General Guide for Malaysian companies venturing into Greater Bay Area (GBA)

This General Guide was collectively prepared and presented by the Trade & Services Committee of the Malaysian Chamber of Commerce in Hong Kong and Macau, May 2026

Executive Summary

Disclaimer and Scope of this Guide
This document provides general information only and do not constitute any form of legal, tax, accounting or investment advice. Regulatory frameworks and incentive policies in Mainland China, Hong Kong and Macau changes from time to time, and tax treaty interpretations or administrative practices may also be updated. Malaysian companies should obtain specific professional advice from qualified legal, tax, accounting and corporate services advisers before making decisions or taking actions based on this guide.

The focus of this guide is for Malaysian companies and individuals investing into or establishing a business presence in the Guangdong–Hong Kong–Macao Greater Bay Area (GBA). It covers high-level legal, tax and regulatory considerations and typical market-entry structures involving Hong Kong, Macau and selected Mainland GBA cities such as Shenzhen and Guangzhou. It is not intended to be an exhaustive technical manual or a substitute for jurisdiction-specific professional advice.

• ⚖️ Legal, corporate secretarial and compliance teams can use the guide as a roadmap to identify where additional documentation, governance arrangements and bilingual contracts are required when setting up or operating a GBA entity.

• 📊 CFOs and finance leaders can focus on the parts dealing with corporate structures, post-registration requirements, banking and capital flows, and be prepared to raise specific tax, transfer pricing and treaty questions with their advisers.

• 🚀 SME owners and founders may wish to read the sections on "Why GBA?", "Hong Kong's role", and the procedural overview first, and then use the FAQ and checklists to structure internal discussions about timing, budget, and risk appetite.

How Malaysian Companies Can Use this Guide

The Greater Bay Area (GBA) is among Asia's most dynamic economic corridors, integrating key cities in Guangdong Province with Hong Kong and Macau to foster innovation, technology, finance, and advanced manufacturing. For Malaysian companies, establishing a business presence in the GBA it offers a gateway to one of the fastest-growing markets globally, backed by strong government support and a future-oriented development agenda.

This document aims to provide Malaysian enterprises with an overview of the strategic rationale for entering GBA, the region's industrial focus, Hong Kong's pivotal role, and practical guidance on expectations and preparations necessary for successful market entry.

1. Why Greater Bay Area?

The Greater Bay Area (GBA) is a central pillar of China's economic modernization and regional integration strategy. Inspired by US Silicon Valley's ecosystem, GBA is an ambitious initiative by the Central People's Government to create a globally competitive, innovative-driven bay area connecting nine Guangdong cities – Shenzhen, Guangzhou, Dongguan, Foshan, Zhongshan, Zhuhai, Huizhou, Jiangmen and Zhaoqing – with the Special Administrative Regions of Hong Kong and Macau. GBA has a population of about 87 million with a GDP of over RMB 14 trillion (USD 1.97 trillion) in 2024.

The Chinese central government envisions GBA as a cutting-edge innovation, technology and economic hub, where each city specializes in sectors that complement one another:

- ***Shenzhen*** serves as the technology innovation nucleus, known for pioneering startups and global technology giants like Tencent, Huawei and BYD
- ***Dongguan*** focuses on advanced manufacturing, setting benchmarks in high-precision industries
- ***Zhaoqing*** represents a newer development area, targeting relocation and expansion of manufacturing industries from more developed cities like Dongguan and Foshan, exemplified by investments such as XPeng's electric vehicle manufacturing plant
- ***Hong Kong*** anchors the region as international financial services and capital markets center for these advanced technology companies.

GBA is not solely a technology cluster but constitutes a comprehensive modernization plan aimed at driving sustainable economic growth and common prosperity across Guangdong- Hong Kong – Macau, incorporating less-developed areas to create balanced regional development.

