutions, as well as the differences in industry access and regulatory standards. Specifically, in the Mainland, the legal system is relatively centralised and unified, and the industry regulation is led by the central and local governments. Industry access requires government approval and involves certain restrictions and regulations, resulting in more stringent management. In contrast, the rule of law systems in Hong Kong and

Macao are relatively independent, emphasising on the markets' self-regulation with relatively free access. The Hong Kong Bar Association is responsible for monitoring barristers' practices, while The Law Society of Hong Kong is responsible for the management of solicitors. Therefore, it is necessary to take into account various factors, such as the legal systems, culture and market environment, in order to harmonise the differences in the management among the profession in the three regions.

(a) Establishment of a cross-regional cooperation mechanism

Prior to access to the industry, dedicated organisations or committees comprising representatives from regulatory bodies and industry associations of the three regions should be set up to facilitate information sharing and cooperation. Based on these collaborative organisations, the governments, industry associations and regulatory bodies of the three regions should negotiate and formulate cooperation agreements to define the principles and modes of cross-regional cooperation, and to coordinate the relationship between government supervision and market competition. In the market operation stage, self-regulation and market mechanism will be strengthened, and industry associations will be encouraged to formulate more stringent self-regulation rules and regulations, so as to promote better compliance with regulations among businesses.

(b) Establishment of an information sharing platform

A GBA lawyers' website should be built to promote a directory of Hong Kong-Macao lawyers, establish a platform for sharing of industry information among the three regions, and to disseminate information such as news, policy guidelines, case studies, event registration, and other information related to legal profession in the GBA. This will facilitate enterprises and regulators to understand the market dynamics and regulatory changes in different regions. At the same time, cross-regional industry forums and seminars should be organised, and regular mutual professional exchange activities to promote experience sharing among enterprises and practitioners should be launched.

(c) Providing support and protection measures

The government can provide some support measures such as tax policies and financial support to encourage enterprises to start collaborating in the three regions. Specifically, on the one hand, it is necessary for the People's Government at all levels to build entrepreneurship and innovation parks and implement favourable tax policies. For example, the Nansha New Area provides settlement support for associate law firms, with policy support ranging from RMB 1 million to RMB 5 million, depending on the conditions of the law firms. On the other hand,

apart from providing support, the government also needs to regulate the fee standards of the associated firms to enhance the quality of legal services in the GBA. The Guangdong Lawyers Association states in its “Guidelines for Setting Service Fee Standards” that “these Guidelines can be applied in setting service fee standards for lawyers. However, fees may also be adjusted according to the regional affairs handled by the law firms.” This provision is normative and flexible, giving support to cooperation between law firms in the two regions.

(d) Drawing on international standards

Joining international organisations and participating in international standard-setting can help draw on existing international experience and reduce the management gap among the three places.

In summary, narrowing the gaps between the legal professions in the three regions requires the concerted efforts of the governments, industry associations, enterprises and professional organisations. Through cooperation and coordination, the management standards of the legal service industry in the three jurisdictions will be raised and more effective cross-regional cooperation will be fostered.

3.3.2 Further improvement of the format and content of the qualifying examination for Hong Kong lawyers practising in the GBA

According to the Pilot Measures, which came into effect on October 5, 2023, Hong Kong lawyers need to obtain a Lawyer’s License (GBA) in order to provide legal services in the nine Mainland municipalities. To further promote the opening up of legal services as well as exchanges and cooperation in the GBA, the format and content of the GBA Legal Professional Examination should be improved, which includes the training system, the examination structure, the subjects of the examination, and the evaluation criteria, etc.

(a) Improving the examination training system and enhancing practice of actual operations

Due to the differences in the legal systems of Hong Kong and the Mainland, Hong Kong lawyers are less familiar with the relevant laws and regulations in the Mainland. Therefore, before sitting for the examination, training on the practice examination system should be provided to Hong Kong lawyers, which includes studies of theories and practical training in relevant legal organisations to enhance their practical work experience. During the training period, a mentorship system should be implemented, with experienced lawyers guiding the candidates to help them better adapt to the legal practices in the GBA. However, attention should be paid to the impartiality of the training and examination content.

(b) Optimising the examination structure and content to meet the practical needs of the GBA

Taking into account the practical experience and business development of cooperation between Mainland and Hong Kong lawyers in the GBA, the examination content should be divided into five major modules, covering intellectual property rights, cross-border dispute resolution, listing and financing, foreign exchange management and cross-border capital flows, and trade compliance, so as to better adapt to the legal environment and the demand for legal services in the GBA. At the same time, relevant regulations and systems in the GBA will be included in the examination content to ensure that the examination content closely follows the legal practices in the region.

(c) Meeting internationalisation and multilingualism requirements by increasing bilingual proficiency assessment

In the GBA, proficiency in English and Putonghua would be highly beneficial for legal practitioners. Both English and Chinese should be included in the Putonghua Basic Standard Test, so as to adapt to the GBA's multilingual and internationalised environment.

(d) Examination assessment standards need to be integrated and comprehensive

Multidimensional evaluation criteria should be introduced, including legal knowledge, practical operation, and communication abilities, etc., to comprehensively evaluate the applicants' qualities. Experts in the international law field should be invited to assist in the formulation and assessment of the examination to ensure it meets international standards and professionalism. A regular evaluation mechanism should be established to continuously adjust and update the content and format of the examination according to changes in the legal environment of the GBA.

IV. Demand for Legal Services in the GBA

4.1 The status of GBA lawyers providing legal services in the Mainland

4.1.1 Case participation by GBA lawyers

(a) GBA lawyers involved in relatively small number of cases with types of cases mostly related to foreign-related Hong Kong, Macao and Taiwan factors

As of 23 November 2023, a total of 372 GBA lawyers have obtained the Lawyer's License (GBA).⁴⁶ However, from the interviews with the relevant authorities, it is learned that the number of cases in the Mainland in which GBA lawyers are involved in is still relatively small, and the types of cases involved are mostly cases related to foreign-related Hong Kong, Macao and Taiwan factors.

In terms of the judiciary, take Guangzhou and Shenzhen, the first-tier cities in the GBA, as examples, according to the relevant data from the Guangzhou Intermediate People's Court, in judicial practice, GBA lawyers are involved in a relatively small number of local cases, while there is involvement of GBA lawyers in foreign-related cases. According to incomplete statistics, among the local cases handled by the Guangzhou Intermediate People's Court, there is currently no involvement of GBA lawyers, and for foreign-related cases, less than 10 involve GBA lawyers. According to the information provided by the Shenzhen Intermediate People's Court, there are about 5,000 first-instance cases involving foreign-related civil and commercial matters in Hong Kong, Macao and Taiwan each year in the Shenzhen area. Only one case is currently represented by a GBA lawyer. Whether a case requires the involvement of a GBA lawyer is mainly the choice of the parties concerned. Considering that most of the GBA lawyers are still adapting to the laws, regulations and judicial environment of the Mainland, the lawyers representing most of the Mainland cases at present are still Mainland lawyers, and GBA lawyers are only required in a small number of cases that require litigation or enforcement by Hong Kong courts.

⁴⁶ State Council Information Office, PRC press conference, November 23, 2023: Guangdong-Hong Kong-Macao Greater Bay Area portal, https://www.cnbayarea.org.cn/news/focus/content/post_1142365.html

For arbitration, according to the feedback from the relevant departments, there are already some GBA lawyers handling cases at the SCIA, with a higher percentage of foreign-related cases among all cases in which GBA lawyers are involved. However, in other arbitration courts, there are fewer cases in which GBA lawyers act as lawyers or arbitrators, and the type of cases mainly involve the adjudication of foreign-related matters. For some arbitration courts, due to the relatively small number of foreign-related cases, the proportion of foreign-related cases in their total caseload is relatively low, and therefore there is no practical demand for involvement of GBA lawyers for the time being.

For notarization, the main business is the China Attestation services. However, since the qualification of China-Appointed Attesting Officers requires training, assessment and appointment by the Ministry of Justice, not all GBA lawyers are qualified to handle such services. According to the feedback of the Guangzhou Notary Public Office, GBA lawyers mainly participate in notary affairs in the issuance of transfer documents involving Hong Kong citizens, especially for the notarization certificates relating to succession rights of Hong Kong citizens, which requires GBA lawyers to issue transfer documents in almost all cases. Such cases are estimated to account for about 20% of the notarization cases involving GBA lawyers. However, as these services still require the parties and China-Appointed Attesting Officers to return to Hong Kong for handling, relevant parties expressed their wish for GBA lawyers to directly handle the attesting services for GBA residents in the GBA area in future, in order to improve efficiency and reduce the burden.

On November 7, 2023, the “Convention Abolishing the Requirement of Legalisation for Foreign Public Documents” (“Convention”) came into force in the Mainland. Since then, the cross-border circulation of public documents between the Mainland and contracting countries no longer requires the traditional “dual certification” process of “certification by the foreign affairs offices + certification by consulates”. Instead, a new one-step certification model based on an Apostille Certificate is adopted under the framework of the Convention. At present, Guangdong Province, as a provincial-level foreign affairs office, and Shenzhen, as a municipal-level foreign affairs office, are among the local foreign affairs offices that can issue Apostille Certificates. Before the Convention came into force, Mainland residents who need to obtain an Apostille can do so through Notaries Public from Hong Kong and Macao. For the time being, in terms of the GBA’s “notarization + Apostille Certification” business, there are currently no opportunities or requirements for GBA lawyers to assist. Some individuals suggest that for documents involving Hong Kong and overseas which cannot be notarised by the Mainland notary offices, these should be opened up for handling by GBA lawyers who hold qualifications as Notaries Public and China-Appointed Attesting Officers. These GBA lawyers who hold three types of qualifications are already China-Appointed Attesting Officers with experience in handling notarial services and can assist residents in GBA to apply for the Apostille.

(b) Barriers for GBA lawyers participating in Mainland cases

i. Lack of familiarity with the procedures for Mainland-related matters

According to the results of the relevant surveys, the respondents often mention that GBA lawyers were not familiar enough with the procedures of Mainland courts and administrative authorities in their practice. The relevant departments have indicated that GBA lawyers still need to enhance their knowledge of Mainland substantive laws, civil litigation procedures, and other laws and regulations, so that they can be more equipped to practise in the Mainland.

ii. Putonghua language skills to be improved

According to the results of relevant surveys, GBA lawyers need to further overcome the language barrier when practising in the Mainland. As the working language of the courts and administrative authorities in the Mainland is mostly Putonghua, GBA lawyers should strengthen their ability to express themselves in Putonghua in order to be more equipped to practising in the Mainland.

In summary, at this stage, the number of cases in which GBA lawyers are involved in the Mainland is still relatively small, and the main types of cases in which they are involved are mostly cases involving foreign-related Hong Kong, Macao and Taiwan factors. This phenomenon is attributed to the relatively big differences in the legal systems and legal frameworks between the Mainland and Hong Kong, and the relatively short period in the implementation of the relevant policies. The legal systems, cultures, modes of operation and customs in Hong Kong and the Mainland are quite different. In addition, the policy on GBA lawyers has only been implemented for a relatively short period of time, so GBA lawyers still need a certain amount of time to adapt to the Mainland environment and gain the trust from Mainland clients.

(c) Mainland authorities expect GBA lawyers to further participate in Mainland cases

According to the results of the surveys, most of the surveyed relevant departments and organisations expressed high expectations for more participation of GBA lawyers in the Mainland cases, and indicated that through increased participation of Hong Kong lawyers/ GBA lawyers as People's Assessors and arbitrators, this would enable them to participate in litigation and arbitration proceedings in the Mainland.

