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Funding

## Micro Connect signs partnership with Choco Up, pushing RBF in Asia

By [Ryan Li](#) | May 13, 2024

The two revenue-based financing platforms want to provide easier access to funding for small businesses targeting markets in Southeast Asia and China.

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Macau-headquartered exchange group Micro Connect recently announced a strategic partnership with Singapore-based Choco Up, Asia's largest revenue-based financing (RBF) platform.

RBF is a way of funding micro and small businesses in their early stage of development, without the need for collateral, therefore offering a more flexible and less expensive source of capital. Such financing vehicles are offered based on applicants' monthly recurring revenue (MRR) and operating history requirements.

The partnership between Micro Connect and Choco Up aims to foster the ecosystem for RBF development in Asia through collaborations across infrastructure and financing, according to a May 6 [press release](#).

With a focus on serving e-commerce businesses across Asia, the two parties will work together to develop products and market standards to facilitate e-commerce merchants' access to global capital through the Micro Connect (Macau) Financial Assets Exchange (MCEX). RBF products from Choco Up will be listed on MCEX, introducing a secondary market liquidity and broadening participation by global investors.

Statistics including daily cash flow and daily revenue data are disclosed through the MCEX, an area where the agreement also seeks to increase connectivity and data sharing between the two platforms.

MCEX was established by Micro Connect in December 2022, offering an alternative source of funding, mainly for smaller businesses in mainland China's consumer sector. Enterprises issue daily revenue obligations (DROs) on the MCEX, representing economic entitlements to the top-line revenue share of consumer stores.

772 brands have obtained funding of around Rmb4.4 billion (\$608 million) to finance over 12,000 stores through MCEX as of March 31, 2024, according to its [website](#).

### Regional connectivity

Charles Li, founder and chairman of Micro Connect, commented in the press release: "By joining forces, Choco Up will become our first overseas ecosystem partner, and we will be expanding MCEX's product diversity by listing e-commerce merchants and extending the exchange's asset footprint to Southeast Asia and beyond."

Percy Hung, founder and chief executive officer (CEO) of Choco Up, told *CorporateTreasurer* that teaming up with Micro Connect offers both platforms an opportunity to scale up and tap into different markets.

"Choco Up is strong in e-commerce in Southeast Asia, while Micro Connect is the domain expert for offline retailers in China. With an established foundation in both spaces, we hope to provide more connectivity and accessibility to both markets," he said.

This will be reflected by more streamlined listed RBF products, industry knowledge and regional experience and connections. Hung added that new businesses tend to be omnichannel, having both offline locations and online presence via e-commerce platforms, and this is where both teams can contribute through their own expertise to



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The concept of RBF started in more developed western markets, and market education was much needed for the new financing vehicle to make its way into Asia, said Hung. With the presence of the MCEX, the team is ready to empower regional clients on a regional level.

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