

COMING FULL CIRCLE: ALUMNI MATTERS 2019

03 December 2019

Stanley Xie and Gavin Guo are alike in many ways. Both born in mainland China, they developed a taste for the law in their youth, attended the same university, and ultimately ended up as Herbert Smith Freehills alumni. Now, as partners in our new Joint Operation with Chinese firm Kewei, the lawyers bridging the divide between the two firms share their stories. We caught up with them in Shanghai to learn more about their journey.

Stanley Xie's nose was always in a book when he was young – a good sign for an aspiring lawyer. His chosen escape from the sprawling industrial city of Fuzhou in southeastern China's Fujian province was good old-fashioned whodunnit novels, with twists and turns, scheming murderers and smart detectives. When it came time to choose his degree subject, Stanley realised law would be the closest choice to his favourite pastime.

Gavin Guo was also into books. Despite spending his teenage years interning at a family friend's private law practice in his home city of Huzhou in Zhejiang, an east coast province bordering Shanghai, he studied English Literature as his first degree.

Although he occasionally sat in on court proceedings, it was the photocopying, printing and logistical legwork that he experienced as his first taste of legal work that prompted him to explore other avenues.

After gaining their first degrees, both studied for their master's in law at Shanghai's East China University of Political Science and Law. Stanley's major was corporate and securities law, an area in which he still specialises to this day, while Gavin focused on commercial law and international arbitration.

Although they had yet to meet, their futures were set to be intertwined.

Stanley first joined legacy Herbert Smith in 2007, five years before the merger with Freehills. Headhunted from a Hong Kong-based boutique law firm, Stanley joined the firm's Hong Kong office as a corporate paralegal, and was sponsored by the firm to complete a second master's degree at the University of Michigan. After passing the New York Bar, he returned as an associate, spending time in the Beijing and Shanghai offices as well as Hong Kong.

Having been assigned the employee number 8888 — with eight being the luckiest number in China due to its phonetic similarity to the word for fortune — Stanley was sure Herbert Smith Freehills was his golden ticket. "It's the absolute luckiest number I could have got," he laughs.

Shadowing Stanley's path, Gavin also joined Herbert Smith shortly before the Freehills merger, completed a second firm-sponsored master's degree in the US and passed the New York Bar, but moved around in his subsequent years.

A self-declared frequent job-hopper, he did six years at Herbert Smith Freehills' Shanghai office before switching to Mayer Brown, then Fredrikson & Byron, and finally joining Kewei last year, a career completed in the same city just over an hour's drive from his home town.

By this time, Kewei had already started working with Herbert Smith Freehills in an informal capacity while the Joint Operation was in its planning stages, so Gavin found himself back in a familiar place. "Joining Kewei was like coming back to the Herbert Smith Freehills family in many ways," he says.

Stanley and Gavin exemplify an increasingly typical career path for the best Chinese lawyers. After graduating from one of the country's top law schools, further study abroad is common, followed by a return to the Mainland to practice.

Raised in the Mainland but with overseas experience, both recognise the importance of understanding the nuanced cultures of both China and international markets. Their peers on the same trajectory usually find themselves working for either an international firm with a presence on the Mainland or a domestic firm with international ambitions.

Since the Shanghai Bureau of Justice gave the go-ahead in August for the two firms to create the Herbert Smith Freehills Kewei Joint Operation in the Shanghai Free Trade Zone, Stanley and Gavin's somewhat parallel lives have come full circle, working together with their old firm through the Joint Operation.

The tie-up, one of just six given the green light since the initiative was first announced in 2014, allows Herbert Smith Freehills and Kewei to officially collaborate on cases, giving clients seamless access to Chinese law capabilities.

It's the latest development in China's legal industry. Foreign law firms were first sanctioned to set up practices in mainland China in 1992. However, foreign and Chinese lawyers employed by foreign firms are not permitted to retain their Chinese practising certificates or offer official legal opinions. This means foreign firms hire PRC law firms on a matter-by-matter basis, causing logistical and administrative complications for all involved and inevitably higher fees for clients.

Despite this complexity, Herbert Smith Freehills had built a strong practice in its 35-year history in China, advising both inbound and outbound clients. The announcement of the Joint Operations initiative in Shanghai in 2014 prompted the firm's search for a strong partner, which eventually led to Gavin, Stanley and their colleagues at Kewei.

Kewei boasted an exclusively domestic client list when it launched as a boutique firm in Shanghai in 1995. The practice, founded by Xu Wenbao, has been ramping up its international credentials in recent years, working closely with Herbert Smith Freehills and hiring lawyers and partners with rich cross-border experience.

"Kewei has long been looking at opportunities to become more international, especially since Shanghai is such a cosmopolitan city with a lot of foreign investors doing a lot of deals," says Gavin. "The new generation at Kewei will be leading the international side of the firm."

Within the Joint Operation, Stanley is advising investment banks and corporations on capital markets and other cross-border transactions, while Gavin will be handling cross-border M&As, joint ventures and foreign direct investment in China.

The two firms have already worked together on a number of client matters and transactions, including advising a PRC listed company on the acquisition of a whisky brand in the UK, a large Chinese ship manufacturer launching a joint venture with an international cruise ship company, a German automobile giant on litigation in China, and a Chinese bank navigating a dispute in Indonesia.

With the two firms' advanced managed legal services offerings also merged through the Joint Operation, it is also equipped to provide cost-efficient bulk work, such as the recent instruction to manage contracts and franchise agreements for an international hotel brand expanding into China. "We can now provide clients with an even wider scope of services and technologies that can be leveraged more affordably by both sides," says Gavin.

The Kewei team expects to expand both business and staff rapidly in the wake of the Joint Operation, with collaboration with Herbert Smith Freehills in more areas, including international property, data protection and financial services.

Herbert Smith Freehills' inbound international clients are already benefitting from the seamless on-the-ground access to Kewei's China law expertise, while Kewei's outbound Chinese clients are enjoying access to a fully integrated international platform for the first time. "We can now offer one process, one service provider, one team, one bill and one payment," explains Stanley. "It's ideal for both us and the clients."

The Joint Operation partners have lofty ambitions. “As well as working to the firm’s highest global standards, we aim to match the very top PRC firms for the quality of China law that we deliver,” says Stanley.

“While we may still be fairly small, we have a clear advantage for clients through our new powerful global network. This makes us more competitive than other PRC law firms.”

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