They indicated that adding Hong Kong lawyers/ GBA lawyers as People's Assessors and arbitrators would have considerable benefits. Firstly, more participation of Hong Kong lawyers/GBA lawyers in the Mainland litigation and arbitration procedures is beneficial for familiarising Hong Kong lawyers/GBA lawyers with

Mainland's litigation and arbitration procedures, and the handling of related matters in the Mainland. Secondly, nowadays many Hong Kong and Macao enterprises and natural persons have close interactions and frequent business cooperation with the Mainland. The addition of Hong Kong lawyers/ GBA lawyers as People's Assessors and arbitrators can better protect the rights and interests of the parties involved. Thirdly, having more Hong Kong/ GBA lawyers as arbitrators will enable more overseas commercial entities to choose dispute resolution methods with which they are more familiar with. Fourthly, allowing more Hong Kong lawyers/ GBA lawyers to participate in arbitration cases will help enhance the credibility of the arbitration process.

In addition, relevant departments also suggested that Hong Kong lawyers/ GBA lawyers be invited as special mediators and foreign law ascertainment experts. It shows that the relevant Mainland authorities are pleased to see GBA lawyers giving full play to their own strengths and specialties to further participate in Mainland cases.

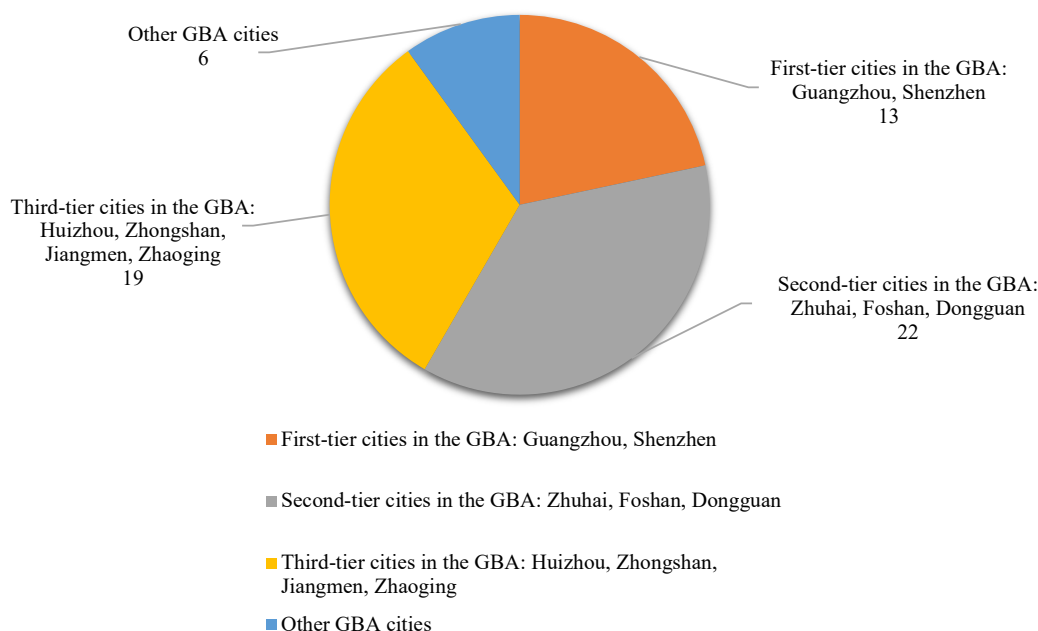
4.1.2 Cooperation status between Mainland law firms and Hong Kong legal practitioners

(a) Limited contact and cooperation between Mainland law firms and Hong Kong practitioners

This survey data show that among the 60 Mainland law firms interviewed, 13 are located in first-tier cities Guangzhou and Shenzhen in the GBA, 22 in second-tier cities Zhuhai, Foshan, and Dongguan, 19 in third-tier cities Huizhou, Zhongshan, Jiangmen, and Zhaoqing, and 6 in other Mainland cities within the GBA⁴⁷. The survey data shows that, among the 60 Mainland law firms interviewed, 27 have had contact with Hong Kong legal practitioners, accounting for 45% in proportion; among them, 25 have had collaborations with Hong Kong legal practitioners, accounting for a proportion of 41.7%. This shows that the business of Hong Kong law firms in the Mainland is still limited to a certain degree. However, with the further integration of the GBA's economic development, together with the unique advantages of Hong Kong practitioners, there is demand for cooperation between the Mainland law firms and Hong Kong practitioners and lawyers from both regions are actively seeking opportunities for exchange.

⁴⁷ The nine GBA cities in the report include: Guangzhou, Shenzhen, Zhuhai, Foshan, Huizhou, Dongguan, Zhongshan, Jiangmen and Zhaoqing. As six of the interviewed Mainland law firms did not indicate where they are located, this report refers to them as being located in "other GBA cities".

The geographical distribution of surveyed law firms



(b) Mode of contact between Mainland law firms and Hong Kong legal practitioners dominated by direct business dealings

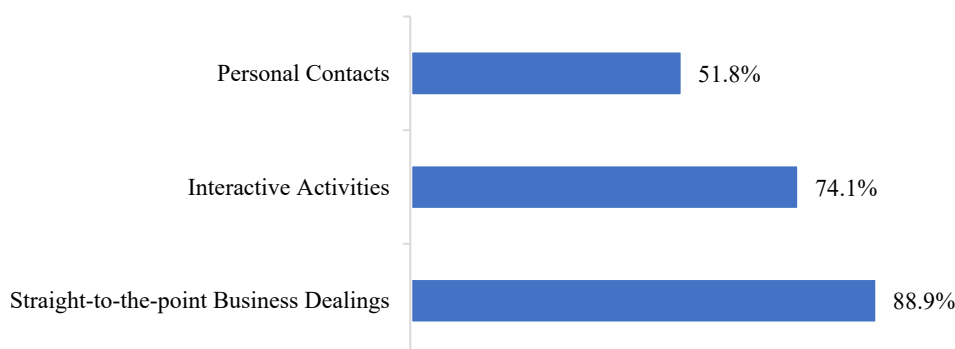
Since 1992, when the Mainland's legal services industry was officially opened up to the world, communication between Mainland and Hong Kong law firms has become increasingly closer. According to the findings of the survey, among the modes of contact between the Mainland law firms and Hong Kong legal practitioners, straight-to-the-point business dealings accounted for 88.9%, while interactive activities and personal contacts accounted for 74.1% and 51.8% respectively.⁴⁸

Mainland law firms possess local strengths, particularly in terms of their qualifications and ability to bear legal risks. Hong Kong legal practitioners, on the other hand, have considerable advantages in terms of resources, services, and handling foreign-related matters. The need to complement each other has fostered business contacts between the two regions.

⁴⁸ As there are various modes of contact between Mainland law firms and Hong Kong legal practitioners, the relevant question in the questionnaire allows multiple choices, leading to a statistical result of more than 100%.

In addition, with the favourable geographical location of the GBA, law firms in the GBA have gained more opportunities for personal contacts and interactions with Hong Kong practitioners. Lawyers from both regions have been able to enhance their understanding of each other through activities organised by lawyers' associations and chambers of commerce, etc. Furthermore, an increasing number of Hong Kong law firms are partnering with Mainland law firms or setting up representative offices in the Mainland, which provide a platform for cooperation and communication between lawyers from the two regions.

The modes of contact between Mainland law firms and Hong Kong legal practitioners



(c) Mode of cooperation between Mainland law firms and Hong Kong legal practitioners mainly through ad hoc or permanent partnerships

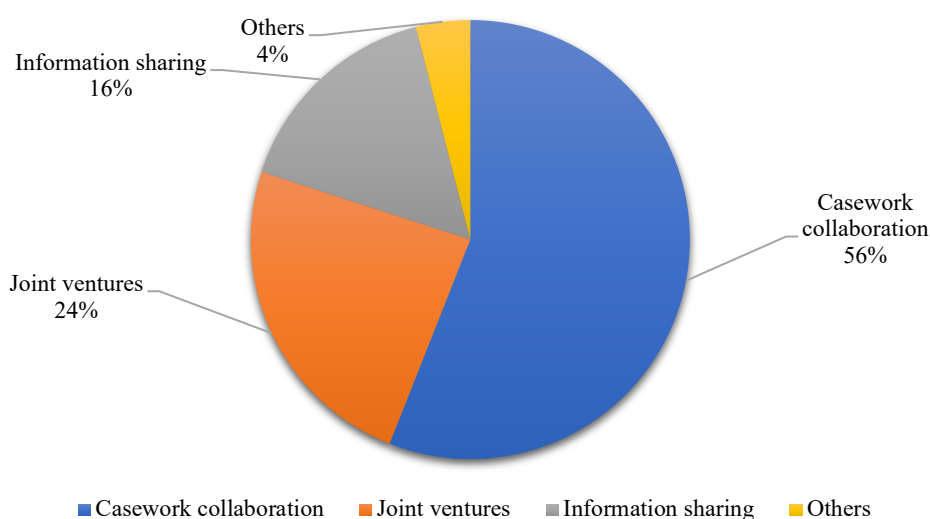
The survey data shows that among the 25 Mainland law firms working with Hong Kong legal practitioners, 56% of them chose to work with Hong Kong legal practitioners through casework collaboration. Similarly, 64.2% of Hong Kong legal practitioners chose to conduct business in the Mainland through referrals to Mainland law firms. This suggests that both Mainland law firms and Hong Kong legal practitioners tend to establish temporary partnerships through handling ad hoc cases. Both parties enhance their understanding and learn from each other in the process. The advantage of this mode of cooperation is that the flexibility of collaboration helps Mainland law firms and Hong Kong legal practitioners find more suitable partners for individual cases, and allows them to gain access to a wider range of legal resources from both regions at the same time.

In addition, 24% of the Mainland law firms work with Hong Kong legal practitioners through joint ventures. Whereas 45.3% of Hong Kong law firms have set up representative offices in the Mainland, 37.7% have established partnership associations with Mainland law firms.⁴⁹ The advantage of this is that both parties are

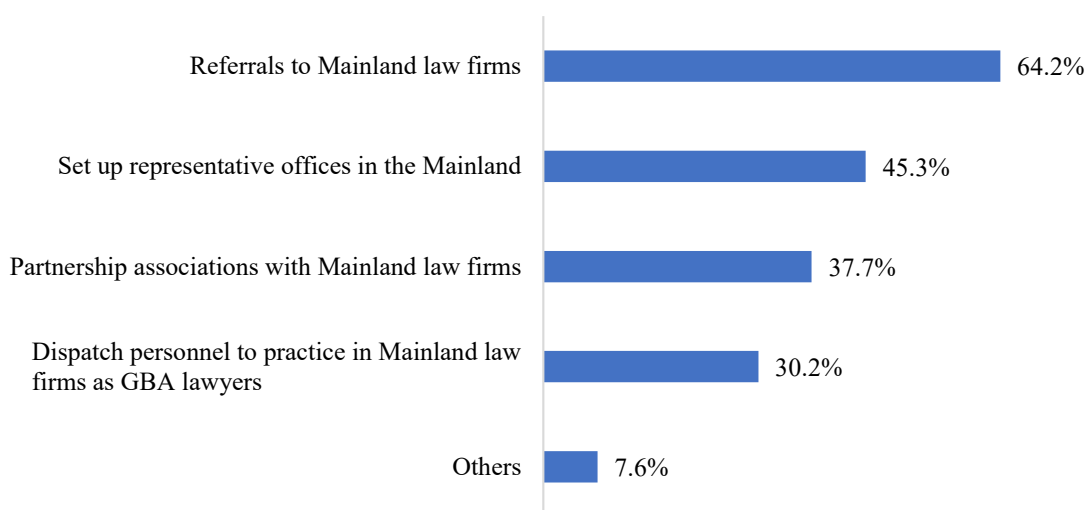
⁴⁹ As there are various modes of cooperation between Mainland law firms and Hong Kong legal practitioners, the relevant question in the questionnaire allows multiple choices, leading to a statistical result of more than 100%.

familiar with their respective work practices, making communication and assistance easier, and more conducive to long-term and in-depth exchanges and cooperations in the future.

