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Micro Connect and HSBC sign USD25 million asset-backed loan facility to support the growth of micro and small businesses in China

Micro Connect, a new financial market platform connecting global capital with China's micro and small businesses, announced the signing of a USD25 million asset-backed loan facility* with HSBC.

The signing represents an innovative breakthrough in Micro Connect's financing model, as the company continues to expand its suite of funding channels to support its capital deployment among millions of micro and small businesses in China. In addition to its fund platform set up earlier this year and a trading platform that is in the planning, the use of asset-backed facilities and securitization will help Micro Connect recycle capital more quickly and increase its origination capability, providing liquidity to more quality businesses that are in need of capital.

Charles Li, Founder and Chairman of Micro Connect, said, "We are pleased to have received this facility from HSBC, which marks a critical milestone as it opens up a new, sustainable funding channel for our long-term growth. As we continue to scale our micro and small business investments in China and beyond, we look forward to closer collaborations with HSBC as a long-term finance partner. We appreciate HSBC's confidence in Micro Connect and our conviction in developing new solutions to better support the underserved segments of the economy."

There are over 150 million micro, small and medium enterprises (MSMEs) and self-employed individuals in China, which together make up 60% of the nation's GDP and 80% of job creation[^]. Yet traditional products including both debt and equity are not able to meet the unique needs of micro and small businesses. The facility, a bespoke securitization solution extended from HSBC's GBA+ Technology Fund, will enable Micro Connect to grow its innovative new asset class (Daily Revenue Contracts) to give businesses more sustainable and affordable access to financing. HSBC has acted as the sole structuring bank, lender, facility and security agent, providing a flexible and scalable financing solution to support Micro Connect's expansions.

Frank Fang, General Manager, Head of Commercial Banking, Hong Kong and Macau, HSBC, said, "At HSBC, we constantly look into developing tailored solutions to cater to the innovative business models across different sectors, including fintech companies and startups which are reshaping the future of finance. We are delighted to become the first bank to arrange an asset-backed loan facility for Micro Connect,

deepening our long-term relationship to support its business expansion strategy in China. This will also enable Micro Connect to step up its support to micro and small businesses, contributing to the domestic economy and driving broader financial inclusion.”

This announcement comes as Micro Connect just completed its first 1,800 investments in micro and small businesses in more than 140 cities across 31 provinces in China, a validation of its long-term vision to develop a new and more inclusive financial market with a new asset class. The Company also completed its USD70 million Series B equity raise in March 2022, with participation from Horizons Ventures, Lenovo Capital, and Sequoia China among others, bringing total equity raised to date to USD120 million.

HSBC launched the GBA+ Technology Fund in 2019 to support high-growth, early-stage companies, especially in the Guangdong-Hong Kong-Macao Greater Bay Area. This debt financing scheme of USD1.13 billion is customised for entrepreneurs and businesses across various new economy sectors including e-commerce, FinTech, robotics, biotechnology and healthcare technology.

*Asset-backed loan facility provided to Micro Connect (H.K.) Management Limited
^As of end-2021. Source: http://www.gov.cn/xinwen/2022-09/02/content_5707953.htm and http://www.gov.cn/shuju/2022-02/24/content_5675291.htm

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Note to editors:

About Micro Connect

Micro Connect is a new financial market platform connecting global capital with China’s micro and small businesses. The Company has created Daily Revenue Contracts (DRCs) as a new asset class for direct and diversified exposure to the daily, transparent cash flows from millions of stores in China’s vibrant consumer economy, while making capital more accessible and affordable to business owners. Investment returns are collected securely via the Automated Repayment Mechanism, a network of digital infrastructure Micro Connect operates in partnerships with brands / franchises, financial institutions, and SaaS companies nationwide. To date, Micro Connect has invested in more than 1,800 stores with more over 170 brands nationwide. With a fund platform, structured product solutions, and an exchange platform in the planning, Micro Connect offers efficiency and liquidity in small business investing for global professional investors and offers a new alternative to impact investing.

<https://microconnect.com/>



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