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TradeGo

TradeGo FinTech Limited

捷利交易寶金融科技有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8017)

CHANGE IN USE OF PROCEEDS

References are made to (i) the prospectus of TradeGo FinTech Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 17 September 2018 (the “**Prospectus**”) in relation to the share offer (the “**Share Offer**”); (ii) the annual report for the year ended 31 March 2019 published by the Company on 27 June 2019 (the “**2018-19 Annual Report**”); (iii) the annual report for the year ended 31 March 2020 published by the Company on 29 June 2020 (the “**2019-20 Annual Report**”); (iv) the supplemental announcement to the 2018-19 Annual Report and the 2019-20 Annual Report published by the Company on 17 July 2020 (the “**Supplemental Announcement**”); and (v) the first quarterly results announcement of the Company for the three months ended 30 June 2020 published on 10 August 2020 (the “**2020 First Quarterly Results Announcement**”), in which the utilisation of net proceeds from the Share Offer from the listing of the Company on 28 September 2018 (the “**Listing**”) to up to 30 June 2020 was disclosed. Unless otherwise stated, capitalized terms used herein shall have the same meaning as those defined in the Prospectus, the 2018-19 Annual Report, the 2019-20 Annual Report, the Supplemental Announcement and the 2020 First Quarterly Results Announcement.

As disclosed in the 2020 Quarterly Results Announcement and as at the date of this announcement, among the net proceeds of approximately HK\$41.5 million raised from the Share Offer after deducting the underwriting fees and the listing expenses (the “**Net Proceeds**”), the Group has utilised approximately HK\$15.9 million of the Net Proceeds, representing approximately 38.3% of the Net Proceeds. As at the date of this announcement, the unutilized Net Proceeds amounted to approximately HK\$25.6 million (the “**Unutilized Net Proceeds**”).

The Board re-evaluated the intended use of the Unutilized Net Proceeds and resolved to change the use of the Unutilized Net Proceeds (the “**Proposed Change**”) for the reasons set out in the paragraph headed “Reasons for and benefits of the Proposed Change” set out in this announcement below. An analysis of the utilization of the proposed change of use of the Unutilized Net Proceeds and the expected timeline for the usage of the Unutilized Net Proceeds are summarized as follows:

Intended use of the Net Proceeds	Amount of Net Proceeds allocated at the Listing (HK\$ million)	Actual amount utilised up to 30 June 2020 as disclosed in the 2020 First Quarterly Results Announcement and as the date of this announcement (HK\$ million)	Unutilized Net Proceeds up to 30 June 2020 and up to the date of this announcement (HK\$ million)	Proposed application of the Unutilized Net Proceeds (HK\$ million)	Expected timeline for full utilization of the Unutilized Net proceeds (Note)
Developing innovative product offerings and enhance R & D capabilities	6.1	6.1	–	–	N/A
Apply for additional market data vendor licences and conduct further marketing activities	5.4	3.9	1.5	6.8	End of September 2021
Expand the hardware infrastructure capacities and software portfolio	2.3	1.3	1.0	3.3	End of September 2021
Recruit non-R & D staff and conduct staff trainings	3.0	2.8	0.2	0.2	End of March 2021
Establish a R & D centre in the PRC	15.6	–	15.6	–	N/A
Establish a marketing centre in Hong Kong	7.3	–	7.3	–	N/A
Developing over-the-counter and grey market trading system	–	–	–	6.7	End of September 2021
Developing initial public offer simulation subscription system	–	–	–	5.6	End of September 2021
Applying licences and the daily operations of the subsidiary(ies) under the Capital Contribution Agreement (as defined below)	–	–	–	3.0	End of September 2021
General working capital	1.8	1.8	–	–	N/A
	41.5	15.9	25.6	25.6	

Note: The expected timeline for utilising the Unutilized Net Proceeds is based on the best estimation of the future market conditions made by the Group. It is subject to change based on the current and future development of the market condition.

REASONS FOR AND BENEFITS OF THE PROPOSED CHANGE

The Board re-evaluated the usage of the Unutilized Net Proceeds after the publication of the Supplemental Announcement and considered that due to:

- (i) the rapid and continuing rise in real estate prices in the Shenzhen central business districts, the real estate prices in areas of Shenzhen, the PRC suitable for establishing a R & D centre have been much higher than that of the original plan of the Group in around 2018;
- (ii) the widespread of novel coronavirus diseases recently in Hong Kong posed difficulties in face-to-face marketing and promotion of the Group's business in Hong Kong,

the (a) purchase of a newly developed premises of approximately 700 square metres for establishing a R & D centre in Shenzhen, the PRC and (b) lease of an office in Central district in Hong Kong for sales and customer service centre may not contribute good effect to the Group.