2. GBA Focus: Technology and Industrial Transformation

GBA's strategic focus extends beyond technology to encompass:

- Advanced manufacturing clusters, including robotics, telecommunications equipment, and drones, particularly incorporating opensource AI, particularly in hardware products
- Emerging industries such as low-altitude industries such as parcel delivery drones, robotaxis, etc., leveraging cutting-edge innovations to reshape urban logistics and mobility

- Integrated supply chains that optimize production flow among cities, boosting efficiency and reducing costs
- Attract supporting industries vital for new technology ecosystems like Artificial Intelligence (AI) applications

These factors make GBA not only a technology hub but also a base for cross-industry innovation and manufacturing transformation, drawing both global and local investments.

3. Hong Kong's Role in GBA

As the international bridge within GBA, Hong Kong's unique strengths include:

- **Conduit to Global Capital:** Hong Kong provides access to international financial markets for capital raising, cross-border fund flows, and investment. Recently the HK Stock Exchange have expanded the Chap 18A (for healthcare & biotech companies) and Chap 18C for Deeptech companies to be public listed on the Hong Kong Stock Exchange with favorable terms.
- **Corporate Services Hub:** With its robust legal framework and professional services landscape, Hong Kong offers Malaysian companies comprehensive support in compliance, taxation, audit, and corporate governance.
- **Talent Magnet:** The city's multicultural and multilingual environment—with expertise in English, Putonghua, Cantonese, and other languages—facilitates recruitment of skilled professionals from diverse backgrounds.
- **International Connectivity:** Hong Kong acts as a launchpad for Malaysian firms to connect with global partners, investors, and customers, reducing barriers to cross-border operations.

For Malaysian companies, leveraging Hong Kong's capabilities as a gateway to navigate the GBA's complex regulatory, cultural, technological focus and business environments**.**

4. Malaysian Companies' Expectations and Preparing for GBA Market Entry

Entering GBA requires realistic assessment and thorough preparation:

- **Product-Market Fit:** Malaysian companies must ensure their products and services meet the GBA's high standards of quality and pricing competitiveness. A deep understanding of localization needs is imperative. Conversely it could be a launchpad to refine your own products leveraging on GBA partners and expertise for a global market and distribution.
- **Strategic Differentiation:** Highlighting unique technological or operational advantages will be essential to stand out in the competitive ecosystem dominated by highly innovative and cost-efficient Chinese enterprises.
- **Local Market Insight:** Investing in market research, local partnerships, and possibly pilot projects will help Malaysian companies grasp the nuances of the Chinese consumer base, regulatory environment and industrial trends in a highly competitive environment.

- **Leveraging Manufacturing Capabilities:** The GBA's advanced manufacturing sector offers opportunities for Malaysian firms to enhance supply chain efficiency, enter joint ventures, and scale production effectively. It could accelerate faster time to global markets.
- **Competitive Preparedness:** Chinese companies are known for speed, agility and intense competition in the marketplace. Success will depend on swift, adaptability and differentiated value propositions.

5. Key Considerations for Establishing a Company in GBA

Key Information

Timeline: The entire process can be completed online within *approximately 20 working days* for straightforward cases, assuming all documents are complete and accurate. However, the actual timeframe may vary depending on the city, industry, and whether additional approvals or licences are required.

Common Corporate Structure: It is common and often easier to use a Hong Kong holding company to own the Mainland China subsidiary (typically a Wholly Foreign-Owned Enterprise) due to simpler incorporation, legal protections, and tax benefits.

Minimum Capital Requirements: Most industries have no mandatory minimum registered capital under the current subscription-based capital regime, but some regulated sectors (e.g. financial services, education, telecoms) may require higher capital. Nominal share value is usually set as RMB 1 per share or similar, primarily for bookkeeping.

Process: The company registration process is increasingly digitalized and user-friendly, but the person submitting the application must have a verified WeChat account, as it is the primary communication and verification tool used by Chinese authorities. Accordingly, the designated person may be required to complete real-name authentication and facial recognition procedures.