Modes of cooperation between Mainland law firms and Hong Kong legal practitioners



Modes of cooperation between Hong Kong law firms and Mainland law firms



(As there are various modes of cooperation between Mainland law firms and Hong Kong legal practitioners, the relevant question in the questionnaire allows multiple choices, leading to a statistical result of more than 100%.)

4.2 Demand for GBA lawyers to practise in the Mainland

4.2.1 Demand for GBA lawyers to handle cases

(a) Policy and macro-environment boosts demand for legal services

Survey data shows that 62.3% of Hong Kong legal practitioners consider that the GBA has the advantage of preferential policies, and 35.9% consider that there is a high demand for legal services in the GBA market.

Currently, there are comprehensive and specific laws, regulations and policies relating to the legal services sector in the GBA, in particular the cooperation among legal practitioners in the GBA, including but not limited to the “Outline Development Plan for the Guangdong-Hong Kong-Macao GBA”, the “Qianhai Plan”, the “Hengqin Plan” and CEPA promulgated by the Central Government, the Pilot Measures issued by the Guangdong Justice Department and the “Implementation Measures for Supporting the Gathering of High-end Legal Services in Qianhai Shenzhen-Hong Kong International Legal District (the Trial)” issued by Qianhai Administrative Bureau of Shenzhen. Overall, these policies are favourable to the future prospects.

In addition, with the further development of the economy of the GBA, the demand for Hong Kong’s legal services in the GBA is also increasing. Due to the differences in the legal systems adopted by Guangdong and Hong Kong as well as the restrictions imposed by the Mainland’s policies, communication and cooperation between law firms in both regions are necessary to meet the corresponding legal service needs. According to relevant data, from 2019 to 2021, the People’s Courts in the GBA concluded 536,000 cases involving Hong Kong and Macao matters, and handled 3,167 Hong Kong and Macao-related mutual legal assistance cases, of which 2,520 were related to Hong Kong.⁵⁰ This fully demonstrates the significant demand for Hong Kong’s legal services in the GBA and the promising prospects for Hong Kong legal practitioners to develop their business in the GBA.

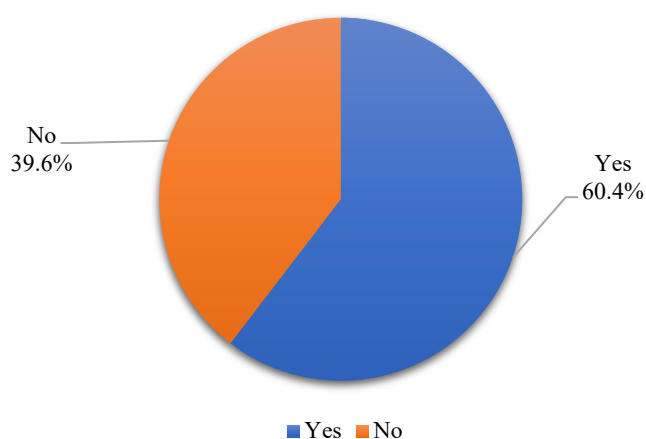
(b) Most Hong Kong legal practitioners are motivated to explore the Mainland market

The survey data shows that of the 53 Hong Kong law firms surveyed, 32 of them (60.4%) have plans to explore the Mainland market in the future. Among them, 50% intend to explore the Mainland market in the first-

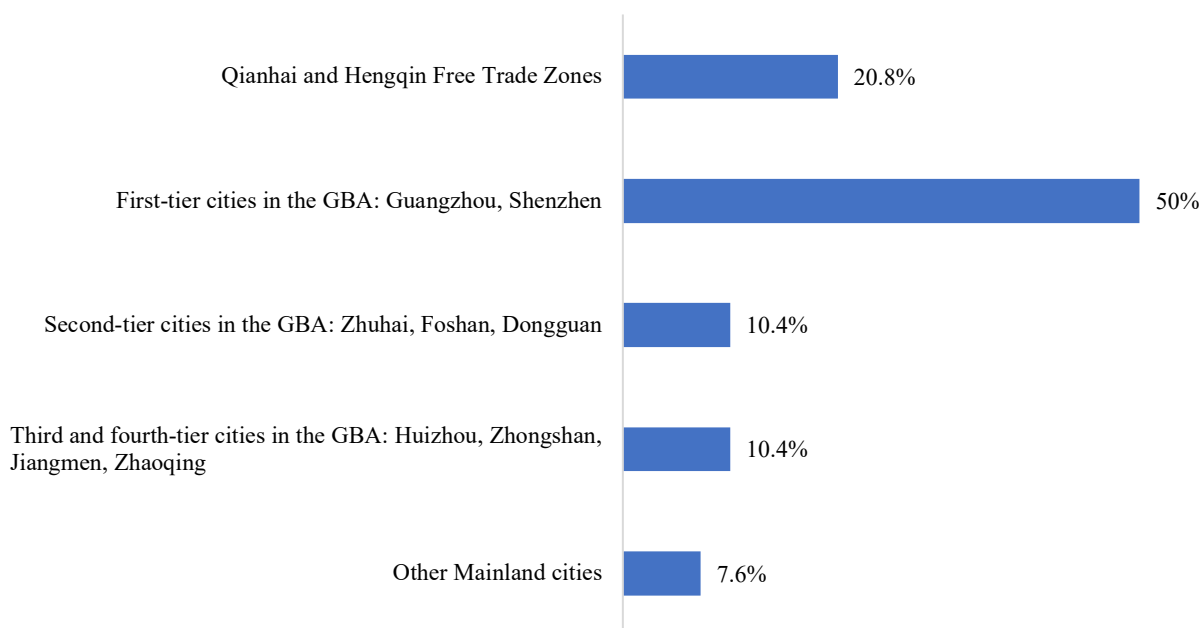
⁵⁰ Supreme People’s Court, Report on the People’s Courts’ Service and safeguard the development of the Guangdong-Hong Kong-Macao Greater Bay Area (2019-2022), 23 June 2022 <https://www.court.gov.cn/shenpan/xiangqing/363221.html>

tier cities of the GBA (Guangzhou and Shenzhen) in the future, and 20.8% intend to develop their Mainland business in the Qianhai and Hengqin Free Trade Zones. In addition, according to the survey data, 32 Hong Kong law firms (60.4%) indicate that they would send personnel to sit for the GBA Legal Professional Examination. This shows that Hong Kong legal practitioners are more optimistic about the Mainland legal services market and demonstrate willingness and enthusiasm in exploring the Mainland market.

Hong Kong law firms planning to explore Mainland market



Mainland markets that Hong Kong law firms intend to explore



4.2.2 Prospect of cooperation between Mainland law firms and Hong Kong law firms

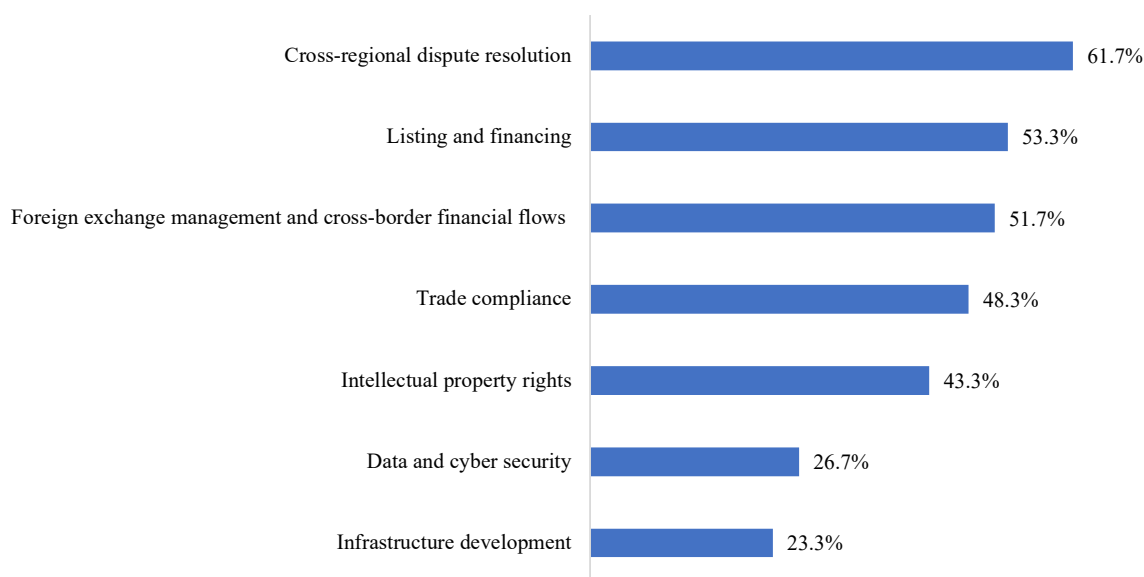
(a) Mainland law firms want to cooperate with Hong Kong law firms in international business

The data show that only 38.3% of the Mainland law firms surveyed had no contact with foreign-related business, and another 25% of the firms' major business was international business. From these figures, it can be seen that most of the Mainland law firms already possess a certain degree of ability to handle international business and will continue to actively develop international business. Hong Kong law firms have considerable experience and advantages in handling international business, and international business will become an important point of convergence for cooperation between Mainland law firms and Hong Kong lawyers.