On the other hand, it is estimated that the Proposed Change meets with the present business environment and future development of the Group for the main reasons as follows:

1. The services of over-the-counter trading in Hong Kong securities are active, especially on the day before the listing for initial public offerings (“**IPO**”). The Group's open securities trading platform software, TradeGo Pro, has become an important tool for investors to obtain the information and data about the companies in IPO. The Group expects the development of the over-the-counter and grey market trading system in the existing TradeGo Pro software can provide more comprehensive trading services with more market information to investors, thereby increasing the number of registered users in subscribing the TradeGo Pro;
2. As disclosed in the announcement of the Company published on 7 July 2020, the indirect wholly-owned subsidiary of the Company, Tele-Trend Konson (Hong Kong) Limited (“**Tele-Trend Konson**”), entered into the subsidiary agreement in relation to the formation of the Subsidiary (the “**Capital Contribution Agreement**”) for setting up subsidiaries which will engage in, inter alia, the provision of over-the counter services in Hong Kong securities. For operating the over-the-counter business, the operating subsidiary, which Tele-Trend Konson is the majority shareholder holding 51% interests, will have to meet certain financial resources requirements in its application for obtaining the relevant licences under Type 1 (dealing in securities) and Type 7 (providing automated trading services) regulated activities from the Securities and Futures Commission (the “**SFC**”). Hence, the Group considers it prudent to allocate sufficient funds to Tele-Trend Konson so that Tele-Trend Konson can diligently perform its obligations under the Capital Contribution Agreement in order to successfully obtain the relevant licences from the SFC;

3. As disclosed in the 2020 Quarterly Results Announcement, the Hong Kong Exchanges and Clearing Limited implemented a number of amendments to the Listing Rules to further consolidate the long-term stability, quality and sustainability of the Hong Kong market. More and more investors are paying attention to and participating in the IPO activities. Although information on the market data, and theories on subscription and trading regulations can be searched from internet, the Group considers that these information and theories are limited and may not assist investors thoroughly and comprehensively during the IPO. Hence, the Group plans to develop an IPO stimulation subscription system in order to demonstrate a step-by-step procedure to investors on how to apply for shares in the IPO, with the purpose of assisting investors as to how they can prepare themselves in the IPO, thereby increasing the number of registered users and enlarging market share of TradeGo Pro in the market;
4. As disclosed in the 2020 Quarterly Results Announcement, the total revenue from the TradeGo Pro software increased 1,684% to approximately HK\$1.57 million for the three months ended 30 June 2020 (for the three months ended 30 June 2019 was approximately HK\$88,000). The increase in revenue from the TradeGo Pro software was mainly attributable to the increase in the number of registered users in using the software. The number of registered users of TradeGo Pro as at 30 June 2020 was 170,305, representing an increase of approximately 44.4% from 52,369 as at 30 June 2019. The Group believes such increase was resulted from an advancement of the Group's brand name as a result of the Group's effort in promotional activities. Therefore, in order to further increase the number of registered users of TradeGo Pro and thereby the Group's revenue, it is necessary for the Group to allocate more resources on advertising and marketing;
5. Further, as disclosed in the 2020 Quarterly Results Announcement, more and more brokerage firms have changed their face-to-face account opening to use online non-face-to-face account opening for expanding their customer base. Besides, the Group has built cross-border cloud infrastructure since 2018 and helped institutional clients transferring their service systems to the cloud. With the widespread of the COVID-19 in Hong Kong, it is expected that more institutional clients will transfer their face-to-face services to internet facing services. Hence, research and development of cloud infrastructure to enhance its safety and stability becomes crucial to our cloud services.

On the basis of the aforesaid, the Board considers that the Proposed Change will be more favourable to the Group's long term business development as well as a better utilisation of the Unutilized Net Proceeds. The Proposed Change will also allow the Company to deploy its financial resources more effectively.

The Board confirms that the Proposed Change does not have material effect on the Group's business strategies and there are no material changes in the nature of business of the Group as set out in the Prospectus. Saved as disclosed in this announcement, there are no other changes in the use of Net Proceeds. The Board further considered that the Proposed Change in the use of the Unutilized Net Proceeds will not have any material adverse impact on the operations of the Group and is in the best interests of the Company and its shareholders as a whole.

By order of the Board
TradeGo FinTech Limited
LIU Yong
Chairman and Executive Director

Hong Kong, 10 August 2020

As at the date of this announcement, the Board comprises Mr. LIU Yong, Mr. WAN Yong and Mr. LIAO Jicheng as executive Directors; Mr. LIN Hung Yuan as non-executive Director; and Ms. JIAO Jie, Mr. MAN Kong Yui and Dr. LOKE Yu as independent non-executive Directors.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the "Latest Listed Company Information" page of the GEM website at www.hkgem.com for a minimum period of seven days from the date of its publication and on the website of the Company at www.tradego8.com.