Procedures

(a) Choose a jurisdiction based on industry focus, incentives, and regulatory environment – *each jurisdiction has its own legal and regulatory framework for company formation*
(b) Select a business structure – *common options include a Wholly Foreign-Owned Enterprise (WFOE), Joint Venture (JV), or Representative Office.*
(c) Choose a company name – *submit the proposed Chinese company name for pre-approval with the relevant authority*
(d) Prepare incorporation documents – Articles of Association, business plan, details of shareholders, directors, legal representative, etc.
(e) Register the company – submit relevant documents to government agencies (i.e. Company Registry in Hong Kong, State Administration for Market Regulation in Mainland China)
(f) Obtain necessary licenses and permits – depends on business activities
(g) Company seal registration

(h) Post-registration procedures
  - Tax registration
  - Bank accounts opening – RMB basic account and foreign currency capital accounts
  - Social security, provident fund and initial staff information entry (necessary for companies with staff members) according to the company's needs

(i) Ongoing compliance
  - Accounting and bookkeeping in accordance with PRC standards
  - Periodic tax filings and annual audit (where required)
  - Annual reporting to authorities

Essential Documents to Prepare

Before submitting the application, you should prepare the following documents:

- Application form for enterprise registration ("one license, one code")
- Articles of Association
- Company name pre-approval certificate
- Certificates confirming the legal status of investors
  - Corporate shareholders (Hong Kong / foreign companies) – Certificate of Incorporation, Business Registration Certificate (for Hong Kong entities), Articles of Association and other relevant constitutional documents. These documents are generally required to be notarised and legalised or apostilled (depending on the jurisdiction). The notarisation process is typically carried out by a notary public in the place of incorporation, rather than strictly a law firm. Where the documents are not in Chinese, a certified Chinese translation must be provided.
  - Individual shareholders – valid passport or identification document. For overseas individuals, the identity document is typically required to be notarised (and in some cases legalised or apostilled) in the relevant jurisdiction. Where the document is not in Chinese, a certified Chinese translation must also be provided.
- Identity documents of corporate officers (executive director/chairman, directors, supervisors, managers) and authorized representatives
- Power of attorney for legal document service (if applicable)
- Proof of registered address in Greater Bay Area (commercial lease or filing documentation)
- Business scope description
- Capital contribution declaration
- Notarized and translated documents if required (translations certified by Chinese embassy may take 2-3 weeks)

Taxation and Cross-Border Structuring – Snapshot for Malaysian Investors

At a high level, Mainland GBA entities are generally subject to a 25% corporate income tax rate, with a reduced 15% rate available in selected zones such as Qianhai, Nansha and Hengqin for qualifying activities that meet local incentive criteria. Hong Kong applies a territorial two-tier profits tax regime (8.25% on the first level of profits and 16.5% thereafter), and does not levy withholding tax on dividends, while Macau imposes complementary tax with an exemption threshold and a 12% rate above that threshold under its evolving territorial system.

Malaysia has comprehensive double taxation agreements with both Mainland China and Hong Kong. These treaties typically cap withholding tax on dividends, interest and royalties at treaty rates and provide relief mechanisms to avoid double taxation, subject to conditions such as beneficial ownership, substance and anti-avoidance rules. When designing a structure, Malaysian investors should consider where real decision-making, people and functions are located, and how intra-group pricing and financing will be documented.

Incentives and Special Zones in the GBA

Several GBA zones – including Qianhai in Shenzhen, Nansha in Guangzhou and the Guangdong–Macao In-Depth Cooperation Zone in Hengqin – offer preferential tax treatment and other incentives aimed at modern services, advanced manufacturing and technology sectors. These policies may include 15% corporate income tax for qualified enterprises, individual income tax subsidies for high-end or in-short-supply talent, and various subsidies or grants for rent, R&D, branding and internationalization.

Eligibility for incentives is not automatic. Malaysian companies should review whether their business activities fall within the encouraged catalogues, assess substance requirements such as headcount, local operating expenditure and R&D intensity, and plan timelines for applications, renewals and compliance reporting with support from professional advisers and local government agencies.

Risk Management and Red Flags for Malaysian Companies

Key risk areas include sector restrictions under the Negative List, licensing gaps in regulated industries, data and cybersecurity requirements for businesses that handle significant personal or sensitive data, and contract or governance weaknesses in joint ventures or partnerships. Tax and transfer pricing risks can also arise where structures lack economic substance or where intra-group pricing does not align with functions and risks borne in each jurisdiction.