According to the survey data, Mainland law firms hope to cooperate with Hong Kong law firms in the following areas:

- i. Cross-regional dispute resolution (61.7%)⁵¹
- ii. Listing and financing (53.3%)
- iii. Foreign exchange management and cross-border financial flows (51.7%)
- iv. Trade compliance (48.3%)
- v. Intellectual property rights (43.3%)
- vi. Data and cyber security (26.7%)
- vii. Infrastructure development (23.3%)

Areas in which Mainland law firms would like to cooperate with Hong Kong law firms

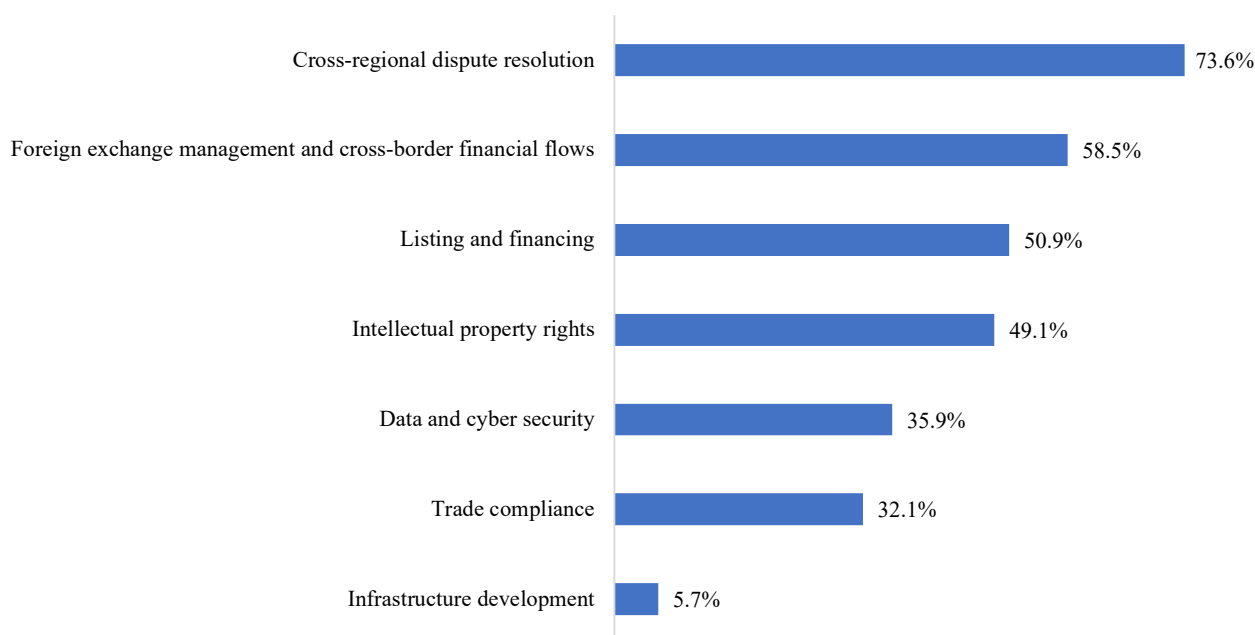


⁵¹ As there are various areas in which Mainland law firms wish to cooperate with Hong Kong law firms, the relevant question in the questionnaire allows multiple choices, leading to a statistical result of more than 100%.

According to the survey data, Hong Kong law firms and Mainland law firms can complement each other in the following areas:

- i. Cross-regional dispute resolution (73.6%)⁵²
- ii. Foreign exchange management and cross-border financial flows (58.5%)
- iii. Listing and financing (50.9%)
- iv. Intellectual property rights (49.1%)
- v. Data and cyber security (35.9%)
- vi. Trade compliance (32.1%)
- vii. Infrastructure development (5.7%)

Areas in which Hong Kong law firms would like to cooperate with Mainland law firms



It can be seen that both parties are more keen to cooperate in international business such as cross-regional dispute resolution, listing and financing, foreign exchange management and cross-border capital financing. At the same time, due to the geographical limitations and inadequate international experience of the Mainland law firms and the advantages of Hong Kong law firms in handling international business, there is a necessity and possibility of cooperation between the law firms in the Mainland and Hong Kong in international business, which will promote deeper communication between Mainland law firms and Hong Kong law firms.

⁵² As there are various areas in which Hong Kong law firms wish to complement with Mainland law firms, the relevant question in the questionnaire allows multiple choices, leading to a statistical result of more than 100%.

(b) Law firms in both regions will maintain loose cooperation model in the short term

As mentioned above, the mode of cooperation between the Mainland law firms and Hong Kong legal practitioners is mainly done through ad hoc or permanent partnerships, with “case-by-case cooperation” being the main mode.

From the current status of cooperation between Mainland law firms and Hong Kong law firms, the geographical distance between the two regions is close but the cooperation is loose. For areas such as Shenzhen and Dongguan, which are geographically closer to Hong Kong, there is no imminent need to set up representative offices or partnership associations as it is possible to commute within a day. For Guangzhou, where there are relatively more representative offices, most of them also adopt a loose case-by-case cooperation model. According to the survey data, some Mainland law firms also indicate that it is more appropriate to maintain the existing loose case-by-case cooperation model. In the coming few years, this situation will not change much due to the convenience of transportation and the limitations imposed by the types of business.

(c) Mode of cooperation between law firms in the two regions developing in the direction of partnership associations

Although the current mode of cooperation between law firms in the Mainland and Hong Kong is dominated by casework collaboration, it is precisely through this collaboration approach that fosters mutual understanding and cooperation between the two regions.

According to the survey data, 73.3% of the surveyed Mainland law firms indicate that partnership associations can help Mainland lawyers gain international business experience. 63.3% indicate that partnership associations help expand their business scope and create more job opportunities in the Mainland. Most of the interviewed Hong Kong law firms generally agree that the provisions regarding the capital contribution limit, scope of business, hiring of lawyers and scope of practice as outlined in the “Interim Measures of the Guangdong Justice Department on Hong Kong Law Firms and Macao Law Firms Operating in the Form of Partnership Association with Mainland Law Firms in Guangdong Province” are reasonable and agreeable. Few held opposing views, with 18.3% of Mainland law firms believing that partnership associations would bring competition to non-associated Mainland law firms. This indicates that the majority of lawyers interviewed still have a positive acceptance towards the model of partnership associations.

The views of Hong Kong and the Mainland law firms on setting up partnership associations are generally consistent, with the majority of firms believing that partnership associations will bring about a win-win situation and law firms of both regions are inclined to adopt partnership associations for future cooperation. Although there are many problems with the existing partnership associations model, with the implementation and improvement

of relevant policies, the law firms in the two regions getting more familiar with casework collaboration, coupled with the continual expansion of Hong Kong's representative offices in the Mainland, it is anticipated that the two regions will inevitably adopt further exchange measures. The setting up of partnership associations, a model familiar and recognised by both sides, will be the direction of cooperation between both regions.

4.3 Comments on Hong Kong legal practitioners by the Mainland legal practitioners

4.3.1 Comparative advantages of Hong Kong legal practitioners

(a) Familiarity with foreign laws and customs

According to the survey, 80% of the Mainland law firms consider familiarity with “foreign laws and customs” as a comparative advantage of Hong Kong legal practitioners, while 95% of the Mainland enterprises cited “Hong Kong lawyers are more familiar with foreign laws and customs” as the reason for choosing them.⁵³

As there are more legal matters involving Hong Kong, Macao and Taiwan in the GBA, Hong Kong legal practitioners have a more pronounced advantage over Mainland lawyers in clarifying foreign-related laws and customary issues. Particularly in cases related to Hong Kong, the procedural rules in Hong Kong are complex and diverse. The substantive rules involve the coexistence of Hong Kong local laws, British laws, and Chinese traditional customary laws, and a combination of statutory law and case law is adopted, with case law as the main focus. Officially recognised compilations like the “Hong Kong Law Reports and Digests” and non-government publications like the “Hong Kong Case Precedents” collect important precedents, which are more readily accessible to Hong Kong legal practitioners. In addition, based on the legal tradition of the case law system and their rich experience in handling foreign-related legal matters, Hong Kong legal practitioners are more familiar with the laws and customs of other countries and regions outside Hong Kong.

⁵³ As there are various areas in which Mainland law firms consider that Hong Kong legal practitioners have an advantage, the relevant question in the questionnaire allows multiple choices, leading to a statistical result of more than 100%.

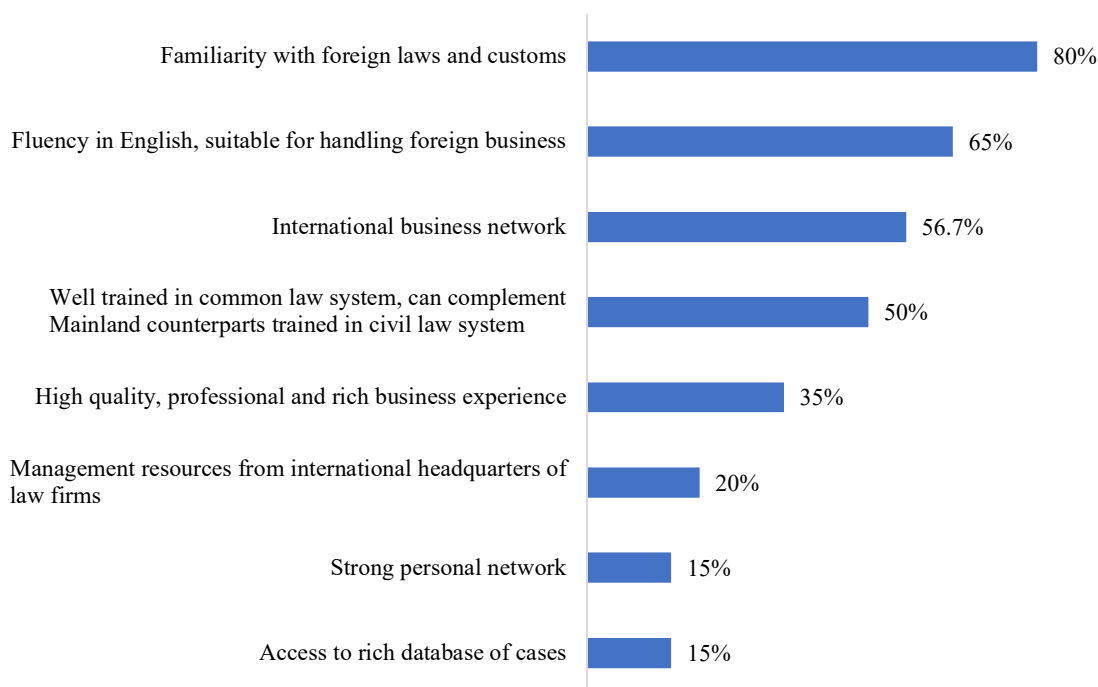
(b) Fluency in English, suitable for handling foreign business

Language proficiency is another advantage of Hong Kong legal practitioners. Most Hong Kong legal practitioners are proficient in international languages. Hong Kong legal practitioners excel in communicating in English and possess the ability to prepare documents in English, which makes them well-suited for handling foreign-related business.

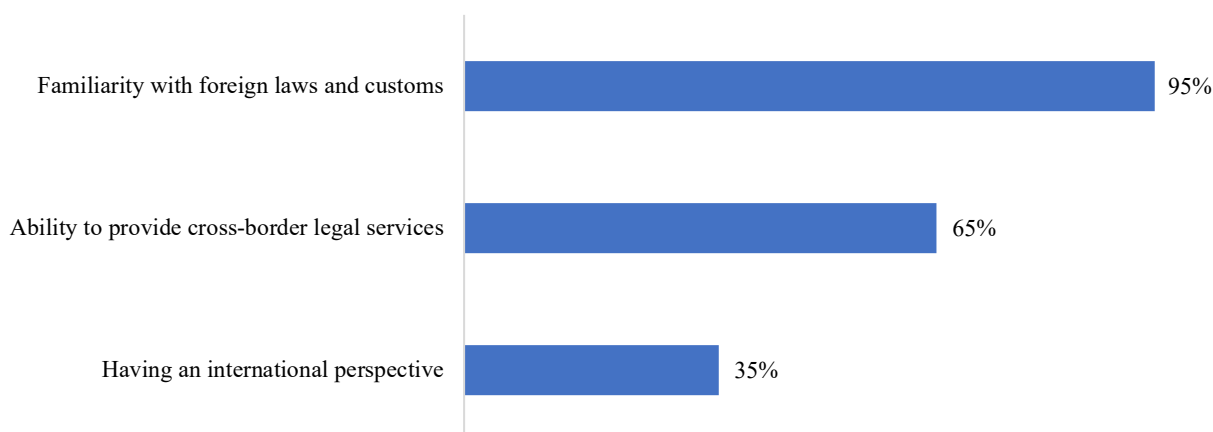
(c) International business network

According to the survey, 56.7% of the Mainland law firms consider “international business network” as another comparative advantage of Hong Kong law practitioners. Hong Kong legal practitioners have a well-developed international business network and a wealth of resources for international legal cooperation, which can help Mainland lawyers in efficiently accessing the market for foreign-related legal services. In addition, the high level of dependency on foreign trade in the GBA leads to inevitable disputes in foreign trade interactions. Hong Kong legal practitioners have richer experience in cross-border investment, responding to anti-dumping, anti-subsidy investigations, cross-border litigation, and arbitration. Hong Kong legal practitioners who are familiar with international trade rules will have more business opportunities.

The advantages of Hong Kong legal practitioners perceived by the Mainland law firms



The advantages of Hong Kong legal practitioners perceived by the Mainland Enterprises



4.3.2 Comparative disadvantages of Hong Kong legal practitioners

(a) Unfamiliarity of Hong Kong legal practitioners with the local environment

The surveys show that 83.3% of the Mainland law firms consider Hong Kong legal practitioners' unfamiliarity with the local environment of the GBA as a relative disadvantage of Hong Kong legal practitioners. More than half of the Mainland enterprises consider that "Hong Kong lawyers are unfamiliar with Mainland laws and trade customs", "Hong Kong lawyers are unfamiliar with Mainland's litigation procedures", "Hong Kong lawyers are unfamiliar with Mainland's business environment and policies", which were among the reasons for not choosing Hong Kong lawyers.

The term "environment" should be understood in a broad and holistic sense, including the Mainland's legal system, judicial environment, business environment and the demand for legal services in the Mainland market. Respondents to the survey indicate that currently, Hong Kong legal practitioners' familiarity with the judicial process in the Mainland, as well as their understanding of the substantive laws, administrative regulations and normative documents in the Mainland are still inadequate. Mainland legal practitioners generally believe that if Hong Kong legal practitioners want to expand their business in the GBA, they must gain a better understanding of the environment in the Mainland.

(b) Relatively high fees charged by legal practitioners in Hong Kong

Fee standard is an important criterion for Mainland enterprises when choosing legal services, with 68.2%

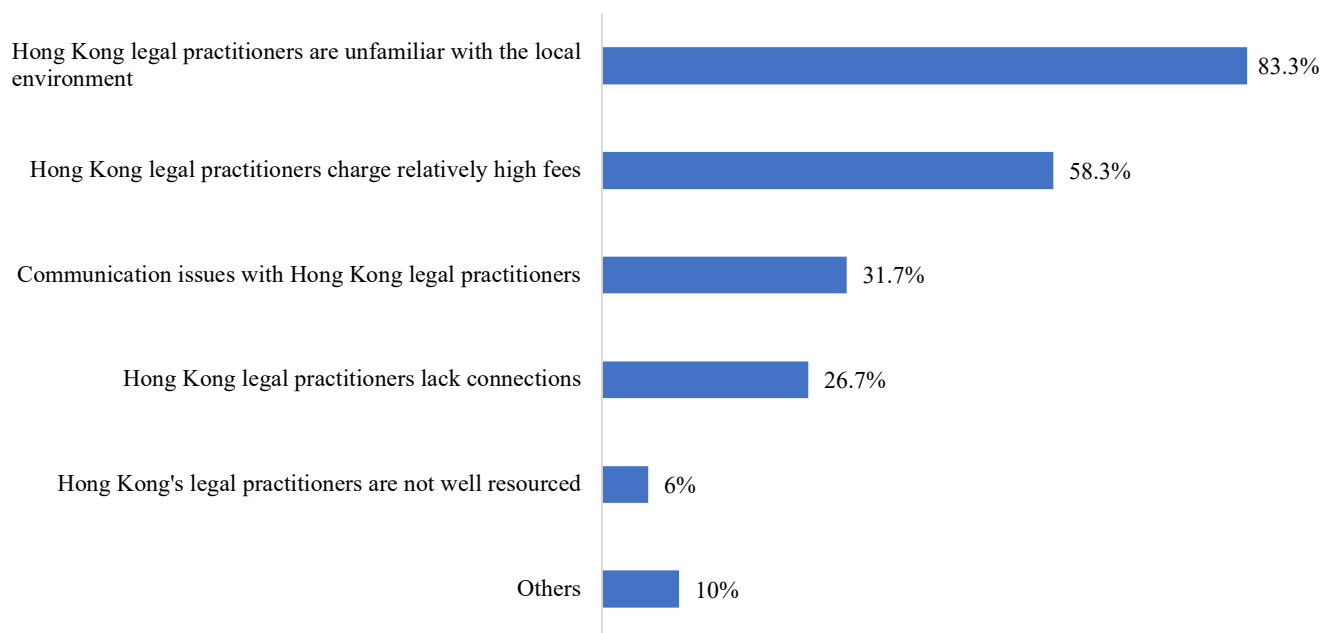
of the enterprises interviewed considering them “very important” or “relatively important”. In terms of fees, according to the “Measures for the Administration of Lawyers’ Fees” promulgated in 2006, Mainland lawyers’ fees are subject to government-guided and market-adjusted prices. Mainland lawyers’ fees may adopt different fee structures based on the types of services, including charging on a case-by-case basis, fees based on a percentage of the subject matter, and hourly rates, etc.

In contrast, Hong Kong solicitors operate an hourly rate system for general cases, with the cost of handling the case being negotiated between the solicitor and the client. Barristers’ fees are negotiated by the law firms engaging them and their clients. Due to the difference in the stage of economic development between the Mainland and Hong Kong, as well as the difference in fee standards, Hong Kong legal practitioners charge relatively higher fees. 58.3% of the Mainland law firms identify this as a relative disadvantage of Hong Kong legal practitioners, while 81.8% of the surveyed enterprises identify the relatively higher fees charged by Hong Kong lawyers as one of the reasons for not engaging Hong Kong lawyers for services.

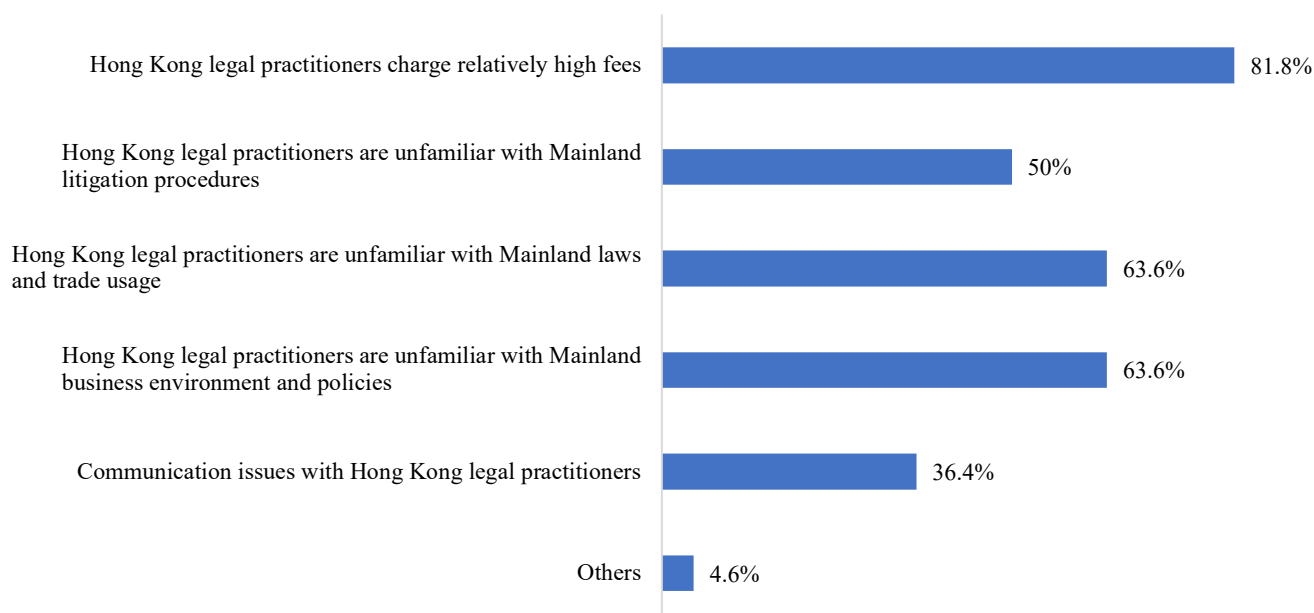
(c) Communication problems with Hong Kong legal practitioners

This study surveyed a total of 22 Mainland enterprises, most of which are mainly real estate, finance, insurance, securities, manufacturing and internet enterprises. The companies’ headquarters are predominantly located in first-tier cities in the GBA (Guangzhou and Shenzhen). The survey results show that 31.7% of the Mainland law firms and 36.4% of the Mainland enterprises consider that “communication problems with Hong Kong legal practitioners” is a relative disadvantage for Hong Kong legal practitioners practising in the GBA. Hong Kong legal practitioners mostly use English or Cantonese as their working language, while Mainland lawyers primarily use Putonghua or Cantonese, thus there is a certain language barrier for Hong Kong legal practitioners to practise in the GBA. In addition, due to the different legal systems, different legal procedures, different legal cultures and professional customs between Hong Kong and the Mainland, there are certain differences in the mindsets between Hong Kong practitioners and the Mainland lawyers. As a result, there is a certain degree of communication barrier between Mainland lawyers or clients and Hong Kong legal practitioners.

The disadvantages of Hong Kong legal practitioners perceived by the Mainland law firms



The disadvantages of Hong Kong legal practitioners perceived by the Mainland enterprises



V. Development Prospects and Strategic Analysis of Hong Kong Legal Practitioners in the GBA

5.1 Outlook of the development prospects of Hong Kong legal practitioners in the GBA

On November 21, 2019, representatives from the Ministry of Commerce and the Government of the Hong Kong SAR signed the “Agreement Concerning Amendment to the Agreement on Trade in Services of the Mainland and Hong Kong CEPA ” (“CEPA Amendment Agreement”) in Hong Kong. This agreement further opened up the service industry market and lowered the threshold for Hong Kong and Macao professionals entering the Mainland market. In September 2023, the General Office of the State Council revised the “Pilot Measures for Hong Kong and Macao Legal Practitioners to Obtain Mainland Practice Qualifications and to Practise as Lawyers in the Nine Mainland Municipalities in the GBA” (“Pilot Measures”), extending the pilot period and lowering the threshold for Hong Kong lawyers to practise in the Mainland. The revised Pilot Measures lowered the practice experience requirement from five years to three years. Since the launch of the pilot programme, three GBA Legal Professional Examinations have been successfully held, with over 1,500 Hong Kong and Macao lawyers enrolling in the examinations. Among them, 372 have obtained the Lawyer’s License (GBA) and become GBA lawyers.⁵⁴ Following this trend, Hong Kong lawyers practising in the GBA are expected to receive increasing policy support and encounter fewer obstacles.

In this survey, over 60% of the Hong Kong law firms expressed their intention to expand into the Mainland market in the future. Currently, approximately 64% of the business sources for Hong Kong law firms come from the Mainland. Overall, Hong Kong legal practitioners have broad prospects for development in the GBA.

5.1.1 “The Belt and Road Initiative” creates broader market prospect

In January 2018, the General Office of the State Council issued the “Opinion Concerning the Establishment of the Belt And Road International Commercial Dispute Resolution Mechanism and Institutions” (“The Opinion”). The Opinion emphasised the importance of nurturing and retaining international legal professionals

⁵⁴ State Council Information Office, PRC press conference, November 23, 2023: Guangdong-Hong Kong-Macao Greater Bay Area portal, https://www.cnbayarea.org.cn/news/focus/content/post_1142365.html

and establishing a talent pool of legal experts from the “Belt and Road” countries. It encouraged domestic and foreign legal experts specialised in international law, international trade rules and foreign languages to participate in dispute resolutions.

Approximately 56.6% of the businesses of Hong Kong law firms participating in this survey come from overseas. When describing the competitive advantages of Hong Kong legal practitioners, 77.4% of them believe that their strengths lie in being “fluent in English, suitable for handling foreign-related business”. 60.4% of the respondents indicate familiarity with foreign laws and customs, while 54.7% highlight the advantage of having established international business networks.⁵⁵ These advantages are recognised by Mainland lawyers. When discussing the outstanding strengths of Hong Kong legal practitioners, characteristics such as familiarity with foreign laws and customs, fluency in English, possession of international business networks, and having been trained under the common law system are acknowledged by most Mainland lawyers. Among the interviewed enterprises, the majority (72.2%) believe that Hong Kong lawyers have an international perspective and hope to seek legal advice (86.3%) and legal services relating to foreign affairs (63.6%) from Hong Kong lawyers.

Overall, Hong Kong legal practitioners have competitive advantages in seizing opportunities arising from the “Belt and Road” initiative. This also aligns with the talent needs under the dispute resolution mechanism for the “Belt and Road” initiative, presenting untapped market potential in both litigation and non-litigation practises. The market vitality and policy support brought about by the “Belt and Road” initiative will further boost the demand for Hong Kong legal practitioners with relevant professional capabilities and international perspectives, thereby reducing barriers for Hong Kong legal practitioners to conduct business in the GBA.

5.1.2 The resilience and vitality of the Hong Kong financial market bring new opportunities for legal practitioners

As the global economy is affected by the pandemic, the legal services sector is also facing challenges. In this survey, over 70% of the Mainland lawyers express that reduced business volume and intense industry competition are their major current concerns due to the economic situation. However, even under such influences, the Hong Kong financial market still shows strong resilience and vitality. Since entering the fourth quarter of 2022, the market atmosphere began to improve, and the Hong Kong Stock Exchange performed well at the year-end.⁵⁶ At the same time, Hong Kong has become the first choice for overseas listing for Mainland companies,

⁵⁵ The question in the questionnaire allows multiple choices, thus the statistical results total exceeds 100%. The same applies below.

⁵⁶ Hong Kong Exchanges and Clearing Limited, “2022 Final Results, Dividend and Closure of Register of Members”.

reaching over 1,400 Chinese companies listed in Hong Kong by July 2023. Hong Kong continues to adopt new measures to attract more companies to be listed in Hong Kong. The listing of Mainland companies in Hong Kong inevitably generates complex legal issues, requiring Mainland and Hong Kong corporate lawyers and underwriter's lawyers to provide legal services including corporate restructuring, due diligence, formulation and review of internal controls, issuance of Chinese legal opinions, and participation in the preparation and approval of prospectuses.

This trend will bring new opportunities to Hong Kong legal practitioners, especially those GBA lawyers who know both Hong Kong and Mainland laws. In this survey, 86.3% of interviewed enterprises believe that they would prefer lawyers who hold qualifications in both Hong Kong and the GBA when dealing with foreign-related legal matters.

In summary, the good performance of the Hong Kong financial market provides tremendous opportunities for legal practitioners, especially those with qualifications in both Hong Kong and the GBA. With the increase of Mainland companies listing in Hong Kong, the demand for foreign-related legal services will rise accordingly, creating more opportunities for lawyers to expand their business and provide professional legal services.

5.1.3 Hong Kong legal practitioners have opportunities in exploring the GBA market

As mentioned earlier, Hong Kong legal practitioners are inclined to cooperate with Mainland practitioners and broaden their presence in the GBA market. The target cities for most law firms are first-tier cities such as Guangzhou and Shenzhen or the Qianhai and Hengqin Free Trade Zones. Hong Kong lawyers participating in the survey recognise that, comparing with other regions in China, the GBA has advantages such as proximity to Hong Kong and Macao, convenient transportation, more favourable policies, relatively greater market openness, and a huge demand for legal services. Over half of the lawyers believe that their firms will send personnel to participate in the GBA Legal Professional Examination.

On June 29, 2023, the Cyberspace Administration of China (“CAC”) and the Innovation, Technology and Industry Bureau of the Government of the Hong Kong SAR signed the “Memorandum of Understanding on Facilitating Cross-boundary Data Flow within the Guangdong-Hong Kong-Macao GBA”. Previously, the Commerce and Economic Development Bureau of the Government of the Hong Kong SAR and the Administrative Bureau of the Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone jointly promulgated the “16 Cooperation Measures for the Development of the Qianhai Shenzhen-Hong Kong Intellectual Property and Innovation Hub”. As early as 2021, the Supreme People's Court of the PRC and the Department of Justice of the Hong Kong SAR signed the record of meeting concerning “Mutual Recognition of and Assistance to Insolvency Proceedings between the Courts of the Mainland and the Hong Kong SAR”. On

January 25, 2022, the Shenzhen Intermediate People's Court made the first nationwide ruling, recognising and assisting in a Hong Kong insolvency case: recognising the insolvency proceedings of Samson Paper Company Limited in Hong Kong and the Hong Kong liquidator. Data cross-border flow, intellectual property rights, and insolvency restructuring are closely related to business operations and the legal services market. While improving the business environment in both regions, these developments also provide greater impetus to the legal services industry.

5.1.4 Hong Kong legal practitioners have room to expand business in the Mainland

Among those Hong Kong law firms participating in the survey, their GBA business mainly focus on handling litigation cases in Hong Kong (47%), providing China-Appointed Attesting Officers' services (41.2%), assisting clients with the set up of Hong Kong or overseas companies (34%), handling probate matters (34%), and dealing with foreign-related transactions (35.9%).

During interviews with GBA enterprises, 95.4% of the companies express a need for Hong Kong legal services. 72.7% of clients indicate that the demand for legal services from Hong Kong lawyers in the GBA is expected to gradually increase in the future. Apart from traditional foreign-related business services (providing legal services for foreign inbound investment, international trade, foreign-related contracts, foreign-related financing, foreign-related property rights, and foreign-related civil and commercial legal matters), and corporate services (handling procedures for the set up of Hong Kong or overseas companies, planning for corporate management structures, property rights management planning), notarization services (China-Appointed Attesting Officer and International Notarization Service), there is also a high demand for legal consultation (providing legal opinions related to Hong Kong or overseas laws) and legal advisory services (serving as legal advisors on annual retainer, providing legal opinions related to Hong Kong or overseas laws). Specifically, the demand for legal consultation services is particularly high, with 86.3% of interviewed clients expressing a need in this area.

Overall, there is a broad demand in the GBA for diverse legal services provided by Hong Kong law firms. Enterprises do not only seek traditional legal representation services but also increasingly require legal consultation and advisory services. For Hong Kong legal practitioners, offering more comprehensive and multi-dimensional legal services will help meet the growing and diverse needs of GBA enterprises. With the vigorous development of the GBA economy and its enormous market potential, entering this market can provide Hong Kong law firms with a broader market and opportunities to explore potential client groups. In addition, integrating into the GBA development facilitates better collaboration between Hong Kong legal practitioners and the Mainland counterparts, allowing them to seize development opportunities together.

5.1.5 Current forms of business development in the GBA by Hong Kong legal practitioners

Reading from the survey results, the major forms of business developed by Hong Kong law firms in the Mainland currently include: referral of business to the Mainland law firms (64.2%), setting up representative office in the Mainland (45.3%), and forming associations with Mainland law firms (37.7%). Overall, case collaboration remains the main approach, but there is also an exploration of new business models.

The main reasons for the current situation may be attributed to consideration of risk and cost reduction. Objectively, there are differences between the Mainland and Hong Kong in terms of regulations, culture, and judicial systems. By referring business to the Mainland law firms or collaborating with them, Hong Kong law firms can rely on the familiarity of the Mainland lawyers with the local legal environment to reduce risks. Moreover, Mainland law firms are usually more familiar with the local market, possessing richer local resources and business networks. Through collaboration with the Mainland law firms, Hong Kong law firms can leverage their local advantages to build trust with Mainland enterprises and clients, adapting to and integrating into the Mainland market more quickly. Hong Kong law firms may also consider the current stage more suitable for market exploration through case collaborations to gain a comprehensive understanding of opportunities and challenges in the Mainland market before in-depth involvement, accumulating experience in the process.

However, relying mainly on business referrals may also bring certain risks and disadvantages. For example, it may lead to excessive dependence on collaborative partners, making it difficult to start their own business. In addition, a business model primarily focused on case collaborations might limit the diversity of businesses for Hong Kong law firms in the Mainland. This limitation could hinder Hong Kong legal practitioners from in-depth involvement and expanding business in different areas. Furthermore, this approach might inhibit Hong Kong law firms from getting direct insight into the Mainland market, and a lack of direct market participation may prevent law firms from gaining in-depth understanding of the actual needs of local clients and market dynamics. Considering these potential drawbacks, Hong Kong law firms may need to carefully assess their strategies in the GBA market, balancing relationships with collaborative partners and actively exploring more direct participation methods to enhance business diversification and flexibility.

5.2 Analysis of development strategies for Hong Kong legal practitioners in the GBA

Based on the above analysis, it is evident that Hong Kong legal practitioners have bright business prospects in the GBA. The strategy for Hong Kong lawyers expanding their business in the GBA is to make use of multiple channels at the same time. While maintaining collaboration with the Mainland law firms, they should also actively explore new business models, enhance the standard of professional services, monitor changes in market

demand, and adeptly leverage on the opportunities arising from the development of the GBA. This approach ensures the acquisition of more business opportunities in the intensely competitive legal services market in the GBA.

5.2.1 Broadening room for development through the GBA Legal Professional Examination

Investigations and interviews with GBA enterprises, courts, arbitration institutions, and other entities reveal that lawyers holding both Hong Kong and the GBA qualifications possess a significant competitive advantage. Respondents indicate that after obtaining the Lawyer's License (GBA), Hong Kong and Macao lawyers could directly participate in Mainland court hearings, presenting an opportunity for their development. GBA lawyers are more thorough in their understanding and application of the laws of both regions, with extensive experience in foreign-related negotiations and participation in international mergers and acquisitions. This expertise enables them to have a clearer understanding of the risks involved and to assist the Mainland enterprises in expanding globally. Furthermore, GBA lawyers are more familiar with parties and case details involving Hong Kong, Macao, or foreign entities. With rich theoretical and practical experience in Hong Kong law, they possess unique professional advantages in cross-border dispute resolution. In the context of "One country, Two systems, Three legal jurisdictions", GBA lawyers can enhance communication and exchange experiences through events such as experience-sharing sessions and seminars. In handling actual cases, they can learn from each other, make progress together and jointly achieve compatibility between each region's rules and mechanisms in the GBA.

At the policy level, the government is further relaxing the conditions for the GBA Legal Professional Examination and extending the pilot period. According to the survey results, most lawyers believe the difficulty of the GBA Legal Professional Examination is moderate. Hong Kong lawyers can establish closer cross-border collaboration relationships by participating in this examination. This allows lawyers to develop in the GBA market while deepening their understanding of the Mainland legal environment.

All in all, participating in the GBA Legal Professional Examination allows Hong Kong lawyers to broaden their business scope and leverage their advantages in the Hong Kong legal profession. It strengthens collaboration and communication with lawyers in the GBA and enhances competitiveness in the GBA market.