Red flags that should trigger immediate professional advice include plans to operate in sectors close to or within the Negative List; proposals to use highly complex contractual structures to circumvent foreign-investment limits; significant transfers of intellectual property or data into or out of the GBA entity; and large intra-group financing arrangements or guarantees without clear documentation and board approval.

Pre-Investment Checklist (High-Level)

Before deciding on a specific GBA entry route, Malaysian decision-makers should at least confirm:

1. their primary objectives in the GBA (manufacturing, sales, sourcing, R&D, services or a combination);
2. whether the intended activities are fully open, restricted or encouraged under current foreign-investment and industrial policies;
3. the comparative advantages of using a Hong Kong holding company versus direct Mainland or Macau structures;
4. high-level tax and cash-flow implications, including dividend and interest repatriation; and
5. internal capabilities and resources to manage compliance, governance and on-the-ground operations over the medium term.

6. Frequently Asked Questions

a) Why is Hong Kong or Macau a good getaway for Malaysian companies entering the GBA?

Hong Kong and Macau provide legal stability, tax advantages and streamlined procedures under "one country, two systems", serving as ideal launchpads for Malaysian businesses to access the Mainland China market.

b) What are the other options besides using the Hong Kong company as a holding company?

Most Malaysian companies would prefer to set up a Hong Kong subsidiary first as it is easier to manage from an operational perspective, but there are also other legitimate structures:

- Direct foreign individual ownership – establish a subsidiary (commonly known as Wholly Foreign-Owned Enterprise) in GBA directly. More steps in document legalization with restrictions in certain industries.
- Direct foreign corporate ownership – for foreign companies registered outside Hong Kong to be the direct shareholders of the GBA company. Possible for larger overseas companies or group, but compliance and procedures are generally more extensive than Hong Kong holding company.

c) Are there any restrictions on foreign investment in GBA?

Yes, certain industries are restricted or prohibited under the "Negative List" for foreign investment. It is crucial to review the list before proceeding to ensure compliance. In addition to the national Negative List, certain sectors may also be subject to local licensing, qualification or ownership conditions in specific GBA cities or pilot zones. Malaysian investors should therefore check both the latest national lists and any local implementation measures for their chosen city.

d) What post-registration steps should Malaysian companies be aware of?

After registration, companies must obtain business licenses, register company seals, complete tax and social security registrations, and apply for additional licenses if required by their sector. Depending on the business scope, there may also be specific sectoral registrations or filings (for example in relation to import and export, technology or online services), as well as ongoing reporting obligations to tax and regulatory authorities.

e) Is physical presence required?

No. The entire process can be done online, including submission and digital license receipt. The submitting person only needs a WeChat account for verification.

f) Do I need to have a physical office for the set-up of business?

Yes, you need a registered physical office address for company registration for government correspondence and official notification. Many companies also use a virtual office or serviced office as their registered address. This is commonly accepted if the address can receive mail communications, a real registered physical location (not a PO box), and issues legitimate rental contract or lease agreements.

g) Can a Hong Kong entity hold a GBA company?

Yes. This is the most recommended and common structure. A Hong Kong company holding a Mainland GBA subsidiary simplifies documentation and cross border operations.

h) Is a legal representative required?

Yes. The company must designate at least one legal representative who will have authority to act on behalf of the company. This is often a director or manager.

i) Do shares need a nominal value?

No. Shares can be issued without nominal value under local company law, offering flexibility.

j) What business scope should be declared?

The business scope must clearly define the activities the company intends to undertake. It determines permissible business operations. Too broad or vague descriptions may delay approval.

k) Is notarization or apostille needed for foreign documents?

Yes. Foreign documents like the Hong Kong's company certificates often requires notarization and legalization before submission.

7. Appendix

Useful Resources & References:

- Greater Bay Area Business Registration Guide – Hong Kong Trade Development Council (HKTDC) & GoGBA
- Greater Bay Area Official Website
- Hong Kong General Chamber of Commerce – Greater Bay Area Corner
- https://www.hkex.com.hk/-/media/hkex-market/listing/rules-and-guidance/listing-rules-contingency/main-board-listing-rules/equity-securities/chapter_18a.pdf?la=en

Note: This document aims to provide general guidelines – please consult relevant professionals for specific requirements or recent regulatory updates.