5.2.2 Further relaxation of restrictions on Mainland legal support personnel working in Hong Kong

Currently, many Hong Kong lawyers have obtained qualifications to practise law in the GBA, enabling them to get opportunities for employment in the Mainland. However, to increase mutual understanding, encourage

collaboration, and create more employment opportunities, it is also essential to encourage Mainland lawyers to work in Hong Kong.

According to the survey, a relatively small percentage of interviewed Mainland lawyers are involved in Hong Kong-related businesses. Most lawyers have yet to have contact Hong Kong legal practitioners (55%) and have no plans to explore the Hong Kong market (53.3%). A significant proportion of surveyed lawyers (61.7%) express that their firms have no intention of sending lawyers to obtain Hong Kong qualifications in the future. These findings indicate that Mainland lawyers lack understanding of Hong Kong's legal services and have little contact with Hong Kong legal practitioners. The survey results show that although Hong Kong plays an important role in the global commercial and legal sector, overall, the Mainland lawyers have limited knowledge about Hong Kong's legal environment and market opportunities. This may be attributed to various factors, including cultural differences, different legal systems, and variations in market demand. Enhancing Mainland lawyers' understanding of the legal environment in Hong Kong and promoting communication with Hong Kong legal practitioners may provide broader international business development opportunities for the Mainland lawyers. This can help them better integrate into the global legal services system and facilitate market integration between the two regions, offering a more comprehensive range of business opportunities for both parties.

Considering the significant differences in legal education and judicial systems between the two regions, obtaining practising qualifications in Hong Kong may be more challenging for Mainland lawyers. Therefore, it is recommended that restrictions on Mainland lawyers working in Hong Kong be suitably relaxed. This can begin with assisting in handling notarial services and other matters. On the one hand, this approach provides more human resources for Hong Kong law firms and reduces operational costs, on the other hand, it promotes the flow and integration of legal talents between the two regions, and facilitates further integration of Hong Kong law firms into the GBA. At the same time, it is worth considering relaxing the ratio requirements between Mainland lawyers and Hong Kong lawyers in Hong Kong law firms. This is not only to meet the development needs of the industry, but also to promote the integration and mutual progress of the legal service markets in both regions.

Furthermore, relaxing the requirements for Mainland support staff, especially technology support personnel and clerical staff, to work in Hong Kong law firms is an inevitable choice in line with the development trend of the legal services industry. With the rapid development of legal technology, technology support plays an increasingly important role in enhancing the efficiency of law firm operations and reducing operational costs. Therefore, attracting technology support personnel from the Mainland to work in Hong Kong not only helps Hong Kong law firms better address the challenges of technological reform, but also reduces operating costs and enhances market competitiveness. Similarly, the introduction of clerical staff is equally important. These personnel play a key role in the daily operations of law firms, being responsible for handling important tasks such as administrative management and client services. By relaxing policies and attracting clerical staff from the

Mainland, not only can Hong Kong law firms have more human resources options, but through the exchange and cooperation of talents from both regions, it can also optimise work flows and create new management models, further enhancing the overall operational efficiency of law firms.

5.2.3 Strengthening promotion and communication to enhance the visibility of Hong Kong law firms in the Mainland and to facilitate mutual understanding

Interviewees expressed that the main challenge faced by Hong Kong law firms in establishing offices in the GBA and collaborating with the Mainland law firms is the lack of understanding of the Mainland business operations. In addition, although Hong Kong legal practitioners have shown a willingness to expand their market in the GBA, their understanding of relevant policies is not as deep as expected. This situation is similar for the Mainland lawyers. This lack of understanding may lead to both parties having demand for cooperation and business expansion, but information asymmetry poses a challenge for them. The inadequate understanding of relevant policies for collaborative operations may also be due to inability to discover opportunities for cooperation, which may result in missing valuable policy windows and market development opportunities.

In response to this, Hong Kong lawyers can actively participate in professional activities in the legal and business fields in both the Mainland and Hong Kong, such as industry seminars and legal forums. Through these activities, they can showcase their expertise, build up business relationships, and enhance their understanding of the Mainland legal environment and policies. Hong Kong law firms can organise exchange activities with Mainland law firms, including business seminars, roundtable discussions, and cooperation symposiums. This helps both parties to gain a more direct understanding of each other's business characteristics, legal practices, and professional advantages, deepening the basis for cooperation. Furthermore, they can consider creating dedicated online platforms to disseminate information about the Hong Kong law firms' business, their successful cases, and their professional team through websites, social media, and other channels. This can facilitate more convenient access to relevant information for the Mainland lawyers, addressing the issue of information asymmetry.

5.2.4 Using existing GBA legal service industry cooperation policies to actively promote collaboration

From interviews with institutions such as courts and arbitration institutions, despite under the current People's Assessors Law, lawyers may not serve as people's assessors in the Mainland, most relevant practitioners believe that the number of Hong Kong or GBA lawyers participating as people's assessors or arbitrators in the Mainland litigation and arbitration processes may be increased. Interviewees expressed that "many Hong Kong and Macao enterprises and individuals have close ties with the Mainland, with frequent business cooperation.

Increasing the participation of Hong Kong/GBA lawyers as people's assessors or arbitrators is an effective measure to safeguard people's rights, having more Hong Kong/GBA lawyers involved in Mainland litigation and arbitration processes is also conducive to these lawyers gaining a genuine understanding and familiarity with the Mainland litigation and arbitration procedures." Some interviewees also suggest increasing the participation of Hong Kong or GBA lawyers as special mediators and law ascertainment experts.

Even if law firms are hesitant to set up representative offices or engage in partnership associations with Mainland law firms due to risk and cost considerations, Hong Kong legal practitioners can still enhance their understanding of the Mainland's judicial system, legal culture, and business situations by actively participating in the above-mentioned activities.

Current policies related to legal cooperation in the GBA include the "Outline Development Plan for the Guangdong-Hong Kong-Macao GBA" the "Plan for Comprehensive Deepening Reform and Opening Up of the Qianhai Shenzhen Hong Kong Modern Service Industry Cooperation Zone" ("Qianhai Plan"), "Master Plan for the Development of the Guangdong-Macao Intensive Cooperation Zone in Hengqin" ("Hengqin Plan"), CEPA, as well as the Pilot Measures issued by the Guangdong Justice Department and the "Implementation Measures for Supporting the Gathering of High-end Legal Services in Qianhai Shenzhen-Hong Kong International Legal District (the Trial)" issued by the Qianhai Administrative Bureau of Shenzhen. From the survey results, Hong Kong legal practitioners generally consider these regulations reasonable, but there are different opinions on specific issues. More than half of the surveyed Hong Kong legal practitioners believe that requirements of the capital investment contribution and its proportion for partnership associations of law firms are reasonable. However, nearly 43.4% of the respondents consider these requirements too high, potentially making it difficult for smaller firms to conduct business in the GBA through partnership associations. The vast majority of the respondents believe that restrictions on handling criminal litigation legal matters, conditions for hiring lawyers for the partnership associations, enrolment requirements for the GBA Legal Professional Examination, and difficulty level of the examination are reasonable. However, for the business scope, 18.9% of respondents feel that the restriction of handling only civil and commercial cases in the nine municipalities in the Mainland is too narrow.

Restrictions on the capital investment contribution and its proportion, as well as the pilot measures of opening-up of civil and commercial cases, may be attributed to public policy considerations about maintaining market order and adopting the principle of gradual opening up. Currently, Hong Kong legal practitioners can first utilise existing policies to explore the Mainland market and establish good business relationships in the GBA. If the pilot results show positive outcomes, it may push for further relaxation of restrictions. Hong Kong legal practitioners should also regularly monitor and seek to understand updates and changes in relevant GBA policies. This helps them to adjust business strategies promptly to adapt to the Mainland legal environment. When relevant

policies are introduced or modified, Hong Kong legal practitioners can actively participate in public consultation to express their opinions and suggestions. This is an effective way to shape future policy directions that better meet practitioners' needs.

Another consideration may be to provide targeted new legal service training for GBA lawyers, especially in areas such as financial technology, intellectual property (including artworks trading), and maritime law. These are highly specialised fields. For instance, as a rapidly developing area, financial technology involves not only the integration of traditional financial services and information technology, but also the application of emerging technologies such as blockchain, artificial intelligence, and big data. The application of these technologies has brought revolutionary changes to the financial industry and posed new requirements for legal services. With the globalisation of the art market and the development of E-commerce, the legal issues involved in the trading of artworks have become increasingly complicated, including copyright, ownership, authentication, and import and export issues. The professional knowledge and capability of lawyers in this field are directly related to the security and efficiency of artwork trading. Maritime law, as an important traditional field, has seen a continuous increase in demand with the development of global trade and the growth of international maritime transport. Providing these targeted new legal service trainings for GBA lawyers can not only enhance their professional skills and service levels, but also promote the overall development and international competitiveness of the legal service industry in both regions. This will help to build a more open, professional, and efficient legal service market, thereby providing higher quality legal services to clients in the GBA and globally.

5.2.5 Creating new cooperation modes

When asked about the main difficulties in collaborating with Mainland law firms, the obstacles and concerns expressed by the interviewed Hong Kong practitioners are the hesitation caused by comprehensive consideration of the market environments in both regions, such as having a law firm of too small a scale (33.9%), lack of understanding of Mainland legal operations (39.7%), and the belief that setting up offices or partnership associations has little significance while other forms of cooperation can achieve the same results (35.9%). However, some difficulties stem from the restrictions brought about by current collaboration policies, including high operational costs of opening offices or partnership associations (30.2%), insufficient openness of the Mainland legal service industry (26.4%), and the inability to balance practices in both regions (as a Hong Kong lawyer who obtains qualifications in the GBA needs to resign from the representative office or partnership association before joining a Mainland law firm) (24.5%). Entrance thresholds are also perceived as being too high (18.9%).

In response to this phenomenon, relevant authorities can also modify regulations and appropriately relax

control. Currently, the fundamental basis for the collaboration between law firms in Hong Kong and Macao with the Mainland is still the “Interim Measures of the Guangdong Justice Department on Hong Kong Law Firms and Macao Law Firms Operating in the Form of Partnership Association with Mainland Law Firms in Guangdong Province” which was revised in 2019 (hereinafter referred to as the “Measures”). The Measures specify the scale, establishment duration, initial capital contribution, as well as post-establishment scale, office location, business scope, and other requirements for law firms in Hong Kong and Mainland applying for partnership operation. Since its introduction in 2018, the Measures have only been amended once in 2019. Despite some relaxation of partnership requirements, there are still numerous restrictions. With the pilot program now exceeding five years, it is worth considering further lowering the threshold, suitably expanding the business scope, and exploring more flexible and adaptable models of collaborative operation based on the results of the pilot program. This would better address the rapidly changing market conditions and prevent industry contraction. Adjustments to professional liability insurance should also be made to align with the new operational models. Currently, the Department of Justice of Guangdong Province is soliciting opinions from the public on a revised draft of the Measures and the “Guangdong Justice Department on Pilot Measures for Hong Kong and Macao Legal Practitioners to Obtain Mainland Practice Qualifications and to Practise as Lawyers in the nine Mainland Municipalities in the GBA” (hereinafter referred to as “the Pilot Measures”). The revised draft of the Measures do not have significant changes regarding the conditions for applying for partnership associations, capital requirements, or the scope of business accepted. Hong Kong legal practitioners can provide feedback, such as suggestions, modifications, or clarifications on existing regulations, or raise concerns or suggestions regarding the potential impacts of changes on legal practitioners and their clients. In the 2023 draft for soliciting opinions on the Pilot Measures, the practice experience requirement for lawyers is reduced from five years to three years, expanding the scope of lawyers eligible to practise in the nine Mainland municipalities of the GBA. A new Article 23 is also added which provides that “Lawyers in the GBA can handle legal matters approved for practice in the Hong Kong SAR, the Macao SAR, and other countries or regions outside China.” In response to these amendments, Hong Kong legal practitioners can actively participate in discussions and provide feedback on the website of the Guangdong Justice Department.

In the face of rapid changes and growth challenges in the legal services industry, exploring and adopting new cooperation modes has become one of the key strategies to promote the sustainable development of law firms. Particularly considering the impacts of technological advancements, diversified client demands, and global competition, the traditional partnership or sole proprietorship modes may no longer fully meet the needs of the modern legal services market. Therefore, adopting cross-industry or group limited company modes for law firm operations is worth consideration. Such modes have been successfully practised in Commonwealth countries like Singapore, Australia and New Zealand, demonstrating their feasibility and benefits. These modes

allow law firms to operate in the form of corporations, enabling them to attract external investors, engage in cross-industry collaborations, expand service offerings, and adapt to market changes through more flexible management and operational structures. Incorporating these new operating modes first requires adjustments to existing legal frameworks to provide legal support. This may include amending lawyer practise regulations to allow law firms to operate as limited liability companies and permitting non-lawyers to own law firm shares or hold senior corporate positions. Furthermore, encouraging and facilitating collaborations between law firms and other industries (such as finance, technology, and consultancy) to jointly develop new service products can not only broaden the scope of services offered by law firms but also bring in expertise and technology from outside the legal sector, enhancing the competitiveness of law firms. In addition, establishing a systematic and diversified professional development and training mechanism is essential to meet the demands of lawyers and other professionals (such as IT, marketing, and financial management) under the group operation mode.

In the short term, establishing more convenient arrangements for fee payments in case collaborations between law firms in both regions can also be considered. For instance, establishing a unified payment platform or utilising blockchain technology to ensure transparency and security in transactions.

5.2.6 Actively promoting alignment between practise models and industry supervision

Hong Kong and the Mainland belong to two different legal systems, resulting in differences in the operation, management, and industry supervision of law firms. These differences may pose challenges and obstacles when law firms from the two regions collaborate. For instance, variations in legal systems may lead to differences in approaches and philosophies when dealing with specific legal issues, and cultural disparities may present challenges in team collaboration and business communication. Overcoming these obstacles requires law firms to conduct thorough strategic planning and business research before collaboration, ensuring adequate understanding and adaptation to the legal environment and business culture of both regions to achieve effective partnership. Close monitoring of the changes in the laws and regulations of the two regions, establishing good communication channels and team collaboration system are also critical factors to overcome the obstacles.

The lawyers' associations interviewed in this survey all emphasised the importance of establishing communication platforms through a series of collaborative activities in the normalisation of lawyer cooperation organisations and coordinating the self-discipline management of the legal profession in the GBA. In the process, mutual understanding and communication can be strengthened. If a corresponding platform construction and talent exchange mechanism can be implemented, it presents excellent opportunities for mutual learning and business expansion for lawyers from both regions.

Overall, Hong Kong lawyers can deepen their understanding of the Mainland legal environment and

business culture by actively participating in lawyers' associations and professional exchange platforms in the GBA. Lawyers should keep abreast of the changes in the Mainland regulations, and actively participate in legal training and academic activities in the Mainland, in order to enhance their professional standards. Besides, lawyers can actively engage in self-discipline management of the legal profession to ensure compliance with relevant regulations and ethical norms. By building professional teams who are knowledgeable in the Mainland law and business, and through continuous learning and innovation, lawyers can better adapt to meet the demands of the Mainland market. In conclusion, actively integrating into the Mainland legal system and establishing effective business collaboration and communication mechanisms are crucial steps in promoting the alignment between practice models and industry regulation.

Appendix: Interviewee's Opinions

1. Regarding the legal integration of GBA, in what areas do you wish to further promote cooperation with the Mainland in legal affairs in the future? What are the difficulties in implementation? What are the key areas of concern?

Legal integration in the GBA can be promoted in many ways, such as institutional integration, convergence of regulations, cooperation between lawyers from two regions, and integration among regulatory bodies.

In terms of institutional integration, there are currently big differences between the two systems. Take the differences in the systems of judicial proceedings as an example, the issue of mutual legal assistance would allow us a peek of such differences. Since the handover of Hong Kong in 1997, Hong Kong and the Mainland have been exploring incessantly issues such as mutual recognition and enforcement of judgments in civil and commercial cases, but it was not until recently that the Government of the Hong Kong SAR indicated that the Mainland Judgments in Civil and Commercial Matters (Reciprocal Enforcement) Ordinance would come into operation on January 29, 2024. At present, the cooperation and integration of the judicial systems of the two regions have gradually become a developing trend, yet there are still rather big differences between the Mainland and Hong Kong in their judicial litigation systems. The judicial authorities of the two regions need to sort them out and set up corresponding mechanisms to overcome the problems brought by them.

At present, the solution to resolving these differences in the litigation systems are gradually put on the agenda. For example, there has already been dialogues between the Department of Justice of the Government of the Hong Kong SAR and The Supreme People's Court of the PRC on the issue of service of process. The Law Society of Hong Kong and the Hong Kong Bar Association need to be involved in pushing forward to resolve the differences between the litigation systems.

For the convergence of regulations, it will take a longer time to achieve full legal integration due to the large differences in the two systems. The judicial bodies and trade associations of the two regions need to delineate the legal and regulatory differences between them, to facilitate mutual exchanges, mutual learning and mutual reference. For example, in respect of the sharing of case profits, it is more common for Mainland lawyers to share profits among themselves, while similar practices do not exist in Hong Kong. Another example is in the handling of relevant business accounting matters by a law firm, the Mainland adopts more lenient standards, while Hong Kong is stricter. The lawyers' associations of the two regions can exchange opinions and seek ways

of convergence, so as to facilitate further integration in the future.

Regarding the cooperation between lawyers of the two regions, the GBA lawyers are the starting point for achieving legal integration. In the past, it was mostly the Mainland lawyers who were more interested in and had a better understanding of the Hong Kong legal market, while Hong Kong lawyers did not have a good understanding of the Mainland legal profession. The GBA Legal Professional Examination will help Hong Kong lawyers to enhance their understanding of the Mainland legal profession fostering legal integration.

Given the market-driven nature of the legal business, the role that GBA lawyers can play at present is relatively limited, and when providing legal services, the expected results cannot be met both in terms of effectiveness and return. Furthermore, the approach of first passing the GBA Legal Professional Examination and then practising in the GBA has not demonstrated to be more favourable than past practices of casework collaboration or business referral for the development of the legal business. The further advancement of the cooperation between lawyers of the two regions can be considered from the following two aspects: first, lowering the threshold for lawyers to practise in the GBA. The current requirements for Hong Kong lawyers to practise in the GBA are still too high, resulting in a lack of initiative for Hong Kong lawyers to practise in the GBA. Secondly, to expand the client base in the Mainland. Currently, GBA lawyers conduct their legal business in the Mainland mainly by attaching themselves to Mainland law firms, but this is still of limited use in expanding their business. Hong Kong lawyers should be allowed to set up 100% wholly-owned law firms in the GBA in compliance with laws and regulations, and Hong Kong law firms should be allowed to employ Mainland lawyers, so that the reputation of Hong Kong law firms can attract more Mainland clients and expand their influence in the region. Apart from this, the integration of barristers' chambers should also be supported. It is only through the above that the integration of Hong Kong lawyers into the GBA can be better facilitated and the legal cooperation between the two places can be realised.

2. What policies or measures are in place to assist Hong Kong law firms to improve their legal technology support, system usage and maintenance to cope with the legal integration in the GBA?

Hong Kong law firms need to consider the following three factors when enhancing their technology skills: (1) market demand; (2) policy guidance and support; and (3) lawyers' self-initiative. Among them, policy guidance and support are most helpful in upgrading the technology level of law firms.

The Government should provide appropriate resources or policies to support the upgrading of the technological level of Hong Kong law firms, and a top-down approach should be adopted. At present, the Mainland courts are technologically more advanced, which in turn facilitates Mainland law firms to upgrade

the level of application of legal technology. Hong Kong courts are comparatively backward in their technology, and slow in going electronic. Only when the courts' electronic level has been raised can the level of technology application in Hong Kong law firms be uplifted. Such advancement needs to take a top-down approach. Based on the adversarial nature of Hong Kong's judicial system, it is difficult for the plaintiff and the defendant to agree on whether or not to adopt electronic means to handle proceedings in terms of litigation strategy. Therefore, a top-down, and mandatory approach is needed to further promote the use of electronic technology in legal services.

3. As most of the law firms in Hong Kong are small and medium-sized, what measures or policies are in place to promote cooperation between these law firms and the Mainland law firms?

In Hong Kong's legal market, most Hong Kong law firms prefer stability over risk-taking, and they will not develop new business without resources. Small and medium-sized law firms in Hong Kong mainly target the local market. These firms have the advantages of being free and flexible, and the Mainland market is less attractive to them.

Enhancing cooperation between small and medium-sized Hong Kong law firms and Mainland law firms needs to be built on the premise of expanding the scale of such Hong Kong law firms. Only with sufficient scale will these firms be willing to develop the Mainland market and expand Mainland business. The current laws and regulations of Hong Kong are relatively conservative and restrictive on the merger and expansion of law firms. For example, for the name of the law firm, according to the Solicitors' Practice Rules, the name of a firm shall consist solely of the name or names of one or more solicitors who are principals of the firm, which is not conducive to the realisation of a larger scale merger. In terms of liability, the unlimited liability of a solicitor for the provision of services raises concerns as to how liability should be borne after a merger. Only after overcoming the above obstacles can Hong Kong law firms further expand their scale, further expand their business in the Mainland and strengthen cooperation with the Mainland law firms.

4. What are your supplementary views on promoting the development of Hong Kong legal practitioners in the GBA?

The Government should be more proactive in playing a leading role by providing more resources or policy support to facilitate the development of Hong Kong legal practitioners in the GBA. Government leadership plays a greater role in the Mainland's legal market. However, Hong Kong's legal market is a free market and therefore, the Hong Kong Government's role in the legal market is relatively passive. More emphasis should be placed on the Hong Kong Government taking up a leading role in the legal market. The Law Society of Hong Kong and the

Hong Kong Bar Association also need to assume a guiding role.

The Government needs to make use of its capability and take the initiative to formulate appropriate policies and concentrate resources on identifying law firms with the will and ability to develop cutting-edge businesses and provide them with adequate resource support, so as to realise the objective of having some law firms drive the development of others. At the same time, the Government also needs to make use of its policies and resources to guide law firms in developing modern and internationalised legal services and to train professional legal talents so as to promote the development of related legal services. Apart from that, the current laws and regulations and The Hong Kong Solicitors' Guide to Professional Conduct impose quite a lot of restrictions on the development of Hong Kong lawyers. It is necessary for the Department of Justice of the Government of the Hong Kong SAR and other relevant departments to relax the relevant laws and regulations and loosen the restrictions on the development of lawyers, so that Hong Kong legal practitioners are more energized and mobilised to develop their business in the GBA